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 2012

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 2012 together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2012

	Notes	**2012** ***HK$'000***	2011 *HK$'000*
REVENUE	*(3)*	**7,186,681**	6,841,585
Cost of sales		**(4,202,437)**	(4,009,253)
Gross profit		**2,984,244**	2,832,332
Other income and gains		**218,350**	219,306
Compensation income in relation to resumption of properties, net		**-**	125,286
Selling and distribution costs		**(2,168,574)**	(1,976,549)
Administrative expenses		**(793,949)**	(757,458)
Other expenses		**(92,856)**	(58,323)
Finance costs	*(4)*	**(13,837)**	(7,630)
OPERATING PROFIT		**133,378**	376,964
Share of profits and losses of associates		**9,278**	4,455
PROFIT BEFORE TAX	*(5)*	**142,656**	381,419
Income tax expense	*(6)*	**(10,022)**	(71,430)
PROFIT FOR THE YEAR		**132,634**	309,989
Attributable to:			
Ordinary equity holders of the Company		**160,876**	317,268
Non-controlling interests		**(28,242)**	(7,279)
		132,634	309,989
DIVIDENDS	*(7)*	**128,720**	218,240
		HK cents	*HK cents*
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*(8)*		
Basic and diluted		**15.19**	29.95

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2012

	2012	2011
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**132,634**	309,989
OTHER COMPREHENSIVE INCOME		
Changes in fair value of an available-for-sale investment, net of tax	**(72,269)**	(110,812)
Exchange differences on translation of foreign operations	**43,807**	33,211
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(28,462)**	(77,601)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**104,172**	232,388
Attributable to:		
Ordinary equity holders of the Company	**124,973**	226,816
Non-controlling interests	**(20,801)**	5,572
	104,172	232,388

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**916,116**	829,049
Prepaid land lease payments		**18,467**	18,537
Goodwill		**41,000**	39,048
Investments in associates		**130,971**	120,656
Held-to-maturity investments		**224,551**	127,699
Available-for-sale investment		**222,313**	294,582
Prepayments		**102,692**	116,641
Deferred tax assets		**32,242**	27,522
Total non-current assets		**1,688,352**	1,573,734
CURRENT ASSETS			
Inventories		**1,095,163**	1,164,523
Trade and bills receivables	*(9)*	**527,476**	401,576
Prepayments, deposits and other receivables		**533,966**	495,239
Due from associates		**3,674**	2,220
Due from other related companies		**1,864**	1,760
Equity investments at fair value through profit or loss		**-**	17,336
Pledged deposits		**23,403**	1,505
Cash and cash equivalents		**1,370,036**	1,477,380
Total current assets		**3,555,582**	3,561,539
CURRENT LIABILITIES			
Trade and bills payables	*(10)*	**1,037,080**	981,056
Other payables and accruals		**933,253**	1,010,887
Due to associates		**2,134**	7,761
Interest-bearing bank and other borrowings		**338,250**	52,642
Tax payable		**398,103**	433,742
Total current liabilities		**2,708,820**	2,486,088
NET CURRENT ASSETS		**846,762**	1,075,451
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,535,114**	2,649,185
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**155**	279
Deferred tax liabilities		**835**	928
Total non-current liabilities		**990**	1,207
Net assets		**2,534,124**	2,647,978

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2012

	2012	2011
	HK$'000	*HK$'000*
EQUITY		
Equity attributable to ordinary equity holders of the Company		
Issued capital	**105,941**	105,941
Reserves	**2,313,804**	2,406,857
	2,419,745	2,512,798
Non-controlling interests	**114,379**	135,180
Total equity	**2,534,124**	2,647,978

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 equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

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

(2) Changes in accounting policies and disclosures

The Group has adopted the following 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 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of these revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(3) Operating segment information

By business

	Year ended 31 December 2012			
	Retail operations	**Export operations**	**Others**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue:				
Sales to external customers	**6,335,733**	**770,308**	**80,640**	**7,186,681**
Other income and gains	**50,419**	**57,145**	**40,717**	**148,281**
Total	**6,386,152**	**827,453**	**121,357**	**7,334,962**
Segment results	**214,943**	**(15,689)**	**(18,105)**	**181,149**
Interest income				**32,771**
Unallocated revenue				**37,298**
Corporate and other unallocated expenses				**(104,003)**
Finance costs				**(13,837)**
Share of profits and losses of associates	**-**	**9,278**	**-**	**9,278**
Profit before tax				**142,656**
Income tax expense				**(10,022)**
Profit for the year				**132,634**

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

(3) Operating segment information (continued)

By business (continued)

	Year ended 31 December 2012			
	Retail operations	**Export operations**	**Others**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Other segment information:				
Depreciation and amortisation	**136,286**	**7,258**	**41,807**	**185,351**
Impairment / (reversal of impairment) of items of property, plant and equipment	**(3,324)**	**24,065**	**-**	**20,741**
Impairment / (reversal of impairment) of trade receivables	**1,288**	**(1,649)**	**-**	**(361)**
Other non-cash expenses/(income)	**92,000**	**2,227**	**282**	**94,509**
Investments in associates	**2,993**	**127,978**	**-**	**130,971**
Capital expenditure*	**152,070**	**955**	**139,160**	**292,185**

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

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

By region

	Year ended 31 December 2012						
	Mainland China	**Hong Kong**	**Australia and New Zealand**	**United States of America**	**Canada**	**Others**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Revenue from external customers	**4,930,227**	**93,474**	**1,381,269**	**618,991**	**56,452**	**106,268**	**7,186,681**
Non-current assets	**896,641**	**101,974**	**153,019**	**54,126**	**-**	**3,486**	**1,209,246**

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

(4) Finance costs

An analysis of finance costs is as follows:

	2012 *HK$'000*	2011 *HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**13,815**	7,599
Interest on finance leases	**22**	31
	13,837	7,630

(5) Profit before tax

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

	2012 *HK$'000*	2011 *HK$'000*
Depreciation	**184,834**	185,020
Amortisation of prepaid land lease payments	**517**	504
Impairment / (reversal of impairment) of items of property, plant and equipment	**20,741**	(3,805)
Fair value gain on equity investments at fair value through profit or loss, net	**-**	(1,265)
Impairment / (reversal of impairment) of trade receivables	**(361)**	777
Interest income	**(32,771)**	(24,111)
Gain on disposal of equity investments at fair value through profit or loss	**(1,864)**	(12,265)
(Gain)/loss on disposal/write-off of items of property, plant and equipment:		
Compensation income in relation to resumption of properties, net	**-**	(125,286)
Loss on other disposals	**14,209**	10,321
	14,209	(114,965)

(6) Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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.

	2012	2011
Group:	***HK$'000***	*HK$'000*
Current – Hong Kong		
Charge for the year	**7,402**	3,907
Underprovision / (overprovision) in prior years	**801**	(267)
Current – Elsewhere		
Charge for the year	**59,675**	77,586
Overprovision in prior years	**(53,822)**	(16,739)
Deferred	**(4,034)**	6,943
Total tax charge for the year	**10,022**	71,430

(7) Dividends

	2012	2011
	HK$'000	*HK$'000*
Interim – HK4.00 cents (2011: HK4.00 cents) per ordinary share	**42,377**	42,377
Proposed final – HK8.15 cents (2011: HK16.60 cents) per ordinary share	**86,343**	175,863
	128,720	218,240

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

(8) 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$160,876,000 (2011: HK$317,268,000) and the weighted average number of ordinary shares of 1,059,414,000 (2011: 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 2012 and 2011 are higher than the average market prices of the Company's ordinary shares during the years ended 31 December 2012 and 2011, they have no dilutive effect on the basic earnings per share.

(9) Trade and bills receivables

The trade and bills receivables include trade receivables of HK$514,310,000 (2011: HK$365,890,000) and bills receivables of HK$13,166,000 (2011: HK$35,686,000). 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:

	2012	2011
	HK$'000	*HK$'000*
Current	**286,496**	223,437
Less than 4 months	**178,390**	164,044
4 to 6 months	**55,137**	8,647
Over 6 months	**7,453**	5,448
	527,476	401,576

The credit period is generally 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 the payment due date, is as follows:

	2012	2011
	HK$'000	*HK$'000*
Less than 4 months	**1,028,927**	742,549
4 to 6 months	**5,713**	236,049
Over 6 months	**2,440**	2,458
	1,037,080	981,056

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 HK8.15 cents (2011: HK16.60 cents) per share for the year ended 31 December 2012 at the forthcoming annual general meeting to be held on Thursday, 30 May 2013. The final dividend amounting to HK$86,343,000, if approved by the shareholders of the Company, are to be paid on Monday, 17 June 2013 to those shareholders whose names appear on the register of members of the Company on Friday, 7 June 2013.

GROUP RESULTS

In the year under review, the general global political environment remained stable despite grand elections and changes of political leadership in Russia, US, France, Japan, and the PRC. Geopolitical conflicts basically were also contained. In the economic aspect, the global economy was still vulnerable to the aftermath of the financial tsunami and the Euro crisis. Despite quantitative easing measures were in full force in those related developed countries, economic recovery was still delicate. In the period, Euro zone slipped into recession. France, the European Stability Mechanism (ESM) and the European Financial Stability Facility (EFSF) had all been deprived of their respective AAA credit rating and downgraded to Aa1. Relatively, US were in better shape but they had to launch the QE3 in September and then the QE4 in just three months later indicating their economic recovery was quite flimsy. BRICs were also affected, Brazil economic growth recessed to only 0.9%.

In 2012, the economic development in the PRC decelerated from the previous 9.3% to 7.8%. The business environment became very arduous especially to retailers as well as those low value added and export orientated manufacturers. Even the business cycle was in eclipsing, the PRC Government still opted to abstain from using stimulating measures to bolster their economic development again. As the backfire of the quantitative devices implemented right after the financial tsunami in 2009 had inflated bubbles in certain sectors such as real estates and the likes and reignited inflation especially in foodstuff to the extent of arousing grievances in the society. Piling up of local government debts also became an issue. Furthermore, the in-flow of international hot money in the middle part of the year had set the RMB in the escalating trend again. Therefore, the government preferred to uphold but fine-tune the prevailing austere measures to minimize the adverse effects to the unrelated sectors. However, medium and small enterprises in private sector were deeply affected. On the other hand, demographic dividend in the PRC was diminishing and employers encountered difficulties in recruiting the required work force. Coupled with above, the government labour policy was leaning in favour of the working class with the purpose of reducing the income gap. Shortage of labour and the escalating of minimum wages further pushed up the labour costs and then the operational expenses. Economic activities were no longer as resilient as in the past. Businesses with narrow profit margins took the hardest blow. In addition to these, retailers had to endure the persisting increase of rental.

Hong Kong economy was impacted by the developments in Europe, US and the Mainland. In 2012, the growth in export slipped from the previous 10.1% to only 1% and the expansion in economy reduced from the preceding 4.9% to merely 1.5% in the year under review. The most dynamic internal consumption sector also lost stream commencing from the second quarter. Therefore performance of the retail operations of the Group in the Mainland and Hong Kong was inferior to that of last year. In Australia and New Zealand, despite the retail markets were also quite sluggish, Jeanswest managed to grow its turnover measured in local currency in double-digit and keep the margin intact. It was attributed to the improvement of the product design and effective communication with customers. The remarkable turnover was a record since the commencement of Jeanswest's operations in Australia and New Zealand. The sales of our export business increased slightly but the margin was lower than the same period of last year due to the dismay retail market condition in US. As the export business only accounted for less than 10.72% of the Group's consolidated sales, its impact to the overall result was immaterial.

Due to the above-mentioned reasons, the Group's consolidated turnover increased by 5.04% but the net profit before non-recurrent items reduced by 19.84%. This was mainly caused by the reduced profit made in the Mainland retail operations when compared with that of last year.

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

	2012	2011	Changes
(Unit: HK$'000)			
Consolidated sales	**7,186,681**	6,841,585	↑ 5.04%
of which:			
A. Total retail sales in the PRC	**4,959,305**	4,729,559	↑ 4.86%
B. Total retail sales in Australia & New Zealand	**1,376,428**	1,228,918	↑ 12.00%
Sub-total	**6,335,733**	5,958,477	↑ 6.33%
C. Total export sales	**770,308**	768,628	↑ 0.22%
Net profit before non-recurrent items	**160,876**	200,683	↓ 19.84%
Profit attributable to equity holders of the Company	**160,876**	317,268	↓ 49.29%

(Unit: HK cents)			
Earnings per share (basic)	**15.19**	29.95	↓ 49.28%
Dividend			
—Final	**8.15**	16.60	↓ 50.90%
—Total	**12.15**	20.60	↓ 41.02%

(Unit: HK$'000)			
Net cash in hand	**1,055,034**	1,425,965	↓ 26.01%

REVIEW OF BUSINESSES

Retailing

In 2012, the Euro crisis further deteriorated and economic conditions in Europe and US were feeble. The lethargic retail market sentiment ultimately spread out to emerging markets. In the Mainland and Hong Kong, retail activities slowed down. The retail markets in Australia and New Zealand also became sluggish. Retail operators in the Mainland had to further endure the adversities of ever rising operational costs and escalating ex-factory unit prices. Due to the lackadaisical market condition, dumping became a common practice among retailers to mitigate their excess inventory. Consequentially competition turned fierce, additional costs could not be shifted to consumers and margin was thus deeply encroached. The over-all business environments were even more strenuous than in 2009 after the financial tsunami. Jeanswest took the punch, as we were not versatile enough to promptly adjust our operations in line with the changes in the market. Attributed to their alertness to the market changes and ability to keep abreast with latest development, Jeanswest in Australia and New Zealand managed to out-perform their peers under the lukewarm market condition and delivered a striking historical record in turnover.

The Group's retail network has stretched out from Mainland China and Australia to New Zealand, Hong Kong, Macao, as well as Vietnam, Malaysia, Mongolia, Nepal, Fiji, Russia, Iran and Venezuela. There were a total of 3,140 stores at the year-end 2012 (2011: 3,261), of which 1,658 (2011: 1,781) were operated under franchise arrangements. For the financial year under review, the Group's aggregate sales from its retail operations amounted to HK$6,335,733,000 (2011: HK$5,958,477,000) representing a year-on-year increase of 6.33%. Contribution from its retail operations to the Group's consolidated sales had increased from 87.09% to 88.16% recorded in the corresponding period in the previous year. Inventory turnover days decreased from 62 days to 56 days in the Mainland.

1. The PRC

i. Jeanswest

The brand name "Jeanswest" still remained the Group's flagship business in Mainland China. The persistence of the drowsy market sentiment since last fall, intensified competition and coerced retailers to mark down aggressively to boost up sales. Jeanswest in the year under review missed several operating targets. On one hand our supports to our franchisees under such tough environment were found to be not sufficient. As a result, the number of franchisees and the quantity of goods ordered from them decreased drastically. On the other hand, new stores opening were also behind schedule leading to piling up of the inventory level. Jeanswest had to follow the market practice to promote sales at the expense of the margin. Management managed to cut costs and procured the suppliers to reduce the ex-factory prices from the second quarter to enable Jeanswest to reduce the retail price so as to alleviate the impact. Due to tough market conditions and soaring of wages and rental, Jeanswest's performance in 2012 was inferior to that of last year. However, inventory was eventually reduced to an acceptable level with the assistance from our e-store, which had an encouraging performance.

In the year under review, turnover of PRC retails slightly increased by 4.86% to HK$4,959,305,000 (2011: HK$4,729,559,000), accounting for 69.01% of the Group's consolidated sales. As at 31 December 2012, Jeanswest operated 2,804 stores (2011: 2,931) covering 250 cities in the PRC, among which 1,581 stores (2011: 1,710) were under franchise arrangements.

ii. *Quiksilver Glorious Sun*

In the year under review, the turnover and margin of Quiksilver were affected by the slow down of retail activities in the Mainland and Hong Kong, as well as the escalation of competition and rental expenses. Attributed to the stringent cost control and proper pricing of our products as well as the rising acceptance of Quiksilver brand in the markets, the above-mentioned impacts had been curtailed. In the period, resources had been invested in brand building. Management had organized the regional contests of LTSSYF ROXY Girls Contest and KIA Xgames Asia 2012. Ms. Sofia Mulanovick presented by Quiksilver to compete in 2012 Hainan Riyue Bay International Surfing Festival eventually won the world championship.

2. Australia and New Zealand

In 2012, except those related to the mining sector, all businesses experienced a slothful economic development and only turned firm at low level after a series of cuts in Aussies rates. Under such fainéant market condition, retail operators had to further face the challenges of a number of international brands recently landed in Australia and New Zealand and the competition from the global renowned products that were easily accessible to local consumers via internet. Jeanswest managed to distinguish themselves from its peers under such challenging situation by coming up with better product design and effective interactive communication with customers. Jeanswest also enhanced its operating efficiency along the supply chain and implemented a series of cost saving measures such as the delivery of products directly from factories to respective stores. As a consequence, Jeanswest managed to grow its sales by 12% in local dollar terms and to keep its margin intact. Management also managed to double the turnover of Jeanswest' e-store there. Therefore in 2012, Jeanswest's turnover was the highest since the inauguration of its operations in Australia and New Zealand.

For the year under review, turnover of HK$1,376,428,000 (2011: HK$1,228,918,000) was registered in Australia and New Zealand markets showing an increase of 12.00% on year-on-year basis. As at the end of 2012, Jeanswest operated a network of 234 stores (2011: 229) in Australia and New Zealand, among which 6 (2011: 6) were under franchise arrangements.

3. Overseas Franchise Operations

In the period, Jeanswest had 38 franchised stores (2011: 44) in Vietnam, Malaysia, Mongolia, Nepal, Fiji, Russia, Iran and Venezuela.

Export

In the year under review, the retail market in US was insipid. US, being our export market could only afford an average export price which was barely sufficient to cover the ever-ascending costs. Margin was deeply infringed. The Management's endeavour in cost cutting and new product development, could only mitigate the losses. In recent years, production plants without competitive edge had been closed, resultantly manufacturing operations and the export business to the Group became relatively immaterial.

For the year, the Group's sales from exports amounted to HK$770,308,000 (2011: HK$768,628,000) increased 0.22% from last year.

Other Businesses

Products manufactured by our factories in Mainland China and sold locally to third parties were the principal activity of the Group's other businesses. Its revenue contributed aggregate sales of HK$80,640,000 (2011: HK$114,480,000) showing a decrease of 29.56% year-on-year.

FINANCIAL POSITION

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

HUMAN RESOURCES

As at 31 December 2012, the Group employed about 19,000 employees (2011: 21,000). 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

It is the belief of the Management that while maximizing returns for shareholders through upgrading the quality of profitability, a company has to take up its social responsibilities. In addition to the strict adherence 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

After the grand elections in US, Russia, France and Japan and the change of leadership in the PRC, global political environment is expected to become stable in 2013. As the political leaders in Euro areas, Japan and US have resorted to the means of quantitative easing and reducing interest to near zero level to bolster economic recovery, large-scale easily available fund is expected to contain the burst of financial crises at least for the time being and even facilitate economic growth to sprout. Uncertainties are found to be lesser and optimism is a bit more prevailing in 2013. At least the coming year may not be as bumpy as 2012. Some economic analysts expect export sectors in emerging markets especially those in ASEAN countries and the PRC can derive benefits from the quantitative easing in Euro areas, Japan and US. The smooth transition of leadership to Xi Jinping and Li Keqiang indicates that the political situation in the Mainland has settled down and the consistency of their economic policies are sturdier. Therefore, economic growth of the PRC is expected to hold at around 7.5% in 2013. Hong Kong's GDP will also be improved from the previous 1.2% to the range of 2.5% to 4.5% according to the recent forecast of Hong Kong Government. The Group's development strategy for the ensuing year is to consolidate and then uplift the operations with the purpose of creating a win and win situation among our patronages, franchisees, staff and investors and if necessary let them win first. Once our customers win, eventually the investors and the major shareholders will also be the winners. Management will strictly adhere to market-oriented approach to reinforce our inadequacies in operations.

In 2012, Jeanswest under-performed in the Mainland and Hong Kong. Therefore, Management will strive to hold up our falling profitability. Store opening and sales target in this year may not be as aggressive as in the past. Efforts will be exerted on the amelioration of our products especially in the aspects of design and creativity, to ensure that customers will find our goods comparable to those renowned brands but at an affordable price. Business terms offered to our franchisees will be more competitive together with more forceful supports with the purpose of assisting them to revitalize their dynamic development. Management will also attempt to reduce the costs of goods sold and operational costs. Extensive training required by jobs will be provided to our staff together with more effective incentive to enhance their loyalty and team spirit so as to uplift our over-all competitiveness.

Last year, the innovation of Jeanswest's product design and improvement of brand image had won warm acceptance in the Australian and New Zealand markets. Pursuing along this direction in 2013, the Group will further enrich the product varieties at reasonable price and keep our brand image fresh through brightening up of our store display and decoration. Amiable storefront services to our customers to appeal to their continuous patronage are part of the means to enlarge our market shares. Management also aims at further development of our e-shop and expansion of oversea franchising operations in 2013.

In 2013, Quiksilver Glorious Sun is planning to add more stores in shopping malls, departmental stores and prime tourists shopping areas in Hong Kong. In the Mainland, Quiksilver Glorious Sun will be a bit more aggressive in extending the retail network and will be setting up a presence in Shanghai IFC.

In respect of the export and manufacturing businesses, we are still not optimistic in the ensuing year as production costs are still at the up-trend and retail sentiment in our export market is still slothful. Effort in cost saving and uplifting efficiency will be re-enforced 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 2013.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year 2013 will be held on Thursday, 30 May 2013. 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, 17 April 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 28 May 2013 to Thursday, 30 May 2013, 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 Monday, 27 May 2013.

The register of members of the Company will also be closed from Wednesday, 5 June 2013 to Friday, 7 June 2013, 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 Tuesday, 4 June 2013.

CORPORATE GOVERNANCE

The Company has complied with the code provisions respectively set out in (a) the Code on Corporate Governance Practices for the period from 1 January 2012 to 31 March 2012 and (b) the Corporate Governance Code (the "CG Code") for the period from 1 April 2012 to 31 December 2012 set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange, 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. Chung Shui Ming, Timpson, GBS, JP, an independent non-executive director, and Dr. Lee Lam G., a non-executive director at that time, were not present at the Company's annual general meeting for the year 2012.

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, 18 March 2013

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.