GLORIOUS SUN ENTERPRISES LIMITED
旭日企業有限公司

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

Interim Results Announcement
For the six months ended 30 June 2011

INTERIM RESULTS

The Directors of Glorious Sun Enterprises Limited (the "Company") are pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 together with the comparative figures for the same period as follows:

INTERIM CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2011

	Notes	**2011 (Unaudited) *HK$'000***	2010 (Unaudited) *HK$'000*
Revenue	*(2)*	**3,184,521**	2,806,390
Cost of sales		**(1,807,364)**	(1,566,789)
Gross profit		**1,377,157**	1,239,601
Other income and gains		**136,385**	64,747
Selling and distribution costs		**(931,590)**	(813,207)
Administrative expenses		**(362,704)**	(340,798)
Other expenses		**(12,343)**	(17,076)
Finance costs		**(3,602)**	(5,403)
Share of profits and losses of:			
Jointly-controlled entities		**-**	(409)
Associates		**767**	4,861
Profit before tax	*(2) & (3)*	**204,070**	132,316
Income tax expense	*(4)*	**(45,877)**	(23,094)
Profit for the period		**158,193**	109,222
Attributable to:			
Ordinary equity holders of the Company		**161,123**	108,920
Non-controlling interests		**(2,930)**	302
Profit for the period		**158,193**	109,222
Interim dividend declared	*(9)*	**42,377**	42,377

	Notes	**2011 (Unaudited) HK cents**	2010 (Unaudited) HK cents
Earnings per share attributable to			
Ordinary equity holders of the Company			
Basic	*(5a)*	**15.21**	10.28
Diluted	*(5b)*	**N/A**	N/A
Interim dividend per share		**4.00**	4.00

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2011

	2011 (Unaudited) ***HK$'000***	2010 (Unaudited) *HK$'000*
Profit for the period	**158,193**	109,222
Exchange differences on translation of foreign operations	**6,293**	(1,629)
Change in fair value of an available-for-sale Investment	**114,942**	108,998
Share of other comprehensive income of Associates	**735**	166
Other comprehensive income for the period	**121,970**	107,535
Total comprehensive income for the period	**280,163**	216,757
Attributable to:		
Ordinary equity holders of the Company	**284,082**	216,334
Non-controlling interests	**(3,919)**	423
	280,163	216,757

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2011

	Notes	**30 June 2011 (Unaudited) *HK$'000***	31 December 2010 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**918,320**	1,001,923
Prepaid land lease payments		**18,149**	18,392
Goodwill		**39,048**	39,048
Investments in associates		**116,519**	115,017
Held-to-maturity investment		**70,851**	-
Available-for-sale investment		**520,336**	405,394
Deposit paid for purchase of properties		**56,000**	-
Deferred tax assets		**33,217**	35,717
Total non-current assets		**1,772,440**	1,615,491
CURRENT ASSETS			
Inventories		**862,542**	918,329
Trade and bills receivables	*(6)*	**396,427**	442,119
Prepayments, deposits and other receivables		**458,867**	442,900
Due from related companies		**2,779**	2,308
Due from associates		**1,863**	1,285
Equity investment at fair value through profit and loss		**-**	12,018
Pledged deposits		**27,130**	28,799
Cash and cash equivalents		**1,478,033**	1,712,043
Total current assets		**3,227,641**	3,559,801
CURRENT LIABILITIES			
Trade and bills payables	*(7)*	**632,647**	838,661
Other payables and accruals		**931,932**	933,203
Due to associates		**7,763**	10,624
Interest-bearing bank and other borrowings		**146,058**	225,318
Tax payable		**434,401**	420,439
Total current liabilities		**2,152,801**	2,428,245
NET CURRENT ASSETS		**1,074,840**	1,131,556
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,847,280**	2,747,047
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**334**	568
Long term loans from non-controlling shareholders		**9,400**	9,400
Deferred tax liabilities		**15,834**	19,774
Total non-current liabilities		**25,568**	29,742
Net assets		**2,821,712**	2,717,305

	Notes	30 June 2011 (Unaudited) HK$'000	31 December 2010 (Audited) HK$'000
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	*(8)*	**105,941**	105,941
Reserves		**2,532,294**	2,290,482
Proposed dividends		**42,377**	175,863
		2,680,612	2,572,286
Non-controlling interests		**141,100**	145,019
Total equity		**2,821,712**	2,717,305

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Basis of preparation and accounting policies

These interim condensed consolidated financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34: Interim Financial Reporting and other relevant HKASs and Interpretations, the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These interim financial statements for the period ended 30 June 2011 are unaudited and have been reviewed by the Audit Committee of the Company.

The principal accounting policies used in the preparation of these interim financial statements are the same as those adopted in preparing the audited financial statements for the year ended 31 December 2010 except for the new adoption of HKFRSs and HKASs as disclosed below.

The Group has applied the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are or have become effective for the first time for the current year's financial statements: -

HKFRS 1 Amendments	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 Amendments	Classification of Rights Issues
HK(IFRIC)-Int 14 Amendments	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective in these financial statements.

HKFRS 1 Amendment	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 Amendments	Disclosures – Transfers of Financial Assets[1]
HKFRS 9	Financial Instruments[4]
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 (Revised)	Presentation of Financial Statements[3]
HKAS 12 Amendments	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]

[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

(2) Segment information

The following table presents segment revenue and result of the Group's reportable operating segments for the six months ended 30 June 2011 and 2010, respectively.

	Six months ended 30 June (Unaudited)							
	Retail operations		Export operations		Other operations		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue (*):								
Sales to external customers	**2,742,177**	2,347,101	**387,344**	379,885	**55,000**	79,404	**3,184,521**	2,806,390
Other income and gains	**23,523**	17,164	**25,614**	24,066	**12,285**	10,976	**61,422**	52,206
Total	**2,765,700**	2,364,265	**412,958**	403,951	**67,285**	90,380	**3,245,943**	2,858,596
Segment results	**173,124**	157,535	**897**	2,718	**732**	789	**174,753**	161,042
Interest income							**9,708**	3,650
Unallocated revenue							**65,255**	8,891
Unallocated expenses							**(42,811)**	(40,316)
Finance costs							**(3,602)**	(5,403)
Share of profits and losses of:								
Jointly-controlled entities	**-**	-	**-**	(409)	**-**	-	**-**	(409)
Associates	**-**	-	**767**	4,861	**-**	-	**767**	4,861
Profit before tax							**204,070**	132,316
Income tax expense							**(45,877)**	(23,094)
Profit for the period							**158,193**	109,222

* There were no inter-segment sales and transfers during the periods concerned.

(3) Profit before tax

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

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**85,778**	91,321
Recognition of prepaid land lease payments	**244**	238
Loss on disposal/write-off of items of property, plant and equipment	**5,804**	4,892
Net compensation received from resumption of a property (*)	**(63,385)**	-
Interest income	**(9,708)**	(3,650)

(*) Net compensation received from resumption of a property is before income tax of HK$19,142,000 for the period, which has been accounted for under tax expense in note (4).

(4) 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 period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates: -

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current - Hong Kong	**2,647**	1,830
Current - Elsewhere	**44,452**	28,219
Deferred	**(1,222)**	(6,955)
	45,877	23,094

The share of tax expenses attributable to associates amounting to HK$361,000 (2010: HK$7,455,000) is included in "Share of profits and losses of associates" on the face of the interim consolidated income statement.

(5) Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2011 is based on the profit attributable to equity holders of the Company of HK$161,123,000 (2010: HK$108,920,000) and the weighted average number of 1,059,414,000 (2010: 1,059,414,000) ordinary shares in issue during the period.

(b) Diluted earnings per share

As the subscription prices of the share options outstanding during the periods ended 30 June 2011 and 2010 are higher than the respective average market prices of the Company's shares during the period ended 30 June 2011 and 2010, there is no dilution effect on the basic earnings per share.

(6) Trade and bills receivables

The trade and bills receivables include trade receivables, net of provision for impairment, of HK$347,378,000 (31 December 2010: HK$390,124,000) and bills receivables of HK$49,049,000 (31 December 2010: HK$51,995,000). The bills receivables were aged less than four months at the end of the reporting period. The aged analysis of trade receivables is as follows:

	30 June	31 December
	2011	2010
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Current	**276,655**	263,484
Less than 4 months	**60,690**	117,362
4 - 6 months	**3,461**	3,576
Over 6 months	**6,572**	5,702
	347,378	390,124

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

(7) 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:

	30 June 2011 (Unaudited) ***HK$'000***	31 December 2010 (Audited) *HK$'000*
Less than 4 months	**621,592**	827,252
4 - 6 months	**5,750**	7,185
Over 6 months	**5,305**	4,224
	632,647	838,661

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

(8) Share capital

	Number of ordinary shares ***'000***	**Nominal value** ***HK$'000***
Issued and fully paid:		
Ordinary shares of HK$0.10 each		
At 31 December 2010 and 30 June 2011	**1,059,414**	**105,941**

(9) Dividends

	Six months ended 30 June	
	2011 (Unaudited) ***HK$'000***	2010 (Unaudited) *HK$'000*
Dividends for ordinary equity holders of the Company:		
Final dividend paid	**175,863**	138,889
Interim dividend declared	**42,377**	42,377

INTERIM DIVIDEND

The Directors have resolved to pay an interim dividend of HK4.00 cents (2010: HK4.00 cents) per share for the six months ended 30 June 2011 to shareholders whose names appear on the register of members of the Company as at the close of business on Friday, 26 August 2011. The interim dividend will be paid to shareholders on Monday, 5 September 2011.

REVIEW OF OPERATIONS

In the first half of the year under review, attributed to the resilient retail sentiment in Mainland China and the improved operations in Australia and New Zealand, our total retail revenue grew in double digits. The rising of inflation and the escalation of operation costs, especially in the Mainland, demanded the upward adjustment of our retail price since the second quarter of the year. However, the increased retail price was still insufficient to absorb the inflated cost. The growth of our operation profit therefore could not catch up with the rise of turnover. In the first half of the year, export revenue stayed at the same level as last year but margin shrank because the improvement in the export unit prices could not match the appreciation in the production costs. As the export business only accounted for less than 12.16% of the Group’s consolidated sales, the adverse effect on the overall result was insignificant.

Hereunder are the highlights of our performance in the first half of the year under review.

	2011 1st Half	2010 1st Half	Changes
(Unit: HK$’000)			
Consolidated sales	**3,184,521**	2,806,390	↑ 13.47%
of which:			
A. Total retail sales in Mainland China	**2,194,115**	1,878,350	↑ 16.81%
B. Total retail sales in Australia & New Zealand	**548,062**	468,751	↑ 16.92%
Sub-total	**2,742,177**	2,347,101	↑ 16.83%
C. Total export sales	**387,344**	379,885	↑ 1.96%
Profit attributable to ordinary equity holders of the Company	**161,123**	108,920	↑ 47.93%
A. Net profit on compensation for a resumed property	**44,243**	—	—
B. Net profit before non-recurrent items	**116,880**	108,920	↑ 7.31%
(Unit: HK cents)			
Interim earnings per share (basic)	**15.21**	10.28	↑ 47.96%
Interim dividend per share	**4.00**	4.00	—
(Unit: HK$’000)			
Net cash in hand	**1,358,771**	1,070,068	↑ 26.98%

1. Retail Operations

Jeanswest remained the flagship brand of the Group's retail business in the Mainland market. During the period, although the PRC Government steered up macro economic controls to cool down the over-heated sectors and slow down inflation, yet she also encouraged internal consumption so as to boost up domestic economic development. Retail sentiment therefore remained resilient. In the period, both the ex-factory prices of apparel and the rental expenses increased in double digits. The challenges to the Management were to ameliorate operational efficiency, costs control as well as the pricing power of our products to keep margin intact and at the same time to keep the sales momentum in the up trend to enlarge our market share. Given such a competitive market environment, the Management opted for gradual adjustment of our retail prices, rather than shifting all the additional costs to the consumers immediately. Therefore our retail turnover in the Mainland increased in double digits but the growth of our operational profit could not keep the same pace.

In the period under review, our retail operations in the Mainland achieved a turnover of HK$2,194,115,000 (2010: HK$1,878,350,000) showing an increase of 16.81%.

The Jeanswest operations in Australia and New Zealand performed better than the same period of last year. Although the costs of merchandise at source went up, the double-digit exchange gain from the Australian dollar to the US dollar reduced materially the percentage of the cost of goods sold. After solving the design issue, both the turnover and the profit margin improved.

For the six months ended 30 June 2011, the aggregate retail turnover in Australia and New Zealand was HK$548,062,000 (2010: HK$468,751,000) showing an increase of 16.92%.

For the period, the total retail operations registered an aggregate turnover of HK$2,742,177,000 (2010: HK$2,347,101,000), increased by 16.83% year-on-year representing 86.11% of the Group's consolidated turnover compared with 83.63% last year.

In the period, Quiksilver Glorious Sun benefited from the booming retail market in Hong Kong and the enhancement of brand recognition in the Mainland. The sales increased by 20.71% with improvement of operational margin as well. As at 30 June 2011, the total number of Quiksilver Glorious Sun stores was 60 shops (2010: 59 shops) including 30 shops (2010: 24 shops) in Hong Kong and Macao and 30 shops (2010: 35 shops) in the Mainland.

As at 30 June 2011, the total number of the Group's retail network of shops including those of Quiksilver Glorious Sun and the Jeanswest franchised stores in the Middle East and Southeast Asia increased to 3,197 shops (2010: 2,798 shops), of which 2,864 Jeanswest shops (2010: 2,467 shops) were operated in the Mainland. Among the Mainland Jeanswest shops, 1,192 shops (2010: 1,058 shops) were directly managed by the Group. The Jeanswest network in Australia and New Zealand comprised 228 shops (2010: 232 shops), out of which 6 shops (2010: 6 shops) were operated under franchised arrangement.

2. Export Business

In the period under review, the US retail market recovery was still fragile. The additional costs could not be entirely shifted to the export customers and led to encroachment of our margin. In addition to tightening cost control, the Management even had to opt for declining orders of flimsy margins. In the period, although the export revenue had a slight improvement, the margin sustained negative growth when compared with the same period of last year.

For the six months ended 30 June 2011, the Group's exports amounted to HK$387,344,000 (2010: HK$379,885,000) representing a slight increase of 1.96% and accounted for 12.16 % of the Group's consolidated turnover.

3. Financial Position

In the first half of the year under review, the Group's overall financial position was sound and solid with both net cash position and inventory staying at healthy levels.

During the period, the Group had written foreign exchange future contracts, principally for the purpose of stabilizing the Group's currency risks exposed to the Australian dollar income.

4. Human Resources

As at 30 June 2011, the Group employed a total of about 23,000 members of staff. The Group offered competitive remuneration packages to its employees. In addition, incentives were granted to employees with reference to the Group's overall performance and the performance of each individual.

PROSPECTS

Looking forwards to the ensuing period of the year, the Management adopts a cautious but optimistic attitude. The market sentiment of those countries in which we have retail operations is quite resilient. However the surge of operational costs especially in the Mainland market may squeeze the margin because the additional costs cannot be easily translated in full to the retail prices under such a competitive market environment. On top of the endeavour in cost saving and uplifting the standard of store services, the Management will increase investment in brand building. Hopefully our customers will keep on finding our products competitive and worth for the dollars and be willing to continue their patronage. The momentum of rolling out of new stores in the Mainland will be accelerated. In the period under review, three Jeanswest stores had already been put up in Hong Kong. The market response was quite encouraging. It is expected that the number of Jeanswest stores in Hong Kong will increase to around ten by the end of this fiscal year. Jeanswest operations in Australia and New Zealand will also be expanded moderately to gain bigger market share. Fashion elements in our product design will be enhanced accordingly but in a more prudent pace.

Our export business is expected to perform slightly better in the second half and its trading arm will continue to explore more new business aiming for profit improvement.

Barring unforeseen circumstances, the Management will continue to bring reasonable returns to the shareholders for the ensuing year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 24 August 2011 to Friday, 26 August 2011, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for the interim 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, 23 August 2011.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 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 six months ended 30 June 2011.

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

Hong Kong, 4 August 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.