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## GLORIOUS SUN ENTERPRISES LIMITED

旭日企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 393)

### Interim Results Announcement

**For the six months ended 30 June 2022**

## INTERIM RESULTS

The board of directors (the “Board”) of Glorious Sun Enterprises Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022, together with the comparative figures for the same period as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 June 2022

		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
	Notes		
<b>REVENUE</b>			
Revenue from contracts with customers		543,808	394,159
Revenue from other sources		26,120	27,750
Cost of sales	(3)	569,928 (483,120)	421,909 (344,291)
Gross profit		86,808	77,618
Other income and gains		26,217	27,108
Selling and distribution expenses		(10,245)	(13,547)
Administrative expenses		(35,475)	(38,251)
Other expenses		(53,615)	(8,539)
Finance costs		(1,943)	(1,399)
<b>PROFIT BEFORE TAX</b>	(4)	11,747	42,990
Income tax credit/(expense)	(5)	2,995	(4,216)
<b>PROFIT FOR THE PERIOD</b>		14,742	38,774

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS** (*Continued*)

Six months ended 30 June 2022

	<i>Note</i>	<b>2022</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2021 (Unaudited) HK\$'000
Attributable to:			
Ordinary equity holders of the Company		<b>16,066</b>	38,381
Non-controlling interests		<b>(1,324)</b>	393
Profit for the period		<b>14,742</b>	38,774
		<b>HK cents</b>	<b>HK cents</b>
Earnings per share attributable to ordinary equity holders of the Company	(7)		
Basic		<b>1.05</b>	2.49
Diluted		<b>1.05</b>	2.49
Interim dividend per share		<b>2.00</b>	2.00

Details of the dividends paid and declared for the period are disclosed in note 6 to the financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Six months ended 30 June 2022

	<b>2022</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>2021</b> <b>(Unaudited)</b> <b>HK\$'000</b>
<b>PROFIT FOR THE PERIOD</b>	<b><u>14,742</u></b>	<b><u>38,774</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of financial information	<u>(2,832)</u>	<u>(1,480)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(2,832)</u>	<u>(1,480)</u>
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	<u>17,378</u>	<u>5,117</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>17,378</u>	<u>5,117</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b><u>14,546</u></b>	<b><u>3,637</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>29,288</u></b>	<b><u>42,411</u></b>
Attributable to:		
Ordinary equity holders of the Company	<b>31,334</b>	42,193
Non-controlling interests	<b><u>(2,046)</u></b>	<u>218</u>
	<b><u>29,288</u></b>	<b><u>42,411</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

		30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
	Notes		
<b>NON-CURRENT ASSETS</b>			
Debt investments at amortised cost		273,276	222,125
Equity investment designated at fair value through other comprehensive income		7,544	7,818
Other non-current assets		43,957	49,973
Total non-current assets		324,777	279,916
<b>CURRENT ASSETS</b>			
Inventories		186,597	166,756
Trade receivables	(8)	229,279	251,382
Debt investments at amortised cost		141,432	260,621
Equity investment designated at fair value through other comprehensive income		-	327,142
Time deposit with original maturity over three months		246	-
Cash and cash equivalents		2,059,071	1,772,358
Other current assets		203,617	238,977
Total current assets		2,820,242	3,017,236
<b>CURRENT LIABILITIES</b>			
Trade payables	(9)	169,755	228,651
Other payables and accruals		226,575	262,640
Interest-bearing bank borrowings		27,958	19,400
Other current liabilities		251,784	273,445
Total current liabilities		676,072	784,136
<b>NET CURRENT ASSETS</b>		2,144,170	2,233,100
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,468,947	2,513,016
<b>NON-CURRENT LIABILITIES</b>			
Total non-current liabilities		17,917	22,754
Net assets		2,451,030	2,490,262
<b>EQUITY</b>			
<b>Equity attributable to ordinary equity holders of the Company</b>			
Issued capital	(10)	152,798	153,003
Reserves		2,284,193	2,313,824
		2,436,991	2,466,827
<b>Non-controlling interests</b>		14,039	23,435
Total equity		2,451,030	2,490,262

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### (1) Basis of preparation

The condensed consolidated financial statements of the Group for the six months ended 30 June 2022 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34: *Interim Financial Reporting* and other relevant HKASs and Interpretations, the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2021.

The condensed consolidated financial statements have been prepared under the historical cost convention, except for certain investments which have been measured at fair value. The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

These condensed consolidated financial statements are unaudited and have been reviewed by the Audit Committee of the Company.

### (2) Changes in accounting policies

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those applied in the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised HKFRSs for the first time for the current period’s financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts - Costs of Fulfilling a Contract</i>
Annual Improvements to HKFRSs	<i>Annual Improvements to HKFRSs 2018-2020</i>

Several amendments apply for the first time in the current period. The application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### (3) Operating Segment information

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) the “financial investments” segment engages in treasury management and consulting services;
- (b) the “interior decoration and renovation” segment engages in the interior decoration and renovation, and sale of furniture business;
- (c) the “export operations” segment engages in exports of apparel; and
- (d) the “retail, franchise and others” segment mainly includes retail operation in Hong Kong and franchise sales under the “Jeanswest” brand in overseas markets within the casual wear and apparel domain.

**(3) Operating Segment information (Continued)**

Information regarding the Group's reportable segments, together with their related comparative information, is presented below:

	Six months ended 30 June 2022 (Unaudited)				
	Financial investments HK\$'000	Interior decoration and renovation HK\$'000	Export operations HK\$'000	Retail, franchise and others HK\$'000	Total HK\$'000
<b>Segment revenue</b>					
Revenue from external parties	26,120	330,540	183,129	30,139	569,928
Other income and gains	6,288	294	2,790	4,171	13,543
<b>Total</b>	<b>32,408</b>	<b>330,834</b>	<b>185,919</b>	<b>34,310</b>	<b>583,471</b>
<b>Segment results</b>	<b>(14,695)</b>	<b>(2)</b>	<b>16,736</b>	<b>5,600</b>	<b>7,639</b>
Interest income					5,197
Unallocated revenue					7,477
Corporate and other unallocated expenses					(7,290)
Finance costs (other than interest on lease liabilities)					(1,276)
<b>Profit before tax</b>					<b>11,747</b>

  

	Six months ended 30 June 2021 (Unaudited)				
	Financial investments HK\$'000	Interior decoration and renovation HK\$'000	Export operations HK\$'000	Retail, franchise and others HK\$'000	Total HK\$'000
<b>Segment revenue</b>					
Revenue from external parties	27,750	233,082	131,017	30,060	421,909
Other income and gains	-	2,824	3,270	2,862	8,956
<b>Total</b>	<b>27,750</b>	<b>235,906</b>	<b>134,287</b>	<b>32,922</b>	<b>430,865</b>
<b>Segment results</b>	<b>26,336</b>	<b>606</b>	<b>5,310</b>	<b>1,740</b>	<b>33,992</b>
Interest income					10,330
Unallocated revenue					7,822
Corporate and other unallocated expenses					(8,557)
Finance costs (other than interest on lease liabilities)					(597)
<b>Profit before tax</b>					<b>42,990</b>

#### (4) Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Depreciation of property, plant and equipment	<b>1,514</b>	1,029
Depreciation of right-of-use assets	<b>3,293</b>	3,248
Loss on disposal of items of property, plant and equipment*	<b>91</b>	34
Impairment loss/(reversal of impairment loss) on debt investments at amortised cost, net*	<b>46,857</b>	(191)
Impairment loss on other financial and contract assets, net*	<b>4,779</b>	4,757
Bank-interest income	<b>(5,197)</b>	(10,330)

\* These items are included in "Other expenses" in the condensed consolidated statement of profit or loss.

#### (5) Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current - Hong Kong	<b>2,838</b>	3,875
Current - Elsewhere	<b>(6,201)</b>	1,508
Deferred	<b>368</b>	(1,167)
	<b>(2,995)</b>	4,216

**(6) Dividends**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Dividend paid during the period:		
2021 final dividend HK4.00 cents per ordinary share		
(2020 final dividend of HK4.20 cents per ordinary share)	<b>61,201</b>	64,820
Adjustment	<b>(82)</b>	-
	<b>61,119</b>	<b>64,820</b>
Dividend declared subsequent to period end:		
2022 interim dividend HK2.00 cents per ordinary share (2021 interim dividend of HK2.00 cents per ordinary share)	<b>30,560</b>	30,867
Adjustment	<b>-</b>	(64)
	<b>30,560</b>	<b>30,803</b>

The interim dividend for the six months ended 30 June 2022 has been calculated by reference to 1,527,984,000 shares in issue on 24 August 2022.

**(7) Earnings per share**

The calculation of the basic earnings per share amount is based on the profit for the six months ended 30 June 2022 attributable to ordinary equity holders of the Company of HK\$16,066,000 (2021: HK\$38,381,000) and the weighted average number of ordinary shares of 1,527,986,000 (2021: 1,541,098,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2022 and 2021.

**(8) Trade receivables**

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Less than 4 months	<b>181,173</b>	213,153
4 to 6 months	<b>32,698</b>	29,285
7 to 12 months	<b>13,263</b>	8,183
Over 1 year	<b>2,145</b>	761
	<b>229,279</b>	<b>251,382</b>

The credit period is generally 15 to 90 days. The trade receivables are non-interest-bearing.



**(9) Trade payables**

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2022 (Unaudited) HK\$'000</b>	<b>31 December 2021 (Audited) HK\$'000</b>
Less than 4 months	<b>167,069</b>	226,919
4 to 6 months	<b>1,275</b>	800
Over 6 months	<b>1,411</b>	932
	<b><u>169,755</u></b>	<b><u>228,651</u></b>

The trade payables are non-interest-bearing and are normally settled on 105-day terms.

**(10) Share capital**

	<b>Number of ordinary shares</b>		<b>Nominal value</b>	
	<b>30 June 2022 (Unaudited) '000</b>	<b>31 December 2021 (Audited) '000</b>	<b>30 June 2022 (Unaudited) HK\$'000</b>	<b>31 December 2021 (Audited) HK\$'000</b>
Issued and fully paid: Ordinary shares of HK\$0.10 each	<b><u>1,527,984</u></b>	<b><u>1,530,028</u></b>	<b><u>152,798</u></b>	<b><u>153,003</u></b>

A summary of movements in the Company's issued share capital is as follows:

	<b>Number of shares in issue of HK\$0.1 each '000</b>	<b>Issued capital HK\$'000</b>	<b>Share premium account HK\$'000</b>	<b>Total HK\$'000</b>
At 1 January 2021 (Audited)	1,528,336	152,834	733,815	886,649
Issue of shares	15,000	1,500	16,500	18,000
Share issue expenses	-	-	(404)	(404)
Cancellation of shares repurchased	<u>(13,308)</u>	<u>(1,331)</u>	<u>(9,586)</u>	<u>(10,917)</u>
At 31 December 2021 (Audited)	<b>1,530,028</b>	<b>153,003</b>	<b>740,325</b>	<b>893,328</b>
Cancellation of shares repurchased	<u>(2,044)</u>	<u>(205)</u>	<u>(1,507)</u>	<u>(1,712)</u>
At 30 June 2022 (Unaudited)	<b><u>1,527,984</u></b>	<b><u>152,798</u></b>	<b><u>738,818</u></b>	<b><u>891,616</u></b>

## (11) Events after the end of the reporting period

Details of the debt investments at amortised cost as at 30 June 2022 were as follows:

						31		
						December	Six months ended	
						2021	30 June 2022	
						(Audited)	(Unaudited)	
Name of Issuer and Terms of Instruments	Notes	Percentage to	Investment	Fair	Net	Net	Interest	Impairment
		the Group's	cost	value	carrying	carrying		
		total assets			amount	amount		
		%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Easy Tactic Limited								
5.75% Senior Notes 5 years due 2022	(a)(i)	2.55%	116,862	31,870	80,059	116,002	3,400	(10,041)
5.875% Senior Notes 5 years due 2023	(a)(ii)	6.14%	294,500	67,213	193,217	222,125	8,651	(31,774)
Agile Group Holdings Limited								
5.125% Senior Notes 5 years due 2022	(b)	4.50%	147,359	116,523	141,432	144,619	3,763	(5,042)
		13.19%	558,721	215,606	414,708	482,746	15,814	(46,857)

### Notes:

- (a) Easy Tactic Limited – one of the wholly-owned subsidiaries of Guangzhou R&F Properties Company Ltd. (“R&F”) (Stock Code: 2777), whose principal activities are property development, hotel operations and property investment.

The property sector in Mainland China has continued to experience volatility since the second half of 2021. Subsequent to a consummation of a tender offer and consent solicitation in respect of 5.75% senior notes due 2022 in January 2022, R&F Group experienced a noticeable decline in gross contracted sales in recent months. On 17 June 2022, R&F Group proposed to conduct consent solicitations from noteholders to extend the maturity date of 10 series of US dollar-denominated notes due between 2022 and 2024 into three tranches of amortising notes to 2025, 2027 and 2028 and amend the interest rate to 6.5% per annum as coupon rate (the “Cash Interest Rate”) for all these notes with an option by R&F Group to pay payment-in-kind interest at 7.5% per annum (the “PIK Interest Rate”) instead of Cash Interest Rate during the first 18 months commencing on 12 July 2022.

As a result of the debt restructure accepted by noteholders on 11 July 2022, the existing notes were mandatorily exchanged to new notes and the principal terms of the new notes were summarised as follows:

- (i) The existing notes due 2022 were exchanged to 6.5% Senior Notes due on 11 July 2025 (the “2025 Notes”) at par value in the same principal amount, with interest rate subject to R&F Group’s right to elect to pay PIK Interest Rate. Accrued and unpaid interest of the existing notes due 2022 up to but excluding 11 July 2022 amounting to US\$428,705 (equivalent to approximately HK\$3,365,000) was received by the 2025 Notes in the same amount at par value. Therefore, the principal amount of the 2025 Notes increased from US\$15,079,000 (equivalent to approximately HK\$118,370,000) to US\$15,507,705 (equivalent to approximately HK\$121,735,000). A consent fee in cash of US\$75,395 (equivalent to approximately HK\$592,000) was received for the existing notes due 2022.

**(11) Events after the end of the reporting period (Continued)**

*Notes: (Continued)*

(a) *(Continued)*

- (ii) The existing notes due 2023 were exchanged to 6.5% Senior Notes due on 11 July 2027 (the “2027 Notes”) at par value in the same principal amount, with interest rate subject to R&F Group’s right to elect to pay PIK Interest Rate. Accrued and unpaid interest of the existing notes due 2023 up to but excluding 11 July 2022 amounting to US\$334,875 (equivalent to approximately HK\$2,629,000) was received by the 2027 Notes in the same amount at par value. Therefore, the principal amount of the 2027 Notes increased from US\$38,000,000 (equivalent to approximately HK\$298,300,000) to US\$38,334,875 (equivalent to approximately 300,929,000). A consent fee in cash of US\$190,000 (equivalent to approximately HK\$1,492,000) was received for the existing notes due 2023.

No cash consideration was paid by the Group for the notes exchange of the 2025 Notes and the 2027 Notes.

- (b) Agile Group Holdings Limited (Stock Code: 3383) – its principal activities are involved in the businesses of property development and property management in China.

The notes have been redeemed on maturity at a redemption price equal to 100% of the par value of the notes. The principal amount of US\$19,000,000 (equivalent to approximately HK\$149,150,000) and accrued interest of US\$486,875 (equivalent to approximately HK\$3,822,000) were received in cash on 16 August 2022.

## **INTERIM DIVIDEND**

The Board has resolved to pay an interim dividend of HK2.00 cents (2021: HK2.00 cents) per share for the six months ended 30 June 2022 to shareholders whose names appear on the register of members of the Company as at the close of business on Wednesday, 21 September 2022. The interim dividend will be paid to shareholders on Thursday, 29 September 2022.

## **REVIEW OF OPERATIONS**

Looking back at the major global economic events in the first half of 2022, it is undeniable that the COVID-19 pandemic and global inflation have brought enormous economic challenges. Since the beginning of the year, the COVID-19 pandemic broke out again in many areas in PRC. Shanghai and Beijing enforced large-scale lockdowns one after the other. The supply chain and logistics were thus affected. The tense situation between Russia and Ukraine further disrupted the global supply chain. Thus, the forecasts of 2022 global economic growth were revised downward.

On the other hand, the interest rates of the Federal Reserve had been raised periodically since March due to inflationary pressures. For the market, whether inflation will fall in the second half of the year will affect the direction of the global economy. Commodity prices remained high, partly due to increased tariffs on some Chinese goods resulted from the tensions between the U.S. and PRC, and partly due to the disruptions in supply chain caused by the conflict between Russia and Ukraine. If inflation remains high and pushes up the costs, the Federal Reserve will need to raise interest rates further. Hence, the risk of global economic recession will increase.

Looking forward to the second half of the year, PRC's economy is expected to rebound under the central stimulus measures after months of regulatory control by the PRC government over the COVID-19 pandemic since June. Other countries now have a general understanding and experience of the COVID-19 pandemic since its outbreak more than two years ago and are still facing various uncertainties and their economic development remains to be seen, all with caution.

Although the Group faced different challenges, it still achieved growth by adhering to the spirit of “fight with composure” which was attributed to the dedicated efforts of all employees of the Group. The world entered its third year of the COVID-19 pandemic. While striving to maintain the stability of business operations, the Group worked tirelessly to identify opportunities with growth potential to reward shareholders for their long-term support.

During the period under review, the Group recorded a turnover of HK\$569,928,000, representing an increase of 35.08% compared to the corresponding period in last year (2021: HK\$421,909,000).

During the period, the profit attributable to equity shareholders of the Group recorded HK\$16,066,000, representing a decrease of 58.14% compared with the corresponding period in last year (2021: HK\$38,381,000), which was mainly due to the provision made for investment in R&F bonds during the period.

The following are the main operating data of the Group during the first half of the year under review:

	<b>2022 1st Half</b>	<b>2021 1st Half</b>	<b>Changes</b>
<i>(Unit: HK\$ '000)</i>			
Consolidated sales	<b>569,928</b>	421,909	↑ 35.08%
of which:			
A. Financial investments	<b>26,120</b>	27,750	↓ 5.87%
B. Interior decoration and renovation	<b>330,540</b>	233,082	↑ 41.81%
C. Export sales	<b>183,129</b>	131,017	↑ 39.77%
D. Hong Kong retailing and overseas franchising	<b>30,137</b>	30,056	↑ 0.27%
Profit attributable to ordinary equity holders of the Company	<b>16,066</b>	38,381	↓ 58.14%
<i>(Unit: HK cents)</i>			
Interim earnings per share (basic)	<b>1.05</b>	2.49	↓ 57.83%
Interim dividend per share	<b>2.00</b>	2.00	-

	<b>As at 30 June 2022</b>	<b>As at 31 December 2021</b>	<b>Changes</b>
<i>(Unit: HK\$ '000)</i>			
Net cash and near cash in hand*	<b>2,446,067</b>	2,562,846	↓ 4.56%

\* “Net cash and near cash in hand” consists of debt investments at amortised cost, listed equity investments designated at fair value through other comprehensive income, time deposit with original maturity over three months, cash and cash equivalents, net of interest-bearing bank borrowings.

## 1. Financial Investments

There were unpredictable uncertainties surrounding the investment outlook due to the COVID-19 pandemic, inflation pressures and the interest rate hiking cycle in the U.S. The R&F bonds held during the period required provisions to be made under the accounting standards and resulted in a negative return on bond investments in the first half of 2022. Real estate in Mainland China was affected by the tightening policies and the pandemic. Rebuilding market confidence would be crucial for economic growth. The Management increased the cash level of the investment portfolio since last year and therefore made no new investment in the first half of the year waiting patiently for potential investment opportunities to come.

At the beginning of the year, the Group’s investment portfolio was HK\$809,888,000. Due to the maturity redemption of the U.S. Dollar bonds, the income for the first half of the year decreased to HK\$26,120,000 (2021: HK\$27,750,000), a decrease of 5.87% over the same period last year. As at 30 June 2022, the Group’s investments holding had a net amount of HK\$414,708,000.

## 2. Interior Decoration and Renovation

In the first half of 2022, the pandemic’s uncertainty impacted the interior design and decoration industry in PRC. Our operation managed to achieve good results in the first half of the year by relying on high-quality customers, local consumption and adopting standard management and control methods such as industrialization and informatization. In the first half of 2022, the total turnover of interior design and decoration business was HK\$330,540,000 (2021: HK\$233,082,000), representing an increase of 41.81%.

### 3. Export Operations

The export business of the Group was mainly composed of “foreign companies” and “design centres”, and the main market was still the United States. With the further relaxation of the pandemic prevention policy in the United States, consumer activities generally resumed. The retail market improved significantly, allowing the Group to resume growth in exports to the United States. Looking back on the first half of the year, the total export turnover increased to HK\$183,129,000 from HK\$131,017,000 in the same period last year, representing an increase of 39.77%.

### 4. Hong Kong Retailing and Overseas Franchising

As the market’s consumer sentiment had not yet recovered, retailing generally did not recover to the pre-pandemic levels during the period. Jeanswest’s retail business in Hong Kong and overseas franchise business managed to achieve the expected results after the Management improved the product design and product mix. The sales maintained positive growth, and the gross profit margin improved. During the period, the total turnover was HK\$30,137,000 (2021: HK\$30,056,000), representing an increase of 0.27%.

### 5. Financial Position

#### *Liquidity and Financial Resources*

During the period, the financial position of the Group was solid. As at 30 June 2022, the Group held net cash and near cash in hand of HK\$2,446,067,000 (31 December 2021: HK\$2,562,846,000).

#### *Significant Investments Held*

The Group’s significant investments held were marketable debt instruments which, as at 30 June 2022, amounted to HK\$414,708,000 (31 December 2021: HK\$809,888,000). The decrease of HK\$395,180,000 was mainly due to the redemption of some bonds at maturity and the impact of additional impairment provisions made.

### 6. Human Resources

As at 30 June 2022, the Group employed 495 members of staff (31 December 2021: 481). Furthermore, incentives were granted to employees depending on the Group’s overall performance and individual performance.

### PROSPECTS

Looking forward to the second half of the year, despite signs of a gradual recovery in global consumption and economic activities, there are still uncertainties in the development of the pandemic. In addition, the market is facing challenges such as high inflation, substantial increase in interest rates and the weakening economy. The Management’s approach is rigorous and prudent given the fluctuating global economy. Since the Group is holding a relatively large proportion of its assets in cash, it will actively seek better investment opportunities to bring greater returns to shareholders. The Group will flexibly adjust its investment direction and business strategy to achieve steady progress and better results.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 19 September 2022 to Wednesday, 21 September 2022, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Friday, 16 September 2022.

## CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2022, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, save and except for the deviation from code provision F.2.2 of the CG Code.

Under code provision F.2.2 of the CG Code, the chairman of the board should attend the annual general meeting. Due to COVID-19 pandemic control measures, Mr. Charles Yeung (Chairman of the Board) was not present at the Company's annual general meeting for the year 2022, Mr. Yeung Chun Fan (Vice-chairman of the Board) was appointed as the chairman and addressed questions raised by shareholders at the meeting.

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

During the six months ended 30 June 2022, the Company repurchased a total of 52,000 shares of the Company on The Stock Exchange of Hong Kong Limited. All the repurchased shares were subsequently cancelled by the Company. Details of the repurchases are as follows:

Month of repurchase	Number of shares repurchased	Price per share		Aggregate price HK\$
		Highest HK\$	Lowest HK\$	
January	52,000	0.82	0.81	51,000

The repurchase of the Company's shares during the period was effected by the Directors, pursuant to the mandate from shareholders received at the annual general meeting of the Company for the year 2021, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

## SUPPLEMENTAL INFORMATION IN RELATION TO THE 2021 ANNUAL REPORT

Reference is made to the annual report for the year ended 31 December 2021 (the “Annual Report”) of the Company. This information is supplemental to, and should be read in conjunction with, the Annual Report. In addition to the information provided in the Annual Report, the Board wishes to provide further information in relation to significant investments as follows:

Name of Issuer and Terms of Instruments	31 December 2021 (Audited)				31 December 2020 (Audited)
	Percentage to the Group's total assets %	Investment cost HK\$'000	Fair value HK\$'000	Net carrying amount HK\$'000	Net carrying amount HK\$'000
<b>Debt investments at amortised cost</b>					
Easy Tactic Limited					
5.75% Senior Notes 5 years due 2022	3.52%	151,330	98,876	116,002	147,108
5.875% Senior Notes 5 years due 2023	6.74%	294,500	111,901	222,125	289,972
Agile Group Holdings Limited					
5.125% Senior Notes 5 years due 2022	4.38%	147,359	97,799	144,619	146,073
Shui On Development (Holding) Limited					
6.875% Senior Notes 3 years due 2021	-	-	-	-	40,013
Subtotal	14.64%	593,189	308,576	482,746	623,166
<b>Equity investments designated at fair value through other comprehensive income</b>					
Shui On Development (Holding) Limited					
6.40% Senior Perpetual Capital Securities Callable 2022	9.92%	341,999	327,142	327,142	341,498
Other	0.24%	12,500	7,818	7,818	7,612
Subtotal	10.16%	354,499	334,960	334,960	349,110
Total	24.80%	947,688	643,536	817,706	972,276

By Order of the Board  
**Glorious Sun Enterprises Limited**  
**Dr. Charles Yeung, GBS, JP**  
*Chairman*

Hong Kong, 24 August 2022

As at the date of this announcement, the directors of the Company are as follows:

*Executive Directors:*

Dr. Charles Yeung, GBS, JP, Mr. Yeung Chun Fan, Mr. Hui Chung Shing, Herman, GBS, MH, JP, Ms. Cheung Wai Yee and Ms. Yeung Yin Chi, Jennifer

*Independent Non-executive Directors:*

Mr. Lau Hon Chuen, Ambrose, GBS, JP, Dr. Chan Chung Bun, Bunny, GBM, GBS, JP, Mr. Ng Wing Ka, Jimmy, BBS, JP and Mr. Choi Tak Shing, Stanley, JP