



# GLORIOUS SUN ENTERPRISES LIMITED

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

# 2020 Interim Report





Huawei's Experience Shop Plus in Xian is renovated by Changhong

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## INTERIM RESULTS

The board of directors (the "Board") 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 2020 together with the comparative figures for the same period as follows:

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 June 2020

	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
<i>Notes</i>	<b>HK\$'000</b>	HK\$'000
REVENUE		
Revenue from contracts with customers	<b>420,382</b>	603,882
Revenue from other sources	<b>37,403</b>	59,662
	<b>457,785</b>	663,544
Cost of sales	<b>(383,494)</b>	(549,409)
Gross profit	<b>74,291</b>	114,135
Other income and gains	<b>21,948</b>	16,711
Selling and distribution expenses	<b>(10,109)</b>	(19,840)
Administrative expenses	<b>(31,524)</b>	(36,571)
Other expenses	<b>(11,209)</b>	(6,491)
Finance costs	<b>(1,415)</b>	(4,724)
PROFIT BEFORE TAX	<b>41,982</b>	63,220
Income tax expense	<b>(4,471)</b>	(6,377)
PROFIT FOR THE PERIOD	<b>37,511</b>	56,843

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

Six months ended 30 June 2020

	2020 <b>(Unaudited)</b> <i>Note</i> <b>HK\$'000</b>	2019 (Unaudited) <i>HK\$'000</i>
Attributable to:		
Ordinary equity holders of the Company	<b>36,484</b>	55,761
Non-controlling interests	<b>1,027</b>	1,082
	<hr/> <hr/>	<hr/> <hr/>
Profit for the period	<b>37,511</b>	56,843
	<hr/> <hr/>	<hr/> <hr/>
	<b>HK cents</b>	<i>HK cents</i>
Earnings per share attributable to ordinary equity holders of the Company	(7)	
Basic	<b>2.39</b>	3.65
	<hr/> <hr/>	<hr/> <hr/>
Diluted	<b>2.39</b>	3.65
	<hr/> <hr/>	<hr/> <hr/>
Interim dividend per share	<b>1.80</b>	2.60
	<hr/> <hr/>	<hr/> <hr/>

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2020

	<b>2020</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2019 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	<b>37,511</b>	56,843
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange difference on translation of foreign operations	—	34
<b>Net other comprehensive income that may be reclassified to profit or loss in subsequent periods</b>	<b>—</b>	<b>34</b>
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Change in fair value of equity investments designated at fair value through other comprehensive income	<b>(11,337)</b>	53,102
<b>Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods</b>	<b>(11,337)</b>	<b>53,102</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	<b>(11,337)</b>	<b>53,136</b>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<b>26,174</b>	109,979
Attributable to:		
Ordinary equity holders of the Company	<b>25,147</b>	108,909
Non-controlling interests	<b>1,027</b>	1,070
	<b>26,174</b>	109,979

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

		<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Debt investments at amortised cost		<b>589,683</b>	810,835
Equity investments designated at fair value through other comprehensive income		<b>339,076</b>	349,977
Other non-current assets		<b>57,473</b>	60,036
		<hr/>	<hr/>
Total non-current assets		<b>986,232</b>	1,220,848
<b>CURRENT ASSETS</b>			
Trade receivables	(8)	<b>130,601</b>	166,411
Debt investments at amortised cost		<b>37,671</b>	225,744
Equity investments designated at fair value through other comprehensive income		–	448,750
Pledged deposits		<b>16,982</b>	17,086
Cash and cash equivalents		<b>1,612,199</b>	734,736
Other current assets		<b>224,966</b>	198,372
		<hr/>	<hr/>
Total current assets		<b>2,022,419</b>	1,791,099
<b>CURRENT LIABILITIES</b>			
Trade payables	(9)	<b>114,329</b>	149,675
Other payables and accruals		<b>199,400</b>	214,386
Interest-bearing bank borrowings		<b>16,456</b>	16,456
Other current liabilities		<b>144,430</b>	68,939
		<hr/>	<hr/>
Total current liabilities		<b>474,615</b>	449,456
<b>NET CURRENT ASSETS</b>			
		<b>1,547,804</b>	1,341,643
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>2,534,036</b>	2,562,491

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

30 June 2020

	30 June 2020 (Unaudited) <i>HK\$'000</i>	31 December 2019 (Audited) <i>HK\$'000</i>
<i>Note</i>		
<b>NON-CURRENT LIABILITIES</b>		
Other non-current liabilities	<u>27,349</u>	<u>30,015</u>
Total non-current liabilities	<u>27,349</u>	<u>30,015</u>
Net assets	<u><b>2,506,687</b></u>	<u>2,532,476</u>
<b>EQUITY</b>		
<b>Equity attributable to ordinary equity holders of the Company</b>		
Issued capital	(10) 152,834	152,834
Reserves	<u>2,335,476</u>	<u>2,362,292</u>
	<b>2,488,310</b>	2,515,126
<b>Non-controlling interests</b>	<u><b>18,377</b></u>	<u>17,350</u>
Total equity	<u><b>2,506,687</b></u>	<u>2,532,476</u>



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2020

2020 (Unaudited)	Attributable to ordinary equity holders of the Company						Non-controlling interests	Total equity
	Issued capital	Share premium	Treasury share	Other reserves	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2020	152,834	733,815	-	390,673	1,237,804	2,515,126	17,350	2,532,476
Profit for the period	-	-	-	-	36,484	36,484	1,027	37,511
Other comprehensive loss	-	-	-	(11,337)	-	(11,337)	-	(11,337)
Total comprehensive income	-	-	-	(11,337)	36,484	25,147	1,027	26,174
Transfer of gain on disposals of equity investments at fair value through other comprehensive income to retained profits	-	-	-	(607)	607	-	-	-
Dividends paid	-	-	-	-	(51,963)	(51,963)	-	(51,963)
As at 30 June 2020	<b>152,834</b>	<b>733,815</b>	<b>-</b>	<b>378,729</b>	<b>1,222,932</b>	<b>2,488,310</b>	<b>18,377</b>	<b>2,506,687</b>
2019 (Unaudited)	Attributable to ordinary equity holders of the Company						Non-controlling interests	Total equity
	Issued capital	Share premium	Treasury share	Other reserves	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2019	152,876	734,139	(172)	338,741	1,218,705	2,444,289	21,032	2,465,321
Profit for the period	-	-	-	-	55,761	55,761	1,082	56,843
Other comprehensive income/(loss)	-	-	-	53,148	-	53,148	(12)	53,136
Total comprehensive income	-	-	-	53,148	55,761	108,909	1,070	109,979
Contribution from non-controlling interests	-	-	-	-	-	-	449	449
Shares repurchased	-	-	(194)	-	-	(194)	-	(194)
Cancellation of shares repurchased	(42)	(324)	366	-	-	-	-	-
Dividends paid	-	-	-	-	(51,352)	(51,352)	-	(51,352)
As at 30 June 2019	<b>152,834</b>	<b>733,815</b>	<b>-</b>	<b>391,889</b>	<b>1,223,114</b>	<b>2,501,652</b>	<b>22,551</b>	<b>2,524,203</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2020

	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
<b>Cash flows from operating activities</b>		
Cash flows generate from/(used in) operating activities	63,696	(5,992)
Interest paid	(1,415)	(4,724)
Tax refunded/(paid)	2,903	(3,961)
Net cash flows from/(used in) operating activities	<u>65,184</u>	<u>(14,677)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale or redemption of debt investments at amortised cost	410,574	73,148
Proceeds from sale of equity investments designated at fair value through other comprehensive income	448,314	–
Increase of non-pledged time deposits with original maturity of more than three months when acquired	(1,034,903)	–
Other cash flows from investing activities	12,259	11,718
Net cash flows from/(used in) investing activities	<u>(163,756)</u>	<u>84,866</u>
<b>Cash flows from financing activities</b>		
New bank loans	–	3,406,060
Repayment of bank loans	–	(3,874,211)
Other cash flows used in financing activities	(57,948)	(37,257)
Net cash flows used in financing activities	<u>(57,948)</u>	<u>(505,408)</u>
Net decrease in cash and cash equivalents	(156,520)	(435,219)
Cash and cash equivalents at beginning of period	734,736	1,061,175
Effect of foreign exchange rate changes, net	(920)	–
Cash and cash equivalents at end of period	<u>577,296</u>	<u>625,956</u>
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	198,203	525,624
Non-pledged time deposits with original maturity of less than three months when acquired	379,093	100,332
Non-pledged time deposits with original maturity of more than three months when acquired	1,034,903	–
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	1,612,199	625,956
Non-pledged time deposits with original maturity of more than three months when acquired	(1,034,903)	–
	<u>577,296</u>	<u>625,956</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## (1) Basis of preparation

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

The interim condensed consolidated financial statements does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2019.

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

These interim condensed consolidated financial statements for the six months ended 30 June 2020 are unaudited and have been reviewed by the Audit Committee of the Company.

## (2) Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the Group’s annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised HKFRSs for the first time for the current period’s financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

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

Except as described below, the application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

The Group has early adopted the amendment to HKFRS 16 which provides relief to lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications.

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; (iii) there is no substantive change to other terms and conditions of the lease.

The Group elects to adopt the practical expedient to account for the COVID-19 pandemic related rent concession as negative variable lease payments. The application has no impact to the opening retained profits at 1 January 2020. The Group recognised changes in lease payments that resulted from rent concessions of HK\$521,000 in the profit or loss during the current period.

The Group has not adopted any other standard, interpretation or amendment that has been issued but has not yet been effective.

## **(3) Operating Segment information**

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

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

### (3) Operating Segment information *(Continued)*

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

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

### (3) Operating Segment information (Continued)

	Six months ended 30 June 2019 (Unaudited)				Total HK\$'000
	Financial investments HK\$'000	Export operations HK\$'000	Interior decoration and renovation HK\$'000	Retail, wholesale, franchise and others HK\$'000	
Segment revenue:					
Revenue from external parties	59,662	264,463	309,973	29,446	663,544
Other income and gains	<u>2,728</u>	<u>5,668</u>	<u>401</u>	<u>2,169</u>	<u>10,966</u>
Total	<u>62,390</u>	<u>270,131</u>	<u>310,374</u>	<u>31,615</u>	<u>674,510</u>
Segment result	<u>58,690</u>	<u>5,773</u>	<u>4,452</u>	<u>2,009</u>	70,924
Interest income					5,433
Unallocated revenue					312
Corporate and other unallocated expenses					(8,725)
Finance costs (other than interest on lease liabilities)					<u>(4,724)</u>
Profit before tax					63,220
Income tax expense					<u>(6,377)</u>
Profit for the period					<u>56,843</u>

#### (4) Profit before tax

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

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	959	1,211
Depreciation of right-of-use assets	5,837	8,319
Loss on disposal/write-off of items of property, plant and equipment	7	1
Interest income	(13,402)	(5,433)
	<u>          </u>	<u>          </u>

#### (5) Income tax expense

Under the two-tiered profits tax rate regime, the first HK\$2,000,000 of assessable profits of qualifying corporations is taxed at 8.25% and the assessable profits above HK\$2,000,000 will continue to be subject to the rate of 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current – Hong Kong	3,901	4,993
Current – Elsewhere	1,074	1,393
Deferred	(504)	(9)
	<u>          </u>	<u>          </u>
	<u>4,471</u>	<u>6,377</u>

## (6) Dividends

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividends for ordinary equity holders of the Company:		
Final dividend paid	<u>51,963</u>	<u>51,352</u>
Interim dividend declared	<u>27,510</u>	<u>39,737</u>

## (7) Earnings per share

### (a) Basic earnings per share

The calculations of basic earnings per share are based on:

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the Company used in the basic earnings per share calculation:	<u>36,484</u>	<u>55,761</u>
<b>Number of shares</b>		
<b>Six months ended 30 June</b>		
	2020	2019
	(Unaudited)	(Unaudited)
	'000	'000
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<u>1,528,336</u>	<u>1,528,354</u>



## (7) Earnings per share *(Continued)*

### (b) Diluted earnings per share

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

## (8) Trade receivables

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

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Less than 4 months	<b>61,940</b>	120,913
4 to 6 months	<b>60,772</b>	19,672
Over 6 months	<b>7,889</b>	25,826
	<b><u>130,601</u></b>	<u>166,411</u>

The credit period is generally 15 days to 85 days. The trade receivables are non-interest bearing.

## (9) Trade payables

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

	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Less than 4 months	<b>113,560</b>	148,185
4 to 6 months	<b>68</b>	423
Over 6 months	<b>701</b>	1,067
	<b><u>114,329</u></b>	<b><u>149,675</u></b>

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

## (10) Share capital

	<b>Number of ordinary shares</b>		<b>Nominal value</b>	
	<b>30 June 2020 (Unaudited) '000</b>	31 December 2019 (Audited) '000	<b>30 June 2020 (Unaudited) HK\$'000</b>	31 December 2019 (Audited) HK\$'000
Issued and fully paid:				
Ordinary shares of HK\$0.10 each	<b><u>1,528,336</u></b>	<u>1,528,336</u>	<b><u>152,834</u></b>	<u>152,834</u>

## (11) Fair value and fair value hierarchy

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

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

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

The fair values of the non-current portion of rental deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings and lease liabilities as at 30 June 2020 was assessed to be insignificant. The fair values of the non-current portion of rental deposits and lease liabilities approximate to their carrying amounts as at 30 June 2020 and 31 December 2019.

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

### Fair value hierarchy

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

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

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

### Fair value hierarchy (Continued)

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

Assets measured at fair value:

	30 June 2020 (Unaudited)			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Equity investments designated at fair value through other comprehensive income				
Listed equity investments	331,894	–	–	331,894
Unlisted equity investment	–	–	7,182	7,182
	<u>331,894</u>	<u>–</u>	<u>7,182</u>	<u>339,076</u>
	31 December 2019 (Audited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Equity investments designated at fair value through other comprehensive income				
Listed equity investments	791,545	–	–	791,545
Unlisted equity investment	–	–	7,182	7,182
	<u>791,545</u>	<u>–</u>	<u>7,182</u>	<u>798,727</u>

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (31 December 2019: Nil).

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

### Fair value hierarchy (Continued)

#### Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 30 June 2020 and 31 December 2019.

#### Assets for which fair value are disclosed:

	30 June 2020 (Unaudited)			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Debt investments at amortised cost	<u>581,499</u>	<u>–</u>	<u>–</u>	<u>581,499</u>
	31 December 2019 (Audited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Debt investments at amortised cost	<u>1,036,834</u>	<u>–</u>	<u>–</u>	<u>1,036,834</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INTERIM DIVIDEND**

The Board has resolved to pay an interim dividend of HK1.80 cents (2019: HK2.60 cents) per share for the six months ended 30 June 2020 to shareholders whose names appear on the register of members of the Company as at the close of business on Thursday, 17 September 2020. The interim dividend will be paid to shareholders on Tuesday, 29 September 2020.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 15 September 2020 to Thursday, 17 September 2020, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Monday, 14 September 2020.

### **REVIEW OF OPERATIONS**

It was anticipated that after reaching the first phase of Sino-American trade agreement, there would be a smooth economic development ahead. However, the outburst of the new corona virus (COVID-19) in Mainland China before the Chinese New Year caused nearly all economic activities there to stand still. The COVID-19 pandemic then spread to Korea, Japan, Europe, America and the south hemisphere and caused serious problems there.

Although governments resolutely launched out quantitative easing measures with all their might including direct cash aid to those unemployed and lost no time to encourage business establishments to resume operations, it might take quite a while for the businesses to bounce back to the previous level. Meanwhile, the pandemic was not yet contained and it might further spread. Ever since the Second World War, people in the world were never alienated from one another in such a big scale. Even family gathering had to strictly follow social distancing requirements. Restaurants, shopping malls, sports grounds and entertainment arena all had to be closed. It hit all business activities heavily, especially retailing, with only a few exceptions such as cyber activities and those which could be conducted at home.

Under such difficult environment, the Group's performance in all aspects was affected. The turnover of our garment export to US market declined 65.82%. A drop of 35.48% in revenue was registered in our Jeanswest Retail Operations in Hong Kong and Overseas Franchising. The move to downsize by nearly half of our bond portfolio in January did keep our investment far from the impact of extreme volatility caused by the COVID-19 pandemic in the capital market. However, the revenue derived from the Financial Investments also decreased by 37.31% due to the percentage of cash in hand was higher. As our Interior Decoration and Renovation business came mainly from telecommunication related sectors, we still managed to have a mild growth at the expense of narrowing our profit margin.

During the period under review, the Group recorded a turnover of HK\$457,785,000, representing a decrease of 31.01% when compared with the corresponding period in last year (2019: HK\$663,544,000).

Due to the above-mentioned reasons, profit attributable to ordinary equity holders of the Group was HK\$36,484,000, representing a decrease of 34.57% when compared with the corresponding period in last year (2019: HK\$55,761,000).

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

	<b>2020</b>	2019	
	<b>1st Half</b>	1st Half	Changes
<i>(Unit: HK\$'000)</i>			
Consolidated sales	<b>457,785</b>	663,544	↓ 31.01%
of which:			
A. Financial investments	<b>37,403</b>	59,662	↓ 37.31%
B. Total export sales	<b>90,400</b>	264,463	↓ 65.82%
C. Interior decoration and renovation	<b>313,023</b>	309,973	↑ 0.98%
D. Hong Kong retailing and overseas franchising and wholesale operations	<b>16,935</b>	26,246	↓ 35.48%
Profit attributable to ordinary equity holders of the Company	<b>36,484</b>	55,761	↓ 34.57%
<i>(Unit: HK cents)</i>			
Interim earnings per share (basic)	<b>2.39</b>	3.65	↓ 34.52%
Interim dividend per share	<b>1.80</b>	2.60	↓ 30.77%
	<b>As at</b>	As at	
	<b>30 June</b>	31 December	
	<b>2020</b>	2019	Changes
<i>(Unit: HK\$'000)</i>			
Net cash and near cash in hand*	<b>2,571,973</b>	2,563,490	↑ 0.33%

\* "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.

## 1. Financial and Real Estates Investments

At the beginning of the year, in view of the uncertainties ahead, the Management decided to increase the cash in hand in our investment portfolio. Before the Chinese New Year, our bond holding in the portfolio was thus reduced from HK\$1,828 million to HK\$1,199 million. Furthermore, some bonds were redeemed upon maturity in May 2020; the book value of our investment portfolio was thus decreased to HK\$959 million. We always refrained from using gearing to get higher investment yield. Thus the impact from extreme volatility caused by the COVID-19 pandemic was irrelevant to us. As at 30 June 2020, the revenue derived from investment was HK\$37,403,000 showing a decrease of 37.31% when compared with previous period (2019: HK\$59,662,000). It was caused by higher cash percentage in the portfolio.

At the beginning of the year, the Group's bond portfolio was HK\$1,828 million. As at 30 June 2020, the Group's holding of bond had a book value of HK\$959 million with the average yield of around 5.97%.

## 2. Export Operations

The export operations of the Group were composed of oversea agency trading and design centre targeting US as our main market. Commencing from the second quarter, the COVID-19 pandemic was dominating in US. Thereafter, our US customers either demanded delay shipments or outright cancellation of orders notwithstanding that our supply chain was no longer based in Mainland China. In the period under review, our export turnover dropped from the previous HK\$264,463,000 to HK\$90,400,000 representing a decrease of 65.82%.

## 3. Interior Decoration and Renovation

In the period under review, the turnover in our Interior Decoration and Renovation Operations increased marginally even under the COVID-19 pandemic. It was because more than 60% of our business was telecommunication related. Telecommunication and 5G related businesses were on the top of government favour list and also in their expanding phase. In order to win in the bidding, our margin was thus under pressure.

In the first half of the year, turnover amounted to HK\$313,023,000 showing an improvement of 0.98% when compared with last period (2019: HK\$309,973,000).



#### 4. Hong Kong Retailing and Overseas Franchising and Wholesale Operations

The COVID-19 pandemic was devastating to retailing businesses. Our Jeanswest retailing in Hong Kong and our overseas franchising and wholesale operations were inevitably affected. As the prevalence of COVID-19 pandemic in Mainland China and in our overseas markets did not take place simultaneously, the decrease in turnover was lesser than that of the Export Operations. In the period under review, turnover of HK\$16,935,000 was registered showing a decline of 35.48% from last period (2019: HK\$26,246,000).

#### 5. Financial Position

##### *Liquidity and financial resources*

In the period, the financial position of the Group was solid. As at 30 June 2020, the Group held net cash and near cash in hand of HK\$2,571,973,000 (31 December 2019: HK\$2,563,490,000).

##### *Significant investments held*

The Group's significant investments held are marketable debt instruments which as at 30 June 2020 amounted to HK\$959,248,000 (31 December 2019: HK\$1,828,124,000). The decrease of HK\$868,876,000 was mainly attributed to the disposals of part of debt instruments at the beginning of the year and the redemption of certain debt instruments upon maturity.

#### 6. Human Resources

As at 30 June 2020, the Group employed 498 members of staff. The Group offered competitive remuneration packages to its employees. Furthermore, incentives were granted to employees depending on the Group's overall performance and individual performance.

## PROSPECTS

Looking forward to the ensuing months of this financial year, the macro economic development will be highly affected by the development of COVID-19 and the Sino-American conflict. The Management cautiously expects that the COVID-19 pandemic may be contained in the third quarter or even the fourth quarter and hopes that the Sino-American conflict can be kept from further deterioration due to national self-restraint of respective decision makers. If our expectation is not deviated materially from the actual development, the profits variation of the Group in the second half of the year will be similar to that of the first half of the year.

## **OTHER INFORMATION**

### **BOARD OF DIRECTORS**

#### **Executive**

Dr. Charles Yeung, GBS, JP

*(Chairman)*

Mr. Yeung Chun Fan

*(Vice-chairman)*

Mr. Pau Sze Kee, Jackson

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

Ms. Cheung Wai Yee

Mr. Chan Wing Kan, Archie

Ms. Yeung Yin Chi, Jennifer

#### **Independent Non-executive**

Mr. Lau Hon Chuen, Ambrose, GBS, JP

Dr. Chung Shui Ming, Timpson, GBS, JP

Dr. Chan Chung Bun, Bunny, GBS, JP

Mr. Ng Wing Ka, Jimmy, BBS, JP

### **COMPANY SECRETARY**

Ms. Hoi Siu Ling

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2020, the interests or short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

### Long positions in shares of the Company

Name of director	Capacity	Number of shares held	Total	Percentage of issued share capital (%)
Dr. Charles Yeung, GBS, JP	(i) Interest of controlled corporations	830,073,000	968,358,499 <sup>(1) &amp; (2)</sup>	63.360
	(ii) Joint interest	138,285,499		
Mr. Yeung Chun Fan	(i) Beneficial owner	75,000,000	1,053,453,499 <sup>(1), (2) &amp; (3)</sup>	68.928
	(ii) Interest of controlled corporations	830,073,000		
	(iii) Joint interest	138,285,499		
	(iv) Interest of spouse	10,095,000		
Mr. Pau Sze Kee, Jackson	Beneficial owner	9,370,000	9,370,000	0.613
Mr. Hui Chung Shing, Herman, SBS, MH, JP	Beneficial owner	6,250,000	6,250,000	0.409
Ms. Cheung Wai Yee	(i) Beneficial owner	10,095,000	1,053,453,499 <sup>(1), (2) &amp; (3)</sup>	68.928
	(ii) Interest of spouse	1,043,358,499		
Mr. Lau Hon Chuen, Ambrose, GBS, JP	Beneficial owner	1,492,402	1,492,402	0.098
Dr. Chung Shui Ming, Timpson, GBS, JP	Beneficial owner	408,000	408,000	0.027

Notes:

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

Save as disclosed above, as at 30 June 2020, none of the Directors had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Divisions 7 and 8 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SHARE OPTION SCHEME

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

During the six months ended 30 June 2020, no share options were granted or exercised under the Scheme. As at 30 June 2020, the Company did not have any share options under the Scheme.

Details of the terms of the Scheme were disclosed in the Annual Report of the Company for the year 2019.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2020, the register required to be kept by the Company pursuant to Section 336 of the SFO showed that the following shareholders (other than Directors) had disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO an interest or a short position in the shares or underlying shares of the Company:

### Long positions in shares of the Company

Name of shareholder	Capacity	Number of shares held	Percentage of issued share capital (%)
Glorious Sun Holdings (BVI) Limited	Beneficial owner	622,263,000	40.715
Advancetex Holdings (BVI) Limited	Beneficial owner	207,810,000	13.597

Save as disclosed above, no other parties (other than Directors) disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as having an interest or a short position in the shares or underlying shares of the Company as at 30 June 2020.

## **CORPORATE GOVERNANCE**

Throughout the six months ended 30 June 2020, 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 and except for the deviation from code provision E.1.2 of the CG Code.

Under code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. Due to COVID-19 pandemic control measures, Mr. Charles Yeung (Chairman of the Board) was not present at the Company’s annual general meeting for the year 2020, Mr. Yeung Chun Fan (Vice-chairman of the Board) was appointed as the chairman and addressed questions raised by shareholders at the meeting.

## **DISCLOSURE OF INFORMATION ON DIRECTORS**

Changes in Directors’ information since the publication of the Annual Report of the Company for the year 2019, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below.

Mr. Lau Hon Chuen, Ambrose has retired from his office of a director of China Jinmao Holdings Group Limited, a public listed company in Hong Kong.

Mr. Chung Shui Ming, Timpson has retired from his office of a director of Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited, a public listed company in Hong Kong.

Mr. Chan Chung Bun, Bunny has been appointed as a director of MTR Corporation Limited, a public listed company in Hong Kong.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

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

The Board confirms that, having made specific enquiry of all Directors, the Directors have complied with the required standards set out in the Model Code throughout the period for the six months ended 30 June 2020.

## **AUDIT COMMITTEE**

The audit committee of the Company comprises three independent non-executive Directors, namely Mr. Lau Hon Chuen, Ambrose, Mr. Chung Shui Ming, Timpson and Mr. Ng Wing Ka, Jimmy. The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the interim report of the Company for the six months ended 30 June 2020.

## **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 2020.

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

Hong Kong, 25 August 2020

CREA  
studio



Our export business specializes in quality apparels for our customers



常宏為工銀安盛人壽保險河北分公司提供設計服務  
Changhong provided interior design service to ICBC-AXA  
Life Insurance Company Limited in Hebei Province