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 2016

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 2016 together with the comparative figures for the year ended 31 December 2015. The consolidated results of the Group for the year ended 31 December 2016 have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2016

	Notes	**2016** **HK$'000**	2015 HK$'000 (Restated)
REVENUE	*(3)*	**3,336,494**	4,389,016
Cost of sales		**(1,928,628)**	(2,498,406)
Gross profit		**1,407,866**	1,890,610
Other income and gains		**193,197**	154,352
Selling and distribution expenses		**(1,046,378)**	(1,320,141)
Administrative expenses		**(458,799)**	(595,436)
Other expenses		**(39,276)**	(72,130)
Finance costs	*(4)*	**(11,634)**	(6,912)
OPERATING PROFIT		**44,976**	50,343
Share of profits and losses of associates		**5,952**	6,033
PROFIT BEFORE TAX	*(5)*	**50,928**	56,376
Income tax credit	*(6)*	**40,823**	37,359
PROFIT FOR THE YEAR		**91,751**	93,735
Attributable to:			
Ordinary equity holders of the Company		**88,320**	88,152
Non-controlling interests		**3,431**	5,583
		91,751	93,735
		HK cents	*HK cents* (Restated)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*(8)*		
Basic and diluted			
- For profit for the year		**6.29**	8.39

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	2016 *HK$'000*	2015 *HK$'000*
PROFIT FOR THE YEAR	**91,751**	93,735
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investment:		
Change in fair value	**-**	(2,533)
Reclassification adjustments for gain on disposal included in the consolidated statement of profit or loss	**-**	(20,032)
	-	(22,565)
Exchange differences on translation of foreign operations	**(34,738)**	(44,046)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(34,738)**	(66,611)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gains on property revaluation	**9,016**	25,763
Income tax effect	**(2,493)**	(6,480)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**6,523**	19,283
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(28,215)**	(47,328)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**63,536**	46,407
Attributable to:		
Ordinary equity holders of the Company	**61,330**	41,640
Non-controlling interests	**2,206**	4,767
	63,536	46,407

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**480,794**	657,604
Investment properties		**220,250**	161,694
Prepaid land lease payments		**4,845**	5,307
Goodwill		**34,492**	34,492
Investments in associates		**-**	38,220
Held-to-maturity investments		**1,093,247**	660,482
Available-for-sale investment		**11,364**	12,048
Rental deposits		**14,511**	11,894
Deferred tax assets		**62,296**	37,575
Total non-current assets		**1,921,799**	1,619,316
CURRENT ASSETS			
Inventories		**476,357**	591,229
Interior decoration and renovation contracts		**23,461**	-
Trade and bills receivables	*(9)*	**329,745**	339,050
Prepayments, deposits and other receivables		**258,667**	320,880
Due from an associate		**920**	55,823
Due from other related companies		**29,794**	1,535
Held-to-maturity investments		**203,181**	-
Listed equity investment at fair value through profit or loss		**9,243**	-
Cash and cash equivalents		**854,311**	733,436
Pledged deposits		**-**	30,396
Other investment		**-**	4,819
Total current assets		**2,185,679**	2,077,168
CURRENT LIABILITIES			
Trade and bills payables	*(10)*	**525,528**	595,808
Interior decoration and renovation contracts		**24,535**	-
Other payables and accruals		**519,135**	611,466
Due to an associate		**30**	86
Interest-bearing bank and other borrowings		**425,839**	222,719
Tax payable		**94,199**	140,217
Total current liabilities		**1,589,266**	1,570,296
NET CURRENT ASSETS		**596,413**	506,872
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,518,212**	2,126,188
NON-CURRENT LIABILITIES			
Interest-bearing other borrowing		**-**	5,961
Provision		**13,159**	27,149
Deferred tax liabilities		**40,084**	43,884
Total non-current liabilities		**53,243**	76,994
Net assets		**2,464,969**	2,049,194
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		**153,609**	102,406
Reserves		**2,301,173**	1,937,432
		2,454,782	2,039,838
Non-controlling interests		**10,187**	9,356
Total equity		**2,464,969**	2,049,194

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 investment properties and certain 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.

(2) Changes in accounting policies and disclosures

The Group has fully assessed and adopted, to the extent that is relevant to the Group, the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 10, HKFRS12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements to HKFRSs 2012-2014 Cycle	Amendments to a number of HKFRSs

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 revised HKFRSs.

(3) Operating segment information

By business

	Year ended 31 December 2016				
	Retail operations *HK$'000*	**Export operations** *HK$'000*	**Financial investments** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment revenue:					
Revenue from external parties	**2,886,316**	**336,393**	**104,485**	**9,300**	**3,336,494**
Other income and gains	**35,877**	**12,520**	**-**	**36,169**	**84,566**
Total	**2,922,193**	**348,913**	**104,485**	**45,469**	**3,421,060**
Segment results	**(52,890)**	**9,041**	**99,869**	**9,059**	**65,079**
Interest income					**4,790**
Unallocated revenue					**103,841**
Corporate and other unallocated expenses					**(117,100)**
Finance costs					**(11,634)**
Share of profits and losses of associates	**5,694**	**258**	**-**	**-**	**5,952**
Profit before tax					**50,928**
Income tax credit					**40,823**
Profit for the year					**91,751**

	Year ended 31 December 2015				
	Retail operations *HK$'000*	Export operations *HK$'000*	Financial investments *HK$'000* (Restated)	Others *HK$'000*	Total *HK$'000* (Restated)
Segment revenue:					
Revenue from external parties	3,894,339	441,524	51,410	1,743	4,389,016
Other income and gains	53,130	16,892	-	22,785	92,807
Total	3,947,469	458,416	51,410	24,528	4,481,823
Segment results	49,675	13,963	49,310	7,044	119,992
Interest income					14,636
Unallocated revenue					46,909
Corporate and other unallocated expenses					(124,282)
Finance costs					(6,912)
Share of profits and losses of associates	-	6,033	-	-	6,033
Profit before tax					56,376
Income tax credit					37,359
Profit for the year					93,735

(3) Operating segment information *(continued)*

By business *(continued)*

	Year ended 31 December 2016				
	Retail operations *HK$'000*	**Export operations** *HK$'000*	**Financial Investments** *HK$'000*	**Others#** *HK$'000*	**Total** *HK$'000*
Other segment information:					
Depreciation and amortisation	**72,858**	**672**	**-**	**18,544**	**92,074**
Impairment losses recognised in the consolidated statement of profit or loss	**56,980**	**-**	**-**	**-**	**56,980**
Impairment losses reversed in the consolidated statement of profit or loss	**(2,807)**	**-**	**-**	**-**	**(2,807)**
Other non-cash income, net	**-**	**-**	**-**	**(20,517)**	**(20,517)**
Investments in associates	**-**	**-**	**-**	**-**	**-**
Capital expenditure*	**69,326**	**227**	**-**	**3,358**	**72,911**

	Year ended 31 December 2015				
	Retail operations *HK$'000*	Export operations *HK$'000*	Financial Investments *HK$'000*	Others# *HK$'000*	Total *HK$'000*
Other segment information:					
Depreciation and amortisation	89,583	683	-	21,463	111,729
Impairment losses recognised in the consolidated statement of profit or loss	5,991	-	-	-	5,991
Other non-cash income, net	(17,783)	-	-	(100)	(17,883)
Investments in associates	(2,946)	41,166	-	-	38,220
Capital expenditure*	75,679	148	-	32,842	108,669

* 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 2016						
	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 parties	**1,863,429**	**130,094**	**973,769**	**275,543**	**25,104**	**68,555**	**3,336,494**
Non-current assets**	**558,654**	**6,490**	**175,237**	**-**	**-**	**-**	**740,381**

	Year ended 31 December 2015						
	Mainland China *HK$'000* (Restated)	Hong Kong *HK$'000* (Restated)	Australia and New Zealand *HK$'000*	United States of America *HK$'000*	Canada *HK$'000*	Others *HK$'000*	Total *HK$'000* (Restated)
Revenue from external parties	2,763,838	84,736	1,100,920	341,148	44,634	53,740	4,389,016
Non-current assets**	676,810	38,639	174,141	7,727	-	-	897,317

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

(4) Finance costs

An analysis of finance costs is as follows:

	2016	2015
	HK$'000	*HK$'000*
Interest on bank loans	**10,711**	4,948
Interest on other loan	**923**	1,964
	11,634	6,912

(5) Profit before tax

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

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Cost of inventories sold	**1,877,994**	2,526,379
Depreciation	**91,913**	111,558
Amortisation of prepaid land lease payments	**161**	171
(Gain)/loss on disposal/write-off of items of property, plant and equipment	**(46,381)**	10,334
Dividend income from an available-for-sale investment	**-**	(1,543)
Interest income	**(4,790)**	(14,636)
Loss on derecognition of held-to-maturity investment	**-**	287
Gain on disposal of an available-for-sale investment	**-**	(20,006)

(6) Income tax credit

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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.

	2016	2015
Group:	***HK$'000***	*HK$'000*
Current – Hong Kong		
Charge for the year	**16,828**	14,986
Overprovision in prior years	**(12,264)**	(12,570)
Current – Elsewhere		
Charge for the year	**10,830**	22,297
Overprovision in prior years	**(27,687)**	(59,443)
Deferred	**(28,530)**	(2,629)
Total tax credit for the year	**(40,823)**	(37,359)

(7) Dividends

	2016	2015
	HK$'000	*HK$'000*
Interim – HK2.50 cents (2015: HK3.40 cents) per ordinary share	**38,402**	35,045
Proposed final – HK3.20 cents (2015: HK4.30 cents) per ordinary share	**49,155**	44,035
Adjustment on 2015 final dividend	**-**	22,017
	87,557	101,097

The proposed final dividend for the year ended 31 December 2016 is 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

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$88,320,000 (2015: HK$88,152,000) and the weighted average number of ordinary shares of 1,404,291,000 (2015 (Restated): 1,050,405,000) in issue during the year.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for the year ended 31 December 2016 and 2015 have been adjusted to reflect the bonus element of the rights issue during the year ended 31 December 2016.

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2016 and 2015 in respect of a dilution as the exercise prices of the share options of the Company outstanding during the year is higher than the average market price of the Company's ordinary shares during the year and, accordingly, 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:

	2016	2015
	HKD'000	*HKD'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**88,320**	88,152

	Number of shares	
	2016	2015
Shares	***'000***	*'000*
		(Restated)
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,404,291**	1,050,405

(9) Trade and bills receivables

The trade and bills receivables include trade receivables of HK$329,745,000 (2015: HK$338,684,000) and with nil balance of bills receivable (2015: HK$366,000). 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:

	2016	2015
	HK$'000	*HK$'000*
Current	**261,074**	269,500
Less than 4 months	**37,087**	38,848
4 to 6 months	**17,549**	4,706
Over 6 months	**14,035**	25,996
	329,745	339,050

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:

	2016	2015
	HK$'000	*HK$'000*
Less than 4 months	**523,212**	594,287
4 to 6 months	**528**	1,261
Over 6 months	**1,788**	260
	525,528	595,808

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

(11) Comparative amounts

As a result of change in the designation of principal activities and segment composition, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK3.20 cents (2015: HK4.30 cents) per share for the year ended 31 December 2016 at the forthcoming annual general meeting to be held on Friday, 2 June 2017. The final dividend amounting to HK$49,155,000, if approved by the shareholders of the Company, will be paid on Tuesday, 20 June 2017 to those shareholders whose names appear on the register of members of the Company on Friday, 9 June 2017.

GROUP RESULTS

In the year of 2016, global economic activities were more slothful than in last year. The persistently sluggish trend seemed to have hit its bottom in the third quarter. During the period, quite a number of unexpected events took place. Brexit was chosen by a marginal majority in the referendum and caused the sterling to debase substantially. In the US presidential election, the anti-establishment candidate Mr. Donald Trump, who overtly advocated for anti-free trade and “America first”, was elected as the US President. The future global economy thus became pretty confused.

China economic reforms were stretching out to realigning the financial sector and the state owned enterprises. Such immense tasks might need some time to be accomplished. However, GDP in the Mainland managed to grow at 6.7% in 2016. After IMF adding the Chinese Renminbi (“RMB”) to the basket of currencies that make up the Special Drawing Right in October 2016, RMB became more susceptible to market volatility. The exchange rate of RMB against US dollar slid from 6.4402 on 18 March 2016 to 6.9723 on 16 December 2016 representing a depreciation of 8.26%. To Hong Kong, 2016 was a difficult year as its economic growth was weakened by strong US dollar because Hong Kong dollar had been pegged to it. Strong currency undermined Hong Kong’s attractiveness as the tourists shopping paradise and its competitiveness in export. The weakening of RMB and the slowdown of economic growth in the Mainland also had adverse impact on Hong Kong retail sector. Fortunately, unemployment was no longer an issue and the retail market sentiment eventually improved in the third quarter. Hong Kong GDP in 2016 was lower than the 2.4% of 2015 but still managed to grow at around 1.9%. In other words, the “L” shape economic development was still expected to continue.

In view of the current depressed environment, the Management decided to proceed with the rights issue to raise capital so as to equip the Group with ample financial resources to weather through the coming cycle in eclipse. The rights issue with the support of 92.14% of our shareholders was over subscribed by 818.46% and successfully raised about HK$460 million for the Group.

In the period under review, the Management did manage to compress operational costs. However, the effort was completely wiped off by the sluggish market condition and the miscue in pricing and product design. In 2016, the total retail sales decreased by 25.88%. The performance of Australia and New Zealand operations were the most disappointing.

The Group’s consolidated turnover and the net profit attributable to equity holders decreased by 23.98% and increased by 0.19% respectively.

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

	2016	2015	Changes
(Unit: HK$'000)		(Restated)	
Consolidated sales	**3,336,494**	4,389,016	↓23.98%
of which:			
A. Total retail sales in the PRC	**1,931,260**	2,805,737	↓31.17%
B. Total retail sales in Australia & New Zealand	**955,056**	1,088,602	↓12.27%
Sub-total	**2,886,316**	3,894,339	↓25.88%
C. Total export sales	**336,393**	441,524	↓23.81%
D. Financial Investment	**104,485**	51,410	↑103.24%
Profit attributable to equity holders of the Company	**88,320**	88,152	↑0.19%

(Unit: HK cents)			
Earnings per share (basic)	**6.29**	8.39	↓25.03%
Dividend			
—Final	**3.20**	4.30	↓25.58%
—Total	**5.70**	7.70	↓25.97%

(Unit: HK$'000)			
Net cash and near cash in hand	**1,724,900**	1,195,634	↑44.27%

REVIEW OF BUSINESSES

Retailing

The weakening trends in 2015 extended to the third quarter of 2016 before there were signs of touching the bottom. The business environments were tough for nearly all sectors. The Management strived for reducing operational costs and for realigning and consolidating our retail operations. In the aspects of streamlining the operations and closing down of those under-performed stores, the Management was able to deliver the expected results. The Management also tried to shift the additional costs arising from the surge of rental and salary to customers by increasing the fashion elements in our product design so as to warrant the raise in pricing. However, our customers found our products a bit too trendy and pricey to be acceptable. Though the Management realized the issues and addressed them immediately, the downtrends could only be reverted in the fourth quarter. Annual retail turnover thus decreased by 25.88% and margin was lower than that of last year. Luckily, inventory was still kept at the healthy level. In the period, only the e-shops in the Mainland and Australia managed to have a 25% growth in turnover. It was encouraging that in the Mainland, products designed exclusively for e-shops took up 53% of the total e-shops turnover. The O2O operation module had been fully implemented. Purchases made in both stores and e-shops could be either collected at stores or delivered by post at the option of the purchasers. This not only increased the turnover at our stores as well as in our e-shops. This also eased out our warehousing and logistic pressures.

There were a total of 1,792 stores at the year-end 2016 (2015: 2,249), of which 1,124 stores (2015: 1,427) were operated under franchise arrangements. For the financial year under review, the Group's aggregate sales from its retail operations amounted to HK$2,886,316,000 (2015: HK$3,894,339,000) representing a year-on-year decrease of 25.88%. Contribution from its retail operations to the Group's consolidated sales was 86.51%. Inventory turnover days increased from 48 days to 53 days.

1. The PRC

i. Jeanswest

The brand name of "Jeanswest" remained the Group's flagship business in Mainland China. In 2016, China economic reforms were still in process, deceleration of growth rate became the normal phenomenon. The persistent indolent market sentiment was prolonged due to the feeble export activities and the piling up of corporate debts that contained the enterprises' ability to reinvest. The weakening of RMB and the outflow of capital further dismayed the retail market sentiment.

In the period, the Management resolutely strived for retrenchment of operational costs through simplifying corporate structure, realigning the operational flows and allying with strong suppliers. Coupled with above, the Management also closed down those under-performed stores and shifted the business model from expansion via directly managed stores to franchising. Operational costs were thus reduced to the expected level. During the period, the operation team also attempted to enhance our pricing power and margin through better product design. Unfortunately, the forecast was not that accurate rendering our product design too trendy and the pricing too aggressive beyond our customers' acceptance. Therefore, sales in the first half of the year were adversely affected and consequentially major markdown was resorted to clean excess inventory that further undermined the margin. Even the operation team promptly rectified the issues but the alleviation and improvement could only be attained in the second half of the year.

In the year under review, turnover of PRC retails decreased by 31.17% to HK$1,931,260,000 (2015: HK$2,805,737,000), accounting for 57.88% of the Group's consolidated sales. As at 31 December 2016, Jeanswest operated 1,466 stores (2015: 1,906) covering over 250 cities in the PRC, among which 1,036 stores (2015: 1,333) were under franchise arrangements.

ii. Quiksilver Glorious Sun

Although Quiksilver US managed to walk out from Chapter 11 after its debts re-structuring exercise, it was no longer in the position in the foreseeable future to provide its expected services and supports to Quiksilver Glorious Sun. In view of the prevailing arduous retail market environment in both the Mainland and Hong Kong, the Management decided to consolidate the operations of Quiksilver Glorious Sun in the Mainland by closing down gradually all directly managed stores upon expiry of the leases or upon conversion into franchised stores. In future, franchising and wholesaling would be the only operations. The Management also consolidated the business in Hong Kong. Under-performed stores were closed down and new store opening plan was on hold. Inventory clearance was the focal point in the year under review.

2. Australia and New Zealand

During the year under review, the economic situation in Australia was not too bad among the other developed countries. However, the retail markets there were very lethargic. It was attributed to the recent changes of consumption mode in favour of life style spending in non-apparel items such as electronic products, traveling and the likes. In the period, Australian disposable incomes were used mainly in household expenses. Thus the slothful retail sentiment turned even more shiftless. Aggressive mark down was the only means to support turnover. Data showed that our Jeanswest core customers lost their usual eagerness to purchase even the newly designed apparel at regular prices. Our margin was thus affected. In the period, 5 stores were closed down due to their under performance. A new flagship store with the latest fashion idea in MacAuthur Square had gained applause from our customers. In 2016, Jeanswest's operations in Australia and New Zealand handed were most disappointing.

For the year ended 31 December 2016, turnover of HK$955,056,000 (2015: HK$1,088,602,000) was registered in Australia and New Zealand showing a decrease of 12.27% on year-on-year basis. As at the end of 2016, Jeanswest operated a network of 224 stores (2015: 228) in Australia and New Zealand, among which 3 (2015: 6) were under franchises arrangements.

3. Overseas Franchise Operations

The uncertainties in the year under review caused our overseas franchisees to be cautious and their buy orders given to us decreased moderately. The Management in the second quarter launched out a number of new series such as child wears for them to cover wider market segments. In the period, we extended our franchising network to Mauritius.

Export

Our export operations were largely on the design, manufacture, and export of Costco’s private labels. During the year, retail sentiment in US was quite drowsy and grossly markdown was a common phenomenon. As the bidding for orders from Costco became competitive, our orders received and the margin thereof were thus narrower than last year.

For the year ended 31 December 2016, the Group’s sales from exports was HK$336,393,000 (2015: HK$441,524,000) decreased by 23.81% from previous year.

Financial and Real Estates Investments

Since 2005, the parent company of the Group has been trading with financial investments with quite satisfactory results. The Management therefore would like to duplicate such success in the Group. At the year-end of 2015, the Directors decided to take investments as a new business segment of the Group. At present, the Group’s investment strategy was to invest mainly in bonds issued by quality corporations with good profit earnings and managed by prudent professionals well acquainted with by the Management. In the year under review, the Group’s portfolio of high yield corporate bonds amounted to HK$1.3 billion with tenor ranging from 3 years to 5 years.

The Group also invested in real estates in the Mainland. Our properties comprised office buildings, retail locations in first tier cities and provincial capitals, staff quarters and warehouses used basically by our operations. In November 2016, the Management disposed of two non-core retail properties and made a gross profit of about RMB47,000,000. By the end of the year, the book value of the Group’s investment in properties amounted to around HK$489 million.

FINANCIAL POSITION

The Group’s financial position remained very healthy. The successful rights issue in the first part of the year had further strengthened our cash position. In the period, the Group had entered into foreign currency forward contracts to hedge its exposure to foreign currency risks in respect of the Australian dollars.

HUMAN RESOURCES

As at 31 December 2016, the Group employed about 6,400 employees (2015: 8,000). 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 regulation, 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 2016, Quiksilver / Roxy sponsored the performance of — "YO Dancical 2016". The Management also purposely implanted the sense of environmental preservation in our design. In last summer, Jeanswest's T-shirt series advocated "Green Monday" — the plant-based lifestyles. In 2016, "Jeanswest University Students Sponsorship Fund" was selected and nominated as "The Outstanding Project of Foreign Corporates In China To Discharge of Its Social Responsibility".

PROSPECTS

Looking forward to 2017, the world is full of capricious elements. On top of the Britain's unexpected decision to leave the European Union, more changeable events are expected from the elections to be taken place in Italy, Germany, the Netherlands and France that could reshape the political landscape in Europe. Following the election of Mr. Donald Trump as the new president of USA, the current world trade agreements are under pressure to be re-negotiated. The Sino American disputes in tariffs; exchange rate and trading arrangements are expected to intensify. Even military confrontation in South China Sea becomes more likely to happen. The normalization of US dollar interest rate in last December signals the end of global quantitative easing measures that prevailed since 2008 and thereafter corporate and household's spending will be more costly. The market forecasts that in 2017 US may have economic growth of around 2.2% higher than the 1.6% in 2016, but European Union's development will be lower than the 1.8% in 2016 to stand at 1.5%. UK GDP is expected to recess from the 2% in 2016 to 1.1%. The growth expectation for Japan in 2017 is 1% a bit higher than the 0.9% in 2016.

China is still in the process of its economic reforms. China Government points out that the economic development in the Mainland in 2017 will be comparatively slow but steady and leaning to the brighter side. Hong Kong economic activities are still contained by the persistent strong US dollars. Therefore, tourism, hotel and retail sectors are relentlessly under pressure. However, the Hong Kong economic growth in 2017 is expected to be a bit better than 1.9% of last year.

In view of the macro economic conditions as described above, the Group's strategy for 2017 is to stand firmly before any attempt to move forwards. The Management will resolutely dispose of those non-profitable operations and close down all under-performed stores. Stringent operational costs cutting measures will be implemented to keep it abreast with the decreasing turnover and relentless inventory control will be upheld. The Management will also strive for uplifting the product quality and design so as to rebuild our competitive edges — the "famous brand with products at affordable price". Once the rental price falls to a commercially viable level, Jeanswest will roll out more flagship stores in provincial capitals and those first tier cities. The Management will further enforce wholesale operations and team up with our core franchisees to expand our mutually beneficial business.

In the area of Financial and Real Estates Investments, the Management will prudently and patiently wait for investment opportunities to emerge.

Barring unforeseen circumstances, the Management is confident that the Group will continue to bring reasonable returns to its shareholders in 2017.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year 2017 will be held on Friday, 2 June 2017. 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 Monday, 24 April 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 29 May 2017 to Friday, 2 June 2017, 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, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Friday, 26 May 2017.

The register of members of the Company will also be closed from Thursday, 8 June 2017 to Friday, 9 June 2017, 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, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 7 June 2017.

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 2016, save and except 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 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, Mr. Lau Hon Chuen, Ambrose, GPS, JP, Dr. Chung Shui Ming, Timpson, GBS, JP and Mr. Wong Man Kong, Peter, BBS, JP, independent non-executive Directors, were not present at the Company's annual general meeting for the year 2016. Dr. Chung Shui Ming, Timpson, GBS, JP, an independent non-executive Director, was absent from the Special General Meeting of the Company held on 26 October 2016.

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, GBS, JP
Chairman

Hong Kong, 27 March 2017

As at the date of this announcement, the directors of the Company are as follows:

Executive Directors:
Dr. Charles Yeung, GBS, JP, Mr. Yeung Chun Fan, Mr. Pau Sze Kee, Jackson, Mr. Hui Chung Shing, Herman, SBS, MH, JP, Ms. Cheung Wai Yee, Mr. Chan Wing Kan, Archie and Ms. Yeung Yin Chi, Jennifer

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.