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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board of directors (the “**Board**” or the “**Director(s)**”) of Glory Sun Financial Group Limited (the “**Company**”) would like to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2020 (the “**Period**”), together with the comparative figures for the corresponding period in 2019.

FINANCIAL HIGHLIGHTS

	For the six months ended		% change
	2020 (Unaudited)	2019 (Unaudited) (Restated) (Re-presented)	
Revenue (HK\$' million)	2,684.1	1,999.0	+34.3%
EBITDA (HK\$' million) ^(Note 1)	57.7	600.7	-90.4%
EBIT (HK\$' million) ^(Note 2)	9.2	574.4	-98.4%
Profit attributable to owners of the Company (HK\$' million)	104.9	370.4	-71.7%
EPS (HK cents)			
— Basic and diluted	0.35	1.40	-75.0%
	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)	% change
Net asset value (HK\$' million)	10,596.6	10,761.3	-1.5%
Net asset value per share (HK\$)	0.35	0.40	-12.5%
Cash and cash equivalents (HK\$' million)	1,189.0	1,313.6	-9.5%

Notes:

- (1) EBITDA is calculated as (loss)/profit before income tax from continuing operations subtracted by finance cost — net and adding back depreciation of owned property, plant and equipment and right-of-use-assets and amortisation of intangible assets.
- (2) EBIT is calculated as (loss)/profit before income tax from continuing operations subtracted by finance cost — net.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2020

		For the six months ended 30 June	
		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited) (Restated) (Re-presented)
Continuing operations			
Revenue	6	2,684,135	1,998,953
Cost of sales		(2,440,972)	(1,929,537)
Gross profit		243,163	69,416
Other gains – net	7	38,584	29,104
Other income	7	17,154	22,102
Gain on disposal of a subsidiary	19	519,624	–
Gain on bargain purchase		–	696,412
Loss on remeasurement of pre-existing interest in an associate		–	(176,869)
Fair value (loss)/gain on investment properties		(407,401)	138,169
Impairment losses on intangible assets		(131,168)	–
Impairment losses on contract assets		(55,527)	(164)
Distribution costs		(42,571)	(23,593)
Administrative expenses		(190,206)	(194,937)
(Loss)/profit from operations		(8,348)	559,640
Finance costs – net	10	(138,099)	(49,416)
Share of results of associates		17,519	14,717
(Loss)/profit before income tax from continuing operations		(128,928)	524,941
Income tax credit/(expense)	11	66,315	(101,559)
(Loss)/profit for the period from continuing operations		(62,613)	423,382
Discontinued operations			
Profit for the period from discontinued operations		–	30,586
(Loss)/profit for the period	8	(62,613)	453,968
Profit/(loss) for the period attributable to:			
Owners of the Company			
— Continuing operations		104,882	354,104
— Discontinued operations		–	16,320
		104,882	370,424
Non-controlling interests			
— Continuing operations		(167,495)	69,278
— Discontinued operations		–	14,266
		(167,495)	83,544
		(62,613)	453,968

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**
FOR THE SIX MONTHS ENDED 30 JUNE 2020

		For the six months ended	
		30 June	
		2020	2019
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	(Unaudited)	(Unaudited) (Restated) (Re-presented)
(Loss)/profit for the period		(62,613)	453,968
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss:</i>			
Currency translation differences		(227,010)	(117,766)
Release of exchange reserve upon disposal of subsidiaries		(18,390)	(2,438)
Share of other comprehensive income of associates		(57,915)	(61,200)
<i>Item that will not be reclassified to profit or loss:</i>			
Net changes in the fair value of equity instruments designated at fair value through other comprehensive income		<u>(201,066)</u>	<u>(218,969)</u>
Other comprehensive income for the period		<u>(504,381)</u>	<u>(400,373)</u>
Total comprehensive income for the period		<u>(566,994)</u>	<u>53,595</u>
Total comprehensive income for the period attributable to:			
— Owners of the Company		(260,492)	(20,620)
— Non-controlling interests		(306,502)	74,215
		<u>(566,994)</u>	<u>53,595</u>
Earnings per share from continuing and discontinued operations			
— Basic (<i>HK cents</i>)	<i>12</i>	0.35	1.40
— Diluted (<i>HK cents</i>)	<i>12</i>	0.35	1.40
Earnings per share from continuing operations			
— Basic (<i>HK cents</i>)	<i>12</i>	0.35	1.34
— Diluted (<i>HK cents</i>)	<i>12</i>	0.35	1.34
Earnings per share from discontinued operations			
— Basic (<i>HK cent</i>)	<i>12</i>	N/A	0.06
— Diluted (<i>HK cent</i>)	<i>12</i>	N/A	0.06

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	369,925	322,671
Investment properties	8,733,582	9,011,837
Intangible assets	563,960	726,735
Investment in an associate	281,384	321,780
Financial assets at fair value through other comprehensive income	456,511	904,840
Finance lease receivables	45,159	61,480
Prepayments, deposits and other receivables	558,576	111,430
Loans and advances	–	78,000
Derivative financial assets	17,345	13,753
Deferred tax assets	31,970	40,019
	11,058,412	11,592,545
Current assets		
Inventories	25,113	23,156
Properties under development	7,871,269	7,855,386
Completed properties held for sale	1,317,216	1,146,584
Loans and advances	1,164,781	1,190,715
Trade receivables	292,240	321,315
Contract assets	206,555	250,550
Finance lease receivables	51,782	54,173
Prepayments, deposits and other receivables	4,366,894	4,275,164
Current tax recoverable	8,755	20,818
Financial assets at fair value through profit or loss	289,015	128,851
Client trust bank balances	402,115	376,677
Pledged bank deposits and restricted deposits	1,082,990	889,611
Cash and cash equivalents	1,188,975	1,313,570
	18,267,700	17,846,570
Total assets	29,326,112	29,439,115

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)
AS AT 30 JUNE 2020

		As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Current liabilities			
Trade and bills payables	18	3,986,955	4,313,930
Contract liabilities		876,485	798,585
Accruals and other payables		1,513,567	1,502,480
Consideration payable		–	300,620
Borrowings		5,049,091	6,190,104
Lease liabilities		12,664	5,412
Financial guarantees		–	33,180
Current tax liabilities		291,107	466,631
		11,729,869	13,610,942
Net current assets		6,537,831	4,235,628
Total assets less current liabilities		17,596,243	15,828,173
Non-current liabilities			
Borrowings		5,733,743	3,690,642
Lease liabilities		84,736	28,698
Consideration payable		141,543	136,019
Deferred tax liabilities		1,039,598	1,211,543
		6,999,620	5,066,902
Total liabilities		18,729,489	18,677,844
NET ASSETS		10,596,623	10,761,271
EQUITY			
Share capital		3,138,751	2,978,751
Reserves		4,628,133	4,648,403
Equity attributable to owners of the Company		7,766,884	7,627,154
Non-controlling interests		2,829,739	3,134,117
TOTAL EQUITY		10,596,623	10,761,271

NOTES

1 GENERAL INFORMATION

Glory Sun Financial Group Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under 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’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

These interim condensed consolidated financial statements are presented in thousands of units of Hong Kong dollars, unless otherwise stated. These condensed consolidated financial statements have been reviewed by audit committee of the Company and approved by the board of directors for issue on 28 August 2020.

These interim condensed consolidated financial statements have been reviewed, not audited.

2 BASIS OF PREPARATION

(a) Statement of compliance

These interim condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2019.

(b) 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 (“**Baoneng Real Estate**”), 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 controlled 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.

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.

2 BASIS OF PREPARATION-Continued

(b) Common control combination-Continued

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**"). 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 of the Company 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.

As a result, the comparative unaudited condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2019 have therefore been restated, in order to include the financial statements of the combining entities since the Step Acquisition Completion Date on which they first come under common control. The impact on the common control combination has already incorporated in the comparative of the condensed consolidated statement of financial position as at 31 December 2019 and no restatement is necessary.

(c) Re-presentation due to discontinued operations

The presentation of comparative information in respect of the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2019 has been re-presented in order to disclose the discontinued operations separately from continuing operations. See note 9 for further information.

The re-presentation do not affect the condensed consolidated statement of financial position as at 31 December 2019.

2 BASIS OF PREPARATION-Continued

(d) Effect of the re-statement and re-presentation of the comparative financial information

Effect on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2019:

	Unaudited			
	Six months ended 30 June 2019			
	As previously reported <i>HK\$'000</i>	(c) Effect of discontinued operation <i>HK\$'000</i> <i>(Note 9(b))</i>	(b) Business combination of entities under common control <i>HK\$'000</i>	As restated and re-presented <i>HK\$'000</i>
Continuing operations				
Revenue	2,012,607	(13,654)	–	1,998,953
Cost of sales	(1,958,241)	28,704	–	(1,929,537)
Gross profit	54,366	15,050	–	69,416
Other gains — net	27,350	1,754	–	29,104
Other income	24,044	(1,972)	30	22,102
Gain on bargain purchase	696,412	–	–	696,412
Loss on remeasurement of pre-existing interest in an associate	(176,869)	–	–	(176,869)
Fair value gain/(loss) on investment properties	138,358	–	(189)	138,169
Impairment losses on contract assets	(164)	–	–	(164)
Distribution costs	(23,478)	2,993	(3,108)	(23,593)
Administrative expenses	(204,969)	11,018	(986)	(194,937)
Profit/(loss) from operations	535,050	28,843	(4,253)	559,640
Finance costs — net	(49,386)	(30)	–	(49,416)
Share of results of associates	14,717	–	–	14,717
Profit/(loss) before income tax from continuing operations	500,381	28,813	(4,253)	524,941
Income tax (expense)/credit	(101,636)	30	47	(101,559)
Profit/(loss) for the period from continuing operations	398,745	28,843	(4,206)	423,382
Discontinued operations				
Profit/(loss) for the period from discontinued operations	59,429	(28,843)	–	30,586
Profit/(loss) for the period	458,174	–	(4,206)	453,968

2 BASIS OF PREPARATION-Continued

(d) Effect of the re-statement and re-presentation of the comparative financial information-Continued

Effect on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2019:-Continued

	Unaudited			
	Six months ended 30 June 2019			
As previously reported <i>HK\$'000</i>	(c) Effect of discontinued operation <i>HK\$'000</i> <i>(Note 9(b))</i>	(b) Business combination of entities under common control <i>HK\$'000</i>	As restated and re-presented <i>HK\$'000</i>	
Other comprehensive income:				
<i>Items that may be reclassified to profit or loss:</i>				
Currency translation differences	(146,041)	–	28,275	(117,766)
Release of exchange reserve upon disposal of subsidiaries	(2,438)	–	–	(2,438)
Share of other comprehensive income of associates	(61,200)	–	–	(61,200)
<i>Item that will not be reclassified to profit or loss:</i>				
Net changes in the fair value of equity instruments designated at fair value through other comprehensive income (“FVOCI”)	(218,969)	–	–	(218,969)
Other comprehensive income for the period	<u>(428,648)</u>	<u>–</u>	<u>28,275</u>	<u>(400,373)</u>
Total comprehensive income for the period	<u>29,526</u>	<u>–</u>	<u>24,069</u>	<u>53,595</u>
Profit/(loss) for the period attributable to:				
Owners of the Company				
— Continuing operations	332,260	24,751	(2,907)	354,104
— Discontinued operations	41,071	(24,751)	–	16,320
	<u>373,331</u>	<u>–</u>	<u>(2,907)</u>	<u>370,424</u>

2 BASIS OF PREPARATION-Continued

(d) Effect of the re-statement and re-presentation of the comparative financial information-Continued

Effect on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2019:-Continued

	Unaudited			
	Six months ended 30 June 2019			
As previously reported <i>HK\$'000</i>	(c) Effect of discontinued operation <i>HK\$'000</i> <i>(Note 9(b))</i>	(b) Business combination of entities under common control <i>HK\$'000</i>	As restated and re-presented <i>HK\$'000</i>	
Non-controlling interests				
— Continuing operations	66,485	4,092	(1,299)	69,278
— Discontinued operations	18,358	(4,092)	—	14,266
	<u>84,843</u>	<u>—</u>	<u>(1,299)</u>	<u>83,544</u>
	<u>458,174</u>	<u>—</u>	<u>(4,206)</u>	<u>453,968</u>
Total comprehensive income for the period attributable to:				
— Owners of the Company	(37,254)	—	16,634	(20,620)
— Non-controlling interests	66,780	—	7,435	74,215
	<u>29,526</u>	<u>—</u>	<u>24,069</u>	<u>53,595</u>
Earnings/(loss) per share — basic and diluted (HK cents)				
— Continuing operations	1.26	0.10	(0.02)	1.34
— Discontinued operations	0.16	(0.10)	—	0.06
	<u>1.42</u>	<u>—</u>	<u>(0.02)</u>	<u>1.40</u>

3 THE IMPACT OF CORONAVIRUS DISEASE 2019 (“COVID-19 PANDEMIC”)

The outbreak of COVID-19 pandemic and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. In particular, the Group suspended its operation of yacht club and education and training services for a certain portion of time during the period due to the mandatory government quarantine measures in an effort to contain the spread of the COVID-19 pandemic. As such, the financial performance of the segments of yacht club and education were affected in certain aspects, including reduction in revenue and result as disclosed in the relevant note.

The Group may continue to be significantly impacted by the COVID-19 pandemic even after the marine sports base and a sailing school under the segment of yacht club and education are reopened. The timing and extent of a recovery of consumer behaviour and willingness to spend discretionary income on yacht club as well as education and training services may delay the Group’s ability to generate significant revenue until such time as consumer behaviour normalises and consumer spending recovers.

3 THE IMPACT OF CORONAVIRUS DISEASE 2019 (“COVID-19 PANDEMIC”)-Continued

The Group updated its recoverability test of the carrying value of the intangible assets under the segment of yacht club and education. In performing its review of recoverability, the Group estimated the discounted future cash flows expected to result from the use of the assets and determined that there was impairment of approximately HK\$131,168,000 recorded for the six months ended 30 June 2020. The cash flow estimates used in the review are consistent with management’s estimated long-term projections, against which various sensitivity analyses were performed. These estimates would face a serious challenge due to the COVID-19 pandemic, therefore management’s estimated cash flows factor in a number of underlying variables and ranges of possible cash flow scenarios. Actual results may materially differ from management’s estimates, especially due to the uncertainties associated with the COVID-19 pandemic.

4 ACCOUNTING POLICIES

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (the “**HKFRSs**”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. HKFRSs comprise Hong Kong Financial Reporting Standards, HKAS, and Interpretations.

The adoption of the new HKFRSs and amendments to HKFRSs has no material impact on the Group’s interim condensed consolidated financial statements.

In addition, the Group has early adopted COVID-19-Related Rent Concessions (Amendment to HKFRS 16) ahead of its effective date and adopted the amendment on 1 January 2020. The adoption of these new or revised standards, amendments and interpretations does not have a material impact to the Group’s results of operations or financial position.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the interim condensed consolidated financial statements, the management requires to make significant judgements, estimates and assumptions in applying the accounting policies and key sources of estimation uncertainty, other than those summarised in note 3. The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

There is significant ongoing uncertainty surrounding the COVID-19 pandemic and the extent and duration of impacts that it may have on operation of yacht club as well as education and training services. There is heightened potential for future credit losses on receivables, impairments of property, plant and equipment and intangible assets. In the current environment, assumptions about results of operation of yacht club as well as education and training services and customer creditworthiness have greater variability than normal, which could in the future significantly affect the valuation of the Group’s assets, both financial and non-financial. The Group’s cash flow estimates for certain assets are based on a longer time horizon due to the long-term nature of its underlying contracts, allowing time for a recovery of such assets. As an understanding of the long-term impacts of COVID-19 pandemic on the Group’s customers and business develops, there is heightened potential for changes in these views over the remainder of 2020.

6 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 of the Group are as follows:

Continuing operations:

- Automation segment represents the trading of automated production related equipment trading business in Hong Kong and the People’s Republic of China (the “PRC”);
- Financial Services segment represents regulated business activities in respect to financial services under the Hong Kong Securities and Futures Ordinance in Hong Kong;
- Property Investment and Development segment represents the properties investment activities, property development project 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;
- Yacht Club segment represents operation of a yacht club in the PRC;
- Education segment represents provision of education and training services in the PRC; and
- Others segment represents operation of golf practice 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 the mobile and web games and platform services in the PRC.

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

Inter-segment pricing is based on similar terms as those available to other external parties.

6 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 interim condensed 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, fair value gain on derivative financial assets, gain from derecognition of financial guarantee, share of results of associates, loss on remeasurement on pre-existing interest in an associate, gain on bargain purchase, fair value loss on contingent consideration payable and taxation are not allocated to segments.

In preparing the segment information for the six months ended 30 June 2020, the business relating to operation of a yacht club and provision of education and training services meet the quantitative thresholds of HKFRS 8 Operating Segments and the CEO considered these being as separate reportable segments. Accordingly, the comparative information has been re-presented to conform to current period's presentation.

	Continuing operations								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	Yacht Club HK\$'000	Education HK\$'000	Others HK\$'000	
Six months ended									
30 June 2020 (Unaudited)									
Revenue	235,701	136,412	437,956	(63,895)	1,911,052	3,062	8,460	31,275	2,700,023
Inter-segment revenue	-	(14,231)	(1,657)	-	-	-	-	-	(15,888)
Revenue from external customers	<u>235,701</u>	<u>122,181</u>	<u>436,299</u>	<u>(63,895)</u>	<u>1,911,052</u>	<u>3,062</u>	<u>8,460</u>	<u>31,275</u>	<u>2,684,135</u>
Segment results	<u>16,361</u>	<u>73,991</u>	<u>139,926</u>	<u>(80,694)</u>	<u>(8,290)</u>	<u>(97,541)</u>	<u>(44,811)</u>	<u>(4,612)</u>	(5,670)
Unallocated other gains — net									1,021
Unallocated other income									8,784
Unallocated administrative expenses									(55,943)
Unallocated finance costs — net									(131,203)
Share of results of associates									17,519
Fair value gain on derivative financial assets									3,592
Gain from derecognition of financial guarantee									32,972
Loss before income tax									<u>(128,928)</u>

6 SEGMENT INFORMATION-Continued

	Discontinued operations			Continuing operations									Total HK\$'000
	Manufacturing HK\$'000	Provision of Online Game Services 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	Yacht Club HK\$'000	Education HK\$'000	Others HK\$'000	Sub-total HK\$'000	
									(Re-presented)	(Re-presented)	(Re-presented)		
Six months ended													
30 June 2019 (Unaudited)													
(Restated) (Re-presented)													
Revenue	13,654	37	13,691	336,644	103,079	672,972	(178,047)	1,057,742	6,026	6,294	6,492	2,011,202	2,024,893
Inter-segment revenue	-	-	-	-	(5,289)	(6,960)	-	-	-	-	-	(12,249)	(12,249)
Revenue from external customers	<u>13,654</u>	<u>37</u>	<u>13,691</u>	<u>336,644</u>	<u>97,790</u>	<u>666,012</u>	<u>(178,047)</u>	<u>1,057,742</u>	<u>6,026</u>	<u>6,294</u>	<u>6,492</u>	<u>1,998,953</u>	<u>2,012,644</u>
Segment results	<u>(28,813)</u>	<u>59,429</u>	<u>30,616</u>	<u>24,795</u>	<u>54,771</u>	<u>261,678</u>	<u>(207,195)</u>	<u>2,159</u>	<u>17</u>	<u>(1,987)</u>	<u>(14,349)</u>	<u>119,889</u>	150,505
Unallocated other gains — net													14,151
Unallocated other income													8,936
Loss on remeasurement on pre-existing interest in an associate													(176,869)
Unallocated administrative expenses													(131,073)
Unallocated finance costs — net													(49,937)
Share of results of associates													14,717
Gain on bargain purchase													696,412
Fair value loss on contingent consideration payable													(605)
Gain from derecognition of financial guarantee													27,348
Fair value gain on derivative financial assets													<u>1,972</u>
Profit before income tax													<u>555,557</u>

6 SEGMENT INFORMATION-Continued

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

	For the six months ended	
	30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
		(Re-presented)
<i>Continuing operations:</i>		
Revenue from contracts with customers within the scope of HKFRS 15		
— Sale of goods	225,686	332,581
— Sale of properties	388,982	624,391
— Installation and maintenance income	1,866	1,335
— Commission and brokerage income	22,803	29,622
— Management fee and performance fee income	15,496	3,729
— Trading of commodities	1,911,052	1,057,742
— Training services	8,460	6,294
— Yacht club services	262	6,026
— Construction contracts	—	12,517
— Others	39,424	2,068
	<u>2,614,031</u>	<u>2,076,305</u>
Revenue from other sources		
— Securities investment loss	(52,188)	(157,961)
— Interest income from money lending	72,175	46,877
— Rental income	50,117	33,732
	<u>70,104</u>	<u>(77,352)</u>
Revenue from continuing operations	<u><u>2,684,135</u></u>	<u><u>1,998,953</u></u>
<i>Discontinued operations:</i>		
Revenue from contracts with customers within the scope of HKFRS 15		
— Online game operation (Note 9(a))	—	37
— Sale of goods (Note 9(b))	—	13,654
	<u>—</u>	<u>13,691</u>
Revenue from discontinued operations	<u><u>—</u></u>	<u><u>13,691</u></u>
Timing of revenue recognition		
— At a point in time	2,581,664	2,061,430
— Transferred over time	32,367	28,566
	<u>2,614,031</u>	<u>2,089,996</u>

7 OTHER GAINS — NET AND OTHER INCOME

	For the six months ended	
	30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
		(Restated)
		(Re-presented)
Continuing operations:		
Other gains — net		
(Loss)/gain on disposal of property, plant and equipment	(1)	293
Fair value loss on contingent consideration payable	–	(605)
Gain from derecognition of financial guarantee	32,972	27,348
Fair value gain on derivative financial assets	3,592	1,972
Others	2,021	96
	<u>38,584</u>	<u>29,104</u>
Other income		
Dividend income	–	567
Consultancy income	3,973	3,463
Other tax refund	79	2,083
Government subsidy	3,102	4,712
Rental income	–	3,153
Others	10,000	8,124
	<u>17,154</u>	<u>22,102</u>
Discontinued operations:		
Other gains — net and other income		
Loss on disposal of property, plant and equipment	–	(1,754)
Government subsidy	–	2,488
Others	–	(486)
	<u>–</u>	<u>248</u>

8 (LOSS)/PROFIT FOR THE PERIOD

(Loss)/profit for the period is arrived at after charging/(crediting):

	For the six months ended 30 June			
	2020	2019		
	Continuing operations <i>HK\$'000</i> (Unaudited)	Continuing operations <i>HK\$'000</i> (Unaudited) (Restated) (Re-presented)	Discontinued operations <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited) (Restated) (Re-presented)
Amortisation of intangible assets	21,544	13,947	181	14,128
Acquisition-related costs	-	7,629	-	7,629
Cost of inventories	2,327,731	1,864,363	9,005	1,873,368
Depreciation :				
— Owned property, plant and equipment	12,422	7,317	2,170	9,487
— Right-of-use assets	14,531	5,036	-	5,036
Directors' and chief executive's emoluments	6,796	6,970	-	6,970
Employee benefit expenses	82,449	70,626	7,537	78,163
Net foreign exchange losses/(gains)	27,666	46,362	(51)	46,311
Impairment losses/(reversal of impairment losses) on trade receivables	269	1,446	(2)	1,444
(Reversal of impairment losses)/impairment losses on other receivables	(1,234)	1,342	-	1,342
Reversal of impairment losses on loans and advance and margin loans	(416)	(3,559)	-	(3,559)
Impairment losses on contract assets	55,527	164	-	164
Impairment losses on operating right	131,168	-	-	-
Written down of inventories	4,146	-	19,699	19,699
Research and development expenses	-	-	2,582	2,582
Short-term lease expenses	1,702	2,962	692	3,654

9 DISCONTINUED OPERATIONS

For the six months ended 30 June 2019

(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. Details of the assets and liabilities disposed of and the gain on disposal are as follow:

	For the six months ended 30 June 2019 <i>HK\$'000</i> (Unaudited)
Revenue	37
Cost of sales	(1,468)
Selling expenses	(9)
Administrative expenses	(1,524)
Other income and gains	30
	<hr/>
Loss before income tax	(2,934)
Income tax expense	—
	<hr/>
Loss after income tax from discontinued operation	(2,934)
Gain on disposal of subsidiaries	62,363
	<hr/>
Profit for the period from discontinued operation	<u>59,429</u>

9 DISCONTINUED OPERATIONS-Continued

For the six months ended 30 June 2019

(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 business for the six months ended 30 June 2019, were as follows:

	For the six months ended 30 June 2019 <i>HK\$'000</i> (Unaudited)
Revenue	13,654
Cost of sales	(28,704)
Selling expenses	(2,993)
Administrative expenses	(11,018)
Finance income	30
Other income and gains	218
	<hr/>
Loss before income tax	(28,813)
Income tax expense	(30)
	<hr/>
Loss for the period from discontinued operation	<u>(28,843)</u>

10 FINANCE COSTS — NET

	For the six months ended	
	30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
		(Re-presented)
Continuing operations:		
Finance income		
— Interest income on bank deposits	<u>2,908</u>	<u>3,010</u>
	2,908	3,010
Finance costs		
— Bank loans	(164,661)	(39,973)
— Trust receipt loans	(244)	(268)
— Loans from related parties	(2,046)	—
— Corporate bonds	(73,234)	(15,698)
— Other loans	(128,410)	(94,954)
— Lease liabilities	(3,317)	(494)
— Imputed interest on consideration payable	<u>(8,986)</u>	<u>(5,665)</u>
	(380,898)	(157,052)
Less: Interest capitalised on		
— investment properties under construction	74,420	18,327
— properties under development	<u>165,471</u>	<u>86,299</u>
Finance costs from continuing operations	<u>(141,007)</u>	<u>(52,426)</u>
Finance costs from continuing operations, net	<u>(138,099)</u>	<u>(49,416)</u>
Discontinued operations:		
Finance income		
— Interest income on bank deposits	<u>—</u>	<u>30</u>

11 INCOME TAX CREDIT/(EXPENSE)

	For the six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
		(Re-presented)
Continuing operations:		
Current income tax		
— Hong Kong Profits Tax	(12,289)	(5,900)
— PRC enterprise income tax	(36,835)	(24,588)
— PRC land appreciation tax	(24,879)	(7,960)
	<u>(74,003)</u>	<u>(38,448)</u>
Deferred income tax	<u>140,318</u>	<u>(63,111)</u>
	<u>66,315</u>	<u>(101,559)</u>
Discontinued operations:		
Current income tax		
— PRC enterprise income tax	<u>-</u>	<u>(30)</u>

12 EARNINGS PER SHARE

The basic earnings per share for the period 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 30,039,421,000 (2019: 26,359,819,000) during the period. There were no potential dilutive ordinary share outstanding for both periods 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:

	For the six months ended	
	30 June	
	2020	2019
	'000	'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue less treasury shares held by the Group during the period for basic earnings per share	<u>30,039,421</u>	<u>26,359,819</u>

12 EARNINGS PER SHARE-Continued

(a) From continuing and discontinued operations

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

	For the six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited) (Restated)
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>104,882</u>	<u>370,424</u>
Basic earnings per share (expressed in Hong Kong cents per share)	<u>0.35</u>	<u>1.40</u>

(b) From continuing operations

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

	For the six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited) (Restated) (Re-presented)
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>104,882</u>	<u>354,104</u>
Basic earnings per share (expressed in Hong Kong cents per share)	<u>0.35</u>	<u>1.34</u>

(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:

	For the six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited) (Re-presented)
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>N/A</u>	<u>16,320</u>
Basic earnings per share (expressed in Hong Kong cent per share)	<u>N/A</u>	<u>0.06</u>

13 DIVIDEND

	For the six months ended	
	30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Final dividend paid		
— Nil (2018: HK0.20) cent per share	—	54,775

No interim dividend was declared by the board of directors for the six months ended 30 June 2020 (for the six months ended 30 June 2019: Nil).

14 FINANCIAL ASSETS AT FVOCI

	As at	As at
	30 June	31 December
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Listed shares		
— Equity securities — Norway	16,092	15,531
— Equity securities — the United States of America	21,751	12,233
— Equity securities — Hong Kong	220,618	420,106
— Equity securities — the PRC	131,336	390,256
	<u>389,797</u>	<u>838,126</u>
Unlisted shares	66,714	66,714
	<u>456,511</u>	<u>904,840</u>

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

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

15 LOANS AND ADVANCES

	As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
Loans and advances (<i>Note (a)</i>)	787,696	814,379
Margin loan receivables (<i>Note (b)</i>)	380,257	457,924
	<u>1,167,953</u>	<u>1,272,303</u>
Less: Provision for impairment	(3,172)	(3,588)
	<u>1,164,781</u>	<u>1,268,715</u>
Less: Non-current portion	–	(78,000)
	<u>1,164,781</u>	<u>1,190,715</u>
Current portion	<u>1,164,781</u>	<u>1,190,715</u>

Notes:

- (a) The loans and advances of approximately HK\$781,406,000 (31 December 2019: HK\$701,460,000) are secured by charges over the properties and listed securities of the borrowers, and/or backed by guarantee. Credit limits are set for borrowers based on the quality of collaterals 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.

- (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 30 June 2020, margin loan receivables were secured by securities pledged by the clients to the Group as collaterals with undiscounted market value of HK\$1,294,279,000 (31 December 2019: HK\$1,045,037,000).

16 TRADE RECEIVABLES

	As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
Trade receivables	295,744	324,550
Less: Provision for impairment	<u>(3,504)</u>	<u>(3,235)</u>
Trade receivables — net	<u><u>292,240</u></u>	<u><u>321,315</u></u>

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

	As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
0 to 30 days	149,033	147,645
31 to 60 days	16,181	23,027
61 to 90 days	13,168	26,702
91 to 120 days	4,676	13,796
Over 120 days	<u>112,686</u>	<u>113,380</u>
	<u><u>295,744</u></u>	<u><u>324,550</u></u>

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

	As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
Listed securities		
— Equity securities — the PRC	2,489	69
— Equity securities — Hong Kong	<u>73,517</u>	<u>120,801</u>
	76,006	120,870
Debt instrument at FVTPL	<u>213,009</u>	<u>7,981</u>
	<u><u>289,015</u></u>	<u><u>128,851</u></u>

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.

18 TRADE AND BILLS PAYABLES

	As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
Trade payables	3,957,739	4,296,866
Bills payables	<u>29,216</u>	<u>17,064</u>
	<u><u>3,986,955</u></u>	<u><u>4,313,930</u></u>

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

	As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
0 to 30 days	2,829,295	3,720,056
31 to 60 days	26,940	130,368
61 to 90 days	536,473	26,566
91 to 120 days	4,880	38,441
Over 120 days	<u>589,367</u>	<u>398,499</u>
	<u><u>3,986,955</u></u>	<u><u>4,313,930</u></u>

19 DISPOSAL OF A SUBSIDIARY

On 22 June 2020, the Group disposed of its entire equity interest in He Shan World Fair Electronic Technology Limited at a cash consideration of HK\$382,063,000.

Net liabilities at the date of disposal were as follow:

	<i>HK\$'000</i> (Unaudited)
Property, plant and equipment	18,421
Investment properties	9,439
Deferred tax assets	181
Cash and cash equivalents	1,802
Trade and other receivables	58
Trade and other payables	(6,243)
Current tax liabilities	(2,501)
Deferred tax liabilities	(98)
Amount due to the Group	<u>(140,230)</u>
Net liabilities disposed of	<u><u>(119,171)</u></u>
Gain on disposal of a subsidiary:	
Cash consideration received	382,063
Net liabilities disposed of	119,171
Release of exchange reserve	<u>18,390</u>
	<u><u>519,624</u></u>

INDUSTRY AND MARKET OVERVIEW

Since the beginning of 2020, the global economy has been dampened by the outbreak of the coronavirus disease (the “**COVID-19**”). The continuous spreading of the COVID-19 has had a significant impact on the economic development of countries around the world. In response to the impact of the COVID-19, all countries have adopted travel restrictions and lockdown measures. Global business activities have shrunk critically.

The escalation of the confrontation on the trade dispute between China and the United States of America (the “**US**”) has been creating uncertainties to the international business environment. Notwithstanding that a trade deal was signed between China and the US, the Sino-US conflicts have not put to an end owing to the situation of the COVID-19 in the US. Since June 2019, Hong Kong has been facing challenges posed by social unrest. The COVID-19 which shows no signs of stabilisation, along with the uncertainties caused by the Sino-US trade war and social unrest, sent the Hong Kong economy into a recession. During the Period, both the global and Hong Kong’s economy were adversely affected.

Notwithstanding that the Group expects that its operations and financial conditions will inevitably be affected by the aforesaid factors and the tough and challenging market condition may persist over a period of time, it strongly believes that the business of the Group is viable and sustainable and remains optimistic about the prospect of the business operations in the long run. Looking forward, the Group will continue to explore business opportunities for its business segments so as to generate higher value for the shareholders of the Company (the “**Shareholders**”).

BUSINESS REVIEW

Financial Services Business

Financial services business is the core business which the Group treats as the focus of development. 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. It also holds a private equity fund licence in Shanghai and the QFLP licence in the Qianhai free trade zone in Shenzhen, enabling it to provide comprehensive onshore/offshore securities trading and financial services.

In the first half of 2020, the Group continued to commit to the financial technology business by investing in information technology infrastructure and exploring the synergetic effect among various resources and securities, investment, investment banks as well as asset management platforms to provide investors with reliable and comprehensive services. It will continue to leverage the reliance upon mainland China while engaging with its 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 its professional financial service platform to customise appropriate investment portfolios for clients to better capture market opportunities.

Securities Brokerage and Margin Financing Business

In order to cope with the business development, Glory Sun Securities Limited (“GSSL”), a subsidiary of the Company engaged in the provision of securities brokerage and margin financing business has actively through multiple channels published market analyses and commercials and has received a sound market response. The contents of the commercials have been optimised and clients, therefore, can have a better understanding of the brokerage and margin financing business together with its products and services. The Group’s corporate image and brand awareness have been enhanced.

Corporate Finance Business

During the Period, GSSL acted as sponsor in an initial public offering (IPO) project and as compliance advisor for a listed company. It also acted as a joint bookrunner in listed securities and bonds underwriting projects. The corporate finance business contributed not only income to the Group but also a broadened client base and corporate visibility in the capital market, laying a foundation for continuous business development. The corporate finance team is devoted to assisting investors and potential clients in seizing each and every new economic opportunity arising in the financial market.

Asset Management Business

Glory Sun Asset Management Limited (“GSAM”), a subsidiary of the Company, offered 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, it is acting as the investment manager for two segregated portfolio company funds with five segregated portfolios. As at 30 June 2020, the total assets under management of all the funds and discretionary accounts amounts to approximately HK\$1,090.0 million.

GSAM will continue to place its attention on the Asian market to explore sales channels and improve its research and investment capabilities to enhance the performance of the funds under its management. In order to manage the gradual increase in the size of the portfolio of products available, GSAM will continue to consolidate and expand its sales force and launch new products to its clients.

Money-lending Business

Glory Sun Credit Limited (“GSCL”), a subsidiary of the Company engaged in money-lending business in Hong Kong, holds a money lender’s licence and is a member of TransUnion Limited. Although the business and investment environment in Hong Kong are highly competitive and volatile, GSCL will continue to optimise its credit business structure for the provision of a diversified and convenient collateral credit service to its clients. In light of the business environment under the COVID-19, GSCL has increased its resources in online advertisements and has extended its promotions with a view to support small and medium enterprises to survive the pandemic.

Wealth Management Business

Glory Sun Wealth Management Limited (“**GSWM**”), a subsidiary of the Company engaged in the provision of products and advisory services in the field of life insurance, immigration, pension funds and real estate property etc. It holds the licences issued by the Insurance Authority and Mandatory Provident Fund Schemes Authority (MPFA). During the Period, GSWM organised seminars to provide advice on immigration and insurance matters. In light of the COVID-19, wealth management team has meet clients on an individual basis in order to avoid mass gatherings. Looking forward, GSWM will allocate more resources on optimising its sales force and providing training with a view to improving sales performance.

Precious Metal Trading Business

Glory Sun Bullion Limited, a subsidiary of the Company, is 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. It is dedicated to providing its 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 its services of investment management and investment advisory for them to capture investment opportunities with the access to the up-to-date market information received from the market.

Property Investment and Development Business

The Group’s property investment and development segment has been under rapid development and expansion in recent years. It is engaged in property projects in various major cities in mainland China, including Shenzhen, Shantou, Shenyang, Changchun, Changsha, Ganzhou, Yunfu, Weinan and Nanning, covering product formats including Grade A office buildings, commercial buildings, multi-storey and high-rise residences, garden houses, hotels, commercial apartments and villas. With a continual increase in resources allocated to projects exploration both in Greater Bay Area and the major development areas as specified by the Chinese government, the Group expects that its 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 COVID-19 and the corresponding measures regarding isolation and quarantine and pedestrian flow control inevitably had an effect on the recent sales of residential buildings. In the medium and long term, the real estate market will be able to be resilient to healthy and stable development.

Hong Kong

The Group holds certain quality offices and a residential property in Hong Kong for capital appreciation purposes. Despite the fact that real estate market in Hong Kong is subject to a period of adjustment due to COVID-19 and social unrest, the Group believes that Hong Kong will be able to overcome difficulties and challenges with confidence in the long-term development.

Shenzhen

The second phase of Baoxin Technology Park (the “**Park**”) garnered the attention from a great number of clients since the commencement of lease available to the public. The tenants included enterprises listed on the main board of Shenzhen Stock Exchange, enterprises recognised as world’s top-500 enterprises, enterprises recognised as top-100 industrial of Shenzhen Municipality, hi-new tech enterprises at state level and various brands of lifestyle products which have settled in the Park. The third phase of the Park is under construction and is expected to be completed in 2022.

Shantou

In June 2020, certain property units of Shantou Chaoyang Phase II have been delivered to owners for occupancy.

Shenyang

In May 2020, the Group acquired a piece of residential land in Shenhe District, Shenyang City of approximately 11,000 square meters, at the total consideration of RMB599 million. The planned construction gross floor area is approximately 75,000 square meters, which can be developed into two 33-storey high-rise residences and one 3-storey commercial complex.

Ganzhou

During the Period, 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, Baoneng Plaza and Baoneng Taigu Plaza speeded up the sale of the completed units.

Weinan

In May 2020, certain property units of Weinan Project Phase I was open for sale. The sales rate at the same day was up to 48% which were much higher than that of other real estate enterprises in the market, making it the sales champion in Weinan real estate market during the epidemic.

Nanning

In May 2020, certain property units of Nanning Premium Residential Project Phase III were officially launched for sale. As result of adequate preliminary preparation and the advantages of strong project residence products which contributed to sufficient customer reserves in the early stage, the project achieved excellent sales within a short period.

Automation Business

Gallant Tech Limited (“**Gallant Tech**”), a wholly-owned subsidiary of the Company, and its subsidiaries (collectively “**GT Group**”) has been engaging in the automation business since 2012. It is one of the leading distributors and service providers of Surface Mount Technology (SMT) equipment in the PRC. In the first quarter of 2020, the customers of Gallant Tech were affected by the Sino-US trade war and the COVID-19. Manufacturing process of its customers had been slow down and its procurement plan of SMT machines had to be postponed. In the second quarter, the sales orders gradually recovered as a result of the resumed procurement plan of SMT machines from its customers.

Although some factories in the PRC has resumed production, their consumption has yet to be recovered to the previous level. Instead of acquiring new SMT machines, these customers are more inclined to lease used machines. As the lease market has largely been shared by some major companies, Gallant Tech is committed to putting more effort in enlarging its market share by way of provision of more differentiate products and services and exploring new markets such as new energy automobile industry.

Securities Investments

Due to the uncertainties and volatilities during the Period, the Group continues to maintain a balanced investment portfolio focusing on the shares with sound foundations as well as continuing record of dividend payment. It will explore undervalued companies and the dividend-attached stocks such that it can better withstand the current and potential market pressure. It notes that the global financial markets are subject to violent turmoil with the impact of the COVID-19 and its results of securities investments may be affected.

PROSPECT

With the immense risks and challenges arising out of trade disputes and the widespread of the COVID-19 imposed to the global economies, the economic growth in mainland China and Hong Kong will inevitably be affected.

With a view to stabilising the economic development, relief measures have been launched both in mainland China and Hong Kong. The Quantitative Easing Monetary Policy 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 has also launched a series of counter cyclical measures to support the economy. We believe the COVID-19 has a temporary effect on the operations of the Group. After the mitigation of such epidemic, we expect that our operations will be resilient to recovery to achieve the business goals set out at the beginning of the year.

The Group has formulated a series of measures to tackle the issues caused by the COVID-19 including the sluggish offline sales arising from the temporary suspension of land transactions and operation of property sales offices and the pressure imposed to property market because of the heavy capital already invested in the temporarily suspended businesses in certain cities in the PRC. It has promoted the use of online channels such as streaming live videos of site visit to the properties.

The automation 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 the automation segment.

With such an unprecedented challenge, the Group will continue to recruit and retain more talents while making adjustment and optimisation to the management and core business teams with devoted effort to develop a more professional and more experienced business team. The Group anticipates that there will be a turnaround from crisis to opportunities under the capabilities of its management to expand the scope of business by the leverage of the opportunity arising out of crisis.

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; (v) trading of commodities; (vi) yacht club; and (vii) education. For the six months ended 30 June 2020, the Group recorded a revenue of approximately HK\$2,684.1 million, representing an increase of 34.3% when compared with that of 2019. The profit attributable to owners of the Company amounted to approximately HK\$104.9 million, representing a decrease of 71.7% when compared with that of 2019.

Financial Services

For the six months ended 30 June 2020, the financial services segment netted approximately HK\$122.2 million in revenue (30 June 2019: approximately HK\$97.8 million), which is up 24.9% year-on-year and equivalent to 4.6% of the Group's total revenue (30 June 2019: 4.9%). The operating profit amounted to approximately HK\$74.0 million (30 June 2019: approximately HK\$54.8 million), representing a year-on-year increase of 35.0%.

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 six months ended 30 June 2020, the property investment and development segment contributed a revenue of approximately HK\$436.3 million (30 June 2019: approximately HK\$666.0 million), accounting for 16.3% of the Group's total revenue (30 June 2019: 33.3%). The operating profit reached approximately HK\$139.9 million (30 June 2019: approximately HK\$261.7 million). The decrease in revenue is mainly due to the decrease in recognition of sales of properties in mainland China in relation to the late delivery to owners for occupancy as affected by the outbreak of the COVID-19.

Automation

For the six months ended 30 June 2020, the revenue of automation segment decreased by 30.0% to HK\$235.7 million (30 June 2019: approximately HK\$336.6 million), accounting for 8.8% of the Group's total revenue (30 June 2019: 16.9%). The operating profit decreased by 33.9% to approximately HK\$16.4 million (30 June 2019: approximately HK\$24.8 million). The decrease in revenue is mainly due to the effect of the outbreak of COVID-19.

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 current financial market. During the Period, the securities investment business has generated a loss of approximately HK\$63.9 million (30 June 2019: approximately HK\$178.0 million). The operating loss of the segment amounted to approximately HK\$80.7 million (30 June 2019: approximately HK\$207.2 million).

Trading of Commodities

For the six months ended 30 June 2020, the trading of commodities segment contributed a revenue of approximately HK\$1,911.0 million (30 June 2019: approximately HK\$1,057.8 million), accounting for 71.2% of the Group's total revenue (30 June 2019: 52.9%).

Yacht Club

For the six months ended 30 June 2020, the yacht club segment recorded a revenue of approximately HK\$3.0 million (30 June 2019: approximately HK\$6.0 million), accounting for 0.1% of the Group's total revenue (30 June 2019: 0.3%).

Education

For the six months ended 30 June 2020, the education segment recorded a revenue of approximately HK\$8.5 million (30 June 2019: approximately HK\$6.3 million), accounting for 0.3% of the Group's total revenue (30 June 2019: 0.3%).

FINANCIAL REVIEW

Continuing operations

Revenue

The Group's revenue for the six months ended 30 June 2020 increased by 34.3% to approximately HK\$2,684.1 million (30 June 2019: approximately HK\$1,999.0 million). The revenue analysis by segment is presented as follows:

	For the six months ended 30 June 2020		2019		% change
	HK\$' million	Proportion to total revenue	HK\$' million (Restated)	Proportion to total revenue	
Automation	235.7	8.8%	336.6	16.9%	-30.0%
Financial Services	122.2	4.6%	97.8	4.9%	+24.9%
Property Investment and Development	436.3	16.3%	666.0	33.3%	-34.5%
Securities Investment	(63.9)	(2.4)%	(178.0)	(8.9)%	+64.1%
Trading of Commodities	1,911.0	71.2%	1,057.8	52.9%	+80.7%
Yacht Club	3.0	0.1%	6.0	0.3%	-50.0%
Education	8.5	0.3%	6.3	0.3%	+34.9%
Others	31.3	1.1%	6.5	0.3%	+381.5%
	<u>2,684.1</u>	<u>100.0%</u>	<u>1,999.0</u>	<u>100.0%</u>	<u>+34.3%</u>

During the Period, the trading of commodities and property investment and development segments were the major source of revenue for the Group, accounting for 71.2% and 16.3% of total revenue, respectively.

Gross Profit and Margin

The gross profit increased by 250.4% to approximately HK\$243.2 million (30 June 2019: approximately HK\$69.4 million), while the gross profit margin increased to 9.1% (30 June 2019: 3.5%). The change was mainly due to the decrease in fair value loss from securities investment, the increase in income from financial services business and the improved gross profit margin from sales of properties as compared with the corresponding period of 2019.

Other Gains — Net

The net other gains for the period was approximately HK\$38.6 million (30 June 2019: net other gains of approximately HK\$29.1 million). This was primarily because of the gain from derecognition of financial guarantee of approximately HK\$33.0 million (30 June 2019: approximately HK\$27.3 million).

Other Income

The other income decreased by 22.2% to approximately HK\$17.2 million (30 June 2019: approximately HK\$22.1 million).

Distribution Costs

The distribution costs increased by 80.5% to approximately HK\$42.6 million (30 June 2019: approximately HK\$23.6 million), accounting for 1.6% (30 June 2019: 1.2%) of the total revenue.

Administrative Expenses

The administrative expenses decreased by 2.4% to approximately HK\$190.2 million (30 June 2019: approximately HK\$194.9 million). The decrease was due to the effective implementation of cost control policy to reduce the routine administrative expenses.

Finance Costs — Net

The net finance costs was approximately HK\$138.1 million (30 June 2019: net finance costs of approximately HK\$49.4 million). The increase in net finance costs was because of an increase in working capital financing in relation to the increase in the general level of borrowing.

Income Tax Credit/(Expense)

The income tax credit was approximately HK\$66.3 million (30 June 2019: income tax expense of approximately HK\$101.6 million) due to the substantial decrease in deferred tax expenses derived from the revaluation of properties.

Discontinued operations

During the six months ended 30 June 2019, the Group disposed of its online game services business in the PRC and recognised profit from discontinued operation of approximately HK\$59.4 million.

Due to the disposal of manufacturing business in the PRC in late 2019, the presentation of comparative information in respect of the condensed consolidated statement of profit or loss and comprehensive income for the six months ended 30 June 2019 has been represented under discontinued operations, with a loss of approximately HK\$28.8 million.

Profit Attributable to Owners of the Group

The profit attributable to owners of the Group decreased by 71.7% to approximately HK\$104.9 million (30 June 2019: approximately HK\$370.4 million). The decrease was mainly due to the fair value loss on investment properties of approximately HK\$407.4 million (30 June 2019: fair value gain of approximately HK\$138.2 million) and impairment losses on intangible assets of approximately HK\$131.2 million (30 June 2019: nil), which was offset by a gain on disposal of a subsidiary of approximately HK\$519.6 million (30 June 2019: nil).

FINANCIAL RESOURCES REVIEW

Liquidity and Financial Resources

By adopting a prudent financial management approach, the Group continued to maintain a healthy financial position with a good cash flow. As at 30 June 2020, the Group's cash and cash equivalents totaled approximately HK\$1,189.0 million (31 December 2019: approximately HK\$1,313.6 million). Working capital represented by net current assets amounted to approximately HK\$6,537.8 million (31 December 2019: approximately HK\$4,235.6 million). Current ratio was approximately 1.6 (31 December 2019: approximately 1.3). The gearing ratio, which is calculated at borrowings divided by net asset value, was 101.8% (31 December 2019: 91.8%)

The borrowings of the Group as at 30 June 2020 included corporate bonds of approximately HK\$1,057.7 million (31 December 2019: approximately HK\$1,688.4 million), trust receipt loans of approximately HK\$17.0 million (31 December 2019: approximately HK\$36.5 million), bank loans of approximately HK\$4,101.3 million (31 December 2019: approximately HK\$4,022.2 million) and other loan of approximately HK\$5,606.8 million (31 December 2019: approximately HK\$4,133.6 million).

Capital and Other Commitments

As at 30 June 2020, the Group had contracted but not provided for capital and other commitments of approximately HK\$240.0 million, HK\$11,398.2 million and nil (31 December 2019: approximately HK\$240.0 million, HK\$11,300.9 million and HK\$5.2 million) related to the investment in an associate; investment properties and property development expenditures; and property, plant and equipment, respectively.

Charge of Assets

As at 30 June 2020, properties for sale under development, properties held for sale, investment properties and property, plant and equipment with the carrying amount of approximately HK\$5,268.2 million (2019: approximately HK\$5,116.5 million), HK\$477.0 million (31 December 2019: approximately HK\$85.9 million), HK\$3,697.9 million (31 December 2019: approximately HK\$4,561.6 million) and HK\$135.3 million (31 December 2019: approximately HK\$137.0 million), respectively, are pledged as security for the Group's borrowings.

As at 30 June 2020, certain financial assets at fair value through profit or loss with a carrying amount of approximately HK\$184.8 million (31 December 2019: approximately HK\$19.6 million), financial assets at fair value through other comprehensive income with a carrying amount of approximately HK\$35.6 million (31 December 2019: approximately HK\$43.6 million) and the listed securities of the Group's margin clients amounted to approximately HK\$223.7 million (31 December 2019: approximately HK\$227.6 million) were pledged to secure the borrowings of the Group.

As at 30 June 2020, the pledged bank deposits and restricted deposits amounted to approximately HK\$745.1 million (31 December 2019: approximately HK\$632.9 million) was pledged to banks to secure the borrowings and notes payable granted to the Group for the real estate business.

Currency Exposure and Management

During the Period, 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 Mainland China, most of the Group's property development costs and labour costs were settled in 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 Period, 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 banking facilities. When the Group considers that there are funding needs for the expansion of its businesses and development of new businesses, it will explore possible fund raising methods, such as debt financing, placing of new shares and issuance of corporate bonds.

Employees and Remuneration Policies

As at 30 June 2020, the Group had 966 full-time employees mainly in Hong Kong and mainland China (31 December 2019: 1,020 full-time employees). The Group remunerates and provides benefits to its employees based on current industry practice. Discretionary bonuses are awarded to staff members based on the financial performance of the Group and the performance of the 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 2 June 2020.

Events after the Reporting Period

Other than those disclosed elsewhere in this announcement, the Group had no significant event after the reporting period.

Key Risks and Uncertainties

The Group's financial conditions, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The key risks and uncertainties identified by the Group are discussed in this section. There may be other risks and uncertainties in addition to those illustrated below, which are not known to the Group or which may not be material now but could become material in the future. Furthermore, risks can never be eliminated completely due to inherent limitations in measures taken to address them. Nevertheless, risks may be accepted for strategic reasons or if they are deemed not cost-effective to mitigate.

Operational Risk

Operational risk is the risk of financial loss or reputational damage resulting from inadequate or failed internal processes and systems as well as the performance of people. Responsibility for the management of operational risks in the Group rests with every function at both divisional and departmental levels.

Key functions in the Group are guided by standard operating procedures, limits of authority and a reporting framework. The Group identifies and assesses key operational exposure and reports such risk issues to senior management as early as possible so that appropriate risk control measures can be taken.

Industry Risk

The financial services business of the Group is subject to extensive regulatory requirements. Among others, operating subsidiaries such as GSSL and GSAM are obliged to operate in compliance with the SFO. The Group is required to ensure consistent compliance with all applicable laws, regulations and guidelines and satisfy the relevant regulatory authorities that it remains fit and proper to be licensed. If there is any change or restriction of relevant laws, regulations and guidelines, the Group would then face a higher compliance requirement for its business activities. In addition, if the Group fails to comply with the applicable rules and regulations on any occasion, it may face fines or restrictions on its business activities or even suspension or revocation of some or all of its licenses for operating the financial services business. Furthermore, the financial services business, like all other businesses of the Group, is not immune from market changes. Any downturn in the financial markets may also adversely affect the financial services business of the Group.

The property investment and development business of the Group is subject to fluctuations in market conditions, economic performance and government policies. If the real estate market in the PRC and Hong Kong performs badly, it would have a direct negative impact upon that business of the Group. The Group will pay close attention to market conditions and will implement appropriate plans to respond to shifts in market conditions and government policies.

The automation business of the Group is inevitably affected by the COVID-19 and the Sino-US trade. The Group is prepared to pay close attention to market conditions and will formulate a contingency plan if the pandemic and the trade war persist over a period of time.

The securities investment business of the Group is sensitive to market conditions and fluctuations in the prices of the securities that it holds. Any significant downturn in the securities market may affect the market value of the Group's securities investments and may adversely affect its results.

Financial Risk

In the course of its business activities, the Group is exposed to various financial risks, including market, liquidity and credit risks. The changes in the currency environment, especially the recent depreciation of the RMB, and interest rates cycles may significantly affect the Group's financial condition and results of operations in the PRC.

The Group's earnings and capital or its ability to meet its business objectives may be adversely affected by movements in foreign exchange rates, interest rates and equity prices. In particular, any depreciation in the Group's functional currency may affect its gross profit margin. The Group closely monitors the relative foreign exchange positions of its assets and liabilities and allocates its holdings of different currencies accordingly in order to minimise foreign currency risk.

The Group may be subject to liquidity risk if it is unable to obtain adequate funding to finance its operations. In managing liquidity risk, the Group monitors its cash flows and maintains an adequate level of cash and credit facilities to enable it to finance its operations and reduce the effects of fluctuations in cash flows.

The Group is subject to credit risk from its clients. To minimise risk, new clients will undergo stricter credit evaluation, while the Group continuously monitors its existing clients to further improve its risk control measures.

Manpower and Retention Risk

The competition for human resources in the countries where the Group operates may result in not being able to attract and retain key personnel with the desired skills, experience and levels of competence. The Group will continue to provide remuneration packages and incentive plans to attract, retain and motivate suitable candidates and personnel.

Business Risk

The Group constantly faces the challenge of gauging and responding promptly to market changes within the sectors that it operates. Any failure to interpret market trends properly and adapt its strategy to such changes accordingly may have a materially adverse effect on the Group's business, financial position, results of operations and prospects.

USE OF PROCEEDS FROM SHARE SUBSCRIPTION IN JULY 2019

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**”). Please refer to the announcement of the Company dated 10 July 2019 and the circular of the Company dated 10 October 2019 (the “**Circular**”) for more details regarding 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. On 8 May 2020, the Company issued and allotted 1,600,000,000 new shares to the Subscriber and received a proceeds of approximately HK\$400,000,000. The net proceeds of the Share Subscription were approximately HK\$999.4 million, HK\$899.4 million of which had been utilised as follows:

	<i>HK\$' million</i>
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	180.0
3. Expansion of money lending business	250.0
4. General working capital	300.0
	<hr/>
	899.4
	<hr/> <hr/>

Save for the HK\$100.0 million dedicated to the corporate finance division which has yet been utilised, all net proceeds of the Share Subscription have been used for the intended uses as set out in the Circular. The unutilised net proceeds was deposited with the banks in Hong Kong.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019 interim dividend: nil).

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 six months ended 30 June 2020.

CHANGE IN INFORMATION OF DIRECTORS

The change in the information of the Directors of the Company since the publication of the 2019 annual report of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Name of Directors	Details of Changes
Executive Director	
Ms. Ye Weiqing	Resigned as an executive director and ceased to be a member of each of the investment committee and strategic committee of the Company on 2 June 2020

Independent Non-executive Director

Mr. Lee Kwan Hung, Eddie	Resigned as an independent non-executive director of Landsea Green Properties Co., Ltd. (Stock Code: 00106.HK, a company listed on the Stock Exchange) (“ Landsea ”) and ceased to be a member of each of the audit committee and nomination committee of Landsea with effect from 19 June 2020
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Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The biographical details of the directors and senior management of the Company are set out in the Company’s website.

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. For the six months ended 30 June 2020, 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. The Company deviates from this provision as it 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 non-executive directors and all major decisions are made after consultation with the Board, appropriate Board Committees and key personnel. The Board, therefore, believes that a balance of power and authority have been and will continue to be maintained.

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 six months ended 30 June 2020, they have complied with the provisions of the Model Code.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 28 November 2009 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 unaudited financial results for the six months ended 30 June 2020 have been reviewed by the Audit Committee and the external auditors of the Company in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hk1282.com). The 2020 interim report will be dispatched to the Shareholders and available on the same websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our appreciation to the management team and staff of the Group for their contribution during the Period and also to give our sincere gratitude to all our shareholders and business partners for their continuous support.

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

Hong Kong, 28 August 2020

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Yao Jianhui, Mr. Lau Wan Po, Mr. Li Minbin and Mr. Huang Wei; one non-executive director, namely Mr. Zhang Chi; and three independent non-executive directors, namely Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew, and Mr. Lee Kwan Hung, Eddie.

* *For identification purposes only*