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# 寶新金融集團有限公司

GLORY SUN FINANCIAL GROUP LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 01282)

## 2021 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) of Glory Sun Financial Group Limited (the “**Company**”) would like to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021 (the “**Year**”) together with the comparative figures for 2020.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Re-presented)
<b>Continuing operations</b>			
Revenue	4	2,614,841	1,573,547
Cost of sales		<u>(2,182,056)</u>	<u>(1,235,470)</u>
<b>Gross profit</b>		<b>432,785</b>	338,077
Other gains — net	5	254,459	571,768
Other income	5	51,652	44,622
Fair value gain/(loss) on investment properties		144,171	(607,202)
Impairment losses on financial assets and contract assets — net	6	(393,097)	(94,052)
Distribution costs		(139,904)	(116,523)
Administrative expenses		<u>(284,095)</u>	<u>(340,021)</u>
<b>Profit/(loss) from operations</b>		<b>65,971</b>	(203,331)
Finance costs — net	8	(66,120)	(19,968)
Share of results of associates		<u>(12,345)</u>	<u>16,011</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)***For the year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Re-presented)
<b>Loss before income tax from continuing operations</b>		<b>(12,494)</b>	(207,288)
Income tax (expense)/credit	9	<u>(103,957)</u>	<u>52,250</u>
<b>Loss for the year from continuing operations</b>	6	<b>(116,451)</b>	(155,038)
<b>Discontinued operations</b>			
Profit/(loss) for the year from discontinued operations	7	<u>47,689</u>	<u>(425,754)</u>
<b>Loss for the year</b>		<u><b>(68,762)</b></u>	<u>(580,792)</u>
<b>Profit/(loss) attributable to:</b>			
Owners of the Company			
— Continuing operations		(214,591)	74,279
— Discontinued operations		<u>25,634</u>	<u>(291,530)</u>
		<u>(188,957)</u>	<u>(217,251)</u>
Non-controlling interests			
— Continuing operations		98,140	(229,317)
— Discontinued operations		<u>22,055</u>	<u>(134,224)</u>
		<u>120,195</u>	<u>(363,541)</u>
		<u><b>(68,762)</b></u>	<u>(580,792)</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

*For the year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Re-presented)
<b>Loss for the year</b>		<b>(68,762)</b>	(580,792)
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Currency translation differences		<b>358,307</b>	461,790
Release of exchange reserve upon disposal of subsidiaries		<b>3,564</b>	(18,390)
Release of exchange reserve upon distribution in specie		<b>(64,977)</b>	–
Share of other comprehensive income of associates		<b>(9,684)</b>	(45,109)
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation surplus upon transfer of owner-occupied property to investment properties		–	6,442
Net changes in the fair value of equity instruments designated at fair value through other comprehensive income		<b>(96,486)</b>	(194,239)
<b>Other comprehensive income for the year</b>		<b>190,724</b>	210,494
<b>Total comprehensive income for the year</b>		<b>121,962</b>	(370,298)
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		<b>(132,784)</b>	(129,952)
Non-controlling interests		<b>254,746</b>	(240,346)
		<b>121,962</b>	(370,298)
<b>Loss per share from continuing and discontinued operations</b>	<i>11</i>		
— Basic (HK cents)		<b>(0.60)</b>	(0.71)
— Diluted (HK cents)		<b>(0.60)</b>	(0.71)
<b>(Loss)/earnings per share from continuing operations</b>	<i>11</i>		
— Basic (HK cents)		<b>(0.68)</b>	0.24
— Diluted (HK cents)		<b>(0.68)</b>	0.24
<b>Earnings/(loss) per share from discontinued operations</b>	<i>11</i>		
— Basic (HK cents)		<b>0.08</b>	(0.95)
— Diluted (HK cents)		<b>0.08</b>	(0.95)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2021

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		454,479	564,348
Investment properties		3,629,657	9,301,747
Intangible assets		165,706	273,836
Investments in associates		295,495	317,524
Financial assets at fair value through other comprehensive income	12	277,869	478,681
Finance lease receivables		18,310	59,553
Prepayments, deposits and other receivables		9,191	329,316
Deferred tax assets		13,010	49,296
		<u>4,863,717</u>	<u>11,374,301</u>
<b>Current assets</b>			
Inventories		40,203	26,443
Properties under development		319,572	9,477,577
Completed properties held for sale		478,963	2,442,662
Loans and advances	13	2,490,151	945,940
Trade receivables	14	159,586	384,856
Contract assets		22,427	68,514
Derivative financial assets		–	32,044
Finance lease receivables		30,282	64,500
Prepayments, deposits and other receivables		179,391	5,166,222
Current tax recoverable		14,266	40,537
Financial assets at fair value through profit or loss	15	326,500	475,056
Client trust bank balances		195,404	254,786
Pledged bank deposits and restricted deposits		33,624	646,085
Cash and cash equivalents		730,076	1,724,662
		<u>5,020,445</u>	<u>21,749,884</u>
<b>Total assets</b>		<u><u>9,884,162</u></u>	<u><u>33,124,185</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***For the year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Current liabilities</b>			
Trade and bills payables	<i>16</i>	<b>632,618</b>	3,730,461
Contract liabilities		<b>52,657</b>	2,006,206
Accruals and other payables		<b>376,382</b>	1,449,490
Borrowings		<b>2,006,343</b>	6,448,771
Lease liabilities		<b>11,129</b>	16,280
Current tax liabilities		<b>175,952</b>	309,406
		<u><b>3,255,081</b></u>	<u>13,960,614</u>
<b>Net current assets</b>		<u><b>1,765,364</b></u>	<u>7,789,270</u>
<b>Total assets less current liabilities</b>		<u><b>6,629,081</b></u>	<u>19,163,571</u>
<b>Non-current liabilities</b>			
Other payables		<b>17,906</b>	17,660
Consideration payable		–	163,747
Borrowings		–	6,943,190
Lease liabilities		<b>43,009</b>	103,625
Deferred tax liabilities		<b>234,117</b>	1,073,251
		<u><b>295,032</b></u>	<u>8,301,473</u>
<b>Total liabilities</b>		<u><b>3,550,113</b></u>	<u>22,262,087</u>
<b>NET ASSETS</b>		<u><b>6,334,049</b></u>	<u>10,862,098</u>
<b>EQUITY</b>			
Share capital		<b>3,138,751</b>	3,138,751
Reserves		<b>2,801,208</b>	4,828,230
Equity attributable to owners of the Company		<u><b>5,939,959</b></u>	<u>7,966,981</u>
Non-controlling interests		<b>394,090</b>	2,895,117
<b>TOTAL EQUITY</b>		<u><b>6,334,049</b></u>	<u>10,862,098</u>

## NOTES

### 1. GENERAL INFORMATION

Glory Sun Financial Group Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business is 18th Floor, Wing On Centre, No. 111 Connaught Road Central, Hong Kong.

During the year, the Group had discontinued the operations of yacht club and provision of training services through disposal of subsidiaries and discontinued the operations of trading of commodities, golf practicing court, children playroom and fitness room and trading of home appliances and building materials through distribution in specie.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

#### 2.1 Adoption of new or revised **HKFRSs**

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (“the new **HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2021:

Amendments to HKAS 39, HKFRS 4, Interest Rate Benchmark Reform — Phase 2  
HKFRS 7, HKFRS 9 and HKFRS 16

None of these new or amended **HKFRSs** has a material impact on the Group’s results and financial position for the current or prior period. In addition, the Group has early adopted amendment to **HKFRS 16 Covid-19-Related Rent Concessions** beyond 30 June 2021 ahead of the effective date and applied the amendment from 1 January 2021.

#### *Amendment to **HKFRS 16 Covid-19-Related Rent Concessions** beyond 30 June 2021*

In April 2021, the **HKICPA** issued an amendment to **HKFRS 16 Covid-19-Related Rent Concessions** beyond 30 June 2021, which extended 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 and applied to rent concessions for which any reductions in lease payments that were originally due on or before 30 June 2022. This amendment is effective for annual periods beginning on or after 1 April 2021 with earlier application permitted. The amendment is to be applied mandatorily by those entities that have elected to apply the previous amendment **Covid-19-Related Rent Concessions**. The Group has early adopted the amendment **Covid-19-Related Rent Concessions** beyond 30 June 2021 in the current annual financial statements.

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 the consolidated financial statements.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

### 2.2 New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group’s consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1 HK Interpretation 5 (2020)	Classification of Liabilities as Current or Non-current <sup>2</sup> Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37 HKFRS 17	Onerous Contracts — Cost of Fulfilling a Contract <sup>1</sup> Insurance Contracts <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 1, HKFRS 9 and HKFRS 16	Annual Improvements to HKFRSs 2018-2020 Cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Group is in the process of making an assessment of what the impact of other amendments and new or revised HKFRSs is expected to be in the period of initial application. So far the Group are not aware of any aspect of the new standards which are likely to have significant impact on the consolidated financial statements.

### **3. BASIS OF PREPARATION**

#### **(a) Statement of compliance**

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, HKASs and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

#### **(b) Basis of measurement**

The consolidated financial statements have been prepared under the historical cost basis except for certain properties and financial instruments that are measured at fair values.

#### **(c) Functional and presentation currency**

The consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is the same as the functional currency of the Company.

#### **(d) Re-presentation due to discontinued operations**

The presentation of comparative information in respect of the consolidated statement of comprehensive income for the year ended 31 December 2020 has been re-presented as if the operations discontinued during the current year had been discontinued at the beginning of the prior period.

The re-presentation do not affect the consolidated statement of financial position as at 31 December 2020.



#### 4. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer of the Company (the “CEO”) that are used to make strategic decisions.

The reportable segments were classified as follows:

Continuing operations:

- Automation segment represents the trading of automated production related equipment trading business in Hong Kong and the People’s Republic of China (the “PRC”);
- Financial Services segment represents regulated business activities in respect to financial services under the Hong Kong Securities and Future Ordinance (“SFO”) in Hong Kong;
- Property Investment and Development segment represents the properties investment activities, property development project, hotel and restaurant operations and provision of construction works in Hong Kong and the PRC; and
- Securities Investment segment represents the investment activities through direct investments in listed and unlisted securities.

Discontinued operations:

- Trading of Commodities segment represents trading of commodities in the PRC;
- Yacht Club segment represents operation of a yacht club in the PRC;
- Training segment represents provision of training services in the PRC; and
- Others segment represents operation of golf practicing court, children playroom and fitness room and trading of home appliances and building materials in the PRC.

During the year ended 31 December 2021, the Group identified its yacht club operation and the provision of training services as discontinued operations upon disposal of subsidiaries (Note 7(a)) and trading of commodities, operation of golf practicing court, children playroom and fitness room and trading of home appliances and building materials as discontinued operations upon distribution in specie (Note 7(b)).

#### 4. SEGMENT INFORMATION (Continued)

The revenue from external parties is measured in a manner consistent with that in the consolidated financial statements.

Inter-segment pricing is based on similar terms as those available to other external parties.

Revenue from external customers for Automation segments are derived from the sales of automated production related products net of returns and installation and maintenance income. Revenue from Securities Investment segment is derived from realised and unrealised gains/(losses) of financial assets at fair value through profit or loss (“FVTPL”) and commission income on dealing in securities. Revenue from Financial Services segment includes commission and brokerage income on dealings in securities and future contracts, interest income from money lending, management fee and performance fee income from financial services. Revenue from Property Investment and Development segment is derived from the sale of properties, hotel and restaurant operations and rental income. Revenue from Trading of Commodities segment is derived from trading of commodities. Revenue from Yacht Club segment is derived from operation of a yacht club. Revenue from Training segment is derived from provision of training services. Revenue from Others segment is derived from operations of golf practising court, children playroom and fitness room, karaoke box, and trading of home appliances and building materials in the PRC.

The CEO assesses the performance of the operating segments based on a measure of operating, which is in a manner consistent with that of the consolidated financial statements. The measurement of segment results excludes the effect of unallocated corporate income and expenses, as these type of activities are managed by central finance and accounting function, which manages the working capital of the Group. In addition, share of results of associates, fair value gain on derivative financial assets, gain on disposal of subsidiaries and gain on reclassification of exchange reserve from equity to profit or loss in relation to the distribution in specie are not allocated to segments.

#### 4. SEGMENT INFORMATION (Continued)

##### Segment revenue and result

	Discontinued operations					Continuing operations					Total HK\$'000
	Trading of commodities HK\$'000	Yacht Club HK\$'000	Training HK\$'000	Others HK\$'000	Sub-total HK\$'000	Automation HK\$'000	Financial Services HK\$'000	Property Investment and Development HK\$'000	Securities Investment HK\$'000	Sub-total HK\$'000	
Year ended 31 December 2021											
Revenue	3,948,164	6,568	-	89,068	4,043,800	794,032	178,130	1,767,692	(49,627)	2,690,227	6,734,027
Inter-segment revenue	-	-	-	-	-	-	(75,386)	-	-	(75,386)	(75,386)
Revenue from external customers	<u>3,948,164</u>	<u>6,568</u>	<u>-</u>	<u>89,068</u>	<u>4,043,800</u>	<u>794,032</u>	<u>102,744</u>	<u>1,767,692</u>	<u>(49,627)</u>	<u>2,614,841</u>	<u>6,658,641</u>
Segment results	<u>(27,301)</u>	<u>(15,486)</u>	<u>62,639</u>	<u>18,607</u>	<u>38,459</u>	<u>46,233</u>	<u>(181,917)</u>	<u>97,952</u>	<u>(67,845)</u>	<u>(105,577)</u>	<u>(67,118)</u>
Share of results of associates											(12,345)
Fair value gain on derivative financial assets											1,313
Gain on disposal of subsidiaries											296,542
Unallocated impairment losses on financial assets and contract assets — net											(168,698)
Unallocated other losses — net											(46,490)
Unallocated other income											16,154
Unallocated administrative expenses											(37,128)
Gain on reclassification of exchange reserve from equity to profit or loss in relation to the distribution in specie											69,232
Unallocated finance costs — net											(25,497)
<b>Profit before income tax</b>											<u><u>25,965</u></u>

	Discontinued operations					Continuing operations					Total HK\$'000
	Trading of commodities HK\$'000	Yacht Club HK\$'000	Training HK\$'000	Others HK\$'000	Sub-total HK\$'000	Automation HK\$'000	Financial Services HK\$'000	Property Investment and Development HK\$'000	Securities Investment HK\$'000	Sub-total HK\$'000	
Year ended 31 December 2020											
Revenue	6,129,006	10,000	8,915	104,740	6,252,661	545,377	285,625	805,044	(21,971)	1,614,075	7,866,736
Inter-segment revenue	-	-	-	-	-	-	(38,871)	(1,657)	-	(40,528)	(40,528)
Revenue from external customers	<u>6,129,006</u>	<u>10,000</u>	<u>8,915</u>	<u>104,740</u>	<u>6,252,661</u>	<u>545,377</u>	<u>246,754</u>	<u>803,387</u>	<u>(21,971)</u>	<u>1,573,547</u>	<u>7,826,208</u>
Segment results	<u>(8,354)</u>	<u>(249,314)</u>	<u>(197,113)</u>	<u>18,544</u>	<u>(436,237)</u>	<u>54,757</u>	<u>145,369</u>	<u>(388,002)</u>	<u>(62,231)</u>	<u>(250,107)</u>	<u>(686,344)</u>
Share of results of associates											16,011
Fair value gain on derivative financial assets											18,291
Unallocated other gains — net											38,718
Unallocated other income											20,593
Unallocated administrative expenses											(23,462)
Unallocated finance costs — net											(57,994)
<b>Loss before income tax</b>											<u><u>(674,187)</u></u>

#### 4. SEGMENT INFORMATION (Continued)

Disaggregation of the Group's revenue from major products or service lines:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Re-presented)
<b>Continuing operations:</b>		
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>		
— Sale of goods	771,105	524,022
— Sale of properties	1,604,144	682,878
— Installation and maintenance income	5,250	4,699
— Commission and brokerage income	81,438	69,335
— Management fee and performance fee income	48,048	40,710
— Others	13,103	19,734
	<u>2,523,088</u>	<u>1,341,378</u>
<i>Revenue from other sources</i>		
— Securities investment loss	(178,795)	(18,511)
— Interest income	101,667	132,904
— Rental income	168,881	117,776
	<u>91,753</u>	<u>232,169</u>
<b>Revenue from continuing operations</b>	<b><u>2,614,841</u></b>	<b><u>1,573,547</u></b>
<b>Discontinued operations:</b>		
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>		
— Trading of commodities	3,948,164	6,129,006
— Training services	—	8,915
— Yacht club services	291	1,612
— Others	89,068	104,740
	<u>4,037,523</u>	<u>6,244,273</u>
<i>Revenue from other sources</i>		
— Rental income	6,277	8,388
<b>Revenue from discontinued operations</b>	<b><u>4,043,800</u></b>	<b><u>6,252,661</u></b>

## 5. OTHER GAINS — NET AND OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Re-presented)
<b>Continuing operations:</b>		
<b>Other gains — net</b>		
Gain on disposal of subsidiaries	296,542	519,624
Fair value gain on derivative financial assets	1,313	18,291
Gain from derecognition of financial guarantee contract	–	33,419
Loss on disposal of property, plant and equipment	(1)	(123)
Loss from derecognition of derivative financial assets	(33,357)	–
Loss from derecognition of subsidiaries	(999)	–
Others	(9,039)	557
	<u>254,459</u>	<u>571,768</u>
<b>Other income</b>		
Dividend income	5,139	10,781
Government subsidies ( <i>Note</i> )	3,295	8,039
Others	43,218	25,802
	<u>51,652</u>	<u>44,622</u>

*Note:* For the year ended 31 December 2021, the government subsidies represented the encouragement of development of culture and creative companies and the support of the Group's automation business from the relevant government authorities (2020: HK\$6,539,000 are government subsidies obtained from the Employment Support Scheme under the Anti-epidemic Fund launched by the Government of the Hong Kong Special Administrative Region supporting the payroll of the Group's employees. The remaining subsidies represented the encouragement of development of culture and creative companies and the support of the Group's automation business from the relevant government authorities). The Group has complied with the requirements set out in the subsidy notice or relevant law and regulations.

## 6. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

Loss for the year from the continuing operations is arrived at after charging/(crediting):

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Re-presented)
Auditor's remuneration		
— Audit services	<b>6,130</b>	5,839
— Non-audit services	<b>938</b>	950
Cost of inventories and inventories of properties	<b>1,928,359</b>	1,033,477
Write-down of inventories and inventories of properties ( <i>Note</i> )	<b>172,694</b>	189,921
Cost of inventories and inventories of properties recognised as expenses	<b><u>2,101,053</u></b>	<u>1,223,398</u>
Amortisation of intangible assets	<b>6,782</b>	6,783
Depreciation of property, plant and equipment	<b>59,323</b>	45,003
Directors' and chief executive's emoluments	<b>13,069</b>	15,570
Employee benefit expenses	<b>261,753</b>	223,180
Loss on disposal of property, plant and equipment	<b>1</b>	123
Net foreign exchange gain	<b>(59,864)</b>	(18,914)
Gain on reclassification of exchange reserve from equity to profit or loss in relation to the distribution in specie	<b>(69,232)</b>	—
Short-term lease expenses	<b>9,221</b>	6,761
Impairment losses/(reversal of) impairment losses on financial assets and contract assets — net:		
— loans and advances	<b>370,669</b>	1,486
— trade receivables	<b>(99)</b>	269
— other receivables	<b>22,588</b>	32,473
— contract assets	<b>(61)</b>	59,824
	<b><u>393,097</u></b>	<u>94,052</u>

*Note:* Write-down of inventories and inventories of properties to net realisable value of approximately HK\$172,694,000 (2020: HK\$189,921,000) was included in “cost of sales” under continuing operations of the consolidated statement of comprehensive income.

## 7. DISCONTINUED OPERATIONS

- (a) On 23 July 2021, a non-wholly owned subsidiary of the Company entered into an agreement with an independent third party in relation to the disposal of the entire issued share capital of Yue Jin Asia Limited (“**Yue Jin Asia**”). Yue Jin Asia and its subsidiaries were principally engaged in operation of yacht club as well as provision of training services. The results of the discontinued operations of yacht club and provision of training services as well as the gain on disposal are as follows:

	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	<b>6,568</b>	18,915
Cost of sales	<b>(6,233)</b>	(41,694)
Other gains — net and other income	<b>(4,114)</b>	(112)
Impairment losses on non-financial assets	<b>(10,211)</b>	(419,802)
Impairment losses on financial assets — net	<b>(725)</b>	(42)
Distribution costs	—	(111)
Administrative expenses	<b>7,522</b>	(4,292)
	<hr/>	<hr/>
<b>Loss from operations</b>	<b>(7,193)</b>	(447,138)
Finance costs — net	<b>(11,497)</b>	(12,456)
	<hr/>	<hr/>
<b>Loss before income tax</b>	<b>(18,690)</b>	(459,594)
Income tax credit	—	49,884
	<hr/>	<hr/>
<b>Loss after income tax from discontinued operations</b>	<b>(18,690)</b>	(409,710)
Gain on disposal of subsidiaries ( <i>Note 17(a)</i> )	<b>65,843</b>	—
	<hr/>	<hr/>
<b>Profit/(loss) for the year from discontinued operations</b>	<b>47,153</b>	(409,710)
	<hr/> <hr/>	<hr/> <hr/>
<b>Profit/(loss) attributable to:</b>		
Owners of the Company	<b>27,165</b>	(283,232)
Non-controlling interests	<b>19,988</b>	(126,478)
	<hr/>	<hr/>
	<b>47,153</b>	(409,710)
	<hr/> <hr/>	<hr/> <hr/>

## 7. DISCONTINUED OPERATIONS (Continued)

- (b) On 18 November 2021, the board of directors declared an interim dividend that was satisfied by way of distribution in specie of shares in Glory Sun Land Group Limited (“**Glory Sun Land**”) held by the Group to shareholders of the Company. The distribution in specie was completed on 28 December 2021. Upon completion of the distribution in specie, the Group ceased to engage in trading of commodities, operation of golf practicing court, children playroom and fitness room, karaoke box and trading of home appliances and building materials.

The results of the discontinued operations of trading of commodities, operation of golf practicing court, children playroom and fitness room, karaoke box and trading of home appliances and building materials are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	4,037,232	6,233,746
Cost of sales	(3,950,063)	(6,162,334)
Other gains — net and other income	3,590	6,486
Impairment losses on non-financial assets	(35,755)	(34,687)
Impairment losses on financial assets and contract assets — net	(497)	(345)
Distribution costs	(1,131)	(14,728)
Administrative expenses	(33,587)	(11,532)
	<u>19,789</u>	<u>16,606</u>
<b>Profit from operations</b>	<b>19,789</b>	16,606
Finance costs — net	(24,228)	(23,911)
	<u>(4,439)</u>	<u>(7,305)</u>
<b>Loss before income tax</b>	<b>(4,439)</b>	(7,305)
Income tax credit/(expense)	9,230	(8,739)
	<u>4,791</u>	<u>(16,044)</u>
<b>Loss after income tax</b>	<b>4,791</b>	(16,044)
Loss on reclassification of exchange reserve from equity to profit or loss in relation to the distribution in specie	(4,255)	—
	<u>536</u>	<u>(16,044)</u>
<b>Profit/(loss) for the year from discontinued operations</b>	<b>536</b>	(16,044)
	<u>536</u>	<u>(16,044)</u>
<b>Profit/(loss) attributable to:</b>		
Owners of the Company	(1,531)	(8,298)
Non-controlling interests	2,067	(7,746)
	<u>536</u>	<u>(16,044)</u>



## 8. FINANCE COSTS — NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Re-presented)
<b>Continuing operations:</b>		
Finance income:		
— Interest income on bank deposits	11,753	28,673
— Interest income on financial assets at amortised cost	<u>31,437</u>	<u>1,813</u>
	<u>43,190</u>	<u>30,486</u>
Finance costs:		
— Bank loans	(423,405)	(339,539)
— Trust receipt loans	(222)	(316)
— Obligation under repurchase agreements	(9,111)	(9,893)
— Margin loans	(21,105)	(5,077)
— Corporate bonds	(96,848)	(103,552)
— Other loans	(300,420)	(266,128)
— Note payables	—	(6,331)
— Loans from related parties	—	(1,529)
— Lease liabilities	<u>(6,024)</u>	<u>(6,425)</u>
	<u>(857,135)</u>	<u>(738,790)</u>
Less: Interest capitalised on		
— investment properties under construction	169,928	128,128
— properties under development	<u>577,897</u>	<u>560,208</u>
	<u>(109,310)</u>	<u>(50,454)</u>
Finance costs — net	<u><u>(66,120)</u></u>	<u><u>(19,968)</u></u>

## 9 INCOME TAX EXPENSE/(CREDIT)

Income tax has been recognised in profit or loss as following:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Re-presented)
<b>Continuing operations:</b>		
Current tax		
— Hong Kong Profits tax	11,583	30,492
— PRC enterprise income tax	91,222	12,087
— PRC land appreciation tax	<u>88,902</u>	<u>58,351</u>
	191,707	100,930
(Over)/under provision in prior years	<u>(963)</u>	<u>1,074</u>
	190,744	102,004
Deferred tax	<u>(86,787)</u>	<u>(154,254)</u>
	<u>103,957</u>	<u>(52,250)</u>
<b>Discontinued operations:</b>		
Current tax		
— PRC enterprise income tax	83	71
Deferred tax	<u>(9,313)</u>	<u>(41,216)</u>
	<u>(9,230)</u>	<u>(41,145)</u>
<b>Total income tax expense/(credit) from continuing and discontinued operations</b>	<u>94,727</u>	<u>(93,395)</u>

## 10. DIVIDENDS

### (a) Dividends attributable to the year

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interim dividend ( <i>Note (i)</i> )	<u>1,803,913</u>	<u>–</u>

#### *Notes:*

- (i) On 18 November 2021, the board of directors proposed an interim dividend that was satisfied by way of distribution in specie of approximately 3,154,445,000 Glory Sun Land shares held by the Company on the basis of 402 ordinary shares of Glory Sun Land for every 4,000 ordinary shares of the Company. The proposed interim dividend was approved on the extraordinary general meeting on 17 December 2021 and the distribution in specie was completed on 28 December 2021. The distribution by the Company was recognised at the carrying amount of the net assets of Glory Sun Land and its subsidiaries of approximately HK\$4,910,191,000, of which approximately HK\$1,803,913,000 was attributable to owners of the Company as the directors of the Company considered that Glory Sun Land was ultimately under the control of the same party before and after the distribution.
- (ii) No interim dividend was proposed during the year ended 31 December 2020.

- (b) No final dividend was proposed during the years ended 31 December 2021 and 2020.

## 11. EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share for the year is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue (excluding treasury shares held by the Group) of 31,387,512,000 (2020: 30,605,023,000) during the year. There were no potential dilutive ordinary share outstanding for both years and therefore the dilutive earnings/(loss) per share is the same as basic earning/(loss) per share.

The calculation of the basic earnings/(loss) per share attributable to owners of the Company is based on the following data:

	2021 <i>'000</i>	2020 <i>'000</i>
Weighted average number of ordinary shares in issue (excluding treasury shares held by the Group) during the year for basic earnings/(loss) per share	<u>31,387,512</u>	<u>30,605,023</u>

## 11. EARNINGS/(LOSS) PER SHARE (Continued)

### (a) From continuing and discontinued operations

The calculation of the basic loss per share attributable to owners of the Company is based on the following:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss attributable to owners of the Company	<u>(188,957)</u>	<u>(217,251)</u>

### (b) From continuing operations

The calculation of the basic (loss)/earnings per share attributable to owners of the Company from continuing operations is based on the following:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
(Loss)/profit attributable to owners of the Company	<u>(214,591)</u>	<u>74,279</u>

### (c) From discontinued operations

The calculation of the basic earnings/(loss) per share attributable to owners of the Company from discontinued operations is based on the following:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) attributable to owners of the Company	<u>25,634</u>	<u>(291,530)</u>

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVOCI”)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Equity investments designated at FVOCI</b>		
Listed shares:		
— Equity securities — Norway	38,218	36,825
— Equity securities — the USA	1,895	10,482
— Equity securities — Hong Kong	<u>222,380</u>	<u>404,130</u>
	262,493	451,437
Unlisted shares	<u>15,376</u>	<u>27,244</u>
	<u>277,869</u>	<u>478,681</u>

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVOCI”) (Continued)

The above equity investments were irrevocably designated at FVOCI as the Group considers these investments to be strategic in nature.

As at 31 December 2021 and 2020, unlisted securities which quoted market price is not available of aggregated carrying amount of approximately HK\$15,376,000 (2020: HK\$27,244,000) are measured at fair value determined by using backsolve and calibration method which are not based on observable inputs.

The fair values of listed securities are determined on the basis of their quoted market prices at the end of reporting period.

Changes in fair value of the above equity securities are recognised in other comprehensive income and accumulated within the financial assets at FVOCI reserves within equity. The Group transfers amounts from FVOCI reserve to retained earnings when the relevant equity securities are derecognised.

## 13. LOANS AND ADVANCES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loans and advances ( <i>Note (a)</i> )	2,276,992	481,773
Margin loans receivables ( <i>Note (b)</i> )	<u>588,902</u>	<u>469,241</u>
	2,865,894	951,014
Less: Provision for impairment	<u>(375,743)</u>	<u>(5,074)</u>
Loans and advances — net	<u><u>2,490,151</u></u>	<u><u>945,940</u></u>

*Notes:*

- (a) The loans and advances of approximately HK\$174,785,000 (2020: HK\$481,773,000) are secured by charges over the properties and listed securities of the borrowers, and/or backed by guarantee. Credit limits are set for borrowers based on the quality of collateral held and the financial background of the borrowers.

### 13. LOANS AND ADVANCES (Continued)

- (b) The credit facility limits granted to margin clients are determined by the discounted market value of the collateral securities accepted by the Group.

The loans to margin clients are secured by the underlying pledged securities and are interest bearing. The Group maintains a list of approved stocks for margin lending at a specified loan to collateral ratio. Any excess in the lending ratio will trigger a margin call and the clients have to make good the shortfall.

As at 31 December 2021, margin loan receivables were secured by securities pledged by the clients to the Group as collateral with undiscounted market value of approximately HK\$3,661,111,000 (2020: HK\$2,190,009,000).

### 14. TRADE RECEIVABLES

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	<b>162,534</b>	388,608
Less: Provision for impairment	<b>(2,948)</b>	(3,752)
	<hr/>	<hr/>
Trade receivables — net	<b>159,586</b>	384,856
	<hr/> <hr/>	<hr/> <hr/>

The ageing analysis of gross trade receivables based on invoice date are as follows:

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	<b>68,076</b>	234,238
31 to 60 days	<b>17,940</b>	27,499
61 to 90 days	<b>18,135</b>	17,878
91 to 120 days	<b>11,276</b>	7,663
Over 120 days	<b>47,107</b>	101,330
	<hr/>	<hr/>
	<b>162,534</b>	388,608
	<hr/> <hr/>	<hr/> <hr/>

## 15. FINANCIAL ASSETS AT FVTPL

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Listed securities:		
— Equity securities — Hong Kong	65,088	115,166
Debt investment at FVTPL	<u>261,412</u>	<u>359,890</u>
	<u><b>326,500</b></u>	<u><b>475,056</b></u>

As at 31 December 2021, financial assets at FVTPL of approximately HK\$120,992,000 have been pledged as securities for the Group's other borrowings (2020: HK\$310,474,000 have been pledged for the Group's bank and other borrowings).

## 16. TRADE AND BILLS PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	603,744	3,700,039
Bills payables	<u>28,874</u>	<u>30,422</u>
	<u><b>632,618</b></u>	<u><b>3,730,461</b></u>

The ageing analysis of trade and bills payables based on invoice date is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	544,859	2,672,649
31 to 60 days	27,505	21,121
61 to 90 days	7,260	11,943
91 to 120 days	4,747	2,884
Over 120 days	<u>48,247</u>	<u>1,021,864</u>
	<u><b>632,618</b></u>	<u><b>3,730,461</b></u>

## 17. DISPOSAL OF SUBSIDIARIES

### (a) Disposal of Yue Jin Asia

On 23 July 2021, the Group disposed of its entire equity interest in Yue Jin Asia which was principally engaged in operation of yacht club as well as provision of training services for a cash consideration of HK\$1.

Net liabilities at the date of disposal were as follow:

	<b>2021</b> <b>HK\$'000</b>
Property, plant and equipment	1,403
Intangible assets	88,851
Trade and other receivables	10,957
Current tax recoverable	9
Cash and cash equivalents	3,737
Trade and other payables	(15,762)
Consideration payable	(179,826)
Borrowings	(52,800)
Current tax liabilities	(4,725)
Amount due to the Group	<u>(305,346)</u>
Net liabilities disposed of	<u><u>(453,502)</u></u>
<b>Gain on disposal of a subsidiary:</b>	
Cash consideration received	—*
Non-cash consideration	(79,128)
Net liabilities disposed of	453,502
Assignment of amount due to the Group	(305,346)
Release of exchange reserve	<u>(3,185)</u>
	<u><u>65,843</u></u>

\* Represents the amount less than HK\$1,000



## 17. DISPOSAL OF SUBSIDIARIES (Continued)

### (b) Disposal of Shenzhen Xinhengchuang Industrial Company Limited (“Xinhengchuang”)

On 22 December 2021, the Group disposed of its entire equity interest in Xinhengchuang for a cash consideration of RMB300,000,000 (HK\$367,500,000).

Net liabilities at the date of disposal were as follow:

	2021 <i>HK\$'000</i>
Property, plant and equipment	4,019
Investment properties	2,224,723
Deferred tax assets	39,069
Inventories of properties	3,219,639
Trade and other receivables	385,126
Current tax recoverable	27,155
Pledged bank deposits and restricted deposits	68,180
Cash and cash equivalents	54,527
Trade and other payables	(1,353,920)
Contract liabilities	(1,823,945)
Borrowings	(2,666,248)
Current tax liabilities	(111,835)
Deferred tax liabilities	(88,298)
	<hr/>
Net liabilities disposed of	(21,808)
	<hr/> <hr/>
<b>Gain on disposal of a subsidiary:</b>	
Cash consideration	367,500
Non-cash consideration	(89,628)
Net liabilities disposed of	21,808
Release of exchange reserve	(3,138)
	<hr/>
	296,542
	<hr/> <hr/>

## MARKET OVERVIEW

Plagued by the pandemic for more than two years, China has attached great importance to Hong Kong's economy and people's livelihood since the beginning of 2021. It pushed ahead with the 14th Five-Year Plan, deepened the development of the Guangdong-Hong Kong-Macao Greater Bay Area, and launched policies to benefit people and the youth and help Hong Kong better integrate into China's development.

Benefiting from the global recovery and the counter-cyclical policy of the Government of Hong Kong Special Administration Region, Hong Kong's imports and exports grew rapidly, providing opportunities for the financial development in the Greater Bay Area and providing sufficient impetus for Hong Kong's economy to turn around in 2021.

Although Hong Kong's tourism, retail and aviation sectors have yet to return to pre-pandemic levels, the overall economy has recovered. Hong Kong's gross domestic product ("GDP") grew 7% year on year in the first three quarters of 2021, demonstrating a solid recovery. The city's economy is currently expected to grow 6.4% in 2021. The unemployment rate and the underemployment rate over the same period have improved markedly, and the imports and exports of goods, securities, bond and property management markets have also shown brisk performance.

Driven by the return of Chinese concept stocks and the listing of innovative biotechnology companies, Hong Kong, as one of the international financial centres in the global market, is not only open to the world but also connected to the Mainland China. It has a profound "financial gene". In 2021, the amount of equity financing in the Hong Kong stock market was HK\$767.4 billion, a year-on-year increase of 3.2%. IPOs performed strongly. A total of 97 companies were successfully listed, with an average of nearly 8 IPOs launched per month. The funds raised from refinancing stood at HK\$438.6 billion, an increase of 26.72% over the same period last year.

In the face of the spread of the variants of the novel coronavirus, Delta and Omicron, China quickly took a series of prevention and control measures to effectively bring the pandemic under control. The Chinese economy showed strong resilience. Under the background of the orderly economic recovery and the goal of stabilising land prices, house prices and market expectations, China tightened and loosened regulations on the real estate sector in the first and second half of 2021, respectively. The real estate market was regulated in a record of 651 times, a year-on-year rise of 33%. Moreover, the Chinese government has always insisted on the positioning that houses should be for living in, not for speculation. The sales of commercial housing across the country increased to RMB18.7 trillion, and the sales area reached 1.83 billion square metres, both hitting new record highs.

With the gradual improvement of the intelligent manufacturing system, the industrial 4.0 era represented by artificial intelligence, big data, 5G and other technologies has come, and a growing number of companies are beginning to expand their automation business. The deployment of 5G infrastructure and the advent of 5G smartphones in the PRC contributed to the increase in demand for SMT equipment. The sales of the global SMT equipment market amounted to US\$5.8 billion in 2021 and is expected to reach US\$8.2 billion in 2028, with a compound annual growth rate of 5.1% (2022-2028).

Looking ahead, Hong Kong's economy is expected to be on the track of rapid growth as the Covid-19 pandemic is under control and the external environment remains stable. Building a diversified, sustainable and dynamic financing platform has always been the direction of Hong Kong's efforts to enhance its competitiveness. In addition to consolidating and leveraging Hong Kong's advantages as an international financial hub, China's move to expand domestic demand will provide new growth impetus for Hong Kong's economic development.

## **BUSINESS REVIEW**

Established in 2009 and listed on the main board of The Stock Exchange of Hong Kong Limited in December 2010, the Group is principally engaged in the business of financial services, property investment and development, automation and securities investment. In January 2021, the Company won "the best financial company" award at the 5th "Golden Hong Kong Stocks Awards", affirming its wide recognition in Hong Kong.

Over the past years, the Group has been adhering to its philosophy of "sustainable development and giving back to the community" with its commitment to provide all-rounded quality products and services to maximise return for its shareholders and contribute to the well-being of the society. In 2022, the Group will rise to the challenges of the formidable business environment and look for local and overseas partners to promote the overall development of the Group.

## **FINANCIAL SERVICES BUSINESS**

The Group provides comprehensive financial services in Hong Kong through its subsidiaries, and has been striving to connect the capital markets onshore and offshore over the years. The Group makes contribution to the economy through financial services and offers all-aspect financial services to its customers based on its operational concept of being stable and innovative.

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

## **Securities Brokerage Services**

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

## **Corporate Finance Services**

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

## **Asset Management Services**

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

## **Wealth Management Services**

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

## **Money-lending Services**

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

## **Precious Metal Trading Services**

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

## **PROPERTY INVESTMENT AND DEVELOPMENT BUSINESS**

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

For the year ended 31 December 2021, the operating profit of the property investment and development segment was approximately HK\$98.0 million, compared to the operating loss of approximately HK\$388.0 million recorded in the previous year. The turnaround from the operating loss to operating profit was primarily due to the increase in gross profit and fair value gain on investment properties located in the PRC of approximately HK\$163.4 million.

The Group's property investment and development segment is mainly rooted in the Guangdong-Hong Kong-Macao Greater Bay Area. At present, it has implemented a total of 3 property investment and development projects in 2 cities, namely Shenzhen and Ganzhou. The development projects include commercial complexes, upscale residences, hotels, commercial apartments and office buildings.

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

## **AUTOMATION BUSINESS**

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

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

## **SECURITIES INVESTMENT**

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

## **OTHER INVESTMENTS**

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

## **PROSPECT**

With the risks and challenges posed by the widespread of the Covid-19 and variants of the virus, the economic growth in mainland China and Hong Kong has been largely affected. Nonetheless, the Group wishes that the Covid-19 will be gradually brought under control with the availability and improvement of vaccines.

The Group realizes that the demand for the application of fintech has been on an increasing trend in the financial industry. Therefore, the Group is delighted to allocate resources to optimize its eTrading mobile application with a view to providing better client support services and up-to-date promotional and marketing strategies to satisfy the investors with new investment pattern. The Group expects to increase the number of clients in mainland China by raising its brand awareness in the mainland market with better equipped trading platform.

With the emergence of impacts from policies such as “Three Red Lines” and bank credit red lines, despite minor adjustment of them, the Group still remains prudent as to the overall condition in the real estate development industry throughout the year. Facing economic pressure, the Group will try to seize market opportunities, optimize its debt structure, enhance the flexibility of capital management, adjust its competitive strategies in time, and strive to provide strong support for business development.

The automation segment has been providing automation manufacturing devices and services for the industries of smartphones, Internet of Things, semi-conductors, automobile electronics in the PRC. Following the gradual sophistication of 5G application business regimes together with the accelerating progress proposed by China in terms of the new infrastructure facilities construction as representative of 5G, Artificial Intelligence, Industrial Internet and Internet of Things, there will be a new source of vitality to benefit the development of the automation segment.

In light of the recurring Covid-19 pandemic and uncertainties in the market for a prolonged period, the Group will stick to its robust operational strategies, strictly control costs, actively expand business, and strive to provide better quality products and services. The Group will also capture the development opportunities to create better returns to its shareholders.



## FINANCIAL REVIEW

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

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

### Continuing operations

#### Revenue

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

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

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



### ***Gross Profit and Margin***

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

### ***Other Gains — Net***

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

### ***Other Income***

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

### ***Distribution Costs***

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

### ***Administrative Expenses***

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

### ***Finance Costs — Net***

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

### ***Income Tax (Expense)/Credit***

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

### **Discontinued operations**

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

### ***Loss attributable to owners of the Company***

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

## **FINANCIAL RESOURCES REVIEW**

### **Liquidity and Financial Resources**

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

The borrowings of the Group as at 31 December 2021 included corporate bonds of approximately HK\$356.0 million (2020: approximately HK\$1,020.0 million), trust receipt loans of approximately HK\$14.8 million (2020: approximately HK\$8.7 million) and bank loans of approximately HK\$1,193.9 million (2020: approximately HK\$6,800.9 million), and other loans of approximately HK\$441.6 million (2020: HK\$5,562.4 million).

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

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

### **Capital and Other Commitments**

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

### **Currency Exposure and Management**

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

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

## **Future Plans for Capital Investment and Expected Source of Funding**

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

## **Fund raising for future business development**

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

## **Employees and Remuneration Policy**

As at 31 December 2021, the Group had 331 (2020: 1,036) full-time employees in Hong Kong and the PRC. Employees' remuneration is determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include medical insurance, provident funds and other competitive fringe benefits.

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

## **USE OF PROCEEDS FROM SHARE SUBSCRIPTION IN JULY 2019**

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

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

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

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

## **CONTINGENT LIABILITIES**

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

## **SHARE OPTION SCHEME OF THE COMPANY**

The Company adopted a share option scheme (the “**Share Option Scheme**”) pursuant to a resolution in writing passed by the shareholders of the Company on 2 June 2020. As at the date of this announcement, the total number of shares of the Company available for issue under the Share Option Scheme is 2,978,751,221, representing approximately 10% of the entire issued share capital of the Company as at the date of the adoption of the Share Option Scheme.

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

## **DIVIDENDS**

### **Interim Dividend**

On 18 November 2021, the Board proposed to declare a special interim dividend in the form of a distribution in specie of approximately 3,154 million ordinary shares of Glory Sun Land directly held by the Company to the shareholders whose names appeared on the register of members of the Company on 24 December 2021 in proportion to their then respective shareholdings in the Company on the basis of 402 ordinary share of Glory Sun Land for every 4,000 Shares held by the shareholder. The distribution was recognised at the carrying amount of the net assets of Glory Sun Land of approximately HK\$4,910 million, of which approximately HK\$1,804 million was attributable to owners of Company. The completion of the distribution in specie took place on 28 December 2021 and Glory Sun Land ceased to be a subsidiary of the Company thereafter.

The Board does not recommend the payment of interim dividend for the year ended 31 December 2020.

### **Final Dividend**

The Board does not recommend the payment of final dividend for the year ended 31 December 2021 (2020: nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed during the following periods for determining eligibility to attend and vote at the 2022 annual general meeting:

Latest time to lodge transfer documents for registration:	4:30 p.m., Thursday, 26 May 2022
Closure of register of members:	Friday, 27 May 2022 to Wednesday, 1 June 2022 (both days inclusive)
Record Date:	Wednesday, 1 June 2022

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2021.

## **PUBLIC FLOAT**

Based on the information that was publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, there was sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

## **CORPORATE GOVERNANCE**

The Company maintains a high standard of corporate governance with a view to enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. During the Year, the Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Listing Rules, except the deviations disclosed herein.

According to the code provision A.2.1 of the CG code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yao Jianhui ("**Mr. Yao**") currently assumes the roles of both the Chairman and the Chief Executive Officer of the Company. The Company deviates from this provision as it believes that by holding both roles, Mr. Yao will be able to provide the Group with strong and consistent leadership. It allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. As such, the structure is beneficial to the business prospects of the Group. Furthermore, the Company's present management structure comprises sufficient number of independent non-executive directors and all major decisions are made after consultation with the Board, appropriate Board Committees and key personnel. The Board, therefore, believes that a balance of power and authority have been and will continue to be maintained.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct of the Group regarding securities transactions of the Directors. All Directors have confirmed that throughout the year ended 31 December 2021, they have complied with the provisions of the Model Code.

## AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Listing Rules. The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting matters, risk management and internal control procedures. The Audit Committee comprises one non-executive director, namely Mr. Zhang Chi and two independent non-executive directors, namely Mr. Wong Chun Bong and Professor Lee Kwok On, Matthew. The Audit Committee has reviewed and approved the preliminary announcement of the Group’s results for the year ended 31 December 2021.

## SCOPE OF WORK OF INDEPENDENT AUDITORS

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2021 have been agreed with the Group’s auditors, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements. The work performed by BDO Limited 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 BDO Limited on the preliminary announcement.

## EVENTS AFTER THE REPORTING PERIOD

### **Deemed disposal of Equity interest in Shenzhen B&K New Energy Co., Limited**

On 14 January 2022, Shenzhen B&K New Energy Co., Limited (“**Shenzhen B&K**”), a non-wholly owned subsidiary of the Company, entered into two separate capital injection agreement with Shenzhen Baokai Industries Company Limited (“**Baokai Industries**”), a wholly-owned subsidiary of the Company, and Shenzhen Hongxinglaihua Hotel Company Limited (“**Hongxinglaihua Hotel**”), an independent third party, respectively. Pursuant to the capital injection agreements, Baokai Industries and Hongxinglaihua Hotel shall subscribe for, and Shenzhen B&K shall issue, 280,000,000 subscription shares and 500,000,000 subscription shares, respectively, at a price of RMB1 per subscription share.

Upon the completion date, the total registered capital of Shenzhen B&K will be increased from RMB720,000,000 (equivalent to HK\$864,000,000) to RMB1,500,000,000 (equivalent to HK\$1,800,000,000) and will be held as to approximately 30.91% by Baokai Industries and 37.56% by Hongxinglaihua Hotel. The equity interest held by the Company in Shenzhen B&K will be diluted from 75.50% to 54.91%.



## **Acquisition of Shares in Golden Affluent Limited**

On 28 January 2022, Glory Sun Financial Holdings Limited (“**GSFHL**”), a wholly-owned subsidiary of the Company, entered into a share transfer agreement with an independent third party to acquire 14.73% of all issued shares in Golden Affluent Limited (“**Golden Affluent**”), a non-wholly owned subsidiary of the Company, at the consideration of HK\$110,000,000. Upon the completion date, Golden Affluent will become a wholly-owned subsidiary of GSFHL and the Company. The transaction has not been completed as at the date of this announcement.

Other than the disclosure above and elsewhere in this announcement, the Group had no significant event after the reporting period.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company is expected to be held on Wednesday, 1 June 2022 and notice of the annual general meeting will be published and dispatched to the Shareholders in the manner as required by the Listing Rules.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

The announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.hk1282.com](http://www.hk1282.com)). The 2021 Annual Report will be dispatched to the Shareholders and available on the same websites in due course.

## APPRECIATION

I would like to take this opportunity to express my appreciation to fellow members of the Board, and the entire workforce for their dedication and hard work over the past year. I wish to also thank all of the Group's shareholders and stakeholders for their unwavering support. Looking forward, the Group will embrace each and every challenge with our consistent adherence to the spirit of "Create, Blend and Share Together" to create stable and satisfactory return for the Shareholders with our utmost endeavour to maximize the value for each and every Shareholder and investors of the Company alike so that we can create better return together.

By order of the Board  
**Glory Sun Financial Group Limited**  
**Yao Jianhui**  
*Chairman and Chief Executive Officer*

Hong Kong, 31 March 2022

*As at the date of this announcement, the Company's executive directors are Mr. Yao Jianhui, Mr. Li Minbin and Mr. Huang Wei; the non-executive director is Mr. Zhang Chi; and the independent non-executive directors are Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew, and Mr. Lee Kwan Hung, Eddie.*

\* *For identification purpose only*