GLORIOUS SUN ENTERPRISES LIMITED
旭日企業有限公司

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

Interim Results Announcement
For the six months ended 30 June 2018

INTERIM RESULTS

The Directors of Glorious Sun Enterprises Limited (the "Company") are pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2018 together with the comparative figures for the same period as follows:

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the six months ended 30 June 2018

	Notes	**2018 (Unaudited) *HK$'000***	2017 (Unaudited) *HK$'000* (Restated)
CONTINUING OPERATIONS			
REVENUE	*(2)*	**1,372,669**	1,405,428
Cost of sales		**(986,712)**	(986,113)
Gross profit		**385,957**	419,315
Other income and gains		**65,600**	49,483
Selling and distribution expenses		**(221,032)**	(218,985)
Administrative expenses		**(160,827)**	(162,238)
Other expenses		**(16,015)**	(14,928)
Finance costs		**(6,667)**	(3,522)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*(3)*	**47,016**	69,125
Income tax expense	*(4)*	**(6,809)**	(5,301)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**40,207**	63,824
DISCONTINUED OPERATION	*(5)*		
Loss for the period from a discontinued operation		**-**	(24,884)
PROFIT FOR THE PERIOD		**40,207**	38,940

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(CONTINUED)*
for the six months ended 30 June 2018

	Note	**2018 (Unaudited) *HK$'000***	2017 (Unaudited) *HK$'000*
Attributable to:			
Ordinary equity holders of the Company		**38,620**	38,575
Non-controlling interests		**1,587**	365
Profit for the period		**40,207**	38,940
		HK cents	HK cents
Earnings per share attributable to ordinary equity holders of the Company	*(6)*		
Basic and diluted			
- For profit from continuing operations		**2.51**	4.13
- For loss from a discontinued operation		**-**	(1.62)
- For profit for the period		**2.51**	2.51
Interim dividend per share		**2.50**	2.50

Details of the dividends paid and declared for the period are disclosed in note 11 to this results announcement.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2018

	2018 **(Unaudited)** ***HK$'000***	2017 (Unaudited) *HK$'000*
PROFIT FOR THE PERIOD	**40,207**	38,940
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax:		
Exchange difference on translation of foreign operations	**-**	6,753
Net other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	**-**	6,753
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax:		
Net loss on equity instruments at fair value through other comprehensive income	**(61,106)**	-
Gain on property revaluation	**42,717**	-
Income tax effect	**(10,679)**	-
Net other comprehensive loss not being reclassified to profit or loss in subsequent periods, net of tax	**(29,068)**	-
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD, NET OF TAX	**(29,068)**	6,753
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**11,139**	45,693
Attributable to:		
Ordinary equity holders of the Company	**9,552**	45,328
Non-controlling interests	**1,587**	365
	11,139	45,693

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2018

	Notes	**30 June 2018 (Unaudited) *HK$'000***	31 December 2017 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*(7)*	**252,766**	277,427
Investment properties		**299,449**	254,323
Held-to-maturity investments		**-**	951,514
Financial assets at amortised cost		**1,134,410**	-
Available-for-sale investments		**-**	817,175
Equity instruments at fair value through other comprehensive income		**756,069**	-
Other non-current assets		**13,675**	13,927
Total non-current assets		**2,456,369**	2,314,366
CURRENT ASSETS			
Inventories		**311,437**	352,638
Trade receivables	*(8)*	**324,906**	328,285
Prepayments, deposits and other receivables		**326,869**	330,775
Held-to-maturity investments		**-**	361,877
Cash and cash equivalents		**687,615**	971,131
Other current assets		**47,189**	46,968
Total current assets		**1,698,016**	2,391,674
CURRENT LIABILITIES			
Trade and bills payables	*(9)*	**376,099**	450,284
Other payables and accruals		**542,556**	571,902
Interest-bearing bank and other borrowings		**565,767**	991,847
Other current liabilities		**97,029**	91,209
Total current liabilities		**1,581,451**	2,105,242
NET CURRENT ASSETS		**116,565**	286,432
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,572,934**	2,600,798
NON-CURRENT LIABILITIES			
Total non-current liabilities		**53,967**	43,815
Net assets		**2,518,967**	2,556,983
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	*(10)*	**153,609**	153,609
Reserves		**2,351,520**	2,391,123
		2,505,129	2,544,732
Non-controlling interests		**13,838**	12,251
Total equity		**2,518,967**	2,556,983

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Basis of preparation and accounting policies

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").

These interim financial statements for the period ended 30 June 2018 are unaudited and have been reviewed by the Audit Committee of the Company.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those adopted in the preparation of the Group's financial statements for the year ended 31 December 2017.

In the current interim period, the Group has applied, for the first time, certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and interpretations issued by the HKICPA that are mandatorily effective for the current interim period.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

(1) Basis of preparation and accounting policies *(Continued)*

The following table summarises the estimated impact of the adoption of HKFRS 9 and HKFRS 15 on the interim condensed consolidated financial statements.

	As at 31 December 2017 As originally presented HK$'000	Effect on adoption of HKFRS 9 HK$'000	Effect on adoption of HKFRS 15 HK$'000	As at 1 January 2018 restated HK$'000	
Non-current assets					
Held-to-maturity investments	951,514	(951,514)	-	-	
Financial assets at amortised cost	-	951,514	-	951,514	
Available-for-sale investments	817,175	(817,175)	-	-	
Equity instruments at fair value through other comprehensive income	-	817,175	-	817,175	
Current Assets					
Held-to-maturity investments	361,877	(361,877)	-	-	
Financial assets at amortised cost	-	361,877	-	361,877	
Interior decoration and renovation contracts	18,241	-	(18,241)	-	
Contract assets	-	-	18,241	18,241	*
Current liabilities					
Interior decoration and renovation contracts	24,842	-	(24,842)	-	
Contract liabilities	-	-	24,842	24,842	*
Equity					
Available-for-sale investment reserve	15,492	(15,492)	-	-	
Equity instruments at fair value through other comprehensive income reserve	-	15,492	-	15,492	#

* Contract assets and contract liabilities are included in "other current assets" and "other current liabilities" on the face of the condensed consolidated statement of financial position.

Equity instruments at fair value through other comprehensive income reserve is included in "reserves" on the face of the condensed consolidated statement of financial position.

Other than the above, the adoption of the new and revised HKFRSs has had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented.

The Group has not early applied any standard, amendment or interpretation that has been issued but is not yet effective.

(2) Segment information

As the interior decoration and renovation business expanded significantly in the past years and evolved from serving companies within the Group to external customers, operating results of this business are now separately reviewed and evaluated for management related purposes. As such, in the year of 2017, the Group has redefined its principal business to include interior decoration and renovation business and recorded the related income as revenue. As a result of this redesignation, the Group has retrospectively reclassified the revenue and related cost of sales from other income. The impact to the condensed consolidated statement of profit or loss for the period ended 30 June 2017 is included increase in revenue by HK$316,792,000, increase in cost of sales by HK$303,756,000 and decrease in other income and gains by HK$13,036,000. Further, an additional segment, interior decoration and renovation business has been added retrospectively to reflect the changes.

The following table presents segment revenue and result of the Group's operating segments from continuing operations for the six months ended 30 June 2018 and 2017, respectively.

Six months ended 30 June 2018 (Unaudited)

	Retail operations *HK$'000*	**Export operations** *HK$'000*	**Financial investments** *HK$'000*	**Interior decoration and renovation** *HK$'000*	**Other** *HK$'000*	**Total continuing operations** *HK$'000*
Segment revenue (*):						
Revenue from external parties	**707,510**	**291,135**	**64,852**	**289,294**	**19,878**	**1,372,669**
Other income and gains	**9,522**	**8,925**	**10,474**	**1,155**	**2,598**	**32,674**
Total	**717,032**	**300,060**	**75,326**	**290,449**	**22,476**	**1,405,343**
Segment result	**(35,434)**	**8,846**	**71,626**	**4,328**	**(1,397)**	**47,969**
Interest income						**3,054**
Unallocated revenue						**29,872**
Corporate and other unallocated expenses						**(27,212)**
Finance costs						**(6,667)**
Profit before tax from continuing operations						**47,016**
Income tax expense						**(6,809)**
Profit for the period from continuing operations						**40,207**

Six months ended 30 June 2017 (Unaudited)

	Retail operations *HK$'000*	Export operations *HK$'000*	Financial investments *HK$'000*	Interior decoration and renovation *HK$'000* (Restated)	Other *HK$'000* (Restated)	Total continuing operations *HK$'000* (Restated)
Segment revenue (*):						
Revenue from external paries	774,420	230,120	48,535	316,792	35,561	1,405,428
Other income and gains	13,608	3,092	8,992	102	97	25,891
Total	788,028	233,212	57,527	316,894	35,658	1,431,319
Segment result	25,075	3,011	54,027	3,621	(304)	85,430
Interest income						5,117
Unallocated revenue						18,475
Corporate and other unallocated expenses						(36,375)
Finance costs						(3,522)
Profit before tax from continuing operations						69,125
Income tax expense						(5,301)
Profit for the period from continuing operations						63,824

* There were no inter-segment sales and transfers during the periods concerned.

(3) Profit before tax

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

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**24,574**	20,136
Recognition of prepaid land lease payments	**85**	81
Loss on disposal/write-off of items of property, plant and equipment	**3,221**	1,502
Interest income	**(3,054)**	(5,117)

(4) Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. 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	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current - Hong Kong	**4,151**	4,538
Current - Elsewhere	**3,185**	1,317
Deferred	**(527)**	(554)
	6,809	5,301

(5) Discontinued operation

On 6 April 2017, Jeanswest (BVI) Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with a company owned by Dr. Charles Yeung and Mr. Yeung Chun Fan, directors and substantial shareholders of the Company, for the disposal of the entire issued share of Jeanswest International (L) Limited (together with its subsidiaries referred to as the "JWIL Group") and related shareholders' loan in the amount of HK$174,000,000, at a cash consideration of HK$220,000,000 (the "Disposal"). The disposed business consists of the retailing of casual wear. The transaction was completed on 1 July 2017. Upon completion of the Disposal, the principal retail business of the Group ceased its operation in Australasia. As the disposed business is considered as a separate major geographic area of operation, the corresponding operation in Australasia has been classified as a discontinued operation as a result of the Disposal. Details of the transaction are set out in the Company's announcement dated 6 April 2017 and circular dated 12 May 2017.

The results of the JWIL Group for the six months ended 30 June 2017 included in Group's results are presented below:

	2017 (Unaudited) *HK$'000*
Revenue	452,720
Other income and gains	9,818
Expenses and costs	(487,172)
Loss before tax from the discontinued operation	(24,634)
Income tax expenses	(250)
Loss for the period from the discontinued operation	(24,884)

(6) Earnings per share

(a) *Basic earnings per share*

The calculations of basic earnings per share are based on :

	Six months ended 30 June	
	2018 **(Unaudited)** ***HK$'000***	2017 (Unaudited) *HK$'000*
Earnings		
Profit/(loss) attributable to ordinary equity holders of the Company used in the basic earnings per share calculation:		
From continuing operations	**38,620**	63,459
From a discontinued operation	**-**	(24,884)
	38,620	38,575

(6) Earnings per share

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

	Number of shares Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issued during the period used in the basic earnings per share calculation	**1,536,084**	1,536,084

(b) *Diluted earnings per share*

As the exercise price of the share options outstanding during the periods ended 30 June 2018 and 2017 are higher than the respective average market price of the Company's shares during the period ended 30 June 2018 and 2017, there is no dilution effect on the basic earnings per share.

(7) Property, plant and equipment

Acquisitions and disposals

During the six months ended 30 June 2018, the Group incurred capital expenditure of HK$9,296,000. Items with a net book value of HK$7,293,000 were disposed of during the six months ended 30 June 2018.

(8) Trade receivables

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

	30 June 2018	31 December 2017
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Less than 4 months	**267,524**	292,126
4 to 6 months	**12,742**	14,972
Over 6 months	**44,640**	21,187
	324,906	328,285

The Group generally grants a credit period of 45 days to customers for its retail business and 3 months to 2 years to customers for interior decoration and renovation business.

(9) Trade and bills payables

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

	30 June 2018	31 December 2017
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Less than 4 months	**374,392**	447,731
4 - 6 months	**245**	102
Over 6 months	**1,462**	2,451
	376,099	450,284

The trade payables are non-interest bearing and are normally settled on 90-days terms.

(10) Share capital

	Number of ordinary shares		Nominal value	
	30 June 2018 (Unaudited)	31 December 2017 (Audited)	**30 June 2018 (Unaudited)**	31 December 2017 (Audited)
	'000	*'000*	***HK$'000***	*HK$'000*
Issued and fully paid:				
Ordinary shares of HK$0.10 each	**1,536,084**	1,536,084	**153,609**	153,609

(11) Dividends

	Six months ended 30 June	
	2018 (Unaudited)	2017 (Unaudited)
	HK$'000	*HK$'000*
Dividends for ordinary equity holders of the Company:		
Final dividend paid	**49,155**	49,155
Interim dividend declared	**38,402**	38,402

(12) Event after the period under review

On 3 August 2018, Glorious Sun Enterprises (BVI) Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Gantin Limited, a company owned by Dr. Charles Yeung and Mr. Yeung Chun Fan (directors and substantial shareholders of the Company), for disposal of the entire interest in Glorious Sun Production (BVI) Limited (together with its subsidiaries referred to as the "Target Group") at a consideration of HK$800,000,000. The Target Group is engaged in the retailing business of apparel products and accessories as well as property holding in the PRC. Details of the transaction are set out in the Company's announcement dated 3 August 2018.

(13) Comparative amounts

As a result of change in the designation of principal activities and segment composition, certain comparative amounts have been restated to conform with the current period's presentation and disclosures.

INTERIM DIVIDEND

The Directors have resolved to pay an interim dividend of HK2.50 cents (2017: HK2.50 cents) per share for the six months ended 30 June 2018 to shareholders whose names appear on the register of members of the Company as at the close of business on Monday, 17 September 2018. The interim dividend will be paid to shareholders on Friday, 28 September 2018.

REVIEW OF OPERATIONS

In the first half of the year under review, the global macro-economic situation was generally stable. However, US President Donald Trump in March announced the imposition of import tariffs on steel and aluminum. The spearhead was particularly pointing at China because China was the biggest surplus country for trade with the United States. Several rounds of negotiation between China and the United States still failed to solve the disputes. US Government imposed a 25% custom duty on Chinese goods worth US$50 billion with effect from 6 July 2018. The PRC Government also retaliated with same 25% tariff for the same amount on the US exports to China. The trade war thus began among the major economies. Although its adverse effect had not yet emerged, the mounting uncertainties already caused the fund flow to move in favour of the United States. Subsequently it further strengthened the strong dollar under the interest rate rising cycle, and accelerated the outflow of funds from developing countries. Business environment was prevailing with uncertainties.

In the past few years, the Management had strived to consolidate and streamline the operations of Jeanswest in the Mainland China. During the period, large-scale reforms had been implemented including strategies rectification and operation module changes in some of the provinces. Under-performed stores were resolutely closed down and redundant personnel were laid off. Although, the decline of Jeanswest's sales had not yet been reverted, the inventory was maintained at healthy level. On the other hand, the export business had not been affected by the Sino-US trade war and even managed to have a moderate growth. The interior decoration and renovation business also progressed normally.

To meet with the challenges emerged from the new business environment, the Management endeavoured to explore new business with promising future. At the beginning of the year, an asset management company was acquired. As the Management had decades of investments experience and could have access to high net-worth clientele, hopefully the new business could be developed into another profit centre and brighten the images of the Group.

Due to the above-mentioned reasons, profit attributable to ordinary equity holders of the Company was HK$38,620,000, representing a slight increase of 0.12% when compared with the corresponding period in last year (2017: HK$38,575,000).

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

	2018 1st Half	2017 1st Half (Restated)	Changes
(Unit: HK$'000)			
Consolidated sales	**1,372,669**	1,405,428	↓2.33%
of which:			
A. Total retail sales in the PRC	**707,510**	774,420	↓8.64%
B. Total export sales	**291,135**	230,120	↑26.51%
C. Financial investments	**64,852**	48,535	↑33.62%
D. Interior decoration and renovation	**289,294**	316,792	↓8.68%
Profit attributable to ordinary equity holders of the Company	**38,620**	38,575	↑0.12%

(Unit: HK cents)			
Interim earnings per share (basic)	**2.51**	2.51	—
Interim dividend per share	**2.50**	2.50	—

	As at 30 June 2018	As at 31 December 2017	Changes
(Unit: HK$'000)			
Net cash and near cash in hand	**2,000,351**	2,097,874	↓4.65%

1. Retail Operations

In the first half of the year under review, the retail market in the Mainland China was as lukewarm as last year. A single digit decrease in the total retail sales of Jeanswest was registered and the gross profit margin remained under pressure. Despite the Management's every effort to improve the situation by restructuring the retail network in the Mainland China and to enhance the efficiency along the supply chain to improve the flexibility and accuracy of the supply of products as well as to allocate more resources on product design and marketing to promote the products, the improvements were nominal. Online stores to tap into the expanding business of e-commerce in the PRC were also launched. However, Jeanswest's overall performance was still disappointing.

The competition in apparel retail market in the Mainland China was constantly fierce. The advent of e-commerce era equipped with the inexpensive and accessible logistics solutions was so formidable to pose the issue of survival to physical retail outlets. Jeanswest products known for 'value for money' were no longer attractive to customers. In order to strengthen the competitiveness and increase the pricing power of Jeanswest, it might need to accurately fine tune and revamp the design and pricing of its products by focusing on meeting the needs and preferences of the consumers. As such, inputs from the big data, among others, were needed to analyze the spending pattern of the market, so as to reposition its brand and products. The corresponding concept of its product design and operation procedure had to be transformed accordingly. The implementation of such further measures to restructure Jeanswest's business would inevitably incur substantial capital and significant time. The risks to be incurred were quite immense. After thorough consideration, the Management of the Group was minded to dispose of Jeanswest operations in the Mainland China to avoid incurring further losses.

In the first half of the year, Jeanswest's sales in the PRC was HK$707,510,000 (2017: HK$774,420,000) showing a decrease of 8.64% when compared with the same period of last year.

During the period, performance of Quiksilver Glorious Sun was unsatisfactory due to the slothful retail sentiment in Hong Kong and Mainland China. The total number of shops came down to 7 (2017: 11). Both sales and margin showed a negative growth.

As at 30 June 2018, the total number of the Group's retail network including Jeanswest and Quiksilver Glorious Sun was 1,164 (2017: 1,658), including 867 franchise stores (2017: 1,010).

2. Export Business

In the first half of the year, our export market was mainly in the US where the pace of economic recovery was relatively stable. The impact of Sino-US trade war had not yet been felt. In the first half of the year, the total export sales amounted to HK$291,135,000 (2017: HK$230,120,000), which was 26.51% higher than the same period of the previous year and accounted for 21.21% of the Group's total turnover.

3. Interior Decoration and Renovation

The interior decoration and renovation business was able to develop as planned during the period under review. Its main development strategy was to build up a bigger customer base. At present, the revenue earned from projects within the Group was less than 3% of its total sales. The businesses from major customers were no longer on single project terms but mostly based on annual services contracts. Hence, the business was relatively stable. The total sales in the first half of the year were HK$289,294,000 (2017: HK$316,792,000) showing a drop of 8.68%.

4. Financial and Real Estates Investments

At the beginning of the year, we acquired an asset management company for diversifying into a new main business. In the first half of the year under review, the Group's investment portfolio was mainly corporate bonds. During the period, HK$427.9 million worth of bonds were repaid and/or early redeemed. As at 30 June 2018, the Group's bond holdings had a face value of approximately HK$1.928 billion, with an average yield of 6.42% and an average remaining life of 3.59 years.

5. Financial Position

Liquidity and financial resources

In the period, the financial position of the Group was solid. As at 30 June 2018, the Group held net cash and near cash in hand amounted to HK$2,000,351,000 (31 December 2017: HK$2,097,874,000).

Current ratio and gearing ratio of the Group as at 30 June 2018 are 1.07 and 18% (31 December 2017: 1.14 and 28%) respectively.

As at 30 June 2018, there were no material changes in capital commitments and contingent liabilities of the Group since 31 December 2017.

Significant investments held

The Group's significant investments held are listed debt instruments, as at 30 June 2018, which amounted to HK$1,878,503,000 (31 December 2017: HK$2,118,590,000) being total amount of carrying value recorded. The decrease of HK$240,087,000 was mainly due to maturity or early redemption.

Properties held

The properties held by the Group as at 30 June 2018 were with total carrying value of HK$510,019,000 (31 December 2017: HK$470,663,000). The increment was mainly revaluation surplus recorded as a result of transfer from own use properties to investment properties classifications according to accounting standards. These properties situated in the PRC were neither charged nor pledged to any bank or other borrowings.

Disposal of significant subsidiaries

The Group had entered into a conditional agreement on 3 August 2018 to dispose of its major subsidiaries which were involved in retailing of apparel products and accessories as well as property holdings in the PRC. Details of the transaction are set out in the Company's announcement dated 3 August 2018.

6. Human Resources

As at 30 June 2018, the Group employed a total of about 3,600 members of staff. The Group offered competitive remuneration packages to its employees. Also, incentives were granted to employees depending on the Group's overall performance and individual performance.

PROSPECTS

Looking forward to the second half of the year, we have to monitor the development of the Sino-US trade war closely. On 10 July 2018, the United States announced a new round of tariff, another US$200 billion worth of Chinese goods were made subject to 10% custom duty, which was expected to take effect around October this year. The Chinese government also indicated that it would make corresponding counter-measures. In near future, it is quite unlikely to have the hostile actions of both sides to be subsided.

The trade war will definitely affect the Group's export business. However, we do not expect any significant impact in this fiscal year as most tariffs, if they do take off, will take effect only at the later part of the year. The interior decoration and renovation business is domestic driven and likely immunized. Financial markets are expected to become more volatile. As the Group's financial investment portfolio is mostly buy-and-hold corporate bonds, the expected yield is most likely achievable.

If the disposal of Jeanswest's retail operations in the Mainland China meets with the approval of the special general meeting and is successful completed, there will be no losing operation in the Group.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 14 September 2018 to Monday, 17 September 2018, both days inclusive, during which period no transfers 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 Thursday, 13 September 2018.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2018, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, save for the deviation from code provision A.6.7 of the CG Code.

Under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders. Due to other pre-arranged commitments, Dr. Chung Shui Ming, Timpson, GBS, JP and Mr. Wong Man Kong, Peter, BBS, JP, independent non-executive Directors, were not present at the Company's annual general meeting for the year 2018.

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 2018.

By Order of the Board
Dr. Charles Yeung, GBS, JP
Chairman

Hong Kong, 27 August 2018

As at the date of this announcement, the directors of the Company are as follows:

Executive Directors:
Dr. Charles Yeung, GBS, JP, Mr. Yeung Chun Fan, Mr. Pau Sze Kee, Jackson, Mr. Hui Chung Shing, Herman, SBS, MH, JP, Ms. Cheung Wai Yee, Mr. Chan Wing Kan, Archie and Ms. Yeung Yin Chi, Jennifer

Independent Non-executive Directors:
Mr. Lau Hon Chuen, Ambrose, GBS, JP, Dr. Chung Shui Ming, Timpson, GBS, JP, Mr. Wong Man Kong, Peter, BBS, JP and Dr. Lam Lee G.