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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)

Announcement of Results For the year ended 31 December 2021

ANNUAL RESULTS

The board of directors (the “Board”) of Glorious Sun Enterprises Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021 together with the comparative figures for the year ended 31 December 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
REVENUE			
Revenue from contracts with customers		942,782	641,575
Revenue from other sources:			
Interest income from debt investments at amortised cost		33,235	43,593
Others		21,824	22,380
	(3)	997,841	707,548
Cost of sales		(831,594)	(567,855)
Gross profit		166,247	139,693
Other income and gains		103,391	74,937
Gain on derecognition of debt investments at amortised cost		-	3,544
Selling and distribution expenses		(18,906)	(19,789)
Administrative expenses		(82,285)	(79,489)
Other expenses		(4,982)	(11,948)
Impairment loss on debt investments at amortised cost, net		(99,609)	(3,721)
(Impairment loss)/reversal of impairment loss on other financial and contract assets, net		(11,790)	1,572
Finance costs	(4)	(2,492)	(2,084)
PROFIT BEFORE TAX	(5)	49,574	102,715
Income tax expenses	(6)	(6,413)	(4,598)
PROFIT FOR THE YEAR		43,161	98,117
Attributable to:			
Ordinary equity holders of the Company		36,996	90,018
Non-controlling interests		6,165	8,099
		43,161	98,117
		HK cents	HK cents
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	(8)		
For profit for the year		2.40	5.89

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
PROFIT FOR THE YEAR	<u>43,161</u>	<u>98,117</u>
OTHER COMPREHENSIVE (LOSS)/INCOME		
<i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences:		
Exchange differences on translation of financial information	444	55,955
Release of exchange reserve upon loss of control of a subsidiary	<u>(46,500)</u>	<u>-</u>
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	<u>(46,056)</u>	<u>55,955</u>
<i>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:</i>		
Equity investments designated at fair value through other comprehensive income:		
Change in fair value	(14,344)	(1,759)
Income tax effect	<u>(2)</u>	<u>4</u>
	<u>(14,346)</u>	<u>(1,755)</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<u>(14,346)</u>	<u>(1,755)</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	<u>(60,402)</u>	<u>54,200</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u>(17,241)</u>	<u>152,317</u>
Attributable to:		
Ordinary equity holders of the Company	(23,399)	142,699
Non-controlling interests	<u>6,158</u>	<u>9,618</u>
	<u>(17,241)</u>	<u>152,317</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		15,753	12,997
Right-of-use assets		23,627	27,221
Debt investments at amortised cost		222,125	583,153
Equity investment designated at fair value through other comprehensive income		7,818	349,110
Rental deposits		605	975
Deferred tax assets		9,988	9,214
Total non-current assets		279,916	982,670
CURRENT ASSETS			
Inventories		166,756	69,305
Debt investments at amortised cost		260,621	40,013
Equity investments designated at fair value through other comprehensive income		327,142	-
Trade receivables	(9)	251,382	136,420
Prepayments, deposits and other receivables		78,657	46,968
Contract assets		154,939	47,168
Due from related companies		5,381	5,874
Financial assets at fair value through profit or loss		-	87,784
Pledged deposits		-	18,582
Cash and cash equivalents		1,772,358	1,712,218
Total current assets		3,017,236	2,164,332
CURRENT LIABILITIES			
Trade payables	(10)	228,651	91,294
Contract liabilities		250,167	173,550
Other payables and accruals		262,640	203,858
Deferred income		1,822	-
Interest-bearing bank borrowings		19,400	17,720
Lease liabilities		8,483	10,017
Tax payable		12,973	21,568
Total current liabilities		784,136	518,007
NET CURRENT ASSETS		2,233,100	1,646,325
TOTAL ASSETS LESS CURRENT LIABILITIES		2,513,016	2,628,995
NON-CURRENT LIABILITIES			
Lease liabilities		21,485	27,136
Deferred tax liabilities		1,269	1,050
Total non-current liabilities		22,754	28,186
Net assets		2,490,262	2,600,809
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		153,003	152,834
Reserves		2,313,824	2,425,518
		2,466,827	2,578,352
Non-controlling interests		23,435	22,457
Total equity		2,490,262	2,600,809

NOTES

(1) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain investments which have been measured at fair value.

The financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

(2) Changes in accounting policies and disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform - Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided that the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the year ended 31 December 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the COVID-19 pandemic. A reduction in the lease payments arising from the rent concessions of HK\$1,989,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2021. There was no impact on the opening balance of equity as at 1 January 2021.

The Group has not early adopted any other new or amended HKFRSs that have been issued but have not yet been effective for the current accounting year.

(3) Operating segment information

By business

The Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, non-leased-related finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

	Year ended 31 December 2021				
	Financial investments <i>HK\$'000</i>	Interior decoration and renovation <i>HK\$'000</i>	Export operations <i>HK\$'000</i>	Retail, franchise and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue					
Revenue from external parties	55,059	698,844	193,693	50,245	997,841
Other income and gains	4,800	5,383	8,003	4,938	23,124
Total	<u>59,859</u>	<u>704,227</u>	<u>201,696</u>	<u>55,183</u>	<u>1,020,965</u>
Segment results	<u>(44,801)</u>	<u>11,663</u>	<u>14,209</u>	<u>7,944</u>	<u>(10,985)</u>
Interest income					21,540
Unallocated income					58,727
Corporate and other unallocated expenses					(18,774)
Finance costs (other than interest on lease liabilities)					(934)
Profit before tax					<u>49,574</u>
Income tax expenses					<u>(6,413)</u>
Profit for the year					<u>43,161</u>

	Year ended 31 December 2020				
	Financial investments <i>HK\$'000</i>	Interior decoration and renovation <i>HK\$'000</i>	Export operations <i>HK\$'000</i>	Retail, franchise and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue					
Revenue from external parties	65,973	468,685	137,533	35,357	707,548
Other income and gains	7,987	4,334	4,033	6,063	22,417
Total	<u>73,960</u>	<u>473,019</u>	<u>141,566</u>	<u>41,420</u>	<u>729,965</u>
Segment results	<u>58,689</u>	<u>18,029</u>	<u>(3,308)</u>	<u>(4,162)</u>	<u>69,248</u>
Interest income					21,574
Unallocated income					34,490
Corporate and other unallocated expenses					(22,285)
Finance costs (other than interest on lease liabilities)					(312)
Profit before tax					<u>102,715</u>
Income tax expenses					<u>(4,598)</u>
Profit for the year					<u>98,117</u>

(4) Finance costs

An analysis of finance costs is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank loans	934	312
Interest on lease liabilities	<u>1,558</u>	<u>1,772</u>
	<u><u>2,492</u></u>	<u><u>2,084</u></u>

(5) Profit before tax

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of inventories sold	834,147	562,462
Depreciation of property, plant and equipment	2,499	1,856
Depreciation of right-of-use assets	6,550	10,880
Impairment of items of property, plant and equipment, net	-	379
Impairment of right-of-use assets	-	3,909
Loss on disposal of items of property, plant and equipment, net	4	24
Bank interest income	<u>(21,540)</u>	<u>(21,574)</u>

(6) Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, 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 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current - Hong Kong		
Charge for the year	4,438	4,105
Underprovision/(overprovision) in prior years	289	(928)
Current - Elsewhere		
Charge for the year	4,943	2,613
Overprovision in prior years	(2,699)	(1,147)
Deferred	<u>(558)</u>	<u>(45)</u>
Total tax charge for the year	<u><u>6,413</u></u>	<u><u>4,598</u></u>

(7) Dividends

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interim - HK2.00 cents (2020: HK1.80 cents) per ordinary share	30,867	27,510
Proposed final - HK4.00 cents (2020: HK4.20 cents) per ordinary share	61,201	64,820
Adjustment on interim dividend	(64)	-
	92,004	92,330

The proposed final dividend for the year ended 31 December 2021 calculated by reference to 1,530,028,000 shares in issue on 23 March 2022 has not been recognised as a liability at the end of the reporting period and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

(8) Earnings per share attributable to ordinary equity holders of the Company

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$36,996,000 (2020: HK\$90,018,000) and the weighted average number of ordinary shares of 1,538,761,000 (2020: 1,528,336,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

(9) 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Less than 4 months	213,153	94,487
4 to 6 months	29,285	32,122
7 to 12 months	8,183	5,230
Over 1 year	761	4,581
	251,382	136,420

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

(10) 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Less than 4 months	226,919	88,602
4 to 6 months	800	1,495
Over 6 months	932	1,197
	<u>228,651</u>	<u>91,294</u>

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

(11) Deemed disposal of partial interest in a subsidiary

Pursuant to a capital increase agreement dated 9 July 2021, a director and general manager of 石家莊常宏建築裝飾工程有限公司 (Shijiazhuang Changhong Building Decoration Engineering Company Limited, the English name is for identification only) (“Shijiazhuang Changhong”), an indirect non-wholly owned subsidiary of the Company, agreed to make a capital contribution for 10% of the enlarged share capital of Shijiazhuang Changhong, at a cash consideration of RMB6,125,000 (equivalent to approximately HK\$7,424,000). After the completion of this transaction on 13 July 2021, the Group’s shareholding in Shijiazhuang Changhong has diluted from 65% to 58.5%. Details of this deemed disposal of partial interest in a subsidiary by the Company are set out in the Company’s announcements dated 9 July 2021 and 21 July 2021.

- (i) Net assets at the date of deemed disposal of partial interest in Shijiazhuang Changhong and its subsidiaries were as follows:

	13 July 2021 <i>HK\$'000</i>
Non-current assets	45,246
Current assets (other than cash and cash equivalents)	389,566
Cash and cash equivalents	47,316
Current liabilities	(424,514)
Non-current liabilities	(20,796)
Non-controlling interests	(710)
Net assets after subscription	<u>36,108</u>

- (ii) Gain recognised in the consolidated statement of changes in equity:

	2021 <i>HK\$'000</i>
Consideration of subscription	7,424
Net assets shared by non-controlling interests	(4,945)
Gain recognised in other reserve	<u>2,479</u>

(12) Events after the end of reporting period

Redemption of 5.75% senior notes due 2022 of Easy Tactic Limited (the “Notes”)

Due to financial pressure on real estate developments and reduced property sales, Easy Tactic Limited (“Easy Tactic”), an indirect wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd. (“R&F”), conducted a tender offer and consent solicitation of the Notes to improve R&F group’s overall financial position. After an assessment of significant investments held by the Group amid recent credit events concerning Chinese property developers, the Group chose to tender all the Notes held by the Group for purchase by Easy Tactic for cash at 83% of the principal amount of the Notes up to a maximum acceptance amount at sole discretion by Easy Tactic together with accrued interest payments, and agreed Easy Tactic to extend the maturity date of the Notes to 13 July 2022 with a consent fee at 0.1% of the principal amount of the Notes.

As a result of the tender offer and consent solicitation, the Notes held by the Group in an aggregate principal amount of US\$4,121,000 (equivalent to approximately HK\$31,938,000) out of that of US\$19,200,000 (equivalent to approximately HK\$148,800,000) were redeemed at a total consideration together with the consent fee of US\$3,534,150 (equivalent to approximately HK\$27,390,000) in January 2022. The actual cash loss from the redemption of the Notes amounting to US\$586,850 (equivalent to approximately HK\$4,548,000) has been considered and accounted as impairment loss on debt investments at amortised cost as at 31 December 2021. The maturity date of the remaining Notes in an aggregate principal amount of US\$15,079,000 (equivalent to approximately HK\$116,862,000) is extended to 13 July 2022.

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK4.00 cents (2020: HK4.20 cents) per share for the year ended 31 December 2021 at the forthcoming annual general meeting to be held on Tuesday, 24 May 2022. The final dividend amounting to HK\$61,201,000, if approved by the shareholders of the Company, will be paid on Friday, 10 June 2022 to those shareholders whose names appear on the register of members of the Company on Wednesday, 1 June 2022.

RESULTS

At the beginning of 2021, the mass vaccination campaigns started globally on the arrival of COVID-19 vaccines. The vaccination campaigns raised the expectation of economic recovery and improved market sentiment. However, the vaccines are found less effective against COVID-19 variants, the epidemic is raging through the world again. The COVID-19 situation worsened again, causing city lockdowns, global supply chain disruptions, and surging inflation. In addition, investors are concerned about the stock market because the Federal Reserve indicated that the QE tapering might arrive ahead of the original schedule. Since the economic cost of precautionary measures against COVID-19 is unaffordable, some developed countries implemented the “Coexisting with the Virus” policy and gradually opened up their borders after the vaccination rates of the first dose were close to 80% so as to speed up their economic recovery. Although the condition is erratic, the policy direction remains unchanged. Despite all the difficulties, the activities of major economies improved significantly, partially explained by the low base effect.

During the year, the Central Government implemented strict regulations on several industries, including the overheated property sector. Many property companies fell into financial difficulties as they failed to comply with the “Three Red Lines” policy introduced to control excessive borrowing in the property sector. Due to the slowing property development, China’s economic growth has slowed in the second half of the year.

Hong Kong's economic development is closely related to the mainland. Since Hong Kong follows China's Zero-COVID policy, the government implemented several preventive measures such as social distancing and quarantine. The tourism-related businesses continued to suffer while some other industries had a good rebound from the bottom. As "domestic consumption" and "staycation" became new trends, the hotel and catering industries partially recovered. The unemployment rate improved, but the vacancy rate of Grade-A commercial buildings in Central reached a 15-year high at 7.6%. The vacancy rate of retail shops surged, and the rental of prime locations dropped significantly. The overall business environment remains challenging.

In 2021, the Group defined the quality management strategy and made every effort to develop towards "high quality and efficiency", adhering to "effective". This strategy was implemented on core business and adapted to the market. The Group has achieved visible results at multiple business levels.

The Group's retail and export businesses recover as the global economy partially recovers. The total sales increased by 41.03% in 2021. However, the China government regulated the property companies and slowed the property market in China. According to the accounting standards, the impairment provisions have been made in the China property bond holdings. The impairment loss of non-cash items does not immediately affect cash flow, and the profit attributable to shareholders records a decrease of 58.90% compared with the same period last year.

Hereunder are the highlights of our performance in the year under review:

	2021	2020	Changes
<i>(Unit: HK\$'000)</i>			
Consolidated sales	997,841	707,548	↑41.03%
of which:			
A. Financial investments	55,059	65,973	↓16.54%
B. Interior decoration and renovation	698,844	468,685	↑49.11%
C. Export operations	193,693	137,533	↑40.83%
D. Hong Kong retailing and overseas franchising	50,223	35,349	↑42.08%
Profit attributable to ordinary equity holders of the Company	36,996	90,018	↓58.90%

<i>(Unit: HK cents)</i>			
Earnings per share (basic)	2.40	5.89	↓59.25%
Dividend per share			
— Final	4.00	4.20	↓4.76%
— Total	6.00	6.00	-

<i>(Unit: HK\$'000)</i>			
Net cash and near cash in hand*	2,562,846	2,765,528	↓7.33%

* "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, financial assets at fair value through profit or loss, pledged deposits, cash and cash equivalents, net of interest-bearing bank borrowings.

REVIEW OF BUSINESSES

Financial Investments

As for financial investment, the COVID-19 vaccine is less effective for variants than expected. The overall market sentiment was fickle, coupled with the rectification and regulation of many industries by China government. The impact on the property was profound. In addition, the outbreak of the COVID-19 in many provinces and cities in August and the power cuts in September added uncertainties to the economic recovery. Given the extensive influence of the regulatory policies, the Management was prudent in investment. Therefore, no new investment was made during the year, and we are patiently waiting for potential investment opportunities. The tightening of policies has hit the debt-laden property industry. Since the third quarter, companies with high debt have encountered liquidity problems. Some property companies had no choice but to delay bond repayment, putting tremendous pressure on the China property bond market. According to the valuation report of the external appraiser, the Group made impairment provisions on the bond investment to reflect the risk of market uncertainty.

At the beginning of the year, the Group's investment portfolio was HK\$964,664,000, due to the maturity redemption of approximate HK\$40 million Renminbi bond. In addition, due to the relatively high base of financial investment income last year, for the year ended 31 December 2021, the total turnover of the financial investments was HK\$55,059,000 (2020: HK\$65,973,000), showing a decrease of 16.54% from the previous year. As of 31 December 2021, the Group's investment holding had a net carrying amount of HK\$809,888,000.

Interior Decoration and Renovation

This year is still tough relatively. Attributing to the foundation of high-quality customers, intelligent digital transformation, and innovative exploration, the turnover has been recovered. In the year, we focused on analysing customer groups, paying attention to industry and social changes, and responding promptly. The business achieved satisfactory results the year under review.

For the year ended 31 December 2021, the total turnover of the interior decoration and renovation operations was HK\$698,844,000 (2020: HK\$468,685,000), representing an increase of 49.11% from the previous year.

Export Operations

The export operations of the Group were composed of oversea agency trading and design centre targeting the US as our primary market. During the year, as the US government actively promoted economic revitalisation policies, consumer activities improved, and our export operations significantly enhanced. Although our export operations have not returned to the level before the epidemic, the current situation of the US market is still optimistic.

For the year ended 31 December 2021, the export operations' total sales were HK\$193,693,000 (2020: HK\$137,533,000), representing an increase of 40.83% from the previous year.

Hong Kong Retailing and Overseas Franchising Operations

In the year under review, attributed to overseas franchisees, Jeanswest's performance has improved significantly. Although Hong Kong's retail market has been enhanced in the first half of the year, it is still weak. With the emergence of variants, the outbreak of the epidemic has re-emerged, slowing down Hong Kong's economic recovery, and it is difficult to predict the prospect of the retail business.

For the year ended 31 December 2021, the total turnover of Jeanswest in Hong Kong and overseas was HK\$50,223,000 (2020: HK\$35,349,000), representing an increase of 42.08% when compared with last year.

FINANCIAL POSITION

Liquidity and Financial Resources

In the period, the financial position of the Group was solid. As at 31 December 2021, the Group held net cash and near cash in hand of HK\$2,562,846,000 (31 December 2020: HK\$2,765,528,000).

Significant investments held

The Group's significant investments held are marketable debt instruments which, as at 31 December 2021, amounted to HK\$809,888,000 (31 December 2020: HK\$964,664,000). The decrease of HK\$154,776,000 was mainly attributed to the redemption and impairment loss of certain debt instruments upon maturity.

HUMAN RESOURCES

As at 31 December 2021, the Group employed 489 employees (2020: 481). The Group granted bonuses to employees based on the Group's results and individual performance from time to time.

SOCIAL RESPONSIBILITY

It is the commitment of the Management that while maximising returns for shareholders, the Group had to take up its social responsibilities. Therefore, we demanded our sub-contractors strictly adhere to stringent environmental protection policies and regulations in their production process. We also supported and sponsored charitable activities. Under the prevalence of COVID-19, as the government recommended, the Group has launched a series of measures to encourage staff vaccination. Flexible working hours were also introduced to enable our staff to stay away from peak traffic hours to minimise the chance of infection. The Group also hired professional medical personnel to provide consultation services, conduct blood tests, hold medical lectures of COVID-19 vaccine, and invite doctors to share professional knowledge about the vaccines with employees. So far, 95% of employees have received the first and second shot of the COVID-19 vaccine. Online video conferences replace sizable internal meetings in the Group. Staff with chronic illness and those in pregnancy were advised to work from home.

PROSPECTS

Looking forward to 2022, global economy is facing different challenges such as persistent inflation and the accelerated QE tapering. The market consensus expects that the Federal Reserve will raise interest rates in the coming year. We must pay close attention to how the tightening policy will affect the Hong Kong economy and the investment market. The COVID-19 variant has caused the epidemic to continue, and the cross-border economic activities of various countries have almost come to a standstill. It affects logistics and shipping, causing port congestion and disconnection of supply chains and declining labour force, thereby driving up wage costs and inflation. In addition, the relationship between China and the United States has yet to ease. It is expected that the economy will still recover gradually in 2022, but the increase will be slightly weaker than that in 2021.

Hong Kong is closely related to the economic development of Mainland China. The closure of customs due to the epidemic will affect economic growth. The spread of COVID-19 in Hong Kong was previously under control. However, the global outburst of this pandemic has been attacking Hong Kong again since the beginning of 2022. The daily infected number soars record high. The stringent preventive measures put up by the Government hit various trades and businesses. Customs clearance is further delayed. The slightly awakened retail and catering industries experience heavy blows again. Economic recovery is thereby dragged down. The effectiveness of the prevention measures is crucial to Hong Kong's economic recovery. Precise and decisive policy guidance and close cooperation between all parties are required for Hong Kong to return to a normal situation.

Considering the domestic and international situation and the Company's needs, the Group's 2022 strategy focuses on "implementing high-quality development". The Group should actively integrate into China's high-quality development track to market- and customer orientation. At the same time, we must dare to innovate and take responsibility. The development strategy seeks progress while maintaining stability, developing in the direction of "specialisation, refinement, differentiation and innovation", enhancing core competitiveness, and achieving high-quality development.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year 2022 will be held on Tuesday, 24 May 2022. For details of the annual general meeting, please refer to the notice of annual general meeting of the Company which is expected to be published on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (www.hkexnews.hk) and the Company (www.glorisun.com) on or around Tuesday, 19 April 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 19 May 2022 to Tuesday, 24 May 2022, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the entitlement to attend and vote at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office 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 Wednesday, 18 May 2022.

The register of members of the Company will also be closed from Monday, 30 May 2022 to Wednesday, 1 June 2022, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with 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, 27 May 2022.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the year ended 31 December 2021.

SCOPE OF WORK OF THE COMPANY'S AUDITOR ERNST & YOUNG ("EY")

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by EY to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by EY on this announcement.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2021, including the accounting principles adopted by the Group, with the Company's management. The Audit Committee is to assist the Board to fulfill the functions of reviewing and monitoring the financial reporting procedures and internal control of the Group. The Audit Committee currently consists of three Independent Non-executive Directors, namely Mr. Lau Hon Chuen, Ambrose (Committee Chairman), Mr. Ng Wing Ka, Jimmy and Mr. Choi Tak Shing, Stanley.

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

During the year, the Company repurchased a total of 15,300,000 shares of the Company on the Stock Exchange of which 13,308,000 shares were subsequently cancelled by the Company. Subsequently, the Company had repurchased a total of 52,000 shares in the aggregate consideration of HK\$42,880 in January 2022. Details of the repurchases during the year are as follows:

Month of repurchase	Number of shares repurchased	Price per share		Aggregate price HK\$'000
		Highest HK\$	Lowest HK\$	
August 2021	1,204,000	0.82	0.79	974
September 2021	6,124,000	0.83	0.79	5,017
October 2021	3,620,000	0.83	0.81	2,976
November 2021	3,588,000	0.83	0.81	2,965
December 2021	764,000	0.85	0.81	646
	15,300,000			12,578

The repurchase of the Company's shares during the year 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.

On 27 January 2021, 15,000,000 ordinary shares at the subscription price of HK\$1.20 per subscription share were allotted and issued by the Company to iFree Group (HK) Limited, an independent third party (the "Subscription"). The net proceeds from the Subscription were approximately HK\$17,596,000 and have been used for general working capital of the Group. Details of the Subscription are set out in the Company's announcements dated 15 January 2021 and 27 January 2021.

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 year.

APPRECIATION

The Board of Directors of the Company would like to take this opportunity to express its sincere appreciation to the shareholders for their support, and to the Management and staff for their dedicated efforts.

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

Hong Kong, 23 March 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, SBS, 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, JP, Mr. Ng Wing Ka, Jimmy, BBS, JP and Mr. Choi Tak Shing, Stanley, JP