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 2013

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 2013 together with the comparative figures for the same period as follows:

INTERIM CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2013

	Notes	**2013 (Unaudited) *HK$'000***	2012 (Unaudited) *HK$'000*
Revenue	*(2)*	**3,550,079**	3,254,373
Cost of sales		**(2,074,163)**	(1,842,751)
Gross profit		**1,475,916**	1,411,622
Other income and gains		**83,558**	99,880
Selling and distribution costs		**(1,078,320)**	(1,027,143)
Administrative expenses		**(390,228)**	(391,424)
Other expenses		**(39,626)**	(12,566)
Finance costs		**(4,881)**	(3,729)
Operating Profit		**46,419**	76,640
Share of profits and losses of associates		**432**	738
Profit before tax	*(2) & (3)*	**46,851**	77,378
Income tax expense	*(4)*	**(5,683)**	(8,291)
Profit for the period		**41,168**	69,087
Attributable to:			
Ordinary equity holders of the Company		**53,236**	81,293
Non-controlling interests		**(12,068)**	(12,206)
Profit for the period		**41,168**	69,087

INTERIM CONSOLIDATED INCOME STATEMENT *(CONTINUED)*

	Notes	2013 (Unaudited) HK cents	2012 (Unaudited) HK cents
Earnings per share attributable to ordinary equity holders of the Company			
Basic	*(5a)*	**5.03**	7.67
Diluted	*(5b)*	**5.03**	7.67
Interim dividend per share		**4.00**	4.00

Details of the dividends paid and declared for the period are disclosed in note 9 of the financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2013

	2013 (Unaudited) *HK$'000*	2012 (Unaudited) *HK$'000*
Profit for the period	**41,168**	69,087
Other Comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of foreign operations	**(43,504)**	1,978
Change in fair value of an available-for-sale investment	**(31,660)**	(64,009)
Share of other comprehensive income of associates	**92**	853
Other comprehensive income for the period	**(75,072)**	(61,178)
Total comprehensive income for the period	**(33,904)**	7,909
Attributable to:		
Ordinary equity holders of the Company	**(20,158)**	18,676
Non-controlling interests	**(13,746)**	(10,767)
	(33,904)	7,909

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2013

	Notes	**30 June 2013 (Unaudited)** *HK$'000*	31 December 2012 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**975,242**	916,116
Prepaid land lease payments		**18,209**	18,467
Goodwill		**41,000**	41,000
Investments in associates		**127,951**	130,971
Held-to-maturity investments		**224,551**	224,551
Available-for-sale investment		**190,652**	222,313
Prepayments		**-**	102,692
Deferred tax assets		**29,119**	32,242
Total non-current assets		**1,606,724**	1,688,352
CURRENT ASSETS			
Inventories		**967,071**	1,095,163
Trade and bills receivables	*(6)*	**501,034**	527,476
Prepayments, deposits and other receivables		**512,492**	533,966
Due from associates		**4,078**	3,674
Due from related companies		**3,507**	1,864
Pledged deposits		**57,489**	23,403
Cash and cash equivalents		**973,240**	1,370,036
Total current assets		**3,018,911**	3,555,582
CURRENT LIABILITIES			
Trade and bills payables	*(7)*	**666,019**	1,037,080
Other payables and accruals		**942,769**	933,253
Due to associates		**1,662**	2,134
Interest-bearing bank and other borrowings		**250,149**	338,250
Tax payable		**357,297**	398,103
Total current liabilities		**2,217,896**	2,708,820
NET CURRENT ASSETS		**801,015**	846,762
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,407,739**	2,535,114
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**90**	155
Deferred tax liabilities		**833**	835
Total non-current liabilities		**923**	990
Net assets		**2,406,816**	2,534,124

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

	Note	**30 June 2013 (Unaudited)** ***HK$'000***	31 December 2012 (Audited) *HK$'000*
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	*(8)*	**105,941**	105,941
Reserves		**2,207,411**	2,313,804
		2,313,352	2,419,745
Non-controlling interests		**93,464**	114,379
Total equity		**2,406,816**	2,534,124

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 2013 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 2012 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	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*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
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 the unaudited interim condensed consolidated financial statements. Nevertheless, certain changes in disclosures have been adopted by the Group in compliance with the following new and revised HKFRSs:

HKFRS 13 established a single source of guidance under HKFRSs for all fair value measurements. HKFRS 13 does not change when the Group is required to use fair value, but rather provides guidance on how to measure fair value under HKFRSs when fair value is required or permitted. The application of HKFRS 13 has not materially impacted the fair value measurements carried out by the Group. HKFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including HKFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required for financial instruments by HKAS 34.16A(j), thereby affecting the unaudited interim condensed consolidated financial statements period. The Group provides these disclosures in note 10 of interim report.

The HKAS 1 Amendments introduce a grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments affected presentation only and have no impact on the Group's financial position or performance.

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

(2) Segment information

The following table presents segment revenue and result of the Group’s operating segments for the six months ended 30 June 2013 and 2012, respectively.

	Six months ended 30 June (Unaudited)							
	Retail operations		**Export operations**		**Other operations**		**Consolidated**	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$’000	*HK$’000*	***HK$’000***	*HK$’000*	***HK$’000***	*HK$’000*	***HK$’000***	*HK$’000*
Segment revenue (*):								
Sales to external customers	**2,988,545**	2,823,406	**524,279**	393,096	**37,255**	37,871	**3,550,079**	3,254,373
Other income and gains	**24,955**	32,547	**19,580**	23,235	**12,057**	15,585	**56,592**	71,367
Total	**3,013,500**	2,855,953	**543,859**	416,331	**49,312**	53,456	**3,606,671**	3,325,740
Segment result	**76,326**	100,894	**1,685**	(2,966)	**(7,955)**	(136)	**70,056**	97,792
Interest income							**16,820**	15,503
Unallocated revenue							**10,146**	13,010
Unallocated expenses							**(45,722)**	(45,936)
Finance costs							**(4,881)**	(3,729)
Share of profits and losses of Associates	**-**	-	**432**	738	**-**	-	**432**	738
Profit before tax							**46,851**	77,378
Income tax expense							**(5,683)**	(8,291)
Profit for the period							**41,168**	69,087

* 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	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$’000	*HK$’000*
Depreciation	**92,355**	90,508
Recognition of prepaid land lease payments	**258**	252
Loss on disposal/write-off of items of property, plant and equipment	**12,821**	3,658
Interest income	**(16,820)**	(15,503)

(4) 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 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	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current - Hong Kong	**1,984**	1,365
Current - Elsewhere	**3,699**	6,908
Deferred	**-**	18
	5,683	8,291

The share of tax expenses attributable to associates amounting to HK$10,000 (2012 : HK$300,000) 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 2013 is based on the profit attributable to equity holders of the Company of HK$53,236,000 (2012: HK$81,293,000) and the weighted average number of 1,059,414,000 (2012: 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 2013 and 2012 are higher than the respective average market prices of the Company's shares during the period ended 30 June 2013 and 2012, 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$483,774,000 (31 December 2012: HK$514,310,000) and bills receivables of HK$17,260,000 (31 December 2012: HK$13,166,000). The bills receivables were aged less than four months at the balance sheet date. The aged analysis of trade and bills receivables is as follows:

	30 June	31 December
	2013	2012
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Neither past due nor impaired	**347,076**	286,496
Less than 6 months past due	**138,220**	233,527
Over 6 months past due	**15,738**	7,453
	501,034	527,476

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

	30 June 2013 (Unaudited) ***HK$'000***	31 December 2012 (Audited) *HK$'000*
Less than 4 months	**659,022**	1,028,927
4 - 6 months	**2,951**	5,713
Over 6 months	**4,046**	2,440
	666,019	1,037,080

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 2012 and at 30 June 2013	**1,059,414**	105,941

(9) Dividends

	Six months ended 30 June	
	2013 (Unaudited) ***HK$'000***	2012 (Unaudited) *HK$'000*
Dividends for ordinary equity holders of the Company:		
Final dividend paid	**86,342**	175,863
Interim dividend declared	**42,377**	42,377

INTERIM DIVIDEND

The Directors have resolved to pay an interim dividend of HK4.00 cents (2012: HK4.00 cents) per share for the six months ended 30 June 2013 to shareholders whose names appear on the register of members of the Company as at the close of business on Wednesday, 18 September 2013. The interim dividend will be paid to shareholders on Monday, 30 September 2013.

REVIEW OF OPERATIONS

In the first half of the year under review, the deceleration of macro economic development and the tightening of monetary measures contained the retail activities in the Mainland. The slothful retail sentiment continued to prevail there. Abatement of stock was one of the main tasks of Jeanswest. Consequently sales grew slightly and inventory level became healthier but margin was under pressure. During the period, the retail markets in Australia and New Zealand were also quite lukewarm. However, Jeanswest still managed to hit the target set down by the Management to have turnover growth over 10% measured in local currency. For the export operations, the business environment was still arduous. However the endeavour of transforming the operations from merely OEM to ODM was quite successful albeit at this initial stage. Profit contribution was made to the Group. The additional sales generated from the new business even swung the export turnover from negative to positive growth. Export operations should regain its profitability by the end of the year if other improvement measures could also work out.

Due to the above-mentioned reasons, profit attributable to ordinary equity holders of the Company was HK$53,236,000 (2012 : HK$81,293,000) representing a decrease of 34.51% from the corresponding period in the previous year.

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

	2013 1st Half	2012 1st Half	Changes
(Unit: HK$'000)			
Consolidated sales	**3,550,079**	3,254,373	↑ 9.09%
of which:			
A. Total retail sales in Mainland China	**2,301,497**	2,208,043	↑ 4.23%
B. Total retail sales in Australia & New Zealand	**687,048**	615,363	↑ 11.65%
Sub-total	**2,988,545**	2,823,406	↑ 5.85%
C. Total export sales	**524,279**	393,096	↑ 33.37%
Profit attributable to ordinary equity holders of the Company	**53,236**	81,293	↓ 34.51%
(Unit: HK cents)			
Interim earnings per share (basic)	**5.03**	7.67	↓ 34.42%
Interim dividend per share	**4.00**	4.00	—
(Unit: HK$'000)			
Net cash in hand	**780,490**	952,553	↓ 18.06%

1. Retail Operations

Jeanswest remained the flagship brand of the Group's retail business in the Mainland market. During the period, macro economic growth lost its growth momentum. Export and foreign investments slowed down. The central government insisted on stabilizing the economic structure at the expense of a lower GDP growth because the spread out of shadow banking activities and the piling up of local government debts already aroused the concerns of the policy makers. Austere measures such as tightening of monetary supply were enforced. Consequentially, medium and small businesses experienced serious cash flow problem. Even the banks also encountered liquidity problem in June. In the retail market, lethargic sentiment held sway and in due course intensified competition and dumping. The Management strived to reduce inventory, consolidate the retail network and close down non-profitable stores. The strategy of creating a win-win situation by letting our patronages, franchisees and staff to win first proved effective in stabilizing the franchisees' situation. However, it also added pressure to our margin. In the first half of this year, the total number of directly managed stores and franchised stores dropped respectively by 115 and 114.

In the first half of the year, our retail operations in the Mainland had a turnover of HK$2,301,497,000 (2012: HK$2,208,043,000) showing a slight increase of 4.23%.

Although the general retail markets in Australia and New Zealand were sluggish, Jeanswest managed to out-perform our competitors by growing its sales over 10% in local dollar terms even the margin was slightly lower when compared with the same period of last year. It was attributed to the alertness of our Management in adjusting our strategy decisively to keep abreast with the market changes so as to gain the continuous support of our customers.

For the six months ended 30 June 2013, the aggregate retail sales in Australia and New Zealand was HK$687,048,000 (2012: HK$615,363,000) showing an increase of 11.65%.

For the period, the total retail operations registered a turnover of HK$2,988,545,000 (2012: HK$2,823,406,000), increased by 5.85% year-on-year representing 84.18% of the Group's consolidated turnover compared with 86.76% last year.

In the period, the business of Quiksilver Glorious Sun was affected by the slow down of retail activities in Hong Kong and Mainland. Both turnover and margin were lower on year-on-year basis. As at 30 June 2013, the total number of Quiksilver Glorious Sun stores was 59 shops (2012: 51 shops) including 29 shops (2012: 28 shops) in Hong Kong and Macao and 30 shops (2012: 23 shops) in the Mainland.

As at 30 June 2013, 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, South America and Southeast Asia decreased to 2,940 shops (2012: 3,158 shops), of which 2,600 Jeanswest shops (2012: 2,829 shops) were operated in the Mainland. Among the Mainland Jeanswest shops, 1,086 shops (2012: 1,201 shops) were directly managed by the Group. The Jeanswest network in Australia and New Zealand comprised 233 shops (2012: 228 shops), out of which 6 shops (2012: 6 shops) were operated under franchised arrangement.

2. Export Business

In the period under review, the US retail market became more active than last year. However, the business environment for exporters was still quite tough, because the rise in export price still could not catch up with the additional production costs. The Group's knitted wear operations were still in red. However, the newly developed ODM business had a very encouraging start up. The additional sales from the new business restored the Group's export turnover to up trend. During the period, the Group's total export revenue amounted to HK$524,279,000 (2012: HK$393,096,000) representing an increase of 33.37% on year-on-year basis and accounted for 14.77% of the Group's consolidated turnover.

3. Financial Position

In the period under review, the Group's overall financial position was sound and solid. The Group had ample net cash in hand and all other financial data stayed 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 2013, the Group employed a total of about 18,000 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

For the ensuing period of the year, the Management foresees that macro economic development in the Mainland will avoid a "hard-landing" but the slow down will pressurize the retail market. The Group therefore has to be cautious and to consolidate our network in the Mainland. The Management will continue to implement the strategy of creating a win-win situation for our counterparts to win first. The priority tasks remain the further improvement of product design, reduction of inventory, closing down of non-profitable stores, stronger support to franchisees and stringent control on production and management costs. Based on the trend in the first half, operations in Australia and New Zealand seem to be quite optimistic in the remaining period of the year. However, competition in the markets becomes more and more fierce and the uncertainties such as recent depreciation of local currencies also arouse our concerns. Effort will be made to sharpen our competitive edge so as to strengthen our leading position there. Regarding our export operations in the second half, the Management is cautiously positive. Even the Management may not be able to turn around the non-profitable knitted wear manufacturing this year, some alternative drastic options are still available. Coupled with the steady recovery of the US retail market and the promising development of our new ODM business, export operations are likely to regain its profitability.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 16 September 2013 to Wednesday, 18 September 2013, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for the interim dividend, 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 Friday, 13 September 2013.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2013, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, save for the deviation from code provision A.6.7 of the CG Code.

Under code provision A.6.7 of the CG Code, independent 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.

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 2013.

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

Hong Kong, 27 August 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.