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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 2017

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 2017 together with the comparative figures for the year ended 31 December 2016. The consolidated results of the Group for the year ended 31 December 2017 have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2017

	Notes	**2017** **HK$'000**	2016 HK$'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	*(3)*	**2,729,834**	2,854,683
Cost of sales		**(1,844,671)**	(1,939,014)
Gross profit		**885,163**	915,669
Other income and gains		**166,553**	156,380
Selling and distribution expenses		**(498,875)**	(524,873)
Administrative expenses		**(376,902)**	(364,712)
Other expenses		**(62,898)**	(48,314)
Finance costs	*(4)*	**(11,490)**	(9,049)
OPERATING PROFIT FROM CONTINUING OPERATIONS		**101,551**	125,101
Share of profits and losses of associates		**-**	5,952
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*(5)*	**101,551**	131,053
Income tax credit/(expenses)	*(6)*	**(13,653)**	16,005
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**87,898**	147,058
DISCONTINUED OPERATION	*(7)*		
Profit/(loss) for the year from a discontinued operation		**3,786**	(55,307)
PROFIT FOR THE YEAR		**91,684**	91,751
Attributable to:			
Ordinary equity holders of the Company		**88,669**	88,320
Non-controlling interests		**3,015**	3,431
		91,684	91,751

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

	Note	2017 HK cents	2016 HK cents
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	(9)		
Basic and diluted			
- For profit for the year		**5.77**	6.29
- For profit from continuing operations		**5.52**	10.23

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2017 HK$'000	2016 HK$'000
PROFIT FOR THE YEAR	**91,684**	91,751
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investment:		
Change in fair value	**15,492**	-
	15,492	-
Exchange differences :		
Exchange differences on translation of foreign operations	**25,054**	(34,738)
Release of reserve upon disposal of subsidiaries	**49,557**	-
	74,611	(34,738)
Other comprehensive income to be reclassified to profit or loss in subsequent periods	**90,103**	(34,738)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gains on property revaluation	**-**	9,016
Income tax effect	**-**	(2,493)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**-**	6,523
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**90,103**	(28,215)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**181,787**	63,536
Attributable to:		
Ordinary equity holders of the Company	**177,498**	61,330
Non-controlling interests	**4,289**	2,206
	181,787	63,536

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**277,427**	480,794
Investment properties		**254,323**	220,250
Prepaid land lease payments		**4,936**	4,845
Goodwill		**-**	34,492
Held-to-maturity investments		**951,514**	1,093,247
Available-for-sale investments		**817,175**	11,364
Rental deposits		**5,259**	14,511
Deferred tax assets		**3,732**	62,296
Total non-current assets		**2,314,366**	1,921,799
CURRENT ASSETS			
Inventories		**352,638**	476,357
Interior decoration and renovation contracts		**18,241**	23,461
Trade receivables	*(10)*	**328,285**	329,745
Prepayments, deposits and other receivables		**330,775**	258,667
Due from an associate		**1,309**	920
Due from other related companies		**27,418**	29,794
Held-to-maturity investments		**361,877**	203,181
Listed equity investment at fair value through profit or loss		**-**	9,243
Cash and cash equivalents		**971,131**	854,311
Total current assets		**2,391,674**	2,185,679
CURRENT LIABILITIES			
Trade and bills payables	*(11)*	**450,284**	525,528
Interior decoration and renovation contracts		**24,842**	24,535
Other payables and accruals		**571,902**	519,135
Due to an associate		**21**	30
Interest-bearing bank and other borrowings		**991,847**	425,839
Tax payable		**66,346**	94,199
Total current liabilities		**2,105,242**	1,589,266
NET CURRENT ASSETS		**286,432**	596,413
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,600,798**	2,518,212
NON-CURRENT LIABILITIES			
Provision		**-**	13,159
Deferred tax liabilities		**43,815**	40,084
Total non-current liabilities		**43,815**	53,243
Net assets		**2,556,983**	2,464,969
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		**153,609**	153,609
Reserves		**2,391,123**	2,301,173
		2,544,732	2,454,782
Non-controlling interests		**12,251**	10,187
Total equity		**2,556,983**	2,464,969

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 adopted the following revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 *included in Annual Improvements to HKFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

Other than as explained below regarding the impart of the amendments to HKAS 7, the adoption of the above revised standard has had no significant financial effect on these financial statements.

The nature and the impact of the amendments are described below:

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Disclosure of the changes in liabilities arising from financing activities is provided in note of the financial statements.

(3) Operating segment information

By business

As the interior decoration and renovation business expanded significantly in the past years and evolved from serving within the group to external customers, this business's operating results are now separately reviewed and evaluated for management related purposes. As such, during the year, the Group has redefined its principal business to include interior decoration and renovation business and recorded the related income as revenue. As a result of this redesignation, the Group has retrospectively reclassified the revenue and related cost of sales from other income. The impact to the consolidated statement of profit or loss for the year ended 31 December 2016 is an increase in revenue by HK$473,245,000, an increase in cost of sales by HK$441,476,000 and a decrease in other income and gains by HK$31,769,000. Further, an additional segment, interior decoration and renovation business has been added retrospectively to reflect this changes.

The Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

(3) Operating segment information *(continued)*

By business *(continued)*

Year ended 31 December 2017

	Retail operations *HK$'000*	**Export operations** *HK$'000*	**Financial investments** *HK$'000*	**Interior decoration and renovation** *HK$'000*	**Others** *HK$'000*	**Total from continuing operations** *HK$'000*
Segment revenue:						
Revenue from external parties	**1,608,612**	**476,554**	**124,767**	**460,571**	**59,330**	**2,729,834**
Other income and gains	**21,111**	**30,978**	**20,594**	**967**	**6,524**	**80,174**
Total	**1,629,723**	**507,532**	**145,361**	**461,538**	**65,854**	**2,810,008**
Segment results	**(28,987)**	**21,926**	**134,960**	**14,297**	**468**	**142,664**
Interest income						**5,930**
Unallocated revenue						**80,449**
Corporate and other unallocated expenses						**(116,002)**
Finance costs						**(11,490)**
Profit before tax from continuing operations						**101,551**
Income tax expenses						**(13,653)**
Profit for the year from continuing operations						**87,898**

Year ended 31 December 2016

	Retail operations *HK$'000* (Restated)	Export operations *HK$'000*	Financial investments *HK$'000*	Interior decoration and renovation *HK$'000* (Restated)	Others *HK$'000* (Restated)	Total from continuing operations *HK$'000* (Restated)
Segment revenue:						
Revenue from external parties	1,931,260	336,393	104,485	473,245	9,300	2,854,683
Other income and gains	23,656	12,520	-	5,043	6,783	48,002
Total	1,954,916	348,913	104,485	478,288	16,083	2,902,685
Segment results	24,903	9,041	99,869	8,237	822	142,872
Interest income						4,537
Unallocated revenue						103,841
Corporate and other unallocated expenses						(117,100)
Finance costs						(9,049)
Share of profits and losses of associates	5,694	258	-	-	-	5,952
Profit before tax from continuing operations						131,053
Income tax credit						16,005
Profit for the year from continuing operations						147,058

(3) Operating segment information *(continued)*

By business *(continued)*

	Year ended 31 December 2017					
	Retail operations *HK$'000*	**Export operations** *HK$'000*	**Financial investments** *HK$'000*	**Interior decoration and renovation** *HK$'000*	**Others#** *HK$'000*	**Total** *HK$'000*
Other segment information:						
Depreciation and amortisation	**16,138**	**538**	**-**	**2,275**	**11,594**	**30,545**
Impairment losses recognised in the consolidated statement of profit or loss	**38,226**	**-**	**-**	**1,957**	**12,070**	**52,253**
Impairment losses reversed in the consolidated statement of profit or loss	**-**	**-**	**-**	**-**	**-**	**-**
Other non-cash income, net	**-**	**-**	**-**	**-**	**(1,871)**	**(1,871)**
Capital expenditure*	**21,246**	**1,174**	**-**	**2,587**	**1,542**	**26,549**

	Year ended 31 December 2016					
	Retail operations *HK$'000* (Restated)	Export operations *HK$'000*	Financial investments *HK$'000*	Interior decoration and renovation *HK$'000* (Restated)	Others# *HK$'000* (Restated)	Total *HK$'000* (Restated)
Other segment information:						
Depreciation and amortisation	26,813	672	-	4,228	14,316	46,029
Impairment losses recognised in the consolidated statement of profit or loss	47,721	-	-	-	-	47,721
Impairment losses reversed in the consolidated statement of profit or loss	(2,807)	-	-	-	-	(2,807)
Other non-cash income, net	-	-	-	-	(20,517)	(20,517)
Capital expenditure*	69,326	227	-	1,135	2,223	72,911

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

The "Others" in other segment information comprises other segment, corporate and unallocated revenue / expenses.

(3) Operating segment information *(continued)*

By region

	Year ended 31 December 2017						
	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 from continuing operations	**2,031,108**	**168,390**	**163,800**	**277,813**	**16,710**	**72,013**	**2,729,834**
Non-current assets**	**529,985**	**6,701**	**-**	**-**	**-**	**-**	**536,686**

	Year ended 31 December 2016						
	Mainland China *HK$'000* (Restated)	Hong Kong *HK$'000*	Australia and New Zealand *HK$'000* (Restated)	United States of America *HK$'000*	Canada *HK$'000*	Others *HK$'000*	Total *HK$'000* (Restated)
Revenue from external parties from continuing operations	2,336,488	130,094	18,899	275,543	25,104	68,555	2,854,683
Non-current assets**	558,654	6,490	175,237	-	-	-	740,381

** 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:

	2017 *HK$'000*	2016 *HK$'000* (Restated)
Interest on bank loans	**11,490**	9,049

(5) Profit before tax

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

	2017 *HK$'000*	2016 *HK$'000* (Restated)
Cost of inventories sold	**1,814,047**	1,891,459
Depreciation	**30,381**	45,868
Amortisation of prepaid land lease payments	**164**	161
Gain on disposal of items of property, plant and equipment, net	**(29,667)**	(47,715)
Interest income	**(5,930)**	(4,537)

(6) Income tax expenses/(credit)

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 year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

Group:	**2017** *HK$'000*	2016 *HK$'000* (Restated)
Current – Hong Kong		
Charge for the year	**13,138**	16,828
Underprovision/(overprovision) in prior years	**2,142**	(12,264)
Current – Elsewhere		
Charge for the year	**18,348**	10,773
Overprovision in prior years	**(17,819)**	(27,533)
Deferred	**(2,156)**	(3,809)
Total tax credit for the year	**13,653**	(16,005)

(7) 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" which was involved in the retail operations in Australia and New Zealand) and related shareholder 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 results of the JWIL Group for the period/year are presented below:

	Period from 1 January to 1 July 2017 *HK$'000*	Year ended 31 December 2016 *HK$'000*
Revenue	**453,264**	955,056
Other income and gains	**7,985**	5,048
Expenses and costs	**(481,976)**	(1,040,229)
Loss before tax from the discontinued operation	**(20,727)**	(80,125)
Income tax credit	**1,769**	24,818
Loss for the period/year	**(18,958)**	(55,307)
Gain on disposal of the discontinued operation*	**22,744**	-
Profit/(loss) for the period/year from the discontinued operation	**3,786**	(55,307)
Profit/(loss) attributable to:		
Ordinary equity holders of the company	**3,786**	(55,307)
Non-controlling interest	**-**	-
	3,786	(55,307)

(7) Discontinued operation *(continued)*

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

	2017
	HK$'000
Gain on disposal in respect of net assets disposal of	**74,333**
Exchange fluctuation reserve realised	**(49,557)**
Less : direct costs and tax	**(2,032)**
Gain on disposal of the discontinued operation	**22,744**

The net cash flows of the JWIL Group are as follows：

	Period from 1 January to 1 July 2017	Year ended 31 December 2016
	HK$'000	*HK$'000*
Operating activities	**(51,744)**	18,943
Investing activities	**(14,431)**	(54,402)
Financing activities	**25,261**	42,421
Net cash inflow/(outflow)	**(40,914)**	6,962

	2017	**2017**
	HK cents	HK cents
Basic and diluted earnings/(loss) per share from the discontinued operation	**0.25**	(3.94)

The calculations of basic and diluted earnings/(loss) per share from the discontinued operation are based on :

	2017	2016
	HK$'000	*HK$'000*
Profit/(loss) attributable to ordinary equity holders of the Company from the discontinued operation	**3,786**	(55,307)
	Number of shares	
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings/(loss) per share calculation	***'000***	*'000*
	1,536,084	1,404,291

(8) Dividends

	2017	2016
	HK$'000	*HK$'000*
Interim – HK2.50 cents (2016: HK2.50 cents) per ordinary share	**38,402**	38,402
Proposed final – HK3.20 cents (2016: HK3.20 cents) per ordinary share	**49,155**	49,155
	87,557	87,557

The proposed final dividend for the year ended 31 December 2017 is 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 amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK$88,669,000 (2016: HK$88,320,000) and the weighted average number of ordinary shares of 1,536,084,000 (2016: 1,404,291,000) in issue during the year.

The weighted average number of ordinary shares adopted in the calculation of the basic earnings per share for the year ended 31 December 2016 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 2017 and 2016 in respect of a dilution as the exercise prices of the share options of the Company outstanding during these two years are higher than the average market prices of the Company's ordinary shares during those respective 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:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation:		
From continuing operations	**84,883**	143,627
From a discontinued operation	**3,786**	(55,307)
	88,669	88,320

	Number of shares	
	2017	2016
Shares	***'000***	*'000*
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,536,084**	1,404,291

(10) Trade receivables

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Less than 4 months	**292,126**	298,161
4 to 6 months	**14,972**	17,549
Over 6 months	**21,187**	14,035
	328,285	329,745

The Group generally grants a credit period of 45 days to customers for its retail business and 3 months to 2 years to customers for interior decoration and renovation business.

(11) Trade and bills payables

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

	2017	2016
	HK$'000	*HK$'000*
Less than 4 months	**447,731**	523,212
4 to 6 months	**102**	528
Over 6 months	**2,451**	1,788
	450,284	525,528

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

(12) Comparative amounts

As further explained in note 3 and note 7 to the financial statements, the comparative 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, due to the changes in the designation of principal activities and segment composition, certain comparative amounts have been reclassified to conform with the current year's presentation.

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK3.20 cents (2016: HK3.20 cents) per share for the year ended 31 December 2017 at the forthcoming annual general meeting to be held on Monday, 4 June 2018. The final dividend amounting to HK$49,155,000, if approved by the shareholders of the Company, will be paid on Thursday, 21 June 2018 to those shareholders whose names appear on the register of members of the Company on Monday, 11 June 2018.

GROUP RESULTS

In the year under review, although the geopolitical tension in North Korea escalated and the uncertainties arising from President Trump's unpredictability in international relations and world trade policies increased, the situation was generally contained. In Europe, the ultra-rightists lost their important elections and the status quo thus remained intact. Conflicts in South China Sea eased and the confrontation along the Sino Indian frontier finally subsided. Even 2017 was a year of uncertainties, it was the best year for global economic recovery since the global financial crisis in 2008. Economic growth rate in China rebounded to 6.9% and corporate profit regained its momentum. US GDP grew 2.3% in 2017. Europe and Japan also managed to have their GDP increased by 2.3% and 1.7% respectively. Attributed to the global economic improvement and particularly in PRC, a growth of 3.8% in GDP was recorded in Hong Kong.

Following the global economic recovery, employment generally improved and consumers' spending increased. Retailing had not picked up yet but was at least not as sluggish as in the last few years. However, the business environment for apparel retailing in the Mainland was still very challenging as the impact from the tremendous growth of e-commerce was devastating. In the period, the realignment of Jeanswest retail networks in the Mainland continued. Same store sales had mild improvement when compared with those in 2016. The acceleration of economic momentum and retail activities in US facilitated the Group to increase its export turnover. In respect of the Group's financial investment operations, the performance met with the expectation of the Management.

The Group's consolidated turnover decreased by 4.37% and the net profit attributable to equity holders increased by 0.40%.

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

	2017	2016 (Restated)	Changes
(Unit: HK$'000)			
Consolidated sales	**2,729,834**	2,854,683	↓4.37%
of which:			
A. Total retail sales in the PRC	**1,608,612**	1,931,260	↓16.71%
B. Total export sales	**476,554**	336,393	↑41.67%
C. Financial investments	**124,767**	104,485	↑19.41%
D. Interior decoration and renovation	**460,571**	473,245	↓2.68%
Profit attributable to ordinary equity holders of the Company	**88,669**	88,320	↑0.40%

(Unit: HK cents)			
Earnings per share (basic)	**5.77**	6.29	↓8.27%
Dividend			
—Final	**3.20**	3.20	-
—Total	**5.70**	5.70	-

(Unit: HK$'000)			
Net cash and near cash in hand*	**2,097,874**	1,724,900	↑21.62%

* "Net cash and near cash in hand" consists of held-to-maturity investments, cash and cash equivalents, net of interest-bearing bank and other borrowings.

REVIEW OF BUSINESSES

Retailing

Attributed to the unfolding of positive effects from the success of "supply side structural reform", the economic growth in the Mainland rebounded from its bottom and also warmed up the retail sentiment there. However, the retail business environment was still tough because the rapid development of e-commerce persistently took over slices after slices of the market share from the physical retail stores especially in the third and fourth tier cities. The market norm of massive mark-down in e-retailing as the means to generating sales also encroached not only their margin but also the business of our franchisees in the market.

In the period, the consolidation of the retail networks, the streamlining of the operational flows and the trimming of personnel structure continued. The excess inventory resulted from the closure of stores was gradually brought down. However, the development of franchising did not go well because the performance of franchisees' stores was adversely affected by the expansion of e-retailing. The Management therefore promptly offered flexible terms of cooperation with the franchisees including joint-collaboration with them to share net revenue at a specified ratio so as to stabilise their operations. However, these measurers cut back on the budgeted income set by the Management at the beginning of the year.

During the period under review, the Management set up a "Jeanswest e-commerce Division" as another profit centre. On top of its primary function to help with the sales of off-season inventory of our physical retail stores, it was also given the authority to have its own special collections to sell exclusively in its e-shops. The on-line sales in 2017 already contributed to 23.68% of the turnover of Jeanswest in the Mainland. The operations were profitable though the margin was still narrow.

In 2017 the Management relaunched new stores at prime locations in the first tier cities where the rental had already been reduced to a commercially viable level. During the period, around 50 new stores were added to our networks including one at the Hong Kong International Airport.

As at 31 December 2017, Jeanswest operated 1,298 stores (2016 restated: 1,568) among which 919 stores (2016 restated: 1,121) were operated under franchise arrangements. For the year ended 31 December 2017, turnover of retails decreased by 16.71% to HK$1,608,612,000 (2016 restated: HK$1,931,260,000), accounting for 58.93% of the Group's consolidated sales. Inventory turnover days decreased from 59 (restated) to 52 days.

Australia and New Zealand

In view of Jeanswest operations showing losses in two out of the last three years, and the losses also continued in the first half of 2017, with the approval of the shareholders in June, the Management disposed of Jeanswest operations in Australia and New Zealand on 1 July 2017. Therefore the Group's second half performance ceased to be affected.

Overseas Franchise Operations

In the year under review, our overseas franchisees in different countries performed differently. The franchisees in the Philippines and Venezuela did not perform as well as in the previous year but those in Mongolia and areas along the one belt one road progressed remarkably. Generally, the overseas franchise operations grew healthy in the year.

Export

In the year under review, our export operations were closely associated with our design service for Costco's private labels. During the period, the retail market in US became more resilient than the previous year. Attributed to the stable orders from "Kirkland Signature", one of Costco's brands, and the increased orders of "Minerals", our own newly developed women line, the export turnover of the Group resumed its growth.

For the year ended 31 December 2017, the Group's sales from exports were HK$476,554,000 (2016: HK$336,393,000), increased by 41.67% when compared with the previous year. The increase was also attributable to sales to Jeanswest operation in Australia and New Zealand in the second half of this year.

Financial and Real Estates Investments

During the period under review, the Group invested mainly on high yield corporate bonds. Our bond portfolio at the opening was HK$1.3 billion. An income of around HK$21 million was recognised in 2017 because around HK$564 million face value of bonds were early redeemed. Another HK$362 million worth of bonds will mature or be early redeemed in the first half of 2018, the Management increased the bond portfolio to HK$2.1 billion by the end of the year.

In the year, the Management sold two retail properties, one in Chongqing and one in Changchun, at a total consideration of around RMB59 million, making profits before tax of about HK$34 million.

Interior Decoration and Renovation

Years ago, the Group invested in Shijiazhuang Changhong Building Decoration Engineering Company Limited ("Changhong"), an interior decoration and renovation company by holding 65% equity interest for the purpose of providing interior decoration and renovation services to Jeanswest stores in the Mainland. As it was just an in-house company providing exclusive services to the subsidiaries of the Group, its sales were eliminated in our consolidated financial statements. After all these years, Changhong had already built up its reputation as a "Renowned Services Brand" in Hebei Province with annual turnover in 2017 exceeding HK$400 million out of which 97% came from services rendered to third parties. The Management therefore resolved to include the interior decoration and renovation business as a principal activity of the Group and report the performance of Changhong in full in our consolidated accounts commencing from the year under review.

FINANCIAL POSITION

The Group had ample cash/near cash in hand and its financial position remained very healthy.

HUMAN RESOURCES

As at 31 December 2017, the Group employed about 4,000 employees (2016 (restated): 4,900). The Group offered competitive remuneration packages to them. In addition, bonus and shares 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 maximising 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 University Students Sponsorship Fund" and "Jeanswest Hope Teachers Program". Our Glorious Sun Group Volunteers Team also participated actively and provided sponsorship to many charitable functions and activities such as sharing moon cakes with the homes for the aged and those living in the remote poor areas in the Mainland and organizing the "Stargaze Camp for All and the Blind".

PROSPECTS

Most economists expect the booming in 2017 will subsist in the ensuing year. The investors in the market are generally optimistic. Barring unpredictable circumstances and the escalation of Sino American trade disputes, the Management is also looking forward to a stable economic development in 2018. However, the business environment of retailing in the Mainland will still be challenging as the devastating impacts from e-commerce will continue. As the Group has formulated its strategy to tackle the situation, it is believed that the performance in the ensuing year will improve.

After having considered all the domestic and foreign factors and the Group's present position, the Management has summarised its strategies for the current year as "be practical", i.e. to "follow the trend, plan holistically and implement the achievables". The Management emphasises that its operation strategies will be market driven and results oriented. We will continue to build a popular brand to provide value-added products and services to our customers at affordable prices. Based on the win-win principle, we will offer flexible terms to our partner franchisees to expand our franchise operations. We will also open a suitable number of physical retail stores in prime locations where rentals/turnover rents are reasonable.

In the aspect of financial and real estates investments, the Management will maximise the yield of the investment portfolio. We will acquire an assets management company in the first quarter of 2018 for future expansion. Regarding the export operations, the Management will strive to develop more new products and clientele so as to maintain or even to beat the result of the year under review.

Barring unforeseeable circumstances, the Management is confident that the Group will continue to bring reasonable returns to its shareholders in 2018.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year 2018 will be held on Monday, 4 June 2018. 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, 23 April 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 30 May 2018 to Monday, 4 June 2018, 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 and transfer office 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, 29 May 2018.

The register of members of the Company will also be closed from Friday, 8 June 2018 to Monday, 11 June 2018, 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 Thursday, 7 June 2018.

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 2017, 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, Dr. Chung Shui Ming, Timpson, GBS, JP, an Independent Non-executive Director, was absent from the Company's annual general meeting for the year 2017 and the special general meeting of the Company, both held on 2 June 2017, and the special general meeting of the Company held on 9 November 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 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, 22 March 2018

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.