



GLORIOUS SUN ENTERPRISES LIMITED

(Incorporated in Bermuda with limited liability) (Stock Code:393)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

2017



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1. About this Report

Glorious Sun Enterprises Limited was listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in September 1996 (stock code: 393). Our major lines of business are apparel retail, trading and financial investments. Glorious Sun Enterprises Limited (the "Company" or "GSE") and its subsidiaries (the "Group") are guided by a mission in providing quality products and services with added value, as well as investing in high quality financial products to secure stable profits. We strive to satisfy the needs of customers, to provide opportunities for our staff to excel, to deliver reasonable and profitable returns to shareholders, and to grow and succeed with our partners. The Company's ultimate goal is to repay society and create maximum value for the community.

The Group's fashion retail network encompasses Mainland China, Australia*, New Zealand*, Hong Kong, Mongolia and areas along the one belt one road. As at 31 December 2017, Jeanswest, the Group's major fashion brand, operated 1,298 retail outlets worldwide.

*Note * The Group completed the disposal of Jeanswest operations in Australia and New Zealand on 1 July 2017.*



● Jeanswest Shunyi Qingchuguan Store



● Jeanswest O2O e-zone

Reporting Standards and Scope

This Environmental, Social and Governance Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange. This Report outlines our environmental, social and governance (ESG) initiatives during the period from 1 January 2017 to 31 December 2017 and their progress. For the sake of brevity, "2016" and "2017" in this Report stand for the year ended 31 December 2016 and the year ended 31 December 2017 respectively.

This Report covers GSE's core business activities in Hong Kong and Mainland China, including apparel retail, import and export. Readers will find highlights of the Group's sustainability efforts in the following areas:

- Environmental aspect (emissions, use of resources, environmental and natural resources);
- Social aspect (employment, health and safety, development and training, labour standards, supply chain management, product responsibility, anti-corruption and community investment).

Since the Group disposed of Jeanswest operations in Australia and New Zealand on 1 July 2017, for the sake of brevity, this report will not include the data of Australia and New Zealand in 2016 and 2017.

The Group's financial investment business does not involve with industrial operations and is carried out in the Hong Kong office and online. Since the number of staff involved is insignificant when compared with the total number of the Group with their business travels kept to a minimum, the emissions and office resource usage of the business is therefore immaterial.

A detailed ESG content index is provided at the end of this Report for easy reference.

This ESG Report has been reviewed by the Board and the senior management of the Company.

Key Disclosure Aspects

To ensure a concise, equitable and clear view of the Group's ESG performance, this Report only focuses on sustainability matters which are material to the Group and stresses the challenges and achievements during the reporting period.

Such material matters and scope of the report were determined based on the following considerations:

- Disclosure frequency of industry peers;
- Stakeholders' choice and feedback; and
- Potential impact of the matter on business.

Contact Information

If you have any comments or suggestions on this report, please send them to the address below:

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2. Environmental Protection

Delivering on a mission of sustainable development, the Group adheres to all applicable laws and regulations on environmental protection. Internal guidelines are also in place to foster interest in environmental issues among our staff. By promoting green awareness and responsibility, we have created a positive milieu for the entire workforce to care about the environment and engage in green initiatives.

Energy and Water Consumption

To manage energy saving and emission reduction efforts systematically, carbon emissions of the Group's corporate activities are calculated with Activity-based Carbon Footprint Modelling (ACFM), a licensed system jointly developed by the Hong Kong Research Institute of Textiles and Apparel (HKRITA) and the Clothing Industry Training Authority (CITA) with funding from the Innovation and Technology Commission. We also encourage our Mainland China suppliers to use this management system.

Scope of carbon emission statistics:

	Region	Definition	Statistics
1	Hong Kong	Offices	Consumption data of natural gas, LPG, petrol, diesel, water and electricity are recorded and calculated with the CITA Activity-based Carbon Footprint Modelling (ACFM) system
2	China Headquarters	Offices, staff quarters, canteen	
3	Jeanswest China locations	Offices, logistics warehouses, shops, staff quarters	
4	Self-operated factory Advancetex Fashion Garment Manufactory	All factory areas	
5	Interior decoration and renovation company Changhong	Offices at Shijiazhuang, Shanghai and Huizhou	

Total Carbon Dioxide Equivalent (CO₂e) Arising from Natural Gas, LPG, Petrol, Diesel, Water and Electricity Consumption:

Greenhouse gas emissions calculated with the CITA Carbon Footprint Modelling management system are expressed in carbon dioxide equivalent (CO₂e). CO₂e refers to the amount of CO₂ by weight, emitted into the atmosphere that would produce the same global warming potential as that of a given weight of other greenhouse gases being emitted. CO₂e converts each greenhouse gas emitted to a common source in terms of carbon dioxide for comparison.

CO ₂ e Emission (Tonne)			
Region	Year	2016	2017
Hong Kong		292	244
China Headquarters		1,176	1,042
Jeanswest China Locations		6,442	4,850
Advancetex Fashion Garment Manufactory		848	825
Changhong		797	801
Total		9,555	7,762

* Since there was a drop in the number of staff and retail outlets in 2017, the corresponding CO₂e emission has also dropped.

The Group's apparel retail business and financial investment business do not generate any significant hazardous waste.

For the interior decoration and renovation business, the exhaust fumes resulted from spray paint and paint drying in the industrial park are collected and treated with pulse filter cartridge dust collector, two-tier filtering, an activated charcoal absorber (concentrated) and desorption-catalytic combustion equipment system. The fumes, after processing, will meet the emission safety standard and keep the impact of volatile organic compounds (VOCs) to the surroundings to the minimum.

Furthermore, paint residues left by the spray paint process will be collected by waste management plant which is qualified by the government for treating hazardous waste. Changhong collected 0.2 tonne of paint residues in 2017.

Electricity Consumption

Striving to save electricity, works have been carried out since 2015 to replace fluorescent tubes with energy saving LED tubes in our offices, factory and retail shops, and to upgrade the central air-conditioning system of the China headquarters. LED lighting has many advantages, such as operating on low-voltage power, low energy consumption, high adaptability and stability, quick response time, non-polluting and a range of coloured lights. With LED tubes installed, power consumption for lighting in the Company's offices, factory and mainland retail outlets has been reduced.

Electricity Consumption (kWh)			
Region	Year	2016	2017
Hong Kong		382,025	322,374
China Headquarters		1,509,240	1,321,156
Jeanswest China Locations		9,256,804	7,032,668
Advancetex Fashion Garment Manufactory		972,482	949,350
Changhong		890,998	960,265
Total		13,011,549	10,585,813

Water Consumption (Mainland China only)

On our efforts to conserve water, the Company reduced water consumption considerably after implementing the following measures/policies:

- Adopt water saving production methods and machinery.
- Inspect concealed water pipes regularly for leakage or damage. Inspect internal water supply systems and promptly repair any malfunctioning water tanks, faucets and other water supply facilities.
- Set flushing and washing devices to the lowest water level to avoid fresh water overflow during operation.
- Shut off water supply systems during the night and on holidays.
- Put up posters to remind employees to conserve water.

Water Consumption (Tonne)			
Region \ Year		2016	2017
China Headquarters		43,354	42,601
Jeanswest China Locations		27,121	18,789
Advancetex Fashion Garment Manufactory		21,840	19,862
Changhong		2,064	3,119
Total		94,379	84,371

* Some retail stores in Hong Kong operate in department stores or shopping malls where water supply and discharge are controlled by the building management so the retrieval of the relevant data is not feasible.

Since Changhong expanded the business in 2017, the amount of CO₂e, electricity consumption and water consumption in 2017 increased slightly compared with 2016.

Waste Management and Resource Recycling

Paperless Office

The Group has set forth a paperless office policy. Colleagues are requested to minimise written reports, communicate by email, sign out documents with e-signatures and use recycled paper. We have also introduced guidelines on reducing paper consumption to help our staff use less paper.

Paper Consumption (Sheet)			
Region \ Year		2016	2017
Hong Kong		940,000	781,000
China Headquarters		3,316,459	3,100,478
Total		4,256,459	3,881,478

Reducing Rubbish Bag Consumption at Offices

Until 2016, deskside rubbish bin and rubbish bag were provided to every member of office staff at the Group's Huizhou headquarters. From 2016 onwards, only deskside rubbish bins were allocated and rubbish bags were recycled and reused. This measure alone led to significant reduction of rubbish bags, realising a reduction of 14,530 bags in 2017, down about 15% from 2016.

Rubbish Bag Consumption (Unit)			
Region \ Year		2016	2017
Hong Kong		2,950	450
China Headquarters		93,750	81,720
Total		96,700	82,170

Reducing Plastic Bags Use in Retail and Export Businesses

As an apparel retailer, the use of plastic bags as shopping bags or packaging materials is inevitable.

Since the launch of Environmental Levy Scheme on Plastic Shopping Bags by the Hong Kong Government, the Group has reduced using plastic bags. In 2017, the Group's apparel retail business in Hong Kong used 22,396 plastic bags while the online and offline retail business in Mainland China used 7,800,000 packaging plastic bags. For the export business, the Group used 56,275 carton boxes in 2017.

Using High Technology to Foster Conservation in Renovation Business

Changhong employs advanced, cost effective and environmental friendly technologies that comply with the industrial policies in Mainland China. Renovation and packaging require various materials including composite boards, carton boxes, timbers, plastics and metals. Changhong puts a priority in using green materials, techniques and facilities such as environmental materials, power saving lights and water saving equipment.

Changhong integrates Building Information Modelling, cloud computing for commercial shops and "big data" to achieve informatization and intelligence of commercial shop construction management. With such advanced construction technology, efficiency is enhanced, cost and project duration are compressed, thus achieving environmental benefits.

Recycling Non-hazardous Factory Waste

Advancetex Fashion Garment Manufactory, a garment manufacturing subsidiary of the Group, has improved raw material utilisation during the production process and reduced production loss. These effective measures have enhanced the reuse rate of resources.

- Neadend and remnants from garment production are recovered regularly by recovery contractors under service contracts.
- Selvages are used to make ties for bundling up cut pieces and floor mops.
- Used bobbins are returned to the relevant suppliers for reuse or distributed to Mainland retail outlets for after-sale service uses.



● Posters to promote environmental protection at the offices

Promoting Vegetarian Diet to Reduce Polluting Emissions

A low-meat or vegetarian diet, given its contribution to saving earth resources for animal husbandry, is a practical step for low carbon living. The Group has made keen efforts to promote a healthy vegetarian diet. To encourage colleagues to eat less meat, the staff canteen in Huizhou is serving only vegetarian meals every Wednesday. Not only does this initiative raise awareness for healthy eating, it also plays a part in global carbon reduction.

3. Employment and Labour Practices

People are a cornerstone for the Group's business development and growth. Treasuring this most valuable asset, we attach the greatest importance to provide a fair, safe, healthy and happy working environment for our staff to support their personal and career advancement.



● The Group's management and the e-commerce team celebrated the successful Double Eleven Campaign

The Group employs about 4,000 people in Mainland China and Hong Kong. As at 31 December 2017, group-wide personnel distribution was as follows:

Headcount			
Region \ Year	2016 (December)	2017 (December)	
Hong Kong	234	226	
Mainland China	4,720	3,893	
Total	4,954	4,119	

Headcount by Gender					
Year		2016 (December)		2017 (December)	
Region \ Gender		Male	Female	Male	Female
Hong Kong		107	127	99	127
Mainland China		1,101	3,619	1,048	2,845
Total		1,208	3,746	1,147	2,972

Headcount by Age Group														
Year \ Region	2016 (December)							2017 (December)						
Age Group	16-20	21-30	31-40	41-50	51-60	61-65	66 or above	16-20	21-30	31-40	41-50	51-60	61-65	66 or above
Hong Kong	4	30	50	66	61	13	10	8	33	50	63	54	8	10
Mainland China	344	2,038	1,413	759	161	5	0	134	1,444	1,313	810	185	4	3
Total	348	2,068	1,463	825	222	18	10	142	1,477	1,363	873	239	12	13

Headcount by Employment Type				
Year	2016 (December)		2017 (December)	
Region \ Employment Type	Part-time *	Monthly-paid	Part-time *	Monthly-paid
Hong Kong	6	228	12	214
Mainland China	162	4,558	360	3,533
Total	168	4,786	372	3,747

* Part-time employees include temporary workers/hourly-rate workers/daily-rate workers

Working Environment and Labour Standards

The Group, as a responsible employer, has laid down clearly-defined employment policies and guidelines in compliance with relevant state and regional labour laws to ensure a fair and highly transparent working environment.

The Group offers competitive remuneration to attract and retain talent. We provide comprehensive staff benefits to all monthly-paid employees, including labour insurance / social insurance, housing provident fund (Mainland China only), staff shopping benefits, continuing education fund, medical benefits, life insurance, provident fund scheme (Hong Kong only). Employees also enjoy annual leave, sick leave, marriage leave, maternity leave, paternity leave (applicable to Hong Kong), caregiver leave (applicable to Mainland China), bereavement leave and injury leave.

All staff members are treated on equal terms and rewarded according to performance. There is an appraisal system under which work performance is assessed against the Company's goals and expectations to recognise every employee's efforts and contributions, and to work together for future improvement.

The Group strictly abides by our code of employment to prevent child labour and forced labour. In the reporting period, no business unit was involved in any risks associated with child labour and forced labour, and no related case has been reported.

Staff Health and Safety

The Group always puts staff occupational safety first. Committed to strict compliance of all occupational health and safety laws and regulations, we strive to create a safe and sound working environment for our workforce. We have set up Occupational Safety Groups and Fire Safety Groups which are well represented by various business units. These groups oversee and review all work safety and health policies and procedures to ensure full compliance. The Group also puts in place precautionary and remedial measures, if necessary, to minimise potential hazards and accidents.

Fire drills and briefing sessions are organised annually to familiarise colleagues with fire escape routes and the latest information. To enhance colleagues' awareness and interest in promoting personal health through the communication of health tips and facts, the Group organised several seminars with different health topics. At our Mainland China headquarters, doctors were invited to host speeches about "Health and Environmental Protection" and "Health Care for Working Staff". In Hong Kong, Clinical Assistant Professor from the Hong Kong University was invited to host speech about "Critical Illness and Medical Protection" while the Doctor in Chinese Medicine-Oncology from the Beijing University of Chinese Medicine shared the health care tips in autumn and winter. Moreover, First Aid Lecturer of Hong Kong Red Cross introduced the basic first aid knowledge and skills to the colleagues.

During the reporting period, there was no work-related fatal injury.



- The Group provides occupational safety guide for all staff to remind them of due care at all times during work



- The Group organises seminars with different health topics to enhance colleagues' awareness in personal health

Staff Development and Training

To drive business growth and cultivate talent, the Company runs a full range of training activities with specific targets and plans. These programmes enable our staff to upgrade knowledge and build capacity, so as to provide crucial support for enhancing corporate efficiency and realising our corporate goals.

Group-wide Training Programme (Comprising Training Courses for Various Grades)

The Group invests significantly in staff training, providing an extensive range of courses for colleagues in different posts to support our business growth. These include professional training, leadership training and customised training.

Employees are required to complete a specified number of training hours each year. To ensure the right training is provided, employees' training needs will be reviewed by department heads during the annual performance appraisal.

The Group has also set up an Education Fund to encourage staff to take training courses relevant to their duties in their leisure. This kind of learning is instrumental in improving work efficiency and effectiveness.

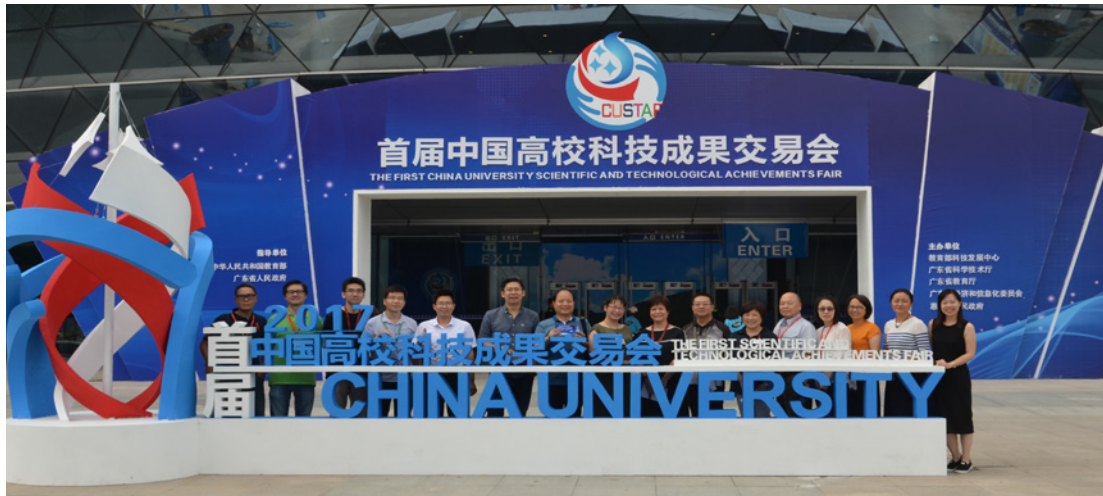
In retail business, Jeanswest nurtures energetic, hard-working and enthusiastic front-line staff to become "excellent store managers". Jeanswest invites Hong Kong corporate management consultants to provide theoretical and practical training to the store staff. The training helps the staff establish the objectives clearly and help them enhance the sales with improved shop image.

Staff Training				
Year	2016		2017	
Training data Region	Total number of employees trained	Training hours completed	Total number of employees trained	Training hours completed
Hong Kong	478	3,662	411	2,949
Mainland China	4,584	40,264.5	3,336	20,680

Management Culture and Communication

The Group has several communication channels to facilitate exchange.

Management Review Meeting: The Group holds a monthly management review meeting under which focus groups are set up for all member companies. Colleagues can hold discussions and voice their views, share management insights and better understand the Group's corporate culture and management approach. This provides a framework for two-way communication from the junior level all the way to top management.



● *Members of management review committee visited the First China University Scientific and Technological Achievement Fair held in Huizhou Convention and Exhibition Centre on 23 June 2017*

Managers' Committee: A "managers' committee" was set up in the China Headquarters in 2002, aiming to nurture future management personnel for the Group. The committee comprises several functional sub-units for event organisation, research and exchange, public relations and secretarial service. Regular activities including outreach programmes, seminars and talks are held to strengthen the cohesion of committee members and to broaden their horizon.



● *The managers' committee holds regular meetings to analyse the latest national policies and market trends*

Newsletter: A monthly corporate newsletter is published and circulated to all staff and affiliated parties. Employees can get a full picture of the Group's development roadmap and work goals. This newsletter is an effective tool for communicating our corporate culture and building solidarity.

WeChat Social Media: There is an online information forum where internal personnel can get the latest corporate information, news of Jeanswest business, corporate and charitable events of the Group.



● *The corporate page on WeChat*



● *Jeanswest page on WeChat*

Work and Life Balance

The management is pleased to lead and take part in all staff activities organised by the Group. We have a colourful portfolio of staff social events. These include monthly staff birthday celebrations, annual year-end dinner gala, Lunar New Year banquet, singing contest and green living barter parties. In 2017, the China Headquarters held for the second time the “Green Swap Carnival” and called on all staff members to donate unwanted household items to exchange for other useful objects. Such green bartering is not only a way of preserving the environment by reducing, reusing and recycling resources, but also a good chance for colleagues and their families to get to know each other. The event collected over 1,000 items for exchange.

Staff benefits: The Group has joined social insurance and housing provident schemes (applicable to Mainland China) pursuant to the law. In addition to social insurance, we have also taken out personal accident insurance for employees to afford adequate cover for personal safety. All our regional offices adhere to relevant labour laws of Hong Kong and Mainland China. Employees enjoy paid leave benefits that include statutory festive holidays, annual leave, sick leave, marriage leave, maternity leave, paternity leave (applicable to Hong Kong), caregiver leave (applicable to Mainland China), bereavement leave and injury leave.



● *"Green Swap Carnival" in 2017 promoted green awareness amongst staff and their families*



● Management and staff celebrate the coming new year in annual dinner



● Management and staff come together for seasonal joy at the annual Christmas party



● GSE Volunteers supported a charity walk organized by Youth Outreach



● The Group's management visited the staff in a Guangzhou Jeanswest store

4. Supply Chain Management

Suppliers play an important role in an enterprise's business. The Company looks upon suppliers as business partners and strive to grow with them. Selecting and retaining good suppliers can assure quality and operating effectiveness. It also furthers the cause of sustainable development by sharing business and social risks.

Supplier Selection Practices and Procedures for Apparel Trading Business

To ensure that procured merchandise is delivered on time and meets quality requirements, apparel trading companies of the Group have laid down supplier assessment procedures and qualifying criteria. Goods and services are procured only from authorised suppliers with verified qualification. The assessment covers five aspects, namely, environmental hygiene, quality control, technical control, health and safety, and cooperativeness. Even if they have passed the selection assessment, they are required to take remedial and precautionary measures recommended in the written assessment report within the period specified, otherwise the Group reserves the right to exclude them from the list of authorised suppliers. Annual re-assessment is required of all authorised suppliers.

Number of Authorised Suppliers Involved in Apparel Trading				
Year	2016		2017	
Region of Supplier	Mainland China	Other Regions	Mainland China	Other Regions
Jeanswest China	307	3	212	1

In order to further enhance our product quality, the Group exercised stricter measures in selecting trustworthy and high-quality suppliers in 2017, thus resulted in a significant drop in the number of suppliers.

Appreciating that social responsibility and sustainability go hand in hand, the Group carries out social responsibility assessment on its suppliers. Our goal is to communicate the importance of corporate social responsibility and promote a responsible culture.

Assessment Areas include

- Management system
- Employment contract
- Child labour and minor workers
- Forced or mandatory labour
- Working hours
- Wages and benefits
- Trade unions and collective bargaining
- Discrimination
- Harassment and abuse
- Occupational health and safety
- Environmental protection
- Fair competition

Number of Factories Having Completed Social Responsibility Assessment		
Year	2016	2017
Jeanswest China	61	52
Percentage of total suppliers	19.7%	24.4%

The Group has at least two meetings with suppliers every year to review operation and discuss the business development outlook. Exchange with each individual supplier takes place during the factory assessment process.

Factory Inspection Exemption System

With a view to motivate and facilitate factories in their endeavours to enhance quality and internal control, the Group has been implementing a factory inspection exemption system since 2009. To be eligible for exemption, suppliers must meet the following requirements:

- The first production order of the factory must go through procedures of our Tier-2 quality control goods inspection system;
- Valid ISO9001 Quality Management System certification;
- Passing our one-off goods inspection 100% by meeting all requirements;
- 100% order delivery punctuality is required.

** Tier-2 quality control goods inspection system is a standard higher than the market norm.*

Since this system has been in place, both the goods quality and quality assurance awareness of exempt factories have improved. From 2017, inspection exemption qualification is required of all suppliers manufacturing products for Jeanswest China.

Number of Exempt Factories		
Year	2016	2017
Jeanswest China	99	72
Percentage of total suppliers	31.9%	33.8%

Supplier Selection Practices and Procedures for Retail Business (Jeanswest)

Legislative and Statutory Requirements

Jeanswest China conducts its casual wear sales business in compliance with laws and regulations of the People's Republic of China. Our suppliers are also expected to abide by these laws and regulations.

In the event of violation or non-performance of the above, Jeanswest China will terminate existing business activities with the suppliers concerned, and reserve the right to commence legal action.

All suppliers of Jeanswest brand merchandise must produce the following valid documents:

- Certificate of domestic sales right
- Value-added tax invoice
- Business licence

Jeanswest has a yearly assessment programme for existing authorised suppliers. Previous quality records are duly considered and underperforming suppliers are given a grace period for improvement. If they fail to meet targets within the specified period, they will be taken off the list of authorised suppliers.

In addition, all suppliers are given an overall rating at the end of every quarter based on their defective rate, on-time delivery rate, piece count sales fulfillment rate, on-time sample return rate and exemption performance. This serves as a basis for performance appraisal and a reference for future procurement volume. Suppliers scoring 70 or below may have their order volume reduced. Suppliers scoring 90 or above will be favourably considered for increasing order volume in the future. All suppliers are informed of their quarterly ratings.

Jeanswest may take any supplier failing to meet quality, on-time delivery and other requirements off the list of authorised suppliers.

5. Product Responsibility

All our products conform to statutory standards and requirements as well as other applicable industry benchmarks for apparel. The Group has internal quality accreditation procedures to safeguard health and safety for product use. Complementing this, we exercise due care in processing information on all products, including promotion and publicity materials, specifications and use instructions, so that consumers are guided by correct product information. We also have necessary measures in place to ensure that intellectual property is protected and personal data are kept confidential pursuant to local government regulations.



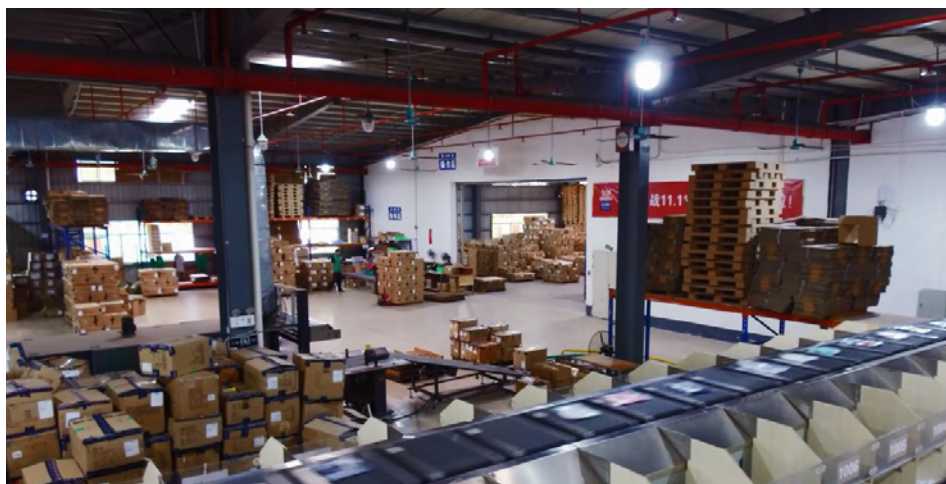
● A Jeanswest store

Quality Accreditation Process

Apparel retail business in Mainland China (Jeanswest)

Pursuant to contract provisions, on-site interim production inspections and finished goods inspections are carried out by inspectors from the procurement agency at the supplier's premises. Before shipping the finished goods to delivery points of Jeanswest China retailers, the supplier must pass the procurement agency's finished goods inspections and produce a compliance test report issued by a state-authorised test and certification body. If necessary, the procurement agency will take samples for inspection by a state-authorised test and certification body to ensure that all goods conform with standards and requirements for domestic sales stipulated in relevant laws and regulations, as well as quality standards of the Group.

Upon arrival at the warehouses in different sales regions, goods are randomly checked by our warehouse staff. Full conformity is required for goods to be released for retail.



● The Jeanswest logistics centre

Recall Procedure

If any Jeanswest products fail to meet quality, size, colour, performance and safety standards or any legal requirement, in the case of on-shelf products, the stores concerned will be instructed to stop selling such products immediately and ship them all back to the warehouse to return to the supplier for rework. Reworked products are inspected by the procurement agency again. They are shipped to the warehouse only if they meet specified standards. When rework is not possible or the goods fail to pass inspection, they will be returned to the supplier in full.

Returned products of Jeanswest China accounted for 0.06% and 0.09% of procurement total in 2016 and 2017 respectively.

Customer Service Centre

Any comments on Jeanswest products or the sales process can be directed to the customer service centre via its telephone hotline, website or Wechat public page. All enquiries and complaints are promptly handled by dedicated staff. Customers' feedback is addressed centrally by the customer service centre and follow-up actions are taken as required. Matters which are not resolvable by the customer service centre are referred to the relevant department or regional retail office, which is required to respond to the customer within 3 working days and report the whole process of resolution by writing to the customer service centre.

Number of Complaints		
Year	2016	2017
Jeanswest China	106	104

Intellectual Property Protection

All suppliers of the Group must undertake to protect Jeanswest's intellectual property and strictly observe the following conditions:

- No trademarks identical or similar to the registered trademarks of Jeanswest may be used on any other products;
- Forging, altering or producing Jeanswest trademarks without authorisation is strictly prohibited;
- No trademarks identical or similar to the registered trademarks of Jeanswest may be used as names or decoration, patterns and other design features for products manufactured without our authorisation;
- No Jeanswest products manufactured with our authorisation (including surplus products, defective products and returned products) may be sold to other parties; unless authorised by the Group, no products of the Jeanswest collection may be marketed in China (including Hong Kong, Macao and Taiwan) and overseas;
- No patterns and designs related with Jeanswest collection products may be used for designing and manufacturing other products; and
- All other activities that infringe the intellectual property and associated property rights of Jeanswest are prohibited.

Consumer Data Protection

The Group has a privacy protection policy on customers' personal data accessed from the Jeanswest China official online store. Specific limits of authority for related information personnel are also laid down. Protection measures for these data are reviewed regularly.

6. Anti-corruption

Corruption Prevention Measures

The Group strictly forbids any acts of corruption and bribery. All new employees are issued with the staff handbook and enrolled in our induction course. The staff handbook contains a clear code of rules prohibiting the acceptance of benefits, while the induction course stresses strict compliance of the Group's corruption prevention policy.

Our corruption prevention policy stipulates that staff members may not solicit or accept personal benefits from any parties involved in business transactions with the Group. To avoid any material or potential conflicts of interest, employees are required to report to chief executive officers of their branches / direct divisions when business relationships arise between business transaction parties and themselves. Such relationships will be put on record. To ensure that employees can conduct business professionally in a law-abiding manner, the Group also issues guidelines in the run-up to major festivals to remind employees that under no circumstances should they accept gifts.

The reporting system is reviewed every two years and amended when necessary to ensure adequacy and timeliness.

During the reporting period, there was no litigation against the Group or its staff for corruptive activities.

7. Community Investment

GSE has always placed high value on corporate social responsibility. Guided by philosopher Mencius' famous saying, "In adversity persist with strength; in times of fortune prosper with generosity", we are committed to repaying the society.

When contributing to the wellbeing of our community, GSE employs the same vision and innovative spirit that steer its business. Besides lending a hand to those troubled by pressing needs, we have a more far-reaching goal of pursuing long-term social effectiveness. Over the years, the Group has been making contributions to society through active engagement in social welfare undertakings, such as disaster relief, impoverished region assistance, funding new schools and promoting Chinese culture. Key members of our management hold multiple public offices to serve the community.

Be it funding new schools in impoverished regions, providing financial aid to university students or training new talents for the apparel industry, GSE stays focused on long-term benefits for the community at large. By helping the beneficiaries help themselves, we empower them with better learning and development opportunities so they can contribute to society in the future.

The following is an overview of GSE's contributions towards community welfare in recent years.

Funding New School Projects to Further Education

GSE was the first garment enterprise to set up educational institute in China. Partnering with Xian Northwest Institute of Textile Technology, the Group founded in 1985 the Xifang Guangdong Institute of Fashion and Clothing (later renamed "Glorious Sun Guangdong School of Fashion"). This academy has trained more than 6,000 apparel professionals to date.

In 1997, GSE founded Glorious Sun School of Business and Management, China Textile University (now Donghua University) in Shanghai, which experiments with an integrated teaching approach that combines production, learning and research. GSE also funded the establishment of Glorious Sun Research Institute at Nanjing University where a computer information management system is being developed.

Jeanswest Primary Schools (Project Hope)

Since 1998, we have donated funds to build 37 Jeanswest Primary Schools (Project Hope) in Sichuan, Gansu, Hunan, Jiangxi and other Chinese provinces. Commending this long-standing effort, China Youth Development Foundation honoured Group Vice-chairman Mr. Yeung Chun Fan and Jeanswest with the "Project Hope Outstanding Contribution Award 2016". This prestigious award is a strong recognition of Jeanswest's long-term commitment and effort in fulfilling its social responsibility. In 2017, Jeanswest donated summer school uniforms to Nuanquan Primary School in Shanxi Province, and helped build the school's water supply facilities.

Jeanswest University Students Sponsorship Fund

Established in July 2005, Jeanswest University Students Sponsorship Fund is a special fund that provides financial support to existing university students from poor families who have excellent academic performance and moral character. Since inception, the fund has benefited more than 13,000 undergraduates. While enabling them to complete tertiary education, the sponsorship fund also fosters awareness for voluntary services and contributions to society among university students.



● *Jeanswest University Students Sponsorship Fund helps poor university students to complete education*

Jeanswest Teachers Scheme (Project Hope)

In 2007, the Group launched Jeanswest Teachers Scheme (Project Hope) jointly with China Youth Development Foundation to sponsor outstanding university graduates to provide one-year voluntary service at Primary Schools (Project Hope). Thanks to their engagement, these schools can better realise development potentials and outstanding students are exposed to social and community welfare efforts.

“Go West” Volunteer Programme

Jeanswest has been working with the Central Committee of the Communist Youth League to promote the “Go West” Volunteer Programme since 2011, sponsoring community efforts of young volunteers. These university volunteers are now a main force that provides voluntary services to grassroots in Xinjiang. In 2017, Jeanswest launched a new term of service with the Communist Youth League that spans 6 years. Jeanswest also provides 4,150 sets of uniforms for the volunteers.



● *The “Go West” Volunteer Programme provides voluntary service in Kashgar, Xinjiang*

Jeanswest Fashion Award

Jeanswest Fashion Award is jointly hosted by China Fashion Designers Association, China National Garment Association and Jeanswest International (H.K.) Limited with the support of China Textile and Apparel Education Society, Hong Kong Fashion Designers Association and other co-organisers.

Since its inauguration in 1993, the award has run successfully for 26 times. Receiving high acclaim in the fashion design circle, it is the most high-profile and most widely-supported fashion design contest of its kind in Mainland China. Partnering with many tertiary institutions in China, the competition encourages participation from students wishing to pursue a career in design. With increasingly closer exchange and cooperation between fashion industries of Mainland China, Hong Kong and overseas,

the award has become a good platform and connection point for industry communication. While broadening the development horizon for young people, it is also propelling all-round development of China's casual wear industry.



- *Jeanswest Fashion Award aims to nurture and motivate budding new-generation designers to bring creativity into full play and enhance young designers' self-value*

Jeanswest Fashion Award Elite Designers Club

Jeanswest Fashion Award Elite Designers Club is a body founded by China Fashion Designers Association and Jeanswest International (H.K.) Limited in 2007. Bringing together designers nominated for Jeanswest Fashion Award over the years, this alliance has 920 members now and makes concerted effort in promoting China's fashion design sector and enhancing the image of fashion designers. By building platforms and supporting activities, young designers can gain exposure and publicity for their creativity. While strengthening interaction with peers, they can also upgrade standards and broaden horizons through exchange with seasoned designers.

College-Industry Collaboration with Huizhou University

Always exploring new possibilities for college-industry collaboration, GSE works extensively with related faculties and departments of many tertiary institutions in many different areas, such as advanced business management courses, bases for creative practices, fashion creativity R&D, apparel retail, e-commerce, information management system and international fashion academy. We have made remarkable progress on many fronts over the years and enjoyed growth alongside our academic partners in reciprocity.

1. Founding Huizhou Glorious Sun Vocational School of Apparel to help Huizhou University to promote "Integrated Learning and Practice", while adopting an operation-based and innovative teaching approach. After years of hard work, the school is now an industry benchmark
2. Founding Glorious Sun (Guangdong) Enterprise Research Institute which has trained 229 management trainees over 18 terms.
3. Introducing an on-the-job training programme for tertiary teaching staff to take up temporary posts in business organisations.
4. Introducing an apparel retail course at Huizhou University. Ten courses have been organized from 2008 to the present, benefiting 349 trained and on-campus students. Students who have completed the course are popular with businesses and enjoy good employment prospects.
5. Founding Glorious Sun Creative Development Centre.
6. Setting up a Directors' Board for Glorious Sun Guangdong School of Fashion, where entrepreneurs can gather and share their successful experience with the School.
7. Founding Innovation Research Centre.



- *GSE joins hands with the School of Information Science and Technology of Huizhou University to nurture new generation of technology talent*

Disaster Relief

As a corporate citizen that honours its social responsibility, we always take immediate and assiduous relief efforts when disasters strike. Recent relief actions include:

In October 2017, the Group worked with China Charity Alliance and launched the “Charity Luoxiaoshan” campaign, donating over 5,000 sets of winter clothing to the impoverished Luoxiao Mountain area.



- *Jeanswest helped solving the lack of fresh water resource in Nuanquan Primary School in Shanxi Province*

In June and July 2017, heavy rain affected Sichuan Province and Hunan Province. Several regions suffered severe flooding, such as Abazhou, Yueyang, Hengyang, Yongzhou and Yiyang. Jeanswest donated 5,000 garments to China Poverty Relief Foundation and 50,000 garments to the Hunan China Youth Development Foundation (CYDF) to help the affected areas.

In July 2016, powerful convective weather conditions affected Hubei Province, including extended heavy rain and great rainstorms. There were serious and widespread floods. Jeanswest donated about 37,000 garments to CYDF of Hubei Province.

Local Community Involvement by GSE Volunteers

The Group has set up volunteering teams in Hong Kong and Mainland China respectively. Employees are encouraged to join these teams to play an active part in local community activities and to help the needy and underprivileged. In Mainland China, the volunteering team visits poor households (namely “households enjoying five guarantees” and “households enjoying minimum guarantee”) during traditional Chinese festivals.

In Hong Kong, the volunteering team has been awarded the Gold Certificate by the Steering Committee on Promotion of Volunteer Service of the Social Welfare Department. Moreover, the Group has been commended by the Hong Kong Council of Social Service (HKCSS) with the Caring Company logo for seven consecutive years.

Service Statistics of the Hong Kong Community Group - Number of Direct Beneficiaries			
Region \ Year	2016	2017	
Hong Kong	4,050	7,671	
China Headquarters	61,176*	54,540*	

* One household comprises 3 persons on average

Service Statistics of the Hong Kong Community Group - Hours of Voluntary Service			
Region \ Year	2016	2017	
Hong Kong	1,980	2,162	
China Headquarters	1,768	1,448	



● The Huizhou volunteering team visited poor households with blankets and foodstuffs



● The Hong Kong volunteering team visited 5 homes for the aged with season's greetings in Mid-Autumn Festival



● Blood Donation Day 2017 was successfully held in One Kowloon

8. Recognitions and Professional Certifications

Led by our management, GSE and its subsidiaries embraces a bold spirit of innovation to drive business growth and fulfill corporate social responsibility. Our dedicated efforts have earned wide recognition from the market and the public.

Major awards during the past 10 years are as follows:

- December 2007: Advancetex Fashion Garment Mfy. (Hui Zhou) Limited was awarded the CSC9000T (China Social Compliance for Textile & Apparel Industry) practitioner certificate as one of the top ten pioneering companies implementing the social compliance system.
- 2008-2012: Jeanswest received the China Charity Award from the Ministry of Civil Affairs, the People's Republic of China.
- 2009: GSE was garnered with the National Contribution Award by China Industry Development Research Center.
- 2010: Jeanswest was named one of "Top 10 Charitable Enterprises in China" in the China Charity Ranking by the Ministry of Civil Affairs.
- November 2012: Jeanswest was named "Model Enterprise for Integration of Information Technology and Industrialization of the National Apparel Industry" at the China National Apparel Conference 2012.
- 2014: Jeanswest University Students Sponsorship Fund was selected as a "Best CSR Practices of Foreign-Invested Enterprises in China".
- March 2015: A group of experts from the Fifth Electronics Research Institute, Ministry of Information Technology, carried out an assessment audit on the information technology and industrialization integration management system of Jeanswest Apparels (China) Company Limited. It was announced that the company has passed the on-site audit of information technology and industrialization integration management system.
- July 2015: Jeanswest was assessed as a "Famous Trademark of China" by the State Administration for Market Regulation.
- 2016: Jeanswest University Students Sponsorship Fund clinched the Outstanding China CSR Project Award 2016 at the 5th China CSR Excellence Award organised by China Philanthropy Times.
- 2016: At the China Textile and Apparel Brand Annual Work Conference 2016 jointly organized by China National Textile and Apparel Council and China Textile & Garment Brand Strategy Promotion Committee under the supervision of Ministry of Information Technology, it was announced that Jeanswest was shortlisted for the "Top 50 Textile Apparel, Shoe and Cap Enterprises of Brand Value 2016". Jeanswest also earned the designation "2016 Key Tracked and Cultivated Apparel and Home Textiles Own Brand".
- 2016: Jeanswest was awarded "Casual Wear Brand with Highest Commercial Value in Guangdong Garment Industry" by the Guangdong Garment and Apparel Association

- 2016: Jeanswest was honoured with the “Project Hope Outstanding Contribution Award 2016” organised by the China Youth Development Foundation.
- 2016: GSE was awarded the Gold Certificate by the Steering Committee on Promotion of Volunteer Service of the Hong Kong Government Social Welfare Department.
- 2017: Changhong Decoration’s design centre was certified as a “Provincial Industrial Design Centre” under the Hebei Province Design Centre and Innovation Park certification system.
- 2017: Changhong Decoration was accredited “AAA Grade Credit Rating in Decoration Business” by the China Construction and Decoration Credit Rating Office and Beijing Xingou Credit Management Co. Ltd.
- April 2017: Jeanswest International (H.K.) Limited was awarded “Top 10 Charitable Enterprises” in the 2017 Charity Ranking organised by China Philanthropy Times.
- June 2017: Changhong was accredited as “Hebei Province Famous Brand” by the Hebei Quality and Technology Supervision Bureau and Hebei Quality Assurance Committee
- November 2017: Changhong was named “5A Grade Trusted Bidder” (highest grade) by the Hebei Construction Tendering Association
- December 2017: Jeanswest University Students Sponsorship Fund was awarded “Innovative Charity Award” and listed as a “Best CSR Practices of Foreign-Invested Enterprises in China”, in a campaign organised by the China Association of Foreign Investment Enterprises and WTO Economic Digest.
- December 2017: Jeanswest University Students Sponsorship Fund was awarded “CSR Driving Force Award” in the 7th China CSR Excellence Award organised by China Philanthropy Times.
- 2017: GSE was commended by the Hong Kong Council of Social Service (HKCSS) with the Caring Company logo for the seventh year.
- 2017: GSE was awarded “Good MPF Employer” by the Mandatory Provident Fund Schemes Authority.

Professional Certifications of GSE and its Subsidiaries

Company	Certificate
Glorious Sun Enterprises (China) Limited I.T. Division	ISO2000:2011 IT service management system
Jeanswest Apparels (China) Company Limited	Integration of Informatization and industrialization management systems
Pacific Potential Trading Company Limited	ISO9001:2008 quality management system
Advancetex Fashion Garment Mfy. (Hui Zhou) Limited	ISO9001:2008 quality management system
Advancetex Fashion Garment Mfy. (Hui Zhou) Limited	CSC9000T China social compliance for textile and apparel industry management system
Shijiazhuang Changhong Building Decoration Engineering Company Limited	SA8000:2014 social accountability system
Shijiazhuang Changhong Building Decoration Engineering Company Limited	ISO 14001:2015 environmental management system
Shijiazhuang Changhong Building Decoration Engineering Company Limited	GB/T28001-2011 /OHSAS18001:2007 occupational health and safety management system
Shijiazhuang Changhong Building Decoration Engineering Company Limited	ISO9001:2015 quality management system and GB/T50430-2007 code for quality management of engineering construction enterprise
Shijiazhuang Changhong Building Decoration Engineering Company Limited	GB/T24024:2001 idt ISO14024:1999 China environmental labeling certification

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GLORIOUS SUN ENTERPRISES LIMITED

(Incorporated in Bermuda with limited liability) (Stock Code:393)