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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)

2022 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) of Glory Sun Financial Group Limited (the “**Company**”) would like to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 (the “**Year**”) together with the comparative figures for 2021.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

| | Notes | 2022 HK\$'000 | 2021 HK\$'000 |
|---|-------|------------------|------------------|
| Continuing operations | | | |
| Revenue | 4 | 811,389 | 2,614,841 |
| Cost of sales | | (629,214) | (2,009,362) |
| Gross profit | | 182,175 | 605,479 |
| Other gains — net | 5 | 53,799 | 254,459 |
| Other income | 5 | 52,780 | 51,652 |
| Fair value gain on investment properties | | 8,240 | 144,171 |
| Impairment losses on financial assets and contract assets — net | 6 | (283,821) | (393,097) |
| Write-down of inventories and inventories of properties | | (106,203) | (172,694) |
| Distribution costs | | (19,562) | (139,904) |
| Administrative expenses | | (327,426) | (284,095) |
| (Loss)/profit from operations | | (440,018) | 65,971 |
| Finance costs — net | 7 | 41,548 | (66,120) |
| Share of results of associates | | (109,490) | (12,345) |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)*For the year ended 31 December 2022*

| | <i>Notes</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Loss before income tax from continuing operations | | (507,960) | (12,494) |
| Income tax expense | 8 | <u>(29,392)</u> | <u>(103,957)</u> |
| Loss for the year from continuing operations | 6 | (537,352) | (116,451) |
| Discontinued operations | | | |
| Profit for the year from discontinued operations | | <u>—</u> | <u>47,689</u> |
| Loss for the year | | <u>(537,352)</u> | <u>(68,762)</u> |
| Profit/(loss) attributable to: | | | |
| Owners of the Company | | | |
| — Continuing operations | | (551,522) | (214,591) |
| — Discontinued operations | | <u>—</u> | <u>25,634</u> |
| | | <u>(551,522)</u> | <u>(188,957)</u> |
| Non-controlling interests | | | |
| — Continuing operations | | 14,170 | 98,140 |
| — Discontinued operations | | <u>—</u> | <u>22,055</u> |
| | | <u>14,170</u> | <u>120,195</u> |
| | | <u>(537,352)</u> | <u>(68,762)</u> |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2022

| | <i>Notes</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| Loss for the year | | (537,352) | (68,762) |
| Other comprehensive (loss)/income: | | | |
| <i>Items that may be reclassified to profit or loss:</i> | | | |
| Currency translation differences | | (380,107) | 358,307 |
| Release of exchange reserve upon disposal of subsidiaries | | – | 3,564 |
| Release of exchange reserve upon distribution in specie | | – | (64,977) |
| Share of other comprehensive income of associates | | (50,200) | (9,684) |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| Revaluation surplus upon transfer of owner-occupied property to investment properties | | – | – |
| Net changes in the fair value of equity instruments designated at fair value through other comprehensive income | | <u>(220,086)</u> | <u>(96,486)</u> |
| Other comprehensive (loss)/income for the year | | <u>(650,213)</u> | <u>190,724</u> |
| Total comprehensive (loss)/income for the year | | <u>(1,187,565)</u> | <u>121,962</u> |
| Total comprehensive (loss)/income for the year attributable to: | | | |
| Owners of the Company | | (1,200,016) | (132,784) |
| Non-controlling interests | | <u>12,451</u> | <u>254,746</u> |
| | | <u>(1,187,865)</u> | <u>121,962</u> |
| Loss per share from continuing and discontinued operations | <i>11</i> | | |
| — Basic (HK cents) | | (1.76) | (0.60) |
| — Diluted (HK cents) | | (1.76) | (0.60) |
| (Loss)/earnings per share from continuing operations | <i>11</i> | | |
| — Basic (HK cents) | | (1.76) | (0.68) |
| — Diluted (HK cents) | | (1.76) | (0.68) |
| Earnings/(loss) per share from discontinued operations | <i>11</i> | | |
| — Basic (HK cents) | | – | 0.08 |
| — Diluted (HK cents) | | – | 0.08 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2022

| | <i>Notes</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 410,824 | 454,479 |
| Investment properties | | 3,471,220 | 3,629,657 |
| Intangible assets | | 151,247 | 165,706 |
| Investments in associates | | 135,986 | 295,495 |
| Financial assets at fair value through other comprehensive income | <i>11</i> | 122,578 | 277,869 |
| Finance lease receivables | | 2,866 | 18,310 |
| Prepayments, deposits and other receivables | | 3,439 | 9,191 |
| Deferred tax assets | | 20,138 | 13,010 |
| | | 4,318,298 | 4,863,717 |
| Current assets | | | |
| Inventories | | 60,750 | 40,203 |
| Properties under development | | – | 319,572 |
| Completed properties held for sale | | 547,031 | 478,963 |
| Loans and advances | <i>12</i> | 1,929,023 | 2,490,151 |
| Trade receivables | <i>13</i> | 154,221 | 159,586 |
| Contract assets | | 20,515 | 22,427 |
| Finance lease receivables | | 16,610 | 30,282 |
| Prepayments, deposits and other receivables | | 87,008 | 179,391 |
| Current tax recoverable | | 1,905 | 14,266 |
| Financial assets at fair value through profit or loss | <i>14</i> | 147,735 | 326,500 |
| Client trust bank balances | | 150,024 | 195,404 |
| Pledged bank deposits and restricted deposits | | 21,053 | 33,624 |
| Cash and cash equivalents | | 486,342 | 730,076 |
| | | 3,622,217 | 5,020,445 |
| Total assets | | 7,940,515 | 9,884,162 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*For the year ended 31 December 2022*

| | <i>Notes</i> | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Current liabilities | | | |
| Trade and bills payables | 15 | 510,640 | 632,618 |
| Contract liabilities | | 23,280 | 52,657 |
| Accruals and other payables | | 477,316 | 376,382 |
| Borrowings | | 1,383,664 | 2,006,343 |
| Lease liabilities | | 2,378 | 11,129 |
| Current tax liabilities | | 173,874 | 175,952 |
| | | <u>2,571,152</u> | <u>3,255,081</u> |
| Net current assets | | <u>1,051,065</u> | <u>1,765,364</u> |
| Total assets less current liabilities | | <u>5,369,363</u> | <u>6,629,081</u> |
| Non-current liabilities | | | |
| Other payables | | 10,133 | 17,906 |
| Borrowings | | 24,800 | – |
| Lease liabilities | | 1,962 | 43,009 |
| Deferred tax liabilities | | 221,044 | 234,117 |
| | | <u>257,939</u> | <u>295,032</u> |
| Total liabilities | | <u>2,829,091</u> | <u>3,550,113</u> |
| NET ASSETS | | <u>5,111,424</u> | <u>6,334,049</u> |
| EQUITY | | | |
| Share capital | | 3,138,751 | 3,138,751 |
| Reserves | | 1,666,131 | 2,801,208 |
| | | <u>4,804,882</u> | <u>5,939,959</u> |
| Equity attributable to owners of the Company | | <u>4,804,882</u> | <u>5,939,959</u> |
| Non-controlling interests | | 306,542 | 394,090 |
| | | <u>5,111,424</u> | <u>6,334,049</u> |
| TOTAL EQUITY | | <u>5,111,424</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 the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business was 18th Floor, Wing On Centre, No. 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.

During the year ended 31 December 2021, the Group had discontinued the operations of yacht club and provision of training services through disposal of subsidiaries and discontinued the operations of trading of commodities, golf practicing court, children playroom and fitness room and trading of home appliances and building materials through distribution in specie.

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

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the “**Group**”) and the Group’s interests in associates.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). The consolidated financial statements are presented in Hong Kong dollar (“**HKD**”), which is the Company’s functional and presentation currency.

2. BASIS OF PREPARATION (Continued)

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following assets are stated at their fair value:

- Certain properties
- Financial assets of the fair value through other comprehensive income
- Financial assets of the fair value through profit or loss

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

3.1 Adoption of revised HKFRSs

In the current year, the Group has applied for the first time the following amendments and interpretations (“the new **HKFRSs**”) issued by the HKICPA, which are mandatorily effective for the Group’s consolidated financial statements for the annual period beginning on or after 1 January 2021:

| | |
|--|---|
| Amendments to HKFRS 3 | Reference to the conceptual framework |
| Amendments to HKAS 16 | Property, plant and equipment: Proceeds before intended use |
| Amendments to HKAS 37 | Onerous contracts — cost of fulfilling a contract |
| Annual Improvements to HKFRSs 2018–2020 | Amendments to HKFRS1, HKFRS9, illustrative examples accompanying HKFRS16, and HKAS41 |

The application of the above amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

| | |
|---|---|
| HKFRS 17 | Insurance contracts ¹ |
| Amendments to HKAS 1 | Classification of liabilities as current or non-current (the “ 2020 Amendments ”) ^{2,4} |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of accounting policies ¹ |
| Amendments to HKAS 8 | Definition of Accounting Estimates ¹ |
| Amendments to HKAS 12 | Deferred tax related to assets and liabilities arising from a single transaction ¹ |
| Amendment to HKFRS 16 | Leases liability in a sale and leaseback ² |
| Amendments to HKFRS 10 and HKAS 28 (2021) | Sale or contribution of assets between an investor and its associate or joint venture ³ |
| Amendments to HKFRS 17 | Insurance Contracts ^{1,5} |
| Amendment to HKFRS 17 | Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information ⁶ |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants (the “ 2022 Amendments ”) ² |

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ No mandatory effective date yet determined but available for adoption

⁴ As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

⁵ As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

⁶ An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

4. SEGMENT INFORMATION

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

The reportable segments were classified as follows:

Continuing operations:

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

Discontinued operations:

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

4. SEGMENT INFORMATION (Continued)

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 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 consolidated financial statements.

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

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

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

4. SEGMENT INFORMATION (Continued)

Segment revenue and result

| | Automation HK\$'000 | Financial Services HK\$'000 | Property Investment and Development HK\$'000 | Securities Investment HK\$'000 | Total HK\$'000 |
|---|------------------------|-----------------------------------|--|--------------------------------------|-------------------------|
| Year ended 31 December 2022 | | | | | |
| Revenue | 574,660 | 49,650 | 261,162 | (70,033) | 815,439 |
| Inter-segment revenue | – | (2,170) | (1,880) | – | (4,050) |
| Revenue from external customers | <u>574,660</u> | <u>47,480</u> | <u>259,282</u> | <u>(70,033)</u> | <u>811,389</u> |
| Segment results | <u>25,655</u> | <u>(118,439)</u> | <u>(82,400)</u> | <u>(71,192)</u> | <u>(246,376)</u> |
| Share of results of associates | | | | | (109,490) |
| Unallocated impairment losses on financial assets and contract assets — net | | | | | (263,005) |
| Unallocated other losses — net | | | | | 62,667 |
| Unallocated other income | | | | | 604 |
| Unallocated administrative expenses | | | | | (47,923) |
| Unallocated finance costs — net | | | | | 95,563 |
| Profit before income tax | | | | | <u><u>(507,960)</u></u> |

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

4. SEGMENT INFORMATION (Continued)

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

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Continuing operations: | | |
| <i>Revenue from contracts with customers within the scope of HKFRS 15</i> | | |
| — Sale of goods | 558,509 | 771,105 |
| — Sale of properties | 112,704 | 1,604,144 |
| — Installation and maintenance income | 5,011 | 5,250 |
| — Commission and brokerage income | 38,884 | 81,438 |
| — Management fee and performance fee income | 25,261 | 48,048 |
| — Others | 1,569 | 13,103 |
| | <u>741,938</u> | <u>2,523,088</u> |
| <i>Revenue from other sources</i> | | |
| — Securities investment loss | (190,892) | (178,795) |
| — Interest income | 111,836 | 101,667 |
| — Rental income | 148,507 | 168,881 |
| | <u>69,451</u> | <u>91,753</u> |
| Revenue from continuing operations | <u>811,389</u> | <u>2,614,841</u> |
| Discontinued operations: | | |
| <i>Revenue from contracts with customers within the scope of HKFRS 15</i> | | |
| — Trading of commodities | – | 3,948,164 |
| — Training services | – | – |
| — Yacht club services | – | 291 |
| — Others | – | 89,068 |
| | <u>–</u> | <u>4,037,523</u> |
| <i>Revenue from other sources</i> | | |
| — Rental income | – | 6,277 |
| | <u>–</u> | <u>6,277</u> |
| Revenue from discontinued operations | <u>–</u> | <u>4,043,800</u> |

5. OTHER GAINS — NET AND OTHER INCOME

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Continuing operations | | |
| Other gains — net | | |
| Gain on disposal of subsidiaries | 434 | 296,542 |
| Fair value gain on derivative financial assets | – | 1,313 |
| Recovery of bad debt written off | 53,307 | – |
| Gain/(loss) on disposal of property, plant and equipment | 48 | (1) |
| Loss from derecognition of derivative financial assets | – | (33,357) |
| Loss from derecognition of subsidiaries | – | (999) |
| Others | 10 | (9,039) |
| | <u>53,799</u> | <u>254,459</u> |
| Other income | | |
| Dividend income | 1 | 5,139 |
| Government subsidies (<i>Note</i>) | 3,295 | 3,295 |
| Others | 49,484 | 43,218 |
| | <u>52,780</u> | <u>51,652</u> |

Note: For the years ended 31 December 2022 and 2021, the government subsidies represented the encouragement of development of culture and creative companies and the support of the Group's automation business from the relevant government authorities. The Group has complied with the requirements set out in the subsidy notice or relevant law and regulations.

6. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

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

| | 2022 | 2021 |
|---|-----------------|-----------|
| | HK\$'000 | HK\$'000 |
| Auditor's remuneration | | |
| — Audit services | 2,200 | 6,130 |
| — Non-audit services | — | 938 |
| Cost of inventories and inventories of properties recognised as expenses | 573,233 | 1,928,359 |
| Amortisation of intangible assets | 6,308 | 6,782 |
| Depreciation of property, plant and equipment | 22,048 | 59,323 |
| Directors' and chief executive's emoluments | 4,102 | 13,069 |
| Employee benefit expenses | 89,122 | 261,753 |
| Net foreign exchange loss/(gain) | 60,440 | (59,864) |
| Gain on reclassification of exchange reserve from equity to profit or loss in relation to the distribution in specie | — | (69,232) |
| Short-term lease expenses | 6,234 | 9,221 |
| Written off of loans and advances | 53,397 | — |
| Write-down of inventories of properties | 93,043 | — |
| Impairment of intangible assets | 8,100 | — |
| Impairment losses/(reversal of) impairment losses on financial assets and contract assets — net: | | |
| — loans and advances | 292,567 | 370,669 |
| — trade receivables | 189 | (99) |
| — other receivables | (8,925) | 22,588 |
| — contract assets | (10) | (61) |
| | 283,821 | 393,097 |

7. FINANCE COSTS — NET

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Continuing operations: | | |
| Finance income: | | |
| — Interest income on bank deposits | 1,222 | 11,753 |
| — Interest income on financial assets at amortised cost | <u>138,413</u> | <u>31,437</u> |
| | <u>139,635</u> | <u>43,190</u> |
| Finance costs: | | |
| — Bank loans | (53,294) | (423,405) |
| — Trust receipt loans | — | (222) |
| — Obligation under repurchase agreements | (2,799) | (9,111) |
| — Margin loans | — | (21,105) |
| — Corporate bonds | (30,396) | (96,848) |
| — Other loans | (8,959) | (300,420) |
| — Lease liabilities | <u>(2,639)</u> | <u>(6,024)</u> |
| | <u>(98,087)</u> | <u>(857,135)</u> |
| Less: Interest capitalised on | | |
| — investment properties under construction | — | 169,928 |
| — properties under development | <u>—</u> | <u>577,897</u> |
| | <u>—</u> | <u>(109,310)</u> |
| Finance costs — net | <u><u>41,548</u></u> | <u><u>(66,120)</u></u> |

8 INCOME TAX EXPENSE

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

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Continuing operations: | | |
| Current tax | | |
| — Hong Kong Profits tax | 4,504 | 11,583 |
| — PRC enterprise income tax | 2,097 | 91,222 |
| — PRC land appreciation tax | 30,628 | 88,902 |
| | <u>37,229</u> | <u>191,707</u> |
| Under/(over) provision in prior years | 4,618 | (963) |
| | <u>41,847</u> | <u>190,744</u> |
| Deferred tax | (12,455) | (86,787) |
| | <u>29,392</u> | <u>103,957</u> |
| Discontinued operations: | | |
| Current tax | | |
| — PRC enterprise income tax | – | 83 |
| Deferred tax | – | (9,313) |
| | <u>–</u> | <u>(9,230)</u> |
| Total income tax expense from continuing and discontinued operations | <u>29,392</u> | <u>94,727</u> |

9. DIVIDENDS

(a) Dividends attributable to the year

| | 2022 HK\$'000 | 2021 <i>HK\$'000</i> |
|--------------------------------------|--------------------------------|-------------------------|
| Interim dividend (<i>Note (i)</i>) | <u>–</u> | <u>1,803,913</u> |

Notes:

- (i) On 18 November 2021, the board of directors proposed an interim dividend that was satisfied by way of distribution in specie of approximately 3,154,445,000 Glory Sun Land shares held by the Company on the basis of 402 ordinary shares of Glory Sun Land for every 4,000 ordinary shares of the Company. The proposed interim dividend was approved on the extraordinary general meeting on 17 December 2021 and the distribution in specie was completed on 28 December 2021. The distribution by the Company was recognised at the carrying amount of the net assets of Glory Sun Land and its subsidiaries of approximately HK\$4,910,191,000, of which approximately HK\$1,803,913,000 was attributable to owners of the Company as the directors of the Company considered that Glory Sun Land was ultimately under the control of the same party before and after the distribution.
- (ii) No interim dividend was proposed during the year ended 31 December 2022.

- (b) No final dividend was proposed during the years ended 31 December 2022 and 2021.

10. LOSS PER SHARE

The basic loss per share for the year is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue (excluding treasury shares held by the Group) of 31,387,512,000 (2021: 31,387,512,000) during the year. There were no potential dilutive ordinary share outstanding for both years and therefore the dilutive loss per share is the same as basic loss per share.

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

| | 2022 '000 | 2021 <i>'000</i> |
|--|----------------------------|---------------------|
| Weighted average number of ordinary shares in issue (excluding treasury shares held by the Group) during the year for basic loss per share | <u>31,387,512</u> | <u>31,387,512</u> |

10. LOSS PER SHARE (Continued)

(a) From continuing and discontinued operations

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

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Loss attributable to owners of the Company | <u>(551,522)</u> | <u>(188,957)</u> |

(b) From continuing operations

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

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Loss attributable to owners of the Company | <u>(551,522)</u> | <u>(214,591)</u> |

(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:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Loss attributable to owners of the Company | <u>–</u> | <u>25,634</u> |

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

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Equity investments designated at FVOCI | | |
| Listed shares: | | |
| — Equity securities — Norway | 10,717 | 38,218 |
| — Equity securities — the USA | 518 | 1,895 |
| — Equity securities — Hong Kong | <u>107,137</u> | <u>222,380</u> |
| | 118,372 | 262,493 |
| Unlisted shares | <u>4,206</u> | <u>15,376</u> |
| | <u>122,578</u> | <u>277,869</u> |

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

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

As at 31 December 2022 and 2021, unlisted securities which quoted market price is not available of aggregated carrying amount of approximately HK\$4,207,000 (2021: HK\$15,376,000) are measured at fair value determined by using backsolve and calibration method which are not based on observable inputs.

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

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

12. LOANS AND ADVANCES

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Loans and advances (<i>Note (a)</i>) | 2,469,388 | 2,276,992 |
| Margin loans receivables (<i>Note (b)</i>) | <u>50,011</u> | <u>588,902</u> |
| | 2,519,399 | 2,865,894 |
| Less: Provision for impairment | <u>(590,376)</u> | <u>(375,743)</u> |
| Loans and advances — net | <u><u>1,929,023</u></u> | <u><u>2,490,151</u></u> |

Notes:

- (a) The loans and advances of approximately HK\$783,466,000 (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 collateral held and the financial background of the borrowers.

12. LOANS AND ADVANCES (Continued)

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

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

As at 31 December 2022, margin loan receivables were secured by securities pledged by the clients to the Group as collateral with undiscounted market value of approximately HK\$284,470,000 (2021: HK\$3,661,111,000).

13. TRADE RECEIVABLES

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--------------------------------|--------------------------------|-------------------------|
| Trade receivables | 156,980 | 162,534 |
| Less: Provision for impairment | (2,759) | (2,948) |
| | <hr/> | <hr/> |
| Trade receivables — net | 154,221 | 159,586 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|----------------|--------------------------------|-------------------------|
| 0 to 30 days | 60,089 | 68,076 |
| 31 to 60 days | 25,623 | 17,940 |
| 61 to 90 days | 17,972 | 18,135 |
| 91 to 120 days | 12,468 | 11,276 |
| Over 120 days | 40,828 | 47,107 |
| | <hr/> | <hr/> |
| | 156,980 | 162,534 |
| | <hr/> <hr/> | <hr/> <hr/> |

14. FINANCIAL ASSETS AT FVTPL

| | 2022 | 2021 |
|---------------------------------|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Listed securities: | | |
| — Equity securities — Hong Kong | 23,368 | 65,088 |
| Debt investment at FVTPL | 124,367 | 261,412 |
| | <u>147,735</u> | <u>326,500</u> |

15. TRADE AND BILLS PAYABLES

| | 2022 | 2021 |
|----------------|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Trade payables | 500,374 | 603,744 |
| Bills payables | 10,266 | 28,874 |
| | <u>510,640</u> | <u>632,618</u> |

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

| | 2022 | 2021 |
|----------------|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| 0 to 30 days | 459,025 | 544,859 |
| 31 to 60 days | 3,883 | 27,505 |
| 61 to 90 days | 8,011 | 7,260 |
| 91 to 120 days | 3,851 | 4,747 |
| Over 120 days | 35,870 | 48,247 |
| | <u>510,640</u> | <u>632,618</u> |

16. COMPARATIVE AMOUNTS

Certain comparative amounts have been represented to conform to the current period's presentation and disclosures.

MARKET OVERVIEW

Hong Kong stocks slumped in 2022 due to the tightening of global monetary policy, continuous geopolitical risks, resurgence of COVID-19 and other adverse factors. Fierce competition in Hong Kong's securities industry further weighed on the brokerage business. Despite the challenges, Hong Kong's financial market remained resilient and sound.

In recent years, under the influence of multiple factors such as macro-control, epidemic impact and economic downturn, the China real estate industry in China faces increasingly pressure. The real estate market has entered a period of adjustment, and the weak demand has led to a substantial reduction in transaction volume. In this context, the Central Government has repeatedly stated in 2022 that real estate is a pillar industry of the national economy. Since the second half of 2022, the Central Government has frequently released proactive policies and taken continuous financial support measures. The Central Economic Working Conference at the end of the year set the focus of real estate in 2023 to remain "to ensure the steady development of the real estate market, and do a solid work in ensuring housing project delivery, people's livelihood and stability." It can be predicted that priority will be given to the subsequent stabilization of real estate expectations and the recovery of market confidence, and the market is expected to gradually stabilize and recover.

During the year, the Company's real estate business mainly focuses on developing industrial real estate in Guangming District of Shenzhen City and comprehensive property in Ganzhou City.

Guangming District is one of the key development areas of Shenzhen, striving to build a world-class science city and the northern center of Shenzhen. With many plans implemented, industries entering and supporting implementation improved, Guangming District has become the "famous zone" of Shenzhen real estate market in recent years. In 2022, due to the disturbance of the epidemic and the weakening macro economy, the construction and market entry of many new projects were delayed, thus decreasing the popularity. In the long run, with the gradual maturity of the business districts in Guangming District and the further release of high-tech industrial agglomeration function, the rent and sales market in Guangming District will be driven to continuously grow.

Ganzhou, the second largest city in Jiangxi Province by GDP, ranked at the top among cities in Jiangxi in terms of economic growth rate in recent years. Ganzhou's market had the basically same performance with the national market in 2022. Under the influence of a series of regulation and control policies, Ganzhou market has entered the deep adjustment period. Buyers have a growing wait-and-see attitude, and the real estate market is more obviously differentiated. Due to market regulation, Ganzhou's real estate market in 2022 sees a promising starting but a less satisfactory ending in terms of trading volume. Compared to 2021, the overall situation shows a declining trend. With a large inventory, Ganzhou's

commercial market faces a fierce competition. Ganzhou is the most populous city in Jiangxi Province. Currently, it is still in the growth stage of urbanisation, and there is still a great demand for real estate. With the continuous favourable real estate policies, the real estate sector is expected to gradually recover after it has formed a bottom.

With the gradual improvement of the intelligent manufacturing system, the industrial 4.0 era represented by artificial intelligence, big data, 5G and other technologies has come, and a growing number of companies are beginning to expand their automation business. The deployment of 5G infrastructure and the advent of 5G smartphones in the PRC contributed to the increase in demand for SMT equipment.

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

BUSINESS REVIEW

Established in 2009 and listed on the main board of The Stock Exchange of Hong Kong Limited in December 2010, the Group is principally engaged in the business of financial services, property investment and development, automation and securities investment. Over the past years, the Group has been adhering to its philosophy of “sustainable development and giving back to the community” with its commitment to provide all-rounded quality products and services to maximise return for its shareholders and contribute to the well-being of the society. In the face of a challenging business environment, the Group will strive to improve its business planning and operating performance in 2023 to promote its long-term growth.

FINANCIAL SERVICES BUSINESS

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

For the year ended 31 December 2022, the financial services segment netted approximately HK\$47.5 million in revenue (2021: approximately HK\$102.7 million), representing a year-on-year decrease of approximately 53.7% and approximately 5.9% of the Group's total revenue (2021: 3.9%). The operating loss amounted to approximately HK\$118.4 million (2021: approximately HK\$181.9 million).

Securities Brokerage Services

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

Asset Management Services

The asset management team provided an array of services including fund management, discretionary account management and investment advisory services to high-net-worth individuals, corporations, and institutional clients in global markets. As at the date of this announcement, it acts as the investment manager for 4 segregated portfolio company funds with 4 segregated portfolios. Further, it also provided investment advisory services to institutional clients on a wide range of investment products in the financial markets. As at 31 December 2022, the total assets under management amounts to approximately HK\$560 million.

Wealth Management Services

As one of the leading wealth management hubs, 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 Greater China wealth management and further development of Hong Kong wealth management industry is expected. In 2022, the Company provided diversified wealth management services to its clients so as to fulfill their different wealth management needs.

Money-lending Services

The Group holds a money lender's licence and is a member of TransUnion Limited. It provided long-term secured loans such as share mortgage and property mortgage and short-term unsecured term loans. In 2022, the Group continued to optimize its money lending business structure by adopting a conservative approach and tightened loan approval procedures to strengthen its risk and capital management.

Precious Metal Trading Services

The Group hold a A1 membership of the Chinese Gold and Silver Exchange Society to engage with the businesses of 99 Gold, HKD Kilo Gold, London Gold/Silver and Loco Silver. In 2022, it continued to provide clients with quality online trading services of gold and silver as well as comprehensive precious metal trading business for goods and physical gold and silver and render services of investment management and investment advisory for them to capture investment opportunities.

PROPERTY INVESTMENT AND DEVELOPMENT BUSINESS

For the year ended 31 December 2022, the revenue of the property investment and development segment was approximately HK\$259.3 million (2021: approximately HK\$1,767.7 million), accounting for approximately 31.9% (2021: approximately 67.6%) of the Group's total revenue. The decrease in revenue was mainly due to the decrease in scale of property sales made handover to the customers during the year as compared with those in 2021.

For the year ended 31 December 2022, the operating loss of the property investment and development segment was approximately HK\$89.5 million, compared to the operating profit of approximately HK\$98.0 million recorded in the previous year. The turnaround from the operating profit to operating loss was primarily due to the decrease in fair value gain on investment properties of approximately HK\$135.9 million.

Shenzhen Baoxin Science and Technology Industrial Park Project

The Group holds a large industrial real estate development project — Baoxin Science and Technology Industrial Park — in Guangming Science City in Guangming District of Shenzhen. With a total construction area of 550,000 square meters, this project plans to build an industry-city complex integrating science and technology research and development, professional industrial space, business office, smart apartment, leisure and business in line with the standard for world-class science city. The project consists of three phases. Phases I and II have been put into use, while the office buildings, research and development buildings, talent apartments and commercial supporting facilities of Phase III are under construction.

In 2022, closely focusing on the government's industrial policy orientation, the park, based on the spatial characteristics, actively introduced relevant institutions and enterprises to move in with intelligent manufacturing as the leading industry, and science & technology finance and information service industry the auxiliary industries. Thanks to superior geographical location and comprehensive industrial supporting services, the park has attracted more than 100 enterprises to move in, including some outstanding listed companies that set up headquarters here.

Affected by the epidemic control, the business activities of customers in the park have been restricted for several times. In the face of various difficulties, the project team actively responded. To accelerate investment attraction and sold-out progress, flexible lease combination policies were adopted to proactively enhance customer viscosity. The project team has made efforts to improve the quality of marketing and promotion activities by increasing income and reducing expenditure, and have successively held artificial intelligence exhibition, Guangming District Innovation and Entrepreneurship Competition, Innovation and Entrepreneurship Week, Double Seventh Festival activities, joint press conference of Quality and Technology Supervision Bureau and short video promotion.

In order to strengthen the service awareness education of the project team staff and improve the property service quality of the park, the project team completed the regular repair service for the park's customers in 2022, and carried out free large-scale nucleic acid testing and vaccination in the park for several times. The project team has established complete information files of enterprises in the park, provided policy interpretation and declaration assistance for enterprises in the park, and assisted several enterprises to declare 2022 annual rent subsidies of the Science and technology Innovation Industrial Park. The above measures greatly improve customer satisfaction, and effectively increase the rental rate of property.

Ganzhou Real Estate Project

The Company develops two large comprehensive real estate projects in Ganzhou City of Jiangxi Province.

The Ganzhou Project of the Company mainly sells office buildings, shops, apartments and other products. Affected by the market environment and leftover products, the overall transaction amount in 2022 is lower than that in 2021. In order to cope with the unfavorable situation of the market, Ganzhou Company carried out the concept of "shared office" to attract customers, and at the same time, introduced the policy of "purchasing office building to enjoy 3 years of free-of-charge property service" to promote sales. Ganzhou Company has launched the policy of sales with lease for the rented but unsold offices, and overall packaging to attract customers. The Company also continues investment attraction for office buildings, enhances customers' purchase confidence, and drives sales with office building investment attraction. All-staff marketing policy is executed to expand customer acquisition channels and project spread, thus improving project visits. In terms of stall products, Ganzhou Company implements staged preferential policies and adopts special discount, flash sale, group purchase and other activities for the customers in specific industries to facilitate conclusion of business. Integrated marketing channels were added to sell leftover apartments and flexible marketing strategies were adopted according to market conditions to facilitate visits and transactions.

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

AUTOMATION BUSINESS

For the year ended 31 December 2022, the revenue of the automation segment recorded approximately HK\$574.6 million (2021: approximately HK\$794.0 million), representing an decrease of 27.6% over the last year and accounting for approximately 70.8% (2021: approximately 30.4%) of the Group's total revenue. The decline in revenue was primarily due to a decline in orders for machineries due to intermittent shutdowns in China's manufacturing sector due to the pandemic, longer delivery cycle of suppliers and a sluggish consumer electronics market.

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

SECURITIES INVESTMENT

The Group has been investing in listed shares in Hong Kong, the PRC and foreign countries and adjusting its investment strategy to ensure that it is sufficiently prudent to cope with the uncertainties in the financial market. For the year ended 31 December 2022, the securities investment business generated a loss of approximately HK\$70.0 million (2021: approximately HK\$49.6 million). The operating loss of the segment amounted to approximately HK\$71.2 million (2021: approximately HK\$67.8 million).

OTHER INVESTMENTS

As at 31 December 2022, the Company held 32% equity interest in Yunnan International Holding Group Limited, an associate principally engaged in the business of clean energy, health, investment management, new energy and financial services. Through the cooperation with the shareholders of the associate, the Company vigorously participated in the strategic construction brought by The Belt and Road Initiative.

PROSPECT

Looking ahead to 2023, whether it is market recovery, or system and product innovation, Hong Kong's financial market is still very much worth looking forward to. As the HKSAR Government continuously optimises the existing systems and more policies will be introduced to directly or indirectly promote the development of the city's asset management industry, Hong Kong's financial sector involving asset management and wealth management is bound to see a new round of growth.

As the impact of the epidemic has lessened, the market is returning to normal. This year, China will give priority to promoting economic development. Real estate is a pillar industry of the national economy. Many local measures have been introduced to support the demand for rigid and improved housing, which will help increase the willingness of house buyers. By this token, China is still in the stage of rapid urbanization, and the huge demand potential will provide strong support for the development of the real estate industry. Therefore, the Group will seize the opportunity to focus on the investment of stock properties, sales of available properties and payment collection. Baoxin Science and Technology Industrial Park will follow the government policy guidance, continue to focus on the dominant industry of intelligent manufacturing and the assisting industries of technology information service and technology finance, introduce high-tech enterprises with better quality and specialized new enterprises, improve the total output value of the park, strengthen the service quality of the park, consolidate the position of Baoxin Science and Technology Industrial Park in the leading characteristic industrial park in Guangming New District, and establish an industry benchmark project. Ganzhou Project will seize the opportunity to accelerate the sold-out of stock properties and withdrawal of cash flow. The Group completed the acquisition of Shantou Taisheng Technology Limited in March 2023, substantially increasing its land reserve and the area of saleable and rentable properties, and further enriching its property portfolio. In terms of project expansion, with the economic recovery, the Group will pay close attention to the direction of national real estate policy regulation, and actively investigate the real estate market. In case of quality projects, the Group will seek various ways of cooperation for project expansion.

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

In 2023, the Group will also capture the development opportunities to create better returns to its shareholders.

FINANCIAL REVIEW

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

The total liabilities of the Group as at 31 December 2022 decreased by 20.3% to approximately HK\$2,829.1 million (2021: approximately HK\$3,550.1 million). The gearing ratio, which is calculated at borrowings divided by net assets value was significantly decreased to 27.6% (2021: 31.7%).

Continuing operations

Revenue

The Group’s revenue for the year ended 31 December 2022 decreased by approximately 69.0% to approximately HK\$811.4 million (2021: approximately HK\$2,614.8 million). The revenue analysis by segment is presented as follows:

| | 2022 | | 2021 | | |
|--|--------------------------|--|--------------------------|--|---------------------|
| | <i>HK\$’ million</i> | <i>Proportion to total revenue</i> | <i>HK\$’ million</i> | <i>Proportion to total revenue</i> | <i>% change</i> |
| Automation | 574.6 | 70.8% | 794.0 | 30.4% | -27.6% |
| Financial Services | 47.5 | 5.9% | 102.7 | 3.9% | -53.7% |
| Property Investment and Development | 259.3 | 31.9% | 1,767.7 | 67.6% | -85.3% |
| Securities Investment | (70.0) | (8.6%) | (49.6) | (1.9%) | 41.1% |
| | <u>811.4</u> | <u>100%</u> | <u>2,614.8</u> | <u>100%</u> | <u>-69.0%</u> |

During the year, automation and property investment and development segments were the major source of revenue for the Group, accounting for 70.8% and 31.9% of total revenue, respectively.

Gross Profit and Margin

The gross profit for the year decreased by approximately 61.0% to approximately HK\$169.0 million (2021: approximately HK\$432.8 million), while the gross profit margin increased to 20.8% (2021: 16.6%). The change was mainly due to the decrease in scale of the property sales made handover to the customers in the Year and the increase in scale of the automation business as compared with those in 2021.

Other Gains — Net

The net other gains during the year was approximately HK\$53.8 million (2021: approximately HK\$254.5 million), which was mainly due to the recovery of bad debt written off of approximately HK\$53.3 million.

Other Income

The other income increased by approximately 2.1% to approximately HK\$52.8 million (2021: approximately HK\$51.7 million).

Distribution Costs

The distribution costs decreased by approximately 86.0% to approximately HK\$19.6 million (2021: approximately HK\$139.9 million), accounting for 2.4% (2021: 5.4%) of the total revenue. The decrease in distribution costs was mainly due to the decrease in staff cost of approximately HK\$27.2 million and decrease in advertising, promotion and exhibition expenses of approximately HK\$53.8 million.

Administrative Expenses

The administrative expenses increased by approximately 15.2% to approximately HK\$327.4 million (2021: approximately HK\$284.1 million), owing to the increase in written off of loans and advances of approximately HK\$53.4 million (2021: nil).

Finance Income/(Costs) — Net

The net finance income was approximately HK\$41.5 million (2021: net finance cost of approximately HK\$66.1 million). The increase in net finance income was because of the increase in interest income on financial assets at amortised cost of approximately HK\$105.4 million.

Income Tax Expense

During the year ended 31 December 2022, the Group recorded an income tax expense of approximately HK\$29.4 million (2021: approximately HK\$104.0 million) which was mainly due to the decrease in taxable profits for the Year.

Discontinued operations

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

Loss attributable to owners of the Company

For the year ended 31 December 2022, the Company recorded a loss attributable to the owners of the Company of approximately HK\$578.3 million (2021: approximately HK\$189.0 million).

FINANCIAL RESOURCES REVIEW

Liquidity and Financial Resources

By adopting a prudent financial management approach, the Group continued to maintain a healthy financial position. As at 31 December 2022, the Group's cash and cash equivalents of approximately HK\$486.3 million (2021: approximately HK\$730.1 million). The working capital represented by net current assets amounted to approximately HK\$1,051.1 million (2021: approximately HK\$1,765.4 million). The current ratio was approximately 1.4 (2021: approximately 1.5). The gearing ratio, which is calculated at borrowings divided by net asset value, was 27.6% (2021: 31.7%).

The borrowings of the Group as at 31 December 2022 included corporate bonds of approximately HK\$341.0 million (2021: approximately HK\$356.0 million), trust receipt loans of approximately HK\$8.8 million (2021: approximately HK\$14.8 million) and bank loans of approximately HK\$966.2 million (2021: approximately HK\$1,193.9 million), and other loans of approximately HK\$92.5 million (2021: HK\$441.6 million).

The borrowings as at 31 December 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\$199.6 million (2021: approximately HK\$184.3 million); (iii) investment properties of approximately HK\$1,749.3 million (2021: approximately HK\$1,885.0 million); (iv) financial assets at FVTPL of nil (2021: approximately HK\$121.0 million); (v) collateral of the Group's margin clients of nil (2021: approximately HK\$816.8 million); and (vi) pledged bank deposit of nil (2021: approximately HK\$6.0 million).

Capital and Other Commitments

As at 31 December 2022, the Group had contracted but not provided for capital commitments of approximately HK\$215.2 million and HK\$424.1 million (2021: approximately HK\$215.2 million and HK\$1,424.4 million) relating to the investment in an associate and investment properties and property development expenditures, respectively.

Currency Exposure and Management

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

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

Future Plans for Capital Investment and Expected Source of Funding

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

Fund raising for future business development

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

Employees and Remuneration Policy

As at 31 December 2022, the Group had 292 (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.

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\$941.8 million of which had been utilised as follows:

| | <i>HK\$' million</i> |
|---|----------------------|
| 1. Provision of brokerage service and corporate finance | |
| (i) securities brokerage and margin financing; and | 130.0 |
| (ii) investment | 57.1 |
| (iii) corporate finance division | 24.7 |
| 2. Expansion of asset management business | 180.0 |
| 3. Expansion of money lending business | 250.0 |
| 4. General working capital | 300.0 |
| | 941.8 |
| | 941.8 |

Out of the net proceeds of HK\$999.4 million from the Share Subscription, the unutilised amount of HK\$57.6 was initially intended to be utilised by the corporate finance division by 31 December 2022. Nonetheless, due to the pandemic lasting for more than two years, the operation of the corporate finance business has been severely affected. Therefore, the Company would have to expect that the unutilised amount of HK\$57.6 will be utilised by 31 December 2023. Save as disclosed above, all net proceeds of the Share Subscription have been used for the intended uses as set out in the Circular.

The unutilised net proceeds were deposited with the banks in Hong Kong.

USE OF PROCEEDS FROM PLACING IN FEBRUARY 2023

On 27 February 2023, the Company entered into a placing agreement with Glory Sun Securities Limited (the “**Placing Agent**”), pursuant to which the Placing Agent will procure on a best effort basis not less than six Placees to subscribe for up to 313,875,122 new shares of the Company at a placing price of HK\$0.34 per placing share (the “**Placing**”). The placing shares will be allotted and issued pursuant to the general mandate approved in the annual general meeting in June 2022. Please refer to the announcement of the Company dated 27 February 2023 for more details regarding the Placing.

On 22 March 2023, the Company issued and allotted 310,624,390 new Shares to the Places and received proceeds of approximately HK\$105,612,293. The net proceeds of the Placing were approximately HK\$104,412,293, approximately 90% of which will be applied for the repayment of maturing indebtedness and the rest will be applied as general working capital of the Group.

The Company expects that the net proceeds of the Placing will be fully utilised by 31 December 2023. Any net proceeds that have yet to be applied will be deposited with the banks in Hong Kong.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group had no material contingent liabilities (2021: nil).

SHARE OPTION SCHEME OF THE COMPANY

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

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

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2022 (2021: nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods for determining eligibility to attend and vote at the 2023 annual general meeting:

| | |
|--|--|
| Latest time to lodge transfer documents for registration: | 4:30 p.m., Wednesday, 21 June 2023 |
| Closure of register of members: | Friday, 23 June 2023 to Wednesday, 28 June 2023 (both days inclusive) |
| Record Date: | Wednesday, 28 June 2023 |

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2022.

PUBLIC FLOAT

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

CORPORATE GOVERNANCE

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct of the Group regarding securities transactions of the Directors. All Directors have confirmed that throughout the year ended 31 December 2022, they have complied with the provisions of the Model Code.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Listing Rules. The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting matters, risk management and internal control procedures. The Audit Committee comprises one non-executive director, namely Mr. Zhang Chi and two independent non-executive directors, namely Mr. Wong Chun Bong and Professor Lee Kwok On, Matthew. The Audit Committee has reviewed and approved the preliminary announcement of the Group’s results for the year ended 31 December 2022.

SCOPE OF WORK OF INDEPENDENT AUDITORS

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2022 have been agreed with the Group’s auditors, Crowe (HK) CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on the preliminary announcement.

EVENTS AFTER THE REPORTING PERIOD

Capital Reduction and Share Sub-division

References are made to the announcements of Glory Sun Financial Group Limited (the “**Company**”) dated 15 September 2022, 3 October 2022, 28 October 2022, 3 January 2023 and the circular of the Company dated 31 October 2022 in relation to, among others, the Capital Reorganisation. Unless otherwise defined, capitalised terms used herein shall have the same meaning as those defined in the circular dated 31 October 2022.

The Capital Reduction and the Share Sub-division have become effective before 9:00 a.m. on Friday, 17 February 2023. Please refer to circular dated 31 October 2022 for more details of the Capital Reduction and Share Sub-division.

Acquisition of 51% Equity Interest in a PRC Company

References are made to the announcement of the Company dated 3 October 2022 and the circular of the Company dated 27 February 2023 in relation to, among others, the acquisition of the total equity interest and actual paid-up registered capital of Shantou Taisheng Technology Limited* (汕頭市泰盛科技有限公司) (the “**Target Company**”). Unless otherwise defined, capitalised terms used herein shall have the same meaning as those defined in the circular dated 27 February 2023.

On 22 March 2023, the acquisition of 51% of the total equity interest and actual paid-up registered capital of the Target Company was completed. The Target Company became an indirect non-wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Company. Please refer to circular dated 27 February 2023 for more details of the acquisition.

Placing of New Shares under General Mandate

References are made to the announcements of the Company dated 27 February 2023 and 6 March 2023 in relation to the placing of up to 313,875,122 new shares under the general mandate. Unless otherwise defined, capitalised terms used herein shall have the same meaning as those defined in the announcements dated 27 February 2023 and 6 March 2023.

On 22 March 2023, a total of 310,624,390 Placing Shares have been successfully placed to not less than six Placees at the Placing Price of HK\$0.34 per Placing Share, representing approximately 16.52% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares immediately upon completion of the Placing. Please refer to the announcements dated 27 February 2023 and 6 March 2023 for more details of the Placing.

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

ANNUAL GENERAL MEETING

The annual general meeting of the Company is expected to be held on Wednesday, 28 June 2023 and notice of the annual general meeting will be published and dispatched to the Shareholders in the manner as required by the Listing Rules.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

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

APPRECIATION

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

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

Hong Kong, 19 April 2023

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

* *For identification purpose only*