



GLORIOUS SUN ENTERPRISES LIMITED

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

2021 Interim Report

BOND

FINANCE

FX

INVESTMENT





Changhong provided Building Information Modeling + intelligent renovation service to Li Auto Retail Store at the Future Mall, Shijiazhuang

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INTERIM RESULTS

The board of directors (the "Board") of Glorious Sun Enterprises Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2021 together with the comparative figures for the same period as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 June 2021

		2021	2020
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
REVENUE			
Revenue from contracts with customers		394,159	420,382
Revenue from other sources		27,750	37,403
		<u> </u>	<u> </u>
	(3)	421,909	457,785
Cost of sales		(344,291)	(383,494)
		<u> </u>	<u> </u>
Gross profit		77,618	74,291
Other income and gains		27,108	21,948
Selling and distribution expenses		(13,547)	(10,109)
Administrative expenses		(38,251)	(31,524)
Other expenses		(8,539)	(11,209)
Finance costs		(1,399)	(1,415)
		<u> </u>	<u> </u>
PROFIT BEFORE TAX	(4)	42,990	41,982
Income tax expense	(5)	(4,216)	(4,471)
		<u> </u>	<u> </u>
PROFIT FOR THE PERIOD		38,774	37,511
		<u> </u>	<u> </u>

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

Six months ended 30 June 2021

	2021 (Unaudited) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>
	<i>Note</i>	
Attributable to:		
Ordinary equity holders of the Company	38,381	36,484
Non-controlling interests	393	1,027
	<hr/>	<hr/>
Profit for the period	38,774	37,511
	<hr/> <hr/>	<hr/> <hr/>
	<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to ordinary equity holders of the Company	<i>(7)</i>	
Basic	2.49	2.39
	<hr/> <hr/>	<hr/> <hr/>
Diluted	2.49	2.39
	<hr/> <hr/>	<hr/> <hr/>
Interim dividend per share	2.00	1.80
	<hr/> <hr/>	<hr/> <hr/>

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2021

	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	38,774	37,511
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of financial information	(1,480)	–
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(1,480)	–
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	5,117	(11,337)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	5,117	(11,337)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	3,637	(11,337)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	42,411	26,174
Attributable to:		
Ordinary equity holders of the Company	42,193	25,147
Non-controlling interests	218	1,027
	42,411	26,174

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

		30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Debt investments at amortised cost		436,034	583,153
Equity investments designated at fair value through other comprehensive income		354,400	349,110
Other non-current assets		48,640	50,407
		<hr/>	<hr/>
Total non-current assets		839,074	982,670
CURRENT ASSETS			
Trade receivables	(8)	183,710	136,420
Debt investments at amortised cost		146,818	40,013
Financial assets at fair value through profit or loss		74,468	87,784
Pledged deposits		19,231	18,582
Cash and cash equivalents		1,688,718	1,712,218
Other current assets		227,925	169,315
		<hr/>	<hr/>
Total current assets		2,340,870	2,164,332
CURRENT LIABILITIES			
Trade payables	(9)	109,352	91,294
Other payables and accruals		235,787	203,858
Interest-bearing bank borrowings		46,938	17,720
Other current liabilities		178,555	205,135
		<hr/>	<hr/>
Total current liabilities		570,632	518,007
NET CURRENT ASSETS			
		1,770,238	1,646,325
TOTAL ASSETS LESS CURRENT LIABILITIES			
		2,609,312	2,628,995

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

30 June 2021

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<i>Note</i>	HK\$'000	<i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Total non-current liabilities	<u>23,447</u>	<u>28,186</u>
Net assets	<u>2,585,865</u>	<u>2,600,809</u>
EQUITY		
Equity attributable to ordinary equity holders of the Company		
Issued capital	(10) 154,334	152,834
Reserves	<u>2,418,987</u>	<u>2,425,518</u>
	2,573,321	2,578,352
Non-controlling interests	<u>12,544</u>	<u>22,457</u>
Total equity	<u>2,585,865</u>	<u>2,600,809</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2021

2021 (Unaudited)	Attributable to ordinary equity holders of the Company						Non-controlling interests	Total equity
	Issued capital	Share premium	Other reserves	Retained profits	Total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
As at 1 January 2021	152,834	733,815	443,783	1,247,920	2,578,352	22,457	2,600,809	
Profit for the period	-	-	-	38,381	38,381	393	38,774	
Other comprehensive income	-	-	3,812	-	3,812	(175)	3,637	
Total comprehensive income	-	-	3,812	38,381	42,193	218	42,411	
Issue of shares	1,500	16,096	-	-	17,596	-	17,596	
Contribution from non-controlling shareholders	-	-	-	-	-	3,467	3,467	
Dividends paid to non-controlling shareholders	-	-	-	-	-	(13,598)	(13,598)	
Dividend paid	-	-	-	(64,820)	(64,820)	-	(64,820)	
Transfer within reserves	-	-	(4,277)	4,277	-	-	-	
As at 30 June 2021	154,334	749,911	443,318	1,225,758	2,573,321	12,544	2,585,865	
2020 (Unaudited)	Attributable to ordinary equity holders of the Company						Non-controlling interests	Total equity
	Issued capital	Share premium	Other reserves	Retained profits	Total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
As at 1 January 2020	152,834	733,815	390,673	1,237,804	2,515,126	17,350	2,532,476	
Profit for the period	-	-	-	36,484	36,484	1,027	37,511	
Other comprehensive loss	-	-	(11,337)	-	(11,337)	-	(11,337)	
Total comprehensive income	-	-	(11,337)	36,484	25,147	1,027	26,174	
Transfer of gain on disposals of equity investments at fair value through other comprehensive income to retained profits	-	-	(607)	607	-	-	-	
Dividend paid	-	-	-	(51,963)	(51,963)	-	(51,963)	
As at 30 June 2020	152,834	733,815	378,729	1,222,932	2,488,310	18,377	2,506,687	

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2021

	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Cash flows from operating activities		
Cash flows (used in)/generate from operating activities	(52,899)	63,696
Interest paid	(1,399)	(1,415)
Tax (paid)/refunded	(15,127)	2,903
Net cash flows (used in)/from operating activities	<u>(69,425)</u>	<u>65,184</u>
Cash flows from investing activities		
Proceeds from sale or redemption of debt investments at amortised cost	40,189	410,574
Proceeds from sale of equity investments designated at fair value through other comprehensive income	–	448,314
Increase of non-pledged time deposits with original maturity of more than three months when acquired	–	(1,034,903)
Other cash flows from investing activities	22,308	12,259
Net cash flows from/(used in) investing activities	<u>62,497</u>	<u>(163,756)</u>
Cash flows from financing activities		
Proceed from issuance of shares	17,596	–
New bank loans	32,163	–
Repayment of bank loans	(2,945)	–
Other cash flows used in financing activities	(70,064)	(57,948)
Net cash flows used in financing activities	<u>(23,250)</u>	<u>(57,948)</u>
Net decrease in cash and cash equivalents	(30,178)	(156,520)
Cash and cash equivalents at beginning of period	1,712,218	734,736
Effect of foreign exchange rate changes, net	6,678	(920)
Cash and cash equivalents at end of period	<u><u>1,688,718</u></u>	<u><u>577,296</u></u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	201,219	198,203
Non-pledged time deposits with original maturity of less than three months when acquired	1,487,499	379,093
Non-pledged time deposits with original maturity of more than three months when acquired	–	1,034,903
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	1,688,718	1,612,199
Non-pledged time deposits with original maturity of more than three months when acquired	–	(1,034,903)
	<u><u>1,688,718</u></u>	<u><u>577,296</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Basis of preparation

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

The 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 2020.

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

These interim condensed consolidated financial statements for the six months ended 30 June 2021 are unaudited and have been reviewed by the Audit Committee of the Company.

(2) Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised HKFRSs for the first time for the current period’s financial statements.

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

(2) Changes in accounting policies *(Continued)*

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

(3) Operating Segment information

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

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

(3) Operating Segment information *(Continued)*

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

	Six months ended 30 June 2021 (Unaudited)				Total HK\$'000
	Financial investments HK\$'000	Interior decoration and renovation HK\$'000	Export operations HK\$'000	Retail, franchise and others HK\$'000	
Segment revenue:					
Revenue from external parties	27,750	233,082	131,017	30,060	421,909
Other income and gains	–	2,824	3,270	2,862	8,956
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>27,750</u>	<u>235,906</u>	<u>134,287</u>	<u>32,922</u>	<u>430,865</u>
Segment results	<u>26,336</u>	<u>606</u>	<u>5,310</u>	<u>1,740</u>	<u>33,992</u>
Interest income					10,330
Unallocated revenue					7,822
Corporate and other unallocated expenses					(8,557)
Finance costs (other than interest on lease liabilities)					<u>(597)</u>
Profit before tax					42,990
Income tax expense					<u>(4,216)</u>
Profit for the period					<u>38,774</u>

(3) Operating Segment information (Continued)

	Six months ended 30 June 2020 (Unaudited)				
	Financial investments	Interior decoration and renovation	Export operations	Retail, franchise and others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:					
Revenue from external parties	37,403	313,023	90,400	16,959	457,785
Other income and gains	<u>3,544</u>	<u>1,265</u>	<u>822</u>	<u>2,287</u>	<u>7,918</u>
Total	<u><u>40,947</u></u>	<u><u>314,288</u></u>	<u><u>91,222</u></u>	<u><u>19,246</u></u>	<u><u>465,703</u></u>
Segment results	<u><u>32,585</u></u>	<u><u>3,312</u></u>	<u><u>3,992</u></u>	<u><u>20</u></u>	39,909
Interest income					13,402
Unallocated revenue					628
Corporate and other unallocated expenses					(11,470)
Finance costs (other than interest on lease liabilities)					<u>(487)</u>
Profit before tax					41,982
Income tax expense					<u>(4,471)</u>
Profit for the period					<u><u>37,511</u></u>

(4) Profit before tax

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	1,029	959
Depreciation of right-of-use assets	3,248	5,837
Loss on disposal of items of property, plant and equipment	34	7
Interest income	(10,330)	(13,402)
	<u> </u>	<u> </u>

(5) Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current – Hong Kong	3,875	3,901
Current – Elsewhere	1,508	1,074
Deferred	(1,167)	(504)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

(6) Dividends

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividends for ordinary equity holders of the Company:		
Final dividend paid	64,820	51,963
Interim dividend declared	30,867	27,510

(7) Earnings per share

(a) Basic earnings per share

The calculations of basic earnings per share are based on:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic earnings per share calculation	38,381	36,484

(7) Earnings per share *(Continued)*

(a) Basic earnings per share *(Continued)*

	Number of shares	
	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,541,098	1,528,336

(b) Diluted earnings per share

The diluted earnings per share is not presented as the Company does not have dilutive potential ordinary share for both periods presented.

(8) Trade receivables

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

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Less than 4 months	136,264	94,487
4 to 6 months	28,191	32,122
Over 6 months	19,255	9,811
	183,710	136,420

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

(9) Trade payables

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

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Less than 4 months	108,515	88,602
4 to 6 months	521	1,495
Over 6 months	316	1,197
	<u>109,352</u>	<u>91,294</u>

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

(10) Share capital

	Number of ordinary shares		Nominal value	
	30 June 2021 (Unaudited) '000	31 December 2020 (Audited) '000	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Issued and fully paid:				
Ordinary shares of HK\$0.10 each	<u>1,543,336</u>	<u>1,528,336</u>	<u>154,334</u>	<u>152,834</u>

(10) Share capital (Continued)

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

	Number of shares in issue of HK\$0.1 each '000	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 January 2020, 31 December 2020 and 1 January 2021 (Audited)	1,528,336	152,834	733,815	886,649
Issue of shares (Unaudited)	15,000	1,500	16,096	17,596
At 30 June 2021 (Unaudited)	1,543,336	154,334	749,911	904,245

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

(11) Fair value and fair value hierarchy

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

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

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

(11) Fair value and fair value hierarchy *(Continued)*

The fair values of the non-current portion of rental deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2021 was assessed to be insignificant. The fair values of the interest-bearing bank borrowings approximate to their carrying amounts as at 30 June 2021 and 31 December 2020.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by reference to the accumulated historical performance issued by the banks.

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

Fair value hierarchy

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

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

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

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

Fair value hierarchy (Continued)

Assets measured at fair value:

	30 June 2021 (Unaudited)			Total
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Equity investments				
designated at fair value through other comprehensive income:				
Listed equity investments	345,583	–	–	345,583
Unlisted equity investment	–	–	8,817	8,817
Financial assets at fair value through profit or loss	–	74,468	–	74,468
	<u>345,583</u>	<u>74,468</u>	<u>8,817</u>	<u>428,868</u>
	31 December 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Equity investments				
designated at fair value through other comprehensive income:				
Listed equity investments	341,498	–	–	341,498
Unlisted equity investment	–	–	7,612	7,612
Financial assets at fair value through profit or loss	–	87,784	–	87,784
	<u>341,498</u>	<u>87,784</u>	<u>7,612</u>	<u>436,894</u>

During the period, there were no transfers of fair value measurement between Level 1 and Level 2 for both financial assets and financial liabilities, and no transfer into or out of Level 3 for financial assets (31 December 2020: Nil).

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

Fair value hierarchy (Continued)

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 30 June 2021 and 31 December 2020.

Assets for which fair value are disclosed:

	30 June 2021 (Unaudited)			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Debt investments at amortised cost	<u>564,777</u>	<u>–</u>	<u>–</u>	<u>564,777</u>
	31 December 2020 (Audited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Debt investments at amortised cost	<u>589,119</u>	<u>–</u>	<u>–</u>	<u>589,119</u>

(12) Events after the end of the reporting period

Deemed disposal of partial interest in a subsidiary

Pursuant to the capital increase agreement dated 9 July 2021, Shijiazhuang Jingdao Technology Co., Limited (the “New Investor”) agreed to subscribe 10% of the enlarged registered capital of Shijiazhuang Changhong Building Decoration Engineering Company Limited (“Shijiazhuang Changhong”, an indirect non-wholly owned subsidiary of the Company), for a cash consideration of RMB6,125,000. The New Investor is wholly-owned by Mr. Wang Yue, a director of Shijiazhuang Changhong.

Following the completion of the transaction on 13 July 2021, the Company’s interest in Shijiazhuang Changhong is diluted from 65% to 58.5%. Shijiazhuang Changhong and its subsidiaries remain as indirect non-wholly owned subsidiaries of the Company. There is no expected gain or loss for the transaction.

Details of the transaction are set out in the Company’s announcements dated 9 July 2021 and 21 July 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of HK2.00 cents (2020: HK1.80 cents) per share for the six months ended 30 June 2021 to shareholders whose names appear on the register of members of the Company as at the close of business on Thursday, 16 September 2021. The interim dividend will be paid to shareholders on Tuesday, 28 September 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 14 September 2021 to Thursday, 16 September 2021, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Monday, 13 September 2021.

REVIEW OF OPERATIONS

In the first half of the year 2021, the predominant factor for global economic recovery was still the COVID-19 pandemic. In view of the readiness of the vaccines against COVID-19 at last year-end, the market sentiment was fairly optimistic at the beginning of the year. However, due to inadequate supply, shortage of vaccines was the common problem encountered by developing countries. Although supply in developed countries was adequate, progress of vaccination was still behind expected schedule. During the period, COVID-19 virus mutated into several variants, one of which, the very infective Delta variant, accelerated the spread of the pandemic in the world. Social distancing measures were stingingly re-introduced resulting in closure of districts, cities and countries. Part of the global supply chains was interrupted and container shipping costs surged. Consequentially inflation was reignited. The market worried if the qualitative easing measures would decelerate earlier.

Under such situation, economic recovery was uneven and weaker than expected. However, global economies managed to rebound from the same period of last year in spite of business environment of retailing and those related to tourism were still very challenging. In the period, investment income of the Group was lower than last year because no new investment had been made and some bonds in the portfolio matured and were redeemed. The market sentiment for interior decoration and renovation was sluggish. Management endeavoured to develop new customers and the results were satisfactory. However, turnover of the Group's Interior Decoration and Renovation operations was lower than the same period of previous year as the booking of revenue was based on job completions. On the other hand, export operations and Jeanswest retailing and overseas franchising resumed their respective growth.

During the period under review, the Group recorded a turnover of HK\$421,909,000, representing a decrease of 7.84% when compared with the corresponding period in last year (2020: HK\$457,785,000).

Due to the above-mentioned reasons, profit attributable to equity holders of the Group was HK\$38,381,000, representing an increase of 5.20% when compared with the corresponding period in last year (2020: HK\$36,484,000).

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

	2021	2020	
	1st Half	1st Half	Changes
<i>(Unit: HK\$'000)</i>			
Consolidated Sales	421,909	457,785	↓ 7.84%
of which:			
A. Financial investments	27,750	37,403	↓ 25.81%
B. Interior decoration and renovation	233,082	313,023	↓ 25.54%
C. Export sales	131,017	90,400	↑ 44.93%
D. Hong Kong retailing and overseas franchising	30,056	16,935	↑ 77.48%
Profit attributable to ordinary equity holders of the Company	38,381	36,484	↑ 5.20%
<i>(Unit: HK cents)</i>			
Interim earnings per share (basic)	2.49	2.39	↑ 4.18%
Interim dividend per share	2.00	1.80	↑ 11.11%
	As at	As at	
	30 June	31 December	
	2021	2020	Changes
<i>(Unit: HK\$'000)</i>			
Net cash and near cash in hand*	2,663,914	2,765,528	↓ 3.67%

* "Net cash and near cash in hand" consists of debt investments at amortised cost, listed equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss, pledged deposits, cash and cash equivalents, net of interest-bearing bank borrowings.

1. Financial Investments

New investment had been temporarily withheld after the increase of cash portion in the portfolio last year. It was attributed to the mutation of COVID-19 virus into Delta variant that caused the re-launch of social distancing measures and semi stand-still of international travel. The revitalisation of inflation was another uncertainty. Even it might be a temporary phenomenon, there was concern for Fed's interest rate hikes and shrinking of its balance sheet. During the period, Dow Jones and NASDAQ kept on moving up-ward since the later part of first quarter but Hang Seng and A share indexes still fluctuated below the year height achieved in the first quarter. In Mainland China, the Authority endeavoured to deflate property bubble by all deleverage measures including suspension of property related bank loans especially to those high gearing developers. The Authority also resolutely enforced disciplines on those technology conglomerates regarding their unfair competition and monopoly maneuver as well as expansion, mergers and acquisitions of non-related sectors. Listing of internet companies in oversea stock exchanges had to get prior approval from Cyberspace Administration of China. Stock market sentiment became slothful and companies with high debt level encountered cash flow problem. Default in corporate bonds turned to be not uncommon.

At the beginning of the year, the Group's bond portfolio was HK\$964,664,000. During the period, there was around HK\$40,000,000 worth of RMB bonds matured and were redeemed. The revenue generated in the period was HK\$27,750,000 (2020: HK\$37,403,000). Due to the high comparable base in last year, the decrease percentage was 25.81%. As at 30 June 2021, the Group's holding of bond had a book value of HK\$928,435,000 with the average yield of 5.88%.

2. Interior Decoration and Renovation

In the period, the recovery of retail consumption was relatively weaker than other sectors but e-shopping became more and more popular during the pandemic. This trend favoured e-shop against bricks and mortar shop and thus slackened decoration and renovation activities. Some of our clients had down-sized their bricks and mortar shop networks. The Management thus endeavoured to explore and develop new customers. Attributed to our good brand image, we managed to have new orders up to the expected level. The negative growth in turnover was attributed to accounting technicality that the booking of revenue was based on job completions.

In the first half of the year, turnover amounted to HK\$233,082,000 showing a drop of 25.54% when compared with last period (2020: HK\$313,023,000).

3. Export Operations

The export operations of the Group were composed of oversea agency trading and design centre targeting US as our main market. In the period, although US were also affected by COVID-19 Delta variant, they had enough vaccines to support nationwide vaccination smoothly. Retail activities were thus not so sluggish and our export operations resumed its turnover growth. The total export sales in the period increased to HK\$131,017,000 (2020: HK\$90,400,000) representing an improvement of 44.93%.

4. Hong Kong Retailing and Overseas Franchising

During the period under review, retailing became relatively active but was far from resilience in the pre-pandemic period. Due to the improvement of design and mix of Jeanswest products, both our sales and margin grew. During the period, total turnover of HK\$30,056,000 (2020: HK\$16,935,000) was registered showing an increase of 77.48%.

5. Financial Position

Liquidity and financial resources

In the period, the financial position of the Group was solid. As at 30 June 2021, the Group held net cash and near cash in hand of HK\$2,663,914,000 (31 December 2020: HK\$2,765,528,000).

Significant investments held

The Group's significant investments held are marketable debt instruments which as at 30 June 2021 amounted to HK\$928,435,000 (31 December 2020: HK\$964,664,000). The decrease of HK\$36,229,000 was mainly attributed to the redemption of certain debt instruments upon maturity.

6. Human Resources

As at 30 June 2021, the Group employed 491 members of staff. The Group offered competitive remuneration packages to its employees. Furthermore, incentives were granted to employees depending on the Group's overall performance and individual performance.

PROSPECTS

Looking forward to the ensuing months of this financial year, the macroeconomic development will be highly hinged on the effective containment of COVID-19 virus variants and alleviation of Sino-American conflicts. The Management cautiously expects the Group to perform better in the second half of the year. We will versatily adjust our investment and operation strategies to cope with market challenges so as to progress prudently and smoothly.

OTHER INFORMATION

BOARD OF DIRECTORS

Executive

Dr. Charles Yeung, GBS, JP

(Chairman)

Mr. Yeung Chun Fan

(Vice-chairman)

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

Ms. Cheung Wai Yee

Ms. Yeung Yin Chi, Jennifer

Independent Non-executive

Mr. Lau Hon Chuen, Ambrose, GBS, JP

Dr. Chan Chung Bun, Bunny, GBM, JP

Mr. Ng Wing Ka, Jimmy, BBS, JP

Mr. Choi Tak Shing, Stanley, JP

(appointed on 2 June 2021)

COMPANY SECRETARY

Ms. Hoi Siu Ling

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2021, the interests or short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

Long positions in shares of the Company

Name of director	Capacity	Number of shares held	Total	Percentage of issued share capital (%)
Dr. Charles Yeung, GBS, JP	(i) Interest of controlled corporations	830,073,000	968,358,499 ^{(1) & (2)}	62.745
	(ii) Joint interest	138,285,499		
Mr. Yeung Chun Fan	(i) Beneficial owner	75,000,000	1,053,453,499 ^{(1), (2) & (3)}	68.258
	(ii) Interest of controlled corporations	830,073,000		
	(iii) Joint interest	138,285,499		
	(iv) Interest of spouse	10,095,000		
Mr. Hui Chung Shing, Herman, SBS, MH, JP	Beneficial owner	6,250,000	6,250,000	0.405
Ms. Cheung Wai Yee	(i) Beneficial owner	10,095,000	1,053,453,499 ^{(1), (2) & (3)}	68.258
	(ii) Interest of spouse	1,043,358,499		
Mr. Lau Hon Chuen, Ambrose, GBS, JP	Beneficial owner	1,492,402	1,492,402	0.097

Notes:

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

Save as disclosed above, as at 30 June 2021, none of the Directors had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Divisions 7 and 8 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

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

During the six months ended 30 June 2021, no share options were granted or exercised under the Scheme. As at 30 June 2021, the Company did not have any share options outstanding under the Scheme.

Details of the terms of the Scheme were disclosed in the Annual Report of the Company for the year 2020.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2021, the register required to be kept by the Company pursuant to Section 336 of the SFO showed that the following shareholders (other than Directors) had disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO an interest or a short position in the shares or underlying shares of the Company:

Long positions in shares of the Company

Name of shareholder	Capacity	Number of shares held	Percentage of issued share capital (%)
Glorious Sun Holdings (BVI) Limited	Beneficial owner	622,263,000	40.319
Advancetex Holdings (BVI) Limited	Beneficial owner	207,810,000	13.465

Save as disclosed above, no other parties (other than Directors) disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as having an interest or a short position in the shares or underlying shares of the Company as at 30 June 2021.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2021, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

DISCLOSURE OF INFORMATION ON DIRECTORS

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

DIRECTORS' SECURITIES TRANSACTIONS

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

The Board confirms that, having made specific enquiry of all Directors, the Directors have complied with the required standards set out in the Model Code throughout the period for the six months ended 30 June 2021.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors, namely Mr. Lau Hon Chuen, Ambrose, Mr. Ng Wing Ka, Jimmy and Mr. Choi Tak Shing, Stanley. The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the interim report of the Company for the six months ended 30 June 2021.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

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

Hong Kong, 24 August 2021



Our export business offers diversified products to customers



Redmi MAX 86" 超大屏电视

86英寸超大屏，超广可视角度，支持杜比视界全画质，画质更清晰，色彩更丰富！
配备120Hz刷新率，100% sRGB色域，办公娱乐，一应俱全，从娱乐到办公，全面提升，99.9%的色准精度，让您大屏电视从此与众不同。

Redmi K40

小米手机

Xiaomi 11 Ultra

小米手机

常宏為小米北京中糧萬科半島廣場店提供設計及傢俱安裝服務
Changhong provided design and furniture installation services
to Mi Home at the Funmix Shopping Centre, Beijing