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 2018

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 2018 together with the comparative figures for the year ended 31 December 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

	Notes	**2018** ***HK$'000***	2017 *HK$'000* (Restated)
CONTINUING OPERATIONS			
REVENUE			
Revenue from contracts with customers		**1,144,500**	1,072,149
Revenue from other sources			
Interest income from financial assets measured at amortised cost		**76,107**	95,431
Others		**50,394**	26,144
	(3)	**1,271,001**	1,193,724
Cost of sales		**(1,021,633)**	(914,268)
Gross profit		**249,368**	279,456
Other income and gains		**35,294**	48,701
Gains from the derecognition of financial assets at amortised costs		**9,272**	20,594
Selling and distribution expenses		**(39,716)**	(34,584)
Administrative expenses		**(122,774)**	(140,931)
Other expenses		**(24,224)**	(10,734)
Impairment loss of financial and contract assets, net		**(5,123)**	(1,132)
Finance costs	*(4)*	**(10,782)**	(9,365)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	(5)	**91,315**	152,005
Income tax expenses	*(6)*	**(8,169)**	(19,010)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**83,146**	132,995
DISCONTINUED OPERATIONS			
Profit/(loss) for the year from discontinued operations	*(7)*	**26,433**	(41,311)
PROFIT FOR THE YEAR		**109,579**	91,684
Attributable to:			
Ordinary equity holders of the Company		**107,430**	88,669
Non-controlling interests		**2,149**	3,015
		109,579	91,684

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*
Year ended 31 December 2018

	Note	2018	2017
		HK cents	*HK cents*
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*(9)*		
Basic and diluted			
- For profit for the year		**7.00**	5.77
- For profit from continuing operations		**5.23**	8.44

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2018

	2018	2017
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**109,579**	91,684
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Available-for-sale investment:		
Changes in fair value	**-**	15,492
Exchange differences :		
Release of reserve upon disposal of subsidiaries	**(20,734)**	49,557
Exchange differences on translation of foreign operations	**(38,384)**	25,054
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(59,118)**	90,103
Other comprehensive income that will not to be reclassified to profit or loss in subsequent periods:		
Change in fair value for equity investments designated at fair value through other comprehensive income	**(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	**(32,978)**	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(92,096)**	90,103
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**17,483**	181,787
Attributable to:		
Ordinary equity holders of the Company	**16,783**	177,498
Non-controlling interests	**700**	4,289
	17,483	181,787

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**13,468**	277,427
Investment properties		**-**	254,323
Prepaid land lease payments		**-**	4,936
Goodwill		**4,579**	-
Debt investments at amortised cost		**1,119,879**	-
Held-to-maturity investments		**-**	951,514
Equity investments designated at fair value through other comprehensive income		**748,690**	-
Available-for-sale investments		**-**	817,175
Rental deposits		**1,296**	5,259
Deferred tax assets		**8,539**	3,732
Total non-current assets		**1,896,451**	2,314,366
CURRENT ASSETS			
Inventories		**63,343**	352,638
Interior decoration and renovation contracts		**-**	18,241
Trade receivables	*(10)*	**171,890**	328,285
Prepayments, deposits and other receivables		**76,645**	330,775
Contract assets		**49,026**	-
Due from an associate		**-**	1,309
Due from other related companies		**22,633**	27,418
Held-to-maturity investments		**-**	361,877
Pledged deposit		**6,742**	-
Cash and cash equivalents		**1,061,175**	971,131
Total current assets		**1,451,454**	2,391,674
CURRENT LIABILITIES			
Trade and bills payables	*(11)*	**134,554**	450,284
Interior decoration and renovation contracts		**-**	24,842
Contract liabilities		**72,740**	-
Other payables and accruals		**183,712**	571,902
Due to an associate		**-**	21
Interest-bearing bank borrowings		**474,051**	991,847
Tax payable		**11,127**	66,346
Provision		**1,585**	-
Total current liabilities		**877,769**	2,105,242
NET CURRENT ASSETS		**573,685**	286,432
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,470,136**	2,600,798
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**12**	43,815
Provision		**838**	-
Total non-current liabilities		**850**	43,815
Net assets		**2,469,286**	2,556,983
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		**152,876**	153,609
Reserves		**2,295,378**	2,391,123
		2,448,254	2,544,732
Non-controlling interests		**21,032**	12,251
Total equity		**2,469,286**	2,556,983

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 investment properties and 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 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 Custoners*
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

Other than as explained below regarding the impact of HKFRS 9, the adoption of the above new and revised standards has had no significant financial effect on these financial statements

(a) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement
The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

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

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 January 2018 is as follows:

		HKAS 39 measurement				HKFRS 9 measurement	
	Notes	Category	Amount	Re-classification	ECL	Amount	Category
			HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	
Financial assets							
Equity investments designated at fair value through other comprehensive income	(i)	N/A	-	817,175	-	817,175	FVOCI[1] (equity)
Available-for-sale investments	(i)	AFS[2]	817,175	(817,175)	-	-	N/A
Debt investments at amortised cost	(ii)	N/A	-	1,313,391	-	1,313,391	AC[4]
Held-to maturity investments	(ii)	HTM[3]	1,313,391	(1,313,391)	-	-	N/A
Trade receivables	(iii)	L&R[4]	321,235	-	(8,990)	312,245	AC
Financial assets included in prepayments, deposits and other receivables		L&R	214,982	-	(10,532)	204,450	AC
Due from an associate		L&R	1,309	-	(133)	1,176	AC
Due from other related companies		L&R	27,418	-	(803)	26,615	AC
Rental deposits		L&R	5,259	-	-	5,259	AC
Cash and cash equivalents		L&R	971,131	-	-	971,131	AC
Other assets							
Contract assets	(iii)		25,291	-	(2,212)	23,079	
Deferred tax assets			3,732	-	3,372	7,104	
Financial liabilities							
Trade and bills payables		AC	450,284	-	-	450,284	AC
Financial liabilities included in other payables and accruals		AC	278,036	-	-	278,036	AC
Interest-bearing bank and other borrowings		AC	991,847	-	-	991,847	AC
Due to an associate		AC	21	-	-	21	AC
Other liabilities							
Contract liabilities			24,842	-	-	24,842	
Deferred tax liabilities			43,815	-	-	43,815	

1. FVOCI: Financial assets at fair value through other comprehensive income
2. AFS: Available-for-sale investments
3. HTM: Held-to-maturity investments
4. L&R: Loans and receivables
5. AC: Financial assets or financial liabilities at amortised cost

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

Notes :

(i) The Group has elected the option to irrevocably designate its previous available-for-sale equity investments as equity investments at fair value through other comprehensive income.

(ii) The Group has classified its listed debt investments previously classified as held-to-maturity investments as debt investments at amortised cost.

(iii) The gross carrying amounts of the trade receivables and the contract assets under the column "HKAS 39 measurement – Amount" represent the amounts after adjustments for the adoption of HKFRS 15 but before the measurement of ECLs.

Impairment

The following table reconciles the aggregate opening impairment allowances under HKAS 39 to the ECL allowances under HKFRS 9.

	Impairment allowances under HKAS39 at 31 December 2017	Re-measurement	ECL allowances under HKFRS 9 at 1 January 2018
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	13,277	8,990	22,267
Contract assets	-	2,212	2,212
Financial assets included in prepayments, deposits and other receivables	-	10,532	10,532
Due from an associate	-	133	133
Due from other related companies	-	803	803
	13,277	22,670	35,947

Impact on reserves and retained profits

As a result of the reclassification of equity investments from available-for-sale investments to equity investment designated at fair value through other comprehensive income upon the adoption of HKFRS 9 as at 1 January 2018, the corresponding fair value reserve account is re-defined as a reserve account for gains and losses which are never recycled to the statement of profit or loss. The Group was required to re-measure the fair value of equity investment under HKFRS 9, however, the fair value change was immaterial and accordingly, no opening adjustment on fair value change on equity investment was made upon the adoption of HKFRS 9.

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

Notes *(continued)*:

The impact of transition to HKFRS 9 on retained profits is as follows:

Retained profits	HK$'000
Balance as at 31 December 2017 under HKAS 39	1,351,545
Recognition of expected credit losses for trade receivables under HKFRS 9	(8,990)
Recognition of expected credit losses for contract assets under HKFRS 9	(2,212)
Recognition of expected credit losses for other receivables under HKFRS 9	(10,532)
Recognition of expected credit losses for due from an associate under HKFRS 9	(133)
Recognition of expected credit losses for due from other related companies under HKFRS 9	(803)
Deferred tax in relation to the above	3,372
Balance as at 1 January 2018 under HKFRS 9	1,332,247

(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, finance costs as well as head office and corporate expenses are excluded from such measurement.

During the year ended 31 December 2018, the Group has disposed of its retail business in Mainland China. Further details on the disposal are included in note 7(i). Subsequent to the disposal of the retail business in Mainland China. The Group's garment business mainly represented by retail clothing business in Hong Kong plus overseas franchise operations, as well as wholesale of apparel in the domestic market. As the Group's retail business after the disposal of the retail operation in Mainland China has decreased substantially, the management no longer independently review this line of business.

(3) Operating segment information *(continued)*

By business *(continued)*

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**

Year ended 31 December 2017

	Export operations *HK$'000*	Financial investments *HK$'000* (Restated)	Interior decoration and renovation *HK$'000*	Retail, wholesale, franchise and others *HK$'000* (Restated)	Total from continuing operations *HK$'000* (Restated)
Segment revenue:					
Revenue from external parties	476,554	121,575	460,571	135,024	1,193,724
Other income and gains	30,978	20,594	967	6,555	59,094
Total	507,532	142,169	461,538	141,579	1,252,818
Segment results	21,926	131,768	14,297	9,537	177,528
Interest income					3,175
Unallocated revenue					7,026
Corporate and other unallocated expenses					(26,359)
Finance costs					(9,365)
Profit before tax from continuing operations					152,005
Income tax credit					(19,010)
Profit for the year from continuing operations					132,995

(4) Finance costs

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

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Interest on bank loans	**10,782**	9,365

(5) Profit before tax

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

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Cost of inventories sold	**1,021,984**	913,093
Depreciation	**2,946**	3,706
Gain on disposal of items of property, plant and equipment, net	**(19)**	(48)
Bank interest income	**(3,858)**	(3,175)

(6) Income tax expenses

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 year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2018	2017
Group:	***HK$'000***	*HK$'000*
		(Restated)
Current – Hong Kong		
Charge for the year	**4,541**	10,161
Underprovision/(overprovision) in prior years	**(34)**	4,642
Current – Elsewhere		
Charge for the year	**5,372**	7,690
Underprovision in prior years	**3**	202
Deferred	**(1,713)**	(3,685)
Total tax expenses for the year	**8,169**	19,010

(7) Discontinued operation

The breakdown of gains/(losses) from discontinued operations are presented below:

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Glorious Sun Production (BVI) Limited and its subsidiaries (the "GSP Group")	(i)	**26,433**	(45,097)
Jeanswest International (L) Limited and its subsidiaries (the "JWIL Group")	(ii)	**-**	3,786
		26,433	(41,311)
Attributable to:			
Ordinary equity holders of the Company		**27,239**	(40,998)
Non-controlling interests		**(806)**	(313)
		26,433	(41,311)

	2018 *HK cents*	2017 *HK cents*
Basic and diluted earnings/(loss) per share from the discontinued operations	**1.77**	(2.67)

The calculations of basic and diluted earnings per share from the discontinued operations are based on :

	2018 *HK$'000*	2017 *HK$'000*
Profit/(loss) attributable to ordinary equity holders of the Company from the discontinued operations	**27,239**	(40,998)

	Number of shares	
	'000	***'000***
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**1,534,450**	**1,536,084**

(i) 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 Mr. Charles Yeung and Mr. Yeung Chun Fan (directors and substantial shareholders of the Company), The disposed business consist of retailing of casual wear in Mainland China for disposal of the entire interest in Glorious Sun Production (BVI) Limited (together with its subsidiaries referred to as the "GSP Group") at a cash consideration of HK$800,000,000.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 the circular dated 4 October 2018.

(7) Discontinued operation *(continued)*

(i) (continued)

The results of the GSP Group for the period/year operation are presented below:

	Period from 1 January 2018 up to the date of completion	Year ended 31 December 2017
	HK$'000	*HK$'000*
Revenue	**1,161,390**	1,536,110
Other income and gains	**52,216**	97,258
Expenses and costs	**(1,336,577)**	(1,683,822)
Loss before tax from the discontinued operation	**(122,971)**	(50,454)
Income tax credit	**4,233**	5,357
Loss for the period/year	**(118,738)**	(45,097)
Gain on disposal of the discontinued operation*	**145,171**	-
Profit/(loss) for the period/year from the discontinued operation	**26,433**	(45,097)

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

	2018	2017
	HK$'000	*HK$'000*
Gain on disposal in respect of the net assets disposed of	**131,354**	-
Exchange fluctuation reserve released	**20,734**	-
Less: direct costs and tax	**(6,917)**	-
Gain on disposal of a discontinued operation	**145,171**	-

(7) Discontinued operation *(continued)*

(ii) 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 Mr. 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 total cash consideration of HK$220,000,000 (the "JWIL Disposal"). The disposed business consists of the retailing of casual wear in Australasia. The transaction was completed on 1 July 2017. Upon completion of the JWIL 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 JWIL 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 period operation are presented below:

	Period from 1 January 2017 up to the date of completion *HK$'000*
Revenue	**453,264**
Other income and gains	**7,985**
Expenses and costs	**(481,976)**
Loss before tax from the discontinued operation	**(20,727)**
Income tax credit	**1,769**
Loss for the period	**(18,958)**
Gain on disposal of the discontinued operation*	**22,744**
Profit for the period from the discontinued operation	**3,786**

(7) Discontinued operation *(continued)*

(ii) *(continued)*

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

	2017
	HK$'000
Gain on disposal in respect of net assets disposal of	**74,333**
Exchange fluctuation reserve realised	**(49,557)**
Less : direct costs and tax	**(2,032)**
Gain on disposal of the discontinued operation	**22,744**

(8) Dividends

	2018	2017
	HK$'000	*HK$'000*
Interim – HK2.50 cents (2017: HK2.50 cents) per ordinary share	**38,402**	38,402
Proposed final – HK3.36 cents (2017: HK3.20 cents) per ordinary share	**51,366**	49,155
	89,768	87,557

The final dividend for the year ended 31 December 2018 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$107,430,000 (2017: HK$88,669,000) and the weighted average number of ordinary shares of 1,534,450,000 (2017: 1,536,084,000) 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 and 2017 in respect of a dilution as the exercise prices of the share options of the Company outstanding during these two years are higher than the average market prices of the Company's ordinary shares during those respective year and, accordingly, they have no dilutive effect on the basic earnings per share amounts presented.

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

The calculations of basic and diluted earnings per share are based on:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation:		
From continuing operations	**80,191**	129,667
From discontinued operations	**27,239**	(40,998)
	107,430	88,669

	Number of shares	
	2018	2017
Shares	***'000***	*'000*
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,534,450**	1,536,084

(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:

	2018	2017
	HK$'000	*HK$'000*
Less than 4 months	**122,002**	292,126
4 to 6 months	**17,664**	14,972
Over 6 months	**32,224**	21,187
	171,890	328,285

The Group generally grants a credit period of 45 days to customers.

(11) Trade and bills payables

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

	2018	2017
	HK$'000	*HK$'000*
Less than 4 months	**133,940**	447,731
4 to 6 months	**107**	102
Over 6 months	**507**	2,451
	134,554	450,284

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

(12) Comparative amounts

As further explained in note 7 to the financial statements, the comparative consolidated statement of profit or loss has been re-presented as if the discontinued operation has been discontinued at the beginning of the comparative period. Certain comparative amounts have been reclassified to conform with the current year's presentation.

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK3.36 cents (2017: HK3.20 cents) per share for the year ended 31 December 2018 at the forthcoming annual general meeting to be held on Tuesday, 28 May 2019. The final dividend amounting to HK$51,366,000, if approved by the shareholders of the Company, will be paid on Wednesday, 19 June 2019 to those shareholders whose names appear on the register of members of the Company on Tuesday, 4 June 2019.

RESULTS

The global economy was quite stable at the beginning of 2018. However, its development went downhill since March. It started with the United States of America imposing additional trade tariffs against their trade partners. Later US further launched a trade war against China. Even after several rounds of negotiations, no amicable settlement was reached and the disputes were intensified to such an extent as if they were entering into an economic cold war. Such situation prompted capital outflows from various emerging markets and consequentially caused tight liquidity, weak currencies and plunge of stock prices in those markets. In the first half of the year, US was the only resilient economy with strong currency and up-rising equity. However, in the fourth quarter, even US encountered the negative impact of liquidity tapping and normalization of interest rates. All the US stock market growth in 2018 was then whittled.

During the period under review, the financial markets were searching for their bottoms in the midst of volatility. The downward pressure on the economic development in the Mainland was immense especially in the export sector. Retail sentiment was also very lacklustre. Yet, in such situation, the Group's financial and property investment operations still managed to perform up to the Management's expectation. The export operations grew in volume but margin was below the budget. Hong Kong Jeanswest retail operations and oversea franchising business were affected by the tough business environment. Both their turnover and margin down-performed than in the previous year. The performance of the interior decoration and renovation business was relatively stable and progressed fairly well in the aspect of expanding new clientele.

The performance of Jeanswest operations in the China Mainland had been unsatisfactory for quite a long while. In the last three consecutive years, losses (after taking off non-recurring income) were incurred and caused impacts to the Group's results. For the outlook of the Group and the benefit of minority shareholders, the Management with the approval of General Meeting disposed of the said operations at the fair market price to the major shareholders.

The disposal of the Jeanswest operations alleviated the Group from the burden of carrying the non-profitable business and refreshed the Group's image as well as brightened up the profitability of the Group in the future. The transaction was completed in November 2018. The sale proceeds amounted to HK$800 million was partially applied to reduce outstanding bank loans of the Group.

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

	2018	2017 (Restated)	Changes
(Unit: HK$'000)			
Consolidated sales	**1,271,001**	1,193,724	↑6.47%
of which:			
A. Financial and real estates investments	**126,501**	121,575	↑4.05%
B. Total export sales	**560,761**	476,554	↑17.67%
C. Interior decoration and renovation	**503,151**	460,571	↑9.25%
D. Hong Kong retailing and overseas franchising	**66,612**	78,670	↓15.33%
Profit attributable to ordinary equity holders of the Company	**107,430**	88,669	↑21.16%

(Unit: HK cents)			
Earnings per share (basic)	**7.00**	5.77	↑21.32%
Dividend			
—Final	**3.36**	3.20	↑5.00%
—Total	**5.86**	5.70	↑2.81%

(Unit: HK$'000)			
Net cash and near cash in hand*	**2,451,199**	2,097,874	↑16.84%

* "Net cash and near cash in hand" consists of debt investments at amortised cost/held-to-maturity investments, listed equity investments designated at fair value through other comprehensive income/listed available-for-sale investment, 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 Group mainly invested in high yield corporate bonds issued by Mainland China companies. 87.10% of the bond portfolio was denominated in US dollars and 12.90% in CNH. Due to US dollar interest rate hikes and the escalation of Sino-American trade dispute, the macro-economic development in China slowed-down. The bond yields remained stable in the first half of the year and rose steadily in the second half of the year. The Management therefore did not hastily enlarge the holding in the bond portfolio.

At the beginning of the year, the Group's bond portfolio was HK$2.11 billion. During the period, HK$422 million worth of bonds matured or was early redeemed. Only HK$245 million worth of bonds were newly acquired during the same period. As of 31 December 2018, the Group's holding of bonds had a face value of approximately HK$1.92 billion with an average yield of around 6.4%.

Export Operations

The export operations of the Group was composed of oversea agency trading and design centre business. The oversea agency trading is to provide our clients with all-in-one service which includes identifications of qualified manufacturers and the overall supervision along the production flow starting with the sourcing of raw materials, assurance of quality and ending with punctual delivery of finished products; such service is generally known as OEM. Our design centre business, which is generally known as ODM, is to design and merchandize products using the brands of our clients. After approval by our respective clients, we would look for suitable manufacturers on behalf of our clients, supervise the production process to ensure quality compliance and arrange timely delivery of the final products to their destination. During the period, the export market was full of uncertainties due to Sino-American trade disputes and the consequential imposition of additional trade tariffs. The Management was able to grow the turnover but the margin was thinner than the previous year.

For the year ended 31 December 2018, the total sales of the export operations was HK$560,761,000 (2017: HK$476,554,000), representing an increase of 17.67% from previous year.

Interior Decoration and Renovation

In the year under review, the Group's interior design and decoration operations developed steadily particularly in building up its clientele. The performance was in line with the budget. These days, in the advent of artificial intelligence, AI devices are commonly employed in retail businesses to provide new shopping experience to the customers. The opening of Boku Library Tianmu Store Hangzhou, a division of Xinhua Bookstore Group provided its customers with a totally new shopping experience. It was equipped with AI bookshelves as well as facial recognition devices to facilitate customers to make e-payments without any assistance from bookstore staff. This was the achievement of the co-operation between Alibaba and Shijiazhuang Changhong Building Decoration Engineering Company Limited (Changhong"), a subsidiary of the Company. Changhong also invested in the system integration of available AI hardware and software and had successfully built an "AI Channel" which had been accredited by "Tmall Future Store" as its standard installation of its AI shops. Changhong has also been accredited as an approved contractor of Huawei Group to build their authorized service centers, experience stores and image stores.

For the year ended 31 December 2018, the total turnover of the interior decoration and renovation operations was HK$503,151,000 (2017: HK$460,571,000), representing an increase of 9.25% from previous year.

Hong Kong Retailing and Overseas Franchising Operations

The primary objective of retailing in Hong Kong was brand building for Jeanswest's overseas franchising. During the period, retail sentiment in Hong Kong was slothful. Management's prompt adjustment of the product mix and promotion strategy managed to maintain Jeanswest's turnover and margin to stay at subsistent level. The performances of oversea franchisees varied in different countries. Generally, the total sales to oversea franchisees were lesser than the previous year.

As at 31 December 2018, Jeanswest had 11 stores operated in Hong Kong (2017: 12 stores). The total turnover of Jeanswest in Hong Kong and overseas was HK$66,612,000 (2017: HK$78,670,000) representing 15.33% decrease 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 2018, the Group employed about 820 employees (2017: 4,000). The Group offered competitive remuneration packages to them. In addition, bonus was granted 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 charity activities.

PROSPECTS

Looking forward to 2019, the global economic growth will soften due to quantitative tapping, upward interest rate cycle, Sino-American trade disputes and the attempt of the US to curb China's technology development, particularly in the 5G area. All these uncertainties are going to raise the inherent risks and the volatility of the financial markets. Business environment is expected to be tough. The Management opts to take a conservative approach in the development of its business with prudent handling in risk management as its priority.

For financial investment, the Management will focus on short-term high yield corporate bonds with maturity less than two years. The Group will not acquire any bond with maturity over 2 years. For equity acquisition, the Group will wait patiently for the market to touch its bottom. Jeanswest retailing in Hong Kong and franchising in overseas are expected to operate in a challenging environment. However, the impact will not be significant to the Group. At the requests of clients, most of the manufacturing orders for the export operations have already been diverted from Mainland China to South East Asia and South America in the latter part of last year. Hopefully the negative effect of Sino-American trade disputes can be contained to an acceptable level. In respect of the interior decoration and renovation business, the Group will ride on the Chinese policy in facilitating domestic consumption and expect to have a stable internal market for development.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year 2019 will be held on Tuesday, 28 May 2019. 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, 16 April 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 23 May 2019 to Tuesday, 28 May 2019, 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 Wednesday, 22 May 2019.

The register of members of the Company will also be closed from Monday, 3 June 2019 to Tuesday, 4 June 2019, 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 Friday, 31 May 2019.

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 2018, save and except 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. Mr. Wong Man Kong, Peter, BBS, JP, was also absent from the Special General Meeting of the Company held on 13 November 2018.

SCOPE OF WORK OF THE COMPANY'S AUDITOR ERNST AND 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 2018 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 2018, 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, GBS, JP (Committee Chairman), Dr. Chung Shui Ming, Timpson, GBS, JP, and Dr. Lam Lee G.

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

During the year, the Company repurchased a total of 7,524,000 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$'000
August 2018	372,000	0.87	0.86	323,016
September 2018	2,772,000	0.89	0.84	2,401,578
October 2018	2,148,000	0.86	0.81	1,804,232
November 2018	1,720,000	0.88	0.83	1,467,443
December 2018	512,000	0.87	0.85	409,120
	7,524,000			6,405,389

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, 19 March 2019

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 and Dr. Lam Lee G.