寶新金融集團有限公司
GLORY SUN FINANCIAL GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01282)

2019 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "Board") of Glory Sun Financial Group Limited (the "Company") would like to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2019 together with the comparative figures for 2018.

FINANCIAL HIGHLIGHTS

	FY2019	FY2018 (Re-presented)	Change
Revenue *(HK$' million)*	**10,887.8**	1,483.2	+634.1%
Gross profit *(HK$' million)*	**1,953.7**	511.5	+282.0%
EBITDA *(HK$' million) (Note 1)*	**1,930.4**	922.0	+109.4%
EBIT *(HK$' million) (Note 2)*	**1,851.5**	901.2	+105.4%
Net profit attributable to owners of the Company *(HK$' million)*	**684.3**	670.8	+2.0%
EPS *(HK cent)*			
— Basic	**2.55**	2.60	-1.9%
— Diluted	**2.55**	2.60	-1.9%
	As at 31.12.2019	As at 31.12.2018	
Net asset value *(HK$' million)*	**10,761.3**	6,964.8	+54.5%
Net asset value per share *(HK$)*	**0.40**	0.27	+48.1%
Cash and cash equivalents *(HK$' million)*	**1,313.6**	907.1	+44.8%

Notes:

1. EBITDA is calculated at profit before income tax from continuing operations subtracted by finance costs — net (excluding adjustment of put option liability in relation to acquisition of subsidiaries) and adding back depreciation of owned property, plant and equipment and right-of-use-assets including within leasehold land and buildings amortisation of intangible assets and amortisation of prepaid land lease payments.

2. EBIT is calculated at profit before income tax from continuing operations subtracted by finance costs — net (excluding adjustment of put option liability in relation to acquisition of a subsidiary).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000 (Re-presented)
Continuing operations			
Revenue	3	**10,887,820**	1,483,230
Cost of sales		**(8,934,072)**	(971,771)
Gross profit		**1,953,748**	511,459
Other gains/(losses) — net	4	**23,854**	(37,219)
Other income	4	**39,397**	52,648
Gain on bargain purchase from acquisition of subsidiaries	16	**696,412**	44,042
Gain on bargain purchase from acquisition of an associate		**–**	344,877
Loss on remeasurement of pre-existing interest in an associate	16(a)	**(176,869)**	–
Fair value gain on investment properties		**23,935**	255,733
Distribution costs		**(74,585)**	(30,308)
Administrative expenses		**(655,071)**	(250,709)
Profit from operations		**1,830,821**	890,523
Finance costs — net	7	**(192,483)**	(56,980)
Share of results of associates		**20,631**	15,089
Profit before income tax from continuing operations		**1,658,969**	848,632
Income tax expense	8	**(595,443)**	(134,419)
Profit for the year from continuing operations		**1,063,526**	714,213
Discontinued operations			
Loss for the year from discontinued operations	6	**(88,727)**	(38,617)
Profit for the year	5	**974,799**	675,596
Profit/(loss) attributable to:			
Owners of the Company			
— Continuing operations		**757,799**	697,859
— Discontinued operations		**(73,507)**	(27,032)
		684,292	670,827
Non-controlling interests			
— Continuing operations		**305,727**	16,354
— Discontinued operations		**(15,220)**	(11,585)
		290,507	4,769
		974,799	675,596

	Notes	2019 HK$'000	2018 HK$'000 (Re-presented)
Profit for the year		**974,799**	675,596
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Currency translation differences		**(195,962)**	(234,985)
Release of exchange reserve upon disposal of subsidiaries		**4,674**	–
Share of other comprehensive income of associates		**(72,113)**	(30,422)
Items that will not be reclassified to profit or loss:			
Revaluation surplus upon transfer of owner-occupied property to investment properties		**75,566**	–
— deferred tax arising from revaluation thereof		**(10,376)**	–
Net change in fair value of equity investments designated at fair value through other comprehensive income		**(315,667)**	(2,051,800)
Other comprehensive income for the year		**(513,878)**	(2,317,207)
Total comprehensive income for the year		**460,921**	(1,641,611)
Total comprehensive income for the year attributable to:			
Owners of the Company		**208,761**	(1,632,515)
Non-controlling interests		**252,160**	(9,096)
		460,921	(1,641,611)
Earnings per share from continuing and discontinued operations	*10*		
— Basic (HK cents)		**2.55**	2.60
— Diluted (HK cents)		**2.55**	2.60
Earnings per share from continuing operations	*10*		
— Basic (HK cents)		**2.82**	2.70
— Diluted (HK cents)		**2.82**	2.70
Loss per share from discontinued operations	*10*		
— Basic (HK cents)		**(0.27)**	(0.10)
— Diluted (HK cents)		**(0.27)**	(0.10)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**322,671**	409,910
Prepaid land lease payments		**–**	4,839
Investment properties		**9,011,837**	3,082,784
Intangible assets		**726,735**	189,087
Investments in associates		**321,780**	1,154,558
Financial assets at fair value through other comprehensive income	*11*	**904,840**	903,857
Finance lease receivables		**61,480**	91,394
Deposits and other receivables		**111,430**	24,275
Loans and advances	*12*	**78,000**	–
Derivative financial assets		**13,753**	–
Deferred tax assets		**40,019**	–
		11,592,545	5,860,704
Current assets			
Inventories		**23,156**	42,081
Properties under development		**7,855,386**	863,272
Completed properties held for sale		**1,146,584**	353,118
Loans and advances	*12*	**1,190,715**	960,394
Trade receivables	*13*	**321,315**	154,417
Contract assets		**250,550**	37,224
Finance lease receivables		**54,173**	44,244
Prepayments, deposits and other receivables		**4,275,164**	207,684
Current tax recoverable		**20,818**	–
Financial assets at fair value through profit or loss	*14*	**128,851**	982,589
Client trust bank balances		**376,677**	261,084
Pledged bank deposits and restricted deposits		**889,611**	67,893
Time deposits with original maturity over three months		**–**	39,350
Cash and cash equivalents		**1,313,570**	907,123
		17,846,570	4,920,473
Total assets		**29,439,115**	10,781,177

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As of 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Current liabilities			
Trade and bills payables	15	**4,313,930**	779,925
Contract liabilities		**798,585**	291,438
Accruals and other payables		**1,502,480**	637,512
Consideration payable		**300,620**	–
Borrowings		**6,190,104**	1,654,504
Lease liabilities		**5,412**	–
Financial guarantees		**33,180**	–
Current tax liabilities		**466,631**	100,654
		13,610,942	3,464,033
Net current assets		**4,235,628**	1,456,440
Total assets less current liabilities		**15,828,173**	7,317,144
Non-current liabilities			
Borrowings		**3,690,642**	31,847
Lease liabilities		**28,698**	–
Consideration payable		**136,019**	–
Deferred tax liabilities		**1,211,543**	320,543
		5,066,902	352,390
Total liabilities		**18,677,844**	3,816,423
NET ASSETS		**10,761,271**	6,964,754
EQUITY			
Share capital		**2,978,751**	2,586,981
Reserves		**4,648,403**	3,715,486
Equity attributable to owners of the Company		**7,627,154**	6,302,467
Non-controlling interests		**3,134,117**	662,287
TOTAL EQUITY		**10,761,271**	6,964,754

NOTES

1(a). GENERAL INFORMATION

Glory Sun Financial Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is 18/F., Wing On Centre, 111 Connaught Road Central, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group") are principally engaged in the trading and provision of services with respect to automation related equipment (the "Automation"), financial services (the "Financial Services"), the manufacturing of a range of high-technology and new energy products (the "Manufacturing"), property investment and development (the "Property Investment and Development"), securities investment (the "Securities Investment"), provision of online game services and platform services (the "Provision of Online Game Services"); trading of commodities (the "Trading of Commodities"); operation of a yacht club, provision of education and training services and operation of golf practise court.

Pursuant to the passing of a special resolution at the extraordinary general meeting held on 30 April 2019, the English name of the Company was changed from "China Goldjoy Group Limited" to "Glory Sun Financial Group Limited" and the Chinese name of the Company was changed from "中國金洋集團有限公司" to "寶新金融集團有限公司". The Certificate of Incorporation on Change of Name was issued by the Registrar of Companies of the Cayman Islands on 2 May 2019 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Hong Kong Companies Registry on 22 May 2019.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

1(b). BASIS OF PREPARATION

(i) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Auditing Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

(ii) Common control combination

On 19 September 2019, an indirect non-wholly owned subsidiary of the Company (the "Acquiring Subsidiary") entered into the sale and purchase agreement with Baoneng Real Estate Company Limited, a company controlled by Mr. Yao Jianhui ("JH Yao") and Mr. Yao Zhenhua, the elder brother of JH Yao, as concert parties (the "Controlling Parties"), to acquire the entire equity interest of Shenzhen Baoneng Hengchuang Industrial Limited ("Nanning Project Company") and its subsidiaries (collectively "Nanning Project Group") at a total consideration of RMB300,000,000 (equivalent to approximately HK$333,900,000) (the "Nanning Project Acquisition"). Since the Group and Nanning Project Group are under the control by the Controlling Parties as concert parties together before and after the Nanning Project Acquisition, the Nanning Project Acquisition is considered as a combination of businesses under common control. Further details about the Nanning Project Acquisition have been set out in the circular of the Company dated 29 November 2019.

1(b). BASIS OF PREPARATION (Continued)

(ii) Common control combination (Continued)

The Nanning Project Acquisition was completed on 24 December 2019. Upon the completion of the Nanning Project Acquisition, Nanning Project Company became an indirect non-wholly owned subsidiary of the Company. As the Nanning Project Acquisition was regarded as business combinations under common control, the Nanning Project Acquisition have been accounted for based on the principles of merger accounting in accordance with Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by the HKICPA.

Under merger accounting, the results of acquisition have been combined from the date when they first came under the control of controlling party. The assets and liabilities of acquisition have been reflected at their existing carrying values at the date of combination. No amount has been recognised in respect of goodwill or excess of the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, which, instead, has been recorded in merger reserve in equity.

The Acquiring Subsidiary is an indirect wholly owned subsidiary of Glory Sun Land Group Limited ("Glory Sun Land") (formerly known as "New Sports Group Limited"). On 23 April 2019 (the "Step Acquisition Completion Date"), the Group completed the acquisition of 37.16% additional equity interest in Glory Sun Land (the "Step Acquisition"). As at the Step Acquisition Completion Date, after taking into the pre-existing equity interest in Glory Sun Land held by the Group and the additional equity interest in Glory Sun Land acquired by the Group in the course of the Step Acquisition, Glory Sun Land became the non-wholly owned subsidiary of the Company. Glory Sun Land is a company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange. The substantial shareholders of the Company are the Controlling Parties acting in concert; and the Controlling Parties and their associates together hold more than 51% equity interests in the Company.

In this respect, upon the completion of the Step Acquisition, the Directors considered that the Step Acquisition Completion Date was regarded as the effective date when both the Nanning Project Group and the Group first came under common control.

Consequently, the assets and liabilities acquired in the common control combinations are stated at their carrying amounts as if they had been held or incurred by the Group from the later of the date on which the combining entities first came under the control of the Controlling Parties or the relevant transactions giving rise to the assets or liabilities arose, which is on the Step Acquisition Completion Date.

(iii) Re-presentation due to discontinued operations

The presentation of comparative information in respect of the consolidated statement of comprehensive income for the year ended 31 December 2018 has been re-presented in order to disclose the discontinued operations separately from continuing operations.

As the re-presentation do not affect the consolidated statement of financial position, it is not necessary to disclose comparative information as at 1 January 2018.

(iv) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain properties and financial instruments that are measured at fair values.

2. ADOPTION OF HKFRSs

2.1 Adoption of new or revised HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations ("the new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2019:

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

The impact of the adoption of HKFRS 16 Leases have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2019 did not have any significant impact on the Group's accounting policies.

HKFRS 16 — Leases ("HKFRS 16")

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("HKAS 17"), 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. From a lessee's perspective, almost all leases are recognised in the consolidated statement of financial position as a right-of-use asset and a lease liability, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) New definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

2. ADOPTION OF HKFRSs (Continued)

2.1 Adoption of new or revised HKFRSs (Continued)

HKFRS 16 (Continued)

(b) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

(i) Lease liabilities

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment made. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

There are recognition exemptions for short-term leases. Short-term leases are leases with a lease term of 12 months or less at the commencement date. Payments associated with short-term leases are recognised on a straight-line basis as expenses in profit or loss.

In prior years, rental payable under operating leases were charged to profit or loss on a straight line basis over the lease term.

2. ADOPTION OF HKFRSs (Continued)

2.1 Adoption of new or revised HKFRSs (Continued)

HKFRS 16 (Continued)

(b) Accounting as a lessee (Continued)

(ii) Right-of-use assets

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group's leasehold land and buildings that were held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 and would be carried at fair value. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

(c) Accounting as a lessor

The Group has leased out its investment property to a number of tenants. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these consolidated financial statements.

(d) Transitional impact and practice expedients applied

The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 January 2019. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

2. ADOPTION OF HKFRSs (Continued)

2.1 Adoption of new or revised HKFRSs (Continued)

HKFRS 16 (Continued)

(d) Transitional impact and practice expedients applied (Continued)

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified as operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 January 2019 to assess if there was any impairment as on that date. The weighted average of the incremental borrowing rates applied to lease liabilities recognised in the consolidated statement of financial position at 1 January 2019 was 6.30%.

To ease the transition to HKFRS 16, the Group applied the following practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ending on or before 31 December 2019; and

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 January 2019:

	HK\$'000
Operating lease commitments at 31 December 2018	12,995
Less: commitments relating to leases with remaining lease term ending on or before 31 December 2019	(1,065)
Add: lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options	1,195
	13,125
Less: total future interest expenses	(596)
Lease liabilities at 1 January 2019	12,529
Of which are:	
— current lease liabilities	8,928
— non-current lease liabilities	3,601
	12,529

2. ADOPTION OF HKFRSs (Continued)

2.1 Adoption of new or revised HKFRSs (Continued)

HKFRS 16 (Continued)

(d) *Transitional impact and practice expedients applied (Continued)*

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included. The information presented for 2018 has not been restated.

	Carrying amounts at 31 December 2018	Impacts of adopting HKFRS 16	Carrying amounts at 1 January 2019
	HK$'000	*HK$'000*	*HK$'000*
Assets:			
Prepaid land lease payments	4,839	(4,839)	–
Property, plant and equipment	409,910	17,368	427,278
Liabilities:			
Lease liabilities (non-current)	–	3,601	3,601
Lease liabilities (current)	–	8,928	8,928

Right-of-use assets relating to operating leases and prepaid land lease payments in respect of the land use right in the People's Republic of China (the "PRC") is currently recognised as right-of-use assets upon application of HKFRS 16 and are included in the same line item as property, plant and equipment as that within which the corresponding assets.

Right-of-use assets related to interests in leasehold land where the interest in the land is held for development as inventories are included in the same line item as properties under development and completed properties held for sale as that within which the corresponding assets.

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

The following new or revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Definition of business[1]
Amendments to HKAS 1 and HKAS 8	Definition of material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after 1 January 2020

[2] Effective for annual periods beginning on or after 1 January 2021

[3] The amendments were originally intended to be effective for periods beginning on or after 1 January 2018. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

3. SEGMENT INFORMATION

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

The reportable segments were classified as follows:

Continuing operations:

— Automation segment represents the trading of automated production related equipment trading business in Hong Kong and the PRC;

— Financial Services segment represents regulated business activities in respective to financial services under the Hong Kong Securities and Future Ordinance ("SFO") in Hong Kong;

— Property Investment and Development segment represents the properties investment activities, property development projects and provision of construction works in Hong Kong and the PRC;

— Securities Investment segment represents the investment activities through direct investments in listed and unlisted securities;

— Trading of Commodities segment represents trading of commodities in the PRC; and

— Others segment represents operation of a yacht club, provision of education and training services, operation of golf practise court and trading of seafood in the PRC.

Discontinued operations:

— Manufacturing segment represents the LED manufacturing of a range of high-technology and new energy products business in the PRC; and

— Provision of Online Game Services segment represents design, development and operation of mobile and web games and platform services in the PRC.

During the year ended 31 December 2019, the Group identified its manufacturing business and the provision of online game services and platform services business as discontinued operations upon disposal of subsidiaries and further disclosed in Note 6.

The revenue from external parties is measured in a manner consistent with that in the consolidated financial statements.

Sales between segments are carried out in accordance with terms agreed by the parties involved.

Revenue from external customers for Manufacturing and Automation segments are derived from the sales of goods net of returns and installation and maintenance income. Revenue from Securities Investment segment is derived from realised and unrealised gains/(losses) of financial assets at fair value through profit or loss ("FVTPL") and commission income on dealing in securities. Revenue from Financial Services segment includes commission and brokerage income on dealings in securities and future contracts, interest income from money lending, management fee and performance fee income from financial services. Revenue from Property Investment and Development segment is derived from the sales of properties, construction contracts and rental income. Revenue from Provision of Online Game Services segment is derived from online game operation. Revenue from Trading of Commodities segment is derived from trading of commodities. Revenue from Others segment is derived from education and training services and yacht club services and other revenue.

3. SEGMENT INFORMATION (Continued)

The CEO assesses the performance of the operating segments based on a measure of operating, which is in a manner consistent with that of the consolidated financial statements. The measurement of segment results excludes the effect of unallocated corporate income and expenses, as these type of activities are managed by central finance and accounting function, which manages the working capital of the Group. In addition, loss on remeasurement on pre-existing interest in an associate, share of results of associates, gain on bargain purchase from acquisition of subsidiaries/an associate and taxation are not allocated to segments.

The Group's revenue by segment and the reportable segment information is reconciled to profit before income tax as follows:

	Discontinued operations			Continuing operations							
	Provision of Online Game Services *HK$'000*	Manufacturing *HK$'000*	Sub-total *HK$'000*	Automation *HK$'000*	Financial Services *HK$'000*	Property Investment and Development *HK$'000*	Securities Investment *HK$'000*	Trading of commodities *HK$'000*	Others *HK$'000*	Sub-total *HK$'000*	Total *HK$'000*
Year ended 31 December 2019											
Revenue	37	47,790	47,827	634,160	182,459	5,070,416	(260,755)	5,160,354	115,509	10,902,143	10,949,970
Inter-segment revenue	–	–	–	–	(7,031)	(7,292)	–	–	–	(14,323)	(14,323)
Revenue from external customers	37	47,790	47,827	634,160	175,428	5,063,124	(260,755)	5,160,354	115,509	10,887,820	10,935,647
Segment results	59,429	(148,151)	(88,722)	54,797	73,459	1,717,552	(309,812)	(2,731)	(155,958)	1,377,307	1,288,585
Unallocated other gains — net											10,847
Unallocated other income											62
Loss on remeasurement on pre-existing interest in an associate											(176,869)
Unallocated administrative expenses											(164,530)
Unallocated finance costs — net											(104,891)
Share of results of associates											20,631
Gain on bargain purchase from acquisition of subsidiaries											696,412
Profit before income tax											1,570,247

3. **SEGMENT INFORMATION (Continued)**

	Discontinued operation	Continuing operations					
	Manufacturing *HK$'000*	Automation *HK$'000*	Financial Services *HK$'000*	Property Investment and Development *HK$'000*	Securities Investment *HK$'000*	Sub-total *HK$'000*	Total *HK$'000*
Year ended 31 December 2018							
Revenue	99,351	567,061	185,850	714,972	30,771	1,498,654	1,598,005
Inter-segment revenue	–	–	(7,077)	(8,347)	–	(15,424)	(15,424)
Revenue from external customers	99,351	567,061	178,773	706,625	30,771	1,483,230	1,582,581
Segment results	(39,120)	46,441	38,776	468,724	14,035	567,976	528,856
Unallocated other losses— net							(10,597)
Unallocated other income							20,662
Unallocated administrative expenses							(33,275)
Unallocated finance costs — net							(56,100)
Share of results of associates							15,089
Gain on bargain purchase from acquisition of an associate							344,877
Profit before income tax							809,512

3. SEGMENT INFORMATION (Continued)

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

	2019	2018
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations:		
Revenue from contracts with customers within the scope of HKFRS 15		
— Sale of goods	**629,715**	558,903
— Sale of properties	**4,960,466**	666,078
— Installation and maintenance income	**4,445**	8,158
— Commission and brokerage income	**41,986**	80,490
— Management fee and performance fee income	**18,090**	6,172
— Trading of commodities	**5,160,354**	–
— Training services	**46,047**	–
— Yacht club services	**60,027**	–
— Construction contracts	**12,280**	–
— Others	**9,435**	–
	10,942,845	1,319,801
Revenue from other sources		
— Securities investment (loss)/profit	**(261,817)**	12,921
— Interest income from money lending	**116,414**	109,961
— Rental income	**90,378**	40,547
	(55,025)	163,429
Revenue from continuing operations	**10,887,820**	1,483,230
Discontinued operations:		
Revenue from contracts with customers within the scope of HKFRS 15		
— Online game operation *(Note 6a)*	**37**	–
— Sale of goods from manufacturing segment *(Note 6b)*	**47,790**	99,351
Revenue from discontinued operations	**47,827**	99,351

4. OTHER GAINS/(LOSSES) — NET AND OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations:		
Other gains/(losses) — net		
Fair value gain on derivative financial assets	**8,895**	–
Fair value loss on financial guarantee	**(15,970)**	–
Fair value loss on contingent consideration payable	**(5,409)**	–
Gain from derecognition of financial guarantee contract	**27,348**	–
Gain on disposal of partial interest of an associate	**–**	1,285
Loss on conversion of a financial asset at fair value through profit or loss from preference shares to ordinary shares	**–**	(7,156)
Gain/(loss) on disposal of property, plant and equipment	**397**	(1)
Gain/(loss) on disposal of subsidiaries	**95**	(6,347)
Provision for impairment of loans and advances and margin loans	**–**	(25,000)
Others	**8,498**	–
	23,854	(37,219)
Other income		
Dividend income	**8,663**	20,007
Write-back of trade and other payables	**–**	2,300
Government subsidies *(Note)*	**5,539**	–
Property management income	**7,278**	–
Others	**17,917**	30,341
	39,397	52,648
Discontinued operations *(Note 6)*:		
Other (losses)/gains — net and other income		
(Loss)/gain on disposal of property, plant and equipment	**(3,194)**	1,622
Dividend income	**–**	62
Sub-licensing income	**–**	1,677
Write-back of trade and other payables	**–**	1,015
Others	**2,060**	1,167
	(1,134)	5,543

Note:

Government subsidies include subsidies from local government for the encouragement of development of culture and creative companies of approximately HK$5,539,000 (2018: Nil). The Group recognises the government subsidies when it fulfills all the conditions specified in the subsidy notice or relevant law and regulations.

5. PROFIT FOR THE YEAR

Profit for the year is arrived at after charging/(crediting):

	2019			2018		
	Continuing operations *HK$'000*	**Discontinued operations** *HK$'000*	**Total** *HK$'000*	Continuing operations *HK$'000* (Re-presented)	Discontinued operation *HK$'000* (Re-presented)	Total *HK$'000*
Amortisation of intangible assets	**37,926**	**295**	**38,221**	7,047	270	7,317
Amortisation of prepaid land lease payments	**–**	**–**	**–**	138	–	138
Auditor's remuneration						
— Audit services	**6,834**	**16**	**6,850**	3,299	47	3,346
— Non-audit services	**3,835**	**–**	**3,835**	1,145	–	1,145
Cost of inventories	**503,979**	**29,888**	**533,867**	447,597	64,360	511,957
Cost of properties sold	**3,164,343**	**–**	**3,164,343**	481,121	–	481,121
Depreciation:						
— Owned property, plant and equipment	**22,838**	**6,398**	**29,236**	13,593	3,825	17,418
— Right-of-use-assets including within leasehold land and buildings	**18,162**	**–**	**18,162**	–	–	–
Directors' and chief executive's emoluments	**16,541**	**–**	**16,541**	7,213	–	7,213
Employee benefit expenses	**162,149**	**11,502**	**173,651**	134,511	30,339	164,850
(Gain)/loss on disposal of property, plant and equipment	**(397)**	**3,194**	**2,797**	(1)	1,622	1,621
Net foreign exchange loss/(gain)	**16,840**	**(582)**	**16,258**	(5,510)	5,323	(187)
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	**–**	**–**	**–**	18,991	–	18,991
Short-term leases	**4,917**	**1,473**	**6,390**	–	–	–
(Reversal of)/provision for impairment on loans and advance and margin loans *(Note 12)*	**(3,774)**	**–**	**(3,774)**	29,067	–	29,067
Provision for impairment on other receivables	**5,575**	**–**	**5,575**	496	–	496
Provision for/(reversal of) impairment on trade receivables	**236**	**63,509**	**63,745**	(487)	5,009	4,522
Provision for/(reversal of) impairment on contract assets	**70,871**	**–**	**70,871**	(327)	–	(327)
Research and development expenses	**–**	**7,049**	**7,049**	–	3,713	3,713
Provision for impairment on property, plant and equipment	**54,611**	**8,335**	**62,946**	–	–	–
Provision for impairment on intangible assets	**140,094**	**2,661**	**142,755**	–	–	–
Written-down of inventories to net realisable value	**152**	**19,699**	**19,851**	–	7,113	7,113

5. **PROFIT FOR THE YEAR (Continued)**

Notes:

(a) The Group has initially applied HKFRS 16 using the cumulative effect approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information has not been restated. See note 2.1.

(b) Written-down of inventories to net realisable value of HK$152,000 (2018: nil) was included in "cost of sales" of the consolidation statement of comprehensive income and HK$19,699,000 (2018: HK$7,113,000) was included in the "loss of discontinued operations' of the consolidation statement of comprehensive income.

6. DISCONTINUED OPERATIONS

(a) Discontinued Operation — Online game operation

On 29 June 2019, the Group entered into a sale and purchase agreement to dispose of its entire equity interest in a non-wholly owned subsidiary, Kingworld Holdings Limited ("Kingworld Holdings"). Kingworld Holdings and its subsidiaries were principally engaged in provision of online game services.

	2019	2018
	HK$'000	*HK$'000*
Revenue	**37**	–
Cost of sales	**(1,468)**	–
Selling expenses	**(9)**	–
Administrative expenses	**(1,524)**	–
Other income and gains	**30**	–
Loss before income tax	**(2,934)**	–
Income tax expense	**–**	–
Loss after income tax from discontinued operation	**(2,934)**	–
Gain on disposal of subsidiaries	**62,363**	–
Profit for the year from discontinued operation	**59,429**	–

The Group acquired Kingworld Holdings in April 2019 through the step acquisition from an associate to a subsidiary and therefore the comparative of the consolidated statement of comprehensive income and the related notes have not been re-presented.

6. DISCONTINUED OPERATIONS (Continued)

(b) Discontinued operation — Manufacturing

The Group entered into sale and purchase agreements to dispose of its entire equity interests in two non-wholly owned subsidiaries, Shenzhen Bao Yao Construction Engineering Co. Limited and Bao Yao International Technology Limited on 15 November 2019 and on 30 December 2019, respectively. The subsidiaries were principally engaged in the LED manufacturing of a range of high-technology and new energy products business. The results of the discontinued operation of Manufacturing for the year ended 31 December 2019 and 2018, were as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue	**47,790**	99,351
Cost of sales	**(56,868)**	(91,446)
Selling expenses	**(501)**	(8,285)
Administrative expenses	**(104,124)**	(45,163)
Other losses, net and other income	**(1,164)**	5,543
Finance income	**2,947**	880
Loss before income tax	**(111,920)**	(39,120)
Income tax (expense)/credit	**(5)**	503
Loss after income tax from discontinued operation	**(111,925)**	(38,617)
Loss on disposal of subsidiaries	**(36,231)**	–
Loss for the year from discontinued operation	**(148,156)**	(38,617)

7. FINANCE INCOME/(COSTS) — NET

	2019	2018
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations:		
Finance income:		
— Interest income on bank deposits	**16,279**	8,029
— Interest income on financial assets at amortised costs	**–**	178
	16,279	8,207
Finance costs:		
— Bank loans	**(211,268)**	(65,904)
— Lease liabilities	**(1,766)**	–
— Interests on loans from related parties	**(35,084)**	(3,596)
— Trust receipt loans	**(711)**	(2,317)
— Corporate bonds	**(78,960)**	(5,230)
— Other loans	**(152,500)**	–
— Adjustment on put option liability in relation to acquisition of subsidiaries	**–**	(4,413)
— Imputed interest on consideration payable	**(14,127)**	–
	(494,416)	(81,460)
Less: Interest capitalised on		
— investment properties under construction	**42,604**	5,337
— properties under development	**243,050**	10,936
Finance costs from continuing operations charged to consolidated statement of comprehensive income	**(208,762)**	(65,187)
Finance costs from continuing operations, net	**(192,483)**	(56,980)
Discontinued operations:		
Finance income:		
— Interest income on bank deposits *(note 6(b))*	**34**	880
— Others *(note 6(b))*	**2,913**	–
Finance income from discontinued operations	**2,947**	880

8. INCOME TAX EXPENSE

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

	2019	2018
	HK$'000	*HK$'000*
		(Re-presented)
Continuing Operations:		
Current income tax		
— Hong Kong Profits tax	**17,669**	22,638
— PRC enterprise income tax	**192,825**	134,946
— PRC land appreciation tax	**430,228**	30,105
	640,722	187,689
Over provision in prior years	**(764)**	(1,214)
	639,958	186,475
Deferred income tax	**(44,515)**	(52,056)
	595,443	134,419
Discontinued Operations:		
— PRC enterprise income tax	**5**	(6)
Over provision in prior year	**–**	(497)
	5	(503)
Total income tax expense	**595,448**	133,916

9. DIVIDENDS

(a) No dividend in respect of the year ended 31 December 2019 was proposed during the year ended 31 December 2019. (2018: final dividend in respect of the financial year ended 31 December 2018 of HK0.20 cent per share amounting to a total dividend of approximately HK$51,740,000, is to be proposed. The amount of 2018 proposed final dividend is based on 25,869,806,000 shares in issue as at 31 December 2018. These consolidated financial statements do not reflect this dividend payable.)

(b) Dividends attributable to the previous financial year, approved and paid during the year:

	2019	2018
	HK$'000	*HK$'000*
Final dividend paid in respect of prior year — HK0.20 cents per share (2018: HK0.51 cents per share)	**54,775**	131,936

10. EARNINGS PER SHARE

The basic earnings per share for the year is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue less treasury shares held by the Group of 26,863,329,000 (2018: 25,810,611,000) during the year. There were no potential dilutive ordinary share outstanding for both years and therefore the dilutive earnings per share is the same as basic earnings per share.

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

	2019	2018
	'000	*'000*
Weighted average number of ordinary shares in issue less treasury shares held by the Group during the year for basic earnings per share	**26,863,329**	25,810,611

(a) From continuing and discontinued operations

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

	2019	2018
Profit attributable to owners of the Company *(HK$'000)*	**684,292**	670,827
Basic earnings per share (expressed in Hong Kong cents per share)	**2.55**	2.60

(b) From continuing operations

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

	2019	2018 (Re-presented)
Profit attributable to owners of the Company *(HK$'000)*	**757,799**	697,859
Basic earnings per share (expressed in Hong Kong cents per share)	**2.82**	2.70

(c) From discontinued operations

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

	2019	2018 (Re-presented)
Loss attributable to owners of the Company *(HK$'000)*	**(73,507)**	(27,032)
Basic loss per share (expressed in Hong Kong cents per share)	**(0.27)**	(0.10)

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

Equity investments designated at FVOCI	2019 *HK$’000*	2018 *HK$’000*
Listed shares:		
— Equity securities — Norway	**15,531**	37,649
— Equity securities — the United States of America (the “USA”)	**12,233**	5,628
— Equity securities — Hong Kong	**420,106**	340,177
— Equity securities — the PRC	**390,256**	415,555
	838,126	799,009
Unlisted shares	**66,714**	104,848
	904,840	903,857

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

As at 31 December 2019, unlisted securities which quoted market price is not available of aggregated carrying amount of approximately HK$66,714,000 (2018: HK$104,848,000) are measured at fair value determined by using backsolve method which are not based on observable inputs. The fair values of listed securities are determined on the basis of their quoted market prices at the end of reporting period.

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

As at 31 December 2019, listed investments with an aggregate carrying amount of approximately HK$43,560,000 (2018: Nil) have been pledged as security for the Group’s obligations under repurchase agreement.

12. LOANS AND ADVANCES

	2019 *HK$’000*	2018 *HK$’000*
Loans and advances *(Note (a))*	**814,379**	437,780
Margin loans receivables *(Note (b))*	**457,924**	554,976
	1,272,303	992,756
Less: Provision for impairment	**(3,588)**	(32,362)
Loans and advances — net	**1,268,715**	960,394
Less: Non-current portion	**(78,000)**	–
Current portion	**1,190,715**	960,394

12. LOANS AND ADVANCES (Continued)

Notes:

(a) The loans and advances of approximately HK$701,460,000 (2018: HK$409,761,000) are secured and/or backed by guarantee. Credit limits are set for borrowers based on the quality of collateral held and the financial background of the borrower. Collateral values and overdue balances are reviewed and monitored regularly.

The carrying amounts of loans and advances are interest bearing and denominated in Hong Kong dollars.

As at 31 December 2019, loans and advances with an aggregate carrying amount of approximately HK$78,000,000 (2018: Nil) have been pledged as security for the Group's obligations under repurchase agreement.

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

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

As at 31 December 2019, margin loan receivables were secured by securities pledged by the clients to the Group as collateral with undiscounted market value of approximately HK$1,045,037,000 (2018: HK$3,315,160,000).

The carrying amount of margin loan receivables reflects a reasonable approximation of its fair value.

13. TRADE RECEIVABLES

	2019 ***HK$'000***	2018 *HK$'000*
Trade receivables	**324,550**	166,419
Less: Provision for impairment	**(3,235)**	(12,002)
Trade receivables — net	**321,315**	154,417

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

	2019 ***HK$'000***	2018 *HK$'000*
0 to 30 days	**147,645**	82,218
31 to 60 days	**23,027**	15,614
61 to 90 days	**26,702**	26,571
91 to 120 days	**13,796**	27,275
Over 120 days	**113,380**	14,741
	324,550	166,419

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	2019	2018
	HK$'000	*HK$'000*
Listed securities:		
— Equity securities — the PRC	**69**	10,698
— Equity securities — Hong Kong	**120,801**	827,398
	120,870	838,096
Other securities	**–**	551
Debt investment at FVTPL	**7,981**	143,942
	128,851	982,589

The Group's financial assets at FVTPL are denominated in Hong Kong dollar. The fair values of listed shares are based on their current bid prices in an active market.

As at 31 December 2019, listed equity securities with an aggregate carrying amount of approximately HK$19,631,000 (2018: Nil) have been pledged as security for the Group's obligation under repurchase agreement.

15. TRADE AND BILLS PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**4,296,866**	764,447
Bills payables	**17,064**	15,478
	4,313,930	779,925

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

	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**3,720,056**	711,507
31 to 60 days	**130,368**	11,994
61 to 90 days	**26,566**	5,785
91 to 120 days	**38,441**	5,337
Over 120 days	**398,499**	45,302
	4,313,930	779,925

16. BUSINESS COMBINATION

(a) Step acquisition from an associate to a subsidiary

On 17 January 2019, the Group entered into a sale and purchase agreement with three shareholders of Glory Sun Land for the acquisition of 37.18% equity interest in Glory Sun Land.

Further to the Company's announcement on 18 March 2019, the equity interest in Glory Sun Land acquired was adjusted to 37.16%. The consideration was settled on the basis of one new Company's share (the "Consideration Shares") for every Glory Sun Land's share acquired. Glory Sun Land is a company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange. Glory Sun Land and its subsidiaries are principally engaged in property development and investment, development of cultural sports, trading of commodities and securities investment.

The Step Acquisition was completed on 23 April 2019 (the "Completion Date"). As at the Completion Date, Glory Sun Land has become a subsidiary of the Company. The results of Glory Sun Land and its subsidiaries ("Glory Sun Land Group") is consolidated into the Group's financial statements commencing for the Completion Date.

The Group remeasured the fair value of the equity interest in Glory Sun Land its previously held at the Completion Date and recognised a loss of approximately HK$176,869,000 on the remeasurement of the Group's pre-existing interest in Glory Sun Land and has been recognised to the profit or loss and presented as "Loss on remeasurement of pre-existing interest in an associate" in the consolidated statement of comprehensive income.

Details of the carrying value and fair value of the Group's pre-existing interest in Glory Sun Land Group at the Completion Date are summarised as follows:

	HK$'000
Share of net assets	781,296
Less: Fair value of pre-existing interest	(604,427)
Loss on remeasurement of pre-existing interest in an associate	176,869

16. BUSINESS COMBINATION (Continued)

(a) Step acquisition from an associate to a subsidiary (Continued)

The aggregate fair values of the identifiable assets and liabilities of Glory Sun Land and its subsidiaries as at the Completion Date are as follows:

	HK$'000
Property, plant and equipment	189,795
Investment properties	3,083,939
Other intangible assets	749,172
Financial assets at FVOCI	168,001
Derivative financial assets	4,858
Deferred tax assets	45,145
Inventories	7,142,567
Contract assets	284,297
Trade and other receivables	1,470,208
Pledged bank deposits	257,792
Cash and cash equivalents	299,012
Trade and other payables	(2,821,155)
Contingent consideration payable	(56,890)
Consideration payable	(138,231)
Contract liabilities	(817,436)
Borrowings	(5,022,852)
Current tax liabilities	(71,178)
Lease liabilities	(9,294)
Financial guarantees	(46,381)
Deferred tax liabilities	(859,857)
Total identifiable net assets at fair value	3,851,512
Non-controlling interests	(2,177,166)
	1,674,346
Treasury shares *(note (i))*	70,187
	1,744,533
Gain on bargain purchase	(664,927)
Satisfied by:	
Consideration shares *(note (ii))*	475,179
Fair value of pre-existing interest at the Completion Date	604,427
	1,079,606

16. BUSINESS COMBINATION (Continued)

(a) Step acquisition from an associate to a subsidiary (Continued)

Notes:

(i) As at the Completion Date, Glory Sun Land and its subsidiaries held 222,816,000 shares of the Company and the fair value of the Company's shares held by Glory Sun Land Group was approximately HK$70,187,000. The fair value of Glory Sun Land and its subsidiaries' interest in the Company was then reclassified to treasury shares.

(ii) The fair value of the 1,508,505,611 shares issued as the consideration paid for the Step Acquisition was amounted to approximately HK$475,179,000 and was based on the share price on the Completion Date of HK$0.315 per share.

(b) Acquisition of Karsen International Limited ("Karsen International")

On 31 May 2019, a non-wholly owned subsidiary of the Company completed the acquisition of entire equity interests in Karsen International for a cash consideration of HK$60,000,000. Karsen International is principally engaged in investment properties in the PRC. The acquisition aims to expand the business by the Company.

The fair value of the identifiable assets and liabilities of Karsen International acquired as at its date of acquisition is as follows:

	HK$'000
Property, plant and equipment	51
Investment properties	408,672
Trade and other receivables	1,790
Cash and cash equivalents	3,300
Borrowings	(174,750)
Trade and other payables	(91,193)
Deferred tax liabilities	(56,385)
Total identifiable net assets at fair value	91,485
Gain on bargain purchase	(31,485)
Total consideration satisfied by cash	60,000
Net cash inflow arising on acquisition:	
Cash consideration paid	(60,000)
Cash and cash equivalents acquired	3,300
	(56,700)

INDUSTRY AND MARKET OVERVIEW

The global economy has continued to plunge due to escalation of China-US trade disputes, bleak growth in the well-established and developed economies together with the issues relating to geopolitics.

Subject to the tension of China-US trade war and the continuing enhancement of financial supply-side structural reform, in 2019, the gross domestic product (GDP) in China presented a year-on-year increase by 6.1% with a continuing slowdown in the growth of the economy. Nonetheless, China's economy is able to maintain its continual and consistent development towards the direction of a high quality development and the overall stability in its economic growth. There was a drop of 1.2% for GDP in Hong Kong when compared with that in the year 2018, marking its first annual decrease since 2009. Notwithstanding the economic pressure, Hong Kong still maintained its cutting-edge advantage as the major international financial and business centre in 2019. The Linked Exchange Rate System was orderly operated. Both the stock markets and the bond markets were normally operated. Financing in large scale was conducted smoothly. At a time of global uncertainties, the Hong Kong Stock Exchange Limited once again ranked first globally in terms of IPO proceeds, cementing its position as the world's leading IPO centre.

Despite the ever-changing complexities of both domestic and overseas business landscapes in 2019, with the efforts of our members, our core business kept on its stable upward path under the business environment full of uncertainties. As one of the stakeholders for both mainland China and Hong Kong economies, we will continue to utilize the locality advantage of Hong Kong as an international financial hub and the geographical expedience in the hinterland in vicinity of mainland China to grasp the business opportunities brought by the support from Hong Kong government and the national strategies such as "The Belt and Road Initative" and "Construction of Guangdong-Hong Kong-Macau Greater Bay Area" to generate better return for our shareholders and investors.

OVERALL PERFORMANCE OF THE GROUP'S OPERATIONS

In 2019, the name of the Company changed from "China Goldjoy Group Limited" to "Glory Sun Financial Group Limited" with the financial services as the established core business together with properties development and development and technology running neck and neck.

BUSINESS REVIEW

Financial Services Business

Financial services business is the core business which the Group treats as the focus of development. The year is critical for the transformation and development and optimization of the business structure of our financial services. The Group holds the licences granted by the Securities and Futures Commission ("SFC") to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities. We also hold a private equity fund licences in Shanghai and the QFLP licence in the Qianhai free trade zone in Shenzhen, enabling us to provide comprehensive onshore/offshore securities trading and financial services.

In 2019, we enhanced our commitment to the financial technology business by investing in Big Data, Blockchain and Artificial Intelligence and exploring the synergetic effect among various resources and securities, investment, investment banks as well as asset management platforms to provide investors with reliable services. In 2020, we will continue to leverage the reliance upon mainland China while engaging with our business development in the world and make better use of the benefits of regional synergetic effect in Guangdong-Hong Kong-Macau Greater Bay Area by virtue of our professional financial service platform to customize appropriate investment portfolios for our clients to better capture market opportunities.

Securities Brokerage and Margin Financing Business

During the previous year, we further enhanced traditional business, securities and futures trading business so as to promote the business transformation of our brokerage business for the engagement of comprehensive services of wealth management. For the margin financing business, we optimized the financing structure with a stringent approach to risk control.

Corporate Finance Business

We offered various corporate finance services including engagement in provision of sponsorship and underwriting services to corporate clients for their fund raising activities in equity and debt capital markets as well as engagement with provision of advisory service and solutions to corporate clients for their corporate actions, such as mergers and acquisitions as well as assets restructuring. In 2019, we acted as joint bookrunners and joint lead managers for various applications of initial public offerings and offered our assistance to the issuance of private debts for our clients. We anticipate to render services including listing, mergers and acquisitions, strategic financial management to the investors and potential clients in the market by virtue of our comprehensive capabilities in financial services so as to assist them to capture new economic opportunities arising from the national policy, "The Belt and Road Initative".

Asset Management Business

We offered our securities advisory and asset management services to high net worth individuals, corporations, funds as well as family trusts by way of fund management or discretionary investment account in Hong Kong. As of the date of this announcement, we are acting as the investment manager for two segregated portfolio company funds with four segregated portfolios and as an investment advisor for one independent fund and managing one discretionary account. The total assets under management of all the funds and discretionary accounts amounts to approximately HK$1,081 million.

Against the backdrop of tightening regulations, increase in difficulty in fundraising and slowdown in investment, our team will continue to conduct its analysis of economy from a macroeconomic perspective and explore any investment opportunity by leveraging the geographic advantages of the location in close proximity to China and the metropolitan connecting with the world. We will increase our effort in fundraising activities inside and outside the borders to reinforce our presence in the private fund industry.

Wealth Management Business

We hold the licences issued by the Insurance Authority and Mandatory Provident Fund Schemes Authority (MPFA) and maintain a cooperation relationship with more than thirty international financial institutions to provide our clients with a variety of products and services including life insurance, immigration, pension funds and real estate property.

With the rapid growth in the number of high net worth individuals in the PRC in recent years and the gradual prevalence of the concepts of wealth management in the western world, there has been an increase in the awareness among people in general about offshore wealth management, global assets allocation and cross-border risks diversification. Hong Kong, the U.S. and Canada are amongst the most preferred places for offshore allocation of wealth. For wealth owners in the mainland China, Hong Kong provides them with a high degree of convenience in terms of geographical distances and language communications. Our teams will strive to establish a business regime of client-oriented wealth management to provide the investors with more quality products and services with the interests of the clients being our first priority.

Money-lending Business

Our money-lending business holds a money lender's licence and is a member of TransUnion Limited with our engagement of loan business in Hong Kong. Although there was volatile and highly competitive business environment in the financial and investment markets in Hong Kong in the previous year, we still continue the optimization of our credit business structure for the provision of a diversified and convenient collateral credit service to our clients to the extent that clients from all walks of life can get access to professional financial planning management proposals in terms of financing and wealth management.

Precious Metal Trading Business

We are a member of the Chinese Gold and Silver Exchange Society, holding the qualification as A1 membership under operation status with permission to engage with the businesses of 99 Gold, HKD Kilo Gold, London Gold/Silver and Loco Silver. We are dedicated to providing our clients with quality online trading services of gold and silver as well as comprehensive precious metal trading business for goods and physical gold and silver and rendering our services of investment management and investment advisory for them to capture investment opportunities with the access to the first-brand information received from the market.

Property Investment and Development Business

Our property investment and development segment has been under rapid development and expansion in recent years. We are engaged with various major cities in the mainland China, including Shenzhen, Shantou, Shenyang, Changchun, Changsha, Ganzhou, Weinan, covering products including residential buildings, commercial apartments, commercial office buildings, technology parks, shopping malls, hotels through Glory Sun Land Group Limited (stock code: 00299) ("**Glory Sun Land**", together with its subsidiaries, collectively, "**Glory Sun Land Group**"). With a continual increase in our effort of projects exploration both in Greater Bay Area and the major development areas as specified by the Chinese government, we expect that our land reserves, saleable commodity values and sales revenue will continue to soar quickly.

With a long-standing management and control mechanism, the property prices remained at a steady and healthy level. However, the emergence of new epidemic and the corresponding measures regarding isolation and quarantine and pedestrian flow control will inevitably have an adverse effect on the recent sales of residential buildings. In the medium and long term, the property market will be able to be resilient to healthy and stable development.

Hong Kong

We hold certain quality offices and a residential property in Hong Kong for capital appreciation purposes. Despite the fact that property market in Hong Kong is subject to a period of adjustment due to various factors in the mid-2019 and the new challenge to real estate market subject to the recent epidemic, the Group firmly believes that Hong Kong will be able to overcome difficulties and challenges with confidence in the long-term development. We will continue to be attentive to any suitable investment opportunity and attempt to explore the possibility of engagement with the real estate property market in Hong Kong by way of further collaborations and developments.

Shenzhen

We are engaged with a property development project, namely, Baoxin Technology Park (the "**Park**", previously, "**B&K Science and Technology City**") with a gross floor area of 0.5 million metres square in Guangming New District, Shenzhen, the PRC. Guangming New District is intended to be built as a world-class science city and the municipality hub in the northern part of Shenzhen. The Park has become one of the prominent science and technology parks in Guangming New District. In 2019, the second phase of the Park garnered the attention from a great number of clients since the commencement of the sale and lease of the Park available to the public. Our tenants included three enterprises listed on the main board of Shenzhen Stock Exchange, one Shenzhen-based branch recognized as world's top-500 enterprises, four enterprises recognized as top-100 industrial of Shenzhen Municipality, seven hi-new tech enterprises at state level and fifteen various brands of lifestyle products which have settled in the Park. We are recognized as the Top Ten Most Honoured and Prestigious Enterprise of Shenzhen City reflecting an affirmation of the market for the Park.

We will continue to take our own initiatives on the project exploration in Shenzhen as it is the core city for our property development business for the reserves of the premium quality projects.

Shantou

In June 2019, Shantou Times Bay project was officially opened to the public. With ample previous customers reserves, the premises were in continuously high demand after the opening, achieving a satisfactory sales result. With an investment of over RMB10 billion and a total floor area of over 1 million meters square, the Shantou Times Bay project is positioned as a technology, creativity and leisure centre in the global context aimed at creating a vibrant modern metropolitan office park with a supporting apartment area for high-end talents.

Nanning

In December 2019, Glory Sun Land Group managed to acquire two real estate projects located in Nanning International Financial Centre in Nanning City. The project is a commercial and office complex with a total gross floor area of 0.85 million metres square in attempt to create a hub of central business district of the headquarters' base in Wuxiang New District. The project is located in the core residential area in Wuxiang New District well-equipped with transportation, education and medical ancillary facilities, which will become the signature landmark of international lifestyle in the new city centre of Nanning. As the first batch of projects in Guangxi Province, it is the benchmarking project of immense potential of growth for our intensive business development strategy implemented in south China regions.

Ganzhou

We are engaged with our property development projects, namely 寶能城 (Baoneng Plaza*) and 寶能太古城 (Baoneng Taigu Plaza*), in Ganzhou, the PRC.

Baoneng Plaza is a composite development project including residential buildings, retail outlets, offices, hotels and commercial carpark spaces. In 2019, Baoneng Plaza were well-operated. The opening launch of 1,437 carpark spaces is completed for Baoneng Plaza with 425 carparks sold, which was the project with the maximum in both number of launch for carpark spaces and completion rate of sales in the history of properties industry in Ganzhou.

Baoneng Taigu Plaza is another composite development project, including residential buildings, business apartments, shopping malls and hotels. In 2019, in order to address the situations of fierce competition in the apartment market, the incessant promotional sales of competing market commodities and a planned launch of a large number of new units to the market, we speeded up the sale of the completed units.

Heshan

We are engaged with the property leasing in an industrial complex project (the "Park") located at New Material Base, Gonghe Town, Heshan City, Guangdong Province, the PRC. In 2019, we completed the business invitation for the Park of an total gross floor area of approximately 61,500 metres square. We managed to make a deal with Skyworth Group Co., Ltd ("Skyworth Group") with a contracted lease area of 40,000 metres square in the Park and successfully attracted its major upstream and downstream developers of ancillary products to settle in the Park. As at 31 December 2019, the major upstream and downstream developers of Skyworth Group had contracted to lease an area of nearly over 50,000 metres square, representing over 60% of areas available for lease in the Park.

Shenyang

In May 2019, the Group successfully acquired a commercial land with construction area of approximately 38,000 square meters located at No. 34, Shenxin East Road, Tiexi District, Shenyang. The project building has a total of six floors. The first to third floors are commercial malls used for commercial purposes, and the fourth to sixth floors are partially used for hotels and office purposes. There are 159 parking spaces in the ground parking lot. At present, many well-known merchants have settled in the building.

Weinan

In June 2019, Shantou Times Bay project was officially launched for sale to the public. With ample previous customer reserves, the premises were in high demand after the launch and an ideal sales result was achieved. With an investment of over RMB10 billion and a gross construction area of over 1 million square meters, Shantou Times Bay project is positioned as a technology, creativity and leisure center in the global context and aimed at creating a vibrant modern metropolitan office park with a supporting apartment area for high-end talents.

In 2020, apart from the reinforcement of our existing property projects in the PRC, we will also consolidate the resources with a proactive approach to identify quality projects in the market so that we can offer more investment opportunities to our investors. Combined with the resources, experience and client base accumulated by Glory Sun Land Group in respect of the property investment and development segment, we are confident of expanding the profit and the scale of profitability for property investment and development segment as well as facilitating the synergetic effect of financial services business.

Automation Business

We have been engaging in the automation business since 2012 and are one of the leading distributors and service providers of Surface Mount Technology (SMT) equipment in the PRC. With the rising demand in the component and technology for the more prevailing 5G mobile phones from the mobile phone manufacturers in mainland China, we take a proactive position to enhance our marketing plan and after-sale services by the leverage of such a rising demand in the machinery of surface mount from the mobile phone manufacturers in mainland China, with our aim to strive to gain further market share. We will build a closer relationship and collaboration with our key business partners to seize the opportunities brought by the smart manufacturing transformation under "Made in China 2025" as promulgated by the PRC and the opportunities for 5G market development.

Securities Investments

Due to the uncertainties and volatilities during the year, we continue with our consistent adherence to the strategy for maintaining a balanced investment portfolio focusing on the shares with sound foundations as well as continuing record of dividend payment. We will continue our investment in those undervalued companies and their dividend-attached stocks such that we can better withstand the current and potential market pressure. Our emphasis will still be the steady value-added appreciation and the prudent deployment and allocation of the fund in the low interest rate environment.

We also note that the global financial markets are subject to violent turmoil with the impact of novel coronavirus epidemic, our results of securities investments may possibly be subject to greater volatility.

Manufacturing Business

Based on the adjustment to the Group's business strategy, we completed the disposal of the manufacturing business segment in December 2019. Following the completion of the disposal, we officially cease the manufacturing business and concentrate the resources in the development of financial service business to create better results in the future.

PROSPECT

With the immense risks and challenges arising out of trade disputes and the widespread of novel coronavirus pandemic imposed to the global economies, the economic growth in the mainland China and Hong Kong will inevitably be affected.

In order to stabilize the economic development and protect the community livelihood, relief measures to tackle the epidemic have been launched both in the mainland China and Hong Kong. The monetary policy of quantitative easing measure is launched by the government in the PRC after the Chinese New Year with an aim to provide the financial institutions in the banking industry with a reasonable and sufficient liquidity support. The Ministry of Industry and Information Technology in the PRC has also launched various measures to support the business resumption of small, medium and micro enterprises. The government of Hong Kong SAR has also launched a series of counter cyclical measures to support the economy. We believe the epidemic has a temporary effect on the operations of the Group. After the mitigation of such epidemic, we are confident that our operations will be resilient to recovery to achieve the business objectives set out at the beginning of the year.

We have formulated a series of measures to address the issues of sluggish offline sales arising from the suspension of land transactions and the business suspension of property sales offices and the pressure imposed to real estate business due to payment of large amount of capitals for the suspension of all businesses in all industries in certain provinces and cities in China. We shift our sales strategy for the potential clients with our offline services change to the online mode and streaming live videos of site visit to the properties and the online property sales office service on the Internet. On the other hand, we are with such adversity for our tenants who will be provided with our reduced rent and waiver of rent.

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

With such an unprecedented challenge, we will continue to recruit and retain more talents while making adjustment and optimization to the management and core business teams with our devoted effort to develop a more professional and more experienced business team. We anticipate that there will be a turnaround from crisis to opportunities under the professional operating capabilities of our teams to expand the scope of our business by the leverage of the opportunity arising out of crisis. I believe that we will be able to provide the clients in the market with more business opportunities and more quality services so that the business of the Group can achieve a new level of success.

REVIEW OF RESULTS AND OPERATIONS

The Group has conducted its business activities in the following major business segments, namely (i) financial services; (ii) property investment and development; (iii) automation; (iv) securities investment; and (v) trading of commodities. For the year ended 31 December 2019, the Group recorded a revenue of approximately HK$10,887.8 million, representing an increase of 634.1% when compared with that of 2018. The profit attributable to owners of the Company amounted to approximately HK$684.3 million, representing an increase of 1.5% when compared with that of 2018.

Financial Services

For the year ended 31 December 2019, the financial services segment netted approximately HK$175.4 million in revenue (2018: approximately HK$178.8 million), which is down 1.9% year-on-year and equivalent to 1.6% of the Group's total revenue (2018: 12.1%). The operating profit amounted to approximately HK$73.5 million (2018: approximately HK$38.8 million), representing a year-on-year increase of 89.4%.

Property Investment and Development

The Group has been devoted to property investment and development in recent years. It is operating several property projects in the PRC. For the year ended 31 December 2019, the property investment and development segment contributed a revenue of approximately HK$5,063.1 million (2018: approximately HK$706.6 million), accounting for 46.5% of the Group's total revenue (2018: 47.6%). The operating profit reached approximately HK$1,717.6 million (2018: approximately HK$468.7 million). The increase in revenue is mainly contributed by sales from the property projects in the PRC, namely Nanning Wuxianghu No. 1 Project, Nanning Wuxiang GFC Project, Shantou Baoneng City Garden as well as Hunan Jinxiang International Star City.

Automation

For the year ended 31 December 2019, the revenue of automation segment increased by 11.8% to HK$634.2 million (2018: approximately HK$567.1 million) accounting for 5.8% of the Group's total revenue (2018: 38.2%). The operating profit increased by 18.1% to approximately HK$54.8 million (2018: approximately HK$46.4 million). The increase in revenue is mainly due to the increase in the demand for SMT equipment from domestic electronics manufacturing plants in the PRC as a result of a large-scale commercial application of 5G technology.

Securities Investment

The Group has been investing in listed shares in Hong Kong, the PRC and foreign countries and adjusting its investment strategy to ensure that it is sufficiently prudent to cope with the uncertainties in the financial market. During the year, the Group recognized a loss of approximately HK$79.8 million on disposal of financial assets at fair value through profit or loss ("FVTPL") and a decrease of approximately HK$181.2 million and HK$315.7 million in the value of FVTPL and financial assets at fair value through other comprehensive income ("FVOCI"), respectively. A dividend income of approximately HK$8.7 million was received from FVTPL and FVOCI.

Trading of Commodities

For the year ended 31 December 2019, the trading of commodities segment contributed a revenue of approximately HK$5,160.4 million (2018: nil), accounting for 47.4% of the Group's total revenue (2018: 0%).

FINANCIAL REVIEW

Continuing operations

Revenue

The Group's revenue for the year ended 31 December 2019 increased by 634.1% to approximately HK$10,887.8 million (2018: approximately HK$1,483.2 million). The revenue analysis by segment is presented as follows:

	2019		2018		
	HK$' million	**Proportion to total revenue**	HK$' million	Proportion to total revenue	% change
Automation	**634.2**	**5.8%**	567.1	38.2%	+11.8%
Financial Services	**175.4**	**1.6%**	178.8	12.1%	-1.9%
Property Investment and Development	**5,063.1**	**46.5%**	706.6	47.6%	+616.5%
Securities Investment	**(260.8)**	**(2.4%)**	30.7	2.1%	-949.5%
Trading of Commodities	**5,160.4**	**47.4%**	–	–	N/A
Others	**115.5**	**1.1%**	–	–	N/A
	10,887.8	**100%**	1,483.2	100%	+634.1%

During the year, the trading of commodities and property investment and development segments were the major source of revenue for the Group, accounting for 47.4% and 46.5% of total revenue, respectively.

Gross Profit and Margin

The gross profit for the year increased by 282.0% to approximately HK$1,953.7 million (2018: approximately HK$511.5 million), while the gross profit margin decreased to 17.9% (2018: 34.5%). The change was mainly due to the significant increase in the commodities trading which has relatively low gross profit and margin.

Other Gains/(Losses) — Net

The net other gains during the year was approximately HK$23.9 million (2018: net other losses approximately HK$37.2 million), which was mainly the net effect of the gain from derecognition of financial guarantee of approximately HK$27.3 million, fair value gain on derivative financial assets of approximately HK$8.9 million and fair value loss on financial guarantee of approximately HK$16.0 million.

Other Income

The other income decreased by 25.1% to approximately HK$39.4 million (2018: approximately HK$52.6 million), as a result of decrease in dividend income of approximately HK$11.3 million to approximately HK$8.7 million.

Distribution Costs

The distribution costs increased by 146.2% to approximately HK$74.6 million (2018: approximately HK$30.3 million), accounting for 0.7% (2018: 2.0%) of the total revenue. The increase in distribution costs was mainly due to the increase in advertising, promotion and exhibition expenses and increase in the cost of salesmen commission.

Administrative Expenses

The administrative expenses increased by 161.3% to approximately HK$655.1 million (2018: approximately HK$250.7 million), owing to increase in staff salaries by approximately HK$27.9 million due to the expanded company operations; increase in provision for impairment on intangible assets by approximately HK$140.1 million, increase in provision for impairment on other receivables, trade receivables and contract assets by approximately HK$77.0 million and increase in provision for impairment on property, plant and equipment by approximately HK$54.6 million.

Finance Costs — Net

The net finance costs was approximately HK$192.5 million (2018: approximately HK$57.0 million). The increase in net finance costs was because of an increase in capital financing expenditure in relation to the increase in the general level of borrowing.

Income Tax Expense

The income expense recorded an increased of 343.0% to approximately HK$595.4 million (2018: approximately HK$134.4 million) due to the significant increase in taxable income, and the substantial increase in deferred tax expenses derived from revaluation of properties.

Discontinued operations

During the year ended 31 December 2019, the Group disposed of its online game service business and manufacturing business in the PRC and recognised loss from discontinued operations of approximately HK$88.7 million (2018: approximately HK$38.6 million).

Profit attributable to owners of the Company

The profit attributable to owners of the Company increased to approximately HK$684.3 million (2018: approximately HK$670.8 million), up approximately 2.0% year-on-year.

FINANCIAL RESOURCES REVIEW

Liquidity and Financial Resources

By adopting a prudent financial management approach, the Group continued to maintain a healthy financial position with good cash flow. As at 31 December 2019, the Group's cash and cash equivalents of approximately HK$1,313.6 million (2018: approximately HK$907.1 million). The working capital represented by net current assets amounted to approximately HK$4,235.6 million (2018: approximately HK$1,456.4 million). The current ratio was approximately 1.3 (2018: approximately 1.4). The gearing ratio, which is calculated at borrowings divided by net asset value, was 91.8% (2018: 24.2%).

The borrowings of the Group as at 31 December 2019 included corporate bonds of approximately HK$1,688.4 million (2018: approximately HK$177.6 million), trust receipt loans of approximately HK$36.5 million (2018: approximately HK$30.1 million) and bank loans of approximately HK$4,022.2 million (2018: approximately HK$999.2 million), and other loans of approximately HK$4,133.6 million (2018: HK$479.3 million).

The bank borrowings were secured by (i) corporate guarantees provided by the Company and some of its subsidiaries; (ii) personal guarantee of a controlling shareholder; (iii) shares of a subsidiary; (iv) property, plant and equipment of approximately HK$137.0 million (2018: approximately HK$255.9 million); (v) investment properties of approximately HK$4,561.5 million (2018: approximately HK$1,264.9 million); (vi) properties under development of approximately HK$5,052.5 million (2018: nil); and (vii) properties located in the PRC owned by an independent third party.

Capital Commitments

As at 31 December 2019, the Group had contracted but not provided for capital commitments of approximately HK$240.0 million, HK$160.7 million, HK$8,693.1 million and HK$0.6 million (2018: approximately HK$240.0 million, HK$1,323.8 million, HK$277.1 million, and nil) relating to the investment in an associate; investment properties; property development expenditures; and property, plant and equipment, respectively.

Currency Exposure and Management

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

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

Future Plans for Capital Investment and Expected Source of Funding

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

Employees And Remuneration Policies

As at 31 December 2019, the Group had 1,020 full-time employees mainly in Hong Kong and the PRC (2018: 752). The Group remunerates and provides benefits for its employees based on current industry practice. Discretionary bonuses are awarded to staff members based on the financial performance of the Group and performance of individual employee.

In addition, share options will be granted to eligible employees in accordance with the terms of the Company's share option scheme adopted on 24 November 2010.

SHARE CAPITAL

On 10 July 2019, the Company entered into a subscription agreement with Bao Xin Development Limited (the "Subscriber"), a company wholly owned by Mr. Yao Jianhui, in relation to the subscription of 4,000,000,000 new shares of the Company at a subscription price of HK$0.25 per share (the "Share Subscription"). On 17 December 2019, the Company issued and allotted 2,400,000,000 new shares to the Subscriber and received a proceeds of approximately HK$600,000,000.

Please refer to the announcement of the Company dated 10 July 2019 and the circular of the Company dated 10 October 2019 for more details regarding the Share Subscription.

USE OF PROCEEDS FROM SHARE SUBSCRIPTION IN JULY 2019

As stated in the aforesaid paragraph, the Company issued and allotted 2,400,000,000 new shares of the Company to the Subscriber. The net proceeds were approximately HK$599,400,000 and had been utilized as follows:

		HK$' million
1.	Provision of brokerage service and corporate finance	
	(i) securities brokerage and margin financing; and	130.0
	(ii) investment	39.4
2.	Expansion of asset management business	80.0
3.	Expansion of money lending business	250.0
4.	General working capital	100.0
		599.4

CONTINGENT LIABILITIES

As at 31 December 2019, the Group had no material contingent liabilities (2018: nil).

SHARE OPTIONS

The Company operates a share option scheme (the "2010 Share Option Scheme") adopted pursuant to a resolution in writing passed by the shareholders of the Company on 24 November 2010. With the approval of the shareholders of the Company at the annual general meeting held on 12 May 2017, the mandate limit of the 2010 Share Option Scheme was refreshed.

As at the date of this announcement, the total number of shares of the Company available for issue under the 2010 Share Option Scheme is 2,214,859,810, representing approximately 7.44% of the entire issued share capital of the Company.

For the year ended 31 December 2019, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under 2010 Share Option Scheme.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2019 (2018: the payment of a final dividend of HK0.20 cent per ordinary share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods for determining eligibility to attend and vote at the 2020 annual general meeting:

Latest time to lodge transfer documents for registration:	4:30 p.m., Wednesday, 27 May 2020
Closure of register of members:	Thursday, 28 May 2020 to Tuesday, 2 June 2020 (both days inclusive)
Record date:	Tuesday, 2 June 2020

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2019.

PUBLIC FLOAT

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

CORPORATE SOCIAL RESPONSIBILITY & ENVIRONMENTAL MATTERS

The Group is determined to be a good corporate citizen by fulfilling its corporate social responsibilities and contributing to the society for the good for the community. In 2019, the Group provided donations to worthwhile organisations that help the needy and participated in various charitable activities. Meanwhile, it cares for its employees by providing safe and healthy working environment and regularly hosting events and activities for the employees to benefit from work-life balance. In 2019, the Group organised Christmas party, annual dinner and dress casual day.

The Group encourages its employees to minimize the use of paper by using e-paper or e-files. While ensuring the observance of high level of confidentiality, employees are prompted to use reusable waste papers. The Group has largely replaced its lighting systems from metal halide lamps to light-emitting diode (LED) energy-saving lighting to reduce carbon emissions.

Details of the environmental policies and performance of the Group are disclosed in the 2019 Environmental, Social and Governance Report to be published in compliance with the requirements under the Listing Rules.

CORPORATE GOVERNANCE

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

According to the code provision A.2.1 of the CG code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yao Jianhui ("Mr. Yao") currently assumes the roles of both the Chairman and the Chief Executive Officer of the Company. Mr. Yao has extensive experience in a wide range of industries, including food, construction materials, real estate, commerce, agricultural and forestry, logistics, technology and finance. The Board believes that by holding both roles, Mr. Yao will be able to provide the Group with strong and consistent leadership. It allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. As such, the structure is beneficial to the business prospects of the Group. Furthermore, the Company's present management structure comprises sufficient number of independent nonexecutive directors, and thus the Board believes that a balance of power and authority have been and will continue to be maintained.

Under code provision E.1.2, chairman of the board should attend the annual general meeting. Mr. Yao the Chairman of the Board, was unable to attend the Company's annual general meeting held on 30 May 2019 due to fixed business travel schedule. He had arranged Mr. Lau Wan Po, the Vice Chairman and executive Director of the Company, who is very familiar with the Group's business and operations, to attend and chair the meeting. Other Directors, including one executive Director and three independent non-executive Directors at the time, being the chairman/members of the Audit Committee, Remuneration Committee and Nomination Committee, together with the external independent auditor attended the annual general meeting and answered questions from the attending shareholders and investors. All resolutions proposed were duly passed by shareholders' voting at the meeting.

Further details of the Company's corporate governance practices are set out in the Corporate Governance Report to be contained in the Company's 2019 annual report to be distributed by the Company in due course.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct of the Group regarding securities transactions of the Directors. All Directors have confirmed that throughout the year ended 31 December 2019, they have complied with the provisions of the Model Code.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the Listing Rules. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting matters, risk management and internal control procedures. The Audit Committee comprises one non-executive director, namely Mr. Zhang Chi and two independent non-executive directors, namely Mr. Wong Chun Bong and Professor Lee Kwok On, Matthew. The Audit Committee has reviewed and approved the preliminary announcement of the Group's results for the year ended 31 December 2019.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2019 have been agreed with the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

EVENTS AFTER THE REPORTING PERIOD

The outbreak of the epidemic has caused disruptions to many industries, including the operating segments of the Group, in the PRC and Hong Kong. In spite of the challenges, a series of measures have been implemented by governments and international organisations to contain the epidemic. While having closely observing the development of the epidemic, the Group will assess its impact of the operations on a regular basis.

Other than the disclosure above and elsewhere in this announcement, there is no other significant event identified by the management subsequent to the reporting period up to the date of this announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company is expected to be held on Tuesday, 2 June 2020 and notice of the annual general meeting will be published and dispatched to the Shareholders in the manner as required by the Listing Rules.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hk1282.com). The 2019 Annual Report will be dispatched to the Shareholders and available on the same websites in due course.

APPRECIATION

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

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

Hong Kong, 30 March 2020

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

* *For identification purpose only*