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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 2010

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 2010 together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
REVENUE	*(4)*	**6,186,864**	5,767,808
Cost of sales		**(3,550,883)**	(3,257,172)
Gross profit		**2,635,981**	2,510,636
Other income and gains		**156,295**	144,993
Net gain from disposal of available-for-sale investment		**137,734**	-
Selling and distribution costs		**(1,715,201)**	(1,564,964)
Administrative expenses		**(761,175)**	(706,115)
Other expenses		**(53,213)**	(56,272)
Finance costs		**(12,411)**	(9,723)
OPERATING PROFIT		**388,010**	318,555
Share of profits and losses of:			
A jointly-controlled entity		**(418)**	(756)
Associates		**41,058**	25,572
PROFIT BEFORE TAX	*(5)*	**428,650**	343,371
Income tax expense	*(6)*	**(71,354)**	(67,444)
PROFIT FOR THE YEAR		**357,296**	275,927
Attributable to:			
Ordinary equity holders of the Company		**363,475**	259,538
Non-controlling interests		**(6,179)**	16,389
		357,296	275,927
DIVIDENDS	*(7)*	**218,240**	181,266
		HK cents	*HK cents*
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*(8)*		
Basic		**34.31**	24.50

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
PROFIT FOR THE YEAR		**357,296**	275,927
OTHER COMPREHENSIVE INCOME			
Available-for-sale investment:			
Changes in fair value		**406,184**	105,398
Reclassification adjustment for gain included in the consolidated income statement on disposal	*(5)*	**(139,570)**	-
		266,614	105,398
Other comprehensive income released on disposal of a jointly-controlled entity		**(2,069)**	-
Exchange differences on translation of foreign operations		**60,484**	44,860
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**325,029**	150,258
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**682,325**	426,185
Attributable to:			
Ordinary equity holders of the Company		**682,201**	409,462
Non-controlling interests		**124**	16,723
		682,325	426,185

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,001,923**	974,903
Investment properties		**-**	52,667
Prepaid land lease payments		**18,392**	18,460
Goodwill		**39,048**	36,119
Investment in a jointly-controlled entity		**-**	7,911
Investments in associates		**115,017**	146,807
Available-for-sale investment		**405,394**	155,269
Deferred tax assets		**35,717**	17,583
Total non-current assets		**1,615,491**	1,409,719
CURRENT ASSETS			
Inventories		**918,329**	749,840
Trade and bills receivables	*(9)*	**442,119**	487,532
Prepayments, deposits and other receivables		**442,900**	332,389
Derivative financial instruments		**-**	157
Due from related companies		**2,308**	4,088
Due from associates		**1,285**	1,266
Equity investment at fair value through profit or loss		**12,018**	-
Pledged deposits		**28,799**	24,508
Cash and cash equivalents		**1,712,043**	1,291,638
Total current assets		**3,559,801**	2,891,418
CURRENT LIABILITIES			
Trade and bills payables	*(10)*	**838,661**	645,764
Other payables and accruals		**933,203**	828,125
Due to a jointly-controlled entity		**-**	9,921
Due to associates		**10,624**	7,013
Interest-bearing bank and other borrowings		**225,318**	188,691
Tax payable		**420,439**	370,103
Total current liabilities		**2,428,245**	2,049,617
NET CURRENT ASSETS		**1,131,556**	841,801
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,747,047**	2,251,520
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**568**	471
Long term loans from non-controlling shareholders		**9,400**	9,400
Deferred tax liabilities		**19,774**	19,827
Total non-current liabilities		**29,742**	29,698
Net assets		**2,717,305**	2,221,822

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2010

	Note	2010 HK$'000	2009 HK$'000
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		**105,941**	105,941
Reserves		**2,290,482**	1,826,249
Proposed dividends	*(7)*	**175,863**	138,889
		2,572,286	2,071,079
Non-controlling interests		**145,019**	150,743
Total equity		**2,717,305**	2,221,822

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 investment properties, certain buildings and certain financial assets, 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 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKAS 27 (Revised), the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

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

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS *31 Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(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 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* [2]
HKFRS 1 Amendments	Amendment to HKFRS 1 *First-time Adoption of HKFRSs – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [4]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets* [4]
HKFRS 9	*Financial Instruments* [6]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* [5]
HKAS 24 (Revised)	*Related Party Disclosures* [3]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* [1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [3]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 February 2010
[2] Effective for annual periods beginning on or after 1 July 2010
[3] Effective for annual periods beginning on or after 1 January 2011
[4] Effective for annual periods beginning on or after 1 July 2011
[5] Effective for annual periods beginning on or after 1 January 2012
[6] Effective for annual periods beginning on or after 1 January 2013

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 2010			
	Retail operations	**Export operations**	**Others**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
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				**174,873**
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				**428,650**
Income tax expense				**(71,354)**
Profit for the year				**357,296**

	Year ended 31 December 2009			
	Retail operations	Export operations	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:				
Sales to external customers	4,732,495	855,904	179,409	5,767,808
Other income and gains	22,399	47,510	27,228	97,137
Total	4,754,894	903,414	206,637	5,864,945
Segment results	319,674	39,158	756	359,588
Interest income				7,460
Unallocated revenue				40,396
Unallocated expenses				(79,166)
Finance costs				(9,723)
Share of profits and losses of:				
A jointly-controlled entity	-	(756)	-	(756)
Associates	-	25,572	-	25,572
Profit before tax				343,371
Income tax expense				(67,444)
Profit for the year				275,927

(4) Operating segment information (Continued)

By business (Continued)

	Year ended 31 December 2010			
	Retail operations *HK$'000*	**Export operations** *HK$'000*	**Others** *HK$'000*	**Consolidated** *HK$'000*
Other segment information:				
Depreciation and amortisation	**121,226**	**7,792**	**57,615**	**186,633**
Impairment of items of property, plant and equipment	**7,851**	**111**	**7,399**	**15,361**
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**

	Year ended 31 December 2009			
	Retail operations *HK$'000*	Export operations *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Other segment information:				
Depreciation and amortisation	119,296	8,360	57,267	184,923
Reversal of impairment of items of property, plant and equipment	(1,601)	-	-	(1,601)
Change in fair values of investment properties	-	(1,000)	(556)	(1,556)
Other non-cash expenses	23,365	14,089	984	38,438
Investments in associates	1,454	145,353	-	146,807
Investment in a jointly-controlled entity	-	7,911	-	7,911
Capital expenditure*	128,785	953	103,302	233,040

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

(4) Operating segment information (Continued)

By region

	Mainland China HK$'000	Hong Kong HK$'000	United States of America HK$'000	Australia and New Zealand HK$'000	Canada HK$'000	Others HK$'000	Consolidated HK$'000
Year ended 31 December 2010							
Revenue from external customers	**4,183,431**	**116,073**	**612,741**	**1,061,494**	**61,960**	**151,165**	**6,186,864**
Non-current assets	**802,182**	**103,203**	**52,920**	**162,762**	**-**	**53,313**	**1,174,380**

	Mainland China HK$'000	Hong Kong HK$'000	United States of America HK$'000	Australia and New Zealand HK$'000	Canada HK$'000	Others HK$'000	Consolidated HK$'000
Year ended 31 December 2009							
Revenue from external customers	3,808,162	110,252	638,764	985,176	64,169	161,285	5,767,808
Non-current assets	859,198	109,865	54,160	167,661	-	45,983	1,236,867

(5) Profit before tax

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

	2010 *HK$'000*	2009 *HK$'000*
Depreciation	**186,146**	184,436
Amortisation of prepaid land lease payments	**487**	487
Impairment/(reversal of impairment) of items of property, plant and equipment	**15,361**	(1,601)
Loss on disposal/write-off of items of property, plant and equipment	**12,325**	15,711
Gain on disposal of an investment property	**(555)**	-
Fair value (gains)/losses, net:		
Investment properties	**-**	(1,556)
Derivative financial instruments - transactions not qualifying as hedges	**-**	1,137
Equity investment at fair value through profit or loss	**(1,084)**	-
	(1,084)	(419)
Net gain from disposal of 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**	-
Write-down of inventories to net realisable value	**52,645**	4,826
Impairment of goodwill	**-**	1,330
Impairment of trade receivables	**2,971**	943
Bank interest income	**(8,581)**	(7,460)

(6) Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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:

	2010	2009
Group:	***HK$'000***	*HK$'000*
Current – Hong Kong		
Charge for the year	**5,898**	4,836
Underprovision /(overprovision) in prior years	**557**	(323)
Current – Elsewhere		
Charge for the year	**82,548**	61,616
Underprovision /(overprovision) in prior years	**(3,649)**	100
Deferred	**(14,000)**	1,215
Total tax charge for the year	**71,354**	67,444

(7) Dividends

	2010	2009
	HK$'000	*HK$'000*
Interim – HK4.00 cents (2009: HK4.00 cents) per ordinary share	**42,377**	42,377
Proposed final – HK16.60 cents (2009: HK13.11 cents) per ordinary share	**175,863**	138,889
	218,240	181,266

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

(8) 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$363,475,000 (2009: HK$259,538,000) and the weighted average number of ordinary shares of 1,059,414,000 (2009: 1,059,414,000) in issue during the year.

(b) Diluted earnings per share

As the subscription prices of the share options outstanding during the years ended 31 December 2010 and 2009 are higher than the respective average market prices of the Company's shares during the years ended 31 December 2010 and 2009, there is no dilution effect on the basic earnings per share.

(9) Trade and bills receivables

The trade and bills receivables include trade receivables of HK$390,124,000 (2009: HK$351,516,000) and bills receivables of HK$51,995,000 (2009: HK$136,016,000). The bills receivable aged less than four months at the end of the reporting period. An aged analysis of the trade receivables as at the end of the reporting period, based on the payment due date and net of impairment, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Current	**263,484**	277,964
Less than 4 months	**117,362**	67,104
4 to 6 months	**3,576**	4,258
Over 6 months	**5,702**	2,190
	390,124	351,516

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

(10) Trade and bills payables

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

	2010	2009
	HK$'000	*HK$'000*
Less than 4 months	**827,252**	637,441
4 to 6 months	**7,185**	4,167
Over 6 months	**4,224**	4,156
	838,661	645,764

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 (2009: HK13.11 cents) per share for the year ended 31 December 2010 at the forthcoming annual general meeting to be held on Monday, 13 June 2011. The final dividend amounting to HK$175,863,000, if approved by the shareholders, are to be paid on Thursday, 23 June 2011 to those shareholders whose names appear on the register of members of the Company on Monday, 13 June 2011.

GROUP RESULTS

In the year under review, the global economic development after the financial tsunami turned out to be rather haphazard. In response to the sluggish economic recovery in the middle part of the year and the high unemployment rate of over 9%, the US Government launched the second round of quantitative easing measures. In Europe, the high credit risks in Portugal, Italy, Greece, Spain and Ireland posted up thick haze over the Euro zone. Luckily the economic growth in Mainland China and Hong Kong was quite resilient and the Group's businesses benefited from the upsurge in the consumer market. However the previous lenient fiscal measures which caused the flooding of hot money over-heated various trades and highly boosted inflation expectation. Certain sectors even had over-expanded. Australian and New Zealand governments were cautious about inflation and escalated the interest rates which dismayed the retail markets. The export business under-performed when compared with previous year. From the Group's prospective, retail markets were buoyant in Mainland China and Hong Kong but sluggish in Australia and New Zealand. The Australian retail operations were adversely affected by the slothful market condition and further dampered by the over trendy design of the products pushed out to the market at the beginning of the year. Although the operation results improved in the second half of the year, the yearly target could not be struck. The Group's consolidated turn-over drove up by 7.27% and the profit attributable to equity holders increased by 40.05%. It was mainly attributed to the non-recurring income derived from the liquidation of part of our I.T Limited share-holdings and other non-recurring items. Disregarding these non-recurring items, net profit for this fiscal year was similar to that of last year.

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

	2010	2009	Changes
(Unit: HK$'000)			
Consolidated sales	**6,186,864**	5,767,808	↑ 7.27%
of which:			
A. Total retail sales in Mainland China	**4,158,324**	3,750,275	↑ 10.88%
B. Total retail sales in Australia & New Zealand	**1,061,629**	982,220	↑ 8.08%*
Sub-total	**5,219,953**	4,732,495	↑ 10.30%
C. Total export sales	**807,936**	855,904	↓ 5.60%
Profit attributable to equity holders of the Company	**363,475**	259,538	↑ 40.05%

(Unit: HK cents)			
Earnings per share (basic)	**34.31**	24.50	N/A
Dividend			
—Final	**16.60**	13.11	↑ 26.62%
—Total	**20.60**	17.11	↑ 20.40%

(Unit: HK$'000)			
Net cash in hand	**1,514,955**	1,126,984	↑ 34.43%

* In the year, the Australian dollars exchange rate was volatile. Turnover in Australian dollars declined 6.93% year-on-year.

REVIEW OF BUSINESSES

Retailing

In the year under review, the retail market situations were fairly mixed. The Mainland China retail sentiment was flamboyant but competition was fierce and operating costs surged. Attributed to the right strategy adopted by the Management, improvement in gross margin was maintained and sales achieved a double-digit growth. In the same period, Australian and New Zealand markets turned lethargic after the tightening up of the fiscal measures including the four times increase of the Australian dollars interest rate. The sluggish market environment also magnified our design error and dragged down the performance in the first half. Though the error was quickly rectified with sales improved in the second half, our Australian retail gross profit still slipped.

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 3,009 retail shops at year-end 2010 (2009: 2,634), of which 1,623 (2009: 1,348) were operated under franchise arrangements. For the financial year under review, the Group's aggregate sales from its retail operations amounted to HK$5,219,953,000 (2009: HK$4,732,495,000) representing a year-on-year increase of 10.30%. Contribution from its retail operations to the Group's consolidated sales had increased to 84.37% from 82.05% recorded in the corresponding period in the previous year. Inventory turnover days increased from the previous 47 days to 54 days due to the enlarged size to cope with the anticipated market demand at the Chinese Lunar New Year which came earlier than last year.

1. The PRC

i. *Jeanswest*

The brand name "Jeanswest" still remained the Group's flagship business in Mainland China. In the year under review, retail market was buoyant but operation costs especially rental, wages and cotton price soared. Consequently, the apparel ex-factory cost increased in double-digit, but the competitive market environment restricted the shifting of the entire increased costs to the consumers. Assisted by the efficient management information system, our Management was able to have tight control of the product mix which was made up accurately according to the customer profile of each individual store so as to upkeep the margin and to maintain the inventory at the healthy level. Despite the rising of costs of goods sold, our gross margin maintained and turnover increased by 10.88%. In the period, the Management enlarged the efforts in brand building. The latest products and activities of Jeanswest were broadcasted via the daily popular national TV programme "Jeanswest Entertainment News". The number of membership of Jeanswest VIP Club exceeded 2 million. It was a good indicator of the ever-increasing brand recognition of Jeanswest. Jeanswest denim jeans were presented in the period the "Year 2010 Super Quality Award." In the period the results in our newly launched Jeanswest web-store were encouraging.

In the year under review, turnover of PRC retails lifted by 10.88% to HK$4,158,324,000 (2009: HK$3,750,275,000), accounting for 67.21% of the Group's consolidated sales. As at 31 December 2010, Jeanswest operated 2,671 stores (2009: 2,309) covering 250 cities in the Mainland, among which 1,549 stores (2009: 1,282) were under franchise arrangements.

ii. Quiksilver Glorious Sun

In the year under review, the sales and operational margin of Quiksilver Glorious Sun out-performed the expectation of the Management. It was attributable to the appropriate pricing strategy and the stringent cost control. The endeavour in brand promotion of Quiksilver and Roxy in Greater China was also one of the key factors. In the period, the total number of stores in the network increased from the previous 56 to 60 including the sizable flagship stores newly opened in Causeway Bay Plaza and in Mongkok pedestrian area. The web-store of Quiksilver had commenced operation and was warmly received by consumers.

2. Australia and New Zealand

Though Australian government's lenient fiscal measures launched in 2009 successfully kept the economy from slipping into recession, the consequential side effects commenced to unfold in year 2010. In the year under review, the Australia dollars interest rate raised at four times. Among all developed countries, Australian economy grew fairly well but the performance drivers were basically confined to just a few sectors such as property and natural resources related businesses. Consumers there were still in the process of re-balancing their liabilities and assets. The local monthly retail apparel indexes generally decreased in single digit when compared with last year.

The trendy design touch in our collection was proven to be untimely put when the market environment was sluggish and thus affected the sales and margin in the first quarter. The Management promptly rectified the issue and tightened cost control. In the second half, the operation basically turned around and the inventory was kept at the healthy level. The bulk of the deviations in sales and margin targets had been retrieved but the gross profit was still lower than last year.

For the year under review, turnover of HK$1,061,629,000 (2009: HK$982,220,000) was registered in Australia and New Zealand markets showing an increase of 8.08% on year-on-year basis. As at the end of 2010, Jeanswest operated a network of 236 stores (2009: 232) in Australia and New Zealand, among which 6 (2009: 6) were under franchise arrangements.

3. Overseas Franchise Operations

In the period, Jeanswest had 42 franchised stores (2009: 37 stores) in Dubai, Oman, Abu Dhabi, Kuwait, Bahrain, Saudi Arabia, Iran, Vietnam, Singapore, Mongolia and Venezuela. Except the recent geopolitical issues in the Middle East which draw our attention, the over-all progress was fairly encouraging.

Export

In the year under review, our export business still operated under a very tough environment. Our main export market was North America, which was not yet fully recovered from the recent financial crisis. Retail market there was quiescent as unemployment rate still stood at above 9% and most of the consumers were in the course of reducing their debts. Under such circumstance, the increase of average export unit price could not fully cover the appreciation of RMB and the escalation of production costs. The Group's export business was thus under-performed. In the period, revenue generated from export operations accounted for only 13.06% of the Group's consolidated sales. Relatively, its negative impact on the Group's overall results was still manageable.

For the year, the Group's sales from exports amounted to HK$807,936,000 (2009: HK$855,904,000) slipped 5.60% from last year.

Other Businesses

Products manufactured by our factories in the Mainland and sold locally to third parties were the principal activity of the Group's other businesses. Its revenue contributed aggregate sales of HK$158,975,000 (2009: HK$179,409,000) showing a decrease of 11.39% year-on-year.

FINANCIAL POSITION

The Group's financial position remained very solid. As mentioned earlier, the Group's net cash and inventory level were kept at healthy levels in the year under review. In 2010, the Group 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 2010, the Group employed about 26,000 employees (2009: 28,000). 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.

In the period, our worker Ms Zhang Cai Mei from our factory in Huizhou was named as "The National Outstanding Model Worker in Textile Industry".

SOCIAL RESPONSIBILITY

In the process of maximising returns for the shareholders, the Management strictly adhered to all environment requirements and discharged our due share of social responsibilities. Every year the Group continued 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 been bestowed on the awards of "China Charity Award for Foreign Enterprises"; "Top Ten Most Devoted Enterprises in the Charity Activities" and "The Most Outstanding Enterprises in Social Responsibility".

PROSPECTS

Looking forward to 2011, the recovery of global economic development is expected to continue but many issues such as the sovereigns' credit risks in the Euro Zone have to be handled properly so as to keep the global economy away from another possible financial crisis. The escalation of crude oil price triggered off by the recent turmoil in the Middle East and North Africa and the damages caused by the earthquake and tsunami tragedy in Japan may affect adversely the global economy. The second round of quantitative easing in US might strengthen the economic recovery but could also intensify the inflation expectation and the flooding of hot money around the world. The development strategy opted by the Management for the ensuing year is characterised by its prudence in expansion and its endeavour in fighting inflation. Resources will be mainly invested in core businesses. The Management will strive restlessly to uplift operational efficiency to enlarge our market share and to enhance pricing power so as to combat inflation. The retail network in Mainland China is expected to further penetrate into county level and the increase of the number of franchised stores will speed up. Brand building will also be further strengthened.

As the product design issue had been solved, enlargement of our market share in Australia and New Zealand is one of the main targets to achieve for the ensuing period. Through the latest digit devices, Jeanswest is in the position to liaise interactively with nearly a million of our loyal patrons there to ensure our design can upkeep with the market expectation which is essential for the enhancement of our operational efficiency and profitability.

In respect of the export business, as the movement of RMB and the production costs are still in the up-trend, we do not foresee any significant improvement ahead. The Management will strive to tighten cost control and to boost efficiency so as to enhance our competitiveness pending the recovery from the present tough environment.

Barring unforeseen circumstances, the Management is confident that the Group will continue to bring reasonable returns to its shareholders in 2011.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year 2011 will be held on Monday, 13 June 2011. 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, 20 April 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 8 June 2011 to Monday, 13 June 2011, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for the proposed final dividend, all transfers of shares 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, 7 June 2011.

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 2010.

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, 29 March 2011

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 Mr. Chung Shui Ming, Timpson, GBS, JP

Non-Executive Director:
Dr. Lam Lee G.