THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **Renze Harvest International Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

中澤豐國際有限公司
RENZE HARVEST INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01282)

(1) VERY SUBSTANTIAL ACQUISITION AND EXEMPTED CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF ADDITIONAL EQUITY INTEREST IN A PRC SUBSIDIARY; AND (2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Capitalised terms used on this cover page shall have the same meanings as those defined in this circular unless otherwise stated.

A notice convening the EGM to be held at Room 2308, 23/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong at 11:00 a.m. on Friday, 20 September 2024 is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hk1282.com). Whether or not you intend to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

30 August 2024

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"1st Tranche Acquisition"	the acquisition of the 1st Tranche Sale Equity Interest by the Purchaser from the Vendor and other transactions contemplated under the Sale and Purchase Agreement
"1st Tranche Completion"	completion of the 1st Tranche Acquisition which took place on 22 March 2023
"1st Tranche Consideration"	the consideration for the 1st Tranche Acquisition in the amount of RMB1,175.55 million
"1st Tranche Sale Equity Interest"	51% of the total equity interest and actual paid-up registered capital of the Target Company
"2nd Tranche Completion"	completion of the Revised 2nd Tranche Acquisition
"2nd Tranche Deed of Set-Off"	the deed to be entered into among the Target Company, the Vendor, the Purchaser and GSLG in relation to the set-off of the Amount Due from GSLG Group against the Revised 2nd Tranche Consideration
"Acquisition"	1st Tranche Acquisition and the Original 2nd Tranche Acquisition
"Amount Due from GSLG Group"	the total non-interest bearing amount of approximately RMB436.50 million due from GSLG Group (excluding the Target Company) to the Target Company
"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	a day on which licensed banks in the PRC are open for general commercial business, other than a Saturday, Sunday or public holiday in the PRC
"Charged Property"	a plot of land located at Longhu District, Shantou City, Guangdong Province, the PRC with approximate gross floor area of approximately 232,000 sq.m.
"Circular"	the circular of the Company dated 27 February 2023 in relation to, among others, the Sale and Purchase Agreement and the Acquisition

"Company"	Renze Harvest International Limited (中澤豐國際有限公司), formerly known as Glory Sun Financial Group Limited (寶新金融集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 01282)
"connected person(s)"	has the same meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be held to consider, and if thought fit, approve the Second Supplemental Agreement, the Revised 2nd Tranche Acquisition and the transactions contemplated therein, which is expected to be held at 11:00 a.m. on Friday, 20 September 2024 and any adjournment thereof
"Enlarged Group"	the Group as enlarged by the Revised 2nd Tranche Acquisition
"First Supplemental Agreement"	the supplemental agreement dated 22 March 2024 entered into between the Vendor and the Purchaser whereby the parties mutually agreed to extend the completion of the Original 2nd Tranche Acquisition from 22 March 2024 to 30 June 2024
"Group"	the Company and its subsidiaries
"GSLG"	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 Stock Exchange (stock code: 299)
"GSLG Group"	GSLG and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Land Charge"	the charge over the Charged Property granted by the Target Company (as chargor) to Xiamen International Bank Fuzhou Branch (formerly known as Xiamen International Trust) (as chargee) as security for the Secured Loan
"Latest Practicable Date"	30 August 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Long Stop Date"	31 March 2025 (or such other date as the Purchaser and the Vendor may agree in writing)
"Material Adverse Change"	any change, event, circumstance or other matter that, in the opinion of the Purchaser, has, or would reasonably be expected to have, either individually or in aggregate, a material adverse effect on the business, assets and liabilities, financial condition, results of operations or prospects of the Target Company
"Original 2nd Tranche Acquisition"	the acquisition of the Original 2nd Tranche Sale Equity Interest by the Purchaser from the Vendor and other transactions contemplated thereunder
"Original 2nd Tranche Consideration"	the original consideration for the 2nd Tranche Acquisition in the amount of RMB1,129.45 million under the Sale and Purchase Agreement
"Original 2nd Tranche Sale Equity Interest"	49% of the total equity interest and actual paid-up registered capital of the Target Company under the Sale and Purchase Agreement
"PRC"	the People's Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Project"	the development and construction project undertaken by the Target Company located at Longhu District, Shantou City, Guangdong Province, the PRC
"Purchaser" or "Baokai Investment"	Shenzhen Baokai Investment Holding Company Limited* (深圳寶開投資控股有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
"Revised 2nd Tranche Acquisition"	the acquisition of the Revised 2nd Tranche Sale Equity Interest by the Purchaser from the Vendor and other transactions contemplated under the Second Supplemental Agreement
"Revised 2nd Tranche Consideration"	the consideration for the Revised 2nd Tranche Acquisition in the amount of approximately RMB975.69 million under the Second Supplemental Agreement
"Revised 2nd Tranche Sale Equity Interest"	42.33% of the total equity interest and actual paid-up registered capital of the Target Company under the Second Supplemental Agreement

"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 19 October 2022 entered into between the Purchaser and the Vendor, in respect of the Acquisition
"Second Supplemental Agreement"	the supplemental agreement entered into between the Purchaser and the Vendor on 31 July 2024 (after trading hours) whereby the parties mutually agreed to amend certain terms and conditions of the Sale and Purchase Agreement, details of which are set forth in this circular
"Secured Loan"	the facility granted by Xiamen International Bank Fuzhou Branch (formerly known as Xiamen International Trust) to Shenzhen Baoxin at the interest rate of 6.2035% per annum (subject to periodic change of inter-bank borrowing rates) which falls due on 20 October 2025. The final outstanding principal amount and interest accrued thereon up to the due date would amount to approximately RMB371.30 million
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Share Charge Agreement"	the share charge agreement to be entered into between the Vendor and the Purchaser following the 2nd Tranche Completion, pursuant to which the Purchaser (as chargor) shall execute a charge over 16% of the total equity interest and actual paid-up registered capital it holds in the Target Company subsequent to the 2nd Tranche Completion in favour of the Vendor (as chargee)
"Shareholder(s)"	holder(s) of the Shares
"Shenzhen Baoxin"	Shenzhen Baoxin Industrial Company Limited* (深圳寶新實業集團有限公司), a company established in the PRC and an indirect non-wholly owned subsidiary of GSLG
"sq.m."	square metre
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Target Company"	Shantou Taisheng Technology Limited* (汕頭市泰盛科技有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company upon the 1st Tranche Completion
"Vendor"	Shenzhen Hong Jia Xin Technology Limited* (深圳宏佳新科技有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of GSLG
"Xiamen International Trust"	Xiamen International Trust Co., Ltd.* (廈門國際信託有限公司)
"%"	per cent.

** For identification only*

For the purpose of this circular, unless otherwise indicated, conversion of RMB into HK$ is calculated at the approximate exchange rate of RMB1.00 to HK$1.0998. 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.

中澤豐國際有限公司
RENZE HARVEST INTERNATIONAL LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01282)

Executive Directors:
Mr. Huang Wansheng
(Chairman and Chief Executive Officer)
Mr. Li Minbin

Non-executive Director:
Mr. Zhang Chi

Independent non-executive Directors:
Ms. Zhao Yizi
Ms. Zhang Juan
Mr. Chan Manwell

Registered Office:
Cricket Square, Hutchins Drive
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Grand Cayman, KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Room 2308, 23/F.
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

30 August 2024

To the Shareholders,

Dear Sir or Madam,

(1) VERY SUBSTANTIAL ACQUISITION AND EXEMPTED CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF ADDITIONAL EQUITY INTEREST IN A PRC SUBSIDIARY; AND (2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING

INTRODUCTION

References are made to (i) the Circular and the announcements of the Company dated 3 October 2022, 21 March 2023, 22 March 2023 and 22 March 2024, respectively, in relation to, amongst others, the Sale and Purchase Agreement and the Acquisition; and (ii) the announcement of the Company dated 31 July 2024 in relation to, amongst others, the Second Supplemental Agreement and the Revised 2nd Tranche Acquisition.

As disclosed in the Circular, on 19 October 2022, the Vendor and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell, the 1st Tranche Sale Equity Interest (representing 51% of the total equity interest and actual paid-up registered capital of the Target Company) for the 1st Tranche Consideration of RMB1,175.55 million.

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

As disclosed in the announcement of the Company dated 21 March 2023, the Sale and Purchase Agreement, the Acquisition and the transactions contemplated therein were duly passed by the then Shareholders by way of poll at the extraordinary general meeting of the Company held on 21 March 2023.

As disclosed in the announcement of the Company dated 22 March 2023, the 1st Tranche Completion took place on 22 March 2023. Immediately after the 1st Tranche Completion, the Target Company has become an indirect non-wholly owned subsidiary of the Company and the financial results of the Target Company have been consolidated into the financial statements of the Company. Pursuant to the Sale and Purchase Agreement, the Original 2nd Tranche Acquisition shall take place on or before 22 March 2024, which falls within twelve (12) months from the 1st Tranche Completion.

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

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

The purpose of this circular is to provide you with: (i) further information on the Second Supplemental Agreement, the Revised 2nd Tranche Acquisition and the transactions contemplated thereunder; (ii) financial information of the Group; (iii) financial information of the Target Company; (iv) unaudited pro forma financial information of the Enlarged Group upon completion of the Revised 2nd Tranche Acquisition; (v) the valuation report of the Target Company; (vi) other information as required under the Listing Rules; and (vii) a notice convening the EGM.

THE SECOND SUPPLEMENTAL AGREEMENT

The principal terms of the Second Supplemental Agreement are set forth as follows:

Date : 31 July 2024

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

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

Upon 1st Tranche Completion, the Target Company has become an indirect non-wholly owned subsidiary of the Company. The Vendor which holds the remaining 49% equity interest in the Target Company, together with its associates, have therefore become connected persons of the Company at the subsidiary level upon 1st Tranche Completion.

Assets to be acquired

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

Consideration

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

(i) by off-setting the Amount Due from GSLG Group. Upon the 2nd Tranche Completion, the Target Company, the Vendor, the Purchaser and GSLG will enter into the 2nd Tranche Deed of Set-Off in relation to the set-off of the Amount Due from GSLG Group of approximately RMB436.50 million against the Revised 2nd Tranche Consideration;

(ii) by off-setting a sum of approximately RMB371.30 million equivalent to the final outstanding principal amount and interest accrued on the Secured Loan owed by Shenzhen Baoxin, an indirect non-wholly owned subsidiary of GSLG, to Xiamen International Bank Fuzhou Branch up to its due date (i.e. 20 October 2025). Upon the 2nd Tranche Completion:

(a) the Company shall enter into a deed of undertaking whereby it shall undertake to repay Xiamen International Bank Fuzhou Branch, for and on behalf of Shenzhen Baoxin, the outstanding principal amount and interest accrued under the Secured Loan as and when they fall due; and

(b) the Purchaser shall enter into the Share Charge Agreement with the Vendor whereby the Purchaser (as chargor) shall execute a charge over 16% of the total equity interest and actual paid-up registered capital it holds in the Target Company subsequent to the 2nd Tranche Completion in favour of the Vendor (as chargee) until the full and final settlement of the Secured Loan (the "**Share Charge**"); and

(iii) by off-setting a sum equivalent to the amount of approximately RMB167.89 million due from GSLG Group to the Company. Upon the 2nd Tranche Completion, the Purchaser, the Company, the Vendor and GSLG shall enter into a deed of set-off in relation to the set-off of the amount due from GSLG Group to the Company in the amount of approximately RMB167.89 million against the Revised 2nd Tranche Consideration.

Apart from the Amount Due from GSLG Group and the RMB167.89 million expected to be offset upon the 2nd Tranche Completion, currently there are no other amounts due to the Group from GSLG Group.

On 31 July 2024, the Company (as transferee) entered into a sale and purchase agreement (the "**S&P Agreement**") with Right Dimension Limited ("**Right Dimension**") and Forever Assiduous Group Limited ("**Forever Assiduous**") (collectively, as the "**Transferors**"), being creditors of GSLG, in relation to the acquisition by the Company of certain debt receivables due from GSLG to the Transferors in an aggregate amount of approximately RMB78,346,000 (the "**Debt Receivables**") for the total consideration of approximately RMB62,677,000. The ultimate beneficial owner of Right Dimension and Forever Assiduous is Mr. Xie Tinggui, being an independent third party to the Group.

Pursuant to the S&P Agreement,

(i) the Company has agreed to acquire and Right Dimension has agreed to sell a debt receivable due from GSLG to Right Dimension in the amount of approximately RMB44,769,000 for the consideration of approximately RMB35,815,000. The Company shall pay 30% of the total consideration (i.e. approximately RMB10,745,000) on or before 12 August 2024, and the remaining consideration (i.e. approximately RMB25,070,000) on or before 30 November 2024; and

(ii) the Company has agreed to acquire and Forever Assiduous has agreed to sell a debt receivable in the amount of approximately RMB33,577,000 due from GSLG to Forever Assiduous, for the consideration of approximately RMB26,862,000. The Company shall pay 30% of the total consideration (i.e. approximately RMB8,058,000) on or before 12 August 2024, and the remaining consideration (i.e. approximately RMB18,804,000) on or before 30 November 2024.

The completion of the acquisition of the Debt Receivables is conditional upon the 2nd Tranche Completion. The Company intends to apply the Debt Receivables acquired for off-setting part of the Revised 2nd Tranche Consideration. For further details in relation to the S&P Agreement, please refer to the announcements of the Company dated 31 July 2024 and 12 August 2024, respectively. As mentioned in the aforesaid announcements, the acquisition of the Debt Receivables is subject to conditions precedent including, among others, the completion of the Revised 2nd Tranche Acquisition. Therefore, if the Revised 2nd Tranche Acquisition is not completed, the S&P Agreement in relation to the transfer of Debt Receivables shall lapse, and the instalments paid to Right Dimension and/or Forever Assiduous shall be refunded to the Company.

The Debt Receivables represented the distribution made by Yunnan International Holding Group Limited (雲能國際控股集團有限公司) ("**Yunnan International**"), a joint venture co-established by, amongst others, the Company, Right Dimension and Forever Assiduous. On or around 23 May 2024, Yunnan International entered into an agreement with all of its shareholders in relation to the distribution in specie of its assets in proportion to the shareholding of each of its shareholders (the "**Distribution Agreement**"). Pursuant to the Distribution Agreement, Yunnan International distributed a debt receivable due from GSLG in the amount of approximately RMB89,538,000, RMB44,769,000 and RMB33,577,000 to each of the Company, Right Dimension and Forever Assiduous, respectively.

In early June 2024, the Company commenced negotiation with each of Right Dimension and Forever Assiduous in relation to the proposed acquisition of the Debt Receivables at a discount, so that the Company could apply the acquired Debt Receivables for off-setting part of the consideration for the forthcoming Revised 2nd Tranche Acquisition. Subsequent to rounds of negotiation, each of the Company, Right Dimension and Forever Assiduous agreed to enter into the S&P Agreement, whereby the Company agreed to acquire and the Transferors agreed to sell the Debt Receivables at a discount of approximately 20%.

Under the Sale and Purchase Agreement with the Transferors, the Debt Receivables were sold to the Company at a 20% discount off the face value of their outstanding amount. In view of the discount given to the Company in acquiring the Debt Receivables and the amount can be used for setting-part the consideration payable under the Revised 2nd Tranche Acquisition, it is expected that the Company can save approximately RMB15,669,000 of cash consideration from the aforesaid arrangements with the Transferors.

The Revised 2nd Tranche Consideration were arrived at after arm's length negotiations between the Vendor and the Purchaser with reference to (i) the Original 2nd Tranche Consideration; (ii) the prospects of having the Amount Due from GSLG Group and the amount due from GSLG Group to the Company settled in an amiable manner; (iii) the valuation of 42.33% of the equity interests in the Target Company of approximately RMB1,242 million as at 31 May 2024 according to the valuation by an independent professional valuer appointed by the Company; (iv) the business prospects of the Target Company; and (v) the prevailing market conditions of the PRC real estate industry.

The Board understands that the independent professional valuer adopts summation method in the preliminary valuation of the Target Company, which involves valuing each of the component assets that are part of the Target Company using the appropriate valuation approaches and methods and adding the value of the component assets together to reach the value of the Target Company.

The Share Charge arrangement was agreed between the Purchaser and the Vendor after arm's length negotiation taking into consideration that the Vendor will have disposed of 42.33% of the equity interests in the Target Company upon 2nd Tranche Completion, and such disposal is expected to take place prior to the full and final settlement of the Secured Loan by the Purchaser, for and on behalf of the Vendor. The Vendor and the Purchaser shall together arrange for the release of the Share Charge within ten (10) Business Days upon the full and final settlement of the Secured Loan by the Purchaser, for and on behalf of the Vendor.

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

Conditions precedent

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

(i) the passing of necessary resolution(s) by the shareholders of GSLG at an extraordinary general meeting approving the Second Supplemental Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules;

(ii) the passing of necessary resolution(s) by the Shareholders at the EGM approving the Second Supplemental Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules;

(iii) the valuation of the Target Company shall not fall below RMB2,600.00 million as at the quarter end date immediately preceding the 2nd Tranche Completion; and

(iv) there having been no Material Adverse Change to the Target Company since the date of the Second Supplemental Agreement.

The Purchaser may in its absolute discretion waive either in whole or in part at any time by notice in writing to the Vendor any of the conditions precedent, except paragraphs (i) and (ii) above which are not capable of being waived. As at the Latest Practicable Date, none of the conditions has been fulfilled or waived. If any of the conditions is not fulfilled or waived by the Purchaser by the Long Stop Date (or such other date as the Vendor and the Purchaser may agree), the Purchaser shall not be required to proceed with the acquisition of the Revised 2nd Tranche Sale Equity Interest.

2nd Tranche Completion

The 2nd Tranche Completion shall take place within seven (7) Business Days from the fulfilment (or waiver, as the case may be) of all the conditions precedent for the Revised 2nd Tranche Acquisition. Upon 2nd Tranche Completion, the Vendor and the Purchaser shall arrange for the change in business registration in relation to the transfer of the Revised 2nd Tranche Sale Equity Interest from the Vendor to the Purchaser and the replacement of directors, supervisors and senior management team of the Target Company by personnel designated by the Purchaser as applicable.

Amendments to the articles of association of the Target Company

Upon the change in business registration in relation to the transfer of the Revised 2nd Tranche Sale Equity Interest from the Vendor to the Purchaser, the articles of association of the Target Company shall be amended to the effect that all members of the board and supervisory committee of the Target Company shall be appointed by the Purchaser.

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

INFORMATION OF THE PARTIES TO THE SECOND SUPPLEMENTAL AGREEMENT

The Purchaser

For the avoidance of doubt, the original Sale and Purchase Agreement, except to the extent as amended by the Second Supplemental Agreement, remains in full force and continue to be binding upon the parties thereto. If the relevant resolution(s) in respect of the Second Supplemental Agreement, the Revised 2nd Tranche Acquisition and the transactions contemplated thereunder are not approved by the Company and/or GSLG, the Second Supplemental Agreement shall lapse, and the parties' legal positions shall revert to that under the original Sale and Purchase Agreement.

The Purchaser is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. The Purchaser is principally engaged in investment holding, property development and investment in the PRC, providing supply chain management services and business services, establishing technology research and development centres and corporate management consulting.

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: 1282). The Company is principally engaged in the business of automation, property investment and development, financial services, and securities investment.

The Vendor

The Vendor is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of GSLG. The Vendor is principally engaged in technological development of electronic products and provision of technology consultation, technology transfer, technical support and other consultation services.

GSLG

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

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company. The Target Company is solely engaged in a development and construction project located at Longhu District, Shantou City, Guangdong Province, the PRC, with total land area of approximately 167,000 sq.m. and a gross floor area of approximately 928,000 sq.m., which is divided into three zones, and involve office and commercial buildings, residential units and loft apartments (the "**Project**").

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

(a) a plot of land located at plot F02-10, the south zone of the Project (the "**South Zone**") with gross floor area of approximately 189,000 sq.m. and a term ending in January 2057;

(b) a plot of land located at plot F01-11, the north zone of the Project, (the "**North Zone**") with gross floor area of approximately 507,000 sq.m. and a term ending in January 2057; and

(c) a plot of land located at plot F02-08, the middle zone of the Project (the "**Middle Zone**") with gross floor area of approximately 232,000 sq.m. and a term ending in January 2057.

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

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

The financial information of the Target Company for the two years ended 31 December 2022 and 2023 and the six months ended 30 June 2024 and prepared in accordance with the accounting principles generally accepted in Hong Kong are as follows:

	For the year ended 31 December		**For the six months ended**
	2022	**2023**	**30 June 2024**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	599,272	180,803	42,490
Net loss before taxation	161,148	103,640	167,833
Net loss after taxation	128,655	84,725	127,279

The net asset value of the Target Company as at 30 June 2024 was approximately HK$2,867.81 million.

FINANCIAL EFFECT OF THE REVISED 2ND TRANCHE ACQUISITION

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

According to the annual report of the Company issued on 25 April 2024, the Group recorded a profit for the year of approximately HK$55.3 million for the year ended 31 December 2023. For illustrative purposes, based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, assuming the Revised 2nd Tranche Acquisition had been taken place on 1 January 2023, the unaudited pro forma consolidated profit of the Enlarged Group for the year ended 31 December 2023 would have been approximately HK$60.7 million.

According to the Company's interim results announcement for the six months ended 30 June 2024 issued on 30 August 2024 (the "**2024 Interim Results Announcement**"), the unaudited consolidated total assets and total liabilities of the Group as at 30 June 2024 were approximately HK$11,292.8 million and HK$4,424.7 million, respectively. For illustrative purposes, based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, assuming the Revised 2nd Tranche Acquisition had been taken place on 30 June 2024, the unaudited pro forma consolidated total assets and total liabilities of the Enlarged Group would have been approximately HK$10,646.7 million and HK$4,831.5 million, respectively.

Shareholders and potential investors should note that the financial impact set out above is for illustrative purposes only, which will have to be ascertained at the time of preparation of the Company's consolidated financial statements with reference to, among other things, the actual costs and expenses associated with the Revised 2nd Tranche Acquisition, and is subject to audit.

REASONS FOR AND BENEFITS OF THE REVISED 2ND TRANCHE ACQUISITION

For details on the reasons for and benefits of the Acquisition, please refer to paragraph headed "Reasons for and Benefits of the Acquisition" in the Circular.

Through the Second Supplemental Agreement, the Company has successfully bargained for a significant reduction in the immediate cash needs for settling the Revised 2nd Tranche Consideration. Under the original Sale and Purchase Agreement, the Company is expected to pay out approximately RMB714.5 million as cash consideration to the Purchaser within six (6) months from 2nd Tranche Completion. Meanwhile, aside from the consideration of approximately RMB62.7 million payable upfront for acquiring the Debt Receivables - which will be used for off-setting part of the Revised 2nd Tranche Consideration - the Company only need to pay approximately RMB371.1 million in cash to settle the Secured Loan when it becomes due in October 2025. The remaining consideration is expected to be primarily settled through the offsetting of existing loans between the Group and GSLG Group. Further, the downsizing of the Original 2nd Tranche Acquisition from 49% to 42.33% of the total equity interest and actual paid up registered capital of the Target Company entails a moderate decrease in the total consideration payable by the Group by approximately RMB153.8 million (equivalent to approximately 13.61%), while the Group would still be able to maintain an overwhelming majority control over both the shareholdings and board composition of the Target Company. The downsizing of the Original 2nd Tranche Acquisition would have very insignificant impact upon the Group's control and management of the Target Company, given that, despite of the minority interests retained by GSLG Group in the Target Company, (i) all members of the board and supervisory committee of the Target Company shall be appointed by the Purchaser upon 2nd Tranche Completion; and (ii) the financial results of the Target Company have already been consolidated into the financial statements of the Company upon the 1st Tranche Completion, regardless of the scale of the equity interests to be acquired by the Group under the 2nd Tranche Completion. On the premises that the downsizing of the Original 2nd Tranche Acquisition would not alter the Company's control and management of the Target Company, the correspondence reduction in the consideration amount is in the Group's interest as this would alleviate the financial burden that would otherwise be imposed under the Original 2nd Tranche Consideration. This would, in turn, allow the Group to preserve more financial resources for supporting its daily operations and/or embark on expansion where suitable opportunities arise.

LISTING RULES IMPLICATIONS

Chapter 14 of the Listing Rules

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

As one or more of the applicable percentage ratio(s) calculated in accordance with the Listing Rules in respect of the Revised 2nd Tranche Acquisition under the Second Supplemental Agreement and the transactions contemplated thereunder exceed 100%, the Revised 2nd Tranche Acquisition constitutes a very substantial acquisition 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.

Chapter 14A of the Listing Rules

Upon 1st Tranche Completion, the Target Company has become an indirect non-wholly owned subsidiary of the Company. The Vendor which holds the remaining 49% equity interest in the Target Company, together with its associates, have therefore become connected persons of the Company at the subsidiary level upon 1st Tranche Completion. Accordingly, the proposed acquisition of the Revised 2nd Tranche Sale Equity Interest under the Revised 2nd Tranche Acquisition shall constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As (i) the Board considers that the Second Supplemental Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) the Board has approved the Second Supplemental Agreement and the transactions contemplated thereunder; and (iii) the independent non-executive Directors have confirmed that the terms of the Second Supplemental Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole, the Second Supplemental Agreement and the transactions contemplated thereunder fall within the exemption under Rule 14A.101 of the Listing Rules and are subject to the reporting and announcement requirements but exempted from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The EGM will be held at Room 2308, 23/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong at 11:00 a.m. on Friday, 20 September 2024 for the Shareholders to consider and, if thought fit, approve the Second Supplemental Agreement, the Revised 2nd Tranche Acquisition and the transactions contemplated thereunder.

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

A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you wish.

Register of members of the Company will be closed from Monday, 16 September 2024 to Friday, 20 September 2024 (both days inclusive) for the purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM. No transfer of Shares will be registered during those dates. In order to qualify for attending and voting at the EGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 13 September 2024.

RECOMMENDATION

The Directors consider that the terms of the Second Supplemental Agreement are fair and reasonable so far as the Company and the Shareholders are concerned, and that the Revised 2nd Tranche Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Second Supplemental Agreement, the Revised 2nd Tranche Acquisition and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

WARNING

As the 2nd Tranche Completion is subject to the satisfaction of a number of conditions precedent as set out in the Second Supplemental Agreement, the Revised 2nd Tranche Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

Yours faithfully,
By order of the Board of
Renze Harvest International Limited
Huang Wansheng
Chairman and Chief Executive Officer

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the six months ended 30 June 2024 and for each of the three years ended 31 December 2021, 2022 and 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.hk1282.com), respectively:

(i) the interim results announcement of the Company for the six months ended 30 June 2024 published on 30 August 2024 (pages 1 to 18):

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0830/2024083000337.pdf

(ii) the annual report of the Company for the year ended 31 December 2023 published on 25 April 2024 (pages 80 to 262):

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042502038.pdf

(iii) the annual report of the Company for the year ended 31 December 2022 published on 11 May 2023 (pages 72 to 266):

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0511/2023051100075.pdf

(iv) the annual report of the Company for the year ended 31 December 2021 published on 29 April 2022 (pages 72 to 282):

https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042903347.pdf

2. INDEBTEDNESS STATEMENT

(i) Borrowings

As at the close of business on 30 June 2024, being the latest practicable date for the purpose of preparing this indebtedness statement, the Enlarged Group had outstanding bank and other borrowings (being classified as current and non-current liabilities) of approximately HK$1,537,694,000 (unaudited).

	Notes	**As at 30 June 2024 Current** *HK$'000 (Unaudited)*	**As at 30 June 2024 Non-current** *HK$'000 (Unaudited)*
Secured			
– Bank loans	*(a)*	452,338	–
– Other loans	*(b)*	–	597,155
Total secured borrowings	*(d)*	452,338	597,155
Unsecured			
– Corporate bonds	*(c)*	–	290,000
– Other loans	*(b)*	166,426	31,775
Total unsecured borrowings		166,426	321,775
Total borrowings		618,764	918,930

	As at 30 June 2024 Bank borrowings *HK$'000 (Unaudited)*	**As at 30 June 2024 Other borrowings** *HK$'000 (Unaudited)*
Within one year or on demand	452,338	166,426
More than one year, but not exceeding two years	–	918,930
Total borrowings	452,338	1,085,356

(a) As at 30 June 2024, the effective interest rates of bank borrowings ranged from 3.9% to 9.8% per annum. Bank loans of HK$295,460,000 (unaudited) included in current liabilities are not scheduled to repay within one year. They are classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at its own discretion.

As at 30 June 2024, the Enlarged Group has not breached any of the covenants of the banking facilities.

(b) As at 30 June 2024, secured other loans of approximately HK$597,155,000 (unaudited) was interest-bearing of 9.8% per annum and repayable on 15 March 2026.

As at 30 June 2024, unsecured other loan of approximately HK$166,426,000 (unaudited) was interest-bearing of 5% to 8% per annum and repayable within 1 year.

As at 30 June 2024, unsecured other loan of approximately HK$31,775,000 (unaudited) was interest-bearing of 5% to 8% per annum and repayable on 17 May 2027.

(c) As at 30 June 2024, the Enlarged Group had corporate bonds denominated in Hong Kong dollar with an aggregated amount of approximately HK$290,000,000 (unaudited) to several parties with coupon rates of 8.0% per annum and repayable more than one year, but not exceeding two years from the respective issue dates.

(d) As at 30 June 2024, the Enlarged Group's borrowings of approximately HK$1,081,268,000 (unaudited) were secured by:

– guarantee provided by the Company and certain of its subsidiaries and related parties;

– the Group's property, plant and equipment;

– the Group's investment properties; and

– the Group's pledged bank deposits.

(ii) Lease liabilities

The following table shows the remaining contractual maturities of the Enlarged Group's lease liabilities at the end of 30 June 2024:

	Total minimum lease payments *HK$'000* *(Unaudited)*	Present value of minimum lease payments *HK$'000* *(Unaudited)*
Within one year	3,543	3,268
Later than one year and not later than five years	2,907	2,834
	6,450	6,102
Less: total future interest expenses	(348)	
Present value of lease liabilities	6,102	
The present value of future lease payments are analysed as follows:		
Current liabilities	3,268	
Non-current liabilities	2,834	
	6,102	

(iii) Contingent liabilities

As at 30 June 2024, the Enlarged Group had no material contingent liabilities.

(iv) Financial guarantees

Guarantees in respect of mortgage facilities for certain purchasers of the Enlarged Group's properties:

As at 30 June 2024, guarantees amounting to approximately HK$39,452,000 (unaudited) are given to banks with respect to mortgaged loans procured by the purchasers of the Enlarged Group's properties. Such guarantees will be released by banks upon the issuance of the real estate ownership certificate to the purchasers or the satisfaction of the mortgaged loans by the purchasers, whichever is earlier. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Enlarged Group will be responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the

Enlarged Group is entitled to take over the legal title and possession of the related properties. The management of the Enlarged Group considers that the likelihood of default in payments by purchasers is minimal.

In addition, the Enlarged Group has granted a land charge to Xiamen International Trust Co., Ltd. for securing the loan of RMB345,000,000 granted to a non-controlling interests, known as Glory Sun Land Group Limited, which shall be mature on 20 October 2025.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, as at 30 June 2024, the Enlarged Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, in the absence of unforeseeable circumstance, after due and careful enquiry, and taking into account (i) the anticipated cash flows to be generated from the Enlarged Group's operations as well as the effect of Acquisition, (ii) the present internal financial resources to the Enlarged Group, and (iii) the banking facilities presently available, the Enlarged Group will have sufficient working capital to satisfy its requirements for at least the next twelve months following the date of this circular. The Company has obtained the relevant letter as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up) up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group is principally engaged in the businesses of automation, property investment and development, financial services and securities investment.

Following global economic recovery in the post-epidemic era, the Company will shift the focus of industrial development from quantitative to qualitative growth, seeking innovation while maintaining stability, and supporting the country's development direction of new productive forces. The Company will actively and steadily promote the development of its various business segments to maintain Hong Kong's unique status as an international financial centre.

Property investment and development business

The Group holds a large industrial real estate project, the Bangkai Science and Technology Industrial Park (the "**Bangkai Industrial Park**"), with a total construction area of 550,000 sq.m. located in the Guangming District of Shenzhen, the PRC. The Bangkai Industrial Park is an industry-city complex integrating science and technology research and development, professional industrial space, business office, smart apartment, leisure and businesses with high quality standards, which is comparable to world-class science city. In 2024, the Group will focus on the construction of Phase III of the Bankai Industrial Park and its investment promotion and payment collection, striving to improve the overall occupancy rate and collection rate of receivables. The Bangkai Industrial Park will continue to focus on dominant industries, introducing national high-tech enterprises and specialised new enterprises, thereby enhancing its total output value, service quality and property brand value.

In March 2023, the Group completed the acquisition of 51% equity interest the Target Company. The Target Company is engaged in the development of a real estate construction project – Shantou Times Bay* (汕頭時代灣) (the "**Shantou Times Bay Development Project**") located at Longhu District, Shantou City, Guangdong Province, the PRC, with a total land area of approximately 167,000 sq.m. and a gross floor area of approximately 951,000 sq.m., which comprises office and commercial buildings, residential units and loft apartments. In 2024, the Group will focus on the sales and timely delivery of the Shantou Times Bay Development Project. With respect to the Shantou Times Bay Development Project, the Group aims to broaden the customer pipeline, by (i) actively liaising with existing major customers and government customers to secure contract renewal; (ii) introducing and releasing project information to potential customers; (iii) keeping track of the latest market trend and policy developments to adjust its investment promotion direction and business strategies on a timely basis; and (iv) strengthening its marketing efforts by holding various events at the Shantou Times Bay.

Automation business

The Group's automation business mainly involves the provision of automation manufacturing devices and services for industries such as smartphones, internet of things, semi-conductor and automobile electronics in the PRC. The application of automation manufacturing equipment, including surface-mount technology ("**SMT**") production equipment has become increasingly prevalent in key industries in the PRC. It is expected that the automation segment will benefit from the sophistication of 5G application business regimes and the accelerating progress of infrastructural development involving 5G, artificial intelligence, industrial internet and internet of things proposed by the PRC government.

To enhance sales revenue and market competitiveness, the Group will further enrich its product portfolio by continuing to develop new products in terms of semiconductor equipment, automation equipment and other related materials. The Group also aims to enter into additional authorised agency agreements with suppliers so as to act as the authorised agent of suppliers. Taking into consideration the increase in number of manufacturing clients establishing production bases overseas, the Group will follow the footsteps of its clients to align with their overseas market layouts and provide long-term service planning.

Looking forward, the Group aims to transform gradually from a distribution-based enterprise to a technology manufacturing enterprise by introducing competitive new products and services to fulfil the diverse needs of customers, enhancing its R& D capabilities and strengthening collaborations with intelligent manufacturing industry partners.

Financial services business

Notwithstanding the uncertainties plaguing the global economic outlook, the Group's securities brokerage team will continue to capitalise on the opportunities brought about by the economic recovery in the financial markets in 2024, and continue to optimise the trading experience of its clients. Meanwhile, the securities brokerage team will adhere to its prudent approach in reviewing its financing services and adopting appropriate strategies to minimise downside risks, with a view to maintaining stable business development.

In 2024, under the macro-environment of accelerating global market integration and constant geopolitical events, the Group's asset management team will continue to adopt scientific and rational investment analysis strategies to screen investment targets in the global market and evaluate their investment value, and implement rebalancing strategies for major assets based on regional market characteristics. The Group will continue to rely on the advantages of Hong Kong as an international financial centre to focus on investment opportunities in the Greater China region.

MOORE

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大華馬施雲
會計師事務所有限公司

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SHANTOU TAISHENG TECHNOLOGY LIMITED 汕頭市泰盛科技有限公司

Introduction

We report on the historical financial information of Shantou Taisheng Technology Limited* (汕頭市泰盛科技有限公司) (the "**Target Company**") set out on pages II-5 to II-67, which comprises the statements of financial position of the Target Company as at 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of the Target Company for each of the three years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 (the "**Relevant Periods**") and a summary of material accounting policy information and other explanatory information (together the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-5 to II-67 forms an integral part of this report, which has been prepared for inclusion in the circular of Renze Harvest International Limited (the "**Company**") dated 31 July 2024 (the "**Circular**") in connection with the proposed acquisition of 42.33% equity interest in the Target Company by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine are necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Target Company is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment

* *English name is for identification purpose only.*

Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depended on our judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Target Company's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Target Company's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 31 December 2021, 2022 and 2023 and 30 June 2024, and of the Target Company's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Company which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Target Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, 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. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on Matters Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

Dividends

We refer to Note 15 to the Historical Financial Information which states that no dividend have been declared or paid by the Target Company in respect of the Relevant Periods.

Moore CPA Limited
Certified Public Accountants

Hung, Wan Fang Joanne
Practising Certificate Number: P05419

Hong Kong
30 August 2024

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company for the Relevant Periods, on which the Historical Financial Information is based, were prepared by the directors of the Target Company in accordance with the accounting policies that conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA (the "**Underlying Financial Statements**") and were audited by Moore CPA Limited, Certified Public Accountants, Hong Kong in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024

		Year ended 31 December			Six months ended 30 June	
		2021	**2022**	**2023**	**2023**	**2024**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue	*7*	10,002	599,272	**180,803**	**90,160**	**42,490**
Cost of sales		(381)	(499,384)	**(140,752)**	**(69,167)**	**(31,385)**
Gross profit		9,621	99,888	**40,051**	**20,993**	**11,105**
Other loss	*8*	–	–	**(9,067)**	**(8,911)**	**–**
Other income	*8*	5,172	5,326	**529**	**325**	**339**
Fair value gain/(loss) on Investment properties	*17*	57,493	(71,717)	**(25,374)**	**(22,000)**	**(3,320)**
Impairment losses on trade receivable		–	(436)	**–**	**–**	**–**
Impairment losses on other receivables		(27)	(18)	**(17,989)**	**(15,542)**	**(96,618)**
Write-down of inventories of properties		–	(147,395)	**(53,786)**	**(42,837)**	**(67,952)**
Distribution costs		(12,907)	(30,232)	**(20,206)**	**(8,495)**	**(1,871)**
Administrative expenses		(10,368)	(16,564)	**(16,966)**	**(7,992)**	**(8,486)**
Profit/(loss) from operations		48,984	(161,148)	**(102,808)**	**(84,459)**	**(166,803)**
Finance costs	*9*	(18,064)	–	**(832)**	**(156)**	**(1,030)**
Profit/(loss) before income tax	*11*	30,920	(161,148)	**(103,640)**	**(84,615)**	**(167,833)**
Income tax (expense)/credit	*10*	(14,373)	32,493	**18,915**	**16,010**	**40,554**
Profit/(loss) for the year/period		16,547	(128,655)	**(84,725)**	**(68,605)**	**(127,279)**
Other comprehensive income/(expense)						
Item that will not be reclassified subsequently to profit or loss:						
Exchange differences on translation of functional currency to presentation currency		67,705	(142,196)	**(99,280)**	**(16,927)**	**(20,720)**
Total comprehensive income/(expense) for the year/period		84,252	(270,851)	**(184,005)**	**(85,532)**	**(147,999)**

STATEMENTS OF FINANCIAL POSITION

At 30 June 2024

		At 31 December			At 30 June
		2021	**2022**	**2023**	**2024**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Plant and equipment	*16*	16,440	9,291	**4,391**	**3,273**
Investment properties	*17*	2,317,700	2,098,038	**2,008,370**	**1,995,270**
		2,334,140	2,107,329	**2,012,761**	**1,998,543**
Current assets					
Inventories	*18*	2,525,601	1,802,582	**1,860,618**	**1,750,611**
Trade and other receivables	*19*	350,406	315,391	**375,263**	**267,798**
Prepayment for land appreciation tax ("**LAT**")		27,730	18,153	**15,549**	**15,439**
Amounts due from the intermediate holding companies	*20*	–	378,148	**–**	**–**
Amounts due from fellow subsidiaries	*20*	12,128	101,133	**–**	**–**
Amount due from the immediate holding company	*20*	–	24,606	**–**	**–**
Amounts due from shareholders	*20*	–	–	**463,851**	**400,748**
Restricted bank deposits	*21*	15,640	10,498	**9,661**	**23,921**
Cash and cash equivalents	*21*	22,321	3,240	**285**	**215**
		2,953,826	2,653,751	**2,725,227**	**2,458,732**
Current liabilities					
Interest-bearing borrowings	*24*	463,932	–	**–**	**–**
Trade and other payables	*22*	1,267,640	978,210	**1,039,772**	**955,492**
Contract liabilities	*23*	576,193	476,190	**536,621**	**511,039**
Financial guarantee liabilities	*31*	–	–	**9,067**	**8,929**
Amount due to the immediate holding company	*20*	104,125	–	**7,387**	**113**
Amount due to the intermediate holding company	*20*	36,750	–	**–**	**–**
Amount due to a fellow subsidiary	*20*	–	–	**51,191**	**77,795**
		2,448,640	1,454,400	**1,644,038**	**1,553,368**
Net current assets		505,186	1,199,351	**1,081,189**	**905,364**
Total assets less current liabilities		2,839,326	3,306,680	**3,093,950**	**2,903,907**

		At 31 December			At 30 June
		2021	2022	2023	2024
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current liabilities					
Interest-bearing borrowings	*24*	892,411	–	**–**	**–**
Deferred tax liabilities	*25*	172,931	106,864	**78,139**	**36,095**
		1,065,342	106,864	**78,139**	**36,095**
Net assets		1,773,984	3,199,816	**3,015,811**	**2,867,812**
Capital and reserves					
Share capital	*26*	1,230,120	2,640,638	**2,640,638**	**2,640,638**
Reserves	*27*	543,864	559,178	**375,173**	**227,174**
Total equity		1,773,984	3,199,816	**3,015,811**	**2,867,812**

STATEMENTS OF CHANGES IN EQUITY

For the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024

		Reserves					
	Share Capital *HK$'000*	Capital reserve *HK$'000* *(Note 27(a))*	Statutory reserve *HK$'000* *(Note 27(b))*	Translation reserve *HK$'000* *(Note 27(c))*	Accumulated profits/(loss) *HK$'000*	Sub-total *HK$'000*	Total *HK$'000*
At 1 January 2021	1,230,120	–	9,006	44,422	406,184	459,612	1,689,732
Profit for the year	–	–	–	–	16,547	16,547	16,547
Other comprehensive income:							
Item that will not be reclassified subsequently to profit or loss							
Exchange differences on translation of functional currency to presented currency	–	–	–	67,705	–	67,705	67,705
Total comprehensive income for the year	–	–	–	67,705	16,547	84,252	84,252
Transaction with owner:							
Contribution and distributions							
Appropriation of statutory reserve	–	–	1,684	–	(1,684)	–	–
Total transaction with owner of the year	–	–	1,684	–	(1,684)	–	–
At 31 December 2021	1,230,120	–	10,690	112,127	421,047	543,864	1,773,984
At 1 January 2022	1,230,120	–	10,690	112,127	421,047	543,864	1,773,984
Loss for the year	–	–	–	–	(128,655)	(128,655)	(128,655)
Other comprehensive expense:							
Item that will not be reclassified subsequently to profit or loss							
Exchange differences on translation of functional currency to presented currency	–	–	–	(142,196)	–	(142,196)	(142,196)
Total comprehensive expense for the year	–	–	–	(142,196)	(128,655)	(270,851)	(270,851)
Transaction with owner:							
Capital injection (Note 26(ii))	1,410,518	–	–	–	–	–	1,410,518
Modification of terms of loans from an intermediate holding company *(Note 27(a))*	–	286,165	–	–	–	286,165	286,165
Total transaction with owner of the year	1,410,518	286,165	–	–	–	286,165	1,696,683
At 31 December 2022	2,640,638	286,165	10,690	(30,069)	292,392	559,178	3,199,816

	Share Capital	Reserves					Total
		Capital reserve	Statutory reserve	Translation reserve	Accumulated profits/(loss)	Sub-total	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 27(a))	*(Note 27(b))*	*(Note 27(c))*			
At 1 January 2023	2,640,638	286,165	10,690	(30,069)	292,392	559,178	3,199,816
Loss for the year	–	–	–	–	(84,725)	(84,725)	(84,725)
Other comprehensive income:							
Item that will not be reclassified subsequently to profit or loss							
Exchange differences on translation of functional currency to presented currency	–	–	–	(99,280)	–	(99,280)	(99,280)
Total comprehensive expense for the year	–	–	–	(99,280)	(84,725)	(184,005)	(184,005)
At 31 December 2023	2,640,638	286,165	10,690	(129,349)	207,667	375,173	3,015,811
At 1 January 2024	2,640,638	286,165	10,690	(129,349)	207,667	375,173	3,015,811
Loss for the period					(127,279)	(127,279)	(127,279)
Other comprehensive expense:							
Item that will not be reclassified subsequently to profit or loss							
Exchange differences on translation of functional currency to presented currency	–	–	–	(20,720)	–	(20,720)	(20,720)
Total comprehensive expense for the period	–	–	–	(20,720)	(127,279)	(147,999)	(147,999)
At 30 June 2024	2,640,638	286,165	10,690	(150,069)	80,388	227,174	2,867,812

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024

		Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Operating activities						
Profit/(loss) before income tax		30,920	(161,148)	(103,640)	(84,615)	(167,833)
Adjustments for:						
Depreciation	*11*	6,501	5,995	4,614	2,298	1,116
Fair value (gain)/loss on investment properties		(57,493)	71,717	25,374	22,000	3,320
Finance costs	*9*	18,064	–	832	156	1,030
Impairment losses on trade receivables		–	436	–	–	–
Impairment losses on other receivables		27	18	17,989	15,542	96,618
Interest income from bank balances	*8*	(530)	(201)	(68)	(31)	(51)
Write down of inventories		–	147,395	53,786	42,837	67,952
Loss allowance on financial guarantee contract	*8*	–	–	9,067	8,911	–
Operating cash (outflow)/inflow before movements in working capital		(2,511)	64,212	7,954	7,098	2,152
Inventories		(328,326)	536,757	(60,135)	(31,119)	27,651
Trade and other receivables		(251,817)	(37,119)	(50,249)	(41,096)	68,785
Amounts due from immediate holding company	*20*	(3,973)	3,907	340	35	–
Restricted bank deposits		6,392	4,245	514	(2,658)	(14,399)
Trade and other payables		378,261	66,701	78,098	(8,641)	(80,338)
Contract liabilities		232,725	(62,521)	75,893	100,631	(21,896)
Cash generated from/(used in) operations		30,751	576,182	52,415	24,250	(18,045)

		Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Interest income received from bank balances	*8*	530	201	68	31	51
Income tax paid		(13,163)	(2,250)	(7,086)	(2,285)	(1,841)
Net cash generated from/(used in) operating activities		18,118	574,133	45,397	21,996	(19,835)
Investing activities						
Purchase of plant and equipment		(9,432)	–	(3)	–	–
Additions to investment properties	*17*	(396,617)	(70,465)	(107,460)	(53,730)	–
Advance to the intermediate holding company	*20*	–	(396,998)	–	–	–
Advance to the immediate holding company	*20*	–	(25,833)	–	–	–
Advance to fellow subsidiaries	*20*	–	(98,244)	–	–	–
Advance from shareholders	*20*	–	–	–	–	–
Net cash used in investing activities		(406,049)	(591,540)	(107,463)	(53,730)	–

		Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Financing activities	*29*					
Advance from the immediate holding company		–	–	7,448	30,248	–
Advance from the Intermediate holding company		–	–	–	–	–
Advance from a fellow subsidiary		–	–	51,714	–	27,099
Proceeds from interest-bearing borrowings		449,431	–	–	–	–
Repayment of interest-bearing borrowings		(81,872)	–	–	–	–
Repayment to the immediate holding company		–	–	–	–	–
Repayment to the Intermediate holding company		–	(36,750)	–	–	–
Interest paid		(977)	(980)	–	(1,536)	(74)
Repayment to the immediate holding company		–	–	–	–	(7,258)
Net cash generated from/(used in) financing activities		366,582	(980)	59,162	28,712	19,767
Net decrease in cash and cash equivalents		(21,349)	(18,387)	(2,904)	(3,022)	(68)
Cash and cash equivalents at the beginning of the reporting period		42,353	22,321	3,240	3,240	285
Effective on exchange rate changes		1,317	(694)	(51)	(9)	(2)
Cash and cash equivalents at the end of the reporting period, represented by cash and cash equivalent		22,321	3,240	285	209	215

NOTES TO THE HISTORICAL FINANCIAL INFORMATION
For the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024

1. GENERAL INFORMATION

Shantou Taisheng Technology Limited (汕頭市泰盛科技有限公司) (the "**Target Company**") is a limited liability company incorporated in the People's Republic of China (the "**PRC**"). During the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024 (the "**Relevant Periods**"), the registered office and principal place of business of the Target Company are situated at 3/F, Block D4, Baoneng Times Bay, Junction between Jinwan Second West Street and Shangang Road, East New Harbour City, Longhu District, Shantou, the PRC.

The Target Company was established in November 2016 and its then immediate holding company was Shenzhen Hong Jia Xin Technology Limited* ((深圳宏佳新科技有限公司, "**Shenzhen Hong Jia**"). On 19 October 2022, Renze Harvest International Limited (the "**Company**") procured Shenzhen Baokai Investment Holding Company Limited*, an indirectly wholly-owned subsidiary of the Company (深圳寶開投資控股有限公司) (the "**Purchaser**") and Glory Sun Land Group Limited ("**GSLG**") procured Shenzhen Hong Jia, an indirectly wholly-owned subsidiary of Glory Sun Land Group (the "**Vendor**") to enter into an agreement, pursuant to which the Purchaser conditionally agrees to acquire, and the Vendor conditionally agrees to sell, 100% of the total equity interest and actual paid-up registered capital of Shantou Taisheng in two tranches. The 1st tranche acquisition (representing 51% of the total equity interest and actual paid-up registered capital of the Shantou Taisheng) was completed on 22 March 2023.

After the 1st tranche acquisition, the immediate holding company of the Target Company is Shenzhen Baokai Investment Holding Company Limited, which is a limited liability company incorporated in the PRC. In the opinion of the directors of the Target Company, the ultimate holding company is Renze Harvest International Limited, which is incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

During the Relevant Periods, the Target Company is principally engaged in property development and property investment.

The statutory financial statements of the Target Company for the years ended 31 December 2021, 2022 and 2023, as prepared in accordance with relevant accounting principles and financial regulations applicable to the enterprises in the PRC, that fall into the Relevant Periods have been audited by 中喜會計師事務所(特殊普通合夥)深圳分所, a CPA registered firm in the PRC. The auditor's reports were not qualified or otherwise modified, did not refer to any matter to which the auditor drew attention by way of emphasis without qualifying the reports.

2. BASIS OF PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information presents the financial track record of the Target Company for the Relevant Periods and is prepared for the purposes of inclusion in a circular of Company to its shareholders for the acquisition of 42.33% equity interest in the Target Company, using the accounting policies which are materially consistent with those of the Company as applied in the Company's consolidated financial statements for the year ended 31 December 2023, except for those HKFRSs that are effective for the financial years beginning on or after 1 January 2024 and applicable to the Historical Financial Information.

The Historical Financial Information has been prepared based on the accounting policies set out in Note 3 which conforms with HKFRSs issued by the HKICPA.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

The Historical Financial Information has been prepared based on accounting policies which conform HKFRSs issued by the HKICPA, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong.

The Historical Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The HKICPA has issued a number of new/revised HKFRSs during the Relevant Periods. For the purpose of the preparation of the Historical Financial Information, the Target Company has consistently applied the accounting policies which conform with HKFRSs, which are effective for the accounting period beginning on 1 January 2024 throughout the Relevant Periods.

Material accounting policy information in preparing the Historical Financial Information is set out below.

Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is historical cost, except for the investment properties which are measured at fair value through profit or loss.

Investment properties

Investment properties are building that are held by owner or lessee, to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the period of the retirement or disposal.

Investment properties under construction

Investment properties under construction are initially measured at cost and subsequently at fair values using the fair value model. If the fair value cannot be reliably determined, the investment properties under construction will be measured at cost less impairment until such time as fair value can be determined or construction is completed, in which time any difference between the fair value and the previous carrying amount is recognised in profit or loss in that period.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

Investment properties transfer from/(to) properties under development

For a transfer from properties under development to investment properties that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

The Target Company shall transfer a property from investment property to property under development when it commences related development with a view to sale. For a transfer from investment property that is carried at fair value to property under development, related property under development shall be recognised at fair value at the transfer date.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Target Company becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when the Target Company's contractual rights to future cash flows from the financial asset expire.

If the Target Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Company continues to recognise the financial asset.

If the Target Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Company recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured in accordance with HKFRS 15.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income; (iii) equity investment measured at fair value through other comprehensive income; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Target Company's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Target Company changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Target Company's financial assets at amortised cost include trade and other receivables, amounts due from the intermediate holding companies, fellow subsidiaries, the immediate holding company, shareholders, restricted bank deposits and cash and cash equivalents.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Target Company becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

The Target Company's financial liabilities include trade and other payables, interest-bearing borrowings and amounts due to the immediate holding companies, the intermediate holding company and a fellow subsidiary. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer of the contract to make specified payments to reimburse the holder of the contract for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contract is initially recognised at fair value.

Subsequently, the financial guarantee is measured at the higher of (i) the amount initially recognised less, when appropriate, the cumulative amortisation recognised over the guarantee period and (ii) the amount of the loss allowance determined in accordance with the expected credit losses ("**ECL**") model under HKFRS 9.

Impairment of financial assets

The Target Company recognises loss allowances for ECL on financial assets that are measured at amortised cost. Except for the specific treatments as detailed below, at each reporting date, the Target Company measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Target Company measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

For a financial guarantee contract, the entity is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, cash shortfalls are the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the entity expects to receive from the holder, the debtor or any other party. If the asset is fully guaranteed, the estimation of cash shortfalls for a financial guarantee contract would be consistent with the estimations of cash shortfalls for the asset subject to the guarantee.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) nature of financial instruments;

(ii) past-due information;

(iii) nature, size and industry of debtors;

(iv) geographical location of debtors; and

(v) external credit risk ratings where available.

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Definition of default

The Target Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Target Company may not receive the outstanding contractual amounts in full if the financial asset that meets any of the following criteria.

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Company, in full (without taking into account any collaterals held by the Target Company); or

(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Target Company considers that default has occurred when a financial asset is more than 90 days past due unless the Target Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Target Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Target Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Target Company.

Irrespective of the outcome of the above assessment, the Target Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Company has reasonable and supportable information to demonstrate otherwise.

For financial guarantee contracts, the date that the Target Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. For financial guarantee contracts, the Target Company considers the changes in the risk that the specified debtor will default on the contract.

Notwithstanding the foregoing, the Target Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Simplified approach of ECL

For trade receivables without a significant financing components or otherwise for which the Target Company applies the practical expedient not to account for the significant financing components, the Target Company applies a simplified approach in calculating ECL. The Target Company recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix with appropriate groupings, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

Write-off

The Target Company writes off a financial asset when the Target Company has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Target Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Target Company's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents represent cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions, and short-term highly liquid investments which are readily convertible into known amounts of cash and cash, which are subject to an insignificant risk of changes in value.

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Development costs include acquisition costs, construction costs, borrowing costs capitalised and other direct costs attributable to such properties during the construction period. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. On completion, the properties are reclassified to properties held for sale at the carrying amount.

Properties under development are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

Properties held for sale

Completed properties remaining unsold at the end of each relevant year/period are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated cost necessary to make the sale.

Revenue recognition

Revenue from contracts with customers within HKFRS15

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Target Company expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

(a) provides all of the benefits received and consumed simultaneously by the customer;

(b) creates or enhances an asset that the customer controls as the Target Company performs; or

(c) does not create an asset with an alternative use to the Target Company and the Target Company has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Target Company and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Target Company, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Sales of properties

The Target Company develops and sells residential and commercial properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until the control has passed to the customer. Therefore, revenue is recognised at a point in time when customer obtains control of completed properties. The control is transferred when the buyer obtains the physical possession of the completed property. In determining the transaction price, the Target Company adjusts the promised amount of consideration for the effect of a financing component if it is significant.

Rental income

Rental income under operating leases is recognised when the assets are let out and on the straight-line basis over the lease term.

Contract assets and contract liabilities

If the Target Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Target Company has a right to an amount of consideration that is unconditional, before the Target Company transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Target Company's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

For the sales of properties, it is common for the Target Company to receive from the customer the whole or some of the contractual payments before the services are completed or when the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Target Company recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

Foreign currency translation

Items included in the financial statements of the Target Company are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Target Company's functional currency is Renminbi ("**RMB**"). The Historical Financial Information is presented in the currency of HK$, which is the Target Company's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of the Target Company that has a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rate; and

- all resulting exchange differences arising from the above translation are recognised directly in the other comprehensive income and accumulated in a separate component of equity and are not reclassified to profit or loss subsequently.

Impairment of non-financial assets

At the end of each reporting period, the Target Company reviews internal and external sources of information to assess whether there is any indication that plant and equipment may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Company estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as an income in profit or loss immediately.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Provisions

Provisions are recognised when the Target Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Target Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Leases

The Target Company assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Target Company as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased assets to the lessee. All other leases are classified as operating leases.

The Target Company has leased out its investment property to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term expect for investment properties measured under fair value model.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

In accordance with the rules and regulations in the PRC, the employees of the Target Company are required to participate in defined contribution retirement plans organised by local governments. Contributions to these plans are expensed in profit or loss as incurred and other than these monthly contributions, the Target Company has no further obligation for the payment of retirement benefits to its employees.

Termination benefits

Termination benefits are recognised on the earlier of when the Target Company can no longer withdraw the offer of those benefits and when the Target Company recognises restructuring costs involving the payment of termination benefits.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowable. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss and at the time of transaction dose not give rise to equal taxable and deductible temporary differences is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Critical accounting judgements and key sources of estimate uncertainty

In the application of the Target Company's accounting policies, the directors of the Target Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

(i) Deferred tax for investment properties

For the purposes of measuring deferred taxation arising from investment properties that are measured using the fair value model, the directors of the Target Company have reviewed the Target Company's investment property portfolios and concluded that the Target Company's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Target Company's deferred taxation on investment properties, the directors of the Target Company have determined that the presumption of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Target Company has recognised deferred taxation on changes in fair value of investment properties as the Target Company is subject to PRC Enterprise Income Tax ("**EIT**").

Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these financial statements, other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

(i) Income taxes and deferred tax

The Target Company is subject to income tax in the PRC. Significant estimates are required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Moreover, the Target Company is subject to LAT in the PRC. The PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of the sales of properties less the estimated deductible expenditures, the cost of land use rights and all relevant property development expenditures. Significant judgement is required in estimating the amounts of land appreciation and the applicable LAT rate due to the uncertainty of proceeds of sales of properties and deductible expenditures. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Target Company have not finalised their LAT calculations and payments with any local tax authorities in the PRC. The amount of the land appreciation is determined with reference to proceeds of the sales of properties less the estimated deductible expenditures, including the cost of land use rights and all relevant property development expenditures. The Target Company recognised the LAT based on the management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(ii) Fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuer. In relying on the valuation report, the directors of the Target Company have exercised their judgement and are satisfied that the valuation method, input used and the assumptions used in the valuation are reflective of the current market conditions. Changes to these input and assumptions would result in changes in the fair values of the Target Company's investment properties and the corresponding adjustments to the amount of gain or loss reported in the statements of profit or loss and other comprehensive income.

At 31 December 2021, 2022 and 2023 and 30 June 2024, the fair value of investment properties is approximately HK$2,317,700,000, HK$2,098,038,000, HK$2,008,370,000 and HK$1,995,270,000 respectively.

(iii) Provision for net realisable value on properties under development and properties held for sale

Properties under development and properties held for sale are stated at the lower of the cost and net realisable value. Based on the experience of the directors of the Target Company and the nature of the subject properties, the directors of the Target Company determine the net realisable value of properties under development and properties held for sale by reference to the estimated market prices of the properties under development and properties held for sale, which takes into account a number of factors including the recent prices of similar property types in the same project or by similar properties, and the prevailing real estate market conditions in the PRC. The directors of the Target Company estimate the costs to completion and costs necessary to make the sale by reference to the actual development cost and costs necessary to make the sale of other similar completed projects of the Target Company.

For the year ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, the write-down of inventories of properties for net realisable value on properties under development and properties held for sale is approximately nil, HK$147,395,000, HK$53,786,000 and HK$67,952,000 respectively.

Future changes in HKFRSs

At the date of this report, the HKICPA has issued the following new and amendments to HKFRSs that are not yet effective for the Relevant Periods, which the Target Company has not early adopted:

		Effective for annual periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027

HKFRS 18 Presentation and Disclosure of Financial Statements

This standard introduces the following three sets of new requirements to improve entities' reporting of financial performance and give investors a better basis for analysing and comparing entities:

- Presentation of new defined subtotals in the statement of profit or loss;
- Disclosures about management-defined performance measures; and
- Enhanced requirements for grouping (aggregation and disaggregation) of information.

HKFRS 18 supersedes HKAS 1 "Presentation of Financial Statements". Requirements in HKAS 1 that are unchanged have been transferred to HKFRS 18 and other HKFRSs. HKFRS 18 is effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. The Target Company is still currently assessing the impact that HKFRS 18 will have on the Target Company.

The Target Company is in the process of making an assessment of the impact of other developments in the period of initial adoption. So far the directors of the Target Company have concluded that the adoption of them is unlikely to have a significan impact on the consolidated financial statements.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Company's principal financial instruments comprise of restricted bank deposits, cash and cash equivalents, trade and other receivables/payables, interest-bearing borrowings and amounts due from/(to) the immediate holding company, the intermediate holding companies, fellow subsidiaries and shareholders, and financial guarantee liabilities. The main purpose of these financial instruments is to raise and maintain finance for the Target Company's operations. The Target Company has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its business activities.

	Year ended 31 December			Six months ended 30 June
	2021	2022	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial Assets				
Cash and cash equivalents	22,321	3,240	285	215
Restricted bank deposits	15,640	10,498	9,661	23,921
Trade and other receivables	350,406	315,391	375,263	267,798
Amount due from the immediate holding company	—	24,606	—	—
Amounts due from the intermediate holding companies	—	378,148	—	—
Amounts due from fellow subsidiaries	12,128	101,133	—	—
Amount due from shareholders	—	—	463,851	400,748
Amortised cost subtotal	400,495	833,016	849,060	692,682
Financial Liabilities				
Trade and other payables	1,267,640	978,210	1,039,772	955,492
Financial guarantee liabilities	—	—	9,067	8,929
Interest-bearing borrowings	1,356,343			
Amount due to the immediate holding company	104,125	—	7,387	113
Amount due to the intermediate holding company	36,750	—	—	—
Amount due to a fellow subsidiary	—	—	51,191	77,795
Amortised cost subtotal	2,764,858	978,210	1,107,417	1,042,329

The main risks arising from the Target Company's financial instruments are credit risk, liquidity risk and interest rate risk. The Target Company does not have any written risk management policies and guidelines. However, the management meets regularly and co-operate closely with key management to identify and evaluate risks and generally adopt conservative strategies on its risk management and limit the Target Company's exposure to these risks to a minimum as follows:

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Target Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with authorised financial institutions and other financial instruments.

The Target Company's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit rating assigned by international credit-rating agencies, for which the Target Company considers to have low credit risk.

Except for the financial guarantee given by the Target Company as set out in Note 31 to the Historical Financial Information, the Target Company does not provide any other guarantees which would expose the Target Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the Relevant Periods is disclosed in Note 31 to the Historical Financial Information.

Trade receivables

Customer credit risk is managed by the Target Company's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Target Company does not obtain collateral from customers. At 31 December 2021, 2022 and 2023 and 30 June 2024, the Target Company had a concentration of credit risk as approximately 100%, 66%, 87% and 37%, respectively, of the total trade receivables due from the Target Company's largest trade debtor and approximately HK$300,000, HK$5,657,000, HK$8,733,000 and HK$2,303,000, respectively, of the total trade receivables due from the Target Company's five largest trade debtors.

The Target Company measures loss allowances for trade receivables at an amount equal to lifetime ECL, which is calculated using the probability of default, loss given default and the exposure at default with reference to the historical data of the market of the debtors' and the industry.

The following tables provide information about the Target Company's exposure to credit risk and ECL for trade receivables at the end of the Relevant Periods:

	Expected loss rate	Gross Carrying amount	Loss allowance
	%	*HK$'000*	*HK$'000*
Year ended 31 December 2021			
Current (not past due) to 30 days past due	0.00	–	–
31 – 90 days past due	0.00	–	–
More than 90 days past due	0.00	300	–
		300	–
Year ended 31 December 2022			
Current (not past due) to 30 days past due	0.94	957	9
31 – 90 days past due	3.39	118	4
More than 90 days past due	5.63	7,520	423
		8,595	436
Year ended 31 December 2023			
Current (not past due) to 30 days past due	**1.04**	**964**	**10**
31 – 90 days past due	**2.07**	**290**	**6**
More than 90 days past due	**4.76**	**8,816**	**420**
		10,070	**436**
Six months ended 30 June 2024			
Current (not past due) to 30 days past due	**1.38**	**1,806**	**25**
31 – 90 days past due	**4.33**	**531**	**23**
More than 90 days past due	**9.78**	**3,969**	**388**
		6,306	**436**

ECL rates are based on the probability of default, loss given default and the exposure at default with reference to the historical data of the market of the debtors' and the industry. The loss allowance based on past due status is further distinguished between the Target Company's different customer bases. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Target Company's estimate on future economic conditions over the expected lives of the receivables. As the Target Company's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Target Company's different customer bases.

There was no change in the estimation techniques or significant assumptions made during the Relevant Periods.

The following table shows the movements in allowance for ECL that has been recognised for trade receivables during the Relevant Periods:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Trade receivables					
At the beginning of the reporting period	–	–	**436**	**436**	**436**
Impairment losses recognised during the year/period	–	436	**–**	**–**	**–**
At the end of the reporting period	–	436	**436**	**436**	**436**

The significant changes in the gross carrying amounts of trade receivables contributed to the changes in the loss allowance during the year ended 31 December 2022 due to the Target Company commenced its sales of properties during the year ended 31 December 2022.

Other receivables and amounts due from the immediate holding companies, intermediate holding companies, fellow subsidiaries and shareholders

In respect of other receivables, the Target Company monitors the exposures and manages them based on historical settlement records and past experience, current conditions and forecasts of future economic conditions. The Target Company measures the loss allowance for other receivables and amounts due from the immediate holding companies, intermediate holding companies, fellow subsidiaries and shareholders at an amount equal to 12-month ECL. Movement in the loss allowance in respect of other receivables and amounts due from the intermediate holding companies, immediate holding companies, fellow subsidiaries and shareholders during the Relevant Periods is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
At the beginning of the reporting period	37	66	**85**	**85**	**17,900**
Impairment losses of other receivables recognised during the year/period	27	18	**–**	**–**	**36,893**
Impairment losses of amounts due from shareholders recognised during the year/period	–	–	**17,989**	**15,542**	**59,725**
Exchange differences	2	1	**(174)**	**(163)**	**(601)**
At the end of the reporting period	66	85	**17,900**	**15,464**	**113,917**

There was no change in the estimation techniques or significant assumptions made during the Relevant Periods.

Liquidity risk

Management of the Target Company aims at maintaining sufficient level of cash and cash equivalents to finance the Target Company's operations and expected expansion. The Target Company's primary cash requirements include payments for operating expenses and additions or upgrades of plant and equipment. The Target Company finances its working capital requirements mainly by the funds generated from operations.

	Total carrying amount *HK$'000*	Total contractual undiscounted cash flow *HK$'000*	Less than 1 year or on demand *HK$'000*	1 to 2 years *HK$'000*	2 to 5 years *HK$'000*
At 31 December 2021					
Trade and other payables	1,267,640	1,267,640	1,267,640	–	–
Interest-bearing borrowings	1,356,343	1,584,410	493,281	540,901	550,228
Amount due to the immediate holding company	104,125	104,125	104,125	–	–
Amount due to the intermediate holding company	36,750	36,750	36,750	–	–
	2,764,858	2,992,925	1,901,796	540,901	550,228
At 31 December 2022					
Trade and other payables	978,210	978,210	978,210	–	–
	978,210	978,210	978,210	–	–
At 31 December 2023					
Trade and other payables	**1,039,772**	**1,039,772**	**1,039,772**	**–**	**–**
Financial guarantee liabilities	**9,067**	**9,067**	**9,067**	**–**	**–**
Amount due to a fellow subsidiary	**51,191**	**51,191**	**51,191**	**–**	**–**
Amount due to the immediate holding company	**7,387**	**7,387**	**7,387**	**–**	**–**
	1,107,417	**1,107,417**	**1,107,417**	**–**	**–**
At 30 June 2024					
Trade and other payables	**955,492**	**955,492**	**955,492**	**–**	**–**
Financial guarantee liabilities	**8,929**	**8,929**	**8,929**	**–**	**–**
Amount due to a fellow subsidiary	**77,795**	**77,795**	**77,795**	**–**	**–**
Amount due to the immediate holding company	**113**	**113**	**113**	**–**	**–**
	1,042,329	**1,042,329**	**1,042,329**	**–**	**–**

Interest rate risk

The Target Company's exposure to market risk for changes in interest rates relates primarily to the Target Company's interest-bearing borrowings. Interest charged on the Target Company's borrowings are at fixed rates. The Target Company does not have a policy on cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arises.

At the end of each reporting period, if interest rate had been 100 basis point higher/lower and all other variable were held constant, the Target Company's (loss) profit before tax would (increase/ decrease) decrease/increase by approximately HK$12,710,000, nil, HK$69,000 and HK$86,000 for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024 (Six months ended 30 June 2023: HK$13,000 (unaudited)), respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of each reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at the end of each reporting period. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the Relevant Periods.

5. FAIR VALUE MEASUREMENTS

Financial instruments

All financial assets and financial liabilities are carried at amounts not materially different from their fair values at 31 December 2021, 2022 and 2023 and 30 June 2024.

Investment properties

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 Target Company 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 Target Company'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 the end of each reporting period:

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2021				
Recurring fair value measurements:				
Investment properties	–	106,575	2,211,125	2,317,700
At 31 December 2022				
Recurring fair value measurements:				
Investment properties	–	556,010	1,542,028	2,098,038
At 31 December 2023				
Recurring fair value measurements:				
Investment properties	**–**	**538,680**	**1,469,690**	**2,008,370**
At 30 June 2024				
Recurring fair value measurements:				
Investment properties	**–**	**534,873**	**1,460,397**	**1,995,270**

Reconciliation of investment properties measured at fair value based on level 3:

	Year ended 31 December			Six months ended 30 June
	2021	2022	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Fair value				
At the beginning of the reporting period	1,988,464	2,211,125	**1,542,028**	**1,469,690**
Transfer upon completion	–	(523,562)	**–**	**–**
Transfer from properties under development	285,146	–	**–**	**4,398**
Transfer to properties under development	(593,572)	(87,586)	**(106,571)**	**–**
Additions	396,617	70,465	**107,460**	**–**
Fair value gain/(loss)	52,677	(52,711)	**(18,650)**	**(2,406)**
Exchange differences	81,793	(75,703)	**(54,577)**	**(11,285)**
At the end of the reporting period	2,211,125	1,542,028	**1,469,690**	**1,460,397**

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

The Target Company'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 of the Target Company 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 Target Company will engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

The following table shows significant unobservable inputs used by Valtech and AP Appraisal (as defined in note 17) for each period ended, the independent professional valuers engaged by the Target Company, in its valuation models for the investment properties at 31 December 2021, 2022, 2023 and 30 June 2024:

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value at 31 December 2021	Fair value at 31 December 2022	Fair value at 31 December 2023	Fair value at 30 June 2024
			HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Investment properties	Direct comparison approach	Market price of comparable	106,575	556,010	538,680	534,873

Level 3 fair value measurements

Description	Valuation technique	Inputs	Range	Effect on fair value for increase in inputs	Fair value at 31 December 2021
					HK$'000
Investment properties under development	Direct comparison approach	Price per square meter, taking into account the differences in time, location, condition, size, age and other individual factors between the comparables and the property	Approximately RMB11,000-RMB18,000 (equivalent to HK$13,475-HK$22,050) per square meter	Increase	2,211,125

Description	Valuation technique	Inputs	Range	Effect on fair value for increase in inputs	Fair value at 31 December 2022 *HK$'000*
Investment properties under development	Direct comparison approach	Price per square meter, taking into account the differences in time, location, condition, size, age and other individual factors between the comparables and the property	Approximately RMB10,859-RMB11,010 (equivalent to HK$12,368-HK12,540) per square meter	Increase	1,542,028

Description	Valuation technique	Inputs	Range	Effect on fair value for increase in inputs	Fair value at 31 December 2023 *HK$'000*
Investment properties under development	Direct comparison approach	Price per square meter, taking into account the differences in time, location, condition, size, age and other individual factors between the comparables and the property	Approximately RMB10,758-RMB12,760 (equivalent to HK$11,872-HK$14,081) per square meter	Increase	1,469,690

Description	Valuation technique	Inputs	Range	Effect on fair value for increase in inputs	Fair value at 30 June 2024 ***HK$'000***
Investment properties under development	Direct comparison approach	Price per square meter, taking into account the differences in time, location, condition, size, age and other individual factors between the comparables and the property	Approximately RMB11,000 -RMB21,000 (equivalent to HK$12,053-HK$23,010) per square meter	Increase	1,460,397

6. SEGMENT INFORMATION

The directors of the Target Company have determined that the Target Company has a single operating and reportable segment throughout the Relevant Periods, as the Target Company manages its business as a whole as property development and property investment and the directors of the Target Company, being the chief operating decision maker of the Target Company, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Target Company. As this is the only operating segment of the Target Company, no further analysis for segment information is presented.

In determining the Target Company's geographical segments and revenues are based on the location in which the customers are located; assets and capital expenditure are attributed to the segments based on the locations of the assets.

The principal place of the Target Company's operations is in the PRC. For the purpose of segment information disclosures under HKFRS 8, the Target Company regarded the PRC as its country of domicile. The Target Company's revenue and non-current assets are principally attributable to the PRC, being the single geographical region.

Information about major customers

Details of the customers (including entities under common control) individually accounting for 10% or more of aggregate revenue of the Target Company during the Relevant Periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Customer A	4,886	*Note*	*Note*	*Note*	*Note*
Customer B	1,137	*Note*	*Note*	*Note*	*Note*
Customer C	1,015	*Note*	*Note*	*Note*	*Note*
Customer D	*Note*	281,532	*Note*	*Note*	*Note*
Customer E	*Note*	*Note*	**25,310**	**25,310**	*Note*
Customer F	*Note*	*Note*	**19,011**	**13,500**	*Note*
Customer G	*Note*	*Note*	*Note*	*Note*	**10,421**
Customer H	*Note*	*Note*	*Note*	*Note*	**5,830**
Customer I	*Note*	*Note*	*Note*	*Note*	**5,520**
Customer J	*Note*	*Note*	*Note*	*Note*	**5,107**

Note: The customers contributed less than 10% of the total revenue of the Target Company for relevant reporting periods.

7. REVENUE

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Revenue from contracts with customers within HKFRS 15 – at a point in time					
Sales of properties	–	584,308	**164,044**	**81,777**	**33,958**
Revenue from other sources					
Rental income – fixed rental payments	10,002	14,964	**16,759**	**8,383**	**8,532**
	10,002	599,272	**180,803**	**90,160**	**42,490**

8. OTHER LOSS AND OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Other loss					
Loss allowance on financial guarantee contract *(Note a)*	–	–	**(9,067)**	**(8,911)**	**–**
Other income					
Interest income from bank balances	530	201	**68**	**31**	**51**
Government grants *(Note b)*	181	298	**99**	**57**	**–**
Management fee income from fellow subsidiaries	3,735	3,907	**343**	**234**	**282**
Others	726	920	**19**	**3**	**6**
	5,172	5,326	**529**	**325**	**339**

Notes:

(a) This amount represents the loss allowance of the financial guarantee for each year or period end. For more details, please refer to Note 31.

(b) In the opinion of the management of the Target Company, there was no unfulfilled condition or contingency relating to the government grants during the Relevant Periods.

9. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Interest on loans from an intermediate holding company	153,034	–	**–**	**–**	**–**
Interest on loans from a fellow subsidiary	–	–	**3,072**	**1,536**	**3,699**
Interest on financing component of contract liabilities	18,064	–	**–**	**–**	**–**
Total borrowing costs	171,098	–	**3,072**	**1,536**	**3,699**
Less: Borrowing costs capitalised into properties under development *(Note)*	(153,034)	–	**(2,240)**	**(1,380)**	**(2,669)**
	18,064	–	**832**	**156**	**1,030**

Note: During the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, the weighted average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 12%, nil, 12% and 12% (Six months ended 30 June 2023: 12% (unaudited)), respectively.

10. INCOME TAX EXPENSE/(CREDIT)

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Current tax					
PRC EIT – current year/period	–	12,138	**(1,502)**	**(411)**	**(422)**
PRC LAT	–	10,261	**9,141**	**6,763**	**1,841**
Deferred tax *(Note 25)*					
Origination and reversal of temporary differences	14,373	(54,892)	**(26,554)**	**(22,362)**	**(41,973)**
Income tax expense/(credit) for the year/period	14,373	(32,493)	**(18,915)**	**(16,010)**	**(40,554)**

PRC EIT has been provided at a rate of 25% during the Relevant Periods.

LAT 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 prepaid lease payments and all property development expenditures, which is included in the statement of profit or loss and other comprehensive income as income tax. The Target Company has estimated the tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT 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 LAT is calculated.

				Six months ended	
	Year ended 31 December			30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Profit/(loss) before income tax	30,920	(161,148)	**(103,640)**	**(84,615)**	**(167,833)**
Income tax at rate of 25%	7,730	(40,287)	**(25,910)**	**(21,154)**	**(41,958)**
Non-deductible expenses	120	98	**139**	**72**	**23**
LAT	–	10,261	**9,141**	**6,763**	**1,841**
EIT effect of LAT	–	(2,565)	**(2,285)**	**(1,691)**	**(460)**
Unrecognised temporary differences	5,632	–	**–**	**–**	**–**
Unrecogniesd tax losses	891	–	**–**	**–**	**–**
Income tax expense for the year/period	14,373	(32,493)	**(18,915)**	**(16,010)**	**(40,554)**

11. PROFIT/(LOSS) BEFORE INCOME TAX

This is stated after charging:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Other items					
Auditor's remuneration	–	166	**17**	**18**	**20**
Cost of inventories	–	498,181	**139,879**	**68,630**	**30,994**
Depreciation of plant and equipment	6,501	5,995	**4,614**	**2,298**	**1,116**
Direct operating expenses arising from investment properties that generate rental income	381	1,203	**873**	**310**	**391**
Staff costs, including directors' remuneration	21,126	13,263	**15,315**	**8,195**	**6,951**
Write-down of inventories of properties – properties under development	–	147,395	**53,786**	**42,837**	**67,952**

12. STAFF COSTS AND FIVE HIGHEST PAID INDIVIDUALS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Staff costs, including directors' remuneration					
Salaries, allowances, discretionary bonus and other benefits in kind	18,036	11,772	**13,685**	**7,394**	**6,190**
Contributions to defined contribution plans	3,090	1,491	**1,630**	**801**	**761**
	21,126	13,263	**15,315**	**8,195**	**6,951**

An analysis of the five highest paid individuals during the Relevant Periods is as follows:

	Number of individuals				
	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Director	–	–	**1**	1	**1**
Non-director	5	5	**4**	4	**4**
	5	5	**5**	5	**5**

Details of the remuneration of the above highest paid non-director individuals are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Salaries, allowances, discretionary bonus and other benefits in kind	2,376	2,275	**1,838**	1,056	**1,004**
Contributions to defined contribution plans	381	170	**119**	57	**90**
	2,757	2,445	**1,957**	1,113	**1,094**

The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	Number of individuals				
	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Nil to HK$1,000,000	5	5	**4**	4	**4**

During the Relevant Periods, no remuneration were paid by the Target Company to any of these highest paid non-director individuals as an inducement to join or upon joining the Target Company, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the Relevant Periods.

13. DIRECTORS' EMOLUMENTS

The amounts of remuneration received and receivable by the directors of the Target Company during the Relevant Periods are set out below.

	Directors' fees *HK$'000*	Salaries, allowances and other benefits in kind *HK$'000*	Discretion-ary bonus *HK$'000*	Contribu-tions to defined contribution plans *HK$'000*	Total *HK$'000*
Year ended 31 December 2021					
Mr. Liu Bingchuan	–	–	–	–	–
Year ended 31 December 2022					
Mr. Liu Bingchuan	–	–	–	–	–
	–	–	–	–	–
Year ended 31 December 2023					
Mr. Liu Bingchuan	–	–	–	–	–
Mr. Li Minbin	–	–	–	–	–
Mr. Wu Weixiong	–	671	–	48	719
	–	671	–	48	719
Six months ended 30 June 2023 (unaudited)					
Mr. Liu Bingchuan	–	–	–	–	–
Mr. Li Minbin	–	–	–	–	–
Mr. Wu Weixiong	–	268	–	22	290
	–	268	–	22	290
Six months ended 30 June 2024					
Mr. Liu Bingchuan	–	–	–	–	–
Mr. Li Minbin	–	–	–	–	–
Mr. Wu Weixiong	–	402	–	24	426
	–	402	–	24	426

Note:

(i) Mr. Liu Bingchuan was appointed as a director of the Target Company on 6 June 2019, this director is also one of the directors of Shenzhen Hong Jia, a company established in the PRC and an indirect non-wholly owned subsidiary of GSLG, and no director emolument was charged in the Target Company.

(ii) Mr. Li Minbin was appointed as a director of the Target Company on 16 March 2023, this director is also one of the directors of Renze Harvest International Holdings Limited, and no director emolument was charged in the Target Company.

(iii) Mr. Wu Weixiong was appointed as a director of the Target Company on 16 March 2023.

The directors' emoluments shown above were for their services in connection with the management of the affairs of the Target Company.

During the Relevant Periods, no emoluments were paid by the Target Company to any of these directors as an inducement to join or upon joining the Target Company, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

14. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

15. DIVIDENDS

The directors of the Target Company did not recommend payment of any dividends for the Relevant Periods.

16. PLANT AND EQUIPMENT

	Office equipment	Motor vehicles	Leasehold improve-ments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost				
At 1 January 2021	605	383	15,071	16,059
Additions	12	136	9,284	9,432
Exchange differences	25	17	763	805
At 31 December 2021 and 1 January 2022	642	536	25,118	26,296
Exchange differences	(45)	(37)	(1,764)	(1,846)
At 31 December 2022 and 1 January 2023	**597**	**499**	**23,354**	**24,450**
Additions	**3**	**–**	**–**	**3**
Exchange differences	**(19)**	**(16)**	**(727)**	**(762)**
At 31 December 2023 and 1 January 2024	**581**	**483**	**22,627**	**23,691**
Exchange differences	**(4)**	**(3)**	**(160)**	**(167)**
At 30 June 2024	**577**	**480**	**22,467**	**23,524**

	Office equipment	Motor vehicles	Leasehold improve-ments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Accumulated depreciation				
At 1 January 2021	267	291	2,559	3,117
Deprecation	120	98	6,283	6,501
Exchange differences	13	13	212	238
At 31 December 2021 and 1 January 2022	400	402	9,054	9,856
Deprecation	96	24	5,875	5,995
Exchange differences	(27)	(27)	(638)	(692)
At 31 December 2022 and 1 January 2023	**469**	**399**	**14,291**	**15,159**
Deprecation	**64**	**24**	**4,526**	**4,614**
Exchange differences	(16)	(13)	(444)	(473)
At 31 December 2023 and 1 January 2024	**517**	**410**	**18,373**	**19,300**
Deprecation	**20**	**11**	**1,085**	**1,116**
Exchange differences	**(3)**	**(2)**	**(160)**	**(165)**
At 30 June 2024	**534**	**419**	**19,298**	**20,251**
Carrying amount				
At 31 December 2021	242	134	16,064	16,440
At 31 December 2022	128	100	9,063	9,291
At 31 December 2023	**64**	**73**	**4,254**	**4,391**
At 30 June 2024	**43**	**61**	**3,169**	**3,273**

17. INVESTMENT PROPERTIES

	Year ended 31 December			Six months ended 30 June
	2021	2022	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Fair value				
Completed properties held for rental purpose and/or for capital appreciation:				
At the beginning of the reporting period	97,774	106,575	**556,010**	**538,680**
Transfer upon completion	–	523,562	**–**	**–**
Fair value gain/(loss)	4,816	(19,006)	**(6,724)**	**(914)**
Exchange differences	3,985	(55,121)	**(10,606)**	**(2,893)**
At the end of the reporting period	106,575	556,010	**538,680**	**534,873**
Investment properties under development:				
At the beginning of the reporting period	1,988,464	2,211,125	**1,542,028**	**1,469,690**
Transfer upon completion	–	(523,562)	**–**	**–**
Transfer from properties under development	285,146	–	**–**	**4,398**
Transfer to properties under development	(593,572)	(87,586)	**(106,571)**	**–**
Additions	396,617	70,465	**107,460**	**–**
Fair value gain/(loss)	52,677	(52,711)	**(18,650)**	**(2,406)**
Exchange differences	81,793	(75,703)	**(54,577)**	**(11,285)**
At the end of the reporting period	2,211,125	1,542,028	**1,469,690**	**1,460,397**
Total	2,317,700	2,098,038	**2,008,370**	**1,995,270**

At 31 December 2021, investment properties amounted to approximately HK$1,841,175,000 are pledged as security to a financial institution located in the PRC for interest-bearing borrowings granted to an intermediate holding company.

During the year ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, the unrealised gain/loss on changes of fair value of investment properties are gain of approximately HK$57,493,000, loss of approximately HK$71,717,000, HK$25,374,000 and HK$3,320,000 respectively.

The fair value of the Target Company's investment properties at 31 December 2021, 31 December 2022 and 30 June 2024 have been carried out by Valtech Valuation Advisory Limited ("**Valtech**") while the fair value of investment properties at 31 December 2023 has been carried out by AP Appraisal Limited ("**AP**

Appraisal"). Valtech and AP Appraisal are independent professional valuers who hold a recognised and relevant professional qualification and have recent experience in the location and category of the investment property being valued.

The valuation for completed properties was derived using the direct comparison approach based on recent market prices without any significant adjustment being made to the market observable data.

The valuation for investment properties under development was derived using the direct comparison approach by making reference to comparable sales evidence as available in the property market. The construction cost incurred and estimated construction cost to complete the development as at the date of valuation are also taken into account.

There were no changes to the valuation techniques during the Relevant Periods.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

During the Relevant Periods, there were no transfers into or out of level 3 or any other level.

18. INVENTORIES

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Properties under development	1,317,333	1,153,611	**1,154,409**	**1,049,394**
Properties held for sale	1,208,268	648,971	**706,209**	**701,217**
	2,525,601	1,802,582	**1,860,618**	**1,750,611**

At 31 December 2021, 2022 and 2023 and 30 June 2024, properties under development amounting to approximately HK$1,317,333,000, HK$1,153,611,000, HK$1,154,409,000 and HK$1,049,394,000, respectively and properties held for sale amounting to approximately HK$1,041,292,000, HK$484,927,000, HK$576,263,000 and HK$554,394,000 respectively are expected to be recovered in more than one year.

At 31 December 2021, 2022 and 2023 and 30 June 2024, the carrying amount of properties held for sale amounting to approximately HK$1,208,268,000, nil, nil and nil are pledged as security to a financial institution located in the PRC for interest-bearing borrowings granted to an intermediate holding company respectively, and amounting to approximately nil, nil, HK$265,191,000 and HK$263,316,000 are pledged as security to a financial institution located in the PRC for interest-bearing borrowings granted to shareholders respectively.

19. TRADE AND OTHER RECEIVABLES

		At 31 December			At 30 June
		2021	2022	2023	2024
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables		300	8,595	10,070	**6,306**
Less: Loss allowance for ECL	*4*	–	(436)	(436)	**(436)**
		300	8,159	9,634	**5,870**
Other receivables *(Note (i))*		3,394	3,152	81,920	**198,296**
Prepayment and other deposits *(Notes (i) & (ii))*		264,126	282,595	237,926	**17,104**
Other tax assets		82,586	21,485	45,783	**46,528**
		350,106	307,232	365,629	**261,928**
Total trade and other receivables		350,406	315,391	375,263	**267,798**

Notes:

(i) As at 31 December 2021, 31 December 2022 and 31 December 2023, included in prepayment and other deposits are amounts of approximately HK$245,000,000, HK$227,800,000 and HK$220,700,000 respectively representing prepayment to an independent third party named Shenzhen Jianye Group Limited ("深圳建业集团有限公司"), which was a general contractor for the Target Company's properties constructions. During the six months ended 30 June 2024, the Target Company dismissed with this general contractor and, therefore, the amount was transferred to other receivables. The management of the Target Company assessed related expected credit loss with the amount of approximately HK$35,531,000. As at 30 June 2024, the balance of this company in other receivables was approximately HK$183,609,000.

(ii) At 31 December 2021, 2022 and 2023 and 30 June 2024, the amounts of approximately HK$264,126,000, HK$282,595,000, HK$237,926,000 and HK$17,104,000, respectively, represent the prepayment and deposits of construction made to certain contractors for property development, which are expected to be recovered in more than one year.

The Target Company generally allows an average credit period of 2 days for sales of properties during the Relevant Periods.

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

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	–	957	964	**1,806**
31 to 60 days	–	–	–	**–**
61 to 90 days	–	118	290	**531**
91 to 120 days	300	7,520	8,816	**3,969**
	300	8,595	10,070	**6,306**

The carrying amounts of the Target Company's trade receivables are denominated in RMB.

Further details on the Target Company's credit policy and credit risk arising from trade and other receivables are set out in Note 4 to the Historical Financial Information.

20. AMOUNTS DUE FROM (TO) THE INTERMEDIATE HOLDING COMPANIES/THE IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES/SHAREHOLDERS

	At 31 December			At 30 June	Greatest outstanding amount during year/ six months ended At 31 December			At 30 June
	2021	2022	2023	2024	2021	2022	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts due from the intermediate holding companies								
深圳寶新實業集團有限公司 (Shenzhen Baoxin Industrial Company Limited*) ("**Shenzhen Baoxin Industrial**")	–	269,943	–	–	–	269,943	–	–
寶新控股有限公司 (Baoxin Holdings Company Limited*) ("**Baoxin Holdings**")	–	108,205	–	–	–	108,205	–	–
	–	378,148	–	–	–	378,148	–	–
Amounts due from the fellow subsidiaries								
潮商集團(汕頭)投資有限公司 (Chaoshang Group (Shantou) Investment Company Limited*) ("**Chaoshang Group (Shantou)**")	4,851	–	–	–	4,851	–	–	–
汕頭市潮商城鎮綜合治理有限公司 (Shantou Chaoshang Chengzahen Comprehensive Management Company Limited*) ("**Shantou Chaoshang**")	7,277	–	–	–	7,277	–	–	–
汕頭寶創物流有限公司 (Shantou Baochuang Logistic Company Limited)	–	11,152	–	–	–	11,152	–	–
深圳寶匯安實業有限公司 (Shenzhen Baohuian Industrial Company Limited*)	–	89,981	–	–	–	89,981	–	–
	12,128	101,133	–	–	12,128	101,133	–	–
Amount due from immediate holding company								
深圳宏佳新科技有限公司 Shenzhen Hong Jia	–	24,606	–	–	–	24,606	–	–
	–	24,606	–	–	–	24,606	–	–

* English translation for identification purpose only.

	At 31 December			At 30 June	Greatest outstanding amount during year/six months ended			
	2021	2022	2023	2024	2021	2022	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amount due from shareholders								
寶新控股有限公司 Baoxin Holdings Company Limited*	–	–	90,307	**78,034**	–	–	**93,795**	**93,134**
深圳寶新實業集團有限公司 Shenzhen Baoxin Industrial Company Limited*	–	–	251,801	**217,577**	–	–	**261,530**	**259,681**
深圳寶匯安實業有限公司 Shenzhen Baohuian Industrial Company Limited*	–	–	83,934	**72,526**	–	–	**87,177**	**86,560**
潮商集團(汕頭)投資有限公司 Chaoshang Group (Shantou) Investment Company Limited*	–	–	364	**303**	–	–	**364**	**362**
汕頭市潮商城鎮綜合治理有限公司 Shantou Chaoshang Chengzahen Comprehensive Management Company Limited*	–	–	1,744	**1,459**	–	–	**1,744**	**1,759**
深圳宏佳新科技有限公司 Shenzhen Hong Jia	–	–	35,701	**30,849**	–	–	**37,082**	**36,819**
	–	–	463,851	**400,748**	–	–	**481,692**	**478,315**
Amount due to the immediate holding company								
深圳宏佳新科技有限公司 Shenzhen Hong Jia	(104,125)	–	–	**–**	(104,125)	–	**–**	**–**
深圳寶開投資控股有限公司 Shenzhen Baokai Holding	–	–	(7,387)	**(113)**	–	–	**(7,387)**	**(113)**
	(104,125)	–	(7,387)	**(113)**	(104,125)	–	**(7,387)**	**(113)**
Amount due to an intermediate holding company								
寶新控股有限公司 Baoxin Holdings Company Limited*	(36,750)	–	–	**–**	(36,750)	–	**–**	**–**
Amount due to a fellow subsidiary								
深圳寶開實業有限公司 ShenZhen Baokai Industrial Company Limited*	–	–	(51,191)	**(77,795)**	–	–	**(51,191)**	**(77,795)**

Notes:

The outstanding amounts are unsecured, interest-free, non-trade and repayable on demand.

21. RESTRICTED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

At 31 December 2021, 2022 and 2023 and 30 June 2024, the Target Company's restricted bank deposits represented guarantee deposits of approximately HK$15,640,000, HK$10,498,000, HK$9,661,000 and HK$23,921,000, respectively, for deposits in respect of presales of properties.

At 31 December 2021, 2022 and 2023 and 30 June 2024, the Target Company's restricted bank deposits of approximately HK$15,640,000, HK$10,498,000, HK$9,661,000 and HK$23,921,000, respectively, and bank and cash balances of approximately HK$22,321,000, HK$3,240,000, HK$285,000 and HK$215,000, respectively, were denominated in RMB. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

22. TRADE AND OTHER PAYABLES

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	972,638	865,077	911,150	**867,154**
Other payables				
Accruals and other payables *(Note (i))*	5,316	104,645	117,327	**73,425**
Interest payables to third parties *(Note (ii))*	10,132	8,488	8,223	**8,223**
Interest payables to an intermediate holding company	279,554	–	–	**–**
Interest payables to a fellow subsidiary	–	–	3,072	**6,690**
	295,002	113,133	128,622	**88,338**
Financial guarantee	–	–	9,067	**8,929**
	1,267,640	978,210	1,048,839	**964,421**

Note:

(i) At 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2004, included in the accruals and other payables are the amounts of approximately nil, RMB80,000,000, RMB80,000,000 and RMB50,000,000 (equivalent to approximately nil, HK$91,120,000, HK$88,280,000 and HK$54,785,000) respectively representing the amount due to an independent creditor of Baoxin Holdings, which is unsecured, interest free, and repayable within one year. This payable will be repaid by the inventories of properties held by the Target Company.

(ii) This amount represented the interest payables to Shenzhen Jianye Group Limited ("深圳建業集團有限公司"), an independent third party, on a principal amount of RMB50,000,000 which was repaid in the year of 2019.

Note:

The trade payables are interest-free and the Target Company is normally granted with credit term up to 30 days during the Relevant Periods.

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

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	7,630	20,613	–	–
31 to 60 days	711	–	2,072	–
61 to 90 days	–	–	–	2,667
91 to 120 days	2,687	542	–	5,363
Over 120 days	38,319	53,938	77,076	75,191
	49,347	75,093	79,148	83,221

23. CONTRACT LIABILITIES

Contract liabilities represent sales proceeds received from purchasers in connection with the pre-sales of properties.

The movements (excluding those arising from increases and decreases both occurred within the same year/period) of contract liabilities from contracts with customers within HKFRS 15 during the Relevant Periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
At the beginning of the reporting period	308,713	576,193	476,190	476,190	536,621
Recognised as revenue	–	(554,040)	(157,149)	(81,777)	(33,377)
Receipt of advances	232,725	481,127	231,623	156,674	9,923
Interest on financing component of contract liabilities	18,064	–	–	–	–
Exchange differences	16,691	(27,090)	(14,043)	(13,849)	(2,128)
At the end of the reporting period	576,193	476,190	536,621	537,238	511,039

The amount of transaction price allocated to the performance obligations that are unsatisfied at the end of each reporting period is as follows:

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Expected timing of revenue recognition:				
Within one year	557,850	168,897	165,262	278,884
More than one year	18,343	307,293	371,359	232,155
	576,193	476,190	536,621	511,039

24. INTEREST-BEARING BORROWINGS

	2021		At 31 December 2022		2023		At 30 June 2024	
	Current	**Non-current**	**Current**	**Non-current**	**Current**	**Non-current**	**Current**	**Non-current**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Loans from an intermediate holding company *(Note (i))*	463,932	892,411	–	–	–	–	–	–
	463,932	892,411	–	–	–	–	–	–

Notes:

(i) At 31 December 2021, loans from an intermediate holding company of approximately HK$1,356,343,000, HK$nil, HK$nil and HK$nil, respectively, bear a fixed interest rate at 12% per annum and are repayable after three years from the drawdown date.

At 31 December 2021, 2022 and 2023 and 30 June 2024, all interest-bearing borrowings are unsecured and denominated in RMB.

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	463,932	–	–	–
More than one year, but not exceeding two years	463,317	–	–	–
More than two years, but not exceeding five years	429,094	–	–	–
	1,356,343	–	–	–

The interest-bearing borrowings are arranged at fixed interest rates during the Relevant Periods. The range of effective interest rates:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Loans from an intermediate holding company	12%	–	–	–	–

25. DEFERRED TAXATION

The movements in the Target Company's deferred tax liabilities arising from the fair value changes on investment properties, financial guarantee contract, provision for expected credit loss on trade receivables, other receivables and write-down of inventories of properties for the Relevant Periods were as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
At the beginning of the reporting period	152,233	172,931	**106,864**	**106,864**	**78,139**
Charged/(credited) to profit or loss *(Note 10)*	14,373	(54,892)	**(26,554)**	**(22,362)**	**(41,973)**
Exchange differences	6,325	(11,175)	**(2,171)**	**(1,751)**	**(71)**
At the end of the reporting period	172,931	106,864	**78,139**	**82,751**	**36,095**

At 31 December 2021, 2022, 2023 and 30 June 2024, the Target Company no had unused tax losses which were available for offset against future profits and are subject to expiry period of five years. No deferred tax assets have been recognised in respect of the estimated tax losses due to the unpredictability of future profit streams.

26. SHARE CAPITAL

	Year ended 31 December									Six months ended 30 June		
	2021			2022			2023			2024		
	No. of shares	RMB'000	Equivalent to HK$'000	No. of shares	RMB'000	Equivalent to HK$'000	No. of shares	RMB'000	Equivalent to HK$'000	No. of shares	RMB'000	Equivalent to HK$'000
Registered:												
At the beginning of the reporting period	2,000,000,000	2,000,000	2,326,380	2,000,000,000	2,000,000	2,326,380	2,310,000,000	2,310,000	2,708,619	2,310,000,000	2,310,000	2,708,619
(Decrease)/increase in registered share capital *(Note (i))*	-	-	-	310,000,000	310,000	382,239	-	-	-	-	-	-
At the end of the reporting period	2,000,000,000	2,000,000	2,326,380	2,310,000,000	2,310,000	2,708,619	2,310,000,000	2,310,000	2,708,619	2,310,000,000	2,310,000	2,708,619
Registered and fully paid												
At the beginning of the reporting period	1,080,000,000	1,080,000	1,230,120	1,080,000,000	1,080,000	1,230,120	2,305,319,139	2,305,319	2,640,638	2,305,319,139	2,305,319	2,640,638
Capital injection *(Note (ii))*	-	-	-	1,225,319,139	1,225,319	1,410,518	-	-	-	-	-	-
At the end of the reporting period	1,080,000,000	1,080,000	1,230,120	2,305,319,139	2,305,319	2,640,638	2,305,319,139	2,305,319	2,640,638	2,305,319,139	2,305,319	2,640,638

Notes:

(i) In March 2022, the registered capital of the Target Company was increased to RMB2,310,000,000 following the resolution passed by Shenzhen Hong Jia.

(ii) Pursuant to the deed of debt for equity swap entered between the Target Company and Shenzhen Hong Jia in March 2022, the amount due to Shenzhen Hong Jia of approximately RMB1,138,937,000 (equivalent to approximately HK$1,410,518,000) would be settled by means of capital injection in the Target Company by Shenzhen Hong Jia on a dollar-for-dollar basis.

27. RESERVES

(a) Capital reserve

The capital reserve represents the contribution from Shenzhen Baoxin Logistic Company Limited for the modification of terms of loans from an intermediate holding company of approximately RMB249,826,000 (equivalent to approximately HK$286,165,000) during the year ended 31 December 2022.

(b) Statutory reserve

As stipulated by the relevant laws and regulations for enterprises incorporated/established in the PRC, the Target Company is required to maintain certain statutory reserves. The statutory reserve can be used to make up for losses, expand the existing operation and convert to additional capital.

(c) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the net assets of foreign operations into presentation currency. The reserve is dealt with in accordance with the accounting policies set out in Note 3 to the Historical Financial Information.

28. RELATED PARTY TRANSACTIONS

(a) Related party transactions

In addition to the transactions/information disclosed elsewhere in the Historical Financial Information, during the Relevant Periods, the Target Company had the following transactions with related parties:

Name of related party	Nature of transaction	Year ended 31 December 2021	2022	2023	Six months ended 30 June 2023	2024
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Chaoshang Group (Santou), a fellow subsidiary	Management fee income	1,494	1,418	–	–	–
Shantou Chaoshang, a fellow subsidiary	Management fee income	2,241	2,489	**343**	**234**	**282**
Shenzhen Baoxin Logistic, an intermediate holding company	Loan interest expenses	153,034	–	–	–	–
Shenzhen Baokai, a fellow subsidiary	Loan interest expenses	–	–	**3,072**	**1,536**	**3,699**

During the Relevant Periods, the Target Company also occupied a property owned by a follow subsidiary as office premise at nil consideration.

(b) Remuneration for key management personnel of the Target Company

Key management personnel comprises the directors and other members of the Target Company. The remuneration of directors and other members of the Target Company during the Relevant Periods were as follows:

	Year ended 31 December 2021	2022	2023	Six months ended 30 June 2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Salaries, allowances, discretionary bonus and other benefits in kind	558	1,609	1,657	826	**1,416**
Contributions to defined contribution plans	100	111	116	55	**111**
	658	1,720	1,773	881	**1,527**

29. ADDITIONAL INFORMATION ON CASH FLOWS

Reconciliation of liabilities arising from financing activities

	Interest-bearing borrowing *HK$'000*	Interest payables to an intermediate holding company *HK$'000*	Interest payables to third parties *HK$'000*	Amount due to the immediate holding *HK$'000*	Amount due to an intermediate holding company *HK$'000*	Total *HK$'000*
Year ended 31 December 2021						
At 1 January 2021	944,683	119,616	10,348	100,130	35,340	1,210,117
Changes from cash flows:						
Proceeds from interest-bearing borrowings	449,431	–	–	–	–	449,431
Repayment of interest-bearing borrowings	(81,872)	–	–	–	–	(81,872)
Interest paid	–	–	(977)	–	–	(977)
Non-cash changes						
Finance costs	–	152,506	528	–	–	153,034
Exchange differences	44,101	7,432	233	3,995	1,410	57,171
At 31 December 2021	1,356,343	279,554	10,132	104,125	36,750	1,786,904

	Interest-bearing borrowings *HK$'000*	Amount due to the immediate holding company *HK$'000*	Amount due to the intermediate holding company *HK$'000*	Interest payables to the intermediate holding company *HK$'000*	Interest payables to third parties *HK$'000*	Total *HK$'000*
Year ended 31 December 2022						
At 1 January 2022	1,356,343	104,125	36,750	279,554	10,132	1,786,904
Changes from cash flows:						
Repayment to the immediate holding company	–	–	–	–	–	–
Repayment to the intermediate holding company	–	–	–	–	(980)	(980)
Interest paid		–	–	–	–	–
Non-cash changes						
Modification of terms of loans from an intermediate holding company	(106,980)	–	–	(282,624)	–	(389,604)
Transfer to amount due to the immediate holding company	(1,280,357)	1,280,357	–	–	–	–
Capital injection		(1,410,518)	–	–	–	(1,410,518)
Transfer of current account	–	24,884	(37,140)	–	–	(12,256)
Finance cost	–	–	–	–	–	–
Exchange differences	30,994	1,152	390	3,070	(664)	34,942
At 31 December 2022	–	–	–	–	8,488	8,488

	Amount due to the immediate holding company *HK$'000*	Amount due to a fellow subsidiary *HK$'000*	Interest payables to a fellow subsidiary *HK$'000*	Interest payables to third parties *HK$'000*	Total *HK$'000*
Year ended 31 December 2023					
At 1 January 2023	–	–	–	8,488	8,488
Changes from cash flows:					
Advance from the intermediate company	7,448	–	–	–	7,448
Advance from a fellow subsidiary	–	51,614	–	–	51,614
Interest paid	–	–	–	–	(265)
Non-cash changes					
Finance cost *(Note 9)*	–	–	832	–	832
Capitalised borrowing cost	–	–	2,240	–	2,240
Exchange differences	(61)	(423)	–	(265)	(748)
At 31 December 2023	7,387	51,191	3,072	8,223	69,874

	Amount due to the immediate holding company	Interest payables to a fellow subsidiary	Interest payables to third parties	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 June 2023				
At 1 January 2023	–	–	8,488	8,488
Changes from cash flows:				
Advance from the intermediate company	30,248	–	–	30,248
Interest paid	–	(1,536)	–	(1,536)
Non-cash changes				
Finance cost *(Note 9)*	–	156	–	156
Capitalised borrowing cost	–	1,380	–	1,380
Exchange differences	(1,455)	–	(406)	(1,861)
At 30 June 2023	28,793	–	8,082	36,875

	Amount due to the immediate holding company	Amount due to a fellow subsidiary	Interest payables to a fellow subsidiary	Interest payables to third parties	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 June 2024					
At 1 January 2024	7,387	51,191	3,072	8,223	69,873
Changes from cash flows:					
Repayment to immediate holding company	(7,258)	–	–	–	(7,258)
Advance from a fellow subsidiary	–	27,099	–	–	27,099
Interest paid	–	–	(74)	–	(74)
Non-cash changes					
Finance cost *(Note 9)*	–	–	1,030	–	1,030
Capitalised borrowing cost	–	–	2,669	–	2,669
Exchange differences	(17)	(495)	(7)	–	(518)
At 30 June 2024	113	77,795	6,690	8,223	92,821

30. LEASE

The Target Company as lessor

Operating lease

The Target Company leases certain of its investment properties to independent third parties under operating leases, which had an initial non-cancellable lease terms ranging from one to ten years.

Rental income does not contain any variable lease payments. The risks associated with rights that the Target Company retains to underlying assets are not considered significant, however, the Target Company employs strategies to further minimise these risks by ensuring all lease contracts include clauses requiring the lessees to compensate the Target Company when a leased property has been subject to excess wear-and-tear during the lease terms.

Below is a maturity analysis of undiscounted lease payments to be received from the investment properties subject to operating lease.

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	13,814	14,390	**15,535**	**15,917**
In the second year	13,628	14,501	**7,213**	**13,464**
In the third year	8,937	5,799	**6,668**	**13,464**
In the fourth year	4,478	5,254	**6,089**	**13,464**
In the fifth year	3,980	4,675	**5,510**	**13,464**
After five years	34,261	31,027	**29,793**	**18,372**
	79,098	75,646	**70,808**	**88,145**

31. FINANCIAL GUARANTEES

Guarantees in respect of mortgage facilities for certain purchasers of the Target Company's properties:

At 31 December 2021, 2022 and 2023 and 30 June 2024, guarantees amounting to approximately HK$19,359,000, HK$271,559,000, HK$59,671,000 and HK$39,452,000 are given to banks with respect to mortgaged loans procured by the purchasers of the Target Company's properties. Such guarantees will be released by banks upon the issuance of the real estate ownership certificate to the purchasers or the satisfaction of the mortgaged loans by the purchasers, whichever is earlier. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Target Company will be responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Target Company is entitled to take over the legal title and possession of the related properties. The directors of the Target Company consider that the likelihood of default in payments by purchasers is minimal.

The Target Company has granted a land charge ("**Land Charge**") to Xiamen International Trust Co., Ltd. for securing the loan of RMB345,000,000 ("**Secured Loan**") granted to GSLG Group which shall be mature on 19 October 2025. For the details of Land Charge, please refer to the Note 18. Management performed the assessment on the credit risk and the sufficiency of loss allowance for this financial guarantee with historical loss rates experience and forward-looking information. They also engaged an independent professional valuer to assess the loss allowance of financial guarantee for each year or period end. As at 31 December 2023, the management recorded related loss on this financial guarantee with amount of HK$9,067,000, and because the credit risk of this guarantee has no significant change for six months ended 30 June 2024, so the management did not recorded any change in this guarantee.

32. COMMITMENTS

	At 31 December			At 30 June
	2021	**2022**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracted but not provided for:				
Investment properties and properties under development	4,220,813	3,872,732	**3,487,786**	**3,454,886**

33. CAPITAL MANAGEMENT

The objectives of the Target Company's capital management are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Target Company's stability and growth. The management consider the total equity as disclosed in the statements of financial position as the Target Company's capital.

The Target Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Target Company. In order to maintain or adjust the capital structure, the Target Company may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders. No changes were made in the objectives, policies or processes during the Relevant Periods.

34. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 June 2024, save as disclosed elsewhere in the Historical Financial Information, the Target Company has no any significant subsequent events.

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared in accordance with HKFRSs and/or other applicable financial reporting standards for the Target Company in respect of any period subsequent to 30 June 2024.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

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大華馬施雲
會計師事務所有限公司

To the Directors of Renze Harvest International Limited,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Renze Harvest International Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") prepared by the directors of the Company (the "**Directors**") for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2024, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2023 and related notes as set out on pages III-6 to III-15 of the circular dated 30 August 2024 (the "**Circular**") in connection with the proposed acquisition of 42.33% equity interest in Shantou Taisheng Technology Limited* (汕頭市泰盛科技有限公司) (the "**Target Company**"), an indirectly non-wholly owned subsidiary of the Company (the "**Proposed Acquisition**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on page III-6 to III-15 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Proposed Acquisition on the Group's financial position as at 30 June 2024 and the Group's financial performance and cash flows for the year ended 31 December 2023 as if the Proposed Acquisition had taken place on 30 June 2024 and 1 January 2023, respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's consolidated financial statements for the six months ended 30 June 2024 and the year ended 31 December 2023, on which an interim result announcement and an annual report have been published.

Directors' responsibilities for the unaudited pro forma financial information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Reporting accountant's independence and quality management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions as at 30 June 2024 or 1 January 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Moore CPA Limited
Certified Public Accountants

Hung, Wan Fang Joanne
Practising Certificate Number: P05419

Hong Kong
30 August 2024

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

For the year ended 31 December 2023

1. Introduction

The following is unaudited pro forma financial information consisting of the unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income, and the unaudited pro forma consolidated statement of cash flows, in connection with the proposed acquisition of 42.33% equity interest in Shantou Taisheng Technology Limited* (汕頭市泰盛科技有限公司) (the "**Target Company**"), an indirectly non-wholly owned subsidiary of Renze Harvest International Limited (the "**Company**") (the "**Proposed Acquisition**").

The unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Company and its subsidiaries (collectively referred to as the "**Group**"), and the Target Company immediately after completion of the Proposed Acquisition (together with the Group hereinafter collectively referred to as the "**Enlarged Group**") have been prepared to illustrate the effect of the Proposed Acquisition on the Group's financial position as at 30 June 2024 and the Group's financial performance and cash flows for the year ended 31 December 2023 as if the Proposed Acquisition had taken place on 30 June 2024 and 1 January 2023, respectively.

The unaudited pro forma financial information is prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 and the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows for the year ended 31 December 2023 as extracted from the interim results announcement and annual report of the Company for the six months ended 30 June 2024 and for the year ended 31 December 2023; and (ii) the audited statement of financial position of the Target Company as at 30 June 2024, the audited statement of profit or loss and other comprehensive income and the audited statement of cash flows of the Target Company for the year ended 31 December 2023 as extracted from the accountants' reports set out in Appendix II to this Circular.

The unaudited pro forma financial information of the Enlarged Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the Proposed Acquisition that are (i) directly attributable to the Proposed Acquisition; and (ii) factually supportable, is summarised in the accompanying notes.

The unaudited pro forma financial information of the Enlarged Group has been prepared by the directors of the Company (the "**Directors**") in accordance with paragraph 4.29(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the unaudited pro forma financial information of the Enlarged Group may not purport to predict what the financial performance and cash flows or financial position of the Enlarged Group would have been if the Proposed Acquisition had been completed on 1 January 2023, or 30 June 2024 nor in any future period or on any future dates.

The unaudited pro forma financial information should be read in conjunction with the published interim announcement of the Group for the six months ended 30 June 2024 and the published annual report of the Group for the year ended 31 December 2023 and the historical financial information of the Target Company as set out in Appendix II to this Circular and other financial information included elsewhere in this Circular.

2. Unaudited pro forma consolidated statement of financial position of the Enlarged Group at 30 June 2024

	The Group as at 30 June 2024 (Unaudited)	Pro forma adjustments				The Enlarged Group (Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	
ASSETS AND LIABILITIES						
Non-current assets						
Property, plant and equipment	352,914	3,273	(3,273)	–	–	352,914
Investment properties	5,494,002	1,995,270	(1,995,270)	–	–	5,494,002
Intangible assets	151,175	–	–	–	–	151,175
Financial assets at fair value through other comprehensive income	34,021	–	–	–	–	34,021
Finance lease receivables	245	–	–	–	–	245
Deferred tax assets	18,603	–	–	–	–	18,603
	6,050,960	1,998,543	(1,998,543)	–	–	6,050,960
Current assets						
Inventories	51,415	–	–	–	–	51,415
Properties under development	1,425,952	1,049,394	(1,049,394)	–	–	1,425,952
Completed properties held for sale	1,227,556	701,217	(701,217)	–	–	1,227,556
Loans and advances	140,461	–	–	–	–	140,461
Trade receivables	282,220	5,870	(5,870)	–	–	282,220
Prepayments, deposits and other receivables	910,122	261,928	(261,928)	(576,386)	–	333,736
Amounts due from shareholders	–	400,748	(400,748)	–	–	–
Contract assets	23,339	–	–	–	–	23,339
Finance lease receivables	638	–	–	–	–	638
Current tax recoverable	30,854	15,439	(15,439)	–	–	30,854
Financial assets at fair value through profit or loss	168,063	–	–	–	–	168,063
Client trust bank balances	107,358	–	–	–	–	107,358
Pledged bank deposits and restricted deposits	265,674	23,921	(23,921)	–	–	265,674
Cash and cash equivalents	608,160	215	(215)	(68,675)	(1,040)	538,445
	5,241,812	2,458,732	(2,458,732)	(645,061)	(1,040)	4,595,711
Total assets	**11,292,772**	**4,457,275**	**(4,457,275)**	**(645,061)**	**(1,040)**	**10,646,671**

	The Group as at 30 June 2024 (Unaudited)	Pro forma adjustments				The Enlarged Group (Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	
LIABILITIES						
Current liabilities						
Trade and bills payables	1,061,244	867,154	(867,154)	–	–	1,061,244
Accruals and other payables	293,025	97,267	(97,267)	–	–	293,025
Amount due to a fellow subsidiary	–	77,795	(77,795)	–	–	–
Amount due to the immediately holding company	–	113	(113)	–	–	–
Contract liabilities	947,601	511,039	(511,039)	–	–	947,601
Borrowings	618,764	–	–	406,833	–	1,025,597
Lease liabilities	3,268	–	–	–	–	3,268
Current tax liabilities	186,542	–	–	–	–	186,542
	3,110,444	1,553,368	(1,553,368)	406,833	–	3,517,277
Net current assets	2,131,368	905,364	(905,364)	(1,051,894)	(1,040)	1,078,434
Total assets less current liabilities	8,182,328	2,903,907	(2,903,907)	(1,051,894)	(1,040)	7,129,394
Non-current liabilities						
Other payables	13,822	–	–	–	–	13,822
Borrowings	918,930	–	–	–	–	918,930
Lease liabilities	2,834	–	–	–	–	2,834
Deferred tax liabilities	378,658	36,095	(36,095)	–	–	378,658
	1,314,244	36,095	(36,095)	–	–	1,314,244
Total liabilities	4,424,688	1,589,463	(1,589,463)	406,833	–	4,831,521
NET ASSETS	6,868,084	2,867,812	(2,867,812)	(1,051,894)	(1,040)	5,815,150
EQUITY						
Share capital	26,800	2,640,638	(2,640,638)	–	–	26,800
Reserves	4,899,763	227,174	(227,174)	162,051	(1,040)	5,060,774
Equity attributable to owners of the Company	4,926,563	–	–	162,051	(1,040)	5,087,574
Non-controlling interests	1,941,521	–	–	(1,213,945)	–	727,576
TOTAL EQUITY	6,868,084	2,867,812	(2,867,812)	(1,051,894)	(1,040)	5,815,150

3. Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Enlarged Group for the year ended 31 December 2023

	The Group for the year ended 31 December 2023 (Audited)	Pro forma adjustments			The Enlarged Group (Unaudited)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	Note 1	Note 2	Note 3	Note 5	
Revenue	740,268	180,803	(128,326)	–	792,745
Cost of sales	(601,688)	(140,752)	97,232	–	(645,208)
Gross profit	138,580	40,051	(31,094)	–	147,537
Other gains – net	(7,391)	(9,067)	9,067	–	(7,391)
Other income	15,218	529	(469)	–	15,278
Fair value loss on investment properties	(20,704)	(25,374)	25,374	–	(20,704)
Recovery of impairment losses on financial assets arising from acquisition of a subsidiary	259,117	–	–	–	259,117
Gain on bargain purchase from acquisition of a subsidiary	550,515	–	–	–	550,515
Impairment losses on financial assets and contract assets – net	(382,958)	(17,989)	17,989	–	(382,958)
Write-down of inventories of properties	(170,009)	(53,786)	53,786	–	(170,009)
Distribution costs	(20,121)	(20,206)	17,294	–	(23,033)
Administrative expenses	(244,617)	(16,966)	15,718	(1,040)	(246,905)
Profit/(loss) from operations	117,630	(102,808)	107,665	(1,040)	121,447
Finance costs – net	(31,061)	(832)	833	–	(31,060)
Share of results of associates	(18,472)	–	–	–	(18,472)
Profit/(loss) before income tax	68,097	(103,640)	108,498	(1,040)	71,915
Income tax (expense)/credit	(12,816)	18,915	(17,337)	–	(11,238)
Profit/(loss) for the year	55,281	(84,725)	91,161	(1,040)	60,677
Profit/(loss) attributable to:					
Owners of the Company	102,497	(79,074)	46,492	(1,040)	68,875
Non-controlling interests	(47,216)	(5,651)	44,669	–	(8,198)
	55,281	(84,725)	91,161	(1,040)	60,677

	The Group for the year ended 31 December 2023 (Audited)	Pro forma adjustments			The Enlarged Group (Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 5*	
Profit/(loss) for the year	**55,281**	**(84,725)**	**91,161**	**(1,040)**	**60,677**
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Currency translation differences	(147,273)	(99,280)	78,077	–	(168,476)
Share of other comprehensive income of associates	(19,984)	–	–	–	(19,984)
Item that will not be reclassified to profit or loss:					
Net changes in the fair value of equity instruments designated at fair value through other comprehensive income	(52,937)	–	–	–	(52,937)
Other comprehensive expense for the year	(220,194)	(99,280)	78,077	–	(241,397)
Total comprehensive expense for the year	(164,913)	(184,005)	169,238	(1,040)	(180,720)
Total comprehensive expense for the year attributable to:					
– Owners of the Company	(57,667)	(171,732)	86,311	(1,040)	(144,128)
– Non-controlling interests	(107,246)	(12,273)	82,927	–	(36,593)
	(164,913)	(184,005)	169,238	(1,040)	(180,720)

4. Unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 December 2023

	The Group as at 31 December 2023 *(Audited)*		Pro forma adjustments			The Enlarged Group *(Unaudited)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	
Cash flows from operating activities						
Cash generated from operations	158,835	52,414	(42,842)	–	–	168,407
Interest income received	–	68	(51)	–	–	17
Hong Kong Profits Tax refunded	1,507	–	–	–	–	1,507
PRC enterprise income tax paid	(22,662)	(7,086)	6,898	–	–	(22,850)
Net cash generated from operating activities	137,680	45,396	(35,995)	–	–	147,081
Cash flows from investing activities						
Additions of property, plant and equipment	(2,024)	(3)	3	–	–	(2,024)
Payment for construction costs of investment properties	(159,765)	(107,460)	98,004	–	–	(169,221)
Acquisition of investment properties	(130,517)	–	–	–	–	(130,517)
Purchase of financial assets at fair value through other comprehensive income	(2,850)	–	–	–	–	(2,850)
Disposal of subsidiaries, net of cash disposed	(618)	–	–	–	–	(618)
Proceeds received from disposal of property, plant and equipment	1,108	–	–	–	–	1,108
Proceeds received from disposal of financial assets at fair value through other comprehensive income	24,659	–	–	–	–	24,659
Proceeds received from disposal of financial assets at fair value through profit and loss	10,653	–	–	–	–	10,653
Proceeds from disposal of investment properties	67,570	–	–	–	–	67,570
Interest received	84,549	–	–	–	–	84,549
Dividend received from other investments	65	–	–	–	–	65
Net cash inflows arising from the acquisition of a subsidiary	3,525	–	–	–	–	3,525
Payment for acquisition of debt receivables	–	–	–	(68,675)	(1,040)	(69,715)
Advance to shareholders	–	–	–	–	–	–
Increase in pledged bank deposits and restricted deposits	(472,867)	–	–	–	–	(472,867)
Net cash used in investing activities	(576,512)	(107,463)	98,007	(68,675)	(1,040)	(655,683)

	The Group as at 31 December 2023 *(Audited)*		Pro forma adjustments			The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	
Cash flows from financing activities						
Advance from the immediate holding company	–	7,448	(7,087)	–	–	361
Advance from a fellow subsidiary	–	51,714	(51,714)	–	–	–
Drawdown of bank borrowings and other loans	1,244,995	–	–	–	–	1,244,995
Repayments of bank borrowings and other loans	(884,101)	–	–	–	–	(884,101)
Repayment of principal portion on lease liabilities	(1,784)	–	–	–	–	(1,784)
Repayment of interest portion on lease liabilities	(452)	–	–	–	–	(452)
Proceeds from issuance of corporate bonds	313,000	–	–	–	–	313,000
Interest paid	(77,933)	–	–	–	–	(77,933)
Settlement of corporate bonds	(341,000)	–	–	–	–	(341,000)
Proceeds from placement of shares, net of transaction costs	330,411	–	–	–	–	330,411
Net cash generated from financing activities	583,136	59,162	(58,801)	–	–	583,497
Net increase/(decrease) in cash and cash equivalents	144,304	(2,904)	3,211	(68,675)	(1,040)	74,896
Cash and cash equivalents at beginning of year	486,342	3,240	(3,526)	–	–	486,056
Effect of foreign exchange rate changes	(68,353)	(51)	30	–	–	(68,374)
Cash and cash equivalents at end of year	562,293	285	(285)	(68,675)	(1,040)	492,578

5. Notes to the unaudited pro forma financial information of the Enlarged Group

1. The amounts are extracted from the unaudited condensed consolidated statement of financial position of Renze Harvest International Limited and its subsidiaries (the "**Group**") as at 30 June 2024 included in the interim results announcement of the Group for the six months ended 30 June 2024 issued on 30 August 2024 and the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2023 included in the published annual report of the Group for the year ended 31 December 2023 issued on 28 March 2024.

2. The amounts are extracted from the audited statement of financial position of the Target Company as at 30 June 2024 and the audited statement of profit or loss and other comprehensive income and the audited statement of cash flows of the Target Company for the year ended 31 December 2023 included in the accountant's report of the Target Company as set out in Appendix II to this Circular, assuming the Proposed Acquisition had been taken place as at 30 June 2024 and 1 January 2023 respectively.

3. The Target Company is a 51% owned subsidiary of the Company before the Proposed Acquisition. The adjustment in the consolidated statement of financial position represents the exclusion of the assets, liabilities and equity of the Target Company as at 30 June 2024 from the unaudited condensed consolidated statement of financial position of the Group to prevent double-counting, because the assets, liabilities and equity of the Target Company as at 30 June 2024 are consolidated into the Unaudited Pro Forma Financial Information of the Enlarged Group. The adjustment in the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statements of cash flows represent the exclusion of the financial performance and cash flows of the Target Company for the period from 22 March 2023 to 31 December 2023 from the audited consolidated statement of profit or loss and other comprehensive income and the consolidated statements of cash flows of the Group, since the first tranche of acquisition was completed on 22 March 2023, and related financial performance and cash flows of the Target Company for the year ended 31 December only consolidated from acquisition completion date to 31 December 2023.

4. The adjustment represents:

   In accordance with the share purchase agreement ("**SPA**"), the aggregate consideration for the Proposed Acquisition (the "**Consideration**") is RMB975,690,000 (equivalent to approximately HK$1,069,063,000), and the consideration shall be settled in the following manners:

	Notes	*HK$'000*
Consideration		
Set off against the Amount Due from GSLG Group to the Target Company	*a*	478,273
Set off against the Secured Loan owed by Shenzhen Baoxin	*b*	406,833
Set off against the Amount Due from GSLG Group to the Company	*c*	183,957
Total consideration		1,069,063
Fair value adjustment for the consideration	*c*	(17,169)
Fair value of the total consideration		1,051,894
Total net assets of the Target Company as at 30 June 2024		2,867,812
Share transaction of the Proposed Acquisition		42.33%
Equity movement on Non-controlling interests	*d*	(1,213,945)
Equity attributable to owners of the Company		162,051

(a) It represents off-setting the Amount Due from GSLG Group to the Target Company, of approximately RMB436.50 million (equivalent to approximately HK$478,273,000) against the Revised 2nd Tranche Consideration. The balance was adjusted into unaudited pro forma consolidated statement of financial position of the Enlarged Group as "Prepayments, deposits and other receivables" as at 30 June 2024.

(b) It represents off-setting a sum of approximately RMB371.30 million (equivalent to approximately HK$406,833,000) equivalent to the final outstanding principal amount and interest accrued on the Secured Loan owed by Shenzhen Baoxin, an indirect non-wholly owned subsidiary of GSLG, to Xiamen International Bank Fuzhou Branch up to its due date (i.e. 20 October 2025). The balance was adjusted into unaudited pro forma consolidated statement of financial position of the Enlarged Group as "Borrowings" as at 30 June 2024.

(c) It represents off-setting a sum equivalent to the amount of approximately RMB167.89 million (equivalent to approximately HK$183,957,000) due from GSLG Group to the Company.

The balances were adjusted by two parts,

i) Balance of RMB78.35million (equivalent to approximately HK$85,844,000) of debts receivables due from GSLG was acquired from independent third parties. Assuming the acquisition of debts receivables had been taken place as at 30 June 2024, the same date as the Proposed Acquisition was completed. In relation to the acquisition by the Group of certain debt receivables due from GSLG for the total consideration of RMB62.68 million (equivalent to approximately HK$68,675,000), and the consideration was adjusted into unaudited pro forma consolidated statement of financial position of the Enlarged Group as "Cash and cash equivalents" as at 30 June 2024. The difference between the debts receivables due from GSLG and the total consideration with the amount of approximately HK$17,169,000 was recognised as fair value change of total consideration.

ii) Balance of RMB89.54 million (equivalent to approximately HK$98,113,000) was adjusted into unaudited pro forma consolidated statement of financial position of the Enlarged Group as "Prepayments, deposits and other receivables" as at 30 June 2024.

(d) It represents the equity movement on non-controlling interests when the Proposed Acquisition was completed on 30 June 2024.

5. The adjustment represents the estimated acquisition related costs of approximately HK$1,040,000 (the "**Transaction Costs**") assumed to be paid, including audit, legal, valuation and other professional services relating to the Proposed Acquisition, which would be settled by bank balances and cash of the Enlarged Group and are charged to profit or loss. This adjustment is not expected to have a continuing effect on the Enlarged Group.

6. Apart from the above, no other adjustment has been made to reflect any trading results or other transactions entered into by the Group or the Target Company subsequent to 30 June 2024 for the unaudited pro forma consolidated statement of financial position as at 30 June 2024, and subsequent to 1 January 2023 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2023 as if the Proposed Acquisition had taken place as at 30 June 2024 and 1 January 2023, respectively.

7. Except those specifically mentioned in the notes above, the above remaining adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Enlarged Group.

8. The conversion of RMB into HK$ is based on the exchange rate of approximately RMB1.0000 = HK$1.1035 and RMB1.0000 = HK$1.0957, respectively as of 31 December 2023 and 30 June 2024.

Set out below is the management discussion and analysis of the Group for each of the three years ended 31 December 2021, 2022 and 2023 as extracted from the Company's annual reports for each of the three years ended 31 December 2021, 2022 and 2023 and for the six months ended 30 June 2024 as extracted from the 2024 Interim Results Announcement. Unless otherwise defined in this circular or the context otherwise requires, capitalised terms used in this section shall have the same meanings as those ascribed in the abovementioned annual reports and the 2024 Interim Results Announcement of the Company, as the case may be.

FOR THE YEAR ENDED 31 DECEMBER 2021

REVIEW OF RESULTS AND OPERATIONS

The Group conducted its business activities in the following major business segments, namely (i) financial services; (ii) property investment and development; (iii) automation; and (iv) securities investment. For the year ended 31 December 2021, the Group recorded a revenue of approximately HK$2,614.8 million, representing an increase of 66.2% when compared with that of 2020. The loss attributable to owners of the Company amounted to approximately HK$189.0 million, representing a decrease of 13.0% when compared with a loss attributable to owners of the Company of approximately HK$217.3 million for the year ended 31 December 2020.

Financial Services

For the year ended 31 December 2021, the financial services segment netted approximately HK$102.7 million in revenue (2020: approximately HK$246.8 million), representing a year-on- year decrease of approximately 58.4% and approximately 3.9% of the Group's total revenue (2020: 15.7%). The operating loss amounted to approximately HK$181.9 million (2020: operating profit approximately HK$145.4 million).

Securities Brokerage Services

The securities brokerage team is committed to providing its clients with more comprehensive, professional and convenient services over the past years to enlarge the Group's market share, and therefore, trading volume of securities in the market rises year by year. It continued to adjust its marketing strategies by advertising through multiple channels, including radio advertising, television advertising and popular social networks and allocated more resources on the compilation of research and analysis reports to seize the opportunities presented by the vigorous securities market. With more popular functions added to the e-trading mobile application, clients tended to conduct more trades online as a result of better investment experience.

Corporate Finance Services

The corporate finance team provided sponsoring, underwriting and placement services to clients for their fund-raising activities in equity and debt capital market. Financial advisory services and other corporate advisory services were also provided to clients for their corporate finance activities including restructuring, mergers and acquisitions. In 2021, the Group acted as sponsor, joint bookrunners and joint lead managers for various applications of IPO and offered assistance to the issuance of private and public securities.

Asset Management Services

The asset management team provided an array of services including fund management, discretionary account management and investment advisory services to high-net-worth individuals, corporations, and institutional clients in global markets. As at the date of the annual report of the Company for the year ended 31 December 2021, it acted as the investment manager for 3 segregated portfolio company funds with 6 segregated portfolios. Further, it also provided investment advisory services to institutional clients on a wide range of investment products in the financial markets. As at 31 December 2021, the total assets under management amounts to approximately HK$5.47 billion.

Wealth Management Services

Hong Kong, as one of the leading wealth management hubs, has been providing comprehensive financial services to onshore and offshore clients. With its geographical advantages and long-term experience in serving the PRC market, Hong Kong is expected to maintain its leading position in Greater China wealth management and further development of Hong Kong wealth management industry is expected. In 2021, the Company could provide diversified wealth management services to its clients so as to fulfill their different wealth management needs.

Money-lending Services

The Group holds a money lender's licence and is a member of TransUnion Limited. It provided long-term secured loans such as share mortgage and property mortgage and short-term unsecured term loans. In 2021, the Group continued to optimize its money lending business structure by adopting a conservative approach and tightened loan approval procedures to strengthen its risk and capital management.

Precious Metal Trading Services

The Group holds a A1 membership of the Chinese Gold and Silver Exchange Society to engage with the businesses of 99 Gold, HKD Kilo Gold, London Gold/Silver and Loco Silver. In 2021, it continued to provide clients with quality online trading services of gold and silver as well as comprehensive precious metal trading business for goods and physical gold and silver and render services of investment management and investment advisory for them to capture investment opportunities.

Property Investment and Development

For the year ended 31 December 2021, the revenue of the property investment and development segment was approximately HK$1,767.7 million (2020: approximately HK$803.3 million), accounting for approximately 67.6% (2020: approximately 51.0%) of the Group's total revenue. The increase in revenue was mainly due to the increase in scale of property sales made handover to the customers during the year as compared with those in 2020.

For the year ended 31 December 2021, the operating profit of the property investment and development segment was approximately HK$98.0 million, compared to the operating loss of approximately HK$388.0 million recorded in the previous year. The turnaround from the operating loss to operating profit was primarily due to the increase in gross profit and fair value gain on investment properties located in the PRC of approximately HK$144.2 million.

The Group's property investment and development segment is mainly rooted in the Guangdong-Hong Kong-Macao Greater Bay Area. At present, it has implemented a total of 3 property investment and development projects in Shenzhen, Ganzhou and Shantou respectively. The property investment and development projects include commercial complexes, upscale residences, hotels, commercial apartments and office buildings.

The Company also has certain investment properties in Hong Kong for the purpose of leasing.

Major Properties Held by the Group

(A) Property Held for Development and/or Sale:

Location	Classification	Approximate gross floor area *(sq.m.)*	Progress in Development	Estimated date of completion	Equity attributable to the Group
Baoneng Taigu Plaza Lot No. K21, No. 38 Meiguan Avenue, Zhangjiang New District, Ganzhou City, Jiangxi Province	Residential	5,629	Completed and up for sale	Completed	100%
Baoneng Taigu Plaza Lot No. K21, No. 38 Meiguan Avenue, Zhangjiang New District, Ganzhou City, Jiangxi Province	Commercial	28,494	Completed and up for sale	Completed	100%
Baoneng Plaza Lot No. H25, Ganjiangyuan Avenue, Zhangjiangxin District, Ganzhou City, Jiangxi Province	Commercial	38,314	Completed and up for sale	Completed	100%
Baoneng Plaza Lot No. H26, Ganjiangyuan Avenue, Zhangjiangxin District, Ganzhou City, Jiangxi Province	Residential	371	Completed and up for sale	Completed	100%
Baoneng Plaza Lot No. H26, Ganjiangyuan Avenue, Zhangjiangxin District, Ganzhou City, Jiangxi Province	Commercial	16,994	Completed and up for sale	Completed	100%
Gangzhou Baoneng Centre Lot No. H26, Ganjiangyuan Avenue, Zhangjiangxin District, Ganzhou City, Jiangxi Province	Office	37,339	Completed and up for sale	Completed	100%

(B) Property Held for Investment:

Location	Classification	Approximate gross floor area (sq.m.)	Progress in Development	Estimated date of completion	Lease expiry	Equity attributable to the Group
Baoxin Technology Park (Phase 1-3) No. 9 Bangkai Road, Guangming Gaoxin District, Shenzhen, the PRC	Office, Industrial, Dormitory	426,878	Phase 1, 2: In service; Phase 3: Groundwork	Aug 2022	2055	75.5%
Tower 2, Lippo Centre, No. 89 Queenway, Hong Kong	Office	880	In service	Completed	2059	100%
Baoneng Taigu Plaza Lot No. K21, No. 38 Meiguan Avenue, Zhangjiang New District, Ganzhou City, Jiangxi Province	Shopping Mall	22,868	In service	Completed	2052	100%
Baoneng Plaza Lot No. H26, Ganjiangyuan Avenue, Zhangjiangxin District, Ganzhou City, Jiangxi Province	Shopping Mall	81,386	In service	Completed	2052	100%
Baoneng Plaza Lot No. H26, Ganjiangyuan Avenue, Zhangjiangxin District, Ganzhou City, Jiangxi Province	Hotel	22,190	Internal decoration	Aug 2022	2052	100%

Automation

For the year ended 31 December 2021, the revenue of the automation segment hit a new record and was approximately HK$794.0 million (2020: approximately HK$545.4 million), representing an increase of 45.58% over the last year and accounting for approximately 30.4% (2020: approximately 34.7%) of the Group's total revenue. The increase in revenue was mainly due to the China's manufacturing industry has recovered from the Covid-19 which the factories have resumed the production and placed orders for machines and devices.

As China has entered the industrial 4.0 era, the manufacturing industry in China accelerates the intelligent transformation. The “Intelligent Factory” and “Intelligent Manufacturing” have increased the demand for a large number of SMT equipment. Gallant Tech Limited, a subsidiary of the Company, focuses on the sales and technical services of advanced intelligent-manufacturing equipment, including SMT and semiconductor manufacturing equipment, and also provides equipment leasing, financing and other ancillary services. Gallant Tech Limited will continuously benefit from the development opportunities arising from the transformation of the manufacturing industry in China. In addition, the Group will keep allocating more resources in intelligent manufacturing service sector, and provide advanced intelligent-manufacturing equipment and solutions to the electronic manufacturing industry in China, so as to serve the real economy and facilitate its clients to march towards the industrial 4.0 era.

Securities Investment

The Group has been investing in listed shares in Hong Kong, the PRC and foreign countries and adjusting its investment strategy to ensure that it is sufficiently prudent to cope with the uncertainties in the financial market. For the year ended 31 December 2021, the securities investment business generated a loss of approximately HK$49.6 million (2020: approximately HK$22.0 million). The operating loss of the segment amounted to approximately HK$67.8 million (2020: approximately HK$62.2 million).

Other Investments

As at 31 December 2021, the Company held 32% equity interest in Yunnan International Holding Group Limited, an associate principally engaged in the business of clean energy, health, investment management, new energy and financial services. Through the cooperation with the shareholders of the associate, the Company vigorously participated in the strategic construction brought by The Belt and Road Initiative.

FINANCIAL REVIEW

During the year ended 31 December 2021, the Group discontinued or disposed of several businesses/ subsidiaries, including the disposal of Yue Jin Asia and its subsidiaries which were principally engaged in operation of yacht club and distributed the shares of GSLG as interim dividend by way of distribution in specie of shares. GSLG is principally engaged in trading of commodities and property development and investment. The disposal and distribution of shares have significant impact on the financial position and results of the Group during the year.

The total liabilities of the Group as at 31 December 2021 decreased by 84.1% to approximately HK$3,550 million (2020: approximately HK$22,262 million). The gearing ratio, which is calculated at borrowings divided by net assets value significantly decreased to 31.7% (2020: 123.3%).

Continuing operations

Revenue

The Group's revenue for the year ended 31 December 2021 increased by approximately 66.2% to approximately HK$2,614.8 million (2020: approximately HK$1,573.5 million). The revenue analysis by segment is presented as follows:

	2021		**2020**		
	HK$' million	*Proportion to total revenue*	*HK$' million*	*Proportion to total revenue*	*% change*
Automation	794.0	30.4%	545.4	34.7%	45.6%
Financial Services	102.7	3.9%	246.8	15.7%	-58.4%
Property Investment and Development	1,767.7	67.6%	803.3	51.0%	120.1%
Securities Investment	(49.6)	(1.9%)	(22.0)	(1.4%)	125.5%
	2,614.8	100%	1,573.5	100%	66.2%

During the year, property investment and development and automation segments were the major source of revenue for the Group, accounting for 67.6% and 30.4% of total revenue, respectively.

Gross Profit and Margin

The gross profit for the year increased by approximately 28.0% to approximately HK$432.8 million (2020: approximately HK$338.1 million), while the gross profit margin decreased to 16.6% (2020: 21.5%). The change was mainly due to the increase in scale of the property sales made handover to the customers in the year as compared with those in 2020.

Other Gains – Net

The net other gains during the year was approximately HK$254.5 million (2020: net other gains approximately HK$571.8 million), which was mainly due to the decrease in gain on disposal of subsidiaries by approximately HK$223.1 million and the decrease in gain from derecognition of financial guarantee contract by approximately HK$33.4 million.

Other Income

The other income increased by approximately 15.9% to approximately HK$51.7 million (2020: approximately HK$44.6 million).

Distribution Costs

The distribution costs increased by approximately 20.1% to approximately HK$139.9 million (2020: approximately HK$116.5 million), accounting for 5.4% (2020: 7.4%) of the total revenue. The increase in distribution costs was mainly due to the increase in staff cost of approximately HK$11.8 million and increase in advertising, promotion and exhibition expenses of approximately HK$5.8 million.

Administrative Expenses

The administrative expenses decreased by approximately 16.4% to approximately HK$284.1 million (2020: approximately HK$340.0 million), owing to the effective implementation of cost control policy to reduce the routine administrative expenses.

Finance Costs – Net

The net finance costs was approximately HK$66.1 million (2020: approximately HK$20.0 million).

Income Tax (Expense)/Credit

During the year ended 31 December 2021, the Group recorded an income tax expense of approximately HK$104.0 million (2020: income tax credit of approximately HK$52.3 million) which was mainly due to the decrease in deferred tax credit derived from revaluation of properties.

Discontinued operations

During the year ended 31 December 2021, the Group disposed of its yacht club operation and the provision of training services in the PRC and ceased to engage in trading of commodities, operation of golf practicing court, karaoke box, children playroom and fitness room and trading of home appliances and building materials upon completion of distribution in specie. the Group recognized profit from discontinued operations of approximately HK$47.7 million.

Loss attributable to owners of the Company

For the year ended 31 December 2021, the Company recorded a loss attributable to the owners of the Company of approximately HK$189.0 million (2020: approximately HK$217.3 million).

FINANCIAL RESOURCES REVIEW

Liquidity and Financial Resources

By adopting a prudent financial management approach, the Group continued to maintain a healthy financial position. As at 31 December 2021, the Group had cash and cash equivalents of approximately HK$730.1 million (2020: approximately HK$1,724.7 million). The Group's cash and cash equivalents were mainly denominated in Hong Kong dollar, RMB, and US dollar. The working capital represented by net current assets amounted to approximately HK$1,765.4 million (2020: approximately HK$7,789.3 million). The current ratio was approximately 1.5 (2020: approximately 1.6). The gearing ratio, which is calculated at borrowings divided by net asset value, was 31.7% (2020: 123.3%).

As at 31 December 2021, the total borrowings of the Group amounted to approximately HK$2,006.3 million, of which equivalents of approximately HK$46.8 million, HK$1,158.1 million and HK$801.4 million were denominated in US dollar, Hong Kong dollar and RMB, respectively.

The borrowings of the Group as at 31 December 2021 included corporate bonds of approximately HK$356.0 million (2020: approximately HK$1,020.0 million), trust receipt loans of approximately HK$14.8 million (2020: approximately HK$8.7 million) and bank loans of approximately HK$1,193.9 million (2020: approximately HK$6,800.9 million), and other loans of approximately HK$441.6 million (2020: HK$5,562.4 million). As at 31 December 2021, the Group's bank and other borrowings balance of approximately HK$797.6 million was charged at fixed interest rate, and approximately HK$1,208.7 million was charged at floating interest rates.

As at 31 December 2021, approximately HK$2,006.3 million of the borrowings (representing 100% of the total borrowings) was due within one year.

Charge of Assets

The borrowings as at 31 December 2021 were secured by (i) guarantees provided by the Company, shareholder of the Company, certain of its subsidiaries and related parties; (ii) property, plant and equipment of approximately HK$184.3 million; (iii) investment properties of approximately HK$1,885.0 million; (iv) financial assets at FVTPL of approximately HK$121.0 million; (v) collateral of the Group's margin clients of approximately HK$816.8 million; and (vi) pledged bank deposit of approximately HK$6.0 million.

The borrowings as at 31 December 2020 were secured by (i) guarantees provided by the Company, shareholder of the Company, certain of its subsidiaries, related parties and an independent third party; (ii) properties owned by an independent third parties; (iii) equity interests of certain subsidiaries of the Company; (iv) property, plant and equipment of approximately HK$126.6 million; (v) investment properties of approximately HK$5,536.7 million; (vi) properties under development of approximately HK$6,491.3 million; (vii) completed properties held for sale of approximately HK$1,333.4 million; (viii) financial assets at FVTPL of approximately HK$310.5 million; (ix) collateral of the Group's margin clients of approximately 828.3 million; (x) pledged bank deposit of approximately HK$178.7 million; and (xi) intraGroup Group receivables of a subsidiary of the Company.

Funding and treasury policy

For the year ended 31 December 2021, the Group primarily financed its operations and investing activities with its operating revenue, internal resources and bank and other borrowings. The Board believed that the Group had sufficient resources to satisfy its capital expenditure and working capital requirement. the Group regularly reviewed its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

Capital and Other Commitments

As at 31 December 2021, the Group had contracted but not provided for capital commitments of approximately HK$215.2 million, HK$1,424.4 million and nil (2020: approximately HK$215.2 million, HK$17,600.7 million and HK$3.8 million) relating to the investment in an associate; investment properties and property development expenditures; and property, plant and equipment, respectively.

Currency Exposure and Management

During the year, the Group's receipts were mainly denominated in Hong Kong dollars, RMB and US dollars. the Group's payments were mainly made in Hong Kong dollars, RMB and US dollars.

As the business activities of the Group's automation and property investment and development segments were mainly conducted in the mainland China, most of the Group's labour costs and manufacturing overheads were settled with the RMB. As such, fluctuation of the RMB exchange rate will have an impact on the Group's profitability. the Group will closely monitor movements of the RMB and, if necessary, consider entering into foreign exchange forward contracts with reputable financial institutions to reduce potential exposure to currency fluctuations. During the year, the Group did not enter into any foreign exchange forward contract or any other financial instruments for hedging purposes.

Future Plans for Capital Investment and Expected Source of Funding

The Group finances its operating and capital expenditures mainly by internal resources such as operating cash flow and shareholders equity and bank facilities. the Group expects to have sufficient resources and banking facilities to meet its capital expenditure and working capital requirement.

As at 31 December 2021, the Group did not have any future plans for material investment or capital assets.

Fund raising for future business development

When the Group considers that there are funding needs for the expansion of its businesses and development of new businesses, it will explore possible fund raising methods, such as debt financing, placing of new shares or issuance of corporate bonds.

Employees and Remuneration Policy

As at 31 December 2021, the Group had 331 (2020: 1,036) full-time employees in Hong Kong and the PRC. For the year ended 31 December 2021, the Group provided periodic training to its employees in relation to different areas such as environmental, social and governance issues, intellectual property and work safety. The Group also arranged its employees to participate in external professional training to enhance their professional knowledge and skills and broaden their professional vision.

For the year ended 31 December 2021, staff remuneration for the employees of the Group included salary pay, discretionary bonus payment which depended on individual performance and profitability of the Group, contributions to the social security insurance in the PRC and mandatory provident fund scheme in Hong Kong, medical insurance and other competitive fringe benefits. The remuneration policies for the employees of the Group were determined according to the responsibility, competence, skills, experience and performance of the employees as well as market pay level. The Group reviewed remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees.

To provide incentives or rewards to the staff, the Company adopted a share option scheme on 2 June 2020 and share options will be granted to eligible employees in accordance with the share option scheme.

USE OF PROCEEDS FROM SHARE SUBSCRIPTION IN JULY 2019

On 10 July 2019, the Company entered into a subscription agreement with Bao Xin Development Limited (the "**Subscriber**"), a company wholly owned by Mr. Yao Jianhui, in relation to the subscription of 4,000,000,000 new shares of the Company (the "**Share(s)**") at a subscription price of HK$0.25 per Share (the "**Share Subscription**"). Please refer to the announcement of the Company dated 10 July 2019 and the circular of the Company dated 10 October 2019 (the "**Circular**") for more details regarding the Share Subscription.

On 17 December 2019, the Company issued and allotted 2,400,000,000 new Shares to the Subscriber and received a proceeds of approximately HK$600,000,000. On 8 May 2020, the Company issued and allotted 1,600,000,000 new Shares to the Subscriber and received a proceeds of approximately HK$400,000,000. The net proceeds of the Share Subscription were approximately HK$999.4 million, HK$936.1 million of which had been utilised as follows:

		HK$' million
1.	Provision of brokerage service and corporate finance	
	(i) securities brokerage and margin financing;	130.0
	(ii) investment; and	56.1
	(iii) corporate finance division	20.0
2.	Expansion of asset management business	180.0
3.	Expansion of money lending business	250.0
4.	General working capital	300.0
		936.1

Save for the HK$63.3 million dedicated to the corporate finance division and expected to be utilised by 31 December 2022, all net proceeds of the Share Subscription had been used for the intended uses as set out in the Circular. The unutilised net proceeds was deposited with the banks in Hong Kong.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group had no material contingent liabilities (2020: nil).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES DURING THE YEAR ENDED 31 DECEMBER 2021

During the year ended 31 December 2021, the Group had the following material disposal of subsidiaries:

(I) Disposal of Shenzhen Xinpeng Fresh Food Industry Company Limited*

On 23 June 2021, the Group disposed of its 51% equity interest in Shenzhen Xinpeng Fresh Food Industry Company Limited*（深圳市新鵬生鮮食品實業有限公司）(“**Shenzhen Xinpeng**”) which was principally engaged in trading of seafood for a cash consideration of RMB15,000,000 (equivalent to approximately HK$18,270,000). For further details on the disposal of Shenzhen Xinpeng, please refer to the annual report of the Company for the year ended 31 December 2021.

(II) Disposal of Yue Jin Asia Limited

On 23 July 2021, the Group disposed of its entire equity interest in Yue Jin Asia Limited (“**Yue Jin Asia**”) which was principally engaged in operation of yacht club as well as provision of training services. For further details on the disposal of Yue Jin Asia, please refer to the annual report of the Company for the year ended 31 December 2021.

The Group did not have any significant investment as at 31 December 2021.

FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL REVIEW

During the year ended 31 December 2021, the Group discontinued or disposed of several businesses/ subsidiaries, including the disposal of Yue Jin Asia and its subsidiaries which were principally engaged in operation of yacht club and distributed the shares of GSLG as interim dividend by way of distribution in specie of shares. GSLG is principally engaged in trading of commodities and property development and investment. The disposal and distribution of shares have significant impact on the financial position and results of the Group during the year. The total liabilities of the Group as at 31 December 2022 decreased by 20.3% to approximately HK$2,829.1 million (2021: approximately HK$3,550.1 million). The gearing ratio, which is calculated at borrowings divided by net assets value was significantly decreased to 27.6% (2021: 31.7%).

Continuing operations

The Group's revenue for the year ended 31 December 2022 decreased by approximately 69.0% to approximately HK$811.4 million (2021: approximately HK$2,614.8 million). The revenue analysis by segment is presented as follows:

	2022		2021		
	HK$' million	*Proportion to total revenue*	*HK$' million*	*Proportion to total revenue*	*% change*
Automation	574.6	70.8%	794.0	30.4%	-27.6%
Financial Services	47.5	5.9%	102.7	3.9%	-53.7%
Property Investment and Development	259.3	31.9%	1,767.7	67.6%	-85.3%
Securities Investment	(70.0)	(8.6%)	(49.6)	(1.9%)	41.1%
	811.4	100%	2,614.8	100%	69.0%

Gross Profit and Margin

The gross profit for the year decreased by approximately 69.9% to approximately HK$182.2 million (2021: approximately HK$605.5 million), while the gross profit margin increased to 22.5% (2021: 23.2%). The change was mainly due to the decrease in scale of the property sales made handover to the customers in the Year and the increase in scale of the automation business as compared with those in 2021.

Other Gains – Net

The net other gains during the year was approximately HK$53.8 million (2021: approximately HK$254.5 million), which was mainly due to the recovery of bad debt written off of approximately HK$53.3 million.

Other Income

The other income increased by approximately 2.1% to approximately HK$52.8 million (2021: approximately HK$51.7 million).

Distribution Costs

The distribution costs decreased by approximately 86.0% to approximately HK$19.6 million (2021: approximately HK$139.9 million), accounting for 2.4% (2021: 5.4%) of the total revenue. The decrease in distribution costs was mainly due to the decrease in staff cost of approximately HK$27.2 million and decrease in advertising, promotion and exhibition expenses of approximately HK$53.8 million.

Administrative Expenses

The administrative expenses increased by approximately 15.2% to approximately HK$327.4 million (2021: approximately HK$284.1 million), owing to the increase in written off of loans and advances of approximately HK$53.4 million (2021: nil).

Finance Income/(Costs) – Net

The net finance income was approximately HK$41.5 million (2021: net finance cost of approximately HK$66.1 million). The increase in net finance income was because of the increase in interest income on financial assets at amortized cost of approximately HK$107.0 million.

Income Tax Expense

During the year ended 31 December 2022, the Group recorded an income tax expense of approximately HK$29.4 million (2021: approximately HK$104.0 million) which was mainly due to the decrease in taxable profits for the Year.

Discontinued operations

During the year ended 31 December 2021, the Group disposed of its yacht club operation and the provision of training services in the PRC and ceased to engage in trading of commodities, operation of golf practicing court, children playroom and fitness room and trading of home appliances and building materials upon completion of distribution in specie. The Group recognized profit from discontinued operations of approximately HK$47.7 million.

Loss attributable to owners of the Company

For the year ended 31 December 2022, the Company recorded a loss attributable to the owners of the Company of approximately HK$551.5 million (2021: approximately HK$189.0 million)

FINANCIAL RESOURCES REVIEW

Liquidity and Financial Resources

By adopting a prudent financial management approach, the Group continued to maintain a healthy financial position. As at 31 December 2022, the Group's cash and cash equivalents of approximately HK$486.3 million (2021: approximately HK$730.1 million). The working capital represented by net current assets amounted to approximately HK$1,051.1 million (2021: approximately HK$1,765.4 million). The current ratio was approximately 1.4 (2021: approximately 1.5). The gearing ratio, which is calculated at borrowings divided by net asset value, was 27.6% (2021: 31.7%). The borrowings of the Group as at 31 December 2022 included corporate bonds of approximately HK$341.0 million (2021: approximately HK$356.0 million), trust receipt loans of approximately HK$8.8 million (2021: approximately HK$14.8 million) and bank loans of approximately HK$966.2 million (2021: approximately HK$1,193.9 million), and other loans of approximately HK$92.5 million (2021: HK$441.6 million).

The borrowings as at 31 December 2022 were secured by (i) guarantees provided by the Company, shareholder of the Company, certain of its subsidiaries and related parties; (ii) property, plant and equipment of approximately HK$216.5 million (2021: approximately HK$184.3 million); (iii) investment properties of approximately HK$1,749.3 million (2021: approximately HK$1,885.0 million); (iv) financial assets at FVTPL of nil (2021: approximately HK$121.0 million); (v) collateral of the Group's margin clients of nil (2021: approximately HK$816.8 million); and (vi) pledged bank deposit of nil (2021: approximately HK$6.0 million).

Capital and Other Commitments

As at 31 December 2022, the Group had contracted but not provided for capital commitments of approximately HK$215.2 million and HK$424.1 million (2021: approximately HK$215.2 million and HK$1,424.4 million) relating to the investment in an associate and investment properties and property development expenditures, respectively.

Currency Exposure and Management

During the year, the Group's receipts were mainly denominated in Hong Kong dollars, Renminbi ("**RMB**"), and US dollars. The Group's payments were mainly made in Hong Kong dollars, RMB and US dollars. As the business activities of the Group's automation and property investment and development segments were mainly conducted in the mainland China, most of the Group's labour costs and manufacturing overheads were settled with the RMB. As such, fluctuation of the RMB exchange rate will have an impact on the Group's profitability. The Group will closely monitor movements of the RMB and, if necessary, consider entering into foreign exchange forward contracts with reputable financial institutions to reduce potential exposure to currency fluctuations. During the year, the Group did not enter into any foreign exchange forward contract.

Future Plans for Capital Investment and Expected Source of Funding

The Group finances its operating and capital expenditures mainly by internal resources such as operating cash flow and shareholders equity and bank facilities. The Group expects to have sufficient resources and banking facilities to meet its capital expenditure and working capital requirement.

Fund raising for future business development

When the Group considers that there are funding needs for the expansion of its businesses and development of new businesses, it will explore possible fund raising methods, such as debt financing, placing of new shares or issuance of corporate bonds.

Employees and Remuneration Policy

As at 31 December 2022, the Group had 292 (2021: 331) full-time employees in Hong Kong and the PRC. Employees' remuneration is determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include medical insurance, provident funds and other competitive fringe benefits. To provide incentives or rewards to the staff, the Company adopted a share option scheme on 2 June 2020 and share options will be granted to eligible employees in accordance with the share option scheme.

USE OF PROCEEDS FROM SHARE SUBSCRIPTION IN JULY 2019

On 10 July 2019, the Company entered into a subscription agreement with Bao Xin Development Limited (the "**Subscriber**"), a company wholly owned by Mr. Yao Jianhui, in relation to the subscription of 4,000,000,000 new shares of the Company (the "**Share(s)**") at a subscription price of HK$0.25 per Share (the "**Share Subscription**"). Please refer to the announcement of the Company dated 10 July 2019 and the circular of the Company dated 10 October 2019 (the "**Circular**") for more details regarding the Share Subscription. On 17 December 2019, the Company issued and allotted 2,400,000,000 new Shares to the Subscriber and received a proceeds of approximately HK$600,000,000. On 8 May 2020, the Company issued and allotted 1,600,000,000 new Shares to the Subscriber and received a proceeds of approximately HK$400,000,000. The net proceeds of the Share Subscription were approximately HK$999.4 million, HK$941.8 million of which had been utilised as follows:

		HK$' million
1.	Provision of brokerage service and corporate finance	
	(i) securities brokerage and margin financing; and	130.0
	(ii) investment	57.1
	(iii) corporate finance division	24.7
2.	Expansion of asset management business	180.0
3	Expansion of money lending business	250.0
4.	General working capital	300.0
		941.8

Out of the net proceeds of HK$999.4 million from the Share Subscription, the unutilized amount of HK$57.6 million was initially intended to be utilised by the corporate finance division by 31 December 2022. Nonetheless, due to the pandemic lasting for more than two years, the operation of the corporate finance business has been severely affected. Therefore, the Company would have to expect that the unutilized amount of HK$57.6 million will be utilized by 31 December 2023. Save as disclosed above, all net proceeds of the Share Subscription have been used for the intended uses as set out in the Circular.

The unutilized net proceeds were deposited with the banks in Hong Kong.

USE OF PROCEEDS FROM PLACING IN FEBRUARY 2023

On 27 February 2023, the Company entered into a placing agreement with Glory Sun Securities Limited (the "**Placing Agent**"), pursuant to which the Placing Agent will procure on a best effort basis not less than six Placees to subscribe for up to 313,875,122 new shares of the Company at a placing price of

HK$0.34 per placing share (the "**Placing**"). The placing shares will be allotted and issued pursuant to the general mandate approved in the annual general meeting in June 2022. Please refer to the announcement of the Company dated 27 February 2023 for more details regarding the Placing.

On 22 March 2023, the Company issued and allotted 310,624,390 new Shares to the Placees and received proceeds of approximately HK$105,612,293. The net proceeds of the Placing were approximately HK$104,412,293, approximately 90% of which will be applied for the repayment of maturing indebtedness and the rest will be applied as general working capital of the Group.

The Company expects that the net proceeds of the Placing will be fully utilised by 31 December 2023. Any net proceeds that have yet to be applied will be deposited with the banks in Hong Kong.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group had no material contingent liabilities (2021: nil).

KEY RISKS AND UNCERTAINTIES

The Group's financial conditions, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The key risks and uncertainties identified by the Group are discussed in this section. There may be other risks and uncertainties in addition to those illustrated below, which are not known to the Group or which may not be material now but could become material in the future. Furthermore, risks can never be eliminated completely due to the inherent limitations in measures taken to address them. Nevertheless, risks may be accepted for strategic reasons or if they are deemed not cost-effective to mitigate.

Operational Risk

Operational risk is the risk of financial loss or reputational damage resulting from inadequate or failed internal processes, people and systems. Responsibility for managing the Group's operational risks rests with every function at both divisional and departmental levels.

Key functions in the Group are guided by standard operating procedures, limits of authority and a reporting framework. The Group will identify and assess key operational exposures and report such risk issues to the senior management as early as possible so that appropriate risk responses can be taken.

Industry Risk

The financial services business of the Group is subject to extensive regulations. Among others, operating subsidiaries such as Glory Sun Securities Limited and Glory Sun Asset Management Limited are obliged to operate in accordance with the Securities and Futures Ordinance (Cap. 571) (the "**SFO**"). The Group is required to ensure consistent compliance with all applicable laws, regulations and guidelines and satisfy the relevant regulatory authorities that it remains fit and proper to be licensed. If there is any change or tightening of relevant laws, regulations and guidelines, the Group will face a higher compliance requirement for its business activities. In addition, if the Group fails to comply with the applicable rules and regulations from time to time, it may face fines or restrictions on its business activities or even suspension or revocation of some or all of its licenses for operating the financial services business. Furthermore, the financial services business, like all other businesses of the Group, is not immune from market changes. Any downturn in the financial market may also adversely affect the financial services business of the Group.

The automation business of the Group operates in a highly competitive environment. The Group faces fierce competition from global technology companies and rapid technological changes which may render technologies developed and employed by the Group obsolete. As such, the Group's products may lose its competitiveness, adversely affecting the Group's ability to maintain its market share. Failure to maintain the Group's competitive position may lead to a material adverse effect on the results and profit margins of these business segments. Furthermore, the current trade war between the PRC and the US may have an impact on the business environment in the PRC. The Group is prepared to pay close attention to market conditions and will establish a contingency plan if the trade war persists over a period of time.

The securities investment business of the Group is sensitive to market conditions and fluctuations in the prices of the securities held by the Group. Any significant downturn in the securities market may affect the mark to market value of the Group's securities investments and may adversely affect the results of the Group.

Financial Risk

In the course of its business activities, the Group is exposed to various financial risks, including market, liquidity and credit risks. The changes in the currency environment and interest rate cycles may significantly affect the Group's financial position and results of its operations in the PRC.

The Group's earnings and capital or its ability to meet its business objectives may be adversely affected by movements in foreign exchange rates, interest rates and equity prices. In particular, any depreciation in the Group's functional currency may affect its gross profit margin. The Group closely monitors the relative foreign exchange positions of its assets and liabilities and allocates its holdings of different currencies accordingly in order to minimise foreign currency risk.

The Group may be subject to liquidity risk if it is unable to obtain adequate funding to finance its operations. In managing liquidity risk, the Group monitors its cash flows and maintains an adequate level of cash and credit facilities to enable it to finance its operations and reduce the effects of fluctuations in cash flows.

The Group is subject to credit risk from its clients. To minimise risk, new clients will undergo stricter credit evaluation, while the Group continuously monitors its existing clients to further improve its risk control measures.

Manpower and Retention Risk

The competition for human resources in the countries that the Group operates in may result in the Group not being able to attract and retain key personnel with the desired skills, experience and levels of competence. The Group will continue to provide remuneration packages and incentive plans to attract, retain and motivate suitable candidates and personnel.

Business Risk

The Group constantly faces the challenge of gauging and responding promptly to market changes within the sectors that it operates in. Any failure to interpret market trends properly and adapt its strategy to such changes accordingly may have a material adverse effect on the Group's business, financial position, results of operations and prospects.

Significant Investment, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies During the year ended 31 December 2022

There is no significant investment, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2022.

FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL REVIEW

The total liabilities of the Group as at 31 December 2023 increased by 60.6% to approximately HK$4,543.9 million due to the acquisition of a subsidiary during the Year (2022: approximately HK$2,829.1 million). The gearing ratio, which is calculated at borrowings divided by net assets value was decreased to 24.3% (2022: 27.6%).

Revenue

The Group's revenue for the year ended 31 December 2023 decreased by approximately 8.8% to approximately HK$740.3 million (2022: approximately HK$811.4 million). The revenue analysis by segment is presented as follows:

	2023		2022		
	HK$' million	*Proportion to total revenue*	*HK$' million*	*Proportion to total revenue*	*% change*
Automation	431.8	58.3%	574.6	70.8%	-24.90%
Financial Services	38.2	5.2%	47.5	5.9%	-19.6%
Property Investment and Development	354.7	47.9%	259.3	31.9%	-36.8%
Securities Investment	(84.4)	(11.4)%	(70.0)	(8.6%)	-20.6%
	740.3	100%	811.4	100%	-8.8%

During the year, automation and property investment and development segments were the major source of revenue for the Group, accounting for approximately 58.3% (2022: 70.8%) and approximately 47.9% (2022: 31.9%) of total revenue, respectively.

Gross Profit and Margin

The gross profit for the year has decreased by approximately 23.9% to approximately HK$138.6 million (2022: approximately HK$182.2 million), while the gross profit margin decreased to 18.7% (2022: 22.5%). The change was mainly due to the increase in competition of automation segment and property investment and development segment in the Year which narrows the gross margin achievable as compared with those in 2022.

Other Loss/Gains – Net

The net other loss during the year was approximately HK$7.4 million (2022: the net other gains during the year was approximately HK$53.8 million), which was mainly due to decrease of recovery of bad debt written off in prior years amounting to approximately HK$53.3 million during the Year 2022.

Other Income

The other income decreased by approximately 71.2% to approximately HK$15.2 million (2022: approximately HK$52.8 million) due to the decrease in sundry income from approximately HK$49.5 million in 2022 to approximately HK$12.1 million in 2023.

Distribution Costs

The distribution costs decreased by approximately 2.9% to approximately HK$20.1 million (2022: approximately HK$19.6 million), accounting for 2.7% (2022: 2.4%) of the total revenue. There was no significant fluctuation comparing with last year.

Administrative Expenses

The administrative expenses decreased by approximately 25.3% to approximately HK$244.6 million (2022: approximately HK$327.4 million), mainly due to the written off of loans and advance has dropped by HK$53 million and foreign exchange loss has dropped by HK$38 million comparing between two years.

Finance Costs – Net

The net finance costs during the Year 2023 was approximately HK$31.1 million (2022: net finance income of approximately HK$41.5 million). The decrease in net finance costs was because of the decrease in interest income on financial assets at amortized cost of approximately HK$112.2 million in the Year 2022.

Income Tax Expense

During the year ended 31 December 2023, the Group recorded an income tax expense of approximately HK$12.8 million (2022: approximately HK$29.4 million) which was mainly due to the decrease in taxable profits for the Year.

Profit/Loss Attributable to Owners of the Company

For the year ended 31 December 2023, the Company recorded a profit attributable to the owners of the Company of approximately HK$102.5 million (2022: loss of approximately HK$551.5 million).

FINANCIAL RESOURCES REVIEW

Liquidity and Financial Resources

By adopting a prudent financial management approach, the Group continued to maintain a healthy financial position. As at 31 December 2023, the Group's cash and cash equivalents of approximately HK$562.3 million (2022: approximately HK$486.3 million). The working capital represented by net current assets amounted to approximately HK$1,985.7 million (2022: approximately HK$1,051.1 million). The current ratio was approximately 1.6 (2022: approximately 1.4). The gearing ratio, which is calculated at borrowings divided by net asset value, was 24.3% (2022: 27.6%).

The borrowings of the Group as at 31 December 2023 included corporate bonds of approximately HK$313.0 million (2022: approximately HK$341.0 million), trust receipt loans of approximately HK$nil (2022: approximately HK$8.8 million) and bank loans of approximately HK$422.8 million (2022: approximately HK$966.2 million), and other loans of approximately HK$987.6 million (2022: approximately HK$92.5 million).

The borrowings as at 31 December 2023 were secured by (i) guarantees provided by the Company, shareholder of the Company, certain of its subsidiaries and related parties; (ii) property, plant and equipment of approximately HK$198.3 million (2022: approximately HK$199.6 million); (iii) investment properties of approximately HK$1,832.5 million (2022: approximately HK$1,749.3 million); and (iv) pledged bank deposit of approximately HK$237.8 million (2022: HK$nil).

Capital and Other Commitments

As at 31 December 2023, the Group had contracted but not provided for capital commitments of approximately HK$215.2 million, HK$3,585.1 million and HK$1,255.0 million relating to the investment in an associate and investment properties and property development expenditures and the Revised 2nd Tranche Consideration of the equity interest of Shantou Taisheng, respectively (2022: approximately HK$215.2 million and HK$424.1 million relating to the investment in an associate and investment properties and property development expenditures, respectively).

Currency Exposure and Management

During the year, the Group's receipts were mainly denominated in Hong Kong dollars, Renminbi ("**RMB**"), and US dollars. The Group's payments were mainly made in Hong Kong dollars, RMB and US dollars.

As the business activities of the Group's automation and property investment and development segments were mainly conducted in the mainland China, most of the Group's labour costs and manufacturing overheads were settled with the RMB. As such, fluctuation of the RMB exchange rate will have an impact on the Group's profitability. The Group will closely monitor movements of the RMB and, if necessary, consider entering into foreign exchange forward contracts with reputable financial institutions to reduce potential exposure to currency fluctuations. During the year, the Group did not enter into any foreign exchange forward contract.

Future Plans for Capital Investment and Expected Source of Funding

The Group finances its operating and capital expenditures mainly by internal resources such as operating cash flow and shareholders equity and bank facilities. The Group expects to have sufficient resources and banking facilities to meet its capital expenditure and working capital requirement.

Fund raising for future business development

When the Group considers that there are funding needs for the expansion of its businesses and development of new businesses, it will explore possible fund raising methods, such as debt financing, placing of new shares or issuance of corporate bonds.

Employees and Remuneration Policy

As at 31 December 2023, the Group had 406 (2022: 292) full-time employees in Hong Kong and the PRC. Employees' remuneration is determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include medical insurance, provident funds and other competitive fringe benefits.

To provide incentives or rewards to the staff, the Company adopted a share option scheme on 2 June 2020 and share options will be granted to eligible employees in accordance with the share option scheme.

USE OF PROCEEDS FROM SHARE SUBSCRIPTION IN JULY 2019

On 10 July 2019, the Company entered into a subscription agreement with Bao Xin Development Limited (the "**BXD**"), in relation to the subscription of 4,000,000,000 new shares of the Company (the "**Share(s)**") at a subscription price of HK$0.25 per Share (the "**BXD Share Subscription**"). Please refer to the announcement of the Company dated 10 July 2019 and the circular of the Company dated 10 October 2019 (the "**2019 Circular**") for more details regarding the BXD Share Subscription.

On 17 December 2019, the Company issued and allotted 2,400,000,000 new Shares to BXD and received a proceeds of HK$600.0 million. On 8 May 2020, the Company issued and allotted 1,600,000,000 new Shares to BXD and received a proceeds of HK$400.0 million. The net proceeds of the BXD Share Subscription were approximately HK$999.4 million, HK$943.8 million of which had been utilised as follows:

		HK$' million
1.	Provision of brokerage service and corporate finance	
	(i) securities brokerage and margin financing; and	130.0
	(ii) investment	57.1
	(iii) corporate finance division	26.7
2.	Expansion of asset management business	180.0
3	Expansion of money lending business	250.0
4.	General working capital	300.0
		943.8

As at the date of this report, out of the net proceeds of HK$999.4 million from the BXD Share Subscription, the amount of HK$55.6 million, dedicated to the corporate finance division, remained unutilised. Following the cessation of the operation of the corporate finance business by the end of 31 December 2023, the Company would like to apply such amount for the repayment of maturing indebtedness, with a view to reducing the costs of borrowings. Save as disclosed above, all net proceeds of the BXD Share Subscription have been used for the intended uses as set out in the 2019 Circular.

USE OF PROCEEDS FROM PLACING IN FEBRUARY 2023

On 27 February 2023, the Company entered into a placing agreement with Glory Sun Securities Limited (the "**Placing Agent**"), pursuant to which the Placing Agent will procure on a best effort basis not less than six Placees to subscribe for up to 313,875,122 new shares of the Company at a placing price of HK$0.34 per placing share (the "**Placing**"). The placing shares will be allotted and issued pursuant to the general mandate approved in the annual general meeting in June 2022. Please refer to the announcement of the Company dated 27 February 2023 for more details regarding the Placing.

On 22 March 2023, the Company issued and allotted 310,624,390 new Shares to the Placees and received proceeds of approximately HK$105.6 million. The net proceeds of the Placing were approximately HK$104.4 million, approximately 90% of which will be applied for the repayment of maturing indebtedness and the rest will be applied as general working capital of the Group.

As at the date of this report, the net proceeds of approximately HK$104,412,293 have been fully utilised as intended.

USE OF PROCEEDS FROM SHARE SUBSCRIPTION IN APRIL 2023

On 20 April 2023, the Company entered into a subscription agreement with China Grand Developments Limited ("**China Grand**") in relation to the subscription of 800,000,000 new shares of the Company at a subscription price of HK$0.281 per Share (the "**China Grand Share Subscription**"). Please refer to the announcement of the Company dated 20 April 2023 and the circular of the Company dated 2 June 2023 for more details regarding the China Grand Share Subscription.

On 26 July 2023, the Company issued and allotted 800,000,000 new Shares to China Grand and received proceeds of HK$224.8 million. The net proceeds of the China Grand Share Subscription were approximately HK$224.7 million, approximately 90% of which will be applied for the repayment of maturing indebtedness and the rest will be applied as general working capital of the Group. The net proceeds designated for general working capital will be utilised for the (i) distribution costs of the Group including but not limited to staff costs, advertising, promotion and exhibition expenses and (ii) administrative expenses of the Group including but not limited to utilities expenses.

Out of the net proceeds from the China Grand Share Subscription, the amount of approximately HK$134.0 million and HK$8.6 million, dedicated to the repayment of maturing indebtedness and general working capital of the Group, respectively, remained unutilised. The unutilised net proceeds which have been deposited with the banks in Hong Kong is expected to be utilised by 31 December 2024. The table below demonstrates the breakdown and description of the utilisation of the net proceeds from the China Grand Share Subscription:

			HK$' million
1.	Repayment of maturing indebtedness		68.23
2.	General working capital		
	(i)	distribution costs of the Group including but not limited to staff costs, advertising, promotion and exhibition expenses	9.70
	(ii)	administrative expenses of the Group including but not limited to utilities expenses	4.17
			82.10

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no material contingent liabilities (2022: nil).

SHARE OPTION SCHEME OF THE COMPANY

The Company adopted a share option scheme (the "**Share Option Scheme**") pursuant to a resolution in writing passed by the shareholders of the Company on 2 June 2020. As at the date of this announcement, the total number of shares of the Company available for issue under the Share Option Scheme is 156,937,561, representing approximately 5.86% of the entire issued share capital of the Company as at the date of the adoption of the Share Option Scheme.

As at the date of this announcement, no option had been granted by the Company under the Share Option Scheme.

KEY RISKS AND UNCERTAINTIES

The Group's financial conditions, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The key risks and uncertainties identified by the Group are discussed in this section. There may be other risks and uncertainties in addition to those illustrated below, which are not known to the Group or which may not be material now but could become material in the future. Furthermore, risks can never be eliminated completely due to the inherent limitations in measures taken to address them. Nevertheless, risks may be accepted for strategic reasons or if they are deemed not cost-effective to mitigate.

Operational Risk

Operational risk is the risk of financial loss or reputational damage resulting from inadequate or failed internal processes, people and systems. Responsibility for managing the Group's operational risks rests with every function at both divisional and departmental levels.

Key functions in the Group are guided by standard operating procedures, limits of authority and a reporting framework. The Group will identify and assess key operational exposures and report such risk issues to the senior management as early as possible so that appropriate risk responses can be taken.

Industry Risk

The financial services business of the Group is subject to extensive regulations. Among others, operating subsidiaries such as Glory Sun Securities Limited and Atlantic Asset Management Limited are obliged to operate in accordance with the Securities and Futures Ordinance (Cap. 571) (the "**SFO**"). The Group is required to ensure consistent compliance with all applicable laws, regulations and guidelines and satisfy the relevant regulatory authorities that it remains fit and proper to be licensed. If there is any change or tightening of relevant laws, regulations and guidelines, the Group will face a higher compliance requirement for its business activities. In addition, if the Group fails to comply with the applicable rules and regulations from time to time, it may face fines or restrictions on its business activities or even suspension or revocation of some or all of its licenses for operating the financial services business. Furthermore, the financial services business, like all other businesses of the Group, is not immune from market changes. Any downturn in the financial market may also adversely affect the financial services business of the Group.

The automation business of the Group operates in a highly competitive environment. The Group faces fierce competition from global technology companies and rapid technological changes which may render technologies developed and employed by the Group obsolete. As such, the Group's products may lose its competitiveness, adversely affecting the Group's ability to maintain its market share. Failure to maintain the Group's competitive position may lead to a material adverse effect on the results and profit margins of these business segments. Furthermore, the current trade war between the PRC and the US may have an impact on the business environment in the PRC. The Group is prepared to pay close attention to market conditions and will establish a contingency plan if the trade war persists over a period of time.

The securities investment business of the Group is sensitive to market conditions and fluctuations in the prices of the securities held by the Group. Any significant downturn in the securities market may affect the mark to market value of the Group's securities investments and may adversely affect the results of the Group.

Financial Risk

In the course of its business activities, the Group is exposed to various financial risks, including market, liquidity and credit risks. The changes in the currency environment and interest rate cycles may significantly affect the Group's financial position and results of its operations in the PRC.

The Group's earnings and capital or its ability to meet its business objectives may be adversely affected by movements in foreign exchange rates, interest rates and equity prices. In particular, any depreciation in the Group's functional currency may affect its gross profit margin. The Group closely monitors the relative foreign exchange positions of its assets and liabilities and allocates its holdings of different currencies accordingly in order to minimise foreign currency risk.

The Group may be subject to liquidity risk if it is unable to obtain adequate funding to finance its operations. In managing liquidity risk, the Group monitors its cash flows and maintains an adequate level of cash and credit facilities to enable it to finance its operations and reduce the effects of fluctuations in cash flows.

The Group is subject to credit risk from its clients. To minimise risk, new clients will undergo stricter credit evaluation, while the Group continuously monitors its existing clients to further improve its risk control measures.

Manpower and Retention Risk

The competition for human resources in the countries that the Group operates in may result in the Group not being able to attract and retain key personnel with the desired skills, experience and levels of competence. The Group will continue to provide remuneration packages and incentive plans to attract, retain and motivate suitable candidates and personnel.

Business Risk

The Group constantly faces the challenge of gauging and responding promptly to market changes within the sectors that it operates in. Any failure to interpret market trends properly and adapt its strategy to such changes accordingly may have a material adverse effect on the Group's business, financial position, results of operations and prospects.

Significant Investment, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies During the year ended 31 December 2023

During the year ended 31 December 2023, the Group had the following material acquisition of subsidiary:

Acquisition of Shantou Taisheng Technology Limited

On 22 March 2023, the Group acquired 51% of the total equity interest and actual paid-up registered capital of Shantou Taisheng Technology Limited* (汕頭市泰盛科技有限公司) ("**Shantou Taisheng**") which was solely engaged in a development and construction project located at Longhu District, Shantou City, Guangdong Province, the PRC, for a consideration of RMB1,175,550,000. For further details on the acquisition of Shantou Taisheng, please refer to the annual report ended 31 December 2023.

The Group did not have any significant investment as at 31 December 2023.

FOR THE SIX MONTHS ENDED 30 JUNE 2024

PROSPECT

Prospect of Automation Business

Looking ahead, manufacturers will continue to invest in integrated platforms in the territory of intelligent manufacturing. While SMT manufacturing equipment sales will continue to face a market slowdown in the near term, a modest recovery in the mobile phone market will lead the growth of the consumer electronics industry. Data shows that global mobile phone sales have now grown year-on-year for three consecutive quarters, and the global smartphone market is expected to demonstrate growth by 2024. In the medium to long term, demand for AI-enabled smart terminals is expected to accelerate replacement of mobile phones and computers, giving rise to more AI-enabled terminals. There will also be a surge in demand for data centres, smart grids, green energy and other ancillary facilities, most of which require the use of SMT equipment and semiconductor equipment for manufacturing. With its rich product portfolio and continuous innovation, the Group remains optimistic about the prospects and growth potential of the automation segment and believes that the segment will be in a favourable competitive position in the era of artificial intelligence.

The Company's customers include most of the major communications and high-end electronics manufacturers in China, and the business networks of some of these customers tend to be globally distributed. As China's manufacturers become more competitive globally and set up production bases overseas, the Company will follow the lead of its customers to accelerate the provision of corresponding intelligent manufacturing and service solutions overseas.

Prospects of Property Investment and Development Business

At present, the Group has implemented a total of three property investment projects in Shenzhen, Ganzhou and Shantou respectively.

The Shenzhen Development Project

The Shenzhen Development Project (also commonly known as Bangkai Science and Technology Industrial Park) is poised to enhance its property investment strategy by focusing on rental promotion and efficient rental collection. The objective is to improve the occupancy rate and the rate of receivables collection for this property investment, while also accelerating the construction of Phase III. The Group will continue to bolster the brand value of the Park, aiming to attract high-quality national high-tech enterprises to the park, ensuring that it remains a premier destination for industry and innovation.

The Ganzhou Development Project

In respect of the sale and rental aspect of the Ganzhou Development Project (also commonly known as Baoneng Taigu Plaza and Baoneng Century Plaza), the Group will change its sales strategy in response to current market dynamics, with a strategic focus on expanding the customer base for office spaces and pursuing comprehensive underwriting deals for office buildings as well as hotel sales within the Ze Feng Biz Hub (澤豐中心). Regarding parking space sales, the project will introduce preferential offers to potential buyers to boost sales rate.

In respect of the commercial aspect of the Ganzhou Development Project, the Group is dedicated to enhancing the unique appeal of the Universal Square (環球匯), by refurbishing its ancient tree plaza to distinguish the Universal Square from competing projects and creating a customer magnet effect that will extend its influence to neighboring shops, thereby stimulating customer flow throughout the entire project. Additionally, the Group will align investment promotion and business planning with market demands, aiming to attract large-scale children's entertainment and catering companies, which will further enrich the business environment of the project.

The Shantou Development Project

The Group is streamlining the sale and rental strategies of the Shantou Development Project (also commonly known as the Shantou Times Bay Development Project) to meet market demands. The Group is focused on two key objectives: boosting sales and delivering completed buildings on time. Concentrating on existing properties, the Group are tapping into the Southern District's potential by leveraging existing tenant networks to uncover new sales leads and are working to quickly close large-scale deals. The Group is also pursuing contract renewals with major and government clients to maintain essential partnerships and are also disseminating project details and policy benefits to attract new customers and closely monitoring market trends to adapt their promotional tactics.

The Group is streamlining the Shantou project's sales and rental strategies to meet market demands. The two key objectives of the Shantou project are boosting sales and delivering completed buildings on time. Concentrating on existing properties, the Group are tapping into the Southern District's potential by leveraging existing tenant networks to uncover new sales leads and are working to quickly close large-scale deals. The Group is also pursuing contract renewals with major and government clients to maintain essential partnerships and are also disseminating project details and policy benefits to attract new customers and closely monitoring market trends to adapt their promotional tactics.

Prospect of Financial Services Business

Despite the uncertainties plaguing the global economic outlook, the Group will continue to capture opportunities brought about by the economic recovery in the financial markets proactively, and continue to optimise the trading experience of its customers to enhance its competitiveness in the market segment. At the same time, the Group will adhere to its prudent approach by reviewing its financing services and adopting appropriate strategies to mitigate downside risks to maintain stable business development.

For the second half of 2024, we anticipate that the Federal Reserve (FED) may implement a rate cut, which may lead to increased market volatility in both equity and bond markets. In response, our investment strategies will likely become more conservative, with a focus on risk management and preservation of capital. However, despite the potential for increased market volatility, our investment managers remain committed to exploring opportunities in the virtual asset space and are considering the possibility of applying for a license to operate in this area. This reflects our ongoing efforts to stay ahead of the curve and capitalize on emerging trends in the asset management industry.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2024 increased by 13.6% to approximately HK$379.4 million (30 June 2023: approximately HK$333.9 million). The revenue analysis by segment is presented as follows:

	For the six months ended 30 June				
	2024		2023		
	HK$' million	Proportion to total revenue	HK$' million	Proportion to total revenue	% change
Automation	228.4	60.2%	213.0	63.8%	7.2%
Financial Services	24.8	6.5%	30.6	9.2%	(19.0%)
Property Investment and Development	124.1	32.7%	146.7	43.9%	(15.4%)
Securities Investment	2.1	0.6%	(56.4)	(16.9)%	103.7%
	379.4	100%	333.9	100.0%	13.6%

During the Period, automation segment and property investment and development segments were the major source of revenue for the Group, accounting for 60.2% and 32.7% of total revenue, respectively.

Gross Profit and Margin

The gross profit increased by 133.9% to approximately HK$122.8 million (30 June 2023: approximately HK$52.5 million), while the gross profit margin increased to 32.4% (30 June 2023: 15.7%). The increase in gross profit and gross margin in year 2024 was mainly due to the significant difference between the gross profit on securities investment of approximately HK$2.0 million for the period ended 30 June 2024 and gross loss on securities investment of approximately HK$56.4 million for the period ended 30 June 2023. The difference was mainly arisen from the significant decrease in fair value of fund portfolio of the Group due to the PRC financial market downturn for the six months ended 30 June 2023.

The difference has resulted in an increase in the group's gross profits margin to 32.4% for 2024 from 15.7% for 2023. If excluding such difference, the gross profits margin for the period ended 30 June 2024 would have been adjusted to 32.0% and 27.9% for the period ended 30 June 2023.

Other (Losses)/Gains — Net

The net other losses for the Period was approximately HK$60.1 million (30 June 2023: net other gains of approximately HK$2.7 million). The turnaround was mainly attributable to the loss on disposal of property, plant and equipment for the six months ended 30 June 2024 amounting to approximately HK$60.6 million.

Other Income

The other income increased by 3.2% to approximately HK$3.2 million (30 June 2023: approximately HK$3.1 million).

Distribution Costs

The distribution costs decreased by 27.0% to approximately HK$8.9 million (30 June 2023: approximately HK$12.2 million), accounting for 2.3% (30 June 2023: 3.6%) of the total revenue. The decrease in distribution costs was mainly due to the decrease in advertising, promotion and exhibition expenses and commission expenses of approximately HK$4.0 million.

Administrative Expenses

The administrative expenses decreased by 14.6% to approximately HK$72.5 million (30 June 2023: approximately HK$84.9 million), owing to the effective implementation of cost control policy to reduce the routine administrative expenses and increase in net foreign exchange gains.

Finance Costs — Net

The net finance cost was approximately HK$11.1 million (30 June 2023: approximately HK$31.0 million). The turnaround was because of the increase in interest income on bank deposits.

Income Tax Credit/(Expense)

The income tax credit was approximately HK$19.4 million (30 June 2023: income tax expense of approximately HK$23.9 million) due to the substantial increase in deferred tax assets derived from the revaluation of investment properties.

(Loss)/Profit Attributable to Owners of the Company

The Company recorded a loss attributable to owners of the Company of approximately HK$79.8 million (30 June 2023: profit of approximately HK$648.7 million). The decrease was mainly due to the gain on bargain purchase arising from the acquisition of a subsidiary for the six months ended 30 June 2023 amounting to approximately HK$553,878,000, where the corresponding amount for the six months ended 30 June 2024 is nil.

FINANCIAL RESOURCES REVIEW

Liquidity and Financial Resources

By adopting a prudent financial management approach, the Group continued to maintain a healthy financial position. As at 30 June 2024, the Group's cash and cash equivalents totaled approximately HK$608.2 million (31 December 2023: approximately HK$562.3 million). The working capital represented by net current assets amounted to approximately HK$2,131.4 million (31 December 2023: approximately HK$1,985.7 million). The current ratio was approximately 1.7 (31 December 2023: approximately 1.6). The gearing ratio, which is calculated at borrowings divided by net asset value, was 22.4% (31 December 2023: 24.3%).

The borrowings of the Group as at 30 June 2024 included corporate bonds of approximately HK$290.0 million (31 December 2023: approximately HK$313.0 million), bank loans of approximately HK$452.3 million (31 December 2023: approximately HK$422.8 million), and other loans of approximately HK$795.4 million (31 December 2023: approximately HK$987.6 million).

Charge of Assets

The borrowings as at 30 June 2024 were secured by (i) guarantees provided by the Company, shareholder of the Company, certain of its subsidiaries and related parties; (ii) property, plant and equipment of approximately HK$118.4 million (31 December 2023: approximately HK$149.1 million); and (iii) investment properties of approximately HK$2,120.7 million (31 December 2023: approximately HK$1,847.8 million); and (iv) pledged bank deposit of approximately HK$237.8 million (31 December 2023: HK$237.8 million).

As at 30 June 2024, the carrying amount of properties held for sale amounting to approximately HK$263.3 million (31 December 2023: HK$265.2 million) were pledged as security for a bank borrowing in favour of a financial institution located in the PRC for interest bearing borrowings granted to a related party.

Capital and Other Commitments

As at 30 June 2024, the Group had contracted but not provided for capital and other commitments of approximately HK$215.2 million, HK$3,458.4 million and HK$1,069.1 million (31 December 2023: approximately HK$215.2 million, HK$3,585.1 million and HK$1,255.0 million) related to the investment in an associate and investment properties and property development expenditures and the Revised 2nd Tranche Consideration of the equity interest of Shantou Taisheng, respectively.

Currency Exposure and Management

During the Period, the Group's receipts were mainly denominated in Hong Kong dollars, Renminbi ("**RMB**"), and US dollars. The Group's payments were mainly made in Hong Kong dollars, RMB and US dollars.

As the business activities of the Group's automation and property investment and development segments were mainly conducted in Mainland China, most of the Group's property development costs and labour costs were settled in RMB. As such, fluctuation of the RMB exchange rate will have an impact on the Group's profitability. The Group will closely monitor movements of the RMB and, if necessary, consider entering into foreign exchange forward contracts with reputable financial institutions to reduce potential exposure to currency fluctuations. During the Period, the Group did not enter into any foreign exchange forward contract.

Future Plans for Capital Investment and Expected Source of Funding

The Group finances its operating and capital expenditures mainly by internal resources such as operating cash flow, owners' equity and banking facilities. The Group expects to have sufficient resources and banking facilities to meet its capital expenditure and working capital requirement.

Fund Raising for Future Business Development

When the Group considers that there are funding needs for the expansion of its business and development of new business, it will explore possible fund raising methods, such as debt financing, placing of new shares or issuance of corporate bonds.

Employees and Remuneration Policies

As at 30 June 2024, the Group had 306 (31 December 2023: 406) full-time employees in Hong Kong and the PRC. Employees' remuneration is determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include medical insurance, provident funds and other competitive fringe benefits.

To provide incentives or rewards to the staff, the Company adopted a share option scheme on 2 June 2020 and share options will be granted to eligible employees in accordance with the share option scheme.

KEY RISKS AND UNCERTAINTIES

The Group's financial conditions, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The key risks and uncertainties identified by the Group are discussed in this section. There may be other risks and uncertainties in addition to those illustrated below, which are not known to the Group or which may not be material now but could become material in the future. Furthermore, risks can never be eliminated completely due to inherent limitations in measures taken to address them. Nevertheless, risks may be accepted for strategic reasons or if they are deemed not cost-effective to mitigate.

Operational Risk

Operational risk is the risk of financial loss or reputational damage resulting from inadequate or failed internal processes and systems as well as the performance of people. Responsibility for the management of operational risks in the Group rests with every function at both divisional and departmental levels.

Key functions in the Group are guided by standard operating procedures, limits of authority and a reporting framework. The Group identifies and assesses key operational exposure and reports such risk issues to senior management as early as possible so that appropriate risk control measures can be taken.

Industry Risk

The financial services business of the Group is subject to extensive regulatory requirements. Among others, operating subsidiaries such as Glory Sun Securities Limited and Atlantic Asset Management Limited are obliged to operate in compliance with the Securities and Futures Ordinance (Cap. 571). The Group is required to ensure consistent compliance with all applicable laws, regulations and guidelines and satisfy the relevant regulatory authorities that it remains fit and proper to be licensed. If there is any change or restriction of relevant laws, regulations and guidelines, the Group would then face a higher compliance requirement for its business activities. In addition, if the Group fails to comply with the applicable rules and regulations on any occasion, it may face fines or restrictions on its business activities or even suspension or revocation of some or all of its licenses for operating the financial services business. Furthermore, the financial services business, like all other businesses of the Group, is not immune from market changes. Any downturn in the financial markets may also adversely affect the financial services business of the Group.

The property investment and development business of the Group is subject to fluctuations in market conditions, economic performance and government policies. If the real estate market in the PRC and Hong Kong performs badly, it would have a direct negative impact upon that business of the Group. The Group will pay close attention to market conditions and will implement appropriate plans to respond to shifts in market conditions and government policies.

The automation business of the Group is inevitably affected by the COVID-19. The Group is prepared to pay close attention to market conditions and will formulate a contingency plan if the pandemic persists over a period of time.

The securities investment business of the Group is sensitive to market conditions and fluctuations in the prices of the securities that it holds. Any significant downturn in the securities market may affect the market value of the Group's securities investments and may adversely affect its results.

Financial Risk

In the course of its business activities, the Group is exposed to various financial risks, including market, liquidity and credit risks. The changes in the currency environment and interest rates cycles may significantly affect the Group's financial condition and results of operations in the PRC.

The Group's earnings and capital or its ability to meet its business objectives may be adversely affected by movements in foreign exchange rates, interest rates and equity prices. The Group closely monitors the relative foreign exchange positions of its assets and liabilities and allocates its holdings of different currencies accordingly in order to minimize foreign currency risk.

The Group may be subject to liquidity risk if it is unable to obtain adequate funding to finance its operations. In managing liquidity risk, the Group monitors its cash flows and maintains an adequate level of cash and credit facilities to enable it to finance its operations and reduce the effects of fluctuations in cash flows.

The Group is subject to credit risk from its clients. To minimize risk, new clients will undergo stricter credit evaluation, while the Group continuously monitors its existing clients to further improve its risk control measures.

Manpower and Retention Risk

The competition for human resources in the countries where the Group operates may result in not being able to attract and retain key personnel with the desired skills, experience and levels of competence. The Group will continue to provide remuneration packages and incentive plans to attract, retain and motivate suitable candidates and personnel.

Business Risk

The Group constantly faces the challenge of gauging and responding promptly to market changes within the sectors that it operates. Any failure to interpret market trends properly and adapt its strategy to such changes accordingly may have a materially adverse effect on the Group's business, financial position, results of operations and prospects.

USE OF PROCEEDS FROM SHARE SUBSCRIPTION IN JULY 2019

On 10 July 2019, the Company entered into a subscription agreement with Bao Xin Development Limited (the "**BXD**") in relation to the subscription of 4,000,000,000 new shares of the Company (the "**Share(s)**") at a subscription price of HK$0.25 per Share (the "**BXD Share Subscription**"). Please refer to the announcement of the Company dated 10 July 2019 and the circular of the Company dated 10 October 2019 (the "**2019 Circular**") for more details regarding the BXD Share Subscription.

On 17 December 2019, the Company issued and allotted 2,400,000,000 new Shares to BXD and received a proceeds of HK$600 million. On 8 May 2020, the Company issued and allotted 1,600,000,000 new Shares to the BXD and received a proceeds of HK$400 million. The net proceeds of the BXD Share Subscription were approximately HK$999.4 million and have been fully used for uses as set out in the table below:

		HK$' million
1.	Provision of brokerage service and corporate finance	
	(i) securities brokerage and margin financing;	130.0
	(ii) investment; and	57.1
	(iii) corporate finance division	26.7
2.	Expansion of asset management business	180.0
3.	Expansion of money lending business	250.0
4.	General working capital	355.6
		999.4

USE OF PROCEEDS FROM SHARE SUBSCRIPTION IN APRIL 2023

On 20 April 2023, the Company entered into a subscription agreement with China Grand Developments Limited ("**China Grand**") in relation to the subscription of 800,000,000 new shares of the Company at a subscription price of HK$0.281 per Share (the "**China Grand Share Subscription**"). Please refer to the announcement of the Company dated 20 April 2023 and the circular of the Company dated 2 June 2023 for more details regarding the China Grand Share Subscription.

On 26 July 2023, the Company issued and allotted 800,000,000 new Shares to China Grand and received proceeds of HK$224.8 million. The net proceeds of the China Grand Share Subscription were approximately HK$224.7 million, approximately 90% of which will be applied for the repayment of maturing indebtedness and the rest will be applied as general working capital of the Group. The net proceeds designated for general working capital will be utilised for the (i) distribution costs of the Group including but not limited to staff costs, advertising, promotion and exhibition expenses and (ii) administrative expenses of the Group including but not limited to utilities expenses.

Out of the net proceeds from the China Grand Share Subscription, the amount of approximately HK$134.0 million and HK$8.6 million, dedicated to the repayment of maturing indebtedness and general working capital of the Group, respectively, remained unutilised. The unutilised net proceeds which have been deposited with the banks in Hong Kong is expected to be utilised by 31 December 2024. The table below demonstrates the breakdown and description of the utilisation of the net proceeds from the China Grand Share Subscription:

		HK$' million
1.	Repayment of maturing indebtedness	68.23
2.	General working capital	
	(i) distribution costs of the Group including but not limited to staff costs, advertising, promotion and exhibition expenses	9.70
	(ii) administrative expenses of the Group including but not limited to utilities expenses	4.17
		82.10

SIGNIFICANT INVESTMENT MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES DURING THE SIX MONTHS ENDED 30 JUNE 2024

Disposal of Properties of Baoneng Taigu Plaza

Laihua TaiFeng Limited* (萊華泰豐有限公司), an indirect wholly-owned subsidiary of the Company, agreed to dispose of its properties of Baoneng Taigu Plaza to Ganzhou Tongtai Cultural Tourism Industry Co., Ltd.* (贛州通泰文旅產業有限公司), being an independent third party to the Company, in December 2023. Please refer to the announcement of the Company dated 8 December 2023 and the circular of the Company dated 29 February 2024 for more details of such disposal.

Disposal of Properties of Baoneng Century Plaza

Laihua TaiSheng Limited* (萊華泰盛有限公司), an indirect wholly-owned subsidiary of the Company, agreed to dispose of its properties of Baoneng Century Plaza to Shenzhen Huifeng Huachuang Commercial Co., Limited* (深圳匯灃華創商業有限公司), being an independent third party to the Company, in April 2024. Please refer to the announcement of the Company dated 29 April 2024 and the circular of the Company dated 28 June 2024 for more details of such disposal.

Save as aforesaid or as otherwise disclosed herein, there is no significant investment material acquisitions or disposal of subsidiaries and affiliated companies during the six months ended 30 June 2024.

Set forth below is the management discussion and analysis of the Target Company for each of the three years ended 31 December 2021, 2022 and 2023 and for the six months ended 30 June 2024 (collectively, the "**Reporting Period**") based on the financial information on the Target Company set out in Appendix II to this circular.

BUSINESS REVIEW

The Target Company was a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of GSLG before the 1st Tranche Acquisition. After the 1st Tranche Acquisition, the Target Company becomes an indirect non-wholly owned subsidiary of the Group. The principal business of the Target Company is solely engaged in a development and construction project located at Longhu District, Shantou City, Guangdong Province, the PRC, with total land area of approximately 167,000 sq.m. and a gross floor area of approximately 951,000 sq.m, which is divided into three zones, and involve office and commercial buildings, residential units and loft apartments.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Target Company derived its revenue mainly from the sales of properties and rental income. The revenue analysis by segment is presented as follows:

	Year ended 31 December 2021		Year ended 31 December 2022		Year ended 31 December 2023		Six months ended 30 June 2023		Six months ended 30 June 2024	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* *(unaudited)*	*%*	*HK$'000*	*%*
Sales of properties	–	–	584,308	98	164,044	91	81,777	91	33,958	80
Rental income	10,002	100	14,964	2	16,759	9	8,383	9	8,532	20
	10,002	100	599,272	100	180,803	100	90,160	100	42,490	100

Sales of Properties

For the year ended 31 December 2021, no revenue was derived from the sale of properties segment mainly due to the majority of property delivery procedures started after the end of December 2021.

The revenue from the sales of properties segment increased by approximately HK$584.3 million or 100% for the year ended 31 December 2022 as compared to the year ended 31 December 2021 which was mainly attributable to the properties under construction had transferred to properties held for sale and started to deliver during the year.

The revenue from the sales of properties segment decreased by approximately HK$420.3 million or 71.9% from HK$584.3 million for the year ended 31 December 2022 to approximately HK$164.0 million for the year ended 31 December 2023 which was mainly attributable to the economic downturn due to COVID-19 pandemic.

The revenue from the sales of properties segment decreased by approximately HK$47.8 million or 58.4% from HK$81.8 million for the six months ended 30 June 2023 to approximately HK$34.0 million for the six months ended 30 June 2024 which was mainly attributable to the recession of property market in PRC.

Rental income

The revenue from the rental income segment increased by approximately HK$5.0 million or 50.0% for the year ended 31 December 2022 as compared to the year ended 31 December 2021 which was mainly attributable to more properties had completed construction and were rented out.

The revenue from the rental income segment increased by approximately HK$1.8 million or 12.0% for the year ended 31 December 2023 as compared to the year ended 31 December 2022 which was mainly attributable to rental agreements were renewed and more properties were rented out.

The revenue from the rental income segment increased by approximately HK$0.1 million or 1.2% for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023 which remained similar level and no material fluctuations were noted.

Gross Profit and Margin

During the Reporting Period, the gross profit of each segment of revenue are as follows:

	Year ended 31 December 2021		Year ended 31 December 2022		Year ended 31 December 2023		Six months ended 30 June 2023		Six months ended 30 June 2024	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* *(unaudited)*	*%*	*HK$'000*	*%*
Sales of properties	–	–	86,127	86	24,165	60	13,069	62	2,964	27
Rental income	9,621	100	13,761	14	15,886	40	7,924	38	8,141	73
	9,621	100	99,888	100	40,051	100	20,993	100	11,105	100

The gross profit margin for the year ended 31 December 2021, 2022, 2023, six months ended 30 June 2023 and six months ended 30 June 2024 was 96.2%, 16.7%, 22.2%, 23.3% and 26.1%, respectively. The high gross profit margin for the year ended 31 December 2021 was due to all income were rental income from investment properties without sales of properties. For the year ended 31 December 2022, the Target Company had started selling properties held for sale, thus the gross profit margin percentage was significantly lower comparing with the year ended 31 December 2021. The gross profit margin did not have material fluctuation noted among year end 31 December 2023, six months ended 30 June 2023 and six months ended 30 June 2024.

Other Income

During the Reporting Period, the Target Company received other income as follows:

	Year ended 31 December 2021 *HK$'000*	Year ended 31 December 2022 *HK$'000*	Year ended 31 December 2023 *HK$'000*	Six months ended 30 June 2023 *HK$'000* *(unaudited)*	Six months ended 30 June 2024 *HK$'000*
Interest income from bank balances	530	201	68	31	51
Government grants	181	298	99	57	–
Management fee income	3,735	3,907	343	234	282
Others	726	920	19	3	6
	5,172	5,326	529	325	339

Management fee income from 2021 to 2022 were received from two former fellow subsidiaries; the nature of the management fee income is to support the operation of the former fellow subsidiaries.

Management fee income received from the year ended 31 December 2023 to six months ended 30 June 2024 were management fee income from property management.

Selling Expenses

For the year ended 31 December 2021, 2022, 2023 and six months ended 30 June 2024, the Target Company incurred selling expenses of approximately HK$12.9 million, HK$30.2 million, HK$20.2 million and HK$1.9 million, respectively.

	Year ended 31 December 2021 *HK$'000*	Year ended 31 December 2022 *HK$'000*	Year ended 31 December 2023 *HK$'000*	Six months ended 30 June 2023 *HK$'000* *(unaudited)*	Six months ended 30 June 2024 *HK$'000*
Advertising, Promotion and Entertainment	1,221	20,892	6,662	2,955	325
Depreciation	6,354	6,242	5,790	2,372	1,084
Salaries and Commission	4,191	2,358	6,436	2,604	447
Others	1,141	740	1,318	564	15
	12,907	30,232	20,206	8,495	1,871

For the period ended 30 June 2024, the selling expenses decreased by 78.0% to approximately HK$1.9 million (30 June 2023: HK$8.5 million). The decrease in selling expenses was mainly due to the decrease in advertising, promotion and entertainment expenses of approximately HK$0.3 million, depreciation of approximately HK$1.1 million and salaries and commission of approximately HK$0.4 million as the Target Company reduce selling properties during the period.

For the year ended 31 December 2023, the selling expenses decreased by 33.2% to approximately HK$20.2 million (31 December 2022: HK$30.2 million). The decrease in selling expenses was mainly due to the decrease in advertising, promotion and entertainment expenses of approximately HK$6.7 million which was mainly due to reduction of advertising and promotional effort in selling properties during the period.

For the year ended 31 December 2022, the selling expenses increased by 134.2% to approximately HK$30.2 million (31 December 2021: HK$12.9 million). The increase in selling expenses was mainly due to the increase in advertising, promotion and entertainment expenses of approximately HK$20.9 million which was mainly due to the focus on promoting and advertising the newly constructed properties during the period.

Administrative Expenses

For the year ended 31 December 2021, 2022, 2023 and six months ended 30 June 2024, the Target Company incurred administrative expenses of approximately HK$10.4 million, HK$16.6 million, HK$17.0 million and HK$8.5 million, respectively.

	Year ended 31 December 2021	**Year ended 31 December 2022**	**Year ended 31 December 2023**	**Six months ended 30 June 2023**	**Six months ended 30 June 2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Other taxes	4,209	10,917	4,060	4,519	1,023
Salaries	5,630	4,110	12,281	3,128	4,978
Others	529	1,537	625	345	2,485
	10,368	16,564	16,966	7,992	8,486

Finance Costs

During the Reporting Period, the Target Company incurred finance costs as follow:

	Year ended 31 December 2021 *HK$'000*	Year ended 31 December 2022 *HK$'000*	Year ended 31 December 2023 *HK$'000*	Six months ended 30 June 2023 *HK$'000* *(unaudited)*	Six months ended 30 June 2024 *HK$'000*
Interest on loans from an intermediate holding company	153,034	–	3,072	1,536	3,699
Interest on financing component of contract liabilities	18,064	–	–	–	–
Total borrowing cost	171,098	–	3,072	1,536	3,699
Less: Borrowing costs capitalised into properties under development	(153,034)	–	(2,240)	(1,380)	(2,669)
	18,064	–	832	156	1,030

During the year ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, the weighted average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 12.0%, nil, 12.0% and 12.0% (six months ended 30 June 2023: 12.0% (unaudited)), respectively.

Income Tax Expense/Credit

During the year ended 31 December 2021, the Target Company incurred income tax expense of approximately HK$14.4 million.

During the year ended 31 December 2022 and 2023 and six months ended 30 June 2024, the Target Company incurred income tax credit of approximately HK$32.5 million, HK$18.9 million and HK$40.6 million, respectively.

Profit/Loss Attributable to Owners of the Target Company

For the year ended 31 December 2021, 2022 and 2023 and period ended 30 June 2023 and 2024, the Target Company recorded a profit attributable to the Target Company of approximately HK$16.5 million, a loss attributable to the Target Company of approximately HK$128.7 million, HK$84.7 million and a loss attributable to the Target Company of approximately HK$68.6 million and HK$127.3 million, respectively.

REVIEW OF OPERATIONS

Inventories

	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Six months ended 30 June 2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Properties under development	1,317,333	1,153,611	1,154,409	1,049,394
Properties held for sale	1,208,268	648,971	706,209	701,217
	2,525,601	1,802,582	1,860,618	1,750,611

At 31 December 2021, 2022 and 2023 and 30 June 2024, properties under development amounting to approximately HK$1,317.3 million, HK$1,153.6 million, HK$1,154.4 million and HK$1,049.4 million, respectively and properties held for sale amounting to approximately HK$1,041.3 million, HK$484.9 million, HK$576.3 million and HK$554.4 million respectively are expected to be recovered in more than one year.

The decrease of recovery in more than one year was due to turmoil of PRC property market from the year ended 31 December 2021 to six months ended 30 June 2024 which resulted in lesser amounts of delivery to customers.

Investment Properties

	Year ended 31 December			Six months ended 30 June
	2021	2022	2023	2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Fair value	2,317,700	2,098,038	2,008,370	1,995,270

At 31 December 2021, 2022, 2023 and 30 June 2024, the fair value of investment properties amounting to approximately HK$2,317.7 million, HK$2,098.0 million, HK$2,008.4 million and HK$1,995.3 million respectively. The decrease among the periods were due to the turmoil of PRC property market which leads to general decline of fair value.

The fair value of the Target Company's investment properties at 31 December 2021, 2022 and 30 June 2024 have been carried out by Valtech Valuation Advisory Limited ("**Valtech**") while the fair value of investment properties at 31 December 2023 have been carried out by AP Appraisal Limited ("**AP**

Appraisal"). Valtech and AP Appraisal are independent professional valuers who hold a recognised and relevant professional qualification and have recent experience in the location and category of the investment property being valued.

The valuation for completed properties was derived using the direct comparison approach based on recent market prices without any significant adjustment being made to the market observable data.

The valuation for investment properties under development was derived using the direct comparison approach by making reference to comparable sales evidence as available in the property market. The construction cost incurred and estimated construction cost to complete the development as at the date of valuation are also taken into account.

There were no changes to the valuation techniques during the Reporting Period.

Trade and other receivables

As at 31 December 2021, 2022, 2023 and 30 June 2024, the trade and other receivables of the Target Company amounted to approximately HK$350.4 million, HK$315.4 million, HK$375.3 million and HK$267.8 million, respectively.

Bank balances and cash

As at 31 December 2021, 2022, 2023 and 30 June 2024, the cash and bank balances of the Target Company amounted to approximately HK$22.3 million, HK$3.2 million, HK$0.3 million and HK$0.2 million respectively and all the cash and bank balances of the Target Company were denominated in RMB.

FINANCIAL RESOURCES REVIEW

Liquidity and Financial Resources

By adopting a prudent financial management approach, the Target Company continued to maintain a healthy financial position. As at 31 December 2021, 2022 and 2023 and 30 June 2024, the Target Company had cash and cash equivalents of approximately HK$22.3 million, HK$3.2 million, HK$0.3 million and HK$0.2 million, respectively. The working capital represented by net current assets amounted to approximately HK$505.2 million, HK$1,199.4 million, HK$1,081.2 million and HK$905.4 million, respectively. The current ratio was approximately 1.2, 1.8, 1.6 and 1.6, respectively. The gearing ratio, which is calculated at borrowings divided by net asset value, was 76.5%, nil, nil and nil, respectively.

The borrowings of the Target Company as at 31 December 2021, 2022, 2023 and 30 June 2024 included interest-bearing borrowings of approximately HK$1,356.3 million, nil, nil and nil, respectively. All interest-bearing borrowings were unsecured and denominated in RMB.

Amounts due to the immediate holding company, namely Shenzhen Hong Jia Xin Technology Limited, as at 31 December 2021 and 2022 amounting to approximately HK$104.1 million and nil respectively, which were unsecured, interest-free and repayable on demand.

Amounts due to the immediate holding company, namely Shenzhen Baokai Investment Holding Company Limited, as at 31 December 2023 and 30 June 2024 amounting to approximately HK$7.4 million and HK$0.1 million respectively, which were unsecured, interest-free and repayable on demand.

Amounts due to the intermediate holding company, namely Baoxin Holdings Company Limited, as at 31 December 2021 amounting to approximately HK$36.8 million, which was unsecured, interest-free and repayable on demand.

As at 31 December 2021, the maturity profile of the borrowings was approximately HK$463.9 million (representing approximately 34.2% of the total borrowings) due within one year, approximately HK$463.3 million (representing approximately 34.2% of the total borrowings) due after one year but not exceeding two years, and approximately HK$429.1 million (representing 31.6% of the total borrowings) due after two years but not exceeding five years.

The Target Company is exposed to interest rate risk which arises primarily from bank balances.

As at 31 December 2021, the interest-bearing borrowings balance of the Target Company of approximately HK$1,356.3 million was charged at fixed interest rate.

Charge of Assets

At 31 December 2021, 2022 and 2023 and 30 June 2024, the carrying amount of properties held for sale amounting to approximately HK$1,208.3 million, nil, nil and nil, respectively were pledged as security to a financial institution located in the PRC for interest-bearing borrowings granted to an intermediate holding company, and amounting to approximately nil, nil, HK$265.2 million and HK$263.3 million were pledged as security to a financial institution located in the PRC for interest-bearing borrowings granted to a shareholder.

At 31 December 2021, and 2022 and 2023 and 30 June 2024, investment properties amounted to approximately HK$1,841.2 million, nil, nil and nil respectively are pledged as security to a financial institution located in the PRC for interest-bearing borrowings granted to an intermediate holding company.

Funding and treasury policy

For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, the Target Company primarily financed its operations and investing activities with its operating revenue, internal resources and bank and other borrowings. The directors of the Target Company believed that the Target Company had sufficient resources to satisfy its capital expenditure and working capital requirement. The Target Company regularly reviewed its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

Capital and Other Commitments

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the Target Company had contracted but not provided for capital and other commitments of approximately HK$4,220.8 million, HK$3,872.7 million, HK$3,487.8 million and HK$3,454.9 million, respectively.

Currency Exposure and Management

During the Reporting Period, the Target Company's receipts were mainly denominated in RMB. The Target Company's payments were mainly made in RMB.

As the business activities of the Target Company's property investment and development segments were mainly conducted in the mainland China, most of the Target Company's labour costs and manufacturing overheads were settled in RMB. As such, fluctuation of the RMB exchange rate will have an impact on the Target Company's profitability. The Target Company will closely monitor movements of RMB and, if necessary, consider entering into foreign exchange forward contracts with reputable financial institutions to reduce potential exposure to currency fluctuations. During the Reporting Period, the Target Company did not enter into any foreign exchange forward contract or any other financial instruments for hedging purpose.

Financial Guarantees

As at 31 December 2021, 2022, 2023 and 30 June 2024, the fair values of financial guarantees amounting to approximately nil, nil, HK$9.1 million and HK$8.9 million respectively.

Guarantees in respect of mortgage facilities for certain purchasers of the Target Company's properties:

At 31 December 2021, 2022 and 2023 and 30 June 2024, guarantees amounting to approximately HK$19.4 million, HK$271.6 million, HK$59.7 million and HK$39.5 million are given to banks with respect to mortgaged loans procured by the purchasers of the Target Company's properties. Such guarantees will be released by banks upon the issuance of the real estate ownership certificate to the purchasers or the satisfaction of the mortgaged loans by the purchasers, whichever is earlier. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Target Company will be responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Target Company is entitled to take over the legal title and possession of the related properties. The directors of the Target Company consider that the likelihood of default in payments by purchasers is minimal.

The Target Company has granted the land charge ("**Land Charge**") to the Secured Loan granted to GSLG Group which shall be mature on 19 October 2025. Management performed the assessment on the credit risk and the sufficiency of loss allowance for this financial guarantee with historical loss rates experience and forward-looking information. They also engaged an independent professional valuer to assess the fair value of financial guarantee for each year or period end.

Save as aforesaid or otherwise disclosed herein, at the close of business on 31 December 2021, 2022 and 2023 and 30 June 2024, the Target Company had neither any guarantee nor any other contingent liabilities in existence.

Significant Investments, Material Acquisitions and Disposals

The Target Company did not have any significant investments, material acquisition and disposal of subsidiaries and associated companies during the year/period ended 31 December 2021, 2022 and 2023 and 30 June 2024.

Segment Information

The Target Company had a single operating and reportable segment throughout the Reporting Period, as the Target Company engaged in the business of property development and property investment.

Employees and Remuneration Policy

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the Target Company had 93, 81, 89 and 51 full-time employees respectively in PRC. For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, the Target Company provided periodic training to its employees in relation to different areas such as environmental, social and governance issues, intellectual property and work safety.

For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, staff remuneration for the employees of the Target Company included salary pay, discretionary bonus payment which depended on individual performance and profitability of the Target Company, contributions to the social security insurance in the PRC and mandatory provident fund scheme in Hong Kong, medical insurance and other competitive fringe benefits. The remuneration policies for the employees of the Target Company were determined according to the responsibility, competence, skills, experience and performance of the employees as well as market pay level. The Target Company reviewed remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees.

Future plans for material investments or capital assets

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the Target Company did not have any future plans for material investments or capital assets.

Events after the Reporting Period

No significant event of the Target Company occurred after the Reporting Period and up to the date of this circular.

Purchase, sale or redemption of listed securities of the Target Company

Neither the Target Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Target Company's listed securities during the Reporting Period.

The following is the text of a valuation report, prepared for the purpose of incorporation in this circular received from Valtech Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 31 May 2024 of Target Company.

Valtech Valuation Advisory Limited
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The Board of Directors
Renze Harvest International Limited
Room 2308, 23/F,
China Resources Building
26 Harbour Road,
Wanchai,
Hong Kong

30 August 2024

Dear Sir/Madam,

Valuation Services in relation to Equitable Value of Shantou Taisheng Technology Limited

In accordance with the instructions from Renze Harvest International Limited (the "**Company**"), we have been engaged by the Company to assist to determine the following subject of valuation (the "**Subject of Valuation**") as at 31 May 2024 (the "**Valuation Date**").

- Valuation of Shantou Taisheng Technology Limited ("**Target Company**") as at the Valuation Date for transaction reference purpose.

Our analyses are substantially based on the information provided to us by the existing management of the Company (the "**Management**"). It is our understanding that our analyses, and the subsequent appraised estimation of Equitable Value (as defined in the section Standard and Basis of Value), will be used by the Management solely for their purpose of transaction reference. Our analyses were conducted for the above stated purpose. As such, this report should not be used by the Company for any other purpose other than those that are expressly stated herein without our expressed prior written consent.

Our work was subject to section Statement of Limiting Conditions as described till the end of this report. The basis of value follows the definition of Equitable Value as stipulated in the International Valuation Standard ("**IVS**") published by the International Valuation Standards Council, premised on the Subject of Valuation being a "Highest and Best Use" basis.

The approaches and methodologies used in our work did not comprise an examination to ascertain whether Target Company's presented financial information were constructed in accordance with generally accepted accounting principles. The objective of the aforesaid examination is of course to determine whether existing current financial statements or other financial information, historical or prospective, which are provided to us by the Management, are being expressed as a fair presentation of Target Company's financial condition. As such, we express no opinion and accept no responsibility on the accuracy and/or completeness of the historical and projected financial information of Target Company, and of the marketing materials or other data provided to us by the Management.

Our conclusion on Equitable Value do not constitute nor shall they be construed to be an investment advice or an offer to invest. Prior to making any decisions on any investments, a prospective investor should independently consult with their own investment, accounting, legal and tax advisers to critically evaluate the risks, consequences, and suitability of such investment.

SCOPE AND PURPOSE OF ENGAGEMENT

We were engaged by the Management to assist to determine the Equitable Value of the Subject of Valuation as at the Valuation Date. It is our understanding that our analysis will be used by the Management solely for their transaction reference purpose.

It is understood that the valuation result may be referenced or inserted in full in the public document of the Company.

STANDARD AND BASIS OF VALUE

This valuation was prepared on the basis of Equitable Value. In accordance with IVS, Equitable Value is price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties. The IVS details the general guideline on the basis and valuation approaches used in valuation.

PREMISE OF VALUE

Premise of value relates to the concept of valuing a subject, i.e., a business, in a manner which would generate the greatest return to the owner, taking account what is physically tangible, financially feasible, and legally permissible. Premise of value includes the following scenarios:

- **Highest and Best Use:** is the use that would produce the highest and best use for an asset, and it must be financially feasible, legally allowed and result in the highest value;

- **Current Use/Existing Use:** is the current way an asset, liability, or group of assets and/or liabilities is used, maybe yet not necessarily the highest and best use;

- **Orderly Liquidation:** describes the value of a group of assets that could be realised in a liquidation sale, given a reasonable period of time to find a purchaser(s), with the seller being compelled to sell on an as-is, where-is basis; and

- **Forced Sale:** is in circumstances where a seller is under compulsion to sell and that, as a consequence, a proper marketing period is not possible and buyers may not be able to undertake adequate due diligence.

After having reviewed all background and financial information and taken into consideration all relevant facts, valuation of Equitable Value of the Subject of Valuation should be prepared on a "Highest and Best Use" basis.

The "Highest and Best Use" basis is adopted because the purpose of valuation is for transaction reference and both the purchaser and vendor of the Target Company in the acquisition are looking for highest and best use of the Target Company that would result in highest value for arm's length transaction.

In this valuation, the properties under the Target Company including inventories and investment properties are the principal assets. The highest and best use of the property is usually the use of these assets that maximizes its potential, and that is possible, legally permissible and financially feasible. This basis or concept is commonly applied in most valuation of properties. Therefore, to arrive at valuation of equity interest in a company that would hold property asset as the principal asset, the highest and best use basis is usually being adopted as well.

LEVEL OF VALUE

Current valuation theories suggest that there are at least four basics "levels" of value applicable to a business or business interest. The four most common levels of value are as follows:

- **Controlling Interest:** Value of the controlling interest of a business, always evaluate an enterprise as a whole;

- **Non-controlling Interest:** Value of the non-controlling interest of a business;

- **As if Freely Tradable Interest:** Value of a business that or business interest that enjoys the benefit of market liquidity; and

- **Non-marketable Interest:** Value of a business or business interest that lacks market liquidity.

After having reviewed all background and financial information and take into consideration all relevant and objective facts, we reasonably believe Subject of Valuation should be valued and reported in this valuation as a Controlling Interest and Non-marketable Interest.

The "Controlling Interest" basis is adopted because the Company holds 51% equity interest in the Target Company before the acquisition and this subsequent acquisition of 42.33% equity interest in the Target Company is considered as subsequent increase in shareholding in the Target Company. From the Company's perspective, the Target Company is in control before and after the acquisition, and thus "Controlling Interest" basis is adopted.

Given the Company has been having discussion with the vendor for acquisition of the controlling stake in the Target Company, though the acquisition will be done in a series of transactions but not in one go, it does not change the overall picture that the Company is buying a majority stake from the vendor given the purchaser and vendor have been the same entities. From equitable point of view, we considered minority discount should not be applied as the buyer and seller have been the same. It is reasonable to consider the series of transactions as one deal.

The "Non-marketable Interest" is adopted because the Target Company is a privately held company where its share has no access to a public exchange.

SOURCES OF INFORMATION

Our analysis and conclusion of opinion on value were based on continued discussions with, and having obtained pertinent key documents and records provided by the Management, and conducted certain procedures including but not limited to:

- Obtained unaudited consolidated management account of the Target Company for the period ended 31 May 2024;
- Obtained share purchase agreement ("**SPA**") between the GSLG and the Company;
- Obtained breakdown of account receivables with aging status;
- Obtained breakdown of deferred tax assets and liabilities;
- Obtained PRC legal due diligence report on the Target Company prepared by Shenzhen Branch of Allbright Law Offices; and
- Obtained latest project development status of the Project of the Target Company.

We have also relied upon publicly available information from sources in capital markets, including industry reports, news and various databases of publicly traded companies.

ECONOMIC OVERVIEW

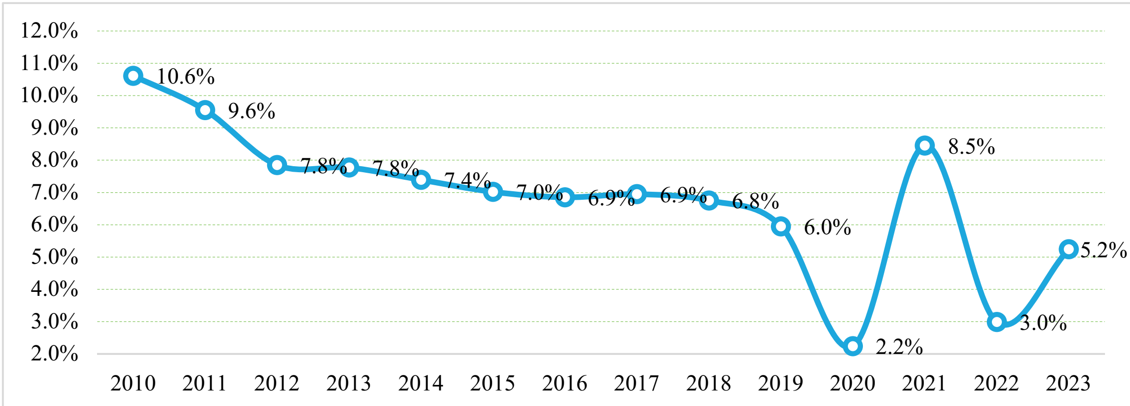
To substantiate the economic background of the country where the Target Company with principal place of business is located, we have reviewed the economic condition of the People's Republic of China ("**PRC**") where the Target Company will derive its current and future income from.

GDP Growth

According to the draft proposal of the 14th Five-Year Plan (2021-2025) and Vision 2035 (2021-2035), China aims on building a moderately prosperous society in all respects. Therefore, the economy growth is expected to be kept from high-speed growth to high-quality growth and rebalanced with supply-side structural reform.

The coronavirus outbreak is having a severe impact on economic activity in 2020, and the Gross Domestic Product (GDP) growth was recorded by 2.2%. With the pandemic fading and containment efforts gradually unwound, the economy accelerated sharply to grow to 8.5% in 2021. However, the appearance of more contagious variants in 2022 has led to more frequent and longer lockdowns under the zero-COVID policy, with the restrictions and related uncertainty weighing on domestic demand, leading a significant slowdown from 8.5% in 2021 to 3.0% in 2022. After a series of announcements, the zero-COVID strategy was relaxed in November and December 2022. According to World Economic Outlook Database published by International Monetary Fund ("**IMF**") in April 2024, the GDP growth in the PRC rebounded to 5.2% in 2023.

Real GDP Annual Growth Rate in the PRC, 2010 to 2023



Source: World Economic Outlook Database (April 2024), International Monetary Fund& National Bureau of Statistics of China

Real GDP Annual Growth Rate and Inflation Forecast of the PRC

	2024F	**2025F**	**2026F**	**2027F**	**2028F**
Real GDP Annual Growth Rate (%)	4.6	4.1	3.8	3.6	3.4
Inflation (%)	1.0	2.0	2.0	2.0	2.0

Source: World Economic Outlook Database (April 2024), International Monetary Fund

Growth in China will remain strong but is projected to decline gradually as the Chinese government's intention to "de-lever" the economy through controlling credit growth in order to maintain a healthy growth of the economy in long run. Nevertheless, supply-side structural reforms as well as regulatory tightening to mitigate environmental and financial remain definite drags on growth. External uncertainty risks including trade frictions with the U.S. persist and real estate activity continues to show significant variations nationwide, although property market prudential measures have so far tamed volatility.

In the near term, the deep contraction in the real estate sector, and weaker global growth are the main drags, while a secular decline in productivity growth and demographic headwinds, amid geoeconomic fragmentation pressures, are weighing on medium-term growth prospects.

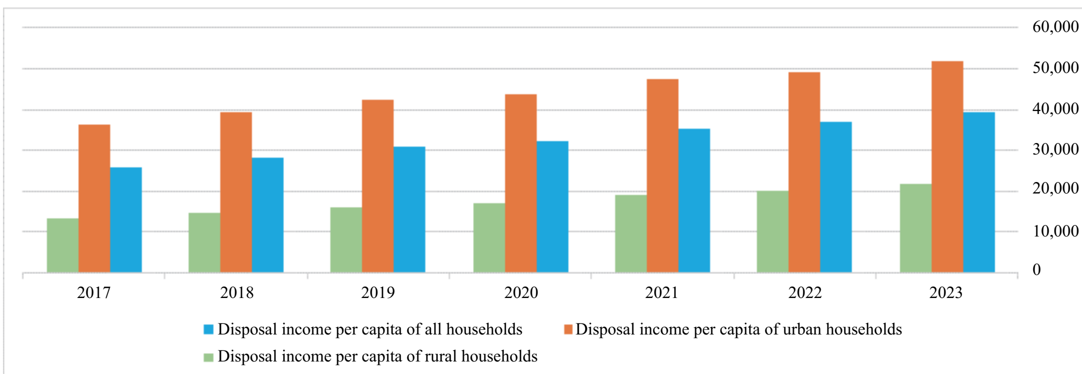
GDP per Capita

The 13th Five-Year Plan adopted in 2016 mandated that China becomes a "moderately prosperous society" and doubles its real GDP between 2010 and 2020. The disposable income level, one of the good measures, has grown significantly over the past few years. According to the latest data from National Bureau of Statistics of China, annual disposable income per capita of urban households in China has increased from RMB36,396 in 2017 to RMB51,821 in 2023, representing a CAGR of approximately 6.07%; annual disposable income per capita of rural households has increased from RMB13,432 in 2017 to RMB21,691 in 2023, representing a CAGR approximate to 8.32%; GDP per capita has increased from RMB59,592 in 2017 to RMB89,358 in 2023, representing a CAGR approximate to 6.99%.

In comparison to the inflationary figures, the annual inflation rate is between 0.2% and 2.1% during the period from 2018 to 2023. Hence, the living standard of Chinese people saw an overall improvement.

The following diagram shows the annual resident disposal income per capita from 2017 to 2023.

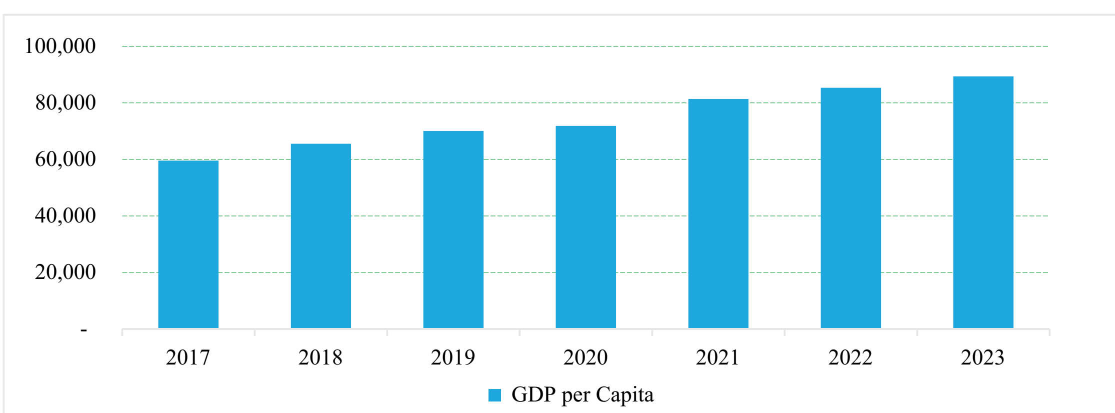
Disposal income per capita of the PRC from 2017 to 2023



Source: National Bureau of Statistics of China

The following diagram shows the GDP per capita of the PRC from 2017 to 2023.

GDP per capita (RMB) of the PRC from 2017 to 2023



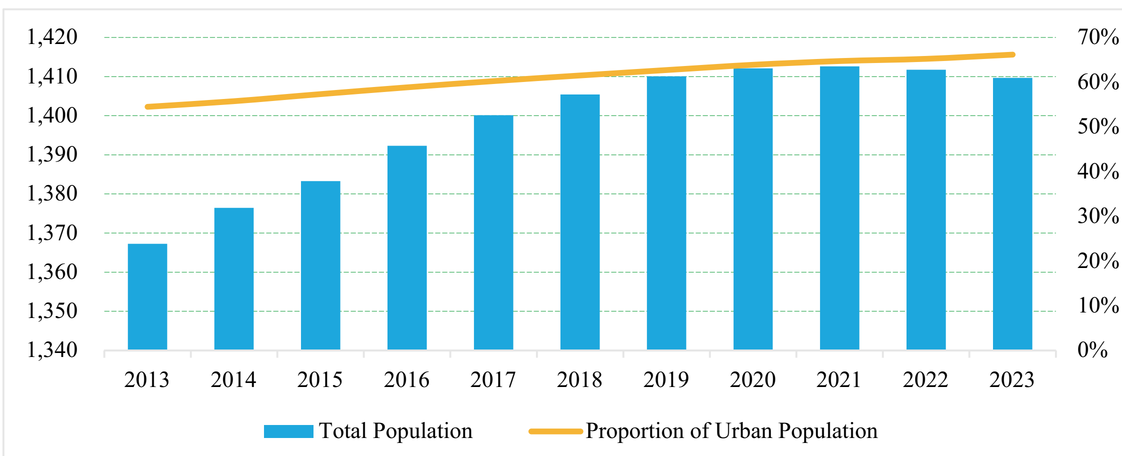
Source: National Bureau of Statistics of China

Population Growth

The population growth of the PRC has been slowing in recent years, the total population in 2023 is the lowest in nearly five years. The slowing population growth is primarily attributed to several factors, such as the increased urbanization and late marriage phenomenon. According to the National Bureau of Statistics of China, the population has increased from 1.37 billion in 2013 to 1.41 billion in 2023, representing a CAGR of approximately 0.31% only. Concurrently, the proportion of the urban population in the PRC has risen from 54% in 2013 to 66% in 2023.

The following diagram illustrates the population growth and corresponding urban population growth in the PRC from 2013 to 2023.

Population and Portion of Urban Population in the PRC



Source: National Bureau of Statistics of China

For the next ten years, population growth is expected to continue declining, reflecting the ongoing demographic transition in the PRC. The future growth of domestic demand is anticipated to depend on population growth, as well as increasing urbanization and the expansion of the middle class. Meanwhile, the unemployment rate has been recorded at around 5.2% for the past few years, the IMF data indicates that the unemployment rate in the PRC is expected to remain relatively stable at around 5.0% to 5.1% during the period from 2024 to 2028.

The PRC's one-child policy, starting in 1979, has slowed down the birth rate, but the side effects of the policy are starting to take effect in the current decade. The number of elderly people is rising, and this age group is forecasted to grow in the next few decades. The government has recognized this trend and introduced the two-child policy since October 2015. As a result, the number of 0-to-14-year-olds has experienced a slight increase in the past 10 years.

Inflation

The inflation rate in the PRC has slightly decreased since 2011 and picked up in 2019. According to the IMF, the inflation rate was recorded at nearly the lowest point at 0.2% in 2023 in the PRC, but it is estimated to increase to roughly 1.0% in 2024 and remain stable at around 2.0% over the period of 2025 till 2028. These projected inflation rates are expected to remain below the authorities' target of 3.0%. Near-term price pressures are expected to remain muted. With the modest growth pickup, the output gap will gradually close. Demand-supply imbalances are expected to remain small despite reopening, as the full lifting of COVID restrictions is anticipated to be gradual and result in a slow shift in demand toward contact-intensive sectors. However, the outlook for inflation in the PRC lags behind the inflation of the world's average and that of emerging and developing economies.

Annual Inflation Forecasts of the PRC versus World Economies

Inflation rate, average consumer prices (Annual percent change)

	2024F	**2025F**	**2026F**	**2027F**	**2028F**
World	5.94	4.51	3.73	3.49	3.40
Emerging market and developing economies	8.29	6.19	4.87	4.45	4.26
The PRC	0.97	1.99	1.95	1.95	1.95

Source: World Economic Outlook Database (April 2024), International Monetary Fund

The RMB yuan has steadily depreciated against the U.S. dollar since the beginning of 2022, the U.S. dollar has broadly strengthened, mainly reflecting the Federal Reserve's (Fed) interest rate hikes and the rise in US Treasury yields over the past two years. The authorities have resisted providing strong fiscal support, taken steps to stabilize exchange rate expectations, including lowering the FX reserve requirement ratios in September 2023 to provide more onshore FX liquidity, tightening the reserve requirement on FX forwards, and raising the cross-border financing macro-prudential adjustment parameter for financial institutions and enterprises.

US Dollar Versus RMB Yuan, Jan 2018 to Apr 2024

Source: Yahoo Finance

Government Policy

In the annual Central Economic Work Conference held in Beijing in December 2023, the authorities emphasized that China's economy achieved a recovery, with solid progress made in high-quality development in 2023. To further revive the economy, China still faces several difficulties and challenges, including a lack of effective demand, overcapacity in some sectors, lackluster social expectations, certain risks and hidden problems, bottlenecks in domestic circulation, as well as the rising complexity, severity, and uncertainty of the external environment.

The meeting listed priorities in nine aspects for the economic work in 2024 as follows:

- Sci-tech innovation should lead the development of a modern industrial system;
- Expanding more to domestic demand;
- Deepen Reforms in key areas;
- Expanding high-standard opening up;
- Prevented and defused Risks in key areas in a continuous and effective manner;
- Making sustained efforts to do an excellent job in the work related to agriculture, rural areas and farmers;
- Making efforts to facilitate integrated urban-rural development and coordinated regional development;
- Advance ecological conservation and promote green and low-carbon development; and

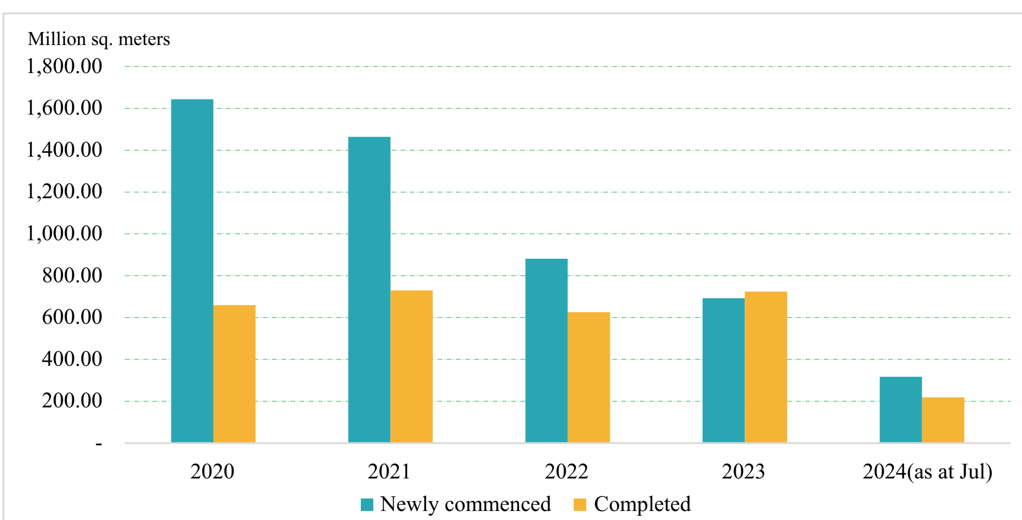
• Making efforts to secure and improve people's livelihoods.

INDUSTRY OVERVIEW

The real estate sector in China remains a critical pillar of the nation's economy, contributing approximately 13% to the national GDP as of 2023. The sector has historically been a major driver of economic growth, employment, and urban development. However, recent years have seen the industry enter a phase of adjustment, influenced by regulatory changes, economic shifts, and evolving consumer demands. China's real estate sector operates within a dynamic macroeconomic framework, heavily influenced by government policies aimed at stabilizing the market. As of Q2 2024, the Chinese government continues to enforce the "three red lines" policy[1], a regulatory measure introduced in 2020 that caps the debt levels of real estate developers. According to reports published by China Index Academy, this policy has led to a reduction in leverage among top developers, with the average debt-to-asset ratio, excluding advance receipts, declining by 0.4% to 62% for real estate companies listed on the Shanghai and Shenzhen stock exchanges in 2023.

According to latest data from Nation Bureau of Statistics, in 2023, the newly commenced floor area of housing projects nationwide was 693 million square meters, representing a year-on-year decrease of 21%. The total real estate development investment amounted to RMB11.09 trillion, down 9.6% year-on-year. The growth rate continued to weaken on a low base, marking two consecutive years of negative growth. Meanwhile, the total floor area of completed housing projects nationwide reached 724 million square meters, up 16% year-on-year, reflecting steady progress in the "guaranteed delivery of housing" initiatives and a strong performance in housing completions.

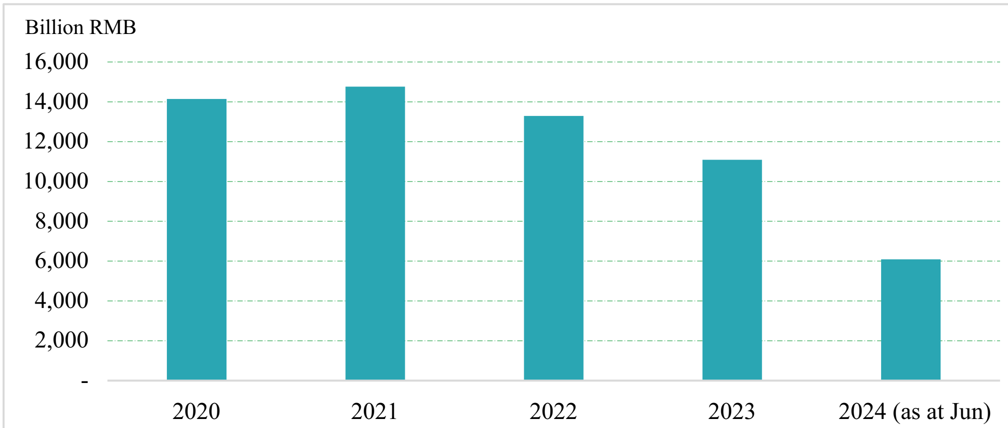
Figure 1 Newly commenced and completed floor areas of housing projects nationwide in the PRC



Source: Nation Bureau of Statistics

1. *Refers to: i) The debt (excluding advance receipts) -to-asset ratio of real estate companies exceeds 70%; ii) The net debt-to-asset ratio of real estate companies is greater than 100% and iii) The cash to short-term debt ratio of real estate companies is less than 1.0x.*

Figure 2 Total real estate development investments in the PRC



Source: Nation Bureau of Statistics

In 2023, the total transaction area of residential properties nationwide was 948 million square meters, down 8.2% year-on-year, while the total sales value reached RMB10.3 trillion, a decrease of 6.0% year-on-year. Although the real estate sales market saw a brief rebound in certain areas during February and March, it cooled off from the second quarter onwards, with market sentiment remaining subdued. The market displayed divergent trends: first-tier and strong second-tier cities demonstrated relative resilience, while overall transactions in third- and fourth-tier cities remained weak. Regionally, the Yangtze River Delta market showed stronger resilience, with cities such as Shanghai, Hefei, and Hangzhou maintaining a certain level of market activity, whereas the recovery in the Pearl River Delta was slower. In the central and western regions, most cities, except Chengdu and Xi'an, continued to experience weak sales.

The commercial real estate segment has shown resilience, with office and logistics spaces experiencing stable demand. According to JLL research, the vacancy rate for Grade A office spaces in Tier 1 cities stood at 12.3%, a slight improvement from 13.1% in 2022, driven by demand from technology and financial services companies. Meanwhile, the logistics sector has benefitted from the growth of e-commerce, with the total stock of modern logistics facilities increasing by 7.8% year-over-year to 290 million square meters by the end of 2023.

Housing Prices

As for transaction prices, the prices of newly built residential properties in 70 large and medium-sized cities remained in negative growth territory throughout the year. Although the year-on-year decline narrowed slightly in the first half of the year, improvement was limited, and the decline widened again in the second half. In December 2023, prices fell by 0.9% year-on-year, and the month-on-month prices remained negative starting from June. Among different city tiers, the market in first-tier cities weakened marginally, second-tier cities saw a slowdown in improvement, and third- and fourth-tier cities continued to face downward pressure. By the end of December, prices in first-tier cities declined by 0.1% year-on-year, a drop of 2.6% compared to the end of 2022. In contrast, the price indices in second- and third-tier cities increased by 0.1% and decreased by 1.8% year-on-year, respectively, representing improvements of 1.2% and 2.1% from the end of 2022.

Financing Environment

Despite the frequent issuance of supportive financing policies throughout 2023, the financing environment for the real estate sector remained weak. The total funds available to real estate development enterprises for the year amounted to RMB12.7 trillion, down 13.6% year-on-year. All sub-indices showed year-on-year declines: domestic loans decreased by 9.9%, self-raised funds dropped by 19.1%, and financial institutions remained cautious in providing financing to real estate companies. Due to weak sales, the growth rates of deposits and advance payments, as well as personal mortgage loans, fell by 11.9% and 9.1% year-on-year, respectively, with non-state-owned real estate companies facing even greater financing difficulties.

Overall, the real estate market in China continued to undergo a deep adjustment. The Central Economic Work Conference emphasized that "the favorable conditions for China's development outweigh the unfavorable ones, the economic recovery trend remains positive, and the long-term upward trajectory has not changed. We must strengthen confidence and courage.". As a pillar industry of the national economy, the real estate sector's recovery is still a key factor in releasing domestic demand and meeting broader macroeconomic recovery expectations. It is expected that with multi-tiered policy support and guidance from the central to local governments, the real estate market will gradually stabilize and maintain healthy and stable development in the medium to long term.

COMPANY OVERVIEW

Renze Harvest International Limited

Renze Harvest International Limited is a listed company in Stock Exchange of Hong Kong (1282.HK). The Company is principally engaged in the business of automation, property investment and development, financial services, and securities investment.

Glory Sun Land Group Limited

Glory Sun Land Group Limited ("**GSLG**") is a listed company in Stock Exchange of Hong Kong (299.HK). GSLG is principally engaged in the business of commodities trading, real estate and property investment and construction.

Shantou Taisheng Technology Limited

Shantou Taisheng Technology Limited is a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company. The Target Company is solely engaged in a development and construction project located at Longhu District, Shantou City, Guangdong Province, the PRC, with total land area of approximately 167,000 sq.m. and a gross floor area of approximately 928,000 sq.m., which is divided into three zones, and involve office and commercial buildings, residential units and loft apartments (the "**Project**").

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

(a) a plot of land located at plot F02-10, the south zone of the Project (the "**South Zone**") with gross floor area of approximately 189,000 sq.m. and a term ending in January 2057;

(b) a plot of land located at plot F01-11, the north zone of the Project, (the "**North Zone**") withgross floor area of approximately 507,000 sq.m. and a term ending in January 2057; and

(c) a plot of land located at plot F02-08, the middle zone of the Project (the "**Middle Zone**") with gross floor area of approximately 232,000 sq.m. and a term ending in January 2057.

TRANSACTION OVERVIEW

As disclosed in the circular, on 19 October 2022, an indirectly wholly-owned subsidiary of the GSLG (the "**Vendor**") and an indirectly wholly-owned subsidiary of the Company (the "**Purchaser**") entered into the SPA, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell 51% of the total equity interest and actual paid-up registered capital of the Target Company ("**1st Tranche**") for consideration of RMB1,175.55 million. Pursuant to the SPA, the Vendor shall dispose the remaining 49% of the total equity interest and actual paid-up registered capital of the Target Company ("**2nd Tranche**") to the Purchaser for consideration of RMB1,129.45 million within 12 months from the 1st Tranche completion. As disclosed in the announcement of the Company dated 22 March 2023, the 1st Tranche completion took place on 22 March 2023. Immediately after the 1st Tranche completion, the Target Company has become an indirect non-wholly owned subsidiary of the Company.

As disclosed in the announcement of the Company dated 22 March 2024, in or about October 2023, the Purchaser was informed by the principal contractor of the development and construction project undertaken by the Target Company located at Longhu District, Shantou City, Guangdong Province, the PRC (i.e. the Project) that there would be certain delay to the progress of examination and settlement of the properties under the Project, leading to a certain part of the Project not being completed as scheduled. As a result of the delay in completion of the Project, additional time was required for the satisfaction of the conditions precedent for the acquisition of 2nd Tranche.

By around mid-May 2024, the Purchaser proposed to the Vendor to downsize the acquisition of original 2nd Tranche from 49% to 42.33% of the total equity interest and actual paid-up registered capital of the Target Company for consideration of RMB975.69 million.

VALUATION METHODOLOGY OVERVIEW

The valuation of any asset can be broadly classified into one of the three approaches, namely the cost approach, the market approach and the income approach. In any valuation analysis, all three approaches must be considered, and the approach or approaches deemed most relevant will then be selected for use in the analysis of that asset.

Cost Approach

This is a general way of determining the economic value of a business, business ownership interest, security, or intangible asset by using one or more methods based on the value of the assets net of liabilities. Value is established based on the cost of reproducing or replacing the property, less depreciation from physical deterioration and functional and economic obsolescence, if present and measurable.

Summation method is a method under cost approach, which is a method that calculates the value of an asset by the addition of the separate values of its component parts.

Market Approach

This is a general way of determining the economic value of a business, business ownership interest, security, or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities, or intangible assets that have previously been sold.

Value is established based on the principle of comparison. This simply means that if one thing is similar to another and could be used for the other, then they must be equal. Furthermore, the price of two alike and similar items should be approximate to one another.

Income Approach

This is a general way of determining the economic value of a business, business ownership interest, security, or intangible asset by using one or more methods that convert anticipated benefits into a present value amount.

In the income approach, an economic benefit stream of the asset under analysis is selected, usually based on historical and/or forecasted cash flow. The focus is to determine a benefit stream that is reasonably reflective of the asset's most likely future benefit stream. This selected benefit stream is then discounted to present value with an appropriate risk-adjusted discount rate. Discount rate factors often include general market rates of return at the valuation date, business risks associated with the industry in which the company operates, and other risks specific to the asset being valued.

SELECTED VALUATION APPROACH

Valuation Subject	Methodology	Reason
Equitable Value of the Target Company	Cost Approach – Summation Method	The market approach is considered and rejected. There is no publicly available information regarding the possible recent observable transactions in substantially similar businesses to the Target Company which is a property holding company. The income approach is considered and rejected. Reasonable projections of the amount and timing of future income are not available for the Target Company; and the financial projections require inputs of different assumptions which might inherit uncertainty. The cost approach is considered and accepted. The principal asset of the Target Company are the properties of the Project and its value could be readily determined with reference to the valuation of the property of the Project, The summation method, also referred to as the underlying asset method, is typically used for entities for which value is primarily a factor of the values of their holdings.
Trade Receivables	Expected Credit Loss Assessment – Provision Matrix	The trade receivables are financial assets to the Target Company. As a practical expedient for reporting entities without sophisticated credit risk management system, Hong Kong Financial Reporting Standard 9 suggests a simplified approach for trade receivables where a lifetime ECL is to be assessed. Under the simplified approach, a provision matrix may be used to estimate expected credit loss of trade receivables, where these accounts do not contain a significant financing component. The provision applied on the book value of trade receivables shall approximate the fair value of trade receivables.
Other Receivables	Effective Interest Method	The other receivables are financial assets to the Target Company. They are expected to be recovered at a future time. The cashflow discounted by effective interest under income approach is considered appropriate in valuing the assets.

GENERAL ASSUMPTIONS

A number of general assumptions were established to sufficiently support our conclusion of valuation. The general assumptions adopted in this valuation are:

- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the existing political, legal, commercial and banking regulations, fiscal policies, foreign trade and economic conditions in countries/regions where the Target Company currently operates in and in new markets that the Target Company may potentially expand into as proposed by Management;

- There are no deviations, the aggregate of which when viewed together, may be construed to be a material adverse change in industry demand and/or market conditions;

- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the fluctuation of interest rates or currency exchange rates in any country which would be deemed to have a negative impact or the ability to hinder the existing and/or potentially future operations of the Target Company;

- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the current laws of taxation in those countries in which the Target Company operates in or the Target Company may potentially operate in;

- All relevant legal approvals, business certificates, trade and import permits, bank credit approval have been procured, in place and in good standing prior to commencement of operations by the Target Company under the normal course of business;

- Revenue projections and future business potential generated from the Target Company are expected to largely conform to those as forecasted by the Management;

- The Target Company will be able to retain existing and competent management, key personnel and technical staff to support all facets of the ongoing business and future operations; and

- Trademarks, patents, technology, copyrights and other valuable technical and management knowhow will not be infringed in countries/regions where the Target Company is or will be carrying on business.

EXPECTED CREDIT LOSS ASSESSMENT OF TRADE RECEIVABLES

The Hong Kong Financial Reporting Standard 9 ("**HKFRS 9**") suggests that the financial instruments can be analyzed by grouping into portfolios of shared credit risk characteristics. As such, we have analyzed the trade receivables based on grouping of similar types of counterparties, industries, or past-due status.

We have reviewed and summarised the typical credit risk profiles of the counterparties of the Company and decided that the risk should be categorized by the groups of the counterparties and their overdue days. Once we have the trade receivables grouped by similar types of counterparties, industries, or past-due status, we can proceed to apply the provision matrix based on historical and market data on potential default events. It is assumed that the historical aging schedules, settlement, industry credit data and default records can be reliably measured and be relied on when measuring the ECL, and forward-looking information based on estimates of macroeconomic indicators as at the Valuation Date can be reliably measured.

ECL Rate Summary of Trade Receivables as at Valuation Date

Age Band	Current-30 days past due	31-60 days past due	61-180 days past due	181-365 days past due	Over 365 days past due
ECL rate%	0.63%	0.71%	0.72%	4.38%	100.00%

The historical loss rates are based on 3-year aging analysis with reference to higher of historical deemed loss and industry loss. The receivables with over 365 days past due are deemed to be in default with 100% loss pursuant to discussion with Management. We have considered forward looking macro-economic factors by regression model where the model studies the relationship between default rates and recent and forecasted macroeconomic data.

We have performed the expected credit loss assessment on the trade receivables using the above methodology and the calculated provision was lower than the provision incurred by the Management. Hence, we considered the provision made to trade receivables would be sufficient and the book value could represent its fair value.

VALUATION OF OTHER RECEIVABLES

Other receivables, which have features similar to trade receivables, are recorded under current assets on the balance sheet. Current assets are those that are estimated to be converted to cash in the coming year. These receivables can be advances to employees, tax refunds, or non-trade receivables.

For valuation of other receivables, the effective interest method has been adopted to determine the expected present value of other receivables. The effective interest method is a technique used for amortizing financial instruments to show the actual interest rate in effect during any period in the life of the financial instrument before maturity. It is based on the financial instrument's book value at the beginning of any given accounting period.

We have grouped the other receivables by types of counterparties, commercial entities, subsidiary of GSLG, long outstanding and deemed default counterparties. We have performed credit assessment on GSLG by making reference to common financial metrics in research report issued by Moody's. We considered the credit status of the subsidiary of GSLG should not be higher than its holding company, GSLG, thus credit assessment on GSLG sets the cap for the subsidiaries. On the other hand, we also performed credit assessment on other counterparties with reference on different market data sources including China Bond Rating Co Ltd and Moody's. It is assumed that the credit status of the counterparties of other receivables would remain unchanged and other receivables would be recovered by respective end of maturity. The other receivables is considered fully impaired for the deemed default counterparties.

Given that these receivables are recorded without definite terms, the Management considered the estimated expected collection time for the other receivables would be 2-year. After an estimated rating is assigned, we conducted bond search in market to find out the rating equivalent credit spread of the same tenor. The effective interest rate comprising of risk-free rate of same currency as other receivables and the associated credit spread is then used for discounting the other receivables to present value.

Valuation Inputs for Other Receivables

Type of Counterparty	Risk Free Rate	Implied Credit Spread	Discount Rate
Individuals	1.90%	1.52%	3.42%
Commercial Entities	1.90%	2.07% – 3.57%	3.97% – 5.47%
Subsidiary of GSLG	1.90%	5.01%	6.91%
Long Outstanding	1.90%	13.06%	14.96%

Amongst the types of counterparties, about 67% of the other receivables are due from subsidiary of GSLG, credit status is assessed to be poor. The financial ratios of GSLG are close to the financial ratios of the sample companies being assigned Caa-C credit rating with reference to Moody's research on key ratios by rating and industry for global nonfinancial corporates (2023 edition). However, the other receivables due from subsidiary of GSLG will be offset by the part of consideration paid by the Company, given that the acquisition of the Target Company shall be completed in due time, the other receivables is considered being as if secured by the consideration to be paid by the Company, credit status of the other receivables is enhanced, and B- to Caa-C credit rating is assigned. After that, we searched for comparable bonds with similar credit status and term to maturity to arrive at the credit spread. Combined with risk rate and expected collection time of 2-year, a discounting factor of 0.87 is developed to apply to other receivables due from subsidiary of GSLG.

VALUATION OF THE TARGET COMPANY

Pursuant to IVS, there are 3 conventional valuations methods under the cost approach, namely replacement cost method, reproduction cost method and summation method. Each of the valuation methods would have its appropriate application. In this valuation, the Target Company is an investment holding company having the property of the Project as its principal asset, we considered the summation method which calculates the value of an asset by the addition of the separate values of its component parts would be the most appropriate one.

We adopted summation method in valuation of the Target Company. The summation method is also referred to as the underlying asset method, it is typically used for investment companies or entities for which value is primarily a factor of the values of their holdings. The key steps in summation method are valuing each of the component assets that are part of the subject asset using the appropriate valuation approaches and methods and adding the value of the component assets together to reach the value of the subject asset.

Based on the property valuation prepared by us in a separate valuation report ("**Property Valuation Report**") (refer to Appendix VII), the market value of the property of the Project has been determined. We have also performed expected credit loss assessment and adjusted time value of money to determine the fair value of the trade and other receivables respectively. We have further looked into remaining assets and liabilities of the Target Company and considered their carrying amounts should reflect their fair value.

Details of determination of equitable value of the Target Company as at the Valuation Date were as follows:

As at 31 May 2024	*Note*	Book Value *(HKD)*	Fair Value Adjustment *(HKD)*	Fair Value *(HKD)*
NON-CURRENT ASSETS				
Fixed Assets		3,452,176		3,452,176
Investment properties	*1*	2,005,277,902	(2,542,102)	2,002,735,800
TOTAL NON-CURRENT ASSETS		2,008,730,077	(2,542,102)	2,006,187,976
CURRENT ASSETS				
Inventories	*1*	2,442,967,303	(92,694,703)	2,350,272,600
Trade and bills receivables	*2*	4,812,682		4,812,682
Other receivables and prepayments	*3*	758,436,637	(114,779,182)	643,657,455
Tax advance		15,439,125	–	15,439,125
Restricted cash		24,079,812	–	24,079,812
Cash and bank balances		143,910	–	143,910
TOTAL CURRENT ASSETS		3,245,879,469	(207,473,885)	3,038,405,584
CURRENT LIABILITIES				
Trade and bills payables		(898,403,635)	–	(898,403,635)
Other payables and accruals		(82,349,215)	–	(82,349,215)
Amount due to fellow subsidiary		(74,991,267)	–	(74,991,267)
Contract liabilities		(509,002,233)	–	(509,002,233)
Financial guarantee		(8,928,859)	–	(8,928,859)
TOTAL CURRENT LIABILITIES		(1,573,675,210)	–	(1,573,675,210)
NON-CURRENT LIABILITIES				
Deferred tax liabilities	*4*	(183,570,132)	23,809,201	(159,760,931)
TOTAL NON-CURRENT LIABILITIES		(183,570,132)	23,809,201	(159,760,931)
NET ASSETS		3,497,364,204	(186,206,785)	3,311,157,419
Implied equity value before valuation adjustments				3,311,157,419
Less: Discount for Lack of Marketability ("**DLOM**")	*5*			(84,434,514)
Implied equity value after DLOM				3,226,722,905
Equitable Value of 100% Equity Interest in the Target Company (rounded)				3,226,723,000

Note:

1. The investment properties and inventories are adjusted to market value with reference to Property Valuation Report, please refer to corresponding valuation working.

2. ECL assessment on trade receivables is assessed on valuation date to estimate the reasonableness of management provision on impairment, and higher provision would be applied for prudent basis. Please refer to above section for details.

3. Fair value of OR is determined by using effective interest method with market and management assumption. Please refer to above section for details.

4. Deferred tax liabilities/(assets) is assumed with standard tax rate on net fair value gain on inventory and investment property.

5. The principal asset held by the Target Company is the property of the Project and it has been valued to market value, thus minimal DLOM is applied to reflect the non-publicly trading condition of equity interest. Please refer to below section for details.

DISCOUNT FOR LACK OF MARKETABILITY

DLOM reflects the concept that when comparing otherwise identical assets, a readily marketable asset would have a higher value than an asset with a long marketing period or restrictions on the ability to sell the asset. For example, publicly-traded securities can be bought and sold nearly instantaneously while shares in a private company may require a significant amount of time to identify potential buyers and complete a transaction. Many bases of value allow the consideration of restrictions on marketability that are inherent in the subject asset but prohibit consideration of marketability restrictions that are specific to a particular owner. DLOM may be quantified using any reasonable method, but are typically calculated using option pricing models, studies that compare the value of publicly-traded shares and restricted shares in the same company, or studies that compare the value of shares in a company before and after an initial public offering.

The Target Company is mainly holding property assets. The equity interest in the Target Company holding such assets together with other assets and ability is still subject to marketability discount as a private company. However, the marketability discount should not be a significant discount since the value of the Target Company is mainly attributable to the property assets (a single property development and investment project) which have been valued at market value. Hence, in this valuation, we made reference to Pluris DLOM Database, a database studying DLOM from actual transactions in restricted stock private placements. We apply filter of real estate investment trusts in Pluris DLOM Database to determine a low end of DLOM, and we arrive at median DLOM of 2.55% with reference to common stock discounts of list of filtered transactions.

DLOM	2.55%

STATEMENT OF LIMITING CONDITIONS

This valuation report relies upon the following contingent and limiting conditions:

1. We assume no responsibility for the legal matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed good and marketable.

2. The business interest and subject business assets have been valued free and clear of any liens or encumbrances unless stated otherwise. No hidden or apparent conditions regarding the subject business assets or their ownership are assumed to exist.

3. All information provided by the client and others is thought to be accurate. However, we offer no assurance as to its accuracy.

4. Unless stated otherwise in this report, we have assumed compliance with the applicable local laws and regulations.

5. Absent a statement to the contrary, we have assumed that no hazardous conditions or materials exist which could affect the Subject of Valuation or its assets. However, we are not qualified to establish the absence of such conditions or materials, nor do we assume the responsibility for discovering the same.

6. This report may not fully disclose all the information sources, discussions and business valuation methodologies used to reach the conclusion of value. Supporting information concerning this report is on file with our company.

7. The valuation analysis and conclusion of value presented in this report are for the purpose of this engagement only and are not to be used for any other reason, any other context or by any other person except the client to whom this report is addressed.

8. The opinion of value expressed in this report does not obligate us attend court proceedings with regard to the subject business assets, Property or business interests, unless such arrangements have been made previously.

9. Possession of this report does not imply a permission to publish the same or any part thereof. No part of this report is to be communicated to the public by means of advertising, news releases, sales and promotions or any other media without a prior written consent and approval by us.

10. This report is valid only for the date specified herein.

CONCLUSION OF VALUE

In conclusion, based on the analyses as fully described in this valuation report and the valuing methodologies which we have employed, we are of the opinion that the Equitable Value of Shantou Taisheng Technology Limited as at 31 May 2024 is as follows.

Subject of Valuation	Valuation Result
Equitable Value of 100% Equity Interest in Shantou Taisheng Technology Limited	HKD3,226,723,000
Equitable Value of 42.33% Equity Interest in Shantou Taisheng Technology Limited	HKD1,365,872,000

The opinion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor any prospective interests in the subject under valuation. Moreover, we have neither personal interests nor any bias with respect to any of the parties involved.

This valuation report is issued subject to our general service conditions.

Yours faithfully,
For and on behalf of
VALTECH VALUATION ADVISORY LIMITED

INVOLVED STAFF BIOGRAPHY

Max Tsang, *CPA, CFA, FRM, MRICS, MStat*

Mr. Tsang has been working in Valtech Valuation Advisory Limited for over 6 years and currently serves as the director. He has been working in the professional valuation field since 2011. Before joining the valuation field, he worked in banking and finance sector from 2008 to 2010. Mr. Tsang has been leading a team of business valuation for private and listed companies for the purposes of financial reporting, initial public offerings, mergers and acquisitions, financing, tax and litigation support. The scope of services includes business valuation and intangible asset valuation.

He has performed valuation and provided fairness opinion for listed companies in the United States, Australia and Germany. He has participated in many representative projects, such as valuation of global luxury brands, oil and gas extraction in the United States and Canada, BOT infrastructural project, solar and wind power plants, banks, logistic hub in Singapore, toll road in the United Kingdom, container port in Brazil and premium food manufacturer in Spain.

He has provided valuation advisory services for private equity funds in Hong Kong and the PRC regarding market value assessment of the general partner's stakes and investment portfolios for valuation control and financial reporting purposes (including compliance with IFRS 9). The investment portfolios included renowned internet and technology companies as well as infrastructural projects in China.

He has also served as the expert witness for litigation. He is also experienced in valuation of overseas project for State-owned Assets Supervision and Administration Commission of the State Council (SASAC) filing in the PRC. The valuation reports prepared by Mr. Tsang and his team have been regularly referenced by Hong Kong listed companies in their circulars, including companies in agriculture, retail, mining, internet, automobile, education, financial services, multimedia, internet, real estate, entertainment, electronic equipment and infrastructural sectors.

Keith Lui, *CFA, FRM*

Mr. Lui has been working in Valtech Valuation Advisory Limited for over 6 years and currently serves as the director. He is a bachelor of science in quantitative finance and risk management science in university and has been working in the professional valuation field since 2013. Mr. Lui has been joining in business valuation industries for private and listed companies for the purposes of financial reporting, initial public offerings, mergers and acquisitions and financing since graduation. The scope of services includes business valuation, intangible asset valuation and financial instruments valuation.

He has participated in many representative projects, such as valuation of metal mining and processing in the PRC, oil and gas extraction in the United States and Canada, logistic hub in Singapore, container port in Brazil and household cleaning products in the United Kingdoms.

GENERAL SERVICE CONDITIONS

The service(s) we provide will conform to the professional appraisal standard. The proposed service fee is not contingent in any way upon our conclusions of value or result. All the data provided to us are assumed to be accurate without independent verification. As an independent contractor, we have and will reserve the right to use subcontractors. Furthermore, we have the right to retain all files, working papers or documents developed by us during the engagement for as long as we wish, which will also be our property.

The report we prepare is prohibited for any other use but only for the specific purpose stated herein. No reliance may be made by any third party on the report or part thereof without our prior written consent. The report along with this General Services Conditions could be shown be the third parties who need to review the information contained herein.

No one should rely on our report as a substitute for their own due diligence. No reference to our name or our report, in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent. You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including all fees of lawyers, including ours and the parties successfully suing us, to which we may become subject in connection with this engagement except in respect of our own negligence. Your obligation for indemnification and reimbursement shall extend to any of our management and employees, including any director, officer, employee, subcontractor, affiliate or agent. In the event we are subject to any liability in connection with this engagement, regardless the nature of the claim, such liability will be limited to the amount of fees we received for this engagement.

We will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings. Meanwhile, we reserve the right to include your company/firm name in our client list.

The conditions stated in this section can only be modified by written documents executed by both parties.

The following is the text of a valuation report, prepared for the purpose of incorporation in this document received from Valtech Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 31 May 2024 of the Property of the Company.

Valtech Valuation Advisory Limited
Room 2106, 21/F, Futura Plaza
111-113 How Ming Street, Kwun Tong, Hong Kong
T: +852 2388 9262
F: +852 2388 2727
www.valtech-valuation.com

The Board of Directors
Renze Harvest International Limited
Room 2308, 23/F
China Resources Building
26 Harbour Road
Wanchai,
Hong Kong

30 August 2024

Dear Sirs/Madams,

1. INSTRUCTIONS

In accordance with the instructions of Renze Harvest International Limited (the "**Company**") to value the property interest (the "**Property**") held by Company located in the People's Republic of China (the "**PRC**"), we confirm that we have conducted site inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 May 2024 (the "**Valuation Date**").

This letter, which forms part of our valuation report, explains the basis and methodology of valuation, clarifying assumptions and limiting conditions of this valuation.

2. BASIS OF VALUATION

The valuation is our opinion of the market value ("**Market Value**") which we would define as intended to mean the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's – length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase and without offset for any associated taxes or potential taxes.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

3. VALUATION METHODOLOGY

Direct comparison method is adopted based on the principle of substitution, where comparison is made based on prices realized on actual sales and/or asking prices of comparable properties. Comparable properties of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

4. VALUATION CONSIDERATIONS

In valuing the property interest, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the International Valuation Standards.

5. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the Property would be sold in the open market in their existing state, with the benefit of vacant possession, without the benefit of deferred term contract, leaseback, joint venture, management agreement or any similar arrangements which could affect the value of the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

All dimensions, measurements and areas are approximations. No on-site measurement has been conducted. Appropriate adjustments are made in comparing the relevant costs. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and have no reason to suspect that any material information has been withheld.

We have also assumed that the Property have been constructed, occupied and used in full compliance with, and without contravention of all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, all required licenses, permit, certificates, and authorisations have been obtained.

6. TITLE INVESTIGATION

We have been shown copies of various documents relating to the Property. However, we have not examined the original documents to verify the existing titles to the Property or any amendment which does not appear on the copies handed to us. We have relied considerably on the information given by the Company's PRC legal advisers, Shenzhen Branch of AllBright Law Offices, concerning the validity of the titles to the Property.

7. LIMITING CONDITIONS

We have conducted on-site inspections to the Property in July 2024 by Mr. He Weifeng (何偉峰) (registered China Real Estate Appraiser).

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

Should it be discovered that contamination, subsidence or other latent defects exists in the Property or on adjoining or neighboring land or that the Property had been or are being put to contaminated use, we reserve right to revise our opinion of value.

We have relied to a very considerable extent on the information provided by the Group and have accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, size and floor areas and all other relevant matters in the identification of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Company that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of the legal advisers of the Company, nor have we verified the correctness of any information supplied to us concerning the Property.

We hereby confirm that Valtech Valuation Advisory Limited and the undersigned have no pecuniary or other interest that could conflict with the property valuation of the Property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

8. REMARKS

We have valued the property interest in Renminbi ("**RMB**").

We enclose herewith the "Valuation Particulars".

Yours faithfully,
For and on behalf of
Valtech Valuation Advisory Limited

Peggy Y. Y. Lai
MHKIS, MRICS, RPS(GP), BSC
Senior Associate Director

Ms. Peggy Y.Y. Lai is a Registered Professional Surveyor (GP) with over 18 years' experience in valuation of properties in HKSAR, Macau SAR, United Kingdom, Canada, mainland China and the Asia Pacific Region. Ms. Lai is a Professional Member of The Royal Institution of Chartered Surveyors, a Member of The Hong Kong Institute of Surveyors as well as a Member of China Institute of Real Estate Appraisers and Agents in the PRC.

VALUATION DETAILS

Property to be acquired for sale and investment

<table>
<tr><th>Property</th><th>Description and tenure</th><th>Particulars of occupancy</th><th>Market Value as at 31 May 2024
RMB</th></tr>
<tr>
<td>Unsold portions (“Unsold Portions”) of Times Bay located in Xinjin Area of East Coast New Town, Longhu District, Shantou City, Guangdong Province, the PRC</td>
<td>Times Bay is composite development erected on 3 parcels of commercial adjacent land with a total site area of approximately 167,299.50 sq.m. (1,800,812 sq.ft.).

It will be developed into a composited development by phases, including a convention centre, a hotel, various high- and low-rise offices and apartments, retail, shopping mall and car parking spaces.

The total area of the Unsold Portions is approximately 735,369 sq.m. The breakdown list below:
<table>
<tr><th>Zone</th><th>Gross Floor Area
(sq.m.)</th><th>Construction Status</th></tr>
<tr><td>South</td><td>131,046</td><td>Completed</td></tr>
<tr><td>Middle</td><td>223,885</td><td>Under construction</td></tr>
<tr><td>North</td><td>380,438</td><td>Under construction</td></tr>
<tr><td>Total</td><td>735,369</td><td></td></tr>
</table>
The estimated completion date of middle zone and north zone is about December 2026.

The land use rights of the Property were granted for a term of 40 years expiring on 17 January 2057 for commercial use.</td>
<td>Portions of the property is completed while the others are under construction.

As advised, a total floor area of about 28,683.57 sq.m. are subject to 44 tenancy agreements for various terms from half year to 10 years effective from November 2020 to August 2024 at a monthly unit rate between RMB23/ sq.m. and RMB142/ sq.m..</td>
<td>3,958,000,000
(RENMINBI THREE BILLION NINE HUNDRED FIFTY EIGHT MILLION ONLY)</td>
</tr>
</table>

Notes:

i. Pursuant to three Real Estate Title Certificates dated 2 March 2017, the land use rights of the Property with a site area of approximately 167,299.50 sq.m. were granted to Shantou Taisheng Technology Company Limited (汕頭市泰盛科技有限公司) ("**Taisheng Technology**") for a term commencing on 18 January 2017 and expiring on 17 January 2057 for commercial use. Details of such certificates are listed as follows:

Certificate No. – Yue (2017) Shantou Shi Bu Dong Chan Quan	Lot No.	Approx. Site Area (sq.m.)	Plot Ratio
No. 0004853	F02-10	50,897.90	≤3.5
No. 0004865	F02-08	39,474.80	≤4.0
No. 0004866	F01-11	76,926.80	≤4.5
	Total:	167,299.50	

According to the land grand contract, not less than 50% of office area should be hold by the developer for at least 10 years of development on land parcel of F02-08. Within such period, such portions of properties cannot be sold in the market.

ii. Pursuant to construction planning permit with reference of (2019) Shan Hua Gui Jian Zi No. 021 ((2019)汕華規建字第021號) dated May 2018, construction of development known as North Zone erected on land parcel of F01-11 with total gross floor area of approximately 507,318.48 (including basement and facilities) was approved. The development upon completion will include high-rise office, serviced apartment and basement.

iii. Pursuant to two pre-sell permits dated March 2019 and May 2021, block 1 and block 7 of North Zone with total gross floor area of approximately 145,717.20 sq.m. was permitted to be pre-sold.

iv. Pursuant to a pre-sell permit dated June 2022, properties with total gross floor area of 143,931.39 sq.m. at South Zone was permitted to be pre-sold;

Some units are pre-sold which are still included in the valuation scope because they have yet completed the hand-over procedure and the titleship has not been completely transferred from the developer to the purchaser.

v. Pursuant to construction planning permit with reference of (2019) Shan Hua Gui Jian Zi No. 012 ((2019)汕華規建字第012號) dated March 2019, construction of development known as Middle Zone erected on land parcel of F01-08 with total gross floor area of approximately 231,732.65 (including basement and facilities) was approved. The development upon completion will include high-rise hotel, high-rise office with shopping mall podium and basement.

vi. Portions of the development known as South Zone with gross floor area of approximately 188,875.76 sq.m. is completed as at 2021 and has been granted with record of construction work completion acceptance. As advised by the client, portions with gross floor area of approximately 68,851.00 sq.m. above ground and 1,113.00 sq.m. at basement has been sold and we have excluded such portions in the valuation. Remaining properties with gross floor area of approximately 104,703.00 sq.m. above ground and 25,230.00 at basement (including properties held for sale and properties held for investment) are unsold.

According to the legal opinion, gross floor area of unsold portion is at 80,038.89 sq.m. As advise, the difference of area is due to portions of sold properties has been mortgage to the main contractor so the selling procedure of such portions has not been completed yet.

vii. Portions of the development known as north zone and middle zone are still under constructions and have been granted with construction work planning permit with details as below:

Portion	Total Gross Floor Area	Accountable GFA	Non-accountable GFA
North Zone	507,318.48	345,840.92	162,790.81
Middle Zone	231,732.65	157,764.42	75,056.82

viii. As advised, the total construction cost of development is at approximately RMB3,900,000,000. As at the valuation date, total incurred construction cost is at approximately RMB2,267,000,000.

ix. For reference purpose, the gross development value of the Unsold Portions with floor area of approximately 735,369 sq.m. is RMB7,547,000,000 under the assumption that it is completed as at the valuation date.

x For reference purpose, the breakdown of market value of the Property as at the Valuation Date for the investment properties and inventories is as follows:

	Market Value as at 31 May 2024 *(RMB)*
Investment properties	1,821,000,000
Inventories	2,137,000,000
Total	3,958,000,000

xi. In undertaking our valuation of the Property, we have made reference to various market comparable. All comparable are have the same usage with the respective portion of the property (i.e. office, apartment, retail, or car parking space) and situated in close proximity or similar location to the Property, with offering dates closely aligned to the Valuation.

Details of selected land comparable are listed below:

Office:

	Sunning Plaza (蘇寧廣場)	**Sunning Plaza (蘇寧廣場)**	**Logan Century Centre (龍光世紀中心)**
Gross Floor Area (sq.m.):	120.00	200.00	400.00
Usage:	Office	Office	Office
Date of offering:	2024 Q1	2024 Q1	2024 Q1
Amount (RMB):	1,500,000.00	2,560,000.00	4,600,000.00
Unit Rate (RMB):	12,500.00	12,800.00	11,500.00

Apartment:

	Logan Century Apartment (龍光世紀公寓)	Yi Pin Wan Apartment (壹品灣公寓)	Yu Hai Platinum Apartment (御海鉑金公寓)
Gross Floor Area (sq.m.):	45.00	35.00	64.00
Usage:	Apartment	Apartment	Apartment
Date of offering:	2024 Q1	2024 Q1	2024 Q1
Amount (RMB):	580,000.00	446,800.00	700,000
Unit Rate (RMB):	12,889.00	12,766.00	10,938.00

Retail:

	Shop at Zhong Hai Garden (中海花園商鋪)	Shop at Jing Long Wan (景瓏灣商鋪)	Shop at Zhong Hai Kai Xuan Men (中海凱旋門商鋪)
Gross Floor Area (sq.m.):	79.00	53.00	58.00
Usage:	Retail	Retail	Retail
Date of offering:	2024 Q1	2024 Q1	2024 Q1
Amount (RMB):	2,200,000	1,420,000	1,790,000
Unit Rate (RMB):	27,795.00	26,792.00	30,958.00

Car parking space:

	CPS at Long Teng Xi Yuan (龍騰熙園車位)	CPS at Milan Holiday Garden (米蘭假日車位)	CPS at Long Du Jin Li (龍都錦里車位)
Usage:	CPS	CPS	CPS
Date of offering:	2024 Q1	2024 Q1	2024 Q1
Unit Rate (RMB):	160,000.00	160,000.00	156,800.00

We have compared the factors and made adjustments on asking discount, location, size, floor and condition. Downward adjustment on price as asking discount is made to reflect to negotiation. Adjustment on location factors is made based on the comparison in terms of transportation, distance to downtown, living convenience in surrounding. A downward adjustment on unit rate is made for increase in size to reflect the marketability and affordability of the total amount, and vice versa. Floor adjustment is applied for retail considering the accessibilities and shop exposure. Further discount on the condition is made to reflect the difference between subject property and the comparable.

After making the above due adjustments, the adjusted unit rates for respective portions are: RMB10,000 per sq.m. for office, RMB11,000 per sq.m. for apartment, RMB21,000 per sq.m. for retail and RMB150,000 per number for car parking space.

xii. During our site inspection at July 2024, construction of South Zone is completed in good condition; portions of North Zone has been structurally completed while the remaining is still under construction; the construction of Middle Zone is at early stage by foundation works. The locality is newly developed residential and commercial area with benefit of harbor view. There are residential developments, retail shops, school, hospital and shopping mall at surrounding area.

xiii. We have been provided with a legal opinion by the Group's PRC legal adviser, regarding the legal title of the property, which contains, inter alia, the followings:

i) The land use right of the property is legally held by the company;

ii) All land grant premium of the property has been fully settled;

iii) Land parcel of F02-08 is subject to a mortgage in favor of Fuzhou Branch of Xiamen International Bank;

iv) Up to 25 July 2024, unsold portions of South Zone has a gross floor area of 80,038.89 sq.m. including inventories and investment properties. Among the unsold portions, properties with gross floor area of 59,172.41 sq.m. is subject to mortgage in favor of 深圳寶開實業有限公司 therefore they are restricted to be freely transferred in the market;

v) Pre-sell permit of North Zone is expired at valuation date. The Target Company has legally obtained the necessary administrative permits for construction and proceed with the development. They could sale the relevant properties after obtaining the renewal pre-sell permit approval. As such, we have assumed that the relevant properties are freely transferable legally and the value have been reflected in the process of our valuation.

The validity of pre-sold permit has no direct impact on the construction of the development.

vi) Portions of properties of North Zone with gross floor area of approximately 44,783.46 is subject to mortgage in favor of Third Construction Company of China Construction Second Engineering Bureau LTD;

vii) According to the land use right grant contract, the construction of North Zone should be completed by 18 January 2024, however, the construction is not completed yet as at the valuation date. So according to the land grant contract, the company may face a penalty of 0.1% of land premium per day. As advised, the company is negotiating with local government for extending of construction period.

Also, due to the delay of completion, the contracted delivery date of presold units of block No. 1 and block No. 7 was expired. The company may face the risk of including but not limited to paying penalties and relevant interest or refund of the consideration.

viii) According to the land use right grant contract, the construction of foundation of Middle Zone should be completed by 18 January 2024, however, the construction is not completed yet as at the valuation date. So according to the land grant contract, the company may face a penalty of 0.1% of land premium per day. As advised, the company is negotiating with local government for extending of construction period.

ix) For all risk mentioned above, the company is a limited liability company. According to《Company Law of the People's Republic of China》, the liabilities of the company will not be directly transferred to the shareholders. The company only needs to bear liability to the maximum of its investment amount.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and chief executives' interests and short positions in Shares and underlying Shares and debentures of the Company

As at the Latest Practicable Date, to the best of the Directors' knowledge, none of the Directors or chief executives of the Company or their respective associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) to be recorded in the register required to be kept by the Company under section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules.

Directors' rights to acquire Shares or debentures

Apart from the share option scheme adopted by the Company on 2 June 2020, as at the Latest Practicable Date, none of the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party to any arrangements which enable the Directors or the chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save for the disclosed, as at the Latest Practicable Date, none of the Directors or chief executives of the Company or their spouses or children under the age of 18, was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right.

Substantial Shareholders' and other person' interests and short positions in the Shares and underlying Shares of the Company

As at the Latest Practicable Date, to the best of the Directors' knowledge, the following, not being a Director or the chief executives of the Company, have an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions 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:

Name of Shareholder	Capacity in which interests in the Shares are held	Number of Shares held	Approximate percentage of Shares in issue as at the Latest Practicable Date *(Note 1)*
China Grand Developments Limited *(Note 2)*	Beneficial owner	800,000,000 (L)	29.85%
Mr. Ma Jianghao	Interest in controlled corporation	800,000,000 (L)	29.85%

Abbreviations: "L" stands for long position

Notes:

1. As at the Latest Practicable Date, the total issued share capital of the Company amounted to 2,680,000,000 Shares.

2. 800,000,000 Shares are held by China Grand Developments Limited, which is wholly-owned by Mr. Ma Jianghao. Pursuant to Division 7 and 8 of Part XV of the SFO, Mr. Ma Jianghao is deemed to be interested in all the Shares in which China Grand Developments Limited has, or deemed to have an interest.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any interests or short positions in the Shares or underlying shares of the Company which were required to be recorded in the register kept by the Company under section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Enlarged Group nor were there any proposed service agreements which would not expire or be determinable by the member of the Enlarged Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTOR'S INTERESTS IN ASSETS, CONTRACTS AND OTHER INTERESTS

(a) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2023 (the date up to which the latest published audited consolidated financial statements of the Group was made), acquired or disposed of by, or lease to any member of the Enlarged Group, or which were proposed to be acquired or disposed of by, or leased to any member of the Enlarged Group.

(b) Interests in contracts of significance

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting and which was significant in relation to the business of the Enlarged Group.

(c) Interests in competing business

As at the Latest Practicable Date, pursuant to Rule 8.10 of the Listing Rules, none of the Directors nor their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Enlarged Group.

5. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or claims of material importance and, insofar as the Directors were aware, no litigation or claims of material importance was pending or threatened against any member of the Enlarged Group.

6. MATERIAL CONTRACTS

The following material contracts, not being contracts entered into in the ordinary course of business of the Group, have been entered into by members of the Group within two years immediately preceding the date of this circular:

(a) the Sale and Purchase Agreement, details of which were disclosed in the announcement of the Company dated 3 October 2022 and the Circular;

(b) the placing agreement dated 27 February 2023 entered into between the Company and Glory Sun Securities Limited (the "**Placing Agent**") (as placing agent) in relation to the placing of 313,875,122 placing shares of the Company on a best effort basis at the placing price of HK$0.34 per placing share, details of which are set out in the announcement of the Company dated 27 February 2023. The Company further entered into a supplemental agreement with the Placing Agent, pursuant to which the long stop date of the placing was revised, details of which are set out in the announcement of the Company dated 6 March 2023;

(c) the two acquisition agreements dated 15 March 2023 and 27 April 2023, respectively, entered into between Shenzhen Gallant Tech Co, Ltd.* (深圳市佳力興業電子科技有限公司) ("**Shenzhen Gallant**"), an indirect wholly-owned subsidiary of the Company, as purchaser and Shenzhen Dongzhi Energy Co., Ltd.* (深圳東智能源有限公司) ("**Shenzhen Dongzhi**") as vendor, pursuant to which Shenzhen Gallant agreed to purchase, and Shenzhen Dongzhi agreed to sell certain commercial office premises located in Shenzhen City, the PRC at the aggregate consideration of RMB70,083,178.64 (equivalent to approximately HK$79,894,823.65 then), details of which were disclosed in the announcement of the Company dated 27 April 2023;

(d) the subscription agreement dated 20 April 2023 entered into between China Grand Developments Limited (中浩發展有限公司) ("**China Grand**") and the Company, pursuant to which the Company allotted and issued, and China Grand subscribed for a total of 800,000,000 subscription shares of the Company at the subscription price of HK$0.281 per subscription share, details of which are set out in the announcement and the circular of the Company dated 20 April 2023 and 5 June 2023, respectively;

(e) the subscription agreements dated 30 October 2023 executed by Glory Sun Financial Investment Limited ("**Glory Sun Financial**"), a wholly-owned subsidiary of the Company, as subscriber, pursuant to which Glory Sun Financial agreed to subscribe for Glory Sun High Yield Bond SP of Atlantic Strategic SPC Fund II in the total subscription amount of HK$120,000,000, at an aggregate consideration of HK$120,000,000, details of which are set out in the announcements of the Company dated 25 September 2023, 4 October 2023, and 30 October 2023;

(f) the sale and purchase agreement dated 8 December 2023 (as supplemented on 8 December 2023) entered into between Ganzhou Tongtai Cultural Tourism Industry Co., Ltd.* (贛州通泰文旅產業有限公司) (as purchaser) and the Vendor (as vendor) in relation to the disposal of certain commercial properties and parking lots located at the Baoneng Taigu Plaza, East Jiangyuan Avenue, Ganzhou City, Jiangxi Province, the PRC at the total consideration of approximately RMB116,323,000 (equivalent to approximately HK$129,677,000). Details of which are set out in the announcement and circular of the Company dated 8 December 2023 and 29 February 2024, respectively;

(g) the sale and purchase agreement dated 29 April 2024 entered into between Laihua TaiSheng Limited* (萊華泰盛有限公司) (as vendor), an indirect wholly-owned subsidiary of the Company, and Shenzhen Huifeng Huachuang Commercial Co., Limited* (深圳匯灃華創商業有限公司) (as purchaser) in relation to the disposal of certain commercial properties and parking lots located at Baoneng Century Plaza, No. 10 Ganjiangyuan Avenue, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC* (中國江西省贛州市章貢區贛江源大道10號寶能世紀城) and East Baoneng Century Plaza, No. 9 Anyuan Avenue, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC* (中國江西省贛州市章貢區安遠路9號寶能世紀城東區), respectively, at the total consideration of RMB103.0 million (equivalent to approximately HK$113.6 million). Details of which are set out in the announcement and circular of the Company dated 29 April 2024 and 28 June 2024, respectively;

(h) the sale and purchase agreement dated 31 July 2024 entered into between the Company (as transferee) and Right Dimension Limited and Forever Assiduous Group Limited (collectively, as transferors) in relation to the acquisition by the Company from the transferors of certain debt receivables due from GSLG to the transferors in an aggregate amount of approximately RMB78,346,000 for the total consideration of approximately RMB62,677,000. Details of which are set out in the announcements of the Company dated 31 July 2024 and 12 August 2024;

(i) the First Supplemental Agreement; and

(j) the Second Supplemental Agreement.

7. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinion or advice which is contained in this circular:

Name	Qualifications
Valtech Valuation Advisory Limited	Independent property valuer
Moore CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, each of the experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter(s), report(s), opinion and/or references to its name in the form and context in which they appear.

As at the Latest Practicable Date, each of the experts had no shareholding in any member of the Enlarged Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

As at the Latest Practicable Date, each of the expert had no direct or indirect interest in any assets which have been, since 31 December 2023 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

8. DOCUMENTS ON DISPLAY

Copies of the following documents are available on the website of the Stock Exchange (http://www.hkexnews.hk) and on the website of the Company (http://www.hk1282.com) for a period of 14 days from the date of this circular:

(a) the annual reports of the Company for the financial years ended 31 December 2021, 2022 and 2023;

(b) the interim results announcement of the Company for the six months ended 30 June 2024;

(c) the report from Moore CPA Limited in respect of the financial information of the Target Company, the text of which is set out in Appendix II to this circular;

(d) the report from Moore CPA Limited in respect of the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(e) the business valuation report issued by Valtech Valuation Advisory Limited, the text of which is set out in Appendix VI to this circular;

(f) the property valuation report issued by Valtech Valuation Advisory Limited, the text of which is set out in Appendix VII to this circular;

(g) the written consents referred to in the paragraph headed “7. Experts and Consents” in this appendix;

(h) the material contracts referred to in the paragraph headed “6. Material Contracts” in this appendix;

(i) the Second Supplemental Agreement; and

(j) this circular.

9. MISCELLANEOUS

(a) the company secretary of the Company is Mr. Sze Wing Fung. Mr. Sze holds a Bachelor of Commerce in Accounting and Finance from Monash University in Australia, and a Master of Corporate Governance degree from the Hong Kong Polytechnic University. He is a member of each of the CPA Australia, the Hong Kong Chartered Governance Institute and the Chartered Governance Institute. Mr. Sze joined the Company in October 2023 and has over 10 years of solid experience in professional accounting, financial management, auditing and company secretarial matters.

(b) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is at Room 2308, 23/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

(c) The Hong Kong branch share registrar of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(d) The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

中澤豐國際有限公司
RENZE HARVEST INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01282)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**EGM**") of Renze Harvest International Limited (the "**Company**") will be held at Room 2308, 23/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Friday, 20 September 2024 at 11:00 a.m. for the purpose of considering, and if thought fit, passing with or without modification the following resolution:

ORDINARY RESOLUTION

"**THAT**:

(i) the second supplemental agreement (the "**Second Supplemental Agreement**") dated 31 July 2024 entered into between Shenzhen Baokai Investment Holding Company Limited* (深圳寶開投資控股有限公司), an indirect wholly-owned subsidiary of the Company, as the purchaser (the "**Purchaser**") and Shenzhen Hong Jia Xin Technology Limited* (深圳宏佳新科技有限公司), as the vendor (the "**Vendor**") (a copy of which has been produced at the EGM and marked "A" and initialled by the chairman of the EGM for the purpose of identification) in relation to, among other matters, the amendments made to certain terms and conditions of the conditional sale and purchase agreement dated 19 October 2022 entered into between the Purchaser and the Vendor in respect of the proposed acquisition of the equity interest of Shantou Taisheng Technology Limited* (汕頭市泰盛科技有限公司) (a copy of which has been produced at the EGM and marked "B" and initialled by the chairman of the EGM for the purpose of identification), and the transactions contemplated thereunder, be and are hereby approved, ratified and confirmed; and

* *For identification only*

(ii) any one Director (or any two Directors if the affixing of the common seal of the Company is necessary) be and is/are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as he/she/they may, in his/her/their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the Second Supplemental Agreement and the transactions contemplated thereunder and the implementation thereof, including, without limitation, the affixing of common seal of the Company thereon."

By order of the Board of
Renze Harvest International Limited
Huang Wansheng
Chairman and Chief Executive Officer

Hong Kong, 30 August 2024

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

Head office and principal place of business in Hong Kong
Room 2308, 23/F.
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Notes :

1. An eligible shareholder is entitled to appoint one or more proxies to attend, speak and vote in his/her/its stead at the EGM (or at any adjournment of it) provided that each proxy is appointed to represent the respective number of shares held by the shareholder as specified in the relevant proxy forms. The proxy does not need to be a shareholder of the Company.

2. Where there are joint registered holders of any shares, any one of such persons may vote at the EGM (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she/it were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

3. A proxy form for use at the EGM is enclosed.

4. In order to be valid, the completed proxy form must be received by the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong at least 48 hours before the time appointed for holding the EGM or adjourned meeting (as the case may be). If a proxy form is signed by an attorney of a shareholder who is not a corporation, the power of attorney or other authority under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong) must be delivered to the Company's Hong Kong branch share registrar and transfer office together with the proxy form. In the case of a corporation, the proxy form must either be executed under its common seal or be signed by an officer or agent duly authorised in writing.

5. For the purpose of determining shareholders' eligibility to attend and vote at the EGM (or at any adjournment of it), the register of members of the Company will be closed from Monday, 16 September 2024 to Friday, 20 September 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the EGM, all share transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office at the address stated in note 4 above no later than 4:30 p.m. on Friday, 13 September 2024.

6. As set out in the Letter from the Board included in the circular, each of the resolutions set out in this notice should be voted on by poll.

7. If a typhoon signal No. 8 or above is hoisted or a "black" rainstorm warning signal is in force at any time at or before 11:00 a.m. on the date of the EGM, the EGM will be adjourned. The Company will post an announcement on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hk1282.com) to notify shareholders of the date, time and place of the adjourned meeting. The EGM will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the EGM under bad weather conditions bearing in mind their own situations.

As at the date of this notice, the Board comprises two executive Directors, namely Mr. Huang Wansheng and Mr. Li Minbin; one non-executive Director, namely, Mr. Zhang Chi; and three independent non-executive Directors, namely Ms. Zhao Yizi, Ms. Zhang Juan and Mr. Chan Manwell.