# GLORIOUS SUN ENTERPRISES LIMITED
# 旭日企業有限公司

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

## Announcement of Results
## For the year ended 31 December 2019

### ANNUAL RESULTS

The Directors of Glorious Sun Enterprises Limited (the "Company") are pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019 together with the comparative figures for the year ended 31 December 2018.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

| | *Notes* | **2019** *HK$'000* | 2018 *HK$'000* |
|---|---|---|---|
| CONTINUING OPERATIONS | | | |
| REVENUE | | | |
| Revenue from contracts with customers | | **1,093,783** | 1,144,500 |
| Revenue from other sources: | | | |
| Interest income from financial assets measured at amortised cost | | **67,786** | 76,107 |
| Others | | **50,719** | 50,394 |
| | *(3)* | **1,212,288** | 1,271,001 |
| Cost of sales | | **(989,812)** | (1,021,633) |
| Gross profit | | **222,476** | 249,368 |
| Other income and gains | | **29,683** | 35,294 |
| Gains from derecognition of financial assets measured at amortised costs | | **2,728** | 9,272 |
| Selling and distribution expenses | | **(30,148)** | (39,716) |
| Administrative expenses | | **(85,143)** | (122,774) |
| Other expenses | | **(17,288)** | (24,224) |
| Reversal of impairment loss/(impairment loss) of financial and contract assets, net | | **7,629** | (5,123) |
| Finance costs | *(4)* | **(5,481)** | (10,782) |
| PROFIT BEFORE TAX FROM CONTINUING OPERATIONS | *(5)* | **124,456** | 91,315 |
| Income tax expenses | *(6)* | **(11,718)** | (8,169) |
| PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS | | **112,738** | 83,146 |
| DISCONTINUED OPERATION | | | |
| Profit for the year from a discontinued operation | *(7)* | **-** | 26,433 |
| PROFIT FOR THE YEAR | | **112,738** | 109,579 |
| Attributable to: | | | |
| Ordinary equity holders of the Company | | **110,383** | 107,430 |
| Non-controlling interests | | **2,355** | 2,149 |
| | | **112,738** | 109,579 |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*
Year ended 31 December 2019

| | Note | **2019** | 2018 |
|---|---|---|---|
| | | ***HK cents*** | *HK cents* |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | *(9)* | | |
| Basic and diluted | | | |
| For profit for the year | | **7.22** | 7.00 |
| For profit from continuing operations | | **7.22** | 5.23 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2019

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| PROFIT FOR THE YEAR | **112,738** | 109,579 |
| OTHER COMPREHENSIVE INCOME | | |
| *Other comprehensive income that may be reclassified to profit or loss in subsequent periods*: | | |
| Exchange differences: | | |
| Release of reserve upon disposal of subsidiaries | **-** | (20,734) |
| Exchange differences on translation of foreign operations | **(1,088)** | (38,384) |
| Net other comprehensive income that may be reclassified to profit or loss in subsequent periods | **(1,088)** | (59,118) |
| *Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:* | | |
| Equity investments designated at fair value through other comprehensive income | | |
| Change in fair value | **50,073** | (67,745) |
| Income tax effect | **603** | - |
| | **50,676** | (67,745) |
| Gains on property revaluation | **-** | 44,553 |
| Income tax effect | **-** | (9,786) |
| Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods | **50,676** | (32,978) |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX | **49,588** | (92,096) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | **162,326** | 17,483 |
| Attributable to: | | |
| Ordinary equity holders of the Company | **161,358** | 16,783 |
| Non-controlling interests | **968** | 700 |
| | **162,326** | 17,483 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2019

| | Notes | **2019** | 2018 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | **12,177** | 13,468 |
| Right-of-use assets | | **34,072** | - |
| Goodwill | | **4,579** | 4,579 |
| Debt investments at amortised cost | | **810,835** | 1,119,879 |
| Equity investments designated at fair value through other comprehensive income | | **349,977** | 748,690 |
| Rental deposits | | **1,214** | 1,296 |
| Deferred tax assets | | **7,994** | 8,539 |
| Total non-current assets | | **1,220,848** | 1,896,451 |
| CURRENT ASSETS | | | |
| Inventories | | **69,734** | 63,343 |
| Debt investments at amortised cost | | **225,744** | - |
| Equity investments designated at fair value through other comprehensive income | | **448,750** | - |
| Trade receivables | *(10)* | **166,411** | 171,890 |
| Prepayments, deposits and other receivables | | **61,696** | 76,645 |
| Contract assets | | **64,786** | 49,026 |
| Due from related companies | | **2,156** | 22,633 |
| Pledged deposits | | **17,086** | 6,742 |
| Cash and cash equivalents | | **734,736** | 1,061,175 |
| Total current assets | | **1,791,099** | 1,451,454 |
| CURRENT LIABILITIES | | | |
| Trade payables | *(11)* | **149,675** | 134,554 |
| Contract liabilities | | **42,828** | 72,740 |
| Other payables and accruals | | **214,386** | 183,712 |
| Interest-bearing bank borrowings | | **16,456** | 474,051 |
| Lease liabilities | | **11,055** | - |
| Tax payable | | **15,056** | 11,127 |
| Provision | | **-** | 1,585 |
| Total current liabilities | | **449,456** | 877,769 |
| NET CURRENT ASSETS | | **1,341,643** | 573,685 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | **2,562,491** | 2,470,136 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | | **29,944** | - |
| Deferred tax liabilities | | **71** | 12 |
| Provision | | **-** | 838 |
| Total non-current liabilities | | **30,015** | 850 |
| Net assets | | **2,532,476** | 2,469,286 |
| EQUITY | | | |
| Equity attributable to ordinary equity holders of the Company | | | |
| Issued capital | | **152,834** | 152,876 |
| Reserves | | **2,362,292** | 2,295,378 |
| | | **2,515,126** | 2,448,254 |
| Non-controlling interests | | **17,350** | 21,032 |
| Total equity | | **2,532,476** | 2,469,286 |

*NOTES*

**(1) Basis of preparation**

This financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") 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. It has been prepared under the historical cost convention, except for certain equity investments which have been measured at fair value. This financial information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

**(2) Changes in accounting policies and disclosures**

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial information:

| | |
|---|---|
| Amendments to HKFRS 9 | *Prepayments Features with Negative Compensation* |
| HKFRS 16 | *Leases* |
| Amendments to HKAS 19 | *Plan Amendments, Curtailment or Settlement* |
| Amendments to HKAS 28 | *Long-term Interests in Associates and Joint Ventures* |
| HK(IFRIC)-Int 23 | *Uncertainty over Income Tax Treatments* |
| *Annual Improvements to HKFRSs 2015-2017 Cycle* | Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 |

Other than as explained below regarding the impact of HKFRS 16, the adoption of the above new and revised standards has had no significant impact on this financial information.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

<u>New definition of lease</u>

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

## (2) Changes in accounting policies and disclosures *(continued)*

As a lessee – Leases previously classified as operating leases

*Nature of the effect of adoption of HKFRS 16*

The Group has lease contracts for various items of properties. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for the following elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

*Impact of transition*

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and were separately disclosed in the consolidated statement of financial position. The right-of-use assets were measured based on the carrying amount as if the standard had always been applied, except for the incremental borrowing rate where the Group applied the incremental borrowing rate at 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets in separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with similar remaining term for a similar class of underlying asset in a similar economic environment)
- Relying on its assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of initial application as an alternative to performing an impairment review. The right-of-use assets are adjusted at the date of initial application by the amount of any provision for onerous leases recognised in the statement of financial position immediately before the date of initial application
- Excluding initial direct costs from the measurement of the right-of-use assets at the date of initial application

**(2) Changes in accounting policies and disclosures** *(continued)*

Financial impact at 1 January 2019

The impact arising from the adoption of HKFRS 16 at 1 January 2019 was as follows:

| | Increase/(decrease) *HK$'000* |
|---|---|
| **Assets** | |
| Increase in right-of-use assets | 45,100 |
| Decrease in prepayments, deposits and other receivables | (1,005) |
| Increase in deferred tax assets | 766 |
| Increase in total assets | 44,861 |
| **Liabilities** | |
| Increase in lease liabilities | 50,980 |
| Decrease in provision | (1,397) |
| Increase in total liabilities | 49,583 |
| Decrease in retained profits | (3,203) |
| Decrease in non-controlling interests | (1,519) |

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

| | ***HK$'000*** |
|---|---|
| **Operating lease commitments as at 31 December 2018** | **60,009** |
| Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019 | (5,225) |
| | 54,784 |
| Weighted average incremental borrowing rate as at 1 January 2019 | 4.79% |
| **Lease liabilities as at 1 January 2019** | **50,980** |

## (3) Operating segment information

### By business

The Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, unallocated revenue, non-leased-related finance costs as well as head office and corporate expenses are excluded from such measurement.

**Year ended 31 December 2019**

| | **Export operations** *HK$'000* | **Financial investments** *HK$'000* | **Interior decoration and renovation** *HK$'000* | **Retail, wholesale, franchise and others** *HK$'000* | **Total from continuing operations** *HK$'000* |
|---|---|---|---|---|---|
| **Segment revenue** | | | | | |
| Revenue from external parties | **335,934** | **118,505** | **705,194** | **52,655** | **1,212,288** |
| Other income and gains | **7,130** | **2,000** | **953** | **5,353** | **15,436** |
| Total | **343,064** | **120,505** | **706,147** | **58,008** | **1,227,724** |
| **Segment results** | **12,897** | **107,272** | **11,173** | **336** | **131,678** |
| Interest income | | | | | **12,422** |
| Unallocated revenue | | | | | **1,825** |
| Corporate and other unallocated expenses | | | | | **(18,118)** |
| Finance costs (other than interest on lease liabilities) | | | | | **(3,351)** |
| Profit before tax from continuing operations | | | | | **124,456** |
| Income tax expenses | | | | | **(11,718)** |
| Profit for the year from continuing operations | | | | | **112,738** |

Year ended 31 December 2018

| | Export operations *HK$'000* | Financial investments *HK$'000* | Interior decoration and renovation *HK$'000* | Retail, wholesale, franchise and others *HK$'000* | Total from continuing operations *HK$'000* |
|---|---|---|---|---|---|
| **Segment revenue** | | | | | |
| Revenue from external parties | 560,761 | 126,501 | 503,151 | 80,588 | 1,271,001 |
| Other income and gains | 14,340 | 9,272 | 3,325 | 5,482 | 32,419 |
| Total | 575,101 | 135,773 | 506,476 | 86,070 | 1,303,420 |
| **Segment results** | 11,699 | 115,136 | 9,849 | 5,678 | 142,362 |
| Interest income | | | | | 3,858 |
| Unallocated revenue | | | | | 8,289 |
| Corporate and other unallocated expenses | | | | | (52,412) |
| Finance costs | | | | | (10,782) |
| Profit before tax from continuing operations | | | | | 91,315 |
| Income tax expenses | | | | | (8,169) |
| Profit for the year from continuing operations | | | | | 83,146 |

**(4) Finance costs**

An analysis of finance costs from continuing operations is as follows:

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on bank loans | **3,351** | 10,782 |
| Interest on lease liabilities | **2,130** | - |
| | **5,481** | 10,782 |

**(5) Profit before tax**

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

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Cost of inventories sold | **985,982** | 1,021,984 |
| Depreciation of property, plant and equipment | **1,960** | 2,946 |
| Depreication of right-of-use assets | **12,010** | - |
| Impairment of items of property, plant and equipment, net | **268** | 875 |
| Impairment of right-of-use assets | **1,667** | - |
| Gain on disposal of items of property, plant and equipment, net | **(35)** | (19) |
| Bank interest income | **(12,422)** | (3,858) |

**(6) Income tax**

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regimes effective from the year of assessment 2018/2019. The first HK$2,000,000 (2018: Nil) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current – Hong Kong | | |
| Charge for the year | **7,291** | 4,541 |
| Overprovision in prior years | **(233)** | (34) |
| Current – Elsewhere | | |
| Charge for the year | **4,139** | 5,372 |
| (Overprovision)/underprovision in prior years | **(1,440)** | 3 |
| Deferred | **1,961** | (1,713) |
| Total tax charge for the year from continuing operations | **11,718** | 8,169 |
| Total tax credit for the year from a discontinued operation | **-** | (4,233) |
| | **11,718** | 3,936 |

## (7) Discontinued operation

On 3 August 2018, Glorious Sun Enterprises (BVI) Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with a company owned by Mr. Charles Yeung and Mr. Yeung Chun Fan, directors and substantial shareholders of the Company, for the disposal of the entire interest in the Glorious Sun Production (BVI) Limited and its subsidiaries ("GSP Group") for a cash consideration of HK$800,000,000. The disposed business principally consists of retailing of casual wear in Mainland China. The transaction was completed on 23 November 2018. Details of the transaction are set out in the Company's announcement dated 3 August 2018 and circular dated 4 October 2018.

The results of the discontinued operation for the period are presented below:

| | Period from 1 January 2018 up to the date of completion *HK$'000* |
|---|---|
| Revenue | 1,161,390 |
| Other income and gains | 52,216 |
| Expenses and costs | (1,336,577) |
| Loss before tax from the discontinued operation | (122,971) |
| Income tax credit | 4,233 |
| Loss for the period | (118,738) |
| Gain on disposal of the discontinued operation* | 145,171 |
| Profit for the period from the discontinued operation | 26,433 |
| Attributable to: | |
| Ordinary equity holders of the Company | 27,239 |
| Non-controlling interests | (806) |
| | 26,433 |

* Gain on disposal of the discontinued operation comprised the following:

| | 2018 *HK$'000* |
|---|---|
| Gain on disposal in respect of the net assets disposed of | 131,354 |
| Exchange fluctuation reserve released | 20,734 |
| Direct costs and tax | (6,917) |
| Gain on disposal of a discontinued operation | 145,171 |

**(7) Discontinued operation** *(continued)*

| | Period from 1 January 2018 up to the date of completion |
|---|---|
| | *HK cents* |
| Basic and diluted earnings per share from the discontinued operation | 1.77 |

The calculation of basic and diluted earnings per share from the discontinued operation is based on :

| | Period from 1 January 2018 up to the date of completion |
|---|---|
| Profit attributable to ordinary equity holders of the Company from the discontinued operation (HK$'000) | 27,239 |
| | Number of shares |
| Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation ('000) | 1,534,450 |

**(8) Dividends**

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interim – HK2.60 cents (2018: HK2.50 cents) per ordinary share | **39,737** | 38,402 |
| Proposed final – HK3.40 cents (2018: HK3.36 cents) per ordinary share | **51,963** | 51,366 |
| Adjustment on 2018 final dividend | **-** | (14) |
| | **91,700** | 89,754 |

The final dividend for the year ended 31 December 2019 proposed subsequent to the reporting period has not been recognised as a liability at the end of the reporting period and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## (9) Earnings per share attributable to ordinary equity holders of the Company

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK$110,383,000 (2018: HK$107,430,000) and the weighted average number of ordinary shares of 1,528,126,000 (2018: 1,534,450,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2018 in respect of a dilution as the exercise prices of the share options of the Company outstanding during the year is higher than the average market prices of the Company's ordinary shares during the year and, accordingly, they have no dilutive effect on the basic earnings per share amounts presented.

The Group has no potentially dilutive ordinary shares in issue during the year ended 31 December 2019.

The calculation of basic earnings per share is based on:

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Earnings | | |
| Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation | | |
| From continuing operations | **110,383** | 80,191 |
| From a discontinued operation | **-** | 27,239 |
| | **110,383** | 107,430 |

| | Number of shares | |
|---|---|---|
| | **2019** | 2018 |
| Shares | ***'000*** | *'000* |
| Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation | **1,528,126** | 1,534,450 |

## (10) Trade receivables

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

| | **2019** | 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Less than 4 months | **120,913** | 122,002 |
| 4 to 6 months | **19,672** | 17,664 |
| Over 6 months | **25,826** | 32,224 |
| | **166,411** | 171,890 |

The Group generally grants a credit period of 85 days to customers.

### (11) Trade payables

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

| | 2019 | 2018 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Less than 4 months | **148,185** | 133,940 |
| 4 to 6 months | **423** | 107 |
| Over 6 months | **1,067** | 507 |
| | **149,675** | 134,554 |

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

### (12) Events after the end of reporting period

*Disposals of significant investment held*

(i) Disposals of 6.4% senior perpetual capital securities callable 2022 of Shui On Development (Holding) Limited guaranteed by Shui On Land Limited (the "Securities")

On 3 January 2020, 7 January 2020 and 8 January 2020, the Group disposed of the Securities classified as equity investments designated at fair value through other comprehensive income with a total principal amount of US$57,600,000 (equivalent to approximately HK$449,280,000) in the secondary market for a total consideration of approximately US$57,490,900 (equivalent to approximately HK$448,429,000) (save for the disposal of the Securities on 3 January 2020, excluding the transaction costs).

Details of the disposals of the Securities are set out in the Company's announcements dated 3 January 2020, 7 January 2020 and 8 January 2020 respectively and circular dated 14 February 2020.

(ii) Disposals of 6.875% senior notes due 2021 of Shui On Development (Holding) Limited guaranteed by Shui On Land Limited (the "Notes")

On 23 January 2020 and 24 January 2020, the Group disposed of the Notes classified as debt investments at amortised cost with a total principal amount of RMB110,000,000 (equivalent to approximately HK$122,223,000) in the secondary market for a total consideration of approximately RMB112,530,000 (equivalent to approximately HK$125,033,000).

Details of the disposals of the Notes on 23 January 2020 and 24 January 2020 are set out in the Company's announcement dated 24 January 2020.

On 29 January 2020, 30 January 2020 and 31 January 2020, the Group further disposed of the Notes with a total principal amount of RMB52,350,000 (equivalent to approximately HK$58,167,000) in the secondary market for a total consideration of approximately RMB53,407,000 (equivalent to approximately HK$59,341,000).

*COVID-19*

The outbreak of coronavirus disease 2019 ("COVID-19") was first reported from Wuhan, China in late 2019 and COVID-19 has spread to various parts of China, including Hong Kong and subsequently to other countries. It has brought about additional uncertainties in the Group's operating environment and may impact the Group's operations and financial position. The Group has been closely monitoring the impact from the COVID-19 on the Group's businesses and has commenced to put in place various measures. Based on the information currently available, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group up to the date of this report. However, the actual impact may differ from these estimates as the situation continues to evolve and further information becomes available.

## DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK3.40 cents (2018: HK3.36 cents) per share for the year ended 31 December 2019 at the forthcoming annual general meeting to be held on Monday, 18 May 2020. The final dividend amounting to HK$51,963,000, if approved by the shareholders of the Company, will be paid on Monday, 8 June 2020 to those shareholders whose names appear on the register of members of the Company on Tuesday, 26 May 2020.

## RESULTS

The global economy in 2019 was basically affected by the uncertainties brought about by the Sino-American trade disputes. Conflicts between these two largest economies hindered the macro economic growth in the world. The reintroduction of quantitative measures in other major countries only managed to keep their economies from slipping into recession.

During the year under review, PRC's economic growth was under pressure. The government's measures in cutting twice the required banks' reserve ratio and reducing corporate taxes and levies amounting to RMB2 trillion could hardly balance out the effects caused by the relocation of production chains in various industries out from the Mainland to overcome the rising production costs. Furthermore, the deterioration of working capital fund flow in private sectors kicked off the general unemployment issue. Hong Kong being an international city was inevitably affected by the slow-down of global economic activities. The trade disputes between US and PRC had direct impacts on Hong Kong export and re-export businesses. Business environment became very tough especially after the outburst of social unrests in June which are still unsettled till now. These social unrests were triggered off by the proposed amendment to the Extradition Bill. Social anger and grievances revealed in this mass movement came from the contradictions deeply rooted in the society. Daily living in Hong Kong was seriously disturbed. Quite a number of countries gave travellers warnings against Hong Kong. As a result, tourists to Hong Kong decreased substantially. Retail activities were assessed to have dropped for more than 30%. Bank of America Merrill Lynch adjusted downwards their forecast of Hong Kong GDP in 2019 to -2.1%. Hong Kong amid these domestic unrests and external uncertainties is rather unbecoming for any business development for the time being.

"Be prepared for the worst at good time" is always one of our business strategies. The Group adopted a very conservative approach in formulating our 2019 business plan at the beginning of the year and managed to weather through this stormy period under review without major cutbacks. During the year, the capital market was quite choppy. As we had just focused on investing in high yield property bonds, we managed to reap the expected returns. Our Export Operations were adversely affected by the Sino-American trade disputes. As our supplies were sourced mainly from manufacturers outside the Mainland, the impact to us was relatively minor. Hong Kong Retailing and Overseas Franchising Operations were inevitably affected by the slothful retail sentiment in Hong Kong and in the region. However, the damage to our business as a whole was nominal. Interior Decoration and Renovation business was operated basically in the Mainland domestic market and was able to keep a stable performance.

Hereunder are the highlights of our performance in the year under review:

| | **2019** | 2018 | Changes |
|---|---|---|---|
| *(Unit: HK$'000)* | | | |
| Consolidated sales | **1,212,288** | 1,271,001 | ↓4.62% |
| of which: | | | |
| A. Financial and real estates investments | **118,505** | 126,501 | ↓6.32% |
| B. Total export sales | **335,934** | 560,761 | ↓40.09% |
| C. Interior decoration and renovation | **705,194** | 503,151 | ↑40.16% |
| D. Hong Kong retailing and overseas franchising | **49,533** | 66,612 | ↓25.61% |
| Profit attributable to ordinary equity holders of the Company | **110,383** | 107,430 | ↑2.75% |

| | | | |
|---|---|---|---|
| *(Unit: HK cents)* | | | |
| Earnings per share (basic) | **7.22** | 7.00 | ↑3.14% |
| Dividend | | | |
| －Final | **3.40** | 3.36 | ↑1.19% |
| －Total | **6.00** | 5.86 | ↑2.39% |

| | | | |
|---|---|---|---|
| *(Unit: HK$'000)* | | | |
| Net cash and near cash in hand* | **2,563,490** | 2,451,199 | ↑4.58% |

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

## REVIEW OF BUSINESSES

### Financial and Real Estates Investments

In the year under review, the global economic momentum lost its steam. Federal Reserve thus cut US dollars rate accumulatively by 0.75% by three adjustments and expanded its balance sheet from US$3.750 trillion in August to US$4.020 trillion in October. PRC also lowered down its banks' reserve requirement ratio twice and reduced corporate tax and levies amounting to RMB2 trillion. With such driving forces behind, "A" shares and Dow Jones indexes managed to close at a higher level in year-end. However the market volatility during the year was fairly high. The Management adhered finally to the strategy to refrain from equity trading till the final settlement of the Sino-American trade disputes. Our investments only focused in the Mainland high yield property bonds. At the beginning of the year, face value of our bond portfolio was HK$1.901 billion. Year-end balance was HK$1.831 billion because around HK$70 million worth bond was redeemed during the year. The average yield of the portfolio was around 6.36%.

For the year ended 31 December 2019, the total turnover of the financial and real estates investments was HK$118,505,000 (2018: HK$126,501,000), representing a decrease of 6.32% from the previous year.

**Export Operations**

The Export Operations of the Group were composed of overseas agency trading and design centre business. As our export market was US, our Export Operations were also vulnerable to the trade disputes between US and PRC. As our design centre had accommodated the requirement of our clients to source supplies outside the Mainland at early stage, our business was not adversely affected and also registered an increase in export volume. The overseas agency trading also followed suit later to have part of its supplies from Southeast Asian manufactories and narrowed up its inferior trading performance in 2019 caused by fierce competitions. In the year, Jeanswest Australia was no longer getting their supplies through our overseas agency trading and attributed to a greater drop in volume of our overseas agency performance.

For the year ended 31 December 2019, the total sales of the export operations was HK$335,934,000 (2018: HK$560,761,000), representing a decrease of 40.09% from the previous year.

**Interior Decoration and Renovation**

In the year under review, the operations of our Interior Decoration and Renovation could be summarized by the words " to focus on our core business and keep abreast with the latest technology that is applicable to our products". We developed and grew together with our core customers. To take Huawei as an example, since 2013 we had built more than 10,000 image stores for them. In 2019 Huawei bestowed their Outstanding Quality Award and Mutual Enhancement Award to us as their appreciation of our contribution as its suppliers. Those projects we handled were marked with the characteristics of standardization, informatization and intelligentization ideas. During the period, the exhibition halls we built for Huawei and Derry New Energy Automobile with the theme of green environmental space got applause from all users. Our development along this direction seemed to be quite promising but our profit margin had yet to be improved.

For the year ended 31 December 2019, the total turnover of the interior decoration and renovation operations was HK$705,194,000 (2018: HK$503,151,000), representing an increase of 40.16%.

**Hong Kong Retailing and Overseas Franchising Operations**

In the first half of the year under review, Jeanswest Retailing through prompt adjustment of its strategy and the improvement of its products mix to meet with the market changes did manage to have a mild improvement in turnover and gross margin. However, sales and gross margin were encroached by the social unrest since June. Under global economic slow-down environment, our franchisees also hesitated to place orders as usual and thus our sales were lower than that of last year.

As at 31 December 2019, Jeanswest had 9 stores operated in Hong Kong (2018: 11 stores). The total turnover of Jeanswest in Hong Kong and overseas was HK$49,553,000 (2018: HK$66,612,000), representing a decrease of 25.61% when compared with last year.

## FINANCIAL POSITION

The Group had ample cash/near cash in hand and its financial position remained very healthy during the period under review.

## HUMAN RESOURCES

As at 31 December 2019. the Group employed about 532 employees. The Group granted bonus to employees based on the Group's results and individual performance from time to time.

## SOCIAL RESPONSIBILITY

It is the conviction of the Management that while maximizing returns for shareholders, the Group had to take up its social responsibilities. Therefore we demanded our sub-contractors to strictly adhere to stringent environmental protection policies and regulations in their production process. We also supported and sponsored charitable activities.

## PROSPECTS

Looking forward to the ensuing months in 2020, the propelling force to drive global economic growth seems to be quite weak. Even the first stage trade agreement between US and PRC was signed, conflicts arising from other controversial issues are expected to persist. Year 2020 is also the presidential election year in US. President Trump is expected to endeavor to keep US economy in good shape. In PRC, the head wind against economic development is fairly strong. Keeping economic stability as the top priority in the government's to do list is self-explanatory. In addition, the outburst and spread out of the new corona virus (COVID-19) before the Lunar Chinese New Year has caused the economic activities in Wuhan to come to a complete stand-still. Other provinces also have to suspend most of their business activities. Commencing from mid-February, most of the companies outside Wuhan endeavored to resume their operations. Of course, various challenges are expected to be faced. The COVID-19 pandemic is subsequently breaking out in Europe, America and other parts of the world. The global capital markets become very volatile. In view of the above, the Management of the Group formulates this year's operation strategy as "be focused on important matters". We will plan our business with utmost prudence so as to maintain stability in the process of development. We will increase the cash ratio in our investment portfolio. Before the Lunar New Year, the face value of the bond portfolio was reduced from HK$1.831 billion to HK$1.202 billion. It is expected that after some bonds turn mature in the middle of the year, the face value of the bond portfolio will be further reduced to HK$975 million. In respect of our Export Operations, though the production lines have been relocated overseas, product development and substantial intermediate supplies are still in PRC where the market is generally affected by the COVID-19 pandemic. Therefore, our Export Operations have still to overcome difficulties ahead. Hong Kong Retailing and Overseas Franchising will also be affected by the prevailing market sentiment. The Management will try to strengthen the products supplies and develop new customers and new markets.

As the market of Interior Decoration and Renovation is in the Mainland, its business environment will turn challenging as well. The Management will focus on using latest technology and environmental friendly materials to highlight our products so as to sharpen our competitive edge.

## ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year 2020 will be held on Monday, 18 May 2020. For details of the annual general meeting, please refer to the notice of annual general meeting of the Company which is expected to be published on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (www.hkexnews.hk) and the Company (www.glorisun.com) on or around Tuesday, 14 April 2020.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 13 May 2020 to Monday, 18 May 2020, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the entitlement to attend and vote at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office 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 Tuesday, 12 May 2020.

The register of members of the Company will also be closed from Friday, 22 May 2020 to Tuesday, 26 May 2020, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with 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, 21 May 2020.

## CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the year ended 31 December 2019, save and except for the deviation from code provisions A.5.5(2) and A.6.7 of the CG Code.

Under code provision A.5.5(2) of the CG Code, where the board proposes a resolution to elect an individual as an independent non-executive director at a general meeting, it should set out in the explanatory statement accompanying the notice of the relevant general meeting the reasons for the board believes the proposed independent non-executive director would still be able to devote sufficient time to the board if he will be holding his seventh (or more) listed company directorship. Such reasons were not disclosed in the explanatory statement of the Company in which it set out that Mr. Chung Shui Ming, Timpson and Mr. Lam Lee G., each of them is holding his seventh (or more) listed company directorship, were proposed to be re-elected at the Company's annual general meeting for 2019. The Company took remedial action by disclosing the reasons at the annual general meeting held on 28 May 2019. Before the respective motions of re-electing Mr. Chung and Mr. Lam as independent non-executive directors were proposed at the annual general meeting, the Company explained to the shareholders/proxies/corporate representatives present that, notwithstanding each of Mr. Chung and Mr. Lam serving as an independent non-executive director for more than seven listed companies, they had actively participated in the Board meetings of the Company, and the Board was satisfied that both of them had devoted and would be able to devote sufficient time and attention to the affairs of the Company. In addition, the Board also believed that both of them based on their experience, skills and expertise could make contributions to the Company.

Under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of the shareholders. Due to other pre-arranged commitments, Mr. Lau Hon Chuen, Ambrose and Mr. Chung Shui Ming, Timpson, independent non-executive Directors, were not present at the Company's annual general meeting for the year 2019.

## SCOPE OF WORK OF THE COMPANY'S AUDITOR ERNST & YOUNG ("EY")

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit and loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by EY to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by EY 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 EY on this announcement.

## AUDIT COMMITTEE

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2019, including the accounting principles adopted by the Group, with the Company's management. The Audit Committee is to assist the Board to fulfill the functions of reviewing and monitoring the financial reporting procedure of the Company. The Audit Committee currently consists of three Independent Non-executive Directors, namely Mr. Lau Hon Chuen, Ambrose (Committee Chairman), Mr. Chung Shui Ming, Timpson and Mr. Ng Wing Ka, Jimmy.

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

During the year, the Company repurchased a total of 224,000 shares of the Company on the Stock Exchange. All the repurchased shares were subsequently cancelled by the Company. Details of those transactions are as follows:

| Month of repurchase | Number of shares repurchased | Price per share Highest | Price per share Lowest | Aggregate price |
|---|---|---|---|---|
| | | HK$ | HK$ | HK$ |
| January | 224,000 | 0.87 | 0.86 | 194,118 |

The repurchase of the Company's shares during the year was effected by the Directors, pursuant to the mandate from shareholders received at the last annual general meeting of the Company, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

## APPRECIATION

The Board of Directors of the Company would like to take this opportunity to express its sincere appreciation to the shareholders for their support, and to the Management and staff for their dedicated efforts.

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

Hong Kong, 25 March 2020

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, Dr. Chan Chung Bun, Bunny, GBS, JP and Mr. Ng Wing Ka, Jimmy, BBS, JP