GLORIOUS SUN ENTERPRISES LIMITED
旭日企業有限公司

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

Announcement of Results
For the year ended 31 December 2011

ANNUAL RESULTS

The Directors of Glorious Sun Enterprises Limited (the "Company") are pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011 together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2011

	Notes	**2011** **HK$'000**	2010 HK$'000 (Restated)
REVENUE	*(4)*	**6,841,585**	6,186,864
Cost of sales		**(4,009,253)**	(3,550,883)
Gross profit		**2,832,332**	2,635,981
Other income and gains		**219,306**	156,295
Compensation income in relation to resumption of properties, net		**125,286**	-
Net gain from disposal of an available-for-sale investment		**-**	137,734
Selling and distribution costs		**(1,976,549)**	(1,715,201)
Administrative expenses		**(757,458)**	(775,840)
Other expenses		**(58,323)**	(38,381)
Finance costs	*(5)*	**(7,630)**	(12,411)
OPERATING PROFIT		**376,964**	388,177
Share of profits and losses of:			
A jointly-controlled entity		**-**	(418)
Associates		**4,455**	41,058
PROFIT BEFORE TAX	*(6)*	**381,419**	428,817
Income tax expense	*(7)*	**(71,430)**	(71,388)
PROFIT FOR THE YEAR		**309,989**	357,429
Attributable to:			
Ordinary equity holders of the Company		**317,268**	363,608
Non-controlling interests		**(7,279)**	(6,179)
		309,989	357,429
DIVIDENDS	*(8)*	**218,240**	218,240
		HK cents	*HK cents*
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*(9)*		
Basic and diluted		**29.95**	34.32

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2011

	Note	**2011** ***HK$'000***	2010 *HK$'000* (Restated)
PROFIT FOR THE YEAR		**309,989**	357,429
OTHER COMPREHENSIVE INCOME			
Available-for-sale investment:			
Changes in fair value		**(110,812)**	406,184
Reclassification adjustment for gains included in the consolidated income statement on disposal	*(6)*	**-**	(139,570)
		(110,812)	266,614
Other comprehensive income released upon disposal of a jointly-controlled entity		**-**	(2,069)
Exchange differences on translation of foreign operations		**33,211**	59,785
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(77,601)**	324,330
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**232,388**	681,759
Attributable to:			
Ordinary equity holders of the Company		**226,816**	681,693
Non-controlling interests		**5,572**	66
		232,388	681,759

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2011

	Notes	**31 December 2011** **HK$'000**	31 December 2010 *HK$'000* (Restated)	1 January 2010 *HK$'000* (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**829,049**	903,645	877,158
Investment properties		**-**	-	52,667
Prepaid land lease payments		**18,537**	18,392	18,460
Goodwill		**39,048**	39,048	36,119
Investment in a jointly-controlled entity		**-**	-	7,911
Investments in associates		**120,656**	115,017	146,807
Held-to-maturity investments		**127,699**	-	-
Available-for-sale investment		**294,582**	405,394	155,269
Prepayments		**116,641**	-	-
Deferred tax assets		**27,522**	35,717	17,583
Total non-current assets		**1,573,734**	1,517,213	1,311,974
CURRENT ASSETS				
Inventories		**1,164,523**	918,329	749,840
Trade and bills receivables	*(10)*	**401,576**	442,119	487,532
Prepayments, deposits and other receivables		**495,239**	442,900	332,389
Derivative financial instruments		**-**	-	157
Due from related companies		**1,760**	2,308	4,088
Due from associates		**2,220**	1,285	1,266
Equity investments at fair value through profit or loss		**17,336**	12,018	-
Pledged deposits		**1,505**	28,799	24,508
Cash and cash equivalents		**1,477,380**	1,712,043	1,291,638
Total current assets		**3,561,539**	3,559,801	2,891,418
CURRENT LIABILITIES				
Trade and bills payables	*(11)*	**981,056**	838,661	645,764
Other payables and accruals		**1,010,887**	933,203	828,125
Due to a jointly-controlled entity		**-**	-	9,921
Due to associates		**7,761**	10,624	7,013
Interest-bearing bank and other borrowings		**52,642**	225,318	188,691
Tax payable		**433,742**	420,439	370,103
Total current liabilities		**2,486,088**	2,428,245	2,049,617
NET CURRENT ASSETS		**1,075,451**	1,131,556	841,801
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,649,185**	2,648,769	2,153,775
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings		**279**	568	471
Long term loans from non-controlling shareholders		**-**	9,400	9,400
Deferred tax liabilities		**928**	1,947	1,967
Total non-current liabilities		**1,207**	11,915	11,838
Net assets		**2,647,978**	2,636,854	2,141,937

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2011

	31 December 2011 *HK$'000*	31 December 2010 *HK$'000* (Restated)	1 January 2010 *HK$'000* (Restated)
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	**105,941**	105,941	105,941
Reserves	**2,406,857**	2,398,067	1,897,368
	2,512,798	2,504,008	2,003,309
Non-controlling interests	**135,180**	132,846	138,628
Total equity	**2,647,978**	2,636,854	2,141,937

NOTES

(1) Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

These financial statements have been reviewed by the Audit Committee of the Company.

(2) Changes in accounting policies and disclosures

(i) The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010,* the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the sane government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

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

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements:* The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements* The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

(ii) Impact of change in the accounting policy for leasehold land and buildings

In accordance with HKAS 16 *Property, Plant and Equipment,* leasehold land and buildings can either be accounted for using the cost model or the revaluation model and the Group has accounted for its leasehold land and buildings using the revaluation model in previous years.

Given the fact that most of the leasehold land and buildings held by listed companies in Hong Kong in the manufacturing and retail industries account for using the cost model, during the year, the group aligned its accounting policy with the industry norm and stated its leasehold land and buildings at cost less accumulated depreciation and any impairment losses. In addition, the Group's leasehold land and buildings are not expected to be sold in the normal course of business, instead, the future economic benefits embodied in the properties will be recovered principally through use in the Group's operation. In the opinion of the directors, this change in the accounting policy enables the Group to provide more relevant information in the financial statements about its performance.

(2) Changes in accounting policy and disclosures (continued)

(ii) Impact of change in the accounting policy for leasehold land and buildings (continued)

The effects of this change in accounting policy are summarised as below:

	Year ended 31 December	
	2011	2010
	HK$'000	*HK$'000*
Consolidated income statement		
Increase in other income and gains	**(15,094)**	-
Increase / (decrease) in administrative expenses	**30**	(29)
Decrease in other operating expenses	**-**	(138)
Increase in income tax expenses	**2,920**	34
	(12,144)	(133)
Attributable to non-controlling interests	**(16)**	-
	(12,160)	(133)
Increase in basic earnings per share (HK cents)	**1.15**	0.01
Increase in diluted earnings per share (HK cents)	**1.15**	0.01
Consolidated statement of other comprehensive income		
Decrease in other comprehensive income	**10,815**	-

	As at 31 December	
	2011	2010
	HK$'000	*HK$'000*
Consolidated statement of financial position		
Decrease in property, plant and equipment	**(83,382)**	(98,278)
Decrease in deferred tax liabilities	**14,907**	17,827
Decrease in asset revaluation reserve	**57,405**	68,220
Decrease / (increase) in exchange fluctuation reserve	**107**	(61)
Decrease / (increase) in retained profits	**(1,226)**	119
Decrease in non-controlling interests	**12,189**	12,173
	-	-

	As at 1 January
	2010
	HK$'000
Consolidated statement of financial position	
Decrease in property, plant and equipment	(97,745)
Decrease in deferred tax liabilities	17,860
Decrease in asset revaluation reserve	68,335
Increase in exchange fluctuation reserve	(702)
Decrease in retained profits	137
Decrease in non-controlling interests	12,115
	-

(3) Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial & Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilites*[4]
HKFRS 9	*Financial Instruments*[6]
HKFRS 10	*Consolidated Financial Statements*[4]
HKFRS 11	*Joint Arrangements*[4]
HKFRS 12	*Disclosure of Interests in Other Entities*[4]
HKFRS 13	*Fair Value Measurement*[4]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[3]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[2]
HKAS 19 (2011)	*Employee Benefits*[4]
HKAS 27 (2011)	*Separate Financial Statements*[4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[4]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instrument: Presentation – Offsetting Financial Assets and Financial Liabilites*[5]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[4]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013
[5] Effective for annual periods beginning on or after 1 January 2014
[6] Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

(4) Operating segment information

By business

	Year ended 31 December 2011			
	Retail operations *HK$'000*	**Export operations** *HK$'000*	**Others** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue:				
Sales to external customers	**5,958,477**	**768,628**	**114,480**	**6,841,585**
Other income and gains	**38,102**	**75,937**	**29,333**	**143,372**
Total	**5,996,579**	**844,565**	**143,813**	**6,984,957**
Segment results	**284,791**	**(9,230)**	**8,004**	**283,565**
Interest income				**24,111**
Unallocated revenue				**177,109**
Unallocated expenses				**(100,191)**
Finance costs				**(7,630)**
Share of profits and losses of:				
Associates	**-**	**4,455**	**-**	**4,455**
Profit before tax				**381,419**
Income tax expense				**(71,430)**
Profit for the year				**309,989**

	Year ended 31 December 2010			
	Retail operations *HK$'000*	Export operations *HK$'000*	Others *HK$'000*	Consolidated *HK$'000* (Restated)
Segment revenue:				
Sales to external customers	5,219,953	807,936	158,975	6,186,864
Other income and gains	31,338	53,318	25,919	110,575
Total	5,251,291	861,254	184,894	6,297,439
Segment results	327,543	1,056	(259)	328,340
Interest income				8,581
Unallocated revenue				175,040
Unallocated expenses				(111,373)
Finance costs				(12,411)
Share of profits and losses of:				
A jointly-controlled entity	-	(418)	-	(418)
Associates	-	41,058	-	41,058
Profit before tax				428,817
Income tax expense				(71,388)
Profit for the year				357,429

(4) Operating segment information (continued)

By business (continued)

	Year ended 31 December 2011			
	Retail operations	**Export operations**	**Others**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Other segment information:				
Depreciation and amortisation	**131,039**	**10,833**	**43,652**	**185,524**
Reversal of impairment of items of property, plant and equipment	**(3,805)**	**-**	**-**	**(3,805)**
Impairment of trade receivables	**-**	**777**	**-**	**777**
Other non-cash expenses/(income)	**19,588**	**612**	**(5,580)**	**14,620**
Investments in associates	**2,140**	**118,516**	**-**	**120,656**
Capital expenditure*	**164,093**	**4,514**	**40,591**	**209,198**

	Year ended 31 December 2010			
	Retail operations	Export operations	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)	(Restated)	(Restated)	(Restated)
Other segment information:				
Depreciation and amortisation	121,226	7,792	57,586	186,604
Impairment of items of property, plant and equipment	7,851	111	7,399	15,361
Impairment of trade receivables	-	2,971	-	2,971
Other non-cash expenses/(income)	64,656	1,558	(2,056)	64,158
Investments in associates	1,454	113,563	-	115,017
Capital expenditure*	114,305	22,747	40,999	178,051

* Capital expenditure consists of additions to property, plant and equipment.

By region

	Year ended 31 December 2011						
	Mainland China	**Hong Kong**	**United States of America**	**Australia and New Zealand**	**Canada**	**Others**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Revenue from external customers	**4,728,906**	**101,844**	**573,030**	**1,229,725**	**67,610**	**140,470**	**6,841,585**
Non-current assets	**800,524**	**83,243**	**58,800**	**145,442**	**-**	**35,922**	**1,123,931**

	Year ended 31 December 2010						
	Mainland China	Hong Kong	United States of America	Australia and New Zealand	Canada	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)						(Restated)
Revenue from external customers	4,183,431	116,073	612,741	1,061,494	61,960	151,165	6,186,864
Non-current assets (Restated)	703,904	103,203	52,920	162,762	-	53,313	1,076,102

(5) Finance costs

An analysis of finance costs is as follows:

	2011 *HK$'000*	2010 *HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**7,599**	12,352
Interest on finance leases	**31**	59
	7,630	12,411

(6) Profit before tax

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

	2011 *HK$'000*	2010 *HK$'000* (Restated)
Depreciation	**185,020**	186,117
Amortisation of prepaid land lease payments	**504**	487
Impairment/(reversal of impairment) of items of property, plant and equipment	**(3,805)**	15,361
Gain on disposal of an investment property	**-**	(555)
Fair value gains on equity investment at fair value through profit or loss, net	**(1,265)**	(1,084)
Net gain from disposal of an available-for-sale investment:		
Fair value gain transfer from equity	**-**	(139,570)
Less: Transaction costs	**-**	1,836
	-	(137,734)
Loss on disposal of a jointly-controlled entity	**-**	5,548
Impairment of trade receivables	**777**	2,971
Interest income	**(24,111)**	(8,581)
Gain on disposal of equity investment at fair value through profit or loss	**(12,265)**	-
(Profit)/Loss on disposal/write-off of items of property, plant and equipment:		
Compensation income in relation to resumption of properties, net	**(125,286)**	-
Loss on other disposals	**10,321**	12,186
	(114,965)	12,186

(7) Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates:

Group:	**2011** *HK$'000*	2010 *HK$'000* (Restated)
Current – Hong Kong		
Charge for the year	**3,907**	5,898
Underprovision /(overprovision) in prior years	**(267)**	557
Current – Elsewhere		
Charge for the year	**77,586**	82,548
Overprovision in prior years	**(16,739)**	(3,649)
Deferred	**6,943**	(13,966)
Total tax charge for the year	**71,430**	71,388

(8) Dividends

	2011 *HK$'000*	2010 *HK$'000*
Interim – HK4.00 cents (2010: HK4.00 cents) per ordinary share	**42,377**	42,377
Proposed final – HK16.60 cents (2010: HK16.60 cents) per ordinary share	**175,863**	175,863
	218,240	218,240

The proposed final dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of HK$317,268,000 (2010 (restated): HK$363,608,000) and the weighted average number of ordinary shares of 1,059,414,000 (2010: 1,059,414,000) in issue during the year.

(b) Diluted earnings per share

As the exercise prices of the share options outstanding during the years ended 31 December 2011 and 2010 are higher than the average market prices of the Company's shares during the years ended 31 December 2011 and 2010, there is no dilutive effect on the basic earnings per share.

(10) Trade and bills receivables

The trade and bills receivables include trade receivables of HK$365,890,000 (2010: HK$390,124,000) and bills receivables of HK$35,686,000 (2010: HK$51,995,000). The bills receivable aged less than four months at the end of the reporting period. An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the due date and net of impairment, is as follows:

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Current	**223,437**	263,484
Less than 4 months	**164,044**	169,357
4 to 6 months	**8,647**	3,576
Over 6 months	**5,448**	5,702
	401,576	442,119

The Group allows an average credit period of 45 days to its trade customers.

(11) Trade and bills payables

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

	2011	2010
	HK$'000	*HK$'000*
Less than 4 months	**742,549**	827,252
4 to 6 months	**236,049**	7,185
Over 6 months	**2,458**	4,224
	981,056	838,661

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

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK16.60 cents (2010: HK16.60 cents) per share for the year ended 31 December 2011 at the forthcoming annual general meeting to be held on Friday, 1 June 2012. The final dividend amounting to HK$175,863,000, if approved by the shareholders, are to be paid on Tuesday, 19 June 2012 to those shareholders whose names appear on the register of members of the Company on Monday, 11 June 2012.

GROUP RESULTS

In the year under review, the world economic development was overwhelmed by the delicate recovery in US and the Euro-Zone sovereign debt crisis that was lingering on the brink of default. Emerging countries were also affected because most of their economies were export-led. Although PRC managed to have 9.2% rise in GDP, the growth momentum decelerated quarterly. The aftermath of the stimulating measures implemented following the financial tsunami unfolded the mounting of regional government debts to RMB10.7 billion, the soaring of real estate prices and general inflation particularly on food cost, drove the central government to keep on tightening the monetary supply. The consequential impact struck the retail market particularly in the second half of the year under review. As a result, the performance of the Group's retail operations in Mainland China was inferior to that of last year. Attributed to the re-adjusted product design approach which regained the support of our patrons since the third quarter of 2010, the Group's retail operations in Australia and New Zealand performed better than last year even under a fairly sluggish retail environment. The lower comparative basis was also one of the reasons.

The Group's consolidated turnover increased by 10.58% but the profit attributable to equity holders reduced by 12.74%. This was mainly caused by the reduced profit made in the Mainland retail operations when compared with that of last year.

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

	2011	2010 (Restated)	Changes
(Unit: HK$'000)			
Consolidated sales	**6,841,585**	6,186,864	↑ 10.58%
of which:			
A. Total retail sales in Mainland China	**4,729,559**	4,158,324	↑ 13.74%
B. Total retail sales in Australia & New Zealand	**1,228,918**	1,061,629	↑ 15.76% *
Sub-total	**5,958,477**	5,219,953	↑ 14.15%
C. Total export sales	**768,628**	807,936	↓ 4.87%
Profit attributable to equity holders of the Company	**317,268**	363,608	↓ 12.74%

(Unit: HK cents)			
Earnings per share (basic)	**29.95**	34.32	↓ 12.73%
Dividend			
—Final	**16.60**	16.60	-
—Total	**20.60**	20.60	-

(Unit: HK$'000)			
Net cash in hand	**1,425,965**	1,514,955	↓ 5.87%

* In the year, the Australian dollars exchange rate was volatile. Turnover in Australian dollars just increased 2.90% year-on-year.

REVIEW OF BUSINESSES

Retailing

At the beginning of the year under review, the market sentiment in the Mainland was quite resilient. The soaring of the ex-factory prices and operational expenses drove Jeanswest to raise its retail price to absorb the additional costs. However, the consumer's response was quite reluctant, as their purchasing power had already been encroached by the continuous increases of living costs especially in food prices. The slow down of the global economic development due to the deepening of the Euro Zone crisis and the prolongation of the enforcement of austere measures in the Mainland turned retail market there lackluster since the beginning of the third quarter. The market environment became even tougher due to the late advent of cold winter weather. Aggressive markdown was the common marketing strategy in the fourth quarter. The Management promptly adjusted operating strategy to cope with the situation and managed to keep the turnover growth in double digits at the expense of a narrow margin shrinkage. The retail market situation in Australia and New Zealand also could not get away from the dismayed global economic development and further hit by the aftermath of local natural disasters. Consumers' spending therefore slowed down. The new strategy implemented since the third quarter in 2010 was warmly accepted in the market and Jeanswest managed to have a better margin on top of a reasonable same store turnover growth.

The Group's retail network has stretched out from Mainland China and Australia to New Zealand, Hong Kong, Macao, as well as the Middle East, Vietnam, Mongolia and Venezuela. There were a total of 3,261 retail shops at the year-end 2011 (2010: 3,009), of which 1,781 (2010: 1,623) were operated under franchise arrangements. For the financial year under review, the Group's aggregate sales from its retail operations amounted to HK$5,958,477,000 (2010: HK$5,219,953,000) representing a year-on-year increase of 14.15%. Contribution from its retail operations to the Group's consolidated sales had increased to 87.09% from 84.37% recorded in the corresponding period in the previous year. Inventory turnover days increased from 54 days to 62 days due to the late coming of cold winter weather and the cool down of retail sentiment in the Mainland.

1. The PRC

i. Jeanswest

The brand name "Jeanswest" still remained the Group's flagship business in Mainland China. In the year under review, the operation costs kept on increasing while the margin shrinking, Jeanswest had to raise its retail price in the second quarter of the year. Even though the product mix was enhanced with trendy touch, the price raising could not turn around the results under the stagflation environment. In the period, the newly opened stores generally could not achieve the sales target. Medium and small enterprises being affected by the tight monetary measures had already stretched their cash flow to its limit. Coupled with the rising of living costs, the consumer spending was dampened. Thus the performance of our franchisees particularly those in the fourth and fifth tier cities were immensely affected. Furthermore the late coming of cold weather brought about the general dumping of merchandise in the market. Management therefore adjusted its marketing strategy accordingly and managed to keep the turnover continuously to grow in double digits but the operation margin was squeezed. Consequently inventory was higher than that of last year.

In the year under review, turnover of PRC retails lifted by 13.74 % to HK$ 4,729,559,000 (2010: HK$4,158,324,000), accounting for 69.13 % of the Group's consolidated sales. As at 31 December 2011, Jeanswest operated 2,927 stores (2010: 2,671) covering 250 cities in the Mainland, among which 1,710 stores (2010: 1,549) were under franchise arrangements.

ii. Quiksilver Glorious Sun

In the period under review, the market competition was fierce. Attributed to the stringent cost control measures and appropriate pricing, the Management managed to safeguard the operating margin and to bring the annual turnover up by 13 % when compared to previous year. During the period, in addition to the relocation of some shops in Tsim Sha Tsui, Causeway Bay and Shatin Districts to better locations, new stores were also added in Olympian City, Kowloon Bay and Lok Fu. The retail network in the Mainland had extended to Yaohan Shanghai; Fuzhou, Xiamen, Changsha and Nanning. In addition to the e-shop in taboa.com, Quiksilver Glorious Sun also collaborated with other portal networks to operate e-shops there. The market response was encouraging.

2. Australia and New Zealand

In the financial year under review, except those sectors related to natural resources, all other key businesses in Australia and New Zealand registered lackluster growth. On top of the already significant downside risks both in the US and the Euro Zone, the natural disasters resulted in careful spending of the general consumers as indicated in the rising of saving rate to the record high in the last two decades. Local retailers also suffered from the strong Australian dollars, which inspired more consumers to buy directly from abroad via internet. During the period, Jeanswest strategically improved stronger inter-active communication with its customers to gather information for fine tuning its product design and to strike the number of its loyal patrons to the 1.25 million level by the third quarter of 2010. Jeanswest managed to grow the same store sales by 6% with a better gross margin than the previous year thereby out-performed its competitors in a tough retail environment.

For the year under review, turnover of HK$1,228,918,000 (2010: HK$1,061,629,000) was registered in Australia and New Zealand markets showing an increase of 15.76% on year-on-year basis. As at the end of 2011, Jeanswest operated a network of 229 stores (2010: 236) in Australia and New Zealand, among which 6 (2010: 6) were under franchise arrangements.

3. Overseas Franchise Operations

In the period, Jeanswest had 44 franchised stores (2010: 42 stores) in Dubai, Oman, Abu Dhabi, Kuwait, Bahrain, Saudi Arabia, Iran, Singapore, Vietnam, Mongolia and Venezuela.

Export

In the year under review, the production costs kept on ascending and the raw material cost soared up due to speculative flipping till the second half of the year. Labour cost and other operation expenses rose endlessly to push up the cost of products. However, the average export price even with upward adjustment was insufficient to absorb the additional costs. The business environment was arduous. The Group's export and manufacturing operations for the first time recorded a loss. Though the amount was trifle, the Management resolutely shut down those factories which did not have the competitive edge and the effect to the Group's performance was immaterial.

For the year, the Group's sales from exports amounted to HK$768,628,000 (2010: HK$807,936,000) slipped 4.87% from last year.

Other Businesses

Products manufactured by our factories in the Mainland China and sold locally to third parties were the principal activity of the Group's other businesses. Its revenue contributed aggregate sales of HK$114,480,000 (2010: HK$158,975,000) showing a decrease of 27.99% year-on-year.

FINANCIAL POSITION

The Group's financial position remained very solid. In the year under review, the Group was in net cash position and had entered into foreign currency forward contracts to hedge its exposure to foreign currency risks in respect of the Australian dollars.

HUMAN RESOURCES

As at 31 December 2011, the Group employed about 21,000 employees (2010: 26,000). Bonus and share options may be granted based on the Group's results and individual performance from time to time.

SOCIAL RESPONSIBILITY

The Management firmly believes that while maximizing returns for shareholders through improvement of profitability, the Group has to take up its social responsibilities. Adhering to stringent environmental protection policies and regulations, the Group also made direct contributions to the society. Every year the Group continues with the usual donations to build "Jeanswest Hope Primary Schools" and to finance the "Jeanswest University Students Sponsorship Fund" and the "Jeanswest Hope Teachers Program". In the period, Jeanswest had made donations to Tsinghua University and South China Agricultural University.

PROSPECTS

Looking forward to 2012, global economic prospects appear to be fairly gloomy. Even the Euro Zone crisis can be contained temporarily, the implementation of the de-leveraging measures are expected to push Euro Zone into recession. Recent economic data in the US happened to be quite upbeat but the sustainability of recovery is still a concern. Emerging markets look better. However, most of them just rely on exports to Europe and America as the driving force to grow their economies and will inevitably be affected. Asia including Hong Kong already worries about the withering of exports leading to the shrinking of internal consumption and capital investment. The PRC is expected to uphold its austere measures in the ensuing period but will lean to a marginal easing. The market expects the PRC's GDP growth at 7.5%. Therefore, economic hard landing in the Mainland is no longer an issue. However, the possibly extreme scenario such as the disintegration of Euro Zone or drastic changes of economic policy after the elections in either the PRC, US, Russia or France all bother us. Therefore, prudence is of essence in formulating the Group strategy for 2012. We have to enhance our alertness to the market changes and be flexible to adjust our operations accordingly. To provide our patrons with "value for dollars" products is our commitment. Jeanswest in the Mainland has to further uplift the efficiency along the supply chain so as to compress the production lag time and to reduce the sourcing costs to enable us to provide our customers with good quality stylish apparel at competitive price. Front store services and inventory management have to be further meliorated. In short, the Management will strive for improvement of margin in the ensuing year.

Last year, Jeanswest in Australia and New Zealand performed satisfactorily amidst the lethargic retail sentiment. It is attributed to the improvement of our product design based on the market feedback gathered from the inter-active communication with our patrons. This strategy is proven to be very useful in enticing customers spending and in uplifting our margin. The perseverance of this strategy will be upheld in future. The Management will also upgrade the automation of our logistic system to further reduce our operational cost in 2012.

In 2012 Quiksilver Glorious Sun is planning to add more stores in prime tourists shopping areas in Hong Kong. In the Mainland, Quiksilver Glorious Sun will commit more investment in brand building especially before and after the event of "2012 Hainan Riyue Bay International Surfing Festival Presented by Quiksilver" which is a function collaborated with International Surfing Association and Association of Surfing Professionals in Hainan Province.

In respect of the export and manufacturing businesses, the Management expects the operations to have a mild improvement in 2012. It is because the rising of production costs and appreciation of RMB against the US dollars seems to be inhibited. Measures to tighten cost control and uplift efficiency will be re-enforced so as to enhance our competitiveness pending the recovery from the present tough environment. The Management will overhaul or even shut down factories which incurred losses last year.

Barring unforeseen circumstances, the Management is confident that the Group will continue to bring reasonable returns to its shareholders in 2012.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year 2012 will be held on Friday, 1 June 2012. For details of the annual general meeting, please refer to the notice of annual general meeting of the Company which is expected to be published on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (www.hkexnews.hk) and the Company (www.glorisun.com) on or around Monday, 23 April 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 30 May 2012 to Friday, 1 June 2012, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for the entitlement to attend and vote at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 29 May 2012.

The register of members of the Company will also be closed from Thursday, 7 June 2012 to Monday, 11 June 2012, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 6 June 2012.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the year ended 31 December 2011.

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

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

APPRECIATION

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

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

Hong Kong, 23 March 2012

As at the date of this announcement, the directors of the Company are as follows:

Executive Directors:
Dr. Charles Yeung, SBS, JP, Mr. Yeung Chun Fan, Mr. Yeung Chun Ho, Mr. Pau Sze Kee, Jackson, Mr. Hui Chung Shing, Herman, BBS, MH, JP, Ms. Cheung Wai Yee and Mr. Chan Wing Kan, Archie

Independent Non-Executive Directors:
Mr. Wong Man Kong, Peter, BBS, JP, Mr. Lau Hon Chuen, Ambrose, GBS, JP and Dr. Chung Shui Ming, Timpson, GBS, JP

Non-Executive Director:
Dr. Lam Lee G.