



GLORIOUS SUN ENTERPRISES LIMITED

(Incorporated in Bermuda with limited liability) (Stock Code:393)

2022 Interim Report





Changhong offered innovative interior decoration solutions to customers

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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

	Notes	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
REVENUE			
Revenue from contracts with customers		543,808	394,159
Revenue from other sources		26,120	27,750
		<u>569,928</u>	<u>421,909</u>
Cost of sales	(3)	(483,120)	(344,291)
		<u>86,808</u>	<u>77,618</u>
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)
		<u>11,747</u>	<u>42,990</u>
PROFIT BEFORE TAX	(4)	11,747	42,990
Income tax credit/(expense)	(5)	2,995	(4,216)
		<u>14,742</u>	<u>38,774</u>
PROFIT FOR THE PERIOD		<u>14,742</u>	<u>38,774</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Continued)

Six months ended 30 June 2022

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

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

	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	14,742	38,774
OTHER COMPREHENSIVE INCOME		
<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>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	14,546	3,637
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	29,288	42,411
Attributable to:		
Ordinary equity holders of the Company	31,334	42,193
Non-controlling interests	(2,046)	218
	29,288	42,411

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

		30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Debt investments at amortised cost	(8)	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
		<hr/>	<hr/>
Total non-current assets		324,777	279,916
CURRENT ASSETS			
Inventories		186,597	166,756
Trade receivables	(9)	229,279	251,382
Debt investments at amortised cost	(8)	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
		<hr/>	<hr/>
Total current assets		2,820,242	3,017,236
CURRENT LIABILITIES			
Trade payables	(10)	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
		<hr/>	<hr/>
Total current liabilities		676,072	784,136
NET CURRENT ASSETS			
		<hr/> 2,144,170 <hr/>	<hr/> 2,233,100 <hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/> 2,468,947 <hr/>	<hr/> 2,513,016 <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

30 June 2022

		30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
	<i>Note</i>		
NON-CURRENT LIABILITIES			
Total non-current liabilities		<u>17,917</u>	<u>22,754</u>
Net assets		<u>2,451,030</u>	<u>2,490,262</u>
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	(11)	152,798	153,003
Reserves		<u>2,284,193</u>	<u>2,313,824</u>
		2,436,991	2,466,827
Non-controlling interests		<u>14,039</u>	<u>23,435</u>
Total equity		<u>2,451,030</u>	<u>2,490,262</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2022

2022 (Unaudited)	Attributable to ordinary equity holders of the Company						Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium HK\$'000	Treasury shares HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000		
As at 1 January 2022	153,003	740,325	(1,661)	382,812	1,192,348	2,466,827	23,435	2,490,262
Profit for the period	-	-	-	-	16,066	16,066	(1,324)	14,742
Other comprehensive income	-	-	-	15,268	-	15,268	(722)	14,546
Total comprehensive income	-	-	-	15,268	16,066	31,334	(2,046)	29,288
Shares repurchased	-	-	(51)	-	-	(51)	-	(51)
Cancellation of shares repurchased	(205)	(1,507)	1,712	-	-	-	-	-
Transfer to fair value reserve upon disposal of equity investments at fair value through other comprehensive income	-	-	-	(2,521)	2,521	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(7,350)	(7,350)
Dividend paid	-	-	-	-	(61,119)	(61,119)	-	(61,119)
Transfer within reserves	-	-	-	42	(42)	-	-	-
As at 30 June 2022	152,798	738,818	-	395,601	1,149,774	2,436,991	14,039	2,451,030
2021 (Unaudited)	Attributable to ordinary equity holders of the Company						Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium HK\$'000	Treasury shares HK\$'000	Other reverses HK\$'000	Retained profits HK\$'000	Total HK\$'000		
As at 1 January 2021	152,834	733,815	-	443,783	1,247,920	2,578,352	22,457	2,600,809
Profit for the period	-	-	-	-	38,381	38,381	393	38,774
Other comprehensive income	-	-	-	3,812	-	3,812	(175)	3,637
Total comprehensive income	-	-	-	3,812	38,381	42,193	218	42,411
Issue of shares	1,500	16,500	-	-	-	18,000	-	18,000
Shares issue expenses	-	(404)	-	-	-	(404)	-	(404)
Contribution from non-controlling shareholders	-	-	-	-	-	-	3,467	3,467
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(13,598)	(13,598)
Dividend paid	-	-	-	-	(64,820)	(64,820)	-	(64,820)
Transfer within reserves	-	-	-	(4,277)	4,277	-	-	-
As at 30 June 2021	154,334	749,911	-	443,318	1,225,758	2,573,321	12,544	2,585,865

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2022

	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Cash flows from operating activities		
Cash flows used in from operating activities	(28,422)	(52,899)
Interest paid	(1,943)	(1,399)
Tax paid	(1,668)	(15,127)
	<hr/>	<hr/>
Net cash flows used in operating activities	(32,033)	(69,425)
Cash flows from investing activities		
Proceeds from redemption of debt investments at amortised cost	27,390	40,189
Proceeds from redemption of equity investments designated at fair value through other comprehensive income	344,520	–
Other cash flows from investing activities	3,806	22,308
	<hr/>	<hr/>
Net cash flows from investing activities	375,716	62,497
Cash flows from financing activities		
Proceed from issuance of shares	–	17,596
New bank loans	84,150	32,163
Repayment of bank loans	(74,911)	(2,945)
Dividends paid	(56,632)	(64,820)
Other cash flows used in financing activities	(10,883)	(5,244)
	<hr/>	<hr/>
Net cash flows used in financing activities	(58,276)	(23,250)
Net increase/(decrease) in cash and cash equivalents	285,407	(30,178)
Cash and cash equivalents at beginning of period	1,772,358	1,712,218
Effect of foreign exchange rate changes, net	1,306	6,678
	<hr/>	<hr/>
Cash and cash equivalents at end of period	2,059,071	1,688,718
	<hr/> <hr/>	<hr/> <hr/>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	182,284	201,219
Non-pledged time deposits with original maturity of less than three months when acquired	1,876,787	1,487,499
	<hr/>	<hr/>
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	2,059,071	1,688,718
	<hr/> <hr/>	<hr/> <hr/>

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 the 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.

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

	Six months ended 30 June 2022 (Unaudited)				Total HK\$'000
	Financial investments HK\$'000	Interior decoration and renovation HK\$'000	Export operations HK\$'000	Retail, franchise and others HK\$'000	
Segment revenue					
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
Total	<u>32,408</u>	<u>330,834</u>	<u>185,919</u>	<u>34,310</u>	<u>583,471</u>
Segment results	<u>(14,695)</u>	<u>(2)</u>	<u>16,736</u>	<u>5,600</u>	7,639
Interest income					5,197
Unallocated revenue					7,477
Corporate and other unallocated expenses					(7,290)
Finance costs (other than interest on lease liabilities)					<u>(1,276)</u>
Profit before tax					<u>11,747</u>

(3) Operating Segment information (Continued)

	Six months ended 30 June 2021 (Unaudited)				Total HK\$'000
	Financial investments HK\$'000	Interior decoration and renovation HK\$'000	Export operations HK\$'000	Retail, franchise and others HK\$'000	
Segment revenue					
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
	<u>27,750</u>	<u>235,906</u>	<u>134,287</u>	<u>32,922</u>	<u>430,865</u>
Total	<u>27,750</u>	<u>235,906</u>	<u>134,287</u>	<u>32,922</u>	<u>430,865</u>
Segment results	<u>26,336</u>	<u>606</u>	<u>5,310</u>	<u>1,740</u>	33,992
Interest income					10,330
Unallocated revenue					7,822
Corporate and other unallocated expenses					(8,557)
Finance costs (other than interest on lease liabilities)					(597)
Profit before tax					<u>42,990</u>

(4) Profit before tax

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

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

* 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.

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

(6) Dividends

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

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) Debt investments at amortised cost

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Listed debt investments	565,823	590,584
Impairment allowance	(151,115)	(107,838)
	414,708	482,746
Less: current portion	(141,432)	(260,621)
Non-current portion	273,276	222,125

Certain debt investments with principal amount of US\$4,121,000 (equivalent to approximately HK\$31,938,000) were redeemed at a total cash consideration of US\$3,534,150 (equivalent to approximately HK\$27,390,000) in January 2022 and a cash loss of HK\$4,548,000 was written off from the impairment allowance of debt investments at amortised cost.

An impairment analysis was performed by considering the probability of default of comparable companies with published credit ratings. The Group applies the general approach and measures impairment allowance for listed debt investments at an amount equal to lifetime expected credit losses. Expected credit loss of HK\$46,857,000 (2021: reversal of expected credit loss of HK\$191,000) was recognised for the listed debt investments for the six months ended 30 June 2022 and was mainly resulted from the increase in credit risk.

The fair value of debt investments at amortised cost was HK\$215,606,000 as at 30 June 2022 (31 December 2021: HK\$308,576,000).

(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:

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

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:

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

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

(11) Share capital

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

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

	Number of shares in issue of HK\$0.1 each '000	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
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	(13,308)	(1,331)	(9,586)	(10,917)
At 31 December 2021 (Audited)	1,530,028	153,003	740,325	893,328
Cancellation of shares repurchased	(2,044)	(205)	(1,507)	(1,712)
At 30 June 2022 (Unaudited)	1,527,984	152,798	738,818	891,616

On 27 January 2021, a total of 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. These shares rank pari passu in all respects with the then existing shares in issue.

(12) Fair value and fair value hierarchy

At the end of the reporting period, the carrying amounts of the Group's financial assets and financial liabilities approximated to their fair values.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Management has assessed that the fair values of cash and cash equivalents, time deposit with original maturity over three months, trade receivables, trade payables, the current portion of financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from/to related companies, and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of rental deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2022 was assessed to be insignificant. The fair values of the interest-bearing bank borrowings approximate to their carrying amounts as at 30 June 2022 and 31 December 2021.

The fair values of listed equity investments are based on quoted market prices and the fair value of the unlisted equity investment is based on valuation model using unobservable inputs.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

(12) Fair value and fair value hierarchy (Continued)

Fair value hierarchy (Continued)

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Assets measured at fair value:

	30 June 2022 (Unaudited)			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Equity investment designated at fair value through other comprehensive income: Unlisted equity investment	–	–	7,544	7,544
	<u>–</u>	<u>–</u>	<u>7,544</u>	<u>7,544</u>
	31 December 2021 (Audited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Equity investments designated at fair value through other comprehensive income: Listed equity investments	327,142	–	–	327,142
Unlisted equity investment	–	–	7,818	7,818
	<u>327,142</u>	<u>–</u>	<u>7,818</u>	<u>334,960</u>

During the period, there were no transfers of fair value measurement between Level 1 and Level 2 for both financial assets and financial liabilities, and no transfers into or out of Level 3 for financial assets (31 December 2021: Nil).

(13) Events after the end of the reporting period

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

Name of Issuer and Terms of Instruments	Notes	30 June 2022 (Unaudited)		31 December 2021 (Audited)		Six months ended 30 June 2022 (Unaudited)		
		Percentage to the Group's total assets	Investment cost	Fair value	Net carrying amount	Net carrying amount	Interest income	Impairment loss
		%	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.

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

Notes: (Continued)

(a) *(Continued)*

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.
- (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 HK\$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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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.

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:

	2022	2021	
	1st Half	1st Half	Changes
<i>(Unit: HK\$'000)</i>			
Consolidated sales	569,928	421,909	↑ 35.08%
of which:			
A. Financial investments	26,120	27,750	↓ 5.87%
B. Interior decoration and renovation	330,540	233,082	↑ 41.81%
C. Export sales	183,129	131,017	↑ 39.77%
D. Hong Kong retailing and overseas franchising	30,137	30,056	↑ 0.27%
Profit attributable to ordinary equity holders of the Company	16,066	38,381	↓ 58.14%
<i>(Unit: HK cents)</i>			
Interim earnings per share (basic)	1.05	2.49	↓ 57.83%
Interim dividend per share	2.00	2.00	–
	As at	As at	
	30 June	31 December	
	2022	2021	Changes
<i>(Unit: HK\$'000)</i>			
Net cash and near cash in hand*	2,446,067	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.

OTHER INFORMATION

BOARD OF DIRECTORS

Executive

Dr. Charles Yeung, GBS, JP

(Chairman)

Mr. Yeung Chun Fan

(Vice-chairman)

Mr. Hui Chung Shing, Herman, GBS, MH, JP

Ms. Cheung Wai Yee

Ms. Yeung Yin Chi, Jennifer

Independent Non-executive

Mr. Lau Hon Chuen, Ambrose, GBS, JP

Dr. Chan Chung Bun, Bunny, GBM, GBS, JP

Mr. Ng Wing Ka, Jimmy, BBS, JP

Mr. Choi Tak Shing, Stanley, JP

COMPANY SECRETARY

Ms. Hoi Siu Ling

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2022, the interests or short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

Long positions in shares of the Company

Name of director	Capacity	Number of shares held	Total	Percentage of issued share capital (%)
Dr. Charles Yeung, GBS, JP	(i) Interest of controlled corporations	830,073,000	968,358,499 ^{(1) & (2)}	63.375
	(ii) Joint interest	138,285,499		
Mr. Yeung Chun Fan	(i) Beneficial owner	75,000,000	1,053,453,499 ^{(1), (2) & (3)}	68.944
	(ii) Interest of controlled corporations	830,073,000		
	(iii) Joint interest	138,285,499		
	(iv) Interest of spouse	10,095,000		
Mr. Hui Chung Shing, Herman, GBS, MH, JP	Beneficial owner	6,250,000	6,250,000	0.409
Ms. Cheung Wai Yee	(i) Beneficial owner	10,095,000	1,053,453,499 ^{(1), (2) & (3)}	68.944
	(ii) Interest of spouse	1,043,358,499		
Mr. Lau Hon Chuen, Ambrose, GBS, JP	Beneficial owner	1,492,402	1,492,402	0.098

Notes:

- (1) 622,263,000 shares were held by Glorious Sun Holdings (BVI) Limited and 207,810,000 shares were held by Advantcetex Holdings (BVI) Limited (the entire issued voting share capital of each of which was held as to 51.934% by Mr. Charles Yeung and as to 48.066% by Mr. Yeung Chun Fan).
- (2) 138,285,499 shares were held by Mr. Charles Yeung and Mr. Yeung Chun Fan jointly.
- (3) Ms. Cheung Wai Yee is the spouse of Mr. Yeung Chun Fan. 10,095,000 shares related to the same block of shares held by Ms. Cheung Wai Yee and 830,073,000 shares related to the same block of shares held by two companies controlled by Mr. Yeung Chun Fan.

Save as disclosed above, as at 30 June 2022, none of the Directors had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Divisions 7 and 8 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The Share Option Scheme (the “Scheme”) was adopted by the Company on 2 June 2015, unless otherwise terminated or amended, the Scheme will remain in force for 10 years from the date of adoption.

During the six months ended 30 June 2022, no share options were granted or exercised under the Scheme. As at 30 June 2022, the Company did not have any share options outstanding under the Scheme.

Details of the terms of the Scheme were disclosed in the Annual Report of the Company for the year 2021.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, the register required to be kept by the Company pursuant to Section 336 of the SFO showed that the following shareholders (other than Directors) had disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO an interest or a short position in the shares or underlying shares of the Company:

Long positions in shares of the Company

Name of shareholder	Capacity	Number of shares held	Percentage of issued share capital (%)
Glorious Sun Holdings (BVI) Limited	Beneficial owner	622,263,000	40.724
Advancetex Holdings (BVI) Limited	Beneficial owner	207,810,000	13.600

Save as disclosed above, no other parties (other than Directors) disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as having an interest or a short position in the shares or underlying shares of the Company as at 30 June 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.

DISCLOSURE OF INFORMATION ON DIRECTORS

There are no changes in the information of the Company’s Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding Directors’ securities transaction as set out in the Model Code.

The Board confirms that, having made specific enquiry of all Directors, the Directors have complied with the required standards set out in the Model Code throughout the period for the six months ended 30 June 2022.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors, namely Mr. Lau Hon Chuen, Ambrose, Mr. Ng Wing Ka, Jimmy and Mr. Choi Tak Shing, Stanley. The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the interim report of the Company for the six months ended 30 June 2022.

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. 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.

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

Hong Kong, 24 August 2022



Our export business offers diversified products to customers



常宏為蔚來中心 • 廣州漢溪長隆提供建店服務
Changhong provided construction service to
NIO House at Hanxi Changlong, Guangzhou