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 2013

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 2013 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2013

	Notes	**2013** ***HK$'000***	2012 *HK$'000* (Restated)
CONTINUING OPERATIONS			
REVENUE	*(3)*	**6,754,220**	6,801,829
Cost of sales		**(3,952,717)**	(3,802,384)
Gross profit		**2,801,503**	2,999,445
Other income and gains		**238,305**	171,703
Selling and distribution expenses		**(2,053,989)**	(2,139,530)
Administrative expenses		**(774,749)**	(752,662)
Other expenses		**(124,646)**	(67,801)
Finance costs	*(4)*	**(6,884)**	(8,893)
OPERATING PROFIT FROM CONTINUING OPERATIONS		**79,540**	202,262
Share of profits and losses of associates		**15,804**	9,278
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*(5)*	**95,344**	211,540
Income tax expense	*(6)*	**(47,626)**	(22,395)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**47,718**	189,145
DISCONTINUED OPERATION			
Profit/(loss) for the year from a discontinued operation	*(7)*	**69,212**	(56,511)
PROFIT FOR THE YEAR		**116,930**	132,634
Attributable to:			
Ordinary equity holders of the Company		**138,455**	160,876
Non-controlling interests		**(21,525)**	(28,242)
		116,930	132,634

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(CONTINUED)*

Year ended 31 December 2013

	Note	2013	2012
		HK cents	HK cents
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*(9)*		
Basic and diluted			
- For profit for the year		**13.07**	15.19
- For profit from continuing operations		**3.99**	17.10

Details of dividends are disclosed in note 8 to this results announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**116,930**	132,634
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investment:		
Changes in fair value, net of tax	**(81,468)**	(72,269)
Reclassification adjustments for gain on disposal included in the consolidated statement of profit or loss	**(32,838)**	-
	(114,306)	(72,269)
Exchange differences:		
Translation of foreign operations	**(9,705)**	43,807
Release upon disposal of subsidiaries	**(58,367)**	-
	(68,072)	43,807
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(182,378)**	(28,462)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(65,448)**	104,172
Attributable to:		
Ordinary equity holders of the Company	**(49,476)**	124,973
Non-controlling interests	**(15,972)**	(20,801)
	(65,448)	104,172

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**825,106**	916,116
Prepaid land lease payments		**5,860**	18,467
Goodwill		**41,000**	41,000
Investments in associates		**78,655**	130,971
Held-to-maturity investments		**232,332**	224,551
Available-for-sale investments		**101,015**	222,313
Prepayments and deposits		**27,045**	102,692
Deferred tax assets		**26,824**	32,242
Total non-current assets		**1,337,837**	1,688,352
CURRENT ASSETS			
Inventories		**900,901**	1,095,163
Trade and bills receivables	*(10)*	**358,387**	527,476
Prepayments, deposits and other receivables		**372,845**	533,966
Due from associates		**5,325**	3,674
Due from other related companies		**3,090**	1,864
Financial assets at fair value through profit or loss		**12,637**	-
Pledged deposits		**-**	23,403
Cash and cash equivalents		**1,293,597**	1,370,036
Total current assets		**2,946,782**	3,555,582
CURRENT LIABILITIES			
Trade and bills payables	*(11)*	**746,475**	1,037,080
Other payables and accruals		**841,262**	933,253
Due to associates		**228**	2,134
Interest-bearing bank and other borrowings		**171,490**	338,250
Tax payable		**268,662**	398,103
Total current liabilities		**2,028,117**	2,708,820
NET CURRENT ASSETS		**918,665**	846,762
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,256,502**	2,535,114
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**23**	155
Provision		**12,106**	-
Deferred tax liabilities		**165**	835
Total non-current liabilities		**12,294**	990
Net assets		**2,244,208**	2,534,124

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*
31 December 2013

	2013	2012
	HK$'000	*HK$'000*
EQUITY		
Equity attributable to ordinary equity holders of the Company		
Issued capital	**105,941**	105,941
Reserves	**2,126,519**	2,313,804
	2,232,460	2,419,745
Non-controlling interests	**11,748**	114,379
Total equity	**2,244,208**	2,534,124

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 ("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 certain equity investments and financial assets at fair value though profit or loss, 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

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 *– Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKFRS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKFRS 19 (2011)	*Employee Benefits*
HKFRS 27 (2011)	*Separate Financial Statements*
HKFRS 28 (2011)	*Investments in Associates and Joint Ventures*
HKFRS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

The adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements. Nevertheless, certain changes in disclosures have been adopted by the Group in compliance with the new and revised HKFRSs.

Apart from the early adoption of HKAS 36 Amendments, the Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective in these financial statements.

(3) Operating segment information

By business

	Year ended 31 December 2013			
	Retail operations *HK$'000*	**Export operations** *HK$'000*	**Others** *HK$'000*	**Total continuing operations** *HK$'000*
Segment revenue:				
Sales to external customers	**6,078,366**	**674,637**	**1,217**	**6,754,220**
Other income and gains	**81,686**	**14,179**	**37,721**	**133,586**
Total	**6,160,052**	**688,816**	**38,938**	**6,887,806**
Segment results	**76,919**	**17,549**	**670**	**95,138**
Interest income				**36,715**
Unallocated revenue				**68,004**
Corporate and other unallocated expenses				**(113,433)**
Finance costs				**(6,884)**
Share of profits and losses of associates	**-**	**15,804**	**-**	**15,804**
Profit before tax from continuing operations				**95,344**
Income tax expense				**(47,626)**
Profit for the year from continuing operations				**47,718**

	Year ended 31 December 2012 (Restated)			
	Retail operations *HK$'000*	Export operations *HK$'000*	Others *HK$'000*	Total continuing operations *HK$'000*
Segment revenue:				
Sales to external customers	6,335,733	464,791	1,305	6,801,829
Other income and gains	50,419	8,658	42,649	101,726
Total	6,386,152	473,449	43,954	6,903,555
Segment results	214,943	12,206	18,032	245,181
Interest income				32,679
Unallocated revenue				37,298
Corporate and other unallocated expenses				(104,003)
Finance costs				(8,893)
Share of profits and losses of associates	-	9,278	-	9,278
Profit before tax from continuing operations				211,540
Income tax expense				(22,395)
Profit for the year from continuing operations				189,145

(3) Operating segment information *(continued)*

By business *(continued)*

	Year ended 31 December 2013			
	Retail operations *HK$'000*	**Export operations** *HK$'000*	**Others** *HK$'000*	**Total continuing operations** *HK$'000*
Other segment information:				
Depreciation and amortisation	**157,151**	**1,129**	**15,993**	**174,273**
Impairment losses recognised in the consolidated statement of profit or loss	**22,142**	**-**	**6,868**	**29,010**
Impairment losses reversed in the consolidated statement of profit or loss	**-**	**(530)**	**-**	**(530)**
Other non-cash income	**(5,414)**	**(2)**	**(401)**	**(5,817)**
Investments in associates	**(3,142)**	**81,797**	**-**	**78,655**
Capital expenditure*	**151,595**	**607**	**5,634**	**157,836**

	Year ended 31 December 2012 (Restated)			
	Retail operations *HK$'000*	Export operations *HK$'000*	Others *HK$'000*	Total continuing operations *HK$'000*
Other segment information:				
Depreciation and amortisation	142,422	1,199	17,533	161,154
Impairment losses recognised in the consolidated statement of profit or loss	1,288	-	-	1,288
Impairment losses reversed in the consolidated statement of profit or loss	(3,324)	-	-	(3,324)
Other non-cash expenses	92,000	-	282	92,282
Investments in associates	2,993	127,978	-	130,971
Capital expenditure*	273,696	652	17,268	291,616

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

By region

	Year ended 31 December 2013						
	Mainland China *HK$'000*	**Hong Kong** *HK$'000*	**Australia and New Zealand** *HK$'000*	**United States of America** *HK$'000*	**Canada** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Revenue from external customers from continuing operations	**4,631,681**	**29,528**	**1,402,155**	**556,824**	**44,014**	**90,018**	**6,754,220**
Non-current assets	**686,691**	**76,065**	**172,512**	**15,353**	**-**	**-**	**950,621**

	Year ended 31 December 2012 (Restated)						
	Mainland China *HK$'000*	Hong Kong *HK$'000*	Australia and New Zealand *HK$'000*	United States of America *HK$'000*	Canada *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue from external customers from continuing operations	4,919,097	18,108	1,379,810	388,824	24,724	71,266	6,801,829
Non-current assets	896,641	101,974	153,019	54,126	-	3,486	1,209,246

(4) Finance costs

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

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Interest on bank loans wholly repayable within five years	**6,870**	8,871
Interest on finance leases	**14**	22
	6,884	8,893

(5) Profit before tax

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

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Cost of inventories sold	**3,967,987**	3,722,358
Depreciation	**174,096**	160,983
Amortisation of prepaid land lease payments	**177**	171
Loss on disposal/write-off of items of property, plant and equipment	**42,284**	14,209
Dividend income from an available-for-sale listed investment	**(2,065)**	(8,879)
Interest income	**(36,715)**	(32,677)
Gain on disposal of equity investments at fair value through profit or loss	**(250)**	(1,864)
Gain on disposal of an available-for-sale investment	**(32,795)**	-

(6) Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

Group:	**2013** *HK$'000*	2012 *HK$'000* (Restated)
Current – Hong Kong		
Charge for the year	**13,692**	7,479
Underprovision/(overprovision) in prior years	**(1,246)**	833
Current – Elsewhere		
Charge for the year	**36,438**	59,499
Overprovision in prior years	**(2,552)**	(41,466)
Deferred	**1,294**	(3,950)
Total tax charge for the year	**47,626**	22,395

(7) Discontinued operation

On 24 September 2013, Glorious Sun Enterprises (BVI) Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with a company owned by Dr. Charles Yeung and Mr. Yeung Chun Fan, directors and substantial shareholders of the Company, for the disposal of the entire issued share capital of Gennon Industries Limited (together with its subsidiaries referred to as the "Gennon Group") at a cash consideration of HK$132,000,000. The transaction was completed on 21 November 2013.

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

	Period from 1 January to 21 November 2013 *HK$'000*	Year ended 31 December 2012 *HK$'000*
Revenue	**293,724**	384,852
Other income and gains	**45,072**	46,647
Expenses and costs	**(391,930)**	(500,383)
Loss before tax of the discontinued operation	**(53,134)**	(68,884)
Income tax credit	**113**	12,373
Loss for the period/year	**(53,021)**	(56,511)
Gain on disposal of the discontinued operation, net of tax*	**122,233**	-
Profit/(loss) for the period/year from the discontinued operation	**69,212**	(56,511)
Profit/(loss) attributable to:		
Ordinary equity holders of the Company	**96,220**	(20,273)
Non-controlling interests	**(27,008)**	(36,238)
	69,212	(56,511)

(7) Discontinued operation *(continued)*

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

	2013	2012
	HK$'000	*HK$'000*
Gain on disposal in respect of net assets disposed of	**73,275**	-
Exchange fluctuation reserve realised	**58,367**	-
Less: direct costs and tax	**(9,409)**	-
Gain on disposal of the discontinued operation	**122,233**	-

The net cash flows incurred by the Gennon group are as follows:

	Period from 1 January to 21 November 2013	Year ended 31 December 2012
	HK$'000	*HK$'000*
Operating activities	**(37,411)**	(40,940)
Investing activities	**(34,490)**	(22,467)
Financing activities	**35,000**	(1,893)
Net cash outflow	**(36,901)**	(65,300)

	2013	2012
Basic and diluted earnings /(loss) per share from the discontinued operation	**HK9.08 cents**	HK(1.91) cents

The calculations of the basic and diluted earnings (2012: loss) per share amounts from the discontinued operation presented for the year ended 31 December 2013 are based on the profit for the year attributable to ordinary equity holders of the Company from the discontinued operation of HK$96,220,000 (2012: loss of HK$20,273,000), and the weighted average number of ordinary shares of 1,059,414,000 (2012: 1,059,414,000) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts from the discontinued operation presented for the years ended 31 December 2013 and 2012 in respect of a dilution as the exercise price of the share options of the Company outstanding during the year is higher than the average market price of the Company's ordinary shares during the year and, accordingly, they have no diluting effect or an anti-dilutive effect on the basic earnings/(loss) per share amounts from the discontinued operation presented.

(8) Dividends

	2013	2012
	HK$'000	*HK$'000*
Interim – HK4.00 cents (2012: HK4.00 cents) per ordinary share	**42,377**	42,377
Proposed final – HK8.15 cents (2012: HK8.15 cents) per ordinary share	**86,343**	86,343
	128,720	128,720

The proposed final dividends for the year ended 31 December 2013 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 the basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of HK$138,455,000 (2012: HK$160,876,000) and the weighted average number of ordinary shares of 1,059,414,000 (2012: 1,059,414,000) in issue during the year.

(b) Diluted earnings per share

As the exercise prices of the share options of the Company outstanding during the years ended 31 December 2013 and 2012 are higher than the average market prices of the Company's ordinary shares during the years ended 31 December 2013 and 2012, they have no dilutive effect on the basic earnings per share amounts presented.

(10) Trade and bills receivables

The trade and bills receivables include trade receivables of HK$350,894,000 (2012: HK$514,310,000) and bills receivables of HK$7,493,000 (2012: HK$13,166,000). The bills receivables 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 payment due date and net of impairment, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Current	**241,979**	286,496
Less than 4 months	**72,754**	178,390
4 to 6 months	**20,525**	55,137
Over 6 months	**23,129**	7,453
	358,387	527,476

The credit period is generally 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:

	2013	2012
	HK$'000	*HK$'000*
Less than 4 months	**744,772**	1,028,927
4 to 6 months	**1,338**	5,713
Over 6 months	**365**	2,440
	746,475	1,037,080

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

(12) Comparative amounts

The comparative consolidated statement of profit or loss and other comprehensive income has been re-presented as if the discontinued operation has been discontinued at the beginning of the comparative period. In addition, certain comparative amounts have been reclassified to conform with the current year's presentation.

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK8.15 cents (2012: HK8.15 cents) per share for the year ended 31 December 2013 at the forthcoming annual general meeting to be held on Tuesday, 3 June 2014. The final dividend amounting to HK$86,343,000, if approved by the shareholders of the Company, will be paid on Thursday, 19 June 2014 to those shareholders whose names appear on the register of members of the Company on Wednesday, 11 June 2014.

GROUP RESULTS

During the year under review, global economic development was relatively stable. Economic recovery in the US was mild and persistent. There were signs that the recession in the Eurozone had bottomed out. Abe's Abenomics programme also functioned as a spur to revive the Japanese economy. However, the growth momentum in the developing countries had lost stream. It was attributable to their respective inherent problems and outflows of capital to the developed countries. In 2013, the PRC economic growth was 7.70%. During the period, credit was fairly tight and operational costs were escalating. Business environment became tough especially for small and medium businesses. Market sentiment in the retail industry was thus affected and had no material improvement as compared with 2012. Wages and rentals were still in the up-trend and pushed up the operational costs significantly. Jeanswest in the Mainland China endeavoured to streamline operations and consolidate its network including closure of those self-managed stores which incurred substantial losses. The shrinkage of the sale network in the Mainland China caused a drop of turnover by 5.59% which adversely affected the operational profit of Jeanswest. However, inventory level was substantially reduced. Although the performance of Jeanswest in Australia and New Zealand was better than its peers, it was still contained by the slowdown of the local economies and the weakening of Aussie dollars. As a result, its profit contribution was slightly lower than that in 2012. During the period under review, manufacturing and export operations demonstrated a remarkable progress in the transformation of operations from merely OEM to ODM. Furthermore, the Group had disposed of the non-profitable knitted wear manufacturing operation in November, which resulted a satisfactory growth in the turnover of export operation.

For the above-mentioned reasons, the Group's consolidated turnover and the net profit attributable to ordinary equity holders decreased by 0.70% and 13.94% respectively.

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

	2013	2012 (Restated)	Changes
(Unit: HK$'000)			
Consolidated sales	**6,754,220**	6,801,829	↓ 0.70%
of which:			
A. Total retail sales in the PRC	**4,682,007**	4,959,305	↓ 5.59%
B. Total retail sales in Australia & New Zealand	**1,396,359**	1,376,428	↑ 1.45%
Sub-total	**6,078,366**	6,335,733	↓ 4.06%
C. Total export sales	**674,637**	464,791	↑ 45.15%
Profit attributable to ordinary equity holders of the Company	**138,455**	160,876	↓ 13.94%

(Unit: HK cents)			
Earnings per share (basic)	**13.07**	15.19	↓ 13.95%
Dividend			
－Final	**8.15**	8.15	-
－Total	**12.15**	12.15	-

(Unit: HK$'000)			
Net cash in hand	**1,122,084**	1,055,034	↑ 6.36%

REVIEW OF BUSINESSES

Retailing

In 2013, the PRC was in the process of shifting its focus from merely high economic growth to development with better quality and efficiency. Resolute measures were taken to curb the piling up of local government debts and activities of shadow banking. As property investments and other similar businesses were still excessively active, the liberal monetary policies were tightened. Small and medium businesses thus encountered difficulties in financing their operations. The performance of the manufacturing and exporting sectors were unsatisfactory due to the surge of operation costs and the appreciation of Reminbi. Only a GDP growth of 7.70% was recorded in 2013 which was about the same as 7.80% in 2012. The storm attitude of the Central government in fighting against corruption and lavish business entertainments at all government levels as well as in all state owned enterprises cooled down not only the high-end consumer sectors but also the whole retail market. During this period, the Management adjusted the previous strategy of relying on volume sales to tackle the ever-increasing costs issue which was not effective as high turnover growth was unachievable under an arduous retail environment as in 2012 wherein the additional costs arose from expanded network and the slow-moving inventory became pressing issues that could only be partially alleviated by aggressive discount that in turn dragged down the filmy margin to an unacceptable level. Therefore the Management set the sales target in 2013 conservatively and shut down those under-performed stores. The Management also strived to enhance the efficiency of product development and to implement stringing measures to control the operational expenses with the purpose of creating a win and win situation among franchisees and if possible let them win first. In the process of adjustment and consolidation, the performance of Jeanswest in the Mainland in 2013 was inevitably weaker than last year, but the initial outcomes of the new strategy were quite positive already. In the year under review, Australian economic development was fairly slothful, due to the slowdown of its mining industries. Aussie interest rate was cut twice with the total reduction of 0.50% to bolster economic activities. In the period, Aussie had depreciated by 14.27% leading to the surge of imported goods cost and increases of the pressure of retailers in this sluggish environment. Although Jeanswest out-performed its peers, its results in 2013 were still a bit lower than previous year.

The Group's retail network has stretched out from Mainland China and Australia to New Zealand, Hong Kong, Macao, the Middle East, as well as Vietnam, Malaysia, Indonesia, Mongolia, Nepal, Fiji, Russia, Iran and Venezuela. There were a total of 2,890 stores at the year-end 2013 (2012: 3,140), of which 1,593 stores (2012: 1,658) were operated under franchise arrangements. For the financial year under review, the Group's aggregate sales from its retail operations amounted to HK$6,078,366,000 (2012: HK$6,335,733,000) representing a year-on-year decrease of 4.06%. Contribution from its retail operations to the Group's consolidated sales was 89.99%. Inventory turnover days decreased from 59 days to 49 days.

1. The PRC

i. *Jeanswest*

The brand name of “Jeanswest” still remained the Group’s flagship business in Mainland China. In the year under review, the retail business environment was fairly tough as operational costs especially the wages and rentals kept on mounting and thus intensified competition and dumping in the market. The Management endeavoured to adjust the strategy from merely pushing up the turnover to generating sustainable profit growth by enhancing the quality and efficiency of our product development coupled with the reduction of production lead-time and the improvement of versatility to meet with the market changes. In recent years, rental increase well exceeded same store sales growth. This inhabited our adding of new store to the network in 2013. The Management even shut down stores that were under-performed. The strategy of creating a win-win situation by letting our patronages to win first proved effective in stabilizing the franchisees’ situation reflecting in the increase in our sales to those core franchisees.

Because the margin was not yet improved and the non-recurrent expenses incurred in store closures, the results of Jeanswest in the Mainland China were lower than that of previous year.

In the year under review, turnover of PRC retails slightly decreased by 5.59% to HK$4,682,007,000 (2012: HK$4,959,305,000), accounting for 69.32% of the Group's consolidated sales. As at 31 December 2013, Jeanswest operated 2,551 stores (2012: 2,804) covering 250 cities in the PRC, among which 1,522 stores (2012: 1,581) were under franchise arrangements.

ii. *Quiksilver Glorious Sun*

During this period, new swimming suits designed by the famous Diane Von Furstenberg (DVF) and a new collection for Autumn known as Daniel Palillo for Quiksilver were launched to promote the brand image. Quiksilver Glorious Sun also collaborated with sport wears chain stores such as Foot Mart, and Shoe Bar together with some 5-stars hotels with swimming pools to sell Quiksilver's swimming suits and sandals. Even expansion in network slowed down, we managed to build an image store in IFC, the new landmark of Shanghai.

Quiksilver Glorious Sun's operating scale was still relatively small and its turnover was just over HK$200 million. As Quiksilver Glorious Sun was an associate company of the Group, its turnover had not been consolidated into the Group's total revenue.

2. Australia and New Zealand

In the year under review, the mining industry and its related sectors lost its momentum to fuel the economic growth in Australia. Aussie interest rate was adjusted downwards twice for a total of 0.50% to sustain the economic development. During the period, Aussie depreciated by 14.20% pushing up the imported goods cost and burdening further the difficulties of the retailers. Attributable to the unstable external economic factors and the inherent uncertainties, saving rate in Australia surged to highest level recorded in the recent years. Retail sentiment turned sluggish and retailers resorted to promotions to generate sales. In the period, a new Jeanswest kid wear line was launched and met with warm acceptance from the market. The Management also managed to grow same store sales by single digit and double the turnover in e-shop but margin was inevitable under pressure. Although Jeanswest had out-performed its peers, the results could not surpass that in 2012.

For the year under review, turnover of HK$1,396,359,000 (2012: HK$1,376,428,000) was registered in Australia and New Zealand markets showing an increase of 1.45% on year-on-year basis. As at the end of 2013, Jeanswest operated a network of 234 stores (2012: 234) in Australia and New Zealand, among which 6 (2012: 6) were under franchise arrangements.

3. Overseas Franchise Operations

In general the retail sentiment in those overseas markets where the Group had franchised operations were quite lukewarm especially in Iran and Venezuela. Despite the fainéant market conditions, the Management managed to assist our Indonesian franchisees to open 5 new stores there and finalized the agreement appointing a new franchisee to start operations in the Philippines in 2014.

Export

In the year under review, the retail market in the US was fairly shiftless. The average export unit price to US customers and our production costs moved not in the same direction reflecting the dim prospect of OEM business. In November, the Group's non-profitable knitted wear operations had been disposed of. The Management strived to transform the operations from merely OEM to ODM was quite fruitful. The products designed and manufactured for the brands Kirkland Signature and Hathaway owned by Costco were warmly accepted by the market in US. In the aspect of manufacturing operations, the money losing knitted wear operation had been finally vended. By the end of the year, double-digit growth in the Group's total export turnover was registered.

For the year, the Group's sales from exports amounted to HK$674,637,000 (2012: HK$464,791,000) increased 45.15% from last year.

FINANCIAL POSITION

The Group's financial position remained very healthy. 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 2013, the Group employed about 13,000 employees (2012: 19,000). The Group offered competitive remuneration packages to them. In addition, bonus and share options may be granted based on the Group's results and individual performance from time to time.

SOCIAL RESPONSIBILITY

The Group is a firm believer that a business organization should take up social responsibilities while pursuing profit enhancement. 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". The Management also encouraged our staff to actively participate in regular blood donations and the front line works to help the needy and elderly in remote areas.

PROSPECTS

Looking forward to 2014, the market consensus forecasts a mild but delicate global economic recovery. It is anticipated that the developed countries may out-perform the developing areas. Positive surprise in economic growth is beyond expectation as the dosage of tapering will be added when the recovery in the US gaining in force. The Eurozone even can come out from recession but economic retrieval will be restrained by their feeble banking sector. In April, Japanese sales tax is scheduled to be adjusted upward from 5% to 8%, the stimulating effect of Abe's Abenomics programme will inevitably be curtailed. The basic policy direction of the PRC in 2014 is to pursue economic growth in a prudent pace with the focus on those issues such as enhancement of food safety, trimming off surplus production capacities relied on outdated technology and containing the piling up of local government debts. Economic growth in 2014 is budgeted at around 7.50%. Neutral to tight monetary policy is expected to uphold causing the revival of retail markets quite difficult. In 2014, Australian economic development has to move against the headwind blowing from the slowdown of its mining industries. Aussie interest rate may have to be cut again at the expense of its exchange rate to support the economy. The increase of imported product costs will put retailers' gross margin under pressure.

Jeanswest in the Mainland China will continue the adjustment and consolidation of its operations to enhance its profitability. Even the sales target is a bit conservative, the lead-time for inventory replenishment will be shortened to meet with market changes. In each provincial capital, one to two stores located in the prime shopping area will be redecorated and beautified along the latest fashion trend with the purpose of projecting a new image of the brand and providing new shopping experience to our customers. The current favourable terms for our franchisees will continue to be available including discretionary subsidy for their shop decoration. In Australia, the consumer mode has been gradually shifted from shopping retail items to services provided by restaurants, travel agents and electronic communication media. In 2014, Jeanswest in Australia and New Zealand will stress on improvement of product design and further investment in brand building and e-shop as well as the related e-service platform so as to move ahead of our competitors with the purpose of enlarging our market share.

In respect of the export and manufacturing businesses, we will expedite the development of swimming suits and underwears lines and the process of transforming the operations into ODM. As the issue of non-profitable knitted wears manufacturing had been solved, we expect onward performance to be better.

Barring unforeseen circumstances, the Management is confident that the Group will continue to bring reasonable returns to its shareholders in 2014.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year 2014 will be held on Tuesday, 3 June 2014. 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 Wednesday, 16 April 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 29 May 2014 to Tuesday, 3 June 2014, 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 Wednesday, 28 May 2014.

The register of members of the Company will also be closed from Monday, 9 June 2014 to Wednesday, 11 June 2014, 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 Friday, 6 June 2014.

CORPORATE GOVERNANCE

The Company has complied with the principles and the code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the year ended 31 December 2013, save and except for the deviation from code provisions A.6.7 of the CG Code.

Under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders. Due to other pre-arranged commitments, Dr. Lee Lam G., an independent non-executive Director, was not present at the Company's annual general meeting for the year 2013, and Mr. Lau Hon Chuen, Ambrose, GPS, JP as well as Dr. Chung Shui Ming, Timpson, GBS, JP, independent non-executive Directors, were absent from the Special General Meeting of the Company held on 18 November 2013.

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, 21 March 2014

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. Lau Hon Chuen, Ambrose, GBS, JP, Dr. Chung Shui Ming, Timpson, GBS, JP, Mr. Wong Man Kong, Peter, BBS, JP and Dr. Lam Lee G.