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 2014

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 2014 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
CONTINUING OPERATIONS			
REVENUE	*(3)*	**5,854,683**	6,754,220
Cost of sales		**(3,384,257)**	(3,952,717)
Gross profit		**2,470,426**	2,801,503
Other income and gains		**261,270**	238,305
Selling and distribution expenses		**(1,765,652)**	(2,053,989)
Administrative expenses		**(754,252)**	(774,749)
Other expenses		**(57,719)**	(124,646)
Finance costs	*(4)*	**(14,630)**	(6,884)
OPERATING PROFIT FROM CONTINUING OPERATIONS		**139,443**	79,540
Share of profits and losses of associates		**7,460**	15,804
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*(5)*	**146,903**	95,344
Income tax expense	*(6)*	**(25,022)**	(47,626)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**121,881**	47,718
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	*(7)*	**-**	69,212
PROFIT FOR THE YEAR		**121,881**	116,930
Attributable to:			
Ordinary equity holders of the Company		**119,405**	138,455
Non-controlling interests		**2,476**	(21,525)
		121,881	116,930

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(CONTINUED)*

Year ended 31 December 2014

	Note	2014	2013
		HK cents	*HK cents*
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*(9)*		
Basic and diluted			
- For profit for the year		**11.30**	13.07
- For profit from continuing operations		**11.30**	3.99

Details of dividends payable and proposed for the year are disclosed in note 8 to this result announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**121,881**	116,930
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investment:		
Changes in fair value, net of tax	**17,195**	(81,468)
Reclassification adjustments for gain on disposal included in the consolidated statement of profit or loss	**(69,255)**	(32,838)
	(52,060)	(114,306)
Exchange differences:		
Translation of foreign operations	**(17,040)**	(9,705)
Release upon disposal of subsidiaries	**-**	(58,367)
	(17,040)	(68,072)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(69,100)**	(182,378)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**52,781**	(65,448)
Attributable to:		
Ordinary equity holders of the Company	**50,305**	(49,476)
Non-controlling interests	**2,476**	(15,972)
	52,781	(65,448)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2014

	Notes	**2014**	2013
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**775,070**	825,106
Investment properties		**80,363**	-
Prepaid land lease payments		**5,683**	5,860
Goodwill		**39,048**	41,000
Investments in associates		**32,186**	78,655
Held-to-maturity investments		**463,948**	232,332
Available-for-sale investments		**41,301**	101,015
Deposits		**20,744**	27,045
Deferred tax assets		**40,679**	26,824
Total non-current assets		**1,499,022**	1,337,837
CURRENT ASSETS			
Inventories		**715,960**	900,901
Trade and bills receivables	*(10)*	**314,718**	358,387
Prepayments, deposits and other receivables		**345,690**	372,845
Due from associates		**75,088**	5,325
Due from other related companies		**1,446**	3,090
Held-to-maturity investments		**37,787**	-
Financial assets at fair value through profit or loss		**-**	12,637
Pledged deposits		**833,441**	-
Cash and cash equivalents		**1,013,397**	1,293,597
Total current assets		**3,337,527**	2,946,782
CURRENT LIABILITIES			
Trade and bills payables	*(11)*	**579,904**	746,475
Other payables and accruals		**803,388**	841,262
Due to associates		**16,729**	228
Interest-bearing bank and other borrowings		**1,011,620**	171,490
Tax payable		**232,122**	268,662
Total current liabilities		**2,643,763**	2,028,117
NET CURRENT ASSETS		**693,764**	918,665
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,192,786**	2,256,502
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**3,705**	23
Provision for stores restoration		**11,938**	12,106
Deferred tax liabilities		**31,577**	165
Total non-current liabilities		**47,220**	12,294
Net assets		**2,145,566**	2,244,208

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

31 December 2014

	2014	2013
	HK$'000	*HK$'000*
EQUITY		
Equity attributable to ordinary equity holders of the Company		
Issued capital	**104,936**	105,941
Reserves	**2,029,294**	2,126,519
	2,134,230	2,232,460
Non-controlling interests	**11,336**	11,748
Total equity	**2,145,566**	2,244,208

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, accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap.32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit",which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties and certain equity investments and financial assets at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

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

(2) Changes in accounting policies and disclosures

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27(2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

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

(3) Operating segment information

By business

	Year ended 31 December 2014			
	Retail operations *HK$'000*	**Export operations** *HK$'000*	**Others** *HK$'000*	**Total continuing operations** *HK$'000*
Segment revenue:				
Sales to external customers	**5,279,723**	**572,821**	**2,139**	**5,854,683**
Other income and gains	**74,296**	**17,537**	**32,146**	**123,979**
Total	**5,354,019**	**590,358**	**34,285**	**5,978,662**
Segment results	**104,821**	**15,238**	**11,543**	**131,602**
Interest income				**71,250**
Unallocated revenue				**66,041**
Corporate and other unallocated expenses				**(114,820)**
Finance costs				**(14,630)**
Share of profits and losses of associates	**-**	**7,460**	**-**	**7,460**
Profit before tax from continuing operations				**146,903**
Income tax expense				**(25,022)**
Profit for the year from continuing operations				**121,881**

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

(3) Operating segment information *(continued)*

By business *(continued)*

	Year ended 31 December 2014			
	Retail operations *HK$'000*	**Export operations** *HK$'000*	**Others#** *HK$'000*	**Total continuing operations** *HK$'000*
Other segment information:				
Depreciation and amortisation	**109,619**	**695**	**26,401**	**136,715**
Impairment losses recognised in the consolidated statement of profit or loss	**3,718**	**-**	**-**	**3,718**
Impairment losses reversed in the consolidated statement of profit or loss	**(6)**	**-**	**(3,958)**	**(3,964)**
Other non-cash expenses / (income), net	**(68,474)**	**(346)**	**(15,777)**	**(84,597)**
Investments in associates	**(2,947)**	**35,133**	**-**	**32,186**
Capital expenditure*	**118,704**	**516**	**61,606**	**180,826**

	Year ended 31 December 2013			
	Retail operations *HK$'000*	Export operations *HK$'000*	Others# *HK$'000*	Total continuing operations *HK$'000*
Other segment information:				
Depreciation and amortisation	157,151	1,129	15,993	174,273
Impairment losses recognised in the consolidated statement of profit or loss	22,142	-	6,868	29,010
Impairment losses reversed in the consolidated statement of profit or loss	-	(530)	-	(530)
Other non-cash expenses / (income), net	27,381	(2)	(401)	26,978
Investments in associates	(3,142)	81,797	-	78,655
Capital expenditure*	151,595	607	5,634	157,836

* Capital expenditure consists of additions of property, plant and equipment and investment properties.
# The "Others" in other segment information comprises others segment, corporate and unallocated revenue / expenses.

By region

	Year ended 31 December 2014						
	Mainland China *HK$'000*	**Hong Kong** *HK$'000*	**Australia and New Zealand** *HK$'000*	**United States of America** *HK$'000*	**Canada** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Revenue from external customers from continuing operations	**3,923,802**	**32,139**	**1,323,483**	**465,648**	**35,706**	**73,905**	**5,854,683**
Non-current assets**	**702,535**	**34,968**	**188,253**	**6,594**	**-**	**-**	**932,350**

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

** Non-current asset information excludes financial instruments and deferred tax assets.

(4) Finance costs

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

	2014	2013
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**14,568**	6,870
Interest on other loan wholly repayable within five years	**58**	-
Interest on finance leases	**4**	14
	14,630	6,884

(5) Profit before tax

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

	2014	2013
	HK$'000	*HK$'000*
Cost of inventories sold	**3,457,571**	3,967,987
Depreciation	**136,538**	174,096
Amortisation of prepaid land lease payments	**177**	177
Loss on disposal/write-off of items of property, plant and equipment	**7,616**	42,284
Dividend income from an available-for-sale investment	**(3,026)**	(2,065)
Interest income	**(71,250)**	(36,715)
Gain on disposal of equity investments at fair value through profit or loss	**(5,451)**	(250)
Gain on derecognition of a held-to-maturity investment	**(6,357)**	-
Gain on disposal of an available-for-sale investment	**(69,165)**	(32,795)

(6) Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

Group:	**2014** *HK$'000*	2013 *HK$'000*
Current – Hong Kong		
Charge for the year	**14,700**	13,692
Overprovision in prior years	**(72)**	(1,246)
Current – Elsewhere		
Charge for the year	**50,603**	36,438
Overprovision in prior years	**(24,378)**	(2,552)
Deferred	**(15,831)**	1,294
Total tax charge for the year	**25,022**	47,626

(7) Discontinued operation

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

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

	Period from 1 January to 21 November 2013 *HK$'000*
Revenue	293,724
Other income and gains	45,072
Expenses and costs	(391,930)
Loss before tax of the discontinued operation	(53,134)
Income tax credit	113
Loss for the period	(53,021)
Gain on disposal of the discontinued operation*	122,233
Profit for the period from the discontinued operation	69,212
Profit/(loss) attributable to:	
Ordinary equity holders of the Company	96,220
Non-controlling interests	(27,008)
	69,212

(7) Discontinued operation *(continued)*

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

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

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

	Period from 1 January to 21 November 2013
	HK$'000
Operating activities	(37,411)
Investing activities	(34,490)
Financing activities	35,000
Net cash outflow	(36,901)

	2013
Basic and diluted earnings per share from the discontinued operation	HK9.08 cents

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

No adjustment had been made to the basic earnings per share amount from the discontinued operation presented for the year ended 31 December 2013 in respect of a dilution as the exercise price of the share options of the Company outstanding during that year was higher than the average market price of the Company's ordinary shares during that year and, accordingly, they had no diluting effect on the basic earnings per share amount from the discontinued operation presented.

(8) Dividends

	2014	2013
	HK$'000	*HK$'000*
Interim – HK4.00 cents (2013: HK4.00 cents) per ordinary share	**42,377**	42,377
Proposed final – HK6.27 cents (2013: HK8.15 cents) per ordinary share	**65,585**	86,343
	107,962	128,720

The proposed final dividends for the year ended 31 December 2014 are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

(9) Earnings per share attributable to ordinary equity holders of the Company

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$119,405,000 (2013: HK$138,455,000) and the weighted average number of ordinary shares of 1,057,175,000 (2013: 1,059,414,000) in issue during the year.

As the exercise prices of the share options of the Company outstanding during the years ended 31 December 2014 and 2013 are higher than the average market prices of the Company's ordinary shares during the years ended 31 December 2014 and 2013, they have no dilutive effect on the basic earnings per share amounts presented.

The calculations of basic and diluted earnings per share are based on:

	2014	2013
	HKD'000	*HKD'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation:		
From continuing operations	**119,405**	42,235
From a discontinued operation	**-**	96,220
	119,405	138,455

	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**1,057,175,000**	1,059,414,000

(10) Trade and bills receivables

The trade and bills receivables include trade receivables of HK$313,107,000 (2013: HK$350,894,000) and bills receivable of HK$1,611,000 (2013: HK$7,493,000). An ageing 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:

	2014	2013
	HK$'000	*HK$'000*
Current	**228,418**	241,979
Less than 4 months	**52,629**	72,754
4 to 6 months	**18,124**	20,525
Over 6 months	**15,547**	23,129
	314,718	358,387

The credit period is generally 45 days to its trade customers.

(11) Trade and bills payables

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

	2014	2013
	HK$'000	*HK$'000*
Less than 4 months	**578,926**	744,772
4 to 6 months	**705**	1,338
Over 6 months	**273**	365
	579,904	746,475

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 HK6.27 cents (2013: HK8.15 cents) per share for the year ended 31 December 2014 at the forthcoming annual general meeting to be held on Tuesday, 2 June 2015. The final dividend amounting to HK$65,585,000, if approved by the shareholders of the Company, will be paid on Thursday, 18 June 2015 to those shareholders whose names appear on the register of members of the Company on Wednesday, 10 June 2015.

GROUP RESULTS

In the year under review, the global economic recovery was difficult and complicate primarily due to the differentiation in the development of economic bodies. Fiscal and monetary policies among major developed countries were also rather divergent. Economic retrieval in US was mild but persistent, employment conditions meliorated but increase of salary was negligible and new jobs created were mostly low income posts or on temporary basis. Therefore retail sentiment there was far from resilient. Despite quantitative easing measures were in full force in Japan and the Euro zone, the economic growth there was still feeble. China was in the transitional stage of aligning its economic activities. Its economic growth continued to be pressurized and its retail pricing buoyancy was constrained. Business environment became quite tough due to high operational costs and fierce market competition. Thanks to the new strategy implemented by the Management, the down turn of performance was in check. Hong Kong economic growth was vulnerable to the slowdown in the Mainland, not only export and re-export sectors had to bear the impacts, retail activities were also dismayed. Commencing from the second half of last year, high-end tourists from the Mainland curtailed their spending in lavish merchandise and services in Hong Kong. Furthermore, the appreciation of Hong Kong dollars that are pegged with the strong US dollars and the lingering of the "Umbrella Movement" also impaired our competitiveness. The Group's retail operations in Hong Kong were affected. In the year under review, Australia was in the process of shifting its driving forces of its economic growth from mining investment, manufacturing and export to internal consumption. During this critical stage, the price of bulk commodities slipped further from the lowest point in 2013 such as price of iron ores decreased nearly half. In the period, Aussie dollars depreciated 8.37% against US dollars representing a cumulative drop of 21.39% in two years and thus directly pushed up the imported goods cost of the Group. As Jeanswest failed to shift its additional costs to consumers in such lethargic market environment, loss was registered by the Group's retail operations in Australia and New Zealand. During the period, export operations performance was stable pending further break through.

For the above-mentioned reasons, the Group's consolidated turnover from continuing operations and the net profit attributable to ordinary equity holders decreased by 13.32% and 13.76% respectively.

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

	2014	2013	Changes
(Unit: HK$'000)			
Consolidated sales from continuing operations of which:	**5,854,683**	6,754,220	↓ 13.32%
A. Total retail sales in the PRC	**3,971,720**	4,682,007	↓ 15.17%
B. Total retail sales in Australia & New Zealand	**1,308,003**	1,396,359	↓ 6.33%
Sub-total	**5,279,723**	6,078,366	↓ 13.14%
C. Total export sales	**572,821**	674,637	↓ 15.09%
Profit attributable to ordinary equity holders of the Company	**119,405**	138,455	↓ 13.76%

(Unit: HK cents)			
Earnings per share (basic)	**11.30**	13.07	↓ 13.54%
Dividend			
—Final	**6.27**	8.15	↓ 23.07%
—Total	**10.27**	12.15	↓ 15.47%

(Unit: HK$'000)			
Net cash in hand	**831,513**	1,122,084	↓ 25.90%

REVIEW OF BUSINESSES

Retailing

In 2014, Chinese economy faced both the complicated and varied global economic developments and the arduous internal reform. China could no longer rely on fixed investment to develop her macro-economic growth due to the consequential concern of over capacity in fixed asset investments and high-end consumption luxury products. This cooled down domestic consumption and further dismayed retail sentiment. However, operational costs such as rental and wages were still surging. The Management had to consolidate further our retail network in the Mainland and to shut down those under-performed stores and give up those high rental locations. Focus was shifted to the improvement of product design, up-lifting yield from existing stores and expanding franchising and whole selling. This new strategy was quite effective to reduce the existing inventory to a more healthy level and to keep operational margin from falling. In short, the overall performance of Jeanswest operations in the Mainland was in line with the Management's expectation. The performance of Jeanswest in Australia and New Zealand was fairly disappointing. It was attributed to the weak macro-economic environment and Aussie depreciation that pushed up the imported goods cost and burdened further the difficulties of the retailing. The persistent drowsy market sentiment caused dumping to become a common phenomenon; consequentially margin was below healthy level. The bottom line of Jeanswest there turned red. Even the retail markets in the Mainland, Australia and New Zealand were so shiftless; all Jeanswest e-shops in those markets had impressive growth.

The Group's retail network has stretched out from Mainland China and Australia to New Zealand, Hong Kong, Macao, the Middle East, as well as Vietnam, Malaysia, Indonesia, Mongolia, Nepal, Fiji, Russia, Iran and Venezuela. There were a total of 2,631 stores at the year-end 2014 (2013: 2,890), of which 1,577 stores (2013: 1,593) were operated under franchise arrangements. For the financial year under review, the Group's aggregate sales from its retail operations amounted to HK$5,279,723,000 (2013: HK$6,078,366,000) representing a year-on-year decrease of 13.14%. Contribution from its retail operations to the Group's consolidated sales from continuing operations was 90.18%. Inventory turnover days decreased from 49 days to 45 days.

1. The PRC

i. Jeanswest

The brand name of "Jeanswest" still remained the Group's flagship business in Mainland China. In the year under review, retail price in the Mainland could only achieve a mild appreciation. Big discount sales were common in the market. Further hit by the uptrend operational costs like rentals and wages, business environment was quite arduous. The Management pursued the strategy of "reform and consolidation". More resources were allocated to the improvement of product design and the compression of production lead-time so as to enhance the versatility to provide the right products to the changing market aiming to uplift the margin and to keep inventory at healthy level. During the period, those under-performed stores had been closed while stores in the prime location had been renovated with the latest trendy design so as to provide a comfortable shopping environment to customers and to enhance the brand image of Jeanswest. Sales to franchisees showed a mild growth due to more supports to them were rendered. Streamlining the operations and enforcing stringent cost control were also the main tasks of the Management. Year-end inventory level had been reduced year on year basis by HK$184,941,000. E-shop performance in the last few years kept on showing an impressive growth. In the period, a special designed series solely for e-shop had been introduced and met with warm acceptance from customers. Turnover of our e-shop increased in double-digits.

In the year under review, turnover of PRC retails decreased by 15.17% to HK$3,971,720,000 (2013: HK$4,682,007,000), accounting for 67.84% of the Group's consolidated sales from continuing operations. As at 31 December 2014, Jeanswest operated 2,284 stores (2013: 2,551) covering over 250 cities in the PRC, among which 1,492 stores (2013: 1,522) were under franchise arrangements.

ii. *Quiksilver Glorious Sun*

In the year under review, the retail market in the Greater China was sluggish and the increase of retail price still failed to keep abreast with the additional costs. Under-performed stores were closed and the Management endeavoured to enhance the yields of the existing network and managed to keep the same store sales in the up-trend. Franchising operations also progressed mildly. The market warmly accepted the newly introduced Yoga series and the enriched skiing line.

2. Australia and New Zealand

In the year under review, the process of shifting the driving force of economic development from mining to internal consumption was interrupted by the massive fall of the bulk commodities price. Investment in mining almost came to a standstill leading to the slowdown of the related sectors and weakening of consumers' confidence. Competition was also intensified by more and more international apparel brands having their presence in Australia. Aggressive markdown at the expense of margin became the last resort to promote sale. Furthermore, the depreciation of the local currencies pushed up the imported goods cost that could not be shifted to the customers under such sluggish market condition. Therefore Jeanswest operations in Australia and New Zealand turned from profit to loss. Despite all the above-mentioned difficulties, Jeanswest e-shop in Australia and New Zealand still managed to grow its turnover in double-digits. Goods ordered via internet could be picked up by customers from their chosen Jeanswest store. On-line facilities were provided in all Jeanswest stores to enable customers to order size and color of the products that were temporary not available in that particular store. Jeanswest annual turnover was nearly flat in local dollars representing our market share was still quite intact.

For the year under review, turnover of HK$1,308,003,000 (2013: HK$1,396,359,000) was registered in Australia and New Zealand markets showing a decrease of 6.33% on year-on-year basis. As at the end of 2014, Jeanswest operated a network of 239 stores (2013: 234) in Australia and New Zealand, among which 6 (2013: 6) were under franchise arrangements.

3. Overseas Franchise Operations

The retail markets where the Group had overseas franchised operations were quite stable. Our franchisee in Iran had resumed its expansion and built another flagship store. Sales to overseas franchisees were slightly higher than previous year after the Management re-enforced our supports to them.

Export

In the year under review, US macro-economic indicators were quite positive but the increase of wages was negligible. The recent change of consumption pattern, led to reduction of consumers spending in apparel. Retail activities were quite lukewarm. The increase of export unit price was still lingering behind the additional cost. Fortunately OEM business represented only an immaterial portion of our export operations. In the period, Costco, our major ODM customer had reduced order for its private labels. To secure its limited orders, the Group had to lower down its bidding price. Therefore the net profit of ODM operations was slightly lower than previous year.

For the year, the Group's sales from exports amounted to HK$572,821,000 (2013: HK$674,637,000) decreased by 15.09% from last year.

FINANCIAL POSITION

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

HUMAN RESOURCES

As at 31 December 2014, the Group employed about 10,000 employees (2013: 13,000). The Group offered competitive remuneration packages to them. In addition, bonus and share options were 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, the Group had 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. Since 1998, donations in the name of Jeanswest built "Jeanswest Hope Primary Schools", financed "Jeanswest Hope Teachers Programmer" and established "Jeanswest University Students Sponsorship Fund". In the period, 10 "Jeanswest Hope Primary Schools" and 30 "Village Libraries" with 350,000 books had been built in various remote villages. Jeanswest in Australia also continued its sponsorship of the national fund raising campaign organized by "Jeans for Genes Organization".

PROSPECTS

Looking forward to 2015, US economic recovery is expected to gain in force and quantitative easing measures will be gradually rectified and normalized. Interest rate of US dollars is expected to be adjusted upwards in the middle part of the year. However, prevailing quantitative easing measures will be escalated in Japan and the Euro zone. China in 2015 will keep the consistency and steadiness of its fiscal and monetary policies but with more proactive fine tuning and pre-tuning measures to promote the shift of its growth model from focusing on quantity and speed to quality and efficiency and the shift from growth being driven by conventional engines to increasingly driven by new and creative ones backed by latest technology. During this transitional stage, economic growth will decelerate and predicaments arising from de-leveraging will be revealed. Government named this development as the "new normal". Central Bank is expected to cut interest rate and lower down the banks' liquidity ratio to prevent economic "hard-landing". Under this "new normal" situation, the economy in 2015 is expected to have a steady growth. GDP in the Mainland is expected to grow by about 7%. General price level will be basically stable with a prolonged down-trend.

The consensus of economic forecast for Hong Kong in 2015 is relatively negative. The economic slow-down in China will adversely affect re-export sector and tourism in Hong Kong. Furthermore, the strengthening of US dollars against all major currencies since the second half of last year has caused Hong Kong dollars to appreciate and consequentially to reduce the competitiveness of Hong Kong. In such case, Hong Kong dollar interest rate raises in line with US dollars, internal consumption and property market have to take the punch accordingly. The positive elements such as the drop of energy prices will contain inflation. The steady recovery in US will also provide Hong Kong a chance to export more. Hong Kong GDP growth is expected to be in the range of 2% to 3%. In 2015, Australia and New Zealand will have to face downward pressures arising from the substantial drop of bulk commodities price. The outlook of Aussie is a bit shaky. Hopefully the expected cut in Aussie interest rate will give the gloomy retail market a boost.

With the advance of the "new normal", the Management's strategy is to understand the "new normal", adjust to the "new normal", and to develop under the "new normal". Translating into action plan is to shift focus from growing turnover and market share to improvement of profitability; and to shift from growth being driven by expanding self-managed stores to increasingly driven by the development of franchising. Addition of new self-managed stores will be suspended. Resources will be channeled to strive for enhancement of margin and growing of same store sales as well as improvement of product design and product development. The Management will endeavour to establish strategic relationship with our manufacturers so as to shorten further the production lead-time. Supports extended to our franchisees will also be strengthened including more incentives to be offered for expansion of their store network. The Management will further streamline the operations and strictly control operational costs. In the aspect of our export operations, the development of our new products such as swimming suits and under-wear lines will be expedited. The Management will also strive to expand our ODM businesses by developing more new products and to solicit more new clients.

Barring unforeseen circumstances, the Management is confident that the Group will continue to bring reasonable returns to its shareholders in 2015.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year 2015 will be held on Tuesday, 2 June 2015. 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, 22 April 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 29 May 2015 to Tuesday, 2 June 2015, 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 Thursday, 28 May 2015.

The register of members of the Company will also be closed from Monday, 8 June 2015 to Wednesday, 10 June 2015, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 5 June 2015.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the year ended 31 December 2014, 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, was not present at the Company's annual general meeting for the year 2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company repurchased a total of 11,922,000 shares of the Company on the Stock Exchange. All the repurchased shares were subsequently cancelled by the Company. Details of those transactions are as follows:

Month of repurchase	Number of shares repurchased	Price per share Highest	Price per share Lowest	Aggregate price paid
		HK$	*HK$*	*HK$'000*
September 2014	4,120,000	1.68	1.67	6,944
October 2014	2,920,000	1.68	1.65	4,902
November 2014	2,960,000	1.68	1.67	4,979
December 2014	1,922,000	1.67	1.63	3,189
	11,922,000			20,014

The repurchase of the Company's shares during the year was effected by the Directors, pursuant to the mandate from shareholders received at the last annual general meeting of the Company, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Except as disclosed above, 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, 25 March 2015

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, SBS, 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.