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 2017

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 2017 together with the comparative figures for the same period as follows:

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the six months ended 30 June 2017

	Notes	**2017 (Unaudited) *HK$'000***	2016 (Unaudited) *HK$'000* (Restated)
CONTINUING OPERATIONS			
REVENUE	*(2)*	**1,088,636**	1,214,978
Cost of sales		**(682,357)**	(735,386)
Gross profit		**406,279**	479,592
Other income and gains		**62,519**	50,670
Selling and distribution expenses		**(218,985)**	(235,799)
Administrative expenses		**(162,238)**	(162,281)
Other expenses		**(14,928)**	(14,594)
Finance costs		**(3,522)**	(6,276)
OPERATING PROFIT FROM CONTINUING OPERATIONS		**69,125**	111,312
Share of profits and losses of associates		**-**	584
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*(3)*	**69,125**	111,896
Income tax expense	*(4)*	**(5,301)**	(6,248)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**63,824**	105,648
DISCONTINUED OPERATION	*(5)*		
Loss for the period from a discontinued operation		**(24,884)**	(65,594)
PROFIT FOR THE PERIOD		**38,940**	40,054

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(CONTINUED)*
for the six months ended 30 June 2017

	Note	**2017 (Unaudited)** ***HK$'000***	2016 (Unaudited) *HK$'000*
Attributable to:			
Ordinary equity holders of the Company		**38,575**	38,473
Non-controlling interests		**365**	1,581
Profit for the period		**38,940**	40,054
		HK cents	HK cents (Restated)
Earnings per share attributable to ordinary equity holders of the Company	*(6)*		
Basic and diluted			
- For profit from continuing operations		**4.13**	8.19
- For loss from a discontinued operation		**(1.62)**	(5.16)
- For profit for the period		**2.51**	3.03
Interim dividend per share		**2.50**	2.50

Details of the dividends paid and declared for the period are disclosed in note 10 to this results announcement.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2017

	2017 (Unaudited) ***HK$'000***	2016 (Unaudited) *HK$'000*
PROFIT FOR THE PERIOD	**38,940**	40,054
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of foreign operations	**6,753**	(559)
OTHER CONPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**6,753**	(559)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**45,693**	39,495
Attributable to:		
Ordinary equity holders of the Company	**45,328**	37,914
Non-controlling interests	**365**	1,581
	45,693	39,495

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2017

	Notes	**30 June 2017 (Unaudited)** *HK$'000*	31 December 2016 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**326,678**	480,794
Investment properties		**220,250**	220,250
Held-to-maturity investments		**956,488**	1,093,247
Available-for-sale investments		**762,125**	11,364
Other non-current assets		**17,552**	116,144
Total non-current assets		**2,283,093**	1,921,799
CURRENT ASSETS			
Inventories		**257,277**	476,357
Trade and bills receivables	*(7)*	**293,580**	329,745
Prepayments, deposits and other receivables		**252,062**	258,667
Held-to-maturity investments		**132,959**	203,181
Cash and cash equivalents		**631,871**	854,311
Other current assets		**91,275**	63,418
		1,659,024	2,185,679
Assets of a disposal group classified as held for sale	*(5)*	**514,047**	-
Total current assets		**2,173,071**	2,185,679
CURRENT LIABILITIES			
Trade and bills payables	*(8)*	**351,513**	525,528
Other payables and accruals		**498,989**	519,135
Interest-bearing bank and other borrowings		**528,083**	425,839
Other current liabilities		**209,882**	118,764
		1,588,467	1,589,266
Liabilities directly associated with the assets classified as held for sale	*(5)*	**366,760**	**-**
Total current liabilities		**1,955,227**	1,589,266
NET CURRENT ASSETS		**217,844**	596,413
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,500,937**	2,518,212
NON-CURRENT LIABILITIES			
Total non-current liabilities		**39,530**	53,243
Net assets		**2,461,407**	2,464,969
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	*(9)*	**153,609**	153,609
Reserves		**2,297,246**	2,301,173
		2,450,855	2,454,782
Non-controlling interests		**10,552**	10,187
Total equity		**2,461,407**	2,464,969

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 2017 are unaudited and have been reviewed by the Audit Committee of the Company.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those adopted in the preparation of the Group's financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and interpretations issued by the HKICPA that are mandatorily effective for the current interim period.

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

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

(2) Segment information

In 2016, the board of directors of the Company has resolved that resources would continuously be deployed to the financial investments business and accordingly, the financial investments business is redesignated as one of the principal activities of the Group. The results of the financial investments business are also separately reviewed and evaluated for management reporting purposes.

The following table presents segment revenue and result of the Group's operating segments from continuing operations for the six months ended 30 June 2017 and 2016, respectively.

Six months ended 30 June 2017 (Unaudited)

	Retail operations *HK$'000*	**Export operations** *HK$'000*	**Financial investments** *HK$'000*	**Other** *HK$'000*	**Total continuing operations** *HK$'000*
Segment revenue (*):					
Revenue from external parties	**774,420**	**230,120**	**48,535**	**35,561**	**1,088,636**
Other income and gains	**13,608**	**3,092**	**8,992**	**13,235**	**38,927**
Total	**788,028**	**233,212**	**57,527**	**48,796**	**1,127,563**
Segment result	**25,075**	**3,011**	**54,027**	**3,317**	**85,430**
Interest income					**5,117**
Unallocated revenue					**18,475**
Corporate and other unallocated expenses					**(36,375)**
Finance costs					**(3,522)**
Share of profits and losses of associates	**-**	**-**	**-**	**-**	**-**
Profit before tax from continuing operations					**69,125**
Income tax expense					**(5,301)**
Profit for the period from continuing operations					**63,824**

Six months ended 30 June 2016 (Unaudited)

	Retail operations *HK$'000* (Restated)	Export operations *HK$'000*	Financial investments *HK$'000*	Other *HK$'000*	Total continuing operations *HK$'000* (Restated)
Segment revenue (*):					
Revenue from external paries	959,362	202,298	49,892	3,426	1,214,978
Other income and gains	14,297	4,186	-	17,347	35,830
Total	973,659	206,484	49,892	20,773	1,250,808
Segment result	75,052	1,896	47,934	8,390	133,272
Interest income					2,964
Unallocated revenue					11,876
Corporate and other unallocated expenses					(30,524)
Finance costs					(6,276)
Share of profits and losses of associates	-	584	-	-	584
Profit before tax from continuing operations					111,896
Income tax expense					(6,248)
Profit for the period from continuing operations					105,648

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

(3) Profit before tax

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

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Depreciation	**20,136**	32,568
Recognition of prepaid land lease payments	**81**	85
Loss on disposal/write-off of items of property, plant and equipment	**1,502**	4,356
Interest income	**(5,117)**	(2,964)

(4) Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current - Hong Kong	**4,538**	5,415
Current - Elsewhere	**1,317**	1,717
Deferred	**(554)**	(884)
	5,301	6,248

No tax expense attributable to associates (2016: Nil) is included in "Share of profits and losses of associates" on the face of the interim consolidated statement of profit or loss.

(5) Discontinued operation

On 6 April 2017, Jeanswest (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 of Jeanswest International (L) Limited (together with its subsidiaries referred to as the "JWIL Group") and related sale loan in the amount of HK$174,000,000, at a cash consideration of HK$220,000,000. The transaction was completed on 1 July 2017. Details of the transaction are set out in the Company's announcement dated 6 April 2017 and circular dated 12 May 2017.

The unaudited results of the JWIL Group for the period ended 30 June included in Group's results are presented below:

	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue	**452,720**	456,237
Other income and gains	**9,818**	758
Expenses and costs	**(487,172)**	(522,589)
Loss before tax from the discontinued operation	**(24,634)**	(65,594)
Income tax expenses	**(250)**	-
Loss for the period from the discontinued operation	**(24,884)**	(65,594)

The major classes of assets and liabilities of JWIL Group classified as held for sale are as follows:

	30 June 2017	31 December 2016
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Assets		
Property, plant and equipment	**139,130**	-
Goodwill	**37,096**	-
Deferred tax assets	**65,919**	-
Inventories	**192,435**	-
Trade receivables	**9,066**	-
Prepayments, deposits and other receivables	**14,877**	-
Cash and bank balances	**54,782**	-
Other Assets	**742**	-
Assets classified as held for sale	**514,047**	
Liabilities		
Trade payables	**65,303**	-
Other payables and accruals	**208,559**	-
Interest-bearing bank and other borrowings	**92,898**	-
Liabilities directly associated with the assets classified as held for sale	**366,760**	-
Net assets directly associated with the disposal group	**147,287**	-

(6) Earnings per share

(a) *Basic earnings per share*

The calculations of basic earnings per share are based on :

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Profit/(loss) attributable to ordinary equity holders of the Company used in the basic earnings per share calculation:		
From continuing operations	**63,459**	104,067
From a discontinued operation	**(24,884)**	(65,594)
	38,575	38,473

	Number of shares	
	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issued during the period used in the basic earnings per share calculation	**1,536,084**	1,271,049*

* The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for the period ended 30 June 2016 has been adjusted to reflect the bonus element of the rights issue during the period ended 30 June 2016.

(b) *Diluted earnings per share*

As the exercise price of the share options outstanding during the periods ended 30 June 2017 and 2016 are higher than the respective average market price of the Company's shares during the period ended 30 June 2017 and 2016, there is no dilution effect on the basic earnings per share.

(7) Trade and bills receivables

The trade and bills receivables include trade receivables, net of provision for impairment, of HK$311,236,000 (31 December 2016: HK$329,745,000) and with nil balance of bills receivable (31 December 2016: nil balance). The aged analysis of trade and bills receivables is as follows:

	30 June 2017	31 December 2016
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Neither past due nor impaired	**228,298**	261,074
Less than 6 months past due	**43,998**	54,636
Over 6 months past due	**21,284**	14,035
	293,580	329,745

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

(8) 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 2017 (Unaudited)	31 December 2016 (Audited)
	HK$'000	*HK$'000*
Less than 4 months	**343,137**	523,212
4 - 6 months	**5,005**	528
Over 6 months	**3,371**	1,788
	351,513	525,528

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

(9) Share capital

	Number of ordinary shares		**Nominal value**	
	30 June 2017 (Unaudited)	31 December 2016 (Audited)	**30 June 2017 (Unaudited)**	31 December 2016 (Audited)
	'000	*'000*	***HK$'000***	*HK$'000*
Issued and fully paid: Ordinary shares of HK$0.10 each	**1,536,084**	1,536,084	**153,609**	153,609

The movements in issue share capital were as follows:

	Number of share in issue (Audited)	Issued capital (Audited)
	'000	*HK$'000*
As at 1 January 2016	1,024,056	102,406
Change as a result of the rights issue (Note a)	512,028	51,203
As at 31 December 2016	1,536,084	153,609

Note:

(a) On 29 March 2016, the Company announced a rights issue on the basis of one rights share for every two existing shares held by shareholders of the Company at a subscription price of HK$0.90 per rights share. The rights issue was subsequently completed on 17 May 2016 and 512,028,000 shares were issued. After deducting the expenses in connection with the rights issue, the net proceeds from issuance were HK$458,629,000.

(10) Dividends

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Dividends for ordinary equity holders of the Company:		
Final dividend paid	**49,155**	66,052
Interim dividend declared	**38,402**	38,402

(11) Comparative amounts

The comparative interim consolidated statement of profit or loss has been re-presented as if the discontinued operation has been discontinued at the beginning of the comparative period. In addition, certain comparative amounts have been reclassified to conform with the current period presentation.

INTERIM DIVIDEND

The Directors have resolved to pay an interim dividend of HK2.50 cents (2016: HK2.50 cents) per share for the six months ended 30 June 2017 to shareholders whose names appear on the register of members of the Company as at the close of business on Thursday, 7 September 2017. The interim dividend will be paid to shareholders on Monday, 18 September 2017.

REVIEW OF OPERATIONS

In the first half of the year under review, global economical recovery when compared with last year was relatively firm and stable and the deceleration of growth rate in the PRC seemed to have rebound from the bottom. However, retail sentiment was still fairly sluggish as the growth of economic activities in the PRC was solely driven by the investment in infrastructures. Commercial investments and corporate expansion were constrained by the normalization of US interest rate and the imminent shrinking of the US Federal Reserve's balance sheet, having the effect of the reversal of quantitative easing. As such, fund flow was mainly directed to financial investments and small and medium companies were short of funds in their operations and expansions. Meanwhile, Jeanswest in the PRC was still in the process of consolidation. During the period, a double-digit drop of Jeanswest's turnover was registered. The Management was able to keep the inventory at a healthy level at the expense of the gross margin. Jeanswest operations in Australia and New Zealand were still in red and the said operations were successfully disposed of in June 2017. In the first half of the year, export operations had a double-digit growth in its sales. It was attributed to more orders from our clients. In respect of financial investments, the performance met the expectation of the Management.

Due to the above-mentioned reasons, profit attributable to ordinary equity holders of the Company was only HK$38,575,000 (2016: HK$38,473,000) representing a slight increase of 0.27% from the corresponding period in the previous year.

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

	2017 1st Half	2016 1st Half (Restated)	Changes
(Unit: HK$'000)			
Consolidated sales	**1,088,636**	1,214,978	↓10.40%
of which:			
A. Total retail sales in PRC	**774,420**	959,362	↓19.28%
B. Total export sales	**230,120**	202,298	↑13.75%
C. Financial investments	**48,535**	49,892	↓2.72%
Profit attributable to ordinary equity holders of the Company	**38,575**	38,473	↑0.27%

(Unit: HK cents)			
Interim earnings per share (basic)	**2.51**	3.03	↓17.16%
Interim dividend per share	**2.50**	2.50	-

(Unit: HK$'000)			
Net cash and near cash in hand	**1,943,996**	1,449,945	↑34.07%

1. Retail Operations

Jeanswest remained the flagship brand of the Group's retail business in the Mainland market. In the period under review, the PRC was still in the process of its profound economic reforms. The down trend of its growth rate appeared to be in check. However the beneficial sectors were just those related to infrastructure investments. Economic convalescence in US and in Europe was quite steady but there were a lot of uncertainties including the increase of US interest rate, the forthcoming shrinkage of Federal Reserve's balance sheet, the Brexit negotiation, and the political unpredictability of Trump's administration. Therefore, the apparel retail market was fairly feeble. Competition was fierce and the operation environment was tough. The Management endeavoured to consolidate the retail network and strived to cut costs. In the period, although the sales declined by 10.40%, inventory was healthily maintained. However, the sales in the e-shop were quite eye-catching and the on line and off line activities also had a promising increase in the turnover proportion.

In the first half of the year, our retail operations in the PRC had a turnover of HK$774,420,000 (2016: HK$959,362,000) showing a drop of 19.28%.

During the period under review, operations in Australia and New Zealand were still at a loss. With the approval of the shareholders at the Special General Meeting held in June, the said operations were successfully sold. The adverse effect was therefore confined only in the first half of the year.

For the six months ended 30 June 2017, the aggregate retail sales in Australia and New Zealand was HK$452,720,000 (2016: HK$456,237,000) showing a decrease of 0.77% but in terms of Australian dollars, there was a decrease of 3.34%.

In the first half of the year, the continuing retail operations registered a turnover of HK$774,420,000 (2016 (Restated): HK$959,362,000), reduced by 19.28% year-on-year representing 71.14% of the Group's consolidated turnover compared with 78.96% last year.

During the period, the performance of Quiksilver Glorious Sun was impacted by the persistent lethargic market sentiment in Hong Kong and the Mainland together with the decrease of number of shops. Turnover and margin both showed a negative growth.

As at 30 June 2017, the total number of Quiksilver Glorious Sun shops was 11 (2016: 34) including 9 shops (2016: 19 shops) in Hong Kong and Macao and 2 shops (2016: 15 shops) in the Mainland.

As at 30 June 2017, the total number of the Group's retail network of Jeanswest and Quiksilver Glorious Sun shops came down to 1,658 (2016: 2,053).

2. Export Business

In the first half of the year, our main export market was still in the US where economic recovery was quite firm but retail activities were not so resilient. However, our ODM orders from our clients were more than last year and we recorded a growth in sales. Turnover amounted to HK$230,120,000 (HK$202,298,000) representing an increase of 13.75% and accounted for 21.14% of the Group's consolidated sales.

3. Financial and Real Estates Investments

In the first half of the year, our investment was mainly in corporate bonds. During the period, US interest rate was at the uptrend, but the yield curve of corporate bonds slipped because the capital market was flooded with surplus fund. In the period under review, about HK$203,000,000 face value of bond was early redeemed. The several performance of financial investment operations was in line with the expectation of the Management.

4. Financial Position

In the period, in view of the filmy prevailing bank deposit rates, the Group made use of the cash in hand to hold more than a billion Hong Kong dollars marketable high yield corporate bonds. As of 30 June 2017, net cash and near cash of the Group amounted to HK$1,943,996,000 (2016: HK$1,449,945,000). All other financial data of the Group also 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.

5. Human Resources

As at 30 June 2017, the Group employed a total of about 5,800 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 months of the year, the Management takes a cautious stand as the retail market in the PRC is still fairly drowsy. Even the consolidation of Jeanswest is approaching its final stage, it is still not yet in the position to bounce back. The Management is planning to launch a child wears collection on trial basis in the coming quarters and to enrich the e-shop collections to enhance our margin. The Management will endeavour to develop new customers and new products for our export business. In the second half of the year, financial investment operations will continue to perform. Barring unforeseen circumstances, the Management expects they can maintain their performance at the same level as last year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 6 September 2017 to Thursday, 7 September 2017, 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, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 5 September 2017.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2017, 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 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 2017 and the special general meeting both held on 2 June 2017.

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 2017.

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

Hong Kong, 17 August 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.