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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board of directors (the “**Board**” or the “**Director(s)**”) of Glory Sun Financial Group Limited (the “**Company**”) would like to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 (the “**Period**”), which has been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	For the six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Re-presented)
Continuing operations			
Revenue	5	400,490	1,031,874
Cost of sales		(302,579)	(702,808)
Gross profit		97,911	329,066
Other gains — net		345	—
Other income		19,201	14,316
Fair value (loss)/gain on investment properties		(290,079)	346,276
Impairment losses on financial assets and contract assets — net		(73,908)	(39,965)
Distribution costs		(10,825)	(59,480)
Administrative expenses		(107,514)	(152,596)
(Loss)/profit from operations	6	(364,869)	437,617

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(CONTINUED)**

FOR THE SIX MONTHS ENDED 30 JUNE 2022

		For the six months ended	
		30 June	
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(Re-presented)
Finance costs — net	8	45,914	(10,707)
Share of results of associates		2,172	8,509
		<hr/>	<hr/>
(Loss)/profit before income tax from continuing operations		(316,783)	435,419
Income tax credit/(expense)	9	58,592	(111,515)
		<hr/>	<hr/>
(Loss)/profit for the period from continuing operations		(258,191)	323,904
Discontinued operations			
Loss for the period from discontinued operations	7	—	(117,250)
		<hr/>	<hr/>
(Loss)/profit for the period		(258,191)	206,654
		<hr/> <hr/>	<hr/> <hr/>
(Loss)/profit attributable to:			
Owners of the Company			
— Continuing operations		(233,598)	248,281
— Discontinued operations		—	(78,220)
		<hr/>	<hr/>
		(233,598)	170,061
		<hr/>	<hr/>
Non-controlling interests			
— Continuing operations		(24,593)	75,623
— Discontinued operations		—	(39,030)
		<hr/>	<hr/>
		(24,593)	36,593
		<hr/>	<hr/>
(Loss)/profit for the period		(258,191)	206,654
		<hr/> <hr/>	<hr/> <hr/>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(CONTINUED)**

FOR THE SIX MONTHS ENDED 30 JUNE 2022

		For the six months ended	
		30 June	
		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
			(Re-presented)
Other comprehensive (expense) income:			
<i>Items that may be reclassified to profit or loss:</i>			
Currency translation differences		(8,339)	141,711
Release of exchange reserve upon disposal of subsidiaries		–	(2,759)
Share of other comprehensive income of associates		(20,248)	(3,202)
<i>Item that will not be reclassified to profit or loss:</i>			
Net changes in the fair value of equity instruments designated at fair value through other comprehensive income		(161,745)	(2,312)
Other comprehensive (expense) income for the period		(190,332)	133,438
Total comprehensive (expense) income for the period		(448,523)	340,092
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(423,930)	247,844
Non-controlling interests		(24,593)	92,248
		(448,523)	340,092
(Loss)/earnings per share from continuing and discontinued operations			
— Basic (HK cents)	<i>10</i>	(0.74)	0.54
— Diluted (HK cents)	<i>10</i>	(0.74)	0.54
(Loss)/earnings per share from continuing operations			
— Basic (HK cents)	<i>10</i>	(0.74)	0.79
— Diluted (HK cents)	<i>10</i>	(0.74)	0.79
Loss per share from discontinued operations			
— Basic (HK cents)	<i>10</i>	–	(0.25)
— Diluted (HK cents)	<i>10</i>	–	(0.25)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

		As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		454,808	454,479
Investment properties		3,351,530	3,629,657
Intangible assets		162,541	165,706
Investments in associates		277,419	295,495
Financial assets at fair value through other comprehensive income	<i>12</i>	107,205	277,869
Finance lease receivables		6,446	18,310
Prepayments, deposits and other receivables		4,007	9,191
Deferred tax assets		22,140	13,010
		4,386,096	4,863,717
Current assets			
Inventories		51,222	40,203
Properties under development		300,501	319,572
Completed properties held for sale		395,863	478,963
Loans and advances	<i>13</i>	2,217,998	2,490,151
Trade receivables	<i>14</i>	154,979	159,586
Contract assets		22,688	22,427
Finance lease receivables		25,864	30,282
Prepayments, deposits and other receivables		162,402	179,391
Current tax recoverable		3,494	14,266
Financial assets at fair value through profit or loss	<i>15</i>	154,244	326,500
Client trust bank balances		227,976	195,404
Pledged bank deposits and restricted deposits		27,927	33,624
Cash and cash equivalents		538,234	730,076
		4,283,392	5,020,445
Total assets		8,669,488	9,884,162

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

AS AT 30 JUNE 2022

		As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Current liabilities			
Trade and bills payables	16	749,298	632,618
Contract liabilities		41,587	52,657
Accruals and other payables		356,152	376,382
Borrowings		1,607,777	2,006,343
Consideration payable		19,000	–
Lease liabilities		11,459	11,129
Current tax liabilities		70,090	175,952
		<u>2,855,363</u>	<u>3,255,081</u>
Net current assets		<u>1,428,029</u>	<u>1,765,364</u>
Total assets less current liabilities		<u>5,814,125</u>	<u>6,629,081</u>
Non-current liabilities			
Other payables		14,155	17,906
Lease liabilities		36,306	43,009
Deferred tax liabilities		174,138	234,117
		<u>224,599</u>	<u>295,032</u>
Total liabilities		<u>3,079,962</u>	<u>3,550,113</u>
NET ASSETS		<u>5,589,526</u>	<u>6,334,049</u>
EQUITY			
Share capital		3,138,751	3,138,751
Reserves		2,154,557	2,801,208
Equity attributable to owners of the Company		<u>5,293,308</u>	<u>5,939,959</u>
Non-controlling interests		<u>296,218</u>	<u>394,090</u>
TOTAL EQUITY		<u>5,589,526</u>	<u>6,334,049</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 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. The address of its principal place of business was 18/F., Wing On Centre, 111 Connaught Road Central, Hong Kong and was changed to Unit 1908, 19/F, Tower Two, Lippo Centre, No. 89 Queensway, Admiralty, Hong Kong with effect from 22 August 2022.

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

These interim condensed consolidated financial statements are presented in thousands of units of Hong Kong dollars, unless otherwise stated.

These interim condensed consolidated financial statements have been reviewed by the audit committee of the Company.

2 BASIS OF PREPARATION

(a) Statement of compliance

These interim condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. These interim 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 annual financial statements for the year ended 31 December 2021.

(b) Re-presentation due to discontinued operations

The presentation of comparative information in respect of the condensed consolidated statement of comprehensive income for the six months ended 30 June 2021 has been re-presented as if the operations discontinued during the current period has been discontinued at the beginning of the prior period. The details of discontinued operations were set out in note 7 to the announcement.

The re-presentation do not affect the condensed consolidated statement of financial position as at 31 December 2021.

2 BASIS OF PREPARATION (Continued)

(c) Effect of the re-presentation of the comparative financial information

Effect on the condensed consolidated statement of comprehensive income for the six months ended 30 June 2021:

	Unaudited		
	Six months ended 30 June 2021		
	As previously reported <i>HK\$'000</i>	Effect of discontinued operations <i>HK\$'000</i>	As re-presented <i>HK\$'000</i>
Continuing operations			
Revenue	3,973,464	(2,941,590)	1,031,874
Cost of sales	(3,619,139)	2,916,331	(702,808)
Gross profit	354,325	(25,259)	329,066
Other gains — net	3,060	(3,060)	—
Other income	16,656	(2,340)	14,316
Gain on disposal of subsidiaries	1,806	(1,806)	—
Fair value gain/(loss) on investment properties	346,276	—	346,276
Impairment losses on intangible assets	(10,390)	10,390	—
Impairment losses on financial assets and contract assets — net	(40,841)	876	(39,965)
Distribution cost	(59,690)	210	(59,480)
Administrative expenses	(163,839)	11,243	(152,596)
Profit from operations	447,363	(9,746)	437,617
Finance costs — net	(113,756)	103,049	(10,707)
Share of results of associates	8,509	—	8,509
Profit before income tax	342,116	93,303	435,419
Income tax (expense)/credit	(135,462)	23,947	(111,515)
Profit for the period from continuing operations	206,654	117,250	323,904
Discontinued operations			
Loss for the period from discontinued operations	—	(117,250)	(117,250)
Profit for the period	206,654	—	206,654

2 BASIS OF PREPARATION (Continued)

(c) Effect of the re-presentation of the comparative financial information (Continued)

Effect on the condensed consolidated statement of comprehensive income for the six months ended 30 June 2021: (Continued)

	Unaudited		
	Six months ended 30 June 2021		
	As previously reported <i>HK\$'000</i>	Effect of discontinued operations <i>HK\$'000</i>	As re-presented <i>HK\$'000</i>
Profit/(loss) attributable to:			
Owners of the Company			
— Continuing operations	170,061	78,220	248,281
— Discontinued operations	—	(78,220)	(78,220)
	<u>170,061</u>	<u>—</u>	<u>170,061</u>
Non-controlling interest			
— Continuing operations	36,593	39,030	75,623
— Discontinued operations	—	(39,030)	(39,030)
	<u>36,593</u>	<u>—</u>	<u>36,593</u>
	<u>206,654</u>	<u>—</u>	<u>206,654</u>
Earnings (loss) per share — Basic and diluted (HK cents)			
— Continuing operations	0.54	0.25	0.79
— Discontinued operations	—	(0.25)	(0.25)
	<u>0.54</u>	<u>—</u>	<u>0.54</u>

3 ACCOUNTING POLICIES

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, and Interpretations.

The adoption of the new HKFRSs and amendments to HKFRSs has no material impact on the Group’s interim condensed consolidated financial statements.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is yet in a position to state whether these new HKFRSs would have a material impact to the Group’s results and financial position.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the interim condensed consolidated financial statements, the management requires to make significant judgements, estimates and assumptions in applying the accounting policies and key sources of estimation uncertainty. The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021. Actual results may differ from these estimates.

5 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 of the Group are 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 respective to financial services under the Hong Kong Securities and Futures Ordinance in Hong Kong;
- Property Investment and Development segment represents the properties investment activities, property development projects, 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.

5 SEGMENT INFORMATION (Continued)

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 and trading of commodities, operation of golf practicing court, children playroom and fitness room, karaoke box and trading of home appliances and building materials as discontinued operations upon distribution in specie.

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

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

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 interim condensed 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 a subsidiary and gain from derecognition of financial guarantee contract are not allocated to segments.

5 SEGMENT INFORMATION (Continued)

The following is an analysis of revenue and results by reportable segments of the Group:

	Continuing operations				Total <i>HK\$'000</i>
	Automation <i>HK\$'000</i>	Financial Services <i>HK\$'000</i>	Property Investment and Development <i>HK\$'000</i>	Securities Investment <i>HK\$'000</i>	
Six months ended 30 June 2022					
(Unaudited)					
Revenue	260,709	(12,121)	147,949	4,279	400,816
Inter-segment revenue	—	(326)	—	—	(326)
Revenue from external customers	<u>260,709</u>	<u>(12,447)</u>	<u>147,949</u>	<u>4,279</u>	<u>400,490</u>
Segment results	<u>15,690</u>	<u>(86,701)</u>	<u>(251,206)</u>	<u>5,092</u>	(317,125)
Share of results of associates					2,172
Unallocated impairment losses on financial assets and contract assets — net					(41,264)
Unallocated other income					174
Unallocated administrative expenses					(12,965)
Unallocated finance costs — net					<u>52,225</u>
Loss before income tax					<u>(316,783)</u>

5 SEGMENT INFORMATION (Continued)

	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	
Six months ended 30 June 2021 (Unaudited) (Re-presented)											
Revenue	2,905,302	5,474	-	30,814	2,941,590	470,304	176,023	454,469	(32,052)	1,068,744	4,010,334
Inter-segment revenue	-	-	-	-	-	-	(36,870)	-	-	(36,870)	(36,870)
Revenue from external customers	<u>2,905,302</u>	<u>5,474</u>	<u>-</u>	<u>30,814</u>	<u>2,941,590</u>	<u>470,304</u>	<u>139,153</u>	<u>454,469</u>	<u>(32,052)</u>	<u>1,031,874</u>	<u>3,973,464</u>
Segment results	<u>1,848</u>	<u>(4,214)</u>	<u>(7,831)</u>	<u>12,466</u>	<u>2,269</u>	<u>28,404</u>	<u>77,338</u>	<u>385,619</u>	<u>(44,576)</u>	<u>446,785</u>	449,054
Share of results of associates											8,509
Fair value gain on derivative financial assets											3,097
Gain on disposal of a subsidiary											1,806
Unallocated other losses — net											(37)
Unallocated other income											2,359
Unallocated administrative expenses											(11,288)
Unallocated finance costs — net											(111,384)
Profit before income tax											<u>342,116</u>

5 SEGMENT INFORMATION (Continued)

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

	For the six months ended	
	30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
		(Re-presented)
Continuing operations:		
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>		
— Sale of goods	252,042	458,451
— Sale of properties	75,901	378,111
— Installation and maintenance income	2,206	2,305
— Commission and brokerage income	35,982	22,716
— Management fee and performance fee income	19,688	34,714
— Others	3,750	5,867
	389,569	902,164
<i>Revenue from other sources</i>		
— Securities investment loss	(108,029)	(36,921)
— Interest income	44,191	86,247
— Rental income	74,759	80,384
	10,921	129,710
Revenue from continuing operations	400,490	1,031,874

5 SEGMENT INFORMATION (Continued)

	For the six months ended	
	30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
		(Re-presented)
Discontinued operations:		
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>		
— Sale of goods	—	19,223
— Trading of commodities	—	2,905,302
— Yacht club services	—	656
— Others	—	11,591
	<u>—</u>	<u>11,591</u>
	—	2,936,772
	<u>—</u>	<u>2,936,772</u>
<i>Revenue from other sources</i>		
— Rental income	—	4,818
	<u>—</u>	<u>4,818</u>
Revenue from discontinued operations	<u>—</u>	<u>2,941,590</u>
Timing of revenue recognition (continuing and discontinued operations)		
At a point in time	369,881	3,803,566
Transferred over time	19,688	35,370
	<u>389,569</u>	<u>3,838,936</u>

6 LOSS/(PROFIT) FOR THE PERIOD FROM CONTINUING OPERATIONS

Loss/(profit) for the period from continuing operations is arrived at after charging:

	For the six months ended	
	30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
		(Re-presented)
Amortisation of intangible assets	3,137	3,392
Cost of inventories and inventories of properties recognised as expenses	302,579	702,808
Depreciation of property, plant and equipment	14,505	21,024
Directors' and chief executive's emoluments	3,714	4,387
Employee benefit expenses	43,333	109,949
Net foreign exchange losses	12,604	20,170
Short-term lease expenses	9,848	4,068
Impairment losses on financial assets and contract assets — net:		
— loans and advances	73,847	38,031
— trade receivables	61	252
— contract assets	—	4
	73,908	38,287

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:

	For the six months ended 30 June 2021 <i>HK\$'000</i> (Unaudited)
Revenue	5,474
Cost of sales	(5,745)
Other gains — net and other income	(8)
Impairment losses on intangible assets	(10,390)
Impairment losses on financial assets — net	(588)
Administrative expenses	<u>(796)</u>
Loss from operations	(12,053)
Finance costs — net	<u>(19,055)</u>
Loss for the period from discontinued operations	<u><u>(31,108)</u></u>
Loss attributable to:	
Owners of the Company	(17,921)
Non-controlling interests	<u>(13,187)</u>
	<u><u>(31,108)</u></u>

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:

	For the six months ended 30 June 2021 <i>HK\$'000</i> (Unaudited)
Revenue	2,936,116
Cost of sales	(2,910,586)
Other gains — net and other income	5,408
Impairment losses on financial assets and contract assets — net	(288)
Distribution costs	(210)
Administrative expenses	<u>(10,447)</u>
Profit from operations	19,993
Finance costs — net	<u>(83,994)</u>
Loss before income tax	(64,001)
Income tax expense	<u>(23,947)</u>
Loss after income tax from discontinued operations	(87,948)
Gain on disposal of subsidiaries	<u>1,806</u>
Loss for the period from discontinued operations	<u><u>(86,142)</u></u>
Loss attributable to:	
Owners of the Company	(60,299)
Non-controlling interests	<u>(25,843)</u>
	<u><u>(86,142)</u></u>

8 FINANCE COSTS — NET

	For the six months ended	
	30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
		(Re-presented)
Continuing operations:		
Finance income:		
— Interest income on bank deposits	36,182	8,355
— Interest income on financial assets at amortised cost	31,790	10,590
	<u>67,972</u>	<u>18,945</u>
Finance costs:		
— Bank loans	(16,250)	(31,849)
— Corporate bonds	(13,315)	(4,374)
— Margin loans	(606)	(11,127)
— Obligation under repurchase agreements	(2,193)	(5,129)
— Other loans	–	(2,974)
— Trust receipt loans	–	(79)
— Lease liabilities	(1,736)	(2,032)
	<u>(34,100)</u>	<u>(57,564)</u>
Less: Interest capitalised on		
— investment properties under construction	12,042	27,912
	<u>(22,058)</u>	<u>(29,652)</u>
Finance costs — net	<u>45,914</u>	<u>(10,707)</u>

Note:

The weighted average capitalisation rate for the six months ended 30 June 2022 on fund's borrowed is at a rate of 5.61% (six months ended 30 June 2021: 7.85%) per annum.

9 INCOME TAX (CREDIT)/EXPENSE

	For the six months ended	
	30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
		(Re-presented)
Continuing operations:		
Current tax		
— Hong Kong Profits Tax	7,517	19,985
— PRC enterprise income tax	3,365	15,319
— PRC land appreciation tax	—	11,354
	<u>10,882</u>	46,658
Over-provision in prior year	<u>(7,418)</u>	—
	3,464	46,658
Deferred tax	<u>(62,056)</u>	64,857
	<u>(58,592)</u>	<u>111,515</u>
Discontinued operations:		
Current tax		
— PRC enterprise income tax	—	6,980
— PRC land appreciation tax	—	8,591
	<u>—</u>	15,571
Under-provision in prior year	<u>—</u>	5,178
	—	20,749
Deferred tax	<u>—</u>	3,198
	<u>—</u>	<u>23,947</u>
Total income tax (credit)/expense from continuing and discontinued operations	<u>(58,592)</u>	<u>135,462</u>

10 (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share for the period is calculated by dividing the (loss)/profit 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 (2021: 31,387,512,000) during the period. There were no potential dilutive ordinary share outstanding for both periods and therefore the dilutive (loss)/earnings per share is the same as basic (loss)/earnings per share.

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

	For the six months ended	
	30 June	
	2022	2021
	'000	'000
Weighted average number of ordinary shares in issue (excluding treasury shares held by the Group) during the period for basic (loss)/earnings per share	<u>31,387,512</u>	<u>31,387,512</u>

(a) From continuing and discontinued operations

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

	For the six months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
(Loss)/profit attributable to owners of the Company	<u>(233,598)</u>	<u>170,061</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:

	For the six months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
(Loss)/profit attributable to owners of the Company	<u>(233,598)</u>	<u>248,281</u>

10 (LOSS)/EARNINGS PER SHARE (Continued)

(c) From discontinued operations

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

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Loss attributable to owners of the Company	—	(78,220)

11 DIVIDEND

- (a) No interim dividend was proposed by the board of directors for the six months ended 30 June 2022 and 2021.
- (b) No final dividend in respect of the previous financial year was approved or paid during the six months ended 30 June 2022 and 2021.

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

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Equity investments designated at FVOCI		
Listed shares:		
— Equity securities — Norway	12,633	38,218
— Equity securities — the United States of America	1,522	1,895
— Equity securities — Hong Kong	77,674	222,380
	<u>91,829</u>	<u>262,493</u>
Unlisted shares	15,376	15,376
	<u>107,205</u>	<u>277,869</u>

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

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

13 LOANS AND ADVANCES

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Loans and advances (<i>Note (a)</i>)	2,451,610	2,276,992
Margin loan receivables (<i>Note (b)</i>)	<u>226,696</u>	<u>588,902</u>
	2,678,306	2,865,894
Less: Provision for impairment	<u>(460,308)</u>	<u>(375,743)</u>
Loans and advances — net	<u><u>2,217,998</u></u>	<u><u>2,490,151</u></u>

Notes:

- (a) As at 30 June 2022, the loans and advances of approximately HK\$129,359,000 (31 December 2021: HK\$174,785,000) 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 collaterals held and the financial background of the borrower. The carrying amounts of loans and advances are interest bearing at a range from 8% to 18% (2021: 8% to 18%) per annum.
- (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 30 June 2022, margin loan receivables were secured by securities pledged by the clients to the Group as collaterals with undiscounted market value of HK\$492,478,000 (31 December 2021: HK\$3,661,111,000).

14 TRADE RECEIVABLES

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Trade receivables	157,344	162,534
Less: Provision for impairment	<u>(2,365)</u>	<u>(2,948)</u>
Trade receivables — net	<u><u>154,979</u></u>	<u><u>159,586</u></u>

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

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
0 to 30 days	72,143	68,076
31 to 60 days	24,381	17,940
61 to 90 days	9,960	18,135
91 to 120 days	6,954	11,276
Over 120 days	<u>43,906</u>	<u>47,107</u>
	<u><u>157,344</u></u>	<u><u>162,534</u></u>

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Listed securities:		
— Equity securities — Hong Kong	31,039	65,088
Debt investment at FVTPL	<u>123,205</u>	<u>261,412</u>
	<u><u>154,244</u></u>	<u><u>326,500</u></u>

The fair values of listed shares are based on their current bid prices in an active market.

16 TRADE AND BILLS PAYABLES

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Trade payables	746,345	603,744
Bills payables	2,953	28,874
	749,298	632,618

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

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
0 to 30 days	534,387	544,859
31 to 60 days	174,706	27,505
61 to 90 days	1,673	7,260
91 to 120 days	13,050	4,747
Over 120 days	25,482	48,247
	749,298	632,618

MARKET OVERVIEW

Due to the ongoing COVID-19 pandemic, complex and volatile macroeconomic situation at home and abroad, and volatile geopolitical landscape, the economic development of both mainland China and Hong Kong suffered a significant impact in the first half of 2022. As a fully market-oriented enterprise, the Group was inevitably affected in its operation and financial condition. The Group expects that the tough and challenging market condition may persist over a period of time, but it firmly believes that the current business strategy is viable and sustainable. In the long run, the Group remains optimistic about the prospects for its business operations. Looking forward, the Group will continuously explore business opportunities for its business segments so as to create higher value for the shareholders of the Company (the “Shareholders”).

OVERVIEW OF FINANCIAL SERVICES BUSINESS

For the six months ended 30 June 2022, the financial services segment has netted approximately HK\$-12.4 million in revenue (30 June 2021: approximately HK\$139.2 million in revenue), accounting for approximately -3.1% of the Group’s total revenue (30 June 2021: 13.5%). The operating loss amounted to approximately HK\$86.7 million (30 June 2021: profit of approximately HK\$77.3 million).

Securities Brokerage Services

2022 is a tough year for China concept stocks, technology and real estate sectors, as listed companies in the sectors have continuously been impacted by regulatory policies. Coupled with the pandemic and weak economy, it led to a major correction in Hong Kong’s stock market. The Hang Seng Index even fell to a low of 18,000 points, and the average daily trading turnover shrunk sharply. On the whole, Hong Kong’s stock market had unsatisfactory performance.

The downturn in the Hong Kong stock market posed major challenges to the securities brokerage services industry in the city. In the first half of 2022, many securities firms in Hong Kong closed down during the fifth wave of the pandemic. It is expected that the wave of closings will continue in the second half of the year.

Notwithstanding unsatisfactory market conditions, the securities brokerage team, with the increase in support from the Group, managed to make steady progress to provide its clients with more comprehensive and professional services. The Group provided investors with up-to-date financial information via live streaming and a series of social media platforms to cope with the rapid increase in investors’ demand for timely financial information. In the face of volatile market conditions, the Company kept improving internal control measures and strengthening risk management. The Company also reduced the impact of adverse market factors by streamlining its structure and reducing operating expenses, making it more flexible in the market competition.

Corporate Finance Business

For the six months ended 30 June 2022, 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 provided to clients for their corporate finance activities including restructuring, mergers and acquisitions.

The IPO fundraising activities in Hong Kong slowed down amid headwinds from the COVID-19 pandemic, geopolitical instability and interest rate hikes in many countries to curb inflation. Total funds raised through IPOs were merely HK\$17.1 billion in the first half of 2022, a sharp drop of 92% from a year earlier. The Group's corporate finance business was also affected. The Group actively expanded financing channels for clients, and made breakthroughs in bond underwriting business. During the period, it underwrote several bond issuance projects.

Asset Management Business

In the first half of 2022, the asset management team was dedicated to promoting the establishment of a new system and strengthening the allocation of high-quality assets, investment operations, risk management, etc. Meanwhile, it 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 acted as the investment manager for three segregated portfolio company funds who captured business opportunities in line with strategies at different stages.

Wealth Management Business

As one of the world's leading wealth management centres, Hong Kong 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 the wealth management sector in Greater China and further develop its wealth management industry. The wealth management team leveraged the Group's diversified financial service capabilities to enhance cooperation with other business units within the Group to increase sales revenue. The wealth management team constantly increased products and services, including providing trust services for clients, in order to meet the wealth management needs of clients. Regarding the outlook for the second half of 2022, the Group believes that after customs clearance between mainland China and Hong Kong, a large number of clients will make investments and take out insurance in Hong Kong. The Group is expected to see significant growth in results.

Credit Business

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, which is one of the Group's principal going concerns. For the six months ended 30 June 2022, the Group continuously optimised its money lending business structure by adopting a prudent approach and tightening loan approval procedures. With reference to the prevailing market condition, the Group adjusted the interest rate and loan-to-value ratio on a regular basis to strengthen its risk and capital management.

Precious Metal Trading Business

The Group is an A1 member of the Chinese Gold and Silver Exchange Society that is allowed to trade 99 Gold, HKD Kilo Gold, London Gold/Silver and Loco Silver. During the period, it continuously provided 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 rendered services of investment management and investment advisory for them to capture profit opportunities.

PROPERTY INVESTMENT AND BUSINESS DEVELOPMENT

For the six months ended 30 June 2022, the revenue of the property investment and development segment was approximately HK\$147.9 million (30 June 2021: approximately HK\$454.5 million), accounting for approximately 36.9% (30 June 2021: approximately 44.0%) of the Group's total revenue. The decrease in revenue was mainly due to the decrease in property sales as those property projects made handover to customers during the period were relatively smaller than those in the corresponding period in 2021.

For the six months ended 30 June 2022, the operating loss of the property investment and development segment was approximately HK\$251.2 million, compared to the operating profit of approximately HK\$385.6 million recorded in the corresponding period in 2021. The shift from operating profit to operating loss was primarily due to a fair value loss of approximately HK\$290.0 million on investment properties located in the PRC and Hong Kong.

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 three property investment and development projects in two cities, namely Shenzhen and Ganzhou. The development projects include commercial complexes, upscale residences, hotels, commercial apartments and office buildings. Completed investment properties continuously generate steadily increasing rents and management fees for the Group.

AUTOMATION BUSINESS

For the six months ended 30 June 2022, the revenue of the automation segment was approximately HK\$260.7 million (30 June 2021: approximately HK\$470.3 million), accounting for approximately 65.1% (30 June 2021: approximately 45.6%) of the Group's total revenue. The operating profit decreased by 44.7% to approximately HK\$15.7 million (30 June 2021: approximately HK\$28.4 million). The decrease in revenue and operating profit was primarily due to the sharp decline in the sales volume of smartphones in the first half of 2022, the slowdown in clients' equipment procurement plans, and the delivery delay for some equipment as a result of chip shortages.

The Group has been engaging in the automation business since 2012. It is one of the leading distributors and service providers of surface mount technology (SMT) equipment in the PRC. Despite the challenging economic situation caused by the COVID-19 pandemic, China's manufacturing industry has benefited from a strong recovery and increased demand for 5G, semiconductors, smart connected devices and electric vehicles during the period. The deployment of 5G infrastructure and the advent of 5G smartphones in the PRC contributed to the increase in demand for SMT equipment. The Group is committed to allocating more resources to the automation business with a view to benefiting from the increase in the industry's demand for smart manufacturing equipment in 2021.

PROSPECT

The ongoing COVID-19 pandemic and complex political and economic environment have brought unprecedented risks and challenges to the global economy. The economy in mainland China and Hong Kong is expected to remain hit by the pandemic in the second half of 2022. Nevertheless, the Group expects that the COVID-19 pandemic will be gradually kept under control with the popularisation of vaccination and the application of related drugs, and the economy as a whole will have the opportunity to benefit from the further relaxation of COVID-19 control policies.

The Group realises that the demand for the application of fintech in the financial industry has been on an increasing trend. Therefore, the Group has increased its investment in optimising its e-trading mobile application to provide better client support services and up-to-date promotional and marketing strategies to adapt to the new investment pattern of investors. The Groups will continuously advance the network security of its electronic trading platform to protect clients' interests, overcome forthcoming challenges and seize opportunities. The Group will continue to deepen its service capabilities in financial business to better meet the wealth management needs of various clients. In the meantime, it will connect more closely with the real economy to provide better and comprehensive financial services for the real economy and technological development.

As far as property investment and business development is concerned, the leased and to-be-completed properties will continuously generate steadily increasing rents and management fees for the Group. The Group will prudently seize market opportunities, constantly optimise its financial structure, increase the efficiency of capital operation, and adjust its competition strategies in time, striving to provide strong support for business development.

In recent years, the Group has increased its resources in the advanced manufacturing services sector, providing advanced manufacturing equipment and productive services associated with intelligent manufacturing. The Group's automation segment has been providing world-class automated manufacturing devices and services for the industries of smartphones, Internet of Things, semiconductors, automotive electronics in the PRC. The intelligent and upgraded development of China's manufacturing industry will continue to bring growth opportunities to the business segment. We will pay attention to investment opportunities in the semiconductor, automotive electronics and new energy manufacturing equipment industries, and identify suitable investment targets to seize the opportunities for rapid growth in the industries. The Group will constantly expand its product lines and services, and provide advanced high-end intelligent manufacturing equipment and services for China's electronic manufacturing industry, so as to make contributions to the development of China's intelligent manufacturing industry.

The Group's robust and diversified business portfolios and ability to capture market trading opportunities enable it to maintain stable shareholder returns. Looking forward to the second half of 2022, the Group will adopt a prudent strategy for real estate and financial businesses, actively grasp investment opportunities in high-end manufacturing equipment and intelligent manufacturing sectors, seek business opportunities that can improve shareholder returns and enhance sustainable development capabilities, and conduct rigorous and prudent financial management to maintain a sound financial condition.

FINANCIAL REVIEW

Continuing Operations

Revenue

The Group's revenue for the six months ended 30 June 2022 decreased by 61.2% to approximately HK\$400.5 million (30 June 2021: approximately HK\$1,031.9 million). The revenue analysis by segment is presented as follows:

	For the six months ended 30 June				% change
	2022	2021	2022	2021	
	<i>HK\$'</i> <i>million</i>	Proportion to total revenue	<i>HK\$'</i> <i>million</i>	Proportion to total revenue	
Automation	260.7	65.1%	470.3	45.6%	-44.6%
Financial Services	(12.4)	(3.1)%	139.2	13.5%	-108.9%
Property Investment and Development	147.9	36.9%	454.5	44.0%	-67.5%
Securities Investment	4.3	1.1%	(32.1)	(3.1)%	-113.4%
	<u>400.5</u>	<u>100.0%</u>	<u>1,031.9</u>	<u>100.0%</u>	<u>-61.2%</u>

During the Period, automation and property investment and development segments were the major source of revenue for the Group, accounting for 65.1% and 36.9% of total revenue, respectively.

Gross Profit and Margin

The gross profit decreased by 70.3% to approximately HK\$97.9 million (30 June 2021: approximately HK\$329.1 million), while the gross profit margin increased to 24.4% (30 June 2021: 31.9%). The change was mainly due to the decrease in scale of the property sales made handover to the customers and the increase in securities investment loss in the Period as compared with the corresponding period in 2021.

Other Gains — Net

The net other gains for the Period was approximately HK\$0.3 million (30 June 2021: nil).

Other Income

The other income increased by 34.3% to approximately HK\$19.2 million (30 June 2021: approximately HK\$14.3 million).

Distribution Costs

The distribution costs decreased by 81.8% to approximately HK\$10.8 million (30 June 2021: approximately HK\$59.5 million), accounting for 2.7% (30 June 2021: 5.7%) of the total revenue. The decrease in distribution costs was mainly due to the decrease in advertising, promotion and exhibition expenses of approximately HK\$18.3 million and decrease in employee benefit expenses and sales commission of approximately HK\$24.1 million.

Administrative Expenses

The administrative expenses decreased by 29.6% to approximately HK\$107.5 million (30 June 2021: approximately HK\$152.6 million), owing to the effective implementation of cost control policy to reduce the routine administrative expenses and increase in net foreign exchange gains.

Finance Costs — Net

The net finance income was approximately HK\$45.9 million (30 June 2021: net finance costs of approximately HK\$10.7 million). The turnaround was because of the increase in interest income on bank deposits and financial assets at mortised cost.

Income Tax Credit/(Expense)

The income tax credit/(expense) was approximately HK\$58.6 million (30 June 2021: income tax expense of approximately HK\$111.5 million) due to the substantial increase in deferred tax assets derived from the revaluation of investment properties.

Discontinued operations

Due to the disposal of yacht club operation and the provision of training services in the PRC and the cessation 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 in late 2021, the presentation of comparative information in respect of the condensed consolidated statement of profit or loss and comprehensive income for the six months ended 30 June 2021 has been represented under discontinued operations, with a loss of approximately HK\$117.3 million.

(Loss)/profit Attributable to Owners of the Company

The Company recorded a loss attributable to owners of the Company of approximately HK\$233.6 million (30 June 2021: profit of approximately HK\$170.1 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 30 June 2022, the Group's cash and cash equivalents totaled approximately HK\$538.2 million (31 December 2021: approximately HK\$730.1 million). The working capital represented by net current assets amounted to approximately HK\$1,428.0 million (31 December 2021: approximately HK\$1,765.4 million). The current ratio was approximately 1.5 (31 December 2021: approximately 1.5). The gearing ratio, which is calculated at borrowings divided by net asset value, was 28.8% (31 December 2021: 31.7%).

The borrowings of the Group as at 30 June 2022 included corporate bonds of approximately HK\$348.0 million (31 December 2021: approximately HK\$356.0 million), trust receipt loans of approximately HK\$12.9 million (31 December 2021: approximately HK\$14.8 million), bank loans of approximately HK\$1,032.6 million (31 December 2021: approximately HK\$1,193.9 million), and other loans of approximately HK\$214.3 million (31 December 2021: approximately HK\$441.6 million).

Charge of Assets

The borrowings as at 30 June 2022 were secured by (i) guarantees provided by the Company, shareholder of the Company, certain of its subsidiaries and related parties; (ii) property, plant and equipment of approximately HK\$181.2 million; and (iii) investment properties of approximately HK\$1,781.3 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.

Capital and Other Commitments

As at 30 June 2022, the Group had contracted but not provided for capital and other commitments of approximately HK\$215.2 million and HK\$1,265.0 million (31 December 2021: approximately HK\$215.2 million and HK\$1,424.4 million) related to the investment in an associate and investment properties and property development expenditures, respectively.

Currency Exposure and Management

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

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

Future Plans for Capital Investment and Expected Source of Funding

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

Fund Raising for Future Business Development

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

Employees and Remuneration Policies

As at 30 June 2022, the Group had 291 (31 December 2021: 331) full-time employees in Hong Kong and the PRC. Employees' remuneration is determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include medical insurance, provident funds and other competitive fringe benefits.

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

Events after the Reporting Period

No significant event of the Group after the reporting period and up to the date of this announcement.

KEY RISKS AND UNCERTAINTIES

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

Operational Risk

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

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

Industry Risk

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

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

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

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

Financial Risk

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

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

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

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

Manpower and Retention Risk

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

Business Risk

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

USE OF PROCEEDS FROM SHARE SUBSCRIPTION IN JULY 2019

On 10 July 2019, the Company entered into a subscription agreement with Bao Xin Development Limited (the "**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\$940.3 million of which had been utilized as follows:

	<i>HK\$' million</i>
1. Provision of brokerage service and corporate finance	
(i) securities brokerage and margin financing;	130.0
(ii) investment; and	57.1
(iii) corporate finance division	23.2
2. Expansion of asset management business	180.0
3. Expansion of money lending business	250.0
4. General working capital	300.0
	940.3

Save for the HK\$59.1 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 unutilized net proceeds was deposited with the banks in Hong Kong.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the Period (2021 interim dividend: nil).

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 Period.

CHANGE IN INFORMATION OF DIRECTORS

The change in the information of the Directors of the Company since the publication of the 2021 annual report of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Name of Directors	Details of Changes
Executive Director	
Mr. Lau Wan Po	Resigned as an executive Director and ceased to be a member of each of the investment committee and strategic committee of the Company with effect from 7 March 2022
Independent Non-executive Director	
Mr. Lee Kwan Hung, Eddie	Resigned as an independent non-executive Director and ceased to be a member of the nomination committee of the Company with effect from 17 July 2022

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The biographical details of the directors and senior management of the Company are set out in the Company's website.

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. For the six months ended 30 June 2022, 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 C.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.

Pursuant to the terms of reference of the nomination committee of the Company (the “**Nomination Committee**”), the Nomination Committee shall comprise a majority of independent non-executive directors. Following the resignation of Mr. Lee Kwan Hung, Eddie (“**Mr. Lee**”), the composition of the Nomination Committee has failed to meet the relevant requirements under its terms of reference.

Pursuant to Rule 3.10(1) of the Listing Rules, the board of a listed issuer must include three independent non-executive directors. Following the resignation of Mr. Lee, the number of independent non-executive directors has failed to meet the relevant requirements under the Listing Rules.

The Board will make its best endeavours to identify an appropriate person for appointment as an independent non-executive director and a member of the nomination committee of the Company within three months from the date of Mr. Lee’s resignation pursuant to the relevant requirements under the Listing Rules.

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 six months ended 30 June 2022, they have complied with the provisions of the Model Code.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 28 November 2009 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 the accounting principles and practices adopted by the Group and discussed with the management of the Company on financial reporting matters including a review of the unaudited interim financial information of the Group for the six months ended 30 June 2022.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hk1282.com). The 2022 interim report will be dispatched to the Shareholders and available on the same websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our appreciation to the management team and staff of the Group for their contribution during the Period and also to give our sincere gratitude to all our shareholders and business partners for their continuous support.

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

Hong Kong, 31 August 2022

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Yao Jianhui, Mr. Li Minbin and Mr. Huang Wei; 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.