GLORIOUS SUN ENTERPRISES LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code：393

ANNUAL REPORT 2014


JEANSWEST

OUR CORE BUSINESS

Retail, trading and export of casual wear apparel

OUR VISION

To become a market leader in casual wear apparel retailing and
to be one of the best casual wear apparel suppliers

OUR MISSION

Focused on our customers, we endeavour to provide quality products and services with added value. We strive after:

- customer satisfaction;
- staff development;
- reasonable equity return; and
- growth with our business partners,

so as to benefit our community.

Contents

CORPORATE INFORMATION

DIRECTORS

Executive

Dr. Charles Yeung, SBS, JP *(Chairman)*
Mr. Yeung Chun Fan *(Vice-chairman)*
Mr. Yeung Chun Ho
Mr. Pau Sze Kee, Jackson
Mr. Hui Chung Shing, Herman, SBS, MH, JP
Ms. Cheung Wai Yee
Mr. Chan Wing Kan, Archie

Independent non-executive

Mr. Lau Hon Chuen, Ambrose, GBS, JP
Dr. Chung Shui Ming, Timpson, GBS, JP
Mr. Wong Man Kong, Peter, BBS, JP
Dr. Lam Lee G.

COMPANY SECRETARY

Mr. Mui Sau Keung, Isaac

AUTHORISED REPRESENTATIVES

Mr. Pau Sze Kee, Jackson
Mr. Hui Chung Shing, Herman, SBS, MH, JP

AUDITORS

Ernst & Young
Certified Public Accountants

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

38/F., One Kowloon
1 Wang Yuen Street
Kowloon Bay
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Bank of East Asia, Limited
Crédit Agricole Corporate and Investment Bank
UBS AG
Australia and New Zealand Banking Group Limited

WEBSITE

http://www.glorisun.com

STOCK CODE

393

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Glorious Sun Enterprises Limited (the "Company") will be held at Dynasty II, 7th Floor, The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 2 June 2015 at 3:30 p.m. for the following purposes:

(1) To receive and consider the financial statements and the reports of the directors and auditors for the year ended 31 December 2014.

(2) To declare the final dividend for the year ended 31 December 2014.

(3) (A) (I) To elect Mr. Yeung Chun Kam as an executive director of the Company.

(II) To elect Mr. Yeung Chun Ho as an executive director of the Company.

(III) To elect Mr. Lau Hon Chuen, Ambrose as an independent non-executive director of the Company.

(IV) To elect Mr. Chung Shui Ming, Timpson as an independent non-executive director of the Company.

(V) To elect Mr. Lam Lee G. as an independent non-executive director of the Company.

(B) To authorise the board of directors to fix the remuneration of directors.

(4) To appoint auditors and to authorise the board of directors to fix their remuneration.

(5) As special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

(A) "THAT:

(I) subject to sub-paragraph (III) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;

(II) the approval in sub-paragraph (I) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

(III) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in sub-paragraph (I) of this resolution, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined) or upon the exercise of rights of conversion or subscription under any securities which are convertible into shares of the Company or (b) the share option scheme or similar arrangement of the Company for the time being adopted for the grant or issue to officers and/

or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company or (c) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed the aggregate of: (aa) 20 per cent. of the aggregate nominal amount of the issued share capital of the Company on the date of this resolution and (bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of share capital of the Company purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution) and the said approval shall be limited accordingly; and

(IV) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and

(c) the revocation or variation of the authority set out in this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

(B) “THAT:

(I) subject to sub-paragraph (II) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase shares in the issued share capital of the Company be and is hereby generally and unconditionally approved;

(II) the aggregate nominal amount of share capital of the Company which the Company is authorised to purchase pursuant to the approval in sub-paragraph (I) of this resolution shall not exceed 10 per cent. of the aggregate nominal amount of share capital of the Company in issue on the date of this resolution and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(III) for the purpose of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and

(c) the revocation or variation of the authority set out in this resolution by an ordinary resolution of the shareholders of the Company in general meeting."

(C) "**THAT** the directors of the Company be and are hereby authorised to exercise the powers of the Company referred to in paragraph (I) of the resolution set out as resolution (5)(A) in the notice of the meeting of which this resolution forms a part in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (III) of such resolution."

(6) To transact any other ordinary business of the Company.

By Order of the Board

Mui Sau Keung, Isaac
Company Secretary

Hong Kong, 23 April 2015

Principal Place of Business:
38/F., One Kowloon
1 Wang Yuen Street
Kowloon Bay
Hong Kong

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a member of the Company.

2. A form of proxy for the meeting is enclosed. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's principal place of business at 38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong not less than 48 hours before the time appointed for the meeting or any adjournment thereof.

3. The register of members of the Company will be closed from Friday, 29 May 2015 to Tuesday, 2 June 2015, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for the entitlement to attend and vote at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 28 May 2015.

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

5. In relation to agenda item No. (3)(A) in this Notice regarding election of directors, in accordance with bye-law 110(A) of the Company's Bye-laws, Dr. Charles Yeung, SBS, JP, shall not be subject to retirement by rotation. However, in view of good corporate governance practices and in compliance of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), Mr. Charles Yeung will voluntarily retire from his office and offer himself for re-election at the forthcoming annual general meeting of the Company. Mr. Yeung Chun Ho, Mr. Lau Hon Chuen, Ambrose, GBS, JP and Dr. Chung Shui Ming, Timpson, GBS, JP will retire by rotation at the forthcoming annual general meeting of the Company pursuant to bye-law 110(A) of the Company's Bye-laws and, being eligible, offer themselves for re-election. Dr. Lam Lee G. will also retire at the forthcoming annual general meeting of the Company at which his term of appointment will expire, and he is eligible for re-election.

6. The biographical details and length of service with the Company of all the directors who stand for re-election at the forthcoming annual general meeting are set out in the "Directors' and senior management's biographies" section in this annual report.

7. The amount of emoluments paid for the year ended 31 December 2014 to each of the directors who stand for re-election at the forthcoming annual general meeting is set out in note 8 to the financial statements in this annual report and the basis of determining such emoluments is set out in the "Emolument policy" section in this annual report.

8. Other biographical details of each of the directors who stand for re-election at the forthcoming annual general meeting are set out below to enable shareholders to make an informed decision on their re-elections. Save for the information set out in this paragraph 8 and in paragraphs 5 to 7 above, there is no information to be disclosed pursuant to any requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there other matters that need to be brought to the attention of shareholders in respect of the directors who stand for re-election at the forthcoming annual general meeting.

8.1 Dr. Yeung Chun Kam, SBS, JP, alias Charles Yeung, aged 68, is the Chairman and an executive director of the Company, a brother of Mr. Yeung Chun Fan and Mr. Yeung Chun Ho. Mr. Charles Yeung's interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") are set out in the "Directors' interests and short positions in securities" section in this annual report and remain unchanged as at 16 April 2015, being the latest practicable date prior to the printing of this Notice (the "latest practicable date").

Mr. Charles Yeung was a director of (i) Generra Sportswear Company, Inc., a company incorporated in Washington, USA (a corporate structure inclusive of (ii) Generra Sportswear (HK) Limited, a company incorporated in Hong Kong and (iii) Generra Production Corporation, a corporation incorporated in Washington, USA). These three companies were involved in design, manufacture and sale of the Generra Sportswear lines. At all material time Mr. Charles Yeung had no duty in the day-to-day operations of Generra Sportswear Company, Inc. On 2 July 1992, Chapter 11 proceedings were instituted and Generra Sportswear Company, Inc. was administratively dissolved in 1995, Generra Sportswear (HK) Limited was dissolved on 13 September 2002 and Generra Production Corporation was dissolved in 1994, respectively. So far, no allegation has been made against Mr. Charles Yeung in Generra Sportswear Company, Inc. for fraud, negligence or any conduct of dishonesty.

8.2 Mr. Yeung Chun Ho, aged 70, is an executive director of the Company, a brother of Mr. Charles Yeung and Mr. Yeung Chun Fan. Mr. Yeung Chun Ho's interests in the shares of the Company within the meaning of Part XV of the SFO are set out in the "Directors' interests and short positions in securities" section in this annual report and remain unchanged as at the latest practicable date.

NOTICE OF ANNUAL GENERAL MEETING

8.3 Mr. Lau Hon Chuen, GBS, JP, alias Ambrose Lau, aged 67, is an independent non-executive director of the Company. Mr. Lau is also a director of Franshion Properties (China) Limited, Yuexiu Property Company Limited, Yuexiu Transport Infrastructure Limited, Joy City Property Limited, Brightoil Petroleum (Holdings) Limited and The People's Insurance Company (Group) of China Limited. In the past three years, Mr. Lau was a director of Qin Jia Yuan Media Services Company Limited and OCBC Wing Hang Limited. Mr. Lau's interests in the shares of the Company within the meaning of Part XV of the SFO are set out in the "Directors' interests and short positions in securities" section in this annual report and remain unchanged as at the latest practicable date.

Mr. Lau has confirmed that he is the senior partner of Messrs. Chu & Lau, Solicitors & Notaries and he is a director and shareholder of Chu & Lau Nominees Limited ("C&LN"), and that he himself, the law firm and C&LN acted for the Company, its related or connected companies or persons. The Board considered that the amounts involved for the services provided were insignificant, and the services received from Mr. Lau, the law firm and C&LN were in the ordinary course of business and on normal commercial terms and would in no way affect the independence of Mr. Lau. Accordingly, the Board has confirmed that Mr. Lau is independent of the Company.

The Board also believes that Mr. Lau being a solicitor of the High Court of Hong Kong has extensive knowledge of legal matters and having the considerable experience in the public sector and boards of listed companies, would contribute continuous improvement on internal controls and corporate governance matters of the Company. Accordingly, the Board is of the view that the re-election of Mr. Lau as an independent non-executive director of the Company is in the interests of the Company notwithstanding that he has served in such capacity for more than nine years.

8.4 Dr. Chung Shui Ming, Timpson, GBS, JP, aged 63, is an independent non-executive director of the Company. Mr. Chung is also a director of Miramar Hotel and Investment Company, Limited, China Unicom (Hong Kong) Limited, China Overseas Grand Oceans Group Limited, China Everbright Limited, Henderson Land Development Company Limited, China Construction Bank Corporation, Jinmao Investments and Jinmao (China) Investments Holdings Limited and China State Construction Engineering Corporation Limited. In the past three years, Mr. Chung was a director of China Everbright Bank Co., Ltd and Nine Dragons Paper (Holdings) Limited. Mr. Chung's interests in the shares of the Company within the meaning of Part XV of the SFO are set out in the "Directors' interests and short positions in securities" section in this annual report and remain unchanged as at the latest practicable date.

Mr. Chung has provided the Company with confirmation of his independence in accordance with the relevant requirements as set out in Rule 3.13 of the Listing Rules and it is in the belief of the Board that Mr. Chung is independent.

The Board believes that Mr. Chung, through his experience as a professional accountant, would contribute significantly to the strategy development and the continuous improvement on internal controls and other relevant financial and corporate governance matters of the Company. Accordingly, the Board is of the view that the re-election of Mr. Chung as an independent non-executive director of the Company is in the interests of the Company notwithstanding that he has served in such capacity for more than nine years.

8.5 Dr. Lam Lee G., aged 55, was re-designated from a non-executive director to an independent non-executive director of the Company on 20 August 2012. Dr. Lam is also a director of CSI Properties Limited, Vongroup Limited, Sunwah Kingsway Capital Holdings Limited, Mei Ah Entertainment Group Limited, Imagi International Holdings Limited, Heng Fai Enterprises Limited, Mingyuan Medicare Development Company Limited, China LNG Group Limited, Rowsley Ltd., Asia-Pacific Strategic Investments Limited, Top Global Limited, Sunwah International Limited, Vietnam Equity Holding, Vietnam Property Holding and Coalbank Limited. In the past three years, Dr. Lam was a director of TMC Life Sciences Berhad, Wai Chun Mining Industry Group Company Limited, China Communication Telecom Services Company Limited, Next-Generation Satellite Communications Limited, Far East Holdings International Limited, Hutchison Harbour Ring Limited and Ruifeng Petroleum Chemical Holdings Limited.

Dr. Lam was a director of a Hong Kong incorporated private company with limited liability, i-STT Hong Kong Limited ("i-STT"), between 15 December 1999 and 27 October 2004. i-STT was involved in Internet-related network services. i-STT was solvent when it was in creditors' voluntary liquidation on 12 September 2001 and the amount involved was about HK$100 million.

Dr. Lam does not have any interest in the shares of the Company.

9. Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the shareholders at the meeting will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

CHAIRMAN'S STATEMENT

GROUP RESULTS

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

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

CHAIRMAN'S STATEMENT

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

	2014	2013	Changes
(Unit: HK$'000)			
Consolidated sales from continuing operations	**5,854,683**	6,754,220	↓ 13.32%
of which:			
A. Total retail sales in the PRC	**3,971,720**	4,682,007	↓ 15.17%
B. Total retail sales in Australia & New Zealand	**1,308,003**	1,396,359	↓ 6.33%
Sub-total	**5,279,723**	6,078,366	↓ 13.14%
C. Total export sales	**572,821**	674,637	↓ 15.09%
Profit attributable to ordinary equity holders of the Company	**119,405**	138,455	↓ 13.76%
(Unit: HK cents)			
Earnings per share (basic)	**11.30**	13.07	↓ 13.54%
Dividend			
—Final	**6.27**	8.15	↓ 23.07%
—Total	**10.27**	12.15	↓ 15.47%
(Unit: HK$'000)			
Net cash in hand	**831,513**	1,122,084	↓ 25.90%

DIVIDEND

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

CHAIRMAN'S STATEMENT

REVIEW OF BUSINESSES

Retailing

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

CHAIRMAN'S STATEMENT

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

1. The PRC

i. Jeanswest

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

CHAIRMAN'S STATEMENT

E-shop performance in the last few years kept on showing an impressive growth. In the period, a special designed series solely for e-shop had been introduced and met with warm acceptance from customers. Turnover of our e-shop increased in double-digits.

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

ii. *Quiksilver Glorious Sun*

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

2. Australia and New Zealand

In the year under review, the process of shifting the driving force of economic development from mining to internal consumption was interrupted by the massive fall of the bulk commodities price. Investment in mining almost came to a standstill leading to the slowdown of the related sectors and weakening of consumers' confidence. Competition was also intensified by more and more international apparel brands having their presence in Australia. Aggressive markdown at the expense of margin became the last resort to promote sale. Furthermore, the depreciation of the local currencies pushed up the imported goods cost that could not be shifted to the customers under such

CHAIRMAN'S STATEMENT

sluggish market condition. Therefore Jeanswest operations in Australia and New Zealand turned from profit to loss. Despite all the above-mentioned difficulties, Jeanswest e-shop in Australia and New Zealand still managed to grow its turnover in double-digits. Goods ordered via internet could be picked up by customers from their chosen Jeanswest store. On-line facilities were provided in all Jeanswest stores to enable customers to order size and color of the products that were temporary not available in that particular store. Jeanswest annual turnover was nearly flat in local dollars representing our market share was still quite intact.

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

3. Overseas Franchise Operations

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

Export

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

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

CHAIRMAN'S STATEMENT

FINANCIAL POSITION

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

HUMAN RESOURCES

As at 31 December 2014, the Group employed about 10,000 employees (2013: 13,000). The Group offered competitive remuneration packages to them. In addition, bonus and share options were granted based on the Group's results and individual performance from time to time.

SOCIAL RESPONSIBILITY

It is the belief of the Management that while maximizing returns for shareholders, the Group had to take up its social responsibilities. In addition to the strict adherence to stringent environmental protection policies and regulations, the Group also made direct contributions to the society. Since 1998, donations in the name of Jeanswest built "Jeanswest Hope Primary Schools", financed "Jeanswest Hope Teachers Programmer" and established "Jeanswest University Students Sponsorship Fund". In the period, 10 "Jeanswest Hope Primary Schools" and 30 "Village Libraries" with 350,000 books had been built in various remote villages. Jeanswest in Australia also continued its sponsorship of the national fund raising campaign organized by "Jeans for Genes Organization".

PROSPECTS

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

CHAIRMAN'S STATEMENT

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

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

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

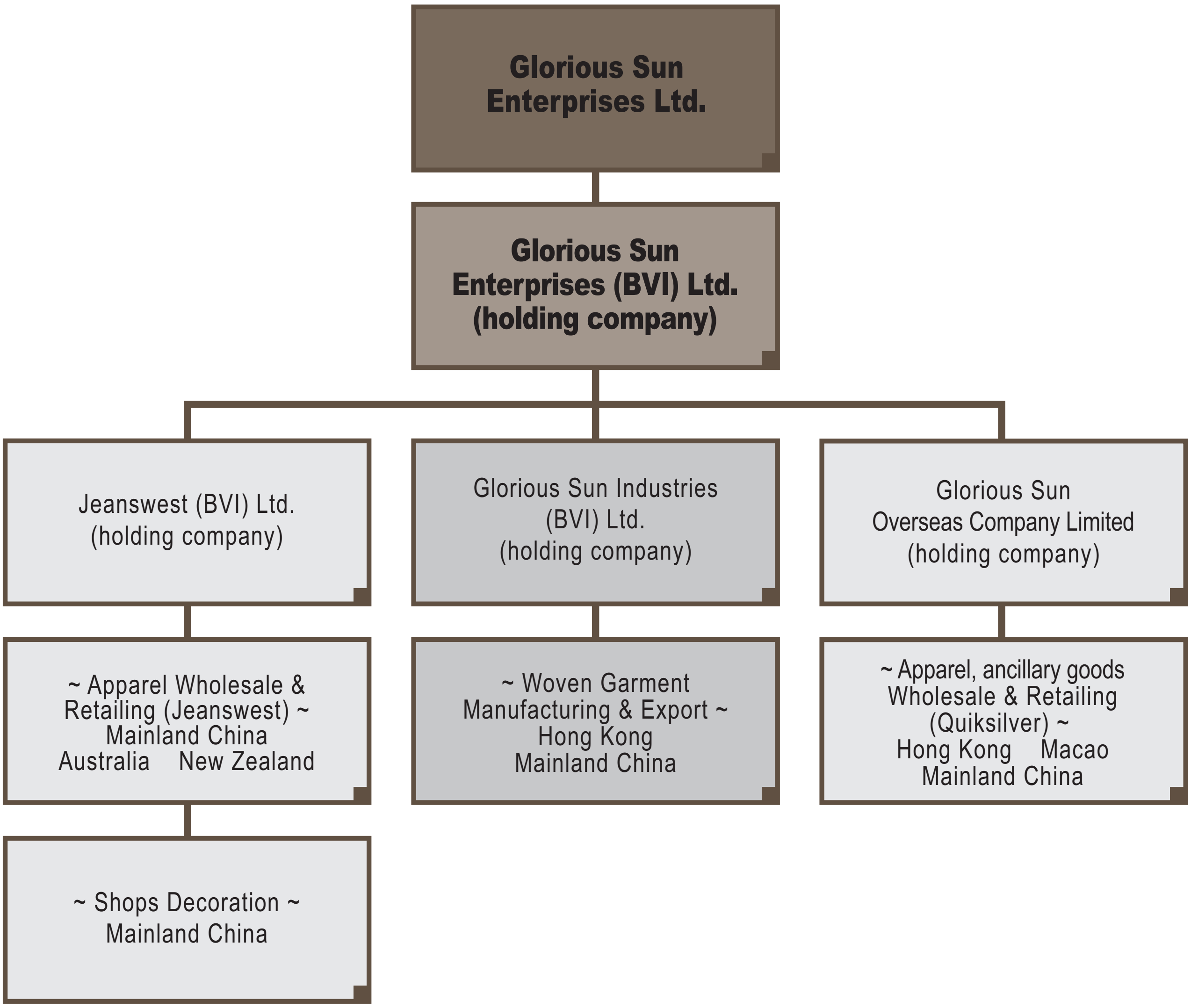
APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express our sincere appreciation to the shareholders for their support, and to the Management and staff for their dedicated efforts.

Dr. Charles Yeung, SBS, JP
Chairman

Hong Kong, 25 March 2015

GROUP BUSINESS STRUCTURE



Retail Networks in the PRC

Total no. of shops:	Mainland China	2,299
	Hong Kong	29
	Macao	3
	Total	2,331

Retail Network in Australia and New Zealand

Total no. of shops : 239

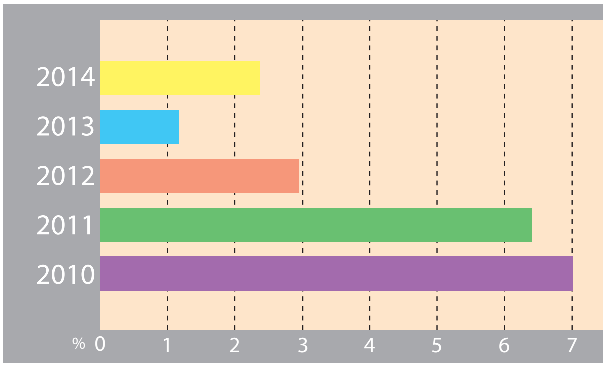

Champion of the World
JEANSWEST

FINANCIAL HIGHLIGHTS

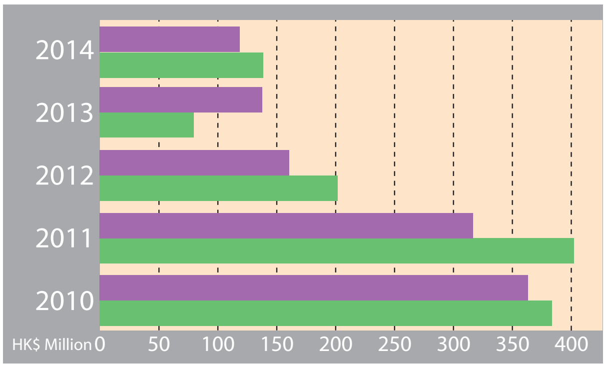
	2014	2013	2012	2011	2010
Revenue (HK$'000)	**5,854,683**	6,754,220	6,801,829	6,258,407	5,446,974
Increase/(decrease) in revenue in percentage	**(13.32%)**	(0.70%)	8.68%	14.90%	8.65%
Revenue analysis:					
1. Retail					
a. The PRC (HK$'000)	**3,971,720**	4,682,007	4,959,305	4,729,559	4,158,324
b. Australia & New Zealand (HK$'000)	**1,308,003**	1,396,359	1,376,428	1,228,918	1,061,629
2. Export (HK$'000)	**572,821**	674,637	464,791	297,911	214,040
3. Others (HK$'000)	**2,139**	1,217	1,305	2,019	12,981
Operating margin (%)	**2.38%**	1.18%	2.97%	6.44%	7.05%
Profit attributable to ordinary equity holders of the Company (HK$'000)	**119,405**	138,455	160,876	317,268	363,608
Increase/(decrease) in profit attributable to ordinary equity holders of the Company in percentage	**(13.76%)**	(13.94%)	(49.29%)	(12.74%)	40.14%
Equity attributable to ordinary equity holders of the Company (HK$'000)	**2,134,230**	2,232,460	2,419,745	2,512,798	2,504,008
Working capital (HK$'000)	**693,764**	918,665	846,762	1,075,451	1,131,556
Total liabilities to equity ratio	**1.26**	0.91	1.12	0.99	0.97
Net cash to equity ratio	**0.39**	0.50	0.44	0.57	0.61
Current ratio	**1.26**	1.45	1.31	1.43	1.47
Inventory turnover (days)	**45**	49	59	68	62
Return on total assets (%)	**2.47%**	3.23%	3.07%	6.18%	7.16%
Return on equity (%)	**5.59%**	6.20%	6.65%	12.63%	14.52%
Return on sales (%)	**2.04%**	2.05%	2.37%	5.07%	6.68%
Earnings per share (HK cents)					
Basic	**11.30**	13.07	15.19	29.95	34.32
Diluted	**11.30**	13.07	15.19	29.95	34.32
Dividend per share (HK cents)	**10.27**	12.15	12.15	20.60	20.60

FINANCIAL HIGHLIGHTS

OPERATING MARGIN FROM CONTINUING OPERATIONS (AFTER FINANCE COSTS)



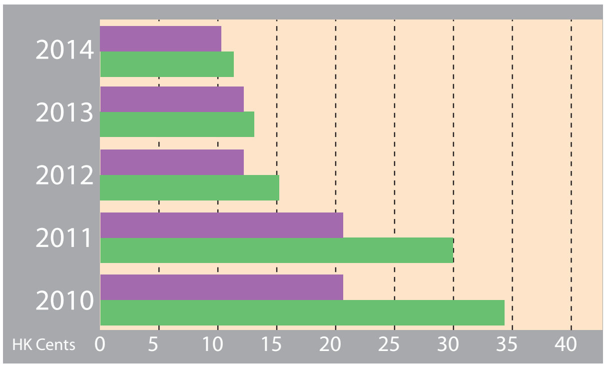
OPERATING PROFIT FROM CONTINUING OPERATIONS AND PROFIT ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY



Profit attributable to ordinary equity holders of the Company

Operating profit (after finance costs) from continuing operations

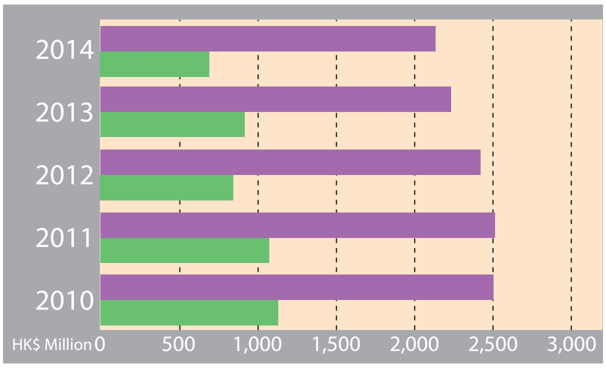
BASIC EARNINGS PER SHARE AND DIVIDEND PER SHARE



Dividend per share

Basic earnings per share

WORKING CAPITAL AND EQUITY ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY



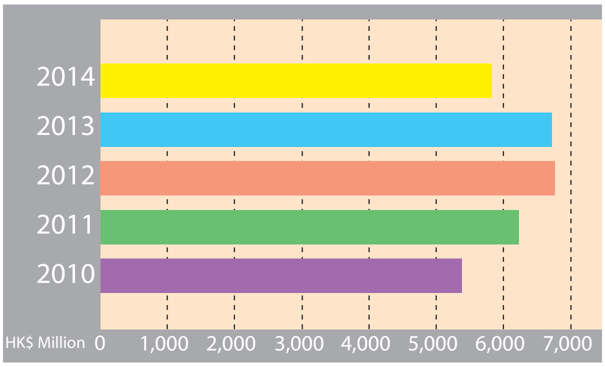
Equity attributable to ordinary equity holders of the Company

Working capital

FINANCIAL HIGHLIGHTS

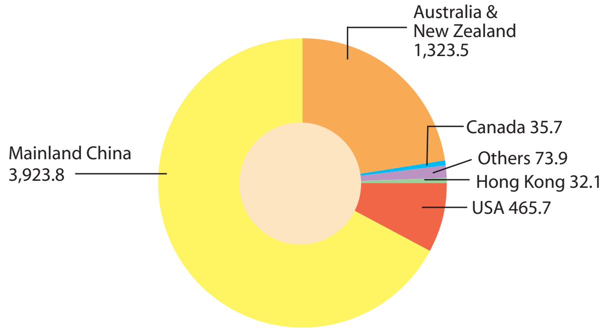
REVENUE FROM CONTINUING OPERATIONS

(HK$Million)

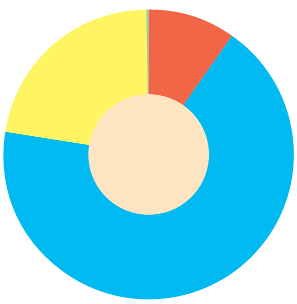


REVENUE FROM CONTINUING OPERATIONS BY GEOGRAPHICAL LOCATIONS

(HK$Million)

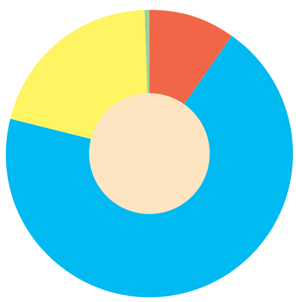


TURNOVER FROM CONTINUING OPERATIONS BY ACTIVITIES (HK$Million)



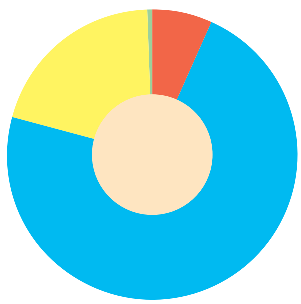
2014

Export	572.8
Retail – The PRC	3,971.7
Retail – Australia & New Zealand	1,308.0
Others	2.2



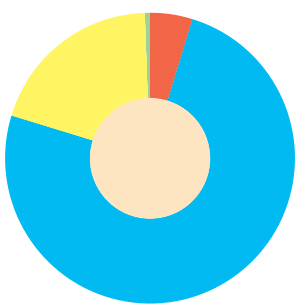
2013

Export	674.6
Retail – The PRC	4,682.0
Retail – Australia & New Zealand	1,396.4
Others	1.2



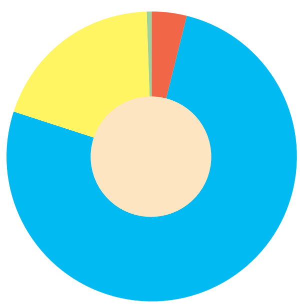
2012

Export	464.8
Retail – The PRC	4,959.3
Retail – Australia & New Zealand	1,376.4
Others	1.3



2011

Export	297.9
Retail – The PRC	4,729.6
Retail – Australia & New Zealand	1,228.9
Others	2.0



2010

Export	214.0
Retail – The PRC	4,158.4
Retail – Australia & New Zealand	1,061.6
Others	13.0

OPERATION HIGHLIGHTS

Year ended 31 December 2014

RETAIL OPERATION HIGHLIGHTS

	2014	2013	2012	2011	2010
Net sales for the Year (HK$'000)	**5,279,723**	6,078,366	6,335,733	5,958,477	5,219,953
The PRC	**3,971,720**	4,682,007	4,959,305	4,729,559	4,158,324
Australia & New Zealand	**1,308,003**	1,396,359	1,376,428	1,228,918	1,061,629
Retail floor area of directly managed shops (sq.ft.)	**1,328,426**	1,569,263	1,738,625	1,718,881	1,557,529
The PRC	**960,644**	1,211,106	1,388,216	1,376,922	1,203,851
Australia & New Zealand	**367,782**	358,157	350,409	341,959	353,678
Number of sales persons	**6,176**	8,130	9,875	10,062	9,680
The PRC	**4,697**	6,684	8,489	8,774	8,409
Australia & New Zealand	**1,479**	1,446	1,386	1,288	1,271
Number of employees	**8,184**	10,497	12,395	12,584	11,929
The PRC	**6,530**	8,879	10,876	11,165	10,529
Australia & New Zealand	**1,654**	1,618	1,519	1,419	1,400
Number of directly managed shops	**1,025**	1,257	1,443	1,440	1,352
The PRC	**792**	1,029	1,215	1,217	1,122
Australia & New Zealand	**233**	228	228	223	230
Number of franchised shops	**1,498**	1,528	1,587	1,716	1,555
The PRC	**1,492**	1,522	1,581	1,710	1,549
Australia & New Zealand	**6**	6	6	6	6
Total number of retail shops	**2,523**	2,785	3,030	3,156	2,907
The PRC	**2,284**	2,551	2,796	2,927	2,671
Australia & New Zealand	**239**	234	234	229	236

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

The Company is committed to maintaining a high standard of corporate governance and has applied throughout the year ended 31 December 2014 (the "year under review") the principles 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 of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

Throughout the year under review, the Company has complied with the code provisions set out in the CG Code 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 not present at the Company's annual general meeting for the year 2014.

The Board of Directors of the Company (the "Board") continues to monitor and review the Company's corporate governance practices to ensure compliance.

BOARD OF DIRECTORS

The Board is committed to making decisions in the best interests of both the Company and its shareholders (the "Shareholders"). The Board's primary responsibilities are to formulate the Company's long-term corporate strategy, to oversee the overall management of the Group's business and affairs, to evaluate the performance of the Group and to assess the achievement of targets periodically set by the Board.

In addition, the Board has also established Board Committees and has delegated to these Board Committees various responsibilities set out in their terms of reference respectively.

The Board currently comprises eleven members, of whom seven are executive Directors and four are independent non-executive Directors. One of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise. The Company has complied with Rule 3.10A of the Listing Rules which requires the number of independent non-executive directors representing at least one-third of the Board.

CORPORATE GOVERNANCE REPORT

The members of the Board are:

Executive
Dr. Charles Yeung, SBS, JP *(Chairman)*
Mr. Yeung Chun Fan *(Vice-chairman)*
Mr. Yeung Chun Ho
Mr. Pau Sze Kee, Jackson
Mr. Hui Chung Shing, Herman, SBS, MH, JP
Ms. Cheung Wai Yee
Mr. Chan Wing Kan, Archie

Independent non-executive
Mr. Lau Hon Chuen, Ambrose, GBS, JP
Dr. Chung Shui Ming, Timpson, GBS, JP
Mr. Wong Man Kong, Peter, BBS, JP
Dr. Lam Lee G.

The biographical details of and the relationship among the members of the Board are set out in the "Directors' and senior management's biographies" section in the Report of the Directors.

The roles of the Chairman and the Chief Executive Officer are separate and are performed by Dr. Charles Yeung, SBS, JP and the General Manager of the Group, Mr. Yeung Chun Fan, respectively. Their respective responsibilities are clearly defined and are set out in writing. Mr. Yeung Chun Fan is also the Vice-chairman of the Board.

The Chairman takes the lead in formulating and setting Group strategies and policies in conjunction with the Board; oversees the function of the Board and encourages and facilitates constructive relations between executive and independent non-executive Directors.

The General Manager, supported by other Board members and the senior management, is responsible for overseeing the Group's business operation, implementing the strategies laid down by the Board and managing day-to-day operation.

The Nomination Committee, which was established by the Board in March 2012, is responsible for reviewing its size, structure and composition (including the skills, knowledge and experience) of the members of the Board to ensure that the Board has a balance of expertise, skills, knowledge and experience appropriate for the business of the Company. During the year 2014, no new Director had been selected or recommended for directorship.

The Nomination Committee has reviewed and made recommendation to the Board on the appointments of the Directors standing for re-election at the forthcoming annual general meeting of the Company which is to be held on 2 June 2015. The Board has accepted such recommendation.

All the independent non-executive Directors are appointed for a specific term of two years and are required to retire and eligible for re-election at the annual general meeting of the Company in the year of expiry of the term.

The Board adopted a policy concerning the diversity of Board members in August 2013. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. All Board appointments will be based on personal virtue and meritocracy for constituting a high quality directorate team. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee monitors the implementation of the policy and reviews, as appropriate, the policy to ensure the effectiveness of the policy.

Each independent non-executive Director has given the Company an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Board considers all the independent non-executive Directors to be independent.

Mr. Lau Hon Chuen, Ambrose, GPS, JP has confirmed that he is the senior partner of Messrs. Chu & Lau, Solicitors & Notaries and he is a director and shareholder of Chu & Lau Nominees Limited (“C&LN”), and that he himself, the law firm and C&LN acted for the Company, its related or connected companies or persons. The Board considered that the amounts involved for the services provided were insignificant, and the services received from Mr. Lau, the law firm and C&LN were in the ordinary course of business and on normal commercial terms and would in no way affect the independence of Mr. Lau. Accordingly, the Board has confirmed that Mr. Lau is independent of the Company.

CORPORATE GOVERNANCE REPORT

MEETINGS AND ATTENDANCE

The Board met on six occasions during the year under review. The attendance of individual Directors at the Board meetings, the three Board Committees (the Audit Committee, the Remuneration Committee and the Nomination Committee) meetings and the annual general meeting for the year 2014 is set out in the table below:

	Meetings Attended/Held				
Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Executive					
Dr. Charles Yeung, SBS, JP	4/6*			1/1	1/1
Mr. Yeung Chun Fan	4/6*				1/1
Mr. Yeung Chun Ho	1/6^				0/1
Mr. Pau Sze Kee, Jackson	6/6		2/2		1/1
Mr. Hui Chung Shing, Herman, SBS, MH, JP	6/6				1/1
Ms. Cheung Wai Yee	4/6^				1/1
Mr. Chan Wing Kan, Archie	6/6				1/1
Independent non-executive					
Mr. Lau Hon Chuen, Ambrose, GBS, JP	6/6	2/2		1/1	1/1
Dr. Chung Shui Ming, Timpson, GBS, JP	3/6	2/2	2/2	1/1	0/1
Mr. Wong Man Kong, Peter, BBS, JP	5/6	2/2	2/2		1/1
Dr. Lam Lee G.	6/6	2/2			1/1

* *these Directors had material interest in the connected transactions discussed at two Board meetings and hence they abstained from attending the meetings*

^ *even though these Directors did not have material interest in the connected transactions discussed at two Board meetings, as good corporate governance measure, these Directors abstained from attending the meetings due to their relationship with those Directors who had material interest in the transactions*

During the year under review, the Chairman of the Board had a meeting with the independent non-executive Directors without the presence of executive Directors.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established Audit Committee, Remuneration Committee and Nomination Committee in accordance with the CG Code to oversee particular aspects of the Company's affairs. All or a majority of the members of the Committees are independent non-executive Directors. The Board Committees have clear written terms of reference and have to report to the Board on their decisions and recommendations.

The Audit Committee

The Audit Committee has been established since 1998. Currently it comprises four independent non-executive Directors, namely Mr. Lau Hon Chuen, Ambrose, GBS, JP (Committee Chairman), Dr. Chung Shui Ming, Timpson, GBS, JP, Mr. Wong Man Kong, Peter, BBS, JP and Dr. Lam Lee G. While recognising the Audit Committee plays an important role in corporate governance, the Board has delegated the corporate governance functions to the Audit Committee. The terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

Apart from corporate governance functions, the main responsibilities of the Audit Committee are to review the accounting principles and practices adopted by the Group and to review the effectiveness of the financial reporting process and internal control system of the Group.

The Audit Committee held two meetings during the year under review. The work of the Audit Committee in 2014 included the following:

– review of the annual results announcement, financial statements, report of the Directors and corporate governance report for the year 2013

– review of the 2014 interim results announcement and interim report

– review of the internal audit reports and risks assessment report, all prepared by the internal audit department of the Company

– review of continuing connected transactions for the year 2013 and for the six months ended 30 June 2014

– review of the terms of engagement and the remuneration of the external auditors

– assessment of the independence of the external auditors

– review of a report prepared by the external auditors on any issues arising from their audits

CORPORATE GOVERNANCE REPORT

In addition, during the year under review, the Audit Committee met with the external auditors of the Company and the head of the internal audit department of the Company respectively in a separate private session and in the absence of management. The Audit Committee has also performed the corporate governance duties as delegated to it by the Board.

The Remuneration Committee

Currently, the Remuneration Committee comprises two independent non-executive Directors, namely Mr. Wong Man Kong, Peter, BBS, JP (Committee Chairman) and Dr. Chung Shui Ming, Timpson, GBS, JP and an executive Director, Mr. Pau Sze Kee, Jackson. The Remuneration Committee has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual Directors and senior management. The terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The main responsibilities of the Remuneration Committee are to review and endorse the remuneration policy of the Directors and senior management and to make recommendations to the Board for the remuneration of the Directors and senior management. The Remuneration Committee ensures that no Director is involved in deciding his/her own remuneration.

The Remuneration Committee held two meetings during the year under review. The work of the Remuneration Committee in 2014 included the following:

– approval of and recommendation to the Board on 2014 salary increases, 2013 year-end bonuses and performance bonuses for the executive Directors and senior management

The remuneration of the senior management by band for the year 2014 is set out below:

Remuneration band	Number of individuals
Below HK$1,500,000	2
HK$3,000,001 – HK$3,500,000	1
HK$3,500,001 – HK$4,000,000	1
HK$4,500,001 – HK$5,000,000	1

Details of the directors' fee and other emoluments of the Directors are set out in note 8 to the financial statements.

The Nomination Committee

Currently, the Nomination Committee comprises the Chairman of the Board, Dr. Charles Yeung, SBS, JP (Committee Chairman) and two independent non-executive Directors, namely Mr. Lau Hon Chuen, Ambrose, GBS, JP and Dr. Chung Shui Ming, Timpson, GBS, JP. The terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The Nomination Committee is responsible for making recommendations to the Board on nominations and appointments of Directors, reviewing the size, structure and composition of the Board, and assessing the independence of independent non-executive Directors.

The Nomination Committee held one meeting during the year under review. The work of the Nomination Committee in 2014 included the following:

– review of the structure, size and composition (including the skills, knowledge and experience) of the Board

– assessment of the independence of all independent non-executive Directors

– recommendation to the Board on the re-election of Directors

DIRECTORS' TRAINING

Directors are encouraged to participate in continuing professional development to develop and refresh their knowledge and skills. All Directors are provided with monthly updates on the Company's performance and financial position to enable the Board as a whole and each Director to discharge their duties. In addition, Directors are from time to time updated with the changes and development to the Group's business and to the political and economic environment in which the Group operates.

The Directors are also regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. During the year under review, briefings on the new Companies Ordinance (cap. 622) and the amendments to the Listing Rules were given to the Directors.

CORPORATE GOVERNANCE REPORT

According to the records kept by the Company, the Directors received the following training in the year under review:

Directors	
Executive	
Dr. Charles Yeung, SBS, JP	A, B, C
Mr. Yeung Chun Fan	A, B, C
Mr. Yeung Chun Ho	A, C
Mr. Pau Sze Kee, Jackson	A, C
Mr. Hui Chung Shing, Herman, SBS, MH, JP	A, C
Ms. Cheung Wai Yee	A, C
Mr. Chan Wing Kan, Archie	A, C
Independent non-executive	
Mr. Lau Hon Chuen, Ambrose, GBS, JP	A, C
Dr. Chung Shui Ming, Timpson, GBS, JP	A, C
Mr. Wong Man Kong, Peter, BBS, JP	A, C
Dr. Lam Lee G.	A, C

A: attending seminars and/or conferences and/or forums

B: giving talks at seminars and/or conferences and/or forums

C: reading newspapers, journals and updates relating to the economy, retail, export or production of apparels, or director's duties and responsibilities etc.

LIABILITY INSURANCE FOR THE DIRECTORS

The Company has arranged appropriate insurance coverage on directors' and officers' liabilities against possibility of legal action to be taken against the Directors and the senior management. In 2014, no claims under the insurance policy were made.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding Directors' securities transaction as set out in the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules (the "Model Code").

The Board confirms that, having made specific enquiry of all Directors, the Directors have complied with the required standards set out in the Model Code throughout the year under review.

EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted dealing rules based on the Model Code (the "Dealing Rules") governing securities transaction by the employees of the Group who are likely to be in possession of unpublished inside information in relation to the Group. These employees have been individually notified and provided with a copy of the Dealing Rules.

INSIDE INFORMATION POLICY

The Board approved and adopted the Inside Information Policy in 2013. The policy contains the guidelines to the Directors, officers and all relevant employees (likely possessing unpublished inside information) of the Group to ensure that the inside information of the Group is to be disseminated to public in equal and timely manner in accordance with the applicable laws and regulations.

FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. The Board is not aware of any material uncertainties relating to the events or condition that might cast doubt upon the Company's ability to continue as a going concern. Accordingly, the Board has prepared the financial statements of the Company on a going concern basis.

The Board acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual and interim reports and other financial disclosures required under the Listing Rules, and reports to the regulators and information disclosed under statutory requirements.

The responsibilities of the external auditors with respect to the financial reporting are set out in the Independent Auditors' Report contained in this annual report.

INTERNAL CONTROL

The Board recognizes its responsibility for and is committed to maintaining a sound and effective internal control system for the Group so as to safeguard the assets of the Group and the interests of the Shareholders. Qualified personnel from management of different levels within the Group are delegated to maintain and monitor the system.

CORPORATE GOVERNANCE REPORT

The internal audit department plays a significant role in reviewing and evaluating the internal control of the Group and its effectiveness. During the year under review, the annual review work of the internal audit covered all major areas of business of the Group and all material controls including financial, operational and compliance controls as well as risk management functions. Risks identification and evaluation have become regular and ongoing processes during the courses of internal audit work. No material control failure or significant areas of concern which might affect Shareholders' interests were found. The results of the reviews were reported to the Audit Committee. The Board considers the existing internal control system is reasonably effective and adequate to the Group.

AUDITORS' REMUNERATION

The fees in respect of audit and non-audit services provided to the Group by the external auditors of the Company, Ernst & Young, for the year ended 31 December 2014 amounted to approximately HK$3,450,000 and HK$194,800 respectively. The non-audit services included tax services.

COMMUNICATIONS WITH SHAREHOLDERS

The Company regards the annual general meeting as an important event as it provides an opportunity for direct communications between its Shareholders and the Board. At the Company's 2014 annual general meeting, the Chairman of the Board (also the Chairman of the Nomination Committee), the Chairmen of the Audit Committee and the Remuneration Committee as well as the external auditors were present to answer Shareholders' questions.

The Company also maintains a website at www.glorisun.com which enables Shareholders, investors and the general public to have access to the information of the Company.

A shareholder communication policy reflecting the current practices of the Company for communication with its Shareholders is available on the Company's website.

SHAREHOLDERS' RIGHTS

The Company has only one class of shares. All shares have the same voting rights and are entitled to the dividend declared. The rights of the Shareholders are set out in, amongst other things, the bye-laws of the Company and the Companies Act 1981 of Bermuda (the "Companies Act").

CORPORATE GOVERNANCE REPORT

Procedures for Shareholders to convene a special general meeting

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the secretary of the Company or at the registered office of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition pursuant to Section 74 of the Companies Act. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provision of Section 74(3) of the Companies Act.

The written requisition requiring a special general meeting to be called can be sent to the principal place of business of the Company as set out in the "Corporate Information" section of this annual report for the attention of the Company Secretary.

Procedures for putting forward proposals at a general meeting

Shareholders may by written requisition request for including a resolution relating to matters in a general meeting by following the requirements and procedures as set out in Sections 79 and 80 of the Companies Act.

Subject to the provisions of the above-mentioned sections of the Companies Act, on the written requisition of members representing not less than one-twentieth of the total voting rights or 100 members, at the expense of the requisitionists unless the Company otherwise resolves, the Company shall give shareholders of the Company notice of any resolution which may properly be moved and is intended to be moved at that meeting and a relevant statement.

Procedures for Shareholders to propose a person for election as a Director

As regards the procedures for Shareholders to propose a person for election as a Director, please refer to the procedures available on the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE REPORT

Procedures for directing Shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

38/F., One Kowloon
1 Wang Yuen Street
Kowloon Bay, Hong Kong

Fax: (852) 2995 3060
Email: enquiry@glorisun.com

Shareholders may also make enquiries with the Board at the general meetings of the Company.

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Company's subsidiaries are engaged in the retailing, export and production of casual wear. The principal activities of the Group have not significantly changed during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2014 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 54 to 163.

An interim dividend of HK4.00 cents per ordinary share was paid on 25 September 2014. The directors recommended the payment of a final dividend of HK6.27 cents per ordinary share in respect of the year, to shareholders on the register of members on 10 June 2015.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on pages 165 and 166 of this annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's authorised or issued share capital and share options during the year are set out in notes 34 and 35 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws of the Company or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 36 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the Company's reserves available for distribution, calculated in accordance with The Companies Act 1981 of Bermuda (as amended), amounted to HK$553,104,000, of which HK$65,585,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account less the treasury shares, in the amount of HK$365,512,000, may be distributed in the form of fully paid bonus shares.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling HK$1,247,000.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for less than 30% of the Group's total turnover for the year.

Purchases from the Group's five largest suppliers accounted for less than 30% of the Group's total purchases for the year.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive
Dr. Charles Yeung, SBS, JP *(Chairman)*
Mr. Yeung Chun Fan *(Vice-chairman)*
Mr. Yeung Chun Ho
Mr. Pau Sze Kee, Jackson
Mr. Hui Chung Shing, Herman, SBS, MH, JP
Ms. Cheung Wai Yee
Mr. Chan Wing Kan, Archie

Independent non-executive
Mr. Lau Hon Chuen, Ambrose, GBS, JP
Dr. Chung Shui Ming, Timpson, GBS, JP
Mr. Wong Man Kong, Peter, BBS, JP
Dr. Lam Lee G.

REPORT OF THE DIRECTORS

From left: Ms. Cheung Wai Yee, Mr. Yeung Chun Ho, Mr. Yeung Chun Fan, Dr. Chung Shui Ming, Timpson, GBS, JP, Mr. Lau Hon Chuen, Ambrose, GBS, JP, Dr. Charles Yeung, SBS, JP, Mr. Wong Man Kong, Peter, BBS, JP, Dr. Lam Lee G., Mr. Pau Sze Kee, Jackson, Mr. Hui Chung Shing, Herman, SBS, MH, JP, Mr. Chan Wing Kan, Archie

In accordance with bye-law 110(A) of the Company's Bye-laws, Dr. Charles Yeung, SBS, JP, the executive Chairman of the Board of Directors of the Company, shall not be subject to retirement by rotation. However, in view of good corporate governance practices and in compliance of the Corporate Governance Code (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), Mr. Charles Yeung will voluntarily retire from his office and offer himself for re-election at the forthcoming annual general meeting.

In accordance with bye-law 110(A) of the Company's Bye-laws, Mr. Yeung Chun Ho, Mr. Lau Hon Chuen, Ambrose, GBS, JP and Dr. Chung Shui Ming, Timpson, GBS, JP will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Dr. Lam Lee G. will also retire at the forthcoming annual general meeting at which his term of appointment will expire, and he is eligible for re-election.

The Company has received annual confirmation from each of the independent non-executive directors as regards their independence to the Company and considers that each of the independent non-executive directors is independent of the Company. Details are set out in the Corporate Governance Report on pages 24 to 35.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the sections headed "Connected Transactions" and "Continuing Connected Transactions" below and in note 41 to the financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2014, the interests or short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

Long positions in shares of the Company

Name of director	Capacity	Number of shares held	Total	Percentage of issued share capital (%)
Dr. Charles Yeung, SBS, JP	(i) Interest of controlled corporations	556,082,000	587,082,000 (1) & (2)	55.947
	(ii) Joint interest	31,000,000		
Mr. Yeung Chun Fan	(i) Beneficial owner	1,000,000	594,812,000 (1), (2) & (4)	56.684
	(ii) Interest of controlled corporations	556,082,000		
	(iii) Joint interest	31,000,000		
	(iv) Interest of spouse	6,730,000		
Mr. Yeung Chun Ho	Interest of a controlled corporation	27,430,000	27,430,000 (3)	2.614

Name of director	Capacity	Number of shares held	Total	Percentage of issued share capital (%)
Mr. Pau Sze Kee, Jackson	Beneficial owner	9,370,000	9,370,000	0.893
Mr. Hui Chung Shing, Herman, SBS, MH, JP	Beneficial owner	6,250,000	6,250,000	0.596
Ms. Cheung Wai Yee	(i) Beneficial owner (ii) Interest of spouse	6,730,000 588,082,000	594,812,000 (1), (2) & (4)	56.684
Mr. Lau Hon Chuen, Ambrose, GBS, JP	Beneficial owner	956,000	956,000	0.091
Dr. Chung Shui Ming, Timpson, GBS, JP	Beneficial owner	408,000	408,000	0.039

Notes:

(1) 414,842,000 shares were held by Glorious Sun Holdings (BVI) Limited (the entire issued voting share capital of which was held as to 51.934% by Dr. Charles Yeung, SBS, JP and as to 48.066% by Mr. Yeung Chun Fan), 138,540,000 shares were held by Advancetex Holdings (BVI) Limited (the entire issued voting share capital of which was held as to 51.934% by Mr. Charles Yeung and as to 48.066% by Mr. Yeung Chun Fan) and 2,700,000 shares were held by G. S. Strategic Investment Limited (the entire issued voting share capital of which was held as to 50% by each of Mr. Charles Yeung and Mr. Yeung Chun Fan).

(2) 31,000,000 shares were held by Mr. Charles Yeung and Mr. Yeung Chun Fan jointly.

(3) 27,430,000 shares were held by Unicom Consultants Limited, a company wholly owned by Mr. Yeung Chun Ho.

(4) Ms. Cheung Wai Yee is the spouse of Mr. Yeung Chun Fan. 6,730,000 shares related to the same block of shares held by Ms. Cheung Wai Yee and 556,082,000 shares related to the same block of shares held by three companies controlled by Mr. Yeung Chun Fan.

Save as disclosed above, as at 31 December 2014, none of the directors of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Divisions 7 and 8 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangements to enable the Company's directors or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

Particulars of the share options granted to employees of the Company are set out in note 35 to the financial statements.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Executive Directors

Dr. YEUNG Chun Kam, SBS, JP, alias Charles YEUNG, aged 68, is the founder and Chairman of the Group. He is responsible for the Group's business strategies. Dr. Yeung has over 40 years of experience in the garment industry. He was an awardee of the "Young Industrialist Award of Hong Kong" in 1991 and was conferred an honorary doctorate degree by the China Textile University in 1993 and an honorary fellow by The Professional Validation Council of Hong Kong Industries in 2002. Dr. Yeung is a Member of the National Committee of the Chinese People's Political Consultative Conference and the Chairman of The Chinese General Chamber of Commerce. Dr. Yeung is a director and a shareholder of Glorious Sun Holdings (BVI) Limited and Advancetex Holdings (BVI) Limited which are substantial shareholders of the Company (as disclosed in the section headed "Substantial shareholders" in this report).

Mr. YEUNG Chun Fan, aged 62, is the Vice-chairman and General Manager of the Group which he joined in 1975. He has over 40 years of experience in the garment industry. Mr. Yeung is an Honorary Fellow Member of the Hong Kong Institution of Textile and Apparel, the President of The Federation of Hong Kong Garment Manufacturers, the Chairman of Clothing Industry Training Authority, an advisory professor of the Nanjiang University, the East China University and the Qingdao University. Mr. Yeung is a Member of the Standing Committee of the Hebei Committee of The Political Consultative Conference, a Vice-chairman of the China Association of Enterprises with Foreign Investment and a Vice-president of the China National Garment Association. Mr. Yeung is responsible for the Group's overall business operations. He is a brother of Dr. Charles Yeung, SBS, JP and Mr. Yeung Chun Ho. Mr. Yeung is a director and a shareholder of Glorious Sun Holdings (BVI) Limited and Advancetex Holdings (BVI) Limited which are substantial shareholders of the Company (as disclosed in the section headed "Substantial shareholders" in this report).

REPORT OF THE DIRECTORS

Mr. YEUNG Chun Ho, aged 70, joined the Group in 1979 and is a Deputy General Manager of the Group. Mr. Yeung has over 30 years of experience in the garment industry. He is responsible for the administration, personnel and staff training of the Group. He also assists in formulating strategies for the Group's development. Mr. Yeung is a brother of Dr. Charles Yeung, SBS, JP and Mr. Yeung Chun Fan.

Mr. PAU Sze Kee, Jackson, aged 63, joined the Group in 1987 and is a Deputy General Manager of the Group. Mr. Pau graduated from the University of Hong Kong with a bachelor's degree in Social Sciences. Before joining the Group, he had worked in several financial institutions and a listed trading company in the United Kingdom for more than 10 years. He is responsible for the Group's retail operations in Australasia and the Pacific Islands.

Mr. HUI Chung Shing, Herman, SBS, MH, JP, aged 64, is responsible for the strategic planning and legal matters of the Group. Mr. Hui graduated from the University of Hong Kong with a bachelor's degree in Laws. He is a solicitor of the High Court of the Hong Kong Special Administrative Region and has also been admitted as a solicitor of the Supreme Court of England and Wales and as a solicitor and barrister of the Supreme Court of Victoria, Australia. Before joining the Group in 1995, Mr. Hui was the Group's external legal advisor. In 2010, he was conferred Honorary Fellow of the Vocational Training Council.

Ms. CHEUNG Wai Yee, aged 63, joined the Group in 1975 and is responsible for the development of retail business in Mainland China. Ms. Cheung is the wife of Mr. Yeung Chun Fan.

Mr. CHAN Wing Kan, Archie, aged 68, has been an Executive Director of the Company since August 2005 and was the Group's business consultant in the past. Mr. Chan graduated from the University of New South Wales, Australia with a bachelor's degree in Commerce. He is a Member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in Australia. Mr. Chan has extensive experience in corporate investment and management. He is responsible for the business development of the Group.

REPORT OF THE DIRECTORS

Independent Non-Executive Directors

Mr. LAU Hon Chuen, GBS, JP, alias Ambrose LAU, aged 67, has been an Independent Non-executive Director of the Company since March 1997. He obtained a Bachelor of Laws degree from the University of London and is a Solicitor of the High Court of Hong Kong, a China-Appointed Attesting Officer and a Notary Public. Mr. Lau is the senior partner of Messrs. Chu & Lau, Solicitors & Notaries and is currently a Standing Committee Member of the National Committee of the Chinese People's Political Consultative Conference. Mr. Lau is currently an Independent Non-executive Director of Franshion Properties (China) Limited, Yuexiu Property Company Limited, Yuexiu Transport Infrastructure Limited, Joy City Property Limited, Brightoil Petroleum (Holdings) Limited and The People's Insurance Company (Group) of China Limited. He is also a Director of OCBC Wing Hang Bank Limited, Wing Hang Bank (China) Limited, Bank of China Group Insurance Company Limited, BOC Group Life Assurance Company Limited, Nanyang Commercial Bank, Limited, Chu & Lau Nominees Limited, Sun Hon Investment And Finance Limited, Wydoff Limited, Wytex Limited, Trillions Profit Investment Limited, Helicoin Limited and Wyman Investments Limited. Mr. Lau served as the Chairman of the Central and Western District Board between 1988 and 1994, the President of the Law Society of Hong Kong in 1992-1993, a Member of the Bilingual Laws Advisory Committee between 1988 and 1997 and a Member of the Legislative Council of Hong Kong from 1995 to 2004 (between 1997 and 1998 he was a member of the Provisional Legislative Council).

Dr. CHUNG Shui Ming, Timpson, GBS, JP, aged 63, has been an Independent Non-executive Director of the Company since September 2004. Dr. Chung holds a Master of Business Administration Degree and was awarded the degree of Doctor of Social Sciences, honoris causa, by the City University of Hong Kong. Dr. Chung is a Fellow Member of the Hong Kong Institute of Certified Public Accountants. Currently he is an Independent Non-executive Director of Miramar Hotel and Investment Company, Limited, China Unicom (Hong Kong) Limited, China Overseas Grand Oceans Group Limited, China Everbright Limited, Henderson Land Development Company Limited, China Construction Bank Corporation and Jinmao Investments and Jinmao (China) Investments Holdings Limited and he is an Independent Director of China State Construction Engineering Corporation Limited. He is also a Member of National Committee of the 12th Chinese People's Political Consultative Conference.

REPORT OF THE DIRECTORS

Mr. WONG Man Kong, Peter, BBS, JP, aged 66, has been an Independent Non-executive Director of the Company since August 1996. Mr. Wong is a graduate of the University of California at Berkeley in USA with a bachelor of science degree in Mechanical Engineering (Naval Architecture) and was an awardee of the "Young Industrialist Award of Hong Kong" in 1988. Mr. Wong is the Chairman of M.K. Corporation Ltd., a Director of Hong Kong Ferry (Holdings) Co. Ltd., China Travel International Investment Hong Kong Limited, Sun Hung Kai & Co. Limited, Chinney Investments, Limited, Sino Hotels (Holdings) Limited, Far East Consortium International Limited, New Times Energy Corporation Limited, MGM China Holdings Limited and the Chairman of North West Development Ltd. He is a Deputy of the 12th National People's Congress of the PRC, the Standing Committee Vice Chairman of Hong Kong Pei Hua Education Association, Executive Chairman of China Chamber of Commerce, a Director of Ji Nan University and a Senior Member of The University of Hong Kong Foundation for Educational Development and Research.

Dr. LAM Lee G., aged 55, has been a Non-executive Director of the Company since September 2004 and was re-designated as an Independent Non-executive Director of the Company with effect from 20 August 2012. He holds a Bachelor of Science Degree in Mathematics and Sciences, a Master of Science in Systems Science, and a Master of Business Administration Degree, all from the University of Ottawa in Canada, a Post-graduate Diploma in Public Administration from Carleton University in Canada, a Post-graduate Diploma in English and Hong Kong Law and a Bachelor of Law (Hons) from Manchester Metropolitan University in the United Kingdom, a PCLL in law from the City University of Hong Kong, a Certificate in Professional Accountancy from the Chinese University of Hong Kong SCS, a LLM in law from the University of Wolverhampton in the United Kingdom, a Master of Public Administration and a Doctor of Philosophy Degree from The University of Hong Kong. Dr. Lam is also a Solicitor of the High Court of Hong Kong and an Honorary Fellow of CPA Australia. Dr. Lam has over 30 years of multinational general management, management consulting, corporate governance, investment banking, direct investment and investment fund management experience, and also serves on the board of several publicly-listed companies in the Asia Pacific region. Having served as a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms and as a Member of the Legal Aid Services Council, Dr. Lam is a Member of the Jilin Province Committee (and formerly a Specially-invited Member of the Zhejiang Province Committee) of the Chinese People's Political Consultative Conference, a Vice Chairman of Liaoning Chinese Overseas Friendship Association, a Member of the New Business Committee of the Financial Services Development Council (FSDC), a Member of the Derivatives Market Consultative Panel of Hong Kong Exchanges and Clearing Limited (HKEx), a Member of the Hong Kong Institute of Bankers, a Member of the World Presidents' Organization, a Member of the Chief Executives Organization, a Fellow of the Hong Kong Institute of Directors and the Hong Kong Institute of Arbitrators, an Accredited Mediator of the Centre for Effective Dispute Resolution (CEDR), a Member of the General Committee of the Chamber of Hong Kong Listed Companies, a Member of the Hong Kong—Thailand Business Council, a Founding Member of the Hong Kong—Korea Business Council, a Board Member of the Australian Chamber of Commerce in Hong Kong and Macau, a Founding Board Member and the Honorary Treasurer of the Hong Kong—Vietnam Chamber of Commerce, a Vice President of the Hong Kong Real Property Federation, and Chairman of Monte Jade Science and Technology Association of Hong Kong.

REPORT OF THE DIRECTORS

Senior Management

Mr. CHOW Hing Ping, aged 66, joined the Group in 1979 and is a Deputy General Manager of the Group. Mr. Chow is responsible for the administration and financial matters of the production and retail operations of the Group in Hong Kong and Mainland China.

Ms. CHEUNG Man Yee, Carmen, aged 64, joined the Group in 1982 and is responsible for the Group's product development and marketing operations. Ms. Cheung graduated from the University of Hawaii in USA with a bachelor's degree in Arts. Prior to joining the Group, she was the manager of the sales and purchase department in one of the largest department stores in USA. Ms. Cheung is the sister of Ms. Cheung Wai Yee.

Mr. Mark Stephen DAYNES, aged 56, is the Chief Executive Officer for the Group's retail operations of Jeanswest Australia and New Zealand as well as the Pacific Islands and Russian franchise operation. Before joining the Group in 2011, Mr. Daynes' previous international retail experience spanned over 30 years working for major retail companies in the United Kingdom and Australia, as well as extensive apparel experience in the USA, Mexico and Canada.

Mr. LAI Man Sum, alias Sam LAI, aged 53, joined the Group in 1991 and is the Chief Accountant of the Group. Mr. Lai graduated from the University of Hong Kong with a bachelor's degree in Social Sciences. He is a fellow of the Association of Chartered Certified Accountants in the United Kingdom and a Member of the Hong Kong Institute of Certified Public Accountants. Before joining the Group, Mr. Lai worked for an international accounting firm and a garment company for many years.

Mr. MUI Sau Keung, alias Isaac MUI, aged 52, joined the Group in 1993. He was appointed as the Company Secretary with effect from December 2005. Mr. Mui graduated from the University of Hong Kong with a bachelor's degree in Social Sciences. He is a member of the Hong Kong Institute of Certified Public Accountants. Before joining the Group, Mr. Mui worked in various companies in Hong Kong responsible for finance, personnel and administrative functions.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2014, the register required to be kept by the Company pursuant to Section 336 of the SFO showed that the following shareholders (other than directors of the Company) had disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO an interest or a short position in the shares or underlying shares of the Company:

Long positions in shares of the Company

Name of shareholder	Capacity	Number of shares held	Percentage of issued share capital (%)
Glorious Sun Holdings (BVI) Limited	Beneficial owner	414,842,000	39.533
Advancetex Holdings (BVI) Limited	Beneficial owner	138,540,000	13.202
Dr. Jens Alfred Karl Ehrhardt	Investment manager	58,568,000 (Note)	5.581
DJE Kapital AG	Investment manager	58,568,000 (Note)	5.581
DJE Investment S.A.	Investment manager	58,568,000 (Note)	5.581

Note:

58,568,000 shares were held by DJE Investment S.A. which was 100% controlled by DJE Kapital AG, and DJE Kapital AG was 68.5% controlled by Dr. Jens Alfred Karl Ehrhardt.

Save as disclosed above, no other parties (other than directors of the Company) disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as having an interest or a short position in the shares or underlying shares of the Company as at 31 December 2014.

CONNECTED TRANSACTIONS

During the year, the Group had the following connected transactions, the disclosure requirements of which were complied with in accordance with Chapter 14A of the Listing Rules.

On 28 May 2014 and 19 December 2014, Glorious Sun Trading (HK) Limited, a wholly-owned subsidiary of the Company, as vendor entered into sale and purchase agreements, pursuant to which the vendor disposed of 19,000,000 and 17,400,000 ordinary shares of I.T Limited to Dr. Charles Yeung, SBS, JP and Mr. Yeung Chun Fan, both are directors and substantial shareholders of the Company as at the consideration of HK$47,063,000 and HK$39,846,000 respectively. Details of the transactions are set out in the Company's announcement dated 28 May 2014 and 19 December 2014.

REPORT OF THE DIRECTORS

CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had the following continuing connected transactions. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

	Notes	2014 HK$'000	2013 HK$'000
Rental expenses paid to:	(i)		
G. S. (Yeungs) Limited		1,089	986
Gantin Limited		–	58
Harbour Guide Limited		4,577	3,966
Rank Profit Industries Limited		10,031	9,161
Yin Fu Properties (Huizhou) Company Limited (銀富房產(惠州)有限公司)@		938	937
Huizhou Hui Fu Properties Company Limited (惠州市惠富置業有限公司)@		1,629	1,556
Shenyang Hui Fu Properties Company Limited (瀋陽市惠富房產有限公司)@		968	1,344
Yeung Cheung Yip and Yeung Hon Yip		462	463
Gloryear Management Limited		847	808
Yeung's Family#		1,375	–
		21,916	19,279
Management fees paid to:	(ii)		
Rank Profit Industries Limited		1,964	1,920
Huizhou City Garden Property Management Company Limited (惠州市城市花園物業管理有限公司)@		61	58
		2,025	1,978
Total		23,941	21,257
Goods purchased from:	(iii)		
Huizhou Xin An Garment Mfy. Company Limited (惠州新安製衣廠有限公司)@		28,262	569

Notes:

(i) The rental expenses were charged with reference to the prevailing open market rentals.

(ii) The management fees were charged according to the management services agreement signed between the parties having regard to the cost of services provided.

(iii) The purchases of goods were made according to the prices mutually agreed by the parties on individual order placed and were either at market rates or at rates no less favourable to the Group than such rates offered to any other independent third party.

@ Official names of these entities are in Chinese. The English translation of the names is for identification purposes only.

Yeung's family means Yeung Chun Ho, Yeung Chun Kam, Yeung Chun Fan, Yeung Yuk Wai, Yeung Wai, Ho Yu Chun, Yeung Chun Ip, David, Yeung Tak Ip, 楊振炎, 楊玉馨, 楊玉群, 楊杰霖, 蔡曉雲 and 楊尼拉.

All of the above companies are controlled by (1) Dr. Charles Yeung, SBS, JP and Mr. Yeung Chun Fan or (2) Mr. Yeung Chun Fan and Ms. Cheung Wai Yee, all of whom are directors of the Company or (3) Mr. Yeung Chun Fan, Ms. Cheung Wai Yee and their sons. Mr. Yeung Cheung Yip and Mr. Yeung Hon Yip are sons of Mr. Yeung Chun Fan.

The independent non-executive directors of the Company have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

REPORT OF THE DIRECTORS

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

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

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

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

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

EMOLUMENT POLICY

The remuneration committee reviews the emolument policy and structure for all remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market statistics.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance and has complied with the code provisions as set out in the CG Code in Appendix 14 of the Listing Rules throughout the year ended 31 December 2014, save and except for the deviation from code provision A.6.7 of the CG Code. Details are set out in the Corporate Governance Report on pages 24 to 35.

REPORT OF THE DIRECTORS

DISCLOSURE OF INFORMATION ON DIRECTORS

Changes in Directors' information since the publication of the Interim Report of the Company for the six months ended 30 June 2014, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Mr. Lau Hon Chuen, Ambrose, GBS, JP is a director of Wing Hang Bank, Limited, a company once listed in Hong Kong which changed its name to OCBC Wing Hang Limited and was delisted in 2014. He is also a director of COFCO Land Holdings Limited, a public listed company in Hong Kong which has changed its name to Joy City Property Limited.

Dr. Lam Lee G. has been appointed as directors of Mingyuan Medicare Development Company Limited and China LNG Group Limited, both are public listed companies in Hong Kong. He resigned as directors of Far East Holdings International Limited and Hutchison Harbour Ring Limited, public listed companies in Hong Kong.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Dr. Charles Yeung, SBS, JP
Chairman

Hong Kong, 25 March 2015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JEANSWEST

INDEPENDENT AUDITORS' REPORT

To the shareholders of Glorious Sun Enterprises Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Glorious Sun Enterprises Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 54 to 163, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT

To the shareholders of Glorious Sun Enterprises Limited
(Incorporated in Bermuda with limited liability)

AUDITORS' RESPONSIBILITY *(CONTINUED)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

25 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
CONTINUING OPERATIONS			
REVENUE	5	5,854,683	6,754,220
Cost of sales		(3,384,257)	(3,952,717)
Gross profit		2,470,426	2,801,503
Other income and gains	5	261,270	238,305
Selling and distribution expenses		(1,765,652)	(2,053,989)
Administrative expenses		(754,252)	(774,749)
Other expenses		(57,719)	(124,646)
Finance costs	6	(14,630)	(6,884)
OPERATING PROFIT FROM CONTINUING OPERATIONS		139,443	79,540
Share of profits and losses of associates		7,460	15,804
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	7	146,903	95,344
Income tax expense	10	(25,022)	(47,626)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		121,881	47,718
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	11	–	69,212
PROFIT FOR THE YEAR		121,881	116,930
Attributable to:			
Ordinary equity holders of the Company	12	119,405	138,455
Non-controlling interests		2,476	(21,525)
		121,881	116,930
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	14	HK cents	HK cents
Basic and diluted			
– For profit for the year		11.30	13.07
– For profit from continuing operations		11.30	3.99

Details of the dividends payable and proposed for the year are disclosed in note 13 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	775,070	825,106
Investment properties	16	80,363	–
Prepaid land lease payments	17	5,683	5,860
Goodwill	18	39,048	41,000
Investments in associates	20	32,186	78,655
Held-to-maturity investments	21	463,948	232,332
Available-for-sale investments	22	41,301	101,015
Deposits	25	20,744	27,045
Deferred tax assets	33	40,679	26,824
Total non-current assets		1,499,022	1,337,837
CURRENT ASSETS			
Inventories	23	715,960	900,901
Trade and bills receivables	24	314,718	358,387
Prepayments, deposits and other receivables	25	345,690	372,845
Due from associates	41(d)	75,088	5,325
Due from other related companies	26	1,446	3,090
Held-to-maturity investments	21	37,787	–
Financial assets at fair value through profit or loss	27	–	12,637
Pledged deposits	28	833,441	–
Cash and cash equivalents	28	1,013,397	1,293,597
Total current assets		3,337,527	2,946,782
CURRENT LIABILITIES			
Trade and bills payables	29	579,904	746,475
Other payables and accruals	30	803,388	841,262
Due to associates	41(d)	16,729	228
Interest-bearing bank and other borrowings	31	1,011,620	171,490
Tax payable		232,122	268,662
Total current liabilities		2,643,763	2,028,117
NET CURRENT ASSETS		693,764	918,665
TOTAL ASSETS LESS CURRENT LIABILITIES		2,192,786	2,256,502

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	31	3,705	23
Provision for stores restoration		11,938	12,106
Deferred tax liabilities	33	31,577	165
Total non-current liabilities		47,220	12,294
Net assets		2,145,566	2,244,208
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	34	104,936	105,941
Reserves	36(a)	2,029,294	2,126,519
		2,134,230	2,232,460
Non-controlling interests		11,336	11,748
Total equity		2,145,566	2,244,208

Charles Yeung, SBS, JP
Director

Yeung Chun Fan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

		Attributable to ordinary equity holders of the Company											
	Notes	Issued capital HK$'000 (note 34)	Share premium account HK$'000	Treasury shares HK$'000 (note 36 (a)(iv))	Contributed surplus HK$'000 (note 36 (a)(i))	Share option reserve HK$'000 (note 36 (a)(ii))	Available-for-sale investment revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	Other reserves HK$'000 (note 36 (a)(iii))	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2014		105,941	384,521	–	191,892	1,278	74,625	82,524	352	1,391,327	2,232,460	11,748	2,244,208
Profit for the year		–	–	–	–	–	–	–	–	119,405	119,405	2,476	121,881
Other comprehensive income for the year:													
Available-for-sale investments:													
Changes in fair value, net of tax		–	–	–	–	–	17,195	–	–	–	17,195	–	17,195
Reclassification adjustment for gain on disposal		–	–	–	–	–	(69,255)	–	–	–	(69,255)	–	(69,255)
Exchange differences:													
Translation of foreign operations		–	–	–	–	–	–	(17,040)	–	–	(17,040)	–	(17,040)
Total comprehensive income for the year		–	–	–	–	–	(52,060)	(17,040)	–	119,405	50,305	2,476	52,781
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	(2,888)	(2,888)
Equity-settled share option arrangements	35	–	–	–	–	199	–	–	–	–	199	–	199
Shares repurchased	36(a)(iv)	–	–	(20,014)	–	–	–	–	–	–	(20,014)	–	(20,014)
Cancellation of shares repurchased	36(a)(iv)	(1,005)	(15,917)	16,922	–	–	–	–	–	–	–	–	–
Final 2013 dividend	13	–	–	–	–	–	–	–	–	(86,343)	(86,343)	–	(86,343)
Interim 2014 dividend	13	–	–	–	–	–	–	–	–	(42,377)	(42,377)	–	(42,377)
Transfer within reserves		–	–	–	–	–	–	–	1,075	(1,075)	–	–	–
At 31 December 2014		104,936	368,604*	(3,092)*	191,892*	1,477*	22,565*	65,484*	1,427*	1,380,937*	2,134,230	11,336	2,145,566

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(CONTINUED)*

Year ended 31 December 2014

		Attributable to ordinary equity holders of the Company										
	Notes	Issued capital HK$'000 (note 34)	Share premium account HK$'000	Contributed surplus HK$'000 (note 36 (a)(i))	Share option reserve HK$'000 (note 36 (a)(ii))	Available-for-sale investment revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	Other reserves HK$'000 (note 36 (a)(iii))	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2013		105,941	384,521	113,902	1,064	188,931	156,149	7,956	1,461,281	2,419,745	114,379	2,534,124
Profit for the year		–	–	–	–	–	–	–	138,455	138,455	(21,525)	116,930
Other comprehensive income for the year:												
Available-for-sale investments:												
Changes in fair value, net of tax		–	–	–	–	(81,468)	–	–	–	(81,468)	–	(81,468)
Reclassification adjustment for gain on disposal		–	–	–	–	(32,838)	–	–	–	(32,838)	–	(32,838)
Exchange differences:												
Translation of foreign operations		–	–	–	–	–	(15,258)	–	–	(15,258)	5,553	(9,705)
Release upon disposal of subsidiaries		–	–	–	–	–	(58,367)	–	–	(58,367)	–	(58,367)
Total comprehensive income for the year		–	–	–	–	(114,306)	(73,625)	–	138,455	(49,476)	(15,972)	(65,448)
Acquisition of non-controlling interests		–	–	–	–	–	–	(9,256)	–	(9,256)	9,225	(31)
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	–	–	–	(18,429)	(18,429)
Capital injection by non-controlling shareholders		–	–	–	–	–	–	–	–	–	8,091	8,091
Equity-settled share option arrangements	35	–	–	–	214	–	–	–	–	214	–	214
Disposal of subsidiaries	37	–	–	77,990	–	–	–	(47)	(77,990)	(47)	(85,546)	(85,593)
Final 2012 dividend		–	–	–	–	–	–	–	(86,343)	(86,343)	–	(86,343)
Interim 2013 dividend	13	–	–	–	–	–	–	–	(42,377)	(42,377)	–	(42,377)
Transfer within reserves		–	–	–	–	–	–	1,699	(1,699)	–	–	–
At 31 December 2013		105,941	384,521*	191,892*	1,278*	74,625*	82,524*	352*	1,391,327*	2,232,460	11,748	2,244,208

* These reserve accounts comprise the consolidated reserves of HK$2,029,294,000 (2013: HK$2,126,519,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:			
From continuing operations		146,903	95,344
From a discontinued operation	11	–	69,099
Adjustments for:			
Finance costs		14,630	12,038
Share of profits and losses of associates		(7,460)	(15,804)
Bank interest income		(32,068)	(14,597)
Other interest income from held-to-maturity investments	5	(39,182)	(22,151)
Gain on disposal of an available-for-sale investment	5	(69,165)	(32,795)
Gain on derecognition of a held-to-maturity investment	5	(6,357)	–
Gain on disposal of subsidiaries	11	–	(122,233)
Depreciation		136,538	193,168
Amortisation of prepaid land lease payments		177	497
Dividend income from an available-for-sale investment	5	(3,026)	(2,065)
Impairment of loans to associates	7	–	10,015
Impairment of items of property, plant and equipment		3,718	10,909
Impairment/(reversal of impairment) of trade receivables	7	(3,964)	7,804
Loss on disposal/write-off of items of property, plant and equipment	7	7,616	42,284
Write-back of provision for inventories to net realisable value	7	(73,314)	(15,270)
Equity-settled share option expense	7	199	214
Changes in fair value of investment properties	5	(12,741)	–
Effect of foreign exchange rate changes, net		1,921	(12,087)
		64,425	204,370
Decrease in inventories		258,936	121,223
Decrease in trade and bills receivables		47,633	86,575
Decrease in prepayments, deposits and other receivables		38,217	108,095
Decrease/(increase) in amounts due from other related companies		1,644	(1,226)
Increase in amounts due from associates		(4,284)	(1,651)
Decrease in trade and bills payables		(166,571)	(248,855)
Decrease in other payables and accruals		(38,042)	(27,991)
Increase/(decrease) in amounts due to associates		16,501	(1,906)
Cash generated from operations		218,459	238,634

CONSOLIDATED STATEMENT OF CASH FLOWS *(CONTINUED)*

Year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Cash generated from operations		218,459	238,634
Interest paid		(14,630)	(12,024)
Interest element on finance lease rental payments		–	(14)
Hong Kong profits taxes paid		(18,666)	(3,451)
Overseas taxes paid		(28,616)	(71,716)
Net cash flows from operating activities		156,547	151,429
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest received		32,068	14,597
Other interest income from held-to-maturity investments		34,421	20,631
Dividends received from an associate		54,122	57,474
Dividends received from an available-for-sale investment		3,026	2,065
Advance to an associate		(65,479)	(3,880)
Purchases of items of property, plant and equipment		(134,918)	(158,240)
Investment in an available-for-sale investment		(10,000)	(2,500)
Purchases of held-to-maturity investments		(330,474)	–
Purchase of investment properties		(45,908)	–
Proceeds from disposal of items of property, plant and equipment		8,338	1,420
Proceeds from disposal of available-for-sale investments		86,819	42,287
Redemption of a held-to-maturity investment		62,500	–
Receipts from derecognition of held-to-maturity investments		4,928	–
Proceeds from disposal of subsidiaries, net	37	–	134,697
Direct transaction costs attributable to disposal of subsidiaries		–	(2,009)
Increase in pledged deposits		(833,441)	(34,086)
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		68,785	(110,092)
Decrease/(increase) in financial assets at fair value through profit or loss		12,637	(12,637)
Net cash flows used in investing activities		(1,052,576)	(50,273)

CONSOLIDATED STATEMENT OF CASH FLOWS *(CONTINUED)*

Year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other loans		1,198,947	435,635
Repayment of bank and other loans		(354,980)	(541,347)
Shares repurchased		(20,014)	–
Acquisition of non-controlling interests		–	(31)
Capital contributions by non-controlling shareholders		–	8,091
Capital element of finance lease rental payments		(155)	(124)
Dividends paid		(128,720)	(128,720)
Dividends paid to non-controlling shareholders		(2,888)	(18,429)
Net cash flows from/(used in) financing activities		692,190	(244,925)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(203,839)	(143,769)
Cash and cash equivalents at beginning of year		1,183,505	1,334,650
Effect of foreign exchange rate changes, net		(7,576)	(7,376)
CASH AND CASH EQUIVALENTS AT END OF YEAR		972,090	1,183,505
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	28	765,963	731,824
Non-pledged time deposits with original maturity of three months or less when acquired		206,127	451,681
Non-pledged time deposits with original maturity of more than three months when acquired		41,307	110,092
Cash and cash equivalents as stated in the consolidated statement of financial position		1,013,397	1,293,597
Non-pledged time deposits with original maturity of more than three months when acquired		(41,307)	(110,092)
Cash and cash equivalents as stated in the consolidated statement of cash flows		972,090	1,183,505

STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSET			
Investment in a subsidiary	19	**972,033**	629,084
CURRENT ASSETS			
Other receivables	25	**20,032**	823
Pledged deposits	28	**833,441**	–
Cash and cash equivalents	28	**127,094**	400,186
Total current assets		**980,567**	401,009
CURRENT LIABILITIES			
Other payables	30	**2,472**	230
Due to a subsidiary	19	**925,099**	–
Total current liabilities		**927,571**	230
NET CURRENT ASSETS		**52,996**	400,779
Net assets		**1,025,029**	1,029,863
EQUITY			
Issued capital	34	**104,936**	105,941
Other reserves	36(b)	**920,093**	923,922
Total equity		**1,025,029**	1,029,863

Charles Yeung, SBS, JP
Director

Yeung Chun Fan
Director

NOTES TO FINANCIAL STATEMENTS

31 December 2014

1. CORPORATE INFORMATION

Glorious Sun Enterprises Limited (the "Company") is a limited liability company incorporated in Bermuda. The head office and principal place of business of the Company is located at 38/F, One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong.

During the year, the Group was involved in the retailing, export and production of casual wear.

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the ordinary equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES TO FINANCIAL STATEMENTS

31 December 2014

2.1 BASIS OF PREPARATION *(CONTINUED)*

Basis of consolidation *(continued)*

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

[1] Effective from 1 July 2014

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(CONTINUED)*

Other than explained below regarding the impact of HKAS 32 Amendments, HK(IFRIC) – Int 21, HKFRS 2 Amendment, HKFRS 3 Amendment and HKFRS 13 Amendment, the adoption of the above revised standards and interpretation has had no significant effect on these financial statements.

(a) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(b) HK(IFRIC) – Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC) – Int 21.

(c) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(d) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(CONTINUED)*

(e) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKAS 1	*Disclosure Initiative*[2]
HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014

2 Effective for annual periods beginning on or after 1 January 2016

3 Effective for annual periods beginning on or after 1 January 2017

4 Effective for annual periods beginning on or after 1 January 2018

5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED *(CONTINUED)*

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is the process of making an assessment of the impact of these changes.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The narrow-scope amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the standards.

NOTES TO FINANCIAL STATEMENTS

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2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED *(CONTINUED)*

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED *(CONTINUED)*

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

NOTES TO FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The results of associates are included in the consolidated statement of profit or loss to the extent of dividends received and receivable. The Group's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

NOTES TO FINANCIAL STATEMENTS

31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Business combinations and goodwill *(continued)*

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, equity investments and financial assets at fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Fair value measurement *(continued)*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

NOTES TO FINANCIAL STATEMENTS

31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Impairment of non-financial assets *(continued)*

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Related parties *(continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

NOTES TO FINANCIAL STATEMENTS

31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Property, plant and equipment and depreciation *(continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land and buildings	1.67% – 5% or over the lease terms, whichever is shorter
Leasehold improvements	20% – 25% or over the lease terms, whichever is shorter
Plant and machinery	10% – 25%
Furniture, fixtures and office equipment	10% – 33%
Motor vehicles	20% – 30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Investment properties *(continued)*

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

NOTES TO FINANCIAL STATEMENTS

31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Leases *(continued)*

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Investments and other financial assets *(continued)*

Financial assets at fair value through profit or loss (continued)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as other expenses in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in other expenses.

NOTES TO FINANCIAL STATEMENTS

31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Investments and other financial assets *(continued)*

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES TO FINANCIAL STATEMENTS

31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Impairment of financial assets *(continued)*

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Impairment of financial assets *(continued)*

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, amount due to associates and interest-bearing bank and other borrowings.

NOTES TO FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial liabilities *(continued)*

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out or weighted average bases and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

NOTES TO FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Income tax *(continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of sub-contracting and management services, when the services have been rendered;

(c) from the rendering of decoration and renovation services, when the services have been performed;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial assets; and

(e) dividend income, when the shareholders' right to receive payment has been established.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes model, further details of which are given in note 35 to the financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Share-based payments *(continued)*

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for most of the Group's Hong Kong employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Prior to the MPF Scheme becoming effective, the Group operated two defined contribution retirement benefit schemes for certain employees, the assets of which are held separately from those of the Group in independently administered funds. Under one of the schemes, contributions payable by the employers and employees were suspended in January 1994, but the administrator continues to manage and invest the assets of the scheme and to make payments to employees in accordance with the rules of the scheme. Under the other scheme, contributions were made based on a percentage of the eligible employees' salaries and were charged to the statement of profit or loss as they became payable in accordance with the rules of the scheme. When an employee leaves the scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amounts of forfeited contributions. These schemes are still operating at the end of the reporting period and up to the date of this report.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Dividends

When final dividends proposed by the directors have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

NOTES TO FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Foreign currencies *(continued)*

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation are translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The major judgements, estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(CONTINUED)*

Useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, where it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods. The Group depreciates the property, plant and equipment on a straight-line basis over the estimated useful lives of 3 to 60 years depending on the fixed assets' category. The policy on depreciation is detailed in note 2.4 to the financial statements. The estimated useful life reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. Any change in this estimation may have a material impact on the Group's results.

Write-down of inventories to net realisable value

Management reviews the ageing analysis of inventories of the Group at the end of each reporting period, and makes provision for inventory items identified that are no longer suitable for sale. The assessment of the provision required involves management judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying value of the inventories and provision charge/write-back in the period in which estimate has been changed. In addition, physical counts on all inventories are carried out on a periodical basis in order to determine whether provision needs to be made in respect of any obsolete inventories identified. The Group carries out an inventory review at the end of each reporting period and makes provision against obsolete and slow-moving items. Management reassesses the estimation at the end of each reporting period. The directors of the Company are satisfied that sufficient provision on obsolete and slow-moving inventories has been made in the consolidated financial statements.

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31 December 2014

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(CONTINUED)*

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2014 was HK$39,048,000 (2013: HK$41,000,000). Further details are given in note 18 to the financial statements.

Income taxes and deferred taxes

The Group is subject to income taxes mainly in Hong Kong, Mainland China, Australia and New Zealand. Significant judgement is required in determining the amount of the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(CONTINUED)*

Income taxes and deferred taxes *(continued)*

Recognition of deferred tax assets, which principally relate to temporary differences in respect of provisions and tax losses, depends on management's expectation of future taxable profit that will be available against which the temporary differences and tax losses can be utilised. The outcome of their actual utilisation may be different. Further details are set out in note 33 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the "retail operations" segment engages in the retailing of casual wear;

(b) the "export operations" segment manufactures and exports apparel; and

(c) the "others" segment comprises, principally, the decoration and renovation businesses.

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 from continuing operations. The adjusted profit before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

NOTES TO FINANCIAL STATEMENTS

31 December 2014

4. OPERATING SEGMENT INFORMATION *(CONTINUED)*

By business

	Retail operations		Export operations		Others#		Total continuing operations	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Segment revenue:								
Sales to external customers	5,279,723	6,078,366	572,821	674,637	2,139	1,217	5,854,683	6,754,220
Other income and gains	74,296	81,686	17,537	14,179	32,146	37,721	123,979	133,586
Total	5,354,019	6,160,052	590,358	688,816	34,285	38,938	5,978,662	6,887,806
Segment results	104,821	76,919	15,238	17,549	11,543	670	131,602	95,138
Interest income							71,250	36,715
Unallocated revenue							66,041	68,004
Corporate and other unallocated expenses							(114,820)	(113,433)
Finance costs							(14,630)	(6,884)
Share of profits and losses of associates	–	–	7,460	15,804	–	–	7,460	15,804
Profit before tax from continuing operations							146,903	95,344
Income tax expense							(25,022)	(47,626)
Profit for the year from continuing operations							121,881	47,718
Other segment information:								
Depreciation and amortisation	109,619	157,151	695	1,129	26,401	15,993	136,715	174,273
Impairment losses recognised in the consolidated statement of profit or loss	3,718	22,142	–	–	–	6,868	3,718	29,010
Impairment losses reversed in the consolidated statement of profit or loss	(6)	–	–	(530)	(3,958)	–	(3,964)	(530)
Other non-cash expenses/(income), net	(68,474)	27,381	(346)	(2)	(15,777)	(401)	(84,597)	26,978
Investments in associates	(2,947)	(3,142)	35,133	81,797	–	–	32,186	78,655
Capital expenditure*	118,704	151,595	516	607	61,606	5,634	180,826	157,836

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2014

4. OPERATING SEGMENT INFORMATION *(CONTINUED)*

By region

	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
Year ended 31 December 2014							
Revenue from external customers	**3,923,802**	**32,139**	**1,323,483**	**465,648**	**35,706**	**73,905**	**5,854,683**
Non-current assets	**702,535**	**34,968**	**188,253**	**6,594**	**–**	**–**	**932,350**
Year ended 31 December 2013							
Revenue from external customers	4,631,681	29,528	1,402,155	556,824	44,014	90,018	6,754,220
Non-current assets	686,691	76,065	172,512	15,353	–	–	950,621

The revenue information of continuing operations above is based on the locations of the customers. The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and gains from continuing operations is as follows:

	Group 2014 HK$'000	2013 HK$'000
Revenue		
Retailing of casual wear	**5,279,723**	6,078,366
Export of apparel and other businesses	**574,960**	675,854
	5,854,683	6,754,220

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31 December 2014

5. REVENUE, OTHER INCOME AND GAINS *(CONTINUED)*

	Group	
	2014	2013
	HK$'000	HK$'000
Other income		
Bank interest income	32,068	14,564
Other interest income from held-to-maturity investments	39,182	22,151
Services fee income	19,227	17,642
Other sales income	2,095	2,470
Gross rental income	2,904	2,135
Commission and management fee income	6,130	5,782
Decoration and renovation income	29,040	34,649
Dividend income from an available-for-sale investment	3,026	2,065
Claims received	7,347	22,059
Others	26,537	34,810
	167,556	158,327
Gains		
Foreign exchange differences, net	–	46,933
Gain on disposal of equity investments at fair value through profit or loss	5,451	250
Gain on derecognition of a held-to-maturity investment	6,357	–
Gain on disposal of an available-for-sale investment	69,165	32,795
Fair value gains on investment properties (note 16)	12,741	–
	93,714	79,978
	261,270	238,305

6. FINANCE COSTS

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

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

7. PROFIT BEFORE TAX

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

	Notes	Group 2014 HK$'000	Group 2013 HK$'000
Employee benefit expenses (including directors' remuneration (note 8)):			
Wages and salaries		983,374	1,030,281
Equity-settled share option expense	35	199	214
Pension scheme contributions		68,252	53,792
Total employee benefit expenses		1,051,825	1,084,287
Cost of inventories sold		3,457,571	3,967,987
Depreciation		136,538	174,096
Amortisation of prepaid land lease payments		177	177
Minimum lease payments under operating leases in respect of land and buildings		841,277	1,021,251
Auditors' remuneration		5,698	7,432
Impairment of items of property, plant and equipment#		3,718	10,661
Impairment/(reversal of impairment) of trade receivables#	24	(3,964)	7,804
Loss on disposal/write-off of items of property, plant and equipment#		7,616	42,284
Impairment of loans to associates#		–	10,015
Write-back of provision for inventories to net realisable value*		(73,314)	(15,270)
Rental income on investment properties less direct operating expenses of HK$19,000		937	–

* Write-back of provision for inventories of HK$73,314,000 (2013: HK$15,270,000) for the year is included in "Cost of sales" in the consolidated statement of profit or loss.

\# These items are included in "Other expenses" on the face of the consolidated statement of profit or loss.

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8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Fees	570	570
Other emoluments for executive directors:		
Salaries, allowances and benefits in kind	9,601	9,278
Discretionary bonuses*	10,988	11,545
Pension scheme contributions	375	375
	20,964	21,198
	21,534	21,768

* Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the operational performance of the Group.

(a) Independent non-executive directors

The fees paid and payable to independent non-executive directors during the year were as follows:

	2014	2013
	HK$'000	HK$'000
Mr. Lau Hon Chuen, Ambrose, GBS, JP	180	180
Dr. Chung Shui Ming, Timpson, GBS, JP	150	150
Mr. Wong Man Kong, Peter, BBS, JP	120	120
Dr. Lam Lee G.	120	120
	570	570

There were no other emoluments payable to the independent non-executive directors during the year (2013: Nil).

8. DIRECTORS' REMUNERATION *(CONTINUED)*

(b) Executive directors and a non-executive director

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2014					
Executive directors:					
Dr. Charles Yeung, SBS, JP	–	106	1,409	5	1,520
Mr. Yeung Chun Fan	–	1,595	3,541	59	5,195
Mr. Yeung Chun Ho	–	1,658	385	83	2,126
Mr. Pau Sze Kee, Jackson	–	2,652	2,291	108	5,051
Mr. Hui Chung Shing, Herman, SBS, MH, JP	–	1,200	447	60	1,707
Ms. Cheung Wai Yee	–	1,190	2,615	60	3,865
Mr. Chan Wing Kan, Archie	–	1,200	300	–	1,500
	–	9,601	10,988	375	20,964
2013					
Executive directors:					
Dr. Charles Yeung, SBS, JP	–	106	1,758	5	1,869
Mr. Yeung Chun Fan	–	1,624	3,704	59	5,387
Mr. Yeung Chun Ho	–	1,538	360	77	1,975
Mr. Pau Sze Kee, Jackson	–	2,476	2,259	103	4,838
Mr. Hui Chung Shing, Herman, SBS, MH, JP	–	1,200	447	60	1,707
Ms. Cheung Wai Yee	–	1,134	2,717	57	3,908
Mr. Chan Wing Kan, Archie	–	1,200	300	14	1,514
	–	9,278	11,545	375	21,198

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2013: Nil).

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2013: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2013: two) non-directors, highest paid employees are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	4,407	6,108
Discretionary bonuses	4,235	5,722
Pension scheme contributions	189	227
	8,831	12,057

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2014	2013
HK$4,000,001 – HK$4,500,000	1	–
HK$4,500,001 – HK$5,000,000	1	1
HK$7,000,001 – HK$7,500,000	–	1
	2	2

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10. INCOME TAX EXPENSE

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

Under the income tax law of the People's Republic of China (the "PRC"), companies with operations in Mainland China are subject to corporate income tax ("CIT") at a rate of 25% (2013: 25%) on the taxable income.

The tax rates applicable to subsidiaries incorporated and operating in Australia and New Zealand are 30% (2013: 30%) and 28% (2013: 28%) respectively. Provisions for Australian and New Zealand income taxes have been made on the estimated assessable profits arising in Australia and New Zealand for the year.

	2014 HK$'000	2013 HK$'000
Group:		
Current – Hong Kong		
Charge for the year	14,700	13,692
Overprovision in prior years	(72)	(1,246)
Current – Elsewhere		
Charge for the year	50,603	36,438
Overprovision in prior years	(24,378)	(2,552)
Deferred (note 33)	(15,831)	1,294
Total tax charge for the year	25,022	47,626

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10. INCOME TAX EXPENSE *(CONTINUED)*

The tax on the Group's profit before tax differs from theoretical amounts that would arise using the weighted average rate applicable to profit/(loss) on the consolidated entities as follows:

	Group			
	2014		2013	
	HK$'000	%	HK$'000	%
Profit before tax from continuing operations	146,903		95,344	
Tax calculated at domestic tax rates applicable to profits in the respective countries	7,435	5.1	10,378	10.9
Adjustments in respect of current tax of previous periods	(24,450)		(3,798)	
Profits and losses attributable to associates	(1,231)		(2,608)	
Income not subject to tax	(26,403)		(23,434)	
Expenses not deductible for tax	35,556		6,757	
Tax losses utilised from previous periods	(2,049)		(3,231)	
Tax losses not recognised	53,076		63,222	
Others	(16,912)		340	
Tax charge at the Group's effective rate	25,022	17.0	47,626	50.0

The share of tax attributable to associates amounting to HK$51,000 (2013: HK$81,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

11. DISCONTINUED OPERATION

On 24 September 2013, Glorious Sun Enterprises (BVI) Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with a company owned by Dr. Charles Yeung and Mr. Yeung Chun Fan, directors and substantial shareholders of the Company, for the disposal of the entire issued share capital of Gennon Industries Limited (together with its subsidiaries referred to as the "Gennon Group") at a cash consideration of HK$132,000,000. The transaction was completed on 21 November 2013. Further details of the transactions are included in note 37 to the financial statements.

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

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

NOTES TO FINANCIAL STATEMENTS

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11. DISCONTINUED OPERATION *(CONTINUED)*

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

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

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

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

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

11. DISCONTINUED OPERATION *(CONTINUED)*

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

	2013
Profit attributable to ordinary equity holders of the Company from the discontinued operation	HK$96,220,000
Weighted average number of ordinary shares in issue during that year used in the basic and diluted earnings per share calculation (note 14)	1,059,414,000

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

12. PROFIT ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to ordinary equity holders of the year ended 31 December 2014 includes a profit of HK$59,686,000 which has been dealt with in the financial statements of the Company. In addition, the Company also recorded dividend income of HK$84,015,000 from subsidiaries attributed to previous years' profits. In aggregate, the Company's profit for the year ended 31 December 2014 amounted to HK$143,701,000 (note 36(b)).

13. DIVIDENDS

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

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13. DIVIDENDS *(CONTINUED)*

The final dividend for the year ended 31 December 2014 proposed subsequent to the reporting period has not been recognised as a liability at the end of the reporting period and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of HK$119,405,000 (2013: HK$138,455,000) and the weighted average number of ordinary shares of 1,057,175,000 (2013: 1,059,414,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2014 and 2013 in respect of a dilution as the exercise price of the share options of the Company outstanding during the year is higher than the average market price of the Company's ordinary shares during the year and, accordingly, they have no dilutive effect on the basic earnings per share amounts presented.

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

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

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

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Note	Leasehold land and buildings HK$'000	Leasehold improve-ments HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2014							
At 31 December 2013 and at 1 January 2014:							
Cost		580,666	422,130	151,546	546,109	37,341	1,737,792
Accumulated depreciation and impairment		(81,295)	(297,173)	(113,580)	(392,595)	(28,043)	(912,686)
Net carrying amount		499,371	124,957	37,966	153,514	9,298	825,106
At 1 January 2014, net of accumulated depreciation and impairment		499,371	124,957	37,966	153,514	9,298	825,106
Additions		8,553	36,800	7,443	79,472	2,650	134,918
Disposals/write-off		–	(7,638)	(1,493)	(6,019)	(805)	(15,955)
Depreciation		(14,664)	(51,942)	(15,473)	(50,626)	(3,833)	(136,538)
Transferred to investment properties	16	(21,714)	–	–	–	–	(21,714)
Impairment		–	(912)	–	(2,806)	–	(3,718)
Exchange realignment		(1)	–	(2,651)	(4,340)	(37)	(7,029)
At 31 December 2014, net of accumulated depreciation and impairment		471,545	101,265	25,792	169,195	7,273	775,070
At 31 December 2014:							
Cost		561,717	401,684	144,781	566,927	33,108	1,708,217
Accumulated depreciation and impairment		(90,172)	(300,419)	(118,989)	(397,732)	(25,835)	(933,147)
Net carrying amount		471,545	101,265	25,792	169,195	7,273	775,070

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15. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Group *(continued)*

	Note	Leasehold land and buildings HK$'000	Leasehold improve-ments HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2013							
At 1 January 2013:							
Cost		554,225	584,161	638,744	551,874	49,359	2,378,363
Accumulated depreciation and impairment		(119,418)	(372,780)	(524,570)	(408,395)	(37,084)	(1,462,247)
Net carrying amount		434,807	211,381	114,174	143,479	12,275	916,116
At 1 January 2013, net of accumulated depreciation and impairment		434,807	211,381	114,174	143,479	12,275	916,116
Additions		116,011	48,017	18,536	76,594	1,774	260,932
Disposals/write-off		–	(37,718)	(455)	(5,251)	(280)	(43,704)
Disposal of subsidiaries	37	(49,706)	(6,177)	(69,199)	(200)	(673)	(125,955)
Depreciation		(17,938)	(90,105)	(26,936)	(54,172)	(4,017)	(193,168)
Impairment		(248)	(9,567)	(1,094)	–	–	(10,909)
Exchange realignment		16,445	9,126	2,940	(6,936)	219	21,794
At 31 December 2013, net of accumulated depreciation and impairment		499,371	124,957	37,966	153,514	9,298	825,106
At 31 December 2013:							
Cost		580,666	422,130	151,546	546,109	37,341	1,737,792
Accumulated depreciation and impairment		(81,295)	(297,173)	(113,580)	(392,595)	(28,043)	(912,686)
Net carrying amount		499,371	124,957	37,966	153,514	9,298	825,106

15. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

At 31 December 2013, certain of the Group's land and buildings with a net carrying amount of HK$94,143,000 were pledged to secure general banking facilities granted to the Group (note 31).

For the years ended 31 December 2014 and 31 December 2013, the directors considered that certain property, plant and equipment of the Group were subject to impairment losses because of the planned closure of certain stores in the foreseeable future, which suffered from substantial losses in recent years. The directors considered those property, plant and equipment have minimal use in the future and accordingly, impairment losses of HK$3,718,000 (2013: HK$10,909,000) were recognised after an impairment assessment was carried out by the Group's management.

16. INVESTMENT PROPERTIES

	Group	
	2014	2013
	HK$'000	HK$'000
Carrying amount at 1 January	–	–
Additions during the year	45,908	–
Net gain from a fair value adjustment (note 5)	12,741	–
Transfer from an owner-occupied property (note 15)	21,714	–
Carrying amount at 31 December	80,363	–

The Group's investment properties are situated in Mainland China and are held under medium term leases.

The Group's investment properties are leased to third parties under operating leases, further summary details of which are included in note 39 to the financial statements.

The Group's investments properties were revalued at the end of reporting period by DTZ Debenham Tie Leung Limited, an independent professionally qualified valuer. The valuations were based on the capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties.

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16. INVESTMENT PROPERTIES *(CONTINUED)*

In the opinion of the directors, the current use of the investment properties is their highest and best use.

Further particulars of the Group's investment properties are included on page 164.

During the year, there was no transfer of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 (2013:Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties HK$'000
At 1 January 2013, 31 December 2013 and 1 January 2014	–
Additions	45,908
Net gain from fair value adjustments	12,741
Transfer from an owner-occupied property (note 15)	21,714
At 31 December 2014	80,363

Unrealised gains included in the consolidated statements of profit or loss for investment properties for the year ended 31 December 2014 were HK$12,741,000 (2013: Nil).

16. INVESTMENT PROPERTIES *(CONTINUED)*

Description of valuation techniques used and key inputs to valuation on investment properties is as follows:

	Valuation technique	Significant unobservable inputs	Range 2014	Range 2013
Commercial properties	Income capitalisation method	Estimated monthly rental value per square meter (RMB)	RMB63 to RMB426	–
		Capitalisation rate	5.5% to 6.5%	–

Significant increases/(decreases) in estimated rental value per square meter in isolation would result in significantly higher/(lower) fair value of the investment properties. Significant increases/(decreases) in the capitalisation rate in isolation would result in a significantly lower/(higher) fair value of the investment properties.

17. PREPAID LAND LEASE PAYMENTS

	Note	Group 2014 HK$'000	Group 2013 HK$'000
Carrying amount at 1 January		6,037	18,984
Recognised during the year		(177)	(497)
Disposal of subsidiaries	37	–	(12,802)
Exchange realignment		–	352
Carrying amount at 31 December		5,860	6,037
Current portion included in prepayments, deposits and other receivables		(177)	(177)
Non-current portion		5,683	5,860

The leasehold land is situated in Mainland China and held under a medium term lease.

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18. GOODWILL

	Group	
	2014	2013
	HK$'000	HK$'000
At 1 January:		
Cost	47,552	47,552
Accumulated impairment	(6,552)	(6,552)
Net carrying amount	41,000	41,000
Cost at 1 January, net of accumulated impairment	41,000	41,000
Exchange realignment	(1,952)	–
Net carrying amount at 31 December	39,048	41,000
At 31 December:		
Cost	45,288	47,552
Accumulated impairment	(6,240)	(6,552)
Net carrying amount	39,048	41,000

Impairment testing of goodwill

Goodwill acquired through business combination has been allocated to the retail operations cash-generating unit of the New Zealand's operations, which is a reportable segment, for impairment testing.

In 2014, the recoverable amount of the New Zealand's retail operations cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 16.0% (2013: 16.5%) and cash flows beyond the five-year period were extrapolated using growth rate of 3.0% (2013: 3.0%) which was the same as the long term average growth rate of the retail operations in New Zealand. Senior management believes that this growth rate is justified, based on the Group's past experience in the retail operations in New Zealand.

18. GOODWILL *(CONTINUED)*

Impairment testing of goodwill *(continued)*

Assumptions were used in the value in use calculation of the retail operations cash-generating unit for 31 December 2014 and 31 December 2013. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the retail operations in New Zealand.

The values assigned to the key assumptions on budgeted gross margins and discount rates are consistent with external information sources.

19. INVESTMENT IN A SUBSIDIARY

	Company	
	2014 HK$'000	2013 HK$'000
Unlisted shares, at cost	377,717	377,717
Due from a subsidiary	593,422	250,672
Capital contribution in respect of employee share-based compensation	894	695
	972,033	629,084

The amount due to a subsidiary included in the Company's current liabilities is unsecured, interest-free and has no fixed terms of repayment. In the opinion of the directors, the amounts advanced to a subsidiary are considered as part of the Company's investments in its subsidiary. Particulars of the Company's principal subsidiaries are set out in note 46 to the financial statements.

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20. INVESTMENTS IN ASSOCIATES

		Group	
		2014	2013
	Notes	HK$'000	HK$'000
Share of net assets	(e)	32,186	78,655
Loans to associates	(b)	56,375	56,375
		88,561	135,030
Provision for impairment on loans to associates	(d)	(56,375)	(56,375)
		32,186	78,655

Notes:

(a) Particulars of the principal associates are as follows:

Name	Particulars of issued shares held	Place of incorporation or registration/ business	Percentage of ownership interest attributable to the Group 2014	2013	Principal activities
Quiksilver Glorious Sun JV Limited ("Quiksilver GS")	Ordinary shares of HK$10,000	Hong Kong	50	50	Retail of apparel
Rays Industries (BVI) Limited ("Rays")	Ordinary shares of US$2	British Virgin Islands/ Hong Kong	50	50	Investment holding

20. INVESTMENTS IN ASSOCIATES *(CONTINUED)*

Notes: (continued)

(a) *(continued)*

All of the above associates are not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

The Group's shareholdings in the associates are held through wholly-owned subsidiaries of the Company.

(b) The loans to associates are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, these loans are considered as part of the Company's investments in the associates.

(c) The Group has discontinued the recognition of its share of losses from certain of its associates because the share of losses of these associates exceeded the Group's interest therein and the Group has no obligation to take up further losses. The amount of the Group's unrecognised share of losses for the current year and cumulatively were HK$1,397,000 (2013: HK$10,715,000) and HK$23,788,000 (2013: HK$22,391,000), respectively.

(d) For the year ended 31 December 2013, the Group has made an additional provision for impairment of HK$10,015,000 on loans to associates as the relevant associates continued to record losses.

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20. INVESTMENTS IN ASSOCIATES *(CONTINUED)*

Notes: (continued)

(e) Quiksilver GS and Rays are considered material as associates of the Group and are accounted for using the equity method. Quiksilver GS and its subsidiaries (collectively as the "Quiksilver GS Group") are engaged in the retail of apparel. Rays and its subsidiaries (collectively as the "Rays Group") are engaged in the manufacture of apparel.

The following table illustrates the summarised financial information of the Quiksilver GS Group and the Rays Group adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2014 HK$'000	2013 HK$'000
Quiksilver GS Group		
Current assets	215,710	121,841
Non-current assets	7,107	18,574
Current liabilities	(254,614)	(175,821)
Net liabilities	(31,797)	(35,406)
Reconciliation to the Group's interest in Quiksilver GS Group:		
Proportion of the Group's ownership	50%	50%
The Group's share of net liabilities of Quiksilver GS Group	(15,899)	(17,703)
The Group's unrecognised share of losses of Quiksilver GS Group	15,899	17,703
Carrying amount of the investment in Quiksilver GS Group	–	–
Revenues	271,411	246,245
Profit/(loss) for the year	3,313	(15,650)
Other comprehensive income	295	–
Total comprehensive income for the year	3,608	(15,650)

20. INVESTMENTS IN ASSOCIATES *(CONTINUED)*

Notes: (continued)

(e) *(continued)*

	2014 HK$'000	2013 HK$'000
Rays Group		
Current assets	109,001	262,950
Non-current assets	–	1,295
Current liabilities	(38,735)	(75,212)
Non-controlling interests	–	(25,440)
Net assets attributable to Rays' shareholders	70,266	163,593
Reconciliation to the Group's interest in Rays Group:		
Proportion of the Group's ownership	50%	50%
The Group's share of net assets of Rays Group	35,133	81,796
Carrying amount of the investment in Rays Group	35,133	81,796
Revenues	36,140	46,770
Profit for the year attributable to Ray's shareholders	14,920	31,608
Other comprehensive income attributable to Rays' shareholders	(2)	(9,021)
Total comprehensive income for the year attributable to Ray's shareholders	14,918	22,587
Dividend received	54,122	57,474

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2014 HK$'000	2013 HK$'000
Share of the associates' profit for the year	–	–
Share of the associates' other comprehensive income	–	–
Share of the associates' total comprehensive income	–	–
Aggregate carrying amount of the Group's investments in the associates	(2,947)	(3,141)

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21. HELD-TO-MATURITY INVESTMENTS

	Group	
	2014	2013
	HK$'000	HK$'000
Listed debt investments, at amortised cost	501,735	232,332
Less: current portion	(37,787)	–
Non-current portion	463,948	232,332

The effective interest rates of the held-to-maturity investments ranged from 8.10% to 9.63% (2013:7% to 9.75%) per annum and these investments will mature in 2015 to 2021.

22. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2014	2013
	HK$'000	HK$'000
Hong Kong listed equity investment, at fair value	28,801	98,515
Unlisted equity investment, at cost less impairment	12,500	2,500
	41,301	101,015

During the year, the net gain in respect of the Group's available-for-sale investment recognised in other comprehensive income amounted to HK$17,195,000 (2013: loss of HK$81,468,000), and HK$69,255,000 (2013: HK$32,838,000) was reclassified from other comprehensive income to the statement of profit or loss for the year upon disposal of certain amounts of the available-for-sale investments.

The above investments were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

As at 31 December 2014, an unlisted equity investment with a carrying amount of HK$12,500,000 (2013: HK$2,500,000) was stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that its fair value cannot be measured reliably. The Group does not intend to dispose of it in the near future.

23. INVENTORIES

	Group 2014 HK$'000	2013 HK$'000
Raw materials	11,970	17,817
Work in progress	42,296	44,656
Finished goods	661,694	838,428
	715,960	900,901

24. TRADE AND BILLS RECEIVABLES

	Group 2014 HK$'000	2013 HK$'000
Trade receivables	318,765	360,516
Bills receivable	1,611	7,493
	320,376	368,009
Impairment	(5,658)	(9,622)
	314,718	358,387

The credit period is generally 45 days to its trade customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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24. TRADE AND BILLS RECEIVABLES *(CONTINUED)*

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

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

The movements in provision for impairment of trade receivables are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
At 1 January	9,622	9,058
Disposal of subsidiaries	–	(7,240)
Impairment losses recognised/(reversed) (note 7)	(3,964)	7,804
At 31 December	5,658	9,622

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$5,658,000 (2013: HK$9,622,000) with a carrying amount before provision of HK$5,658,000 (2013: HK$9,622,000).

The individually impaired trade receivables related to customers that were in financial difficulties or were in default in principal payments and only a portion of the receivables is expected to be recovered.

24. TRADE AND BILLS RECEIVABLES *(CONTINUED)*

The ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Neither past due nor impaired	**228,418**	241,979
Less than 6 months past due	**69,142**	85,786
Over 6 months past due	**15,547**	23,129
	313,107	350,894

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**136,678**	281,647	**–**	–
Deposits and other receivables	**229,756**	118,243	**20,032**	823
Total prepayments, deposits and other receivables	**366,434**	399,890	**20,032**	823
Portion classified as non-current portion	**(20,744)**	(27,045)	**–**	–
Current portion	**345,690**	372,845	**20,032**	823

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

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26. DUE FROM OTHER RELATED COMPANIES

Particulars of the amounts due from other related companies disclosed pursuant to section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161B of the predecessor Hong Kong Companies Ordinance (Cap. 32), are as follows:

Group

Name	Balance at 31 December 2014 HK$'000	Maximum amount outstanding during the year HK$'000	Balance at 1 January 2014 HK$'000
G.S. Property Management Limited	341	595	325
Golden Sunshine Enterprises Limited	25	29	27
Harbour Guide Limited	–	1,080	1,080
Gloryear Management Limited	727	848	778
Rank Profit Industries Limited	257	687	325
Huizhou Xin An Garment Mfy. Company Limited (惠州新安製衣廠有限公司)@	95	303	249
J-Loong Trading Limited	–	7	7
Gennon Enterprises Limited	–	16	16
Gennon Fashion Garment Manufactory (H.K.) Limited	–	41	41
Gennon International Trading (H.K.) Limited	1	62	62
Chapman Development Limited	–	84	84
Chapman International Macao Commercial Offshore Limited	–	70	70
Main Pui Investments Limited	–	26	26
	1,446		3,090

All of the above related companies are controlled by Dr. Charles Yeung, SBS, JP and/or Mr. Yeung Chun Fan, both being directors of the Company.

The amounts due from other related companies are unsecured, interest-free and have no fixed terms of repayment.

@ Official name of this entity is in Chinese. The English translation of the name is for identification purpose only.

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at fair value through profit or loss as at 31 December 2013 was stated at fair value and represented structured deposits placed at a bank. The aggregate principal of the deposits were fully guaranteed by the bank while return was not guaranteed, and the maximum expected rates of return ranged from 1.49% to 4.3% per annum. The Group designated these deposits as investments at fair value through profit or loss on initial recognition. The Group used the deposits primarily to enhance the return on investment. The deposits were fully redeemed upon their maturity in January 2014.

28. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

		Group		Company	
		2014	2013	**2014**	2013
	Note	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Cash and bank balances		**765,963**	731,824	**7,438**	5,739
Time deposits		**1,080,875**	561,773	**953,097**	394,447
		1,846,838	1,293,597	**960,535**	400,186
Less: Time deposits pledged for bank loans	31(a)	**(833,441)**	–	**(833,441)**	–
Cash and cash equivalents		**1,013,397**	1,293,597	**127,094**	400,186

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to HK$540,377,000 (2013: HK$756,897,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

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29. TRADE AND BILLS PAYABLES

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

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

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

30. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014	2013	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Other payables	139,253	105,049	2,472	230
Accruals	664,135	736,213	–	–
	803,388	841,262	2,472	230

Other payables are non-interest-bearing and have an average term of three months.

As at 31 December 2014, included in the other payables were amounts due to other related companies of HK$2,600,000 (2013: HK$1,560,000) which were unsecured, interest-free and had no fixed terms of repayment.

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	Effective interest rate (%)	Maturity	2014 HK$'000
Current			
Other loan – unsecured	6.84	2015	2,064
Bank loans – unsecured	0.52 – 7.00	On demand/2015	1,009,556
			1,011,620
Non-current			
Other loan – unsecured	6.84	2016 – 2017	3,705
			1,015,325

	Effective interest rate (%)	Maturity	2013 HK$'000
Current			
Finance lease payables (note 32)	3.50	2014	132
Bank loans – secured	7.20	2014	12,500
Bank loans – unsecured	1.11 – 6.44	On demand/2014	154,174
Trust receipt loans – unsecured	1.38	On demand	4,684
			171,490
Non-current			
Finance lease payables (note 32)	3.50	2015	23
			171,513

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31. INTEREST-BEARING BANK AND OTHER BORROWINGS *(CONTINUED)*

	Group	
	2014	2013
	HK$'000	HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	1,009,556	171,358
Other borrowings repayable:		
Within one year or on demand	2,064	132
In the second year	3,705	23
	5,769	155
	1,015,325	171,513

Notes:

(a) Certain of the Group's bank loans are secured by:

(i) mortgages over certain of the Group's land and buildings which had an aggregate carrying value of HK$94,143,000 as at 31 December 2013;

(ii) certain bank deposits of HK$833,441,000 (2013: Nil) as at 31 December 2014; and

(iii) corporate and personal guarantees provided by non-controlling shareholders of a subsidiary up to HK$9,100,000 as at 31 December 2014 (2013: HK$9,100,000).

(b) All interest-bearing bank borrowings and finance leases are denominated in the functional currencies of the respective entities to which they relate, except for bank loans of HK$801,107,000 as at 31 December 2014 denominated in United States dollar are held by an entity with Hong Kong dollar as its functional currency.

32. FINANCE LEASE PAYABLES

The Group leases certain of its motor vehicles for its business purposes. These leases are classified as finance leases.

At 31 December 2014, the total future minimum lease payments under finance leases and their present values were as follows:

Group

	Minimum lease payments		Present value of minimum lease payments	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Amounts payable:				
Within one year	–	138	–	132
In the second year	–	23	–	23
Total minimum finance lease payments	–	161	–	155
Future finance charges	–	(6)		
Total net finance lease payables	–	155		
Portion classified as current liabilities (note 31)	–	(132)		
Non-current portion (note 31)	–	23		

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33. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

Group

	Note	Depreciation allowance in excess of related depreciation		Revaluation of properties		Total	
		2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
At 1 January		165	344	–	491	165	835
Reclassification		30,316	–	–	–	30,316	–
Deferred tax charged/(credited) to the statement of profit or loss during the year		(2,085)	–	3,181	(491)	1,096	(491)
Disposal of subsidiaries	37	–	(183)	–	–	–	(183)
Exchange realignment		–	4	–	–	–	4
Gross deferred tax liabilities at 31 December		28,396	165	3,181	–	31,577	165

Deferred tax assets

Group

	Provisions		Losses available for offsetting taxable profits		Total	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
At 1 January	26,824	32,242	–	–	26,824	32,242
Deferred tax credit/(charged) to the statement of profit or loss during the year	9,347	(1,785)	7,580	–	16,927	(1,785)
Exchange realignment	(3,072)	(3,633)	–	–	(3,072)	(3,633)
Gross deferred tax assets at 31 December	33,099	26,824	7,580	–	40,679	26,824

33. DEFERRED TAX *(CONTINUED)*

The Group has tax losses arising in Hong Kong of HK$56,566,000 (2013: HK$55,507,000), subject to agreement by Hong Kong Inland Revenue Department (the "IRD"), that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2014, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of certain Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in these subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$438,332,000 at 31 December 2014 (2013: HK$484,390,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

34. SHARE CAPITAL

Shares

	Number of ordinary shares			
	2014	2013	**2014**	2013
	'000	'000	**HK$'000**	HK$'000
Authorised:				
Ordinary shares of HK$0.10 each	**6,000,000**	6,000,000	**600,000**	600,000
Issued and fully paid:				
Ordinary shares of HK$0.10 each	**1,049,356**	1,059,414	**104,936**	105,941

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34. SHARE CAPITAL *(CONTINUED)*

A summary of movements in the Company's issued share capital is as follows:

	Number of shares in issue of HK$0.1 each '000	Issued capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 January 2013, 31 December 2013 and 1 January 2014	1,059,414	105,941	384,521	490,462
Cancellation of shares repurchased (note 36(a)(iv))	(10,058)	(1,005)	(15,917)	(16,922)
At 31 December 2014	**1,049,356**	**104,936**	**368,604**	**473,540**

35. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") which was adopted by the Company on 1 September 2005. Unless otherwise terminated or amended, the Scheme will remain in force for 10 years from the date of adoption.

The purpose of the Scheme is to attract and retain the best quality personnel for the development of the Group's businesses; to provide additional incentives to employees, officers and directors of the Group; and to promote the long term financial success of the Group by aligning the interests of option holders to shareholders.

Pursuant to the Scheme, the maximum number of shares in respect of which options may be granted must not in aggregate exceed 10% of the shares in issue at the date of approval of the Scheme. The maximum number of shares issuable under share options to each eligible participant in the Scheme in any 12-month period is limited to 1% of the ordinary shares of the Company in issue.

35. SHARE OPTION SCHEME *(CONTINUED)*

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options.

The subscription price of the share options is determinable by the board of directors, but shall not be less than whichever is the highest of (i) the closing price of the ordinary shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (ii) the average closing price of the ordinary shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the ordinary share of the Company.

The following share options were outstanding under the Scheme during the year:

	2014		2013	
	Weighted average subscription price HK$ per share	Number of options '000	Weighted average subscription price HK$ per share	Number of options '000
At 1 January	3.315	4,000	3.315	4,000
Granted during the year	1.836	53,000	–	–
At 31 December	1.940	57,000	3.315	4,000

No share options were exercised during the years ended 31 December 2014 and 31 December 2013.

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35. SHARE OPTION SCHEME *(CONTINUED)*

Particulars of the share options outstanding as at the end of the reporting period are as follows:

	Number of options				
	2014	2013	Subscription price*		
Grant date	'000	'000	HK$ per share	Fully vested by	Exercise period
23 September 2008	**2,000**	2,000	3.31	23 September 2010	1 October 2010 to 22 September 2018
8 October 2010	**2,000**	2,000	3.32	8 October 2014	8 October 2014 to 7 October 2020
20 February 2014***	**13,996**	–	1.836	1 April 2015	1 April 2017 to 19 February 2024
20 February 2014***	**13,996**	–	1.836	1 April 2016**	1 April 2018 to 19 February 2024
20 February 2014***	**14,008**	–	1.836	1 April 2017**	1 April 2019 to 19 February 2024
20 February 2014***	**6,500**	–	1.836	1 April 2018**	1 April 2020 to 19 February 2024
20 February 2014***	**4,500**	–	1.836	1 April 2019**	1 April 2021 to 19 February 2024
	57,000	4,000			

* The subscription price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

** The performance targets of the share options are not yet set as at 31 December 2014 and are subject to the discretion of the Group.

*** The vesting of the share options is subject to the achievement of the prescribed performance targets to be met by the grantees.

35. SHARE OPTION SCHEME *(CONTINUED)*

The fair value of the share options granted during the year, of which performance targets have been set and met by the grantees, was HK$190,000, and the Group recognised a share option expense of HK$199,000 (2013: HK$214,000) during the year ended 31 December 2014.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant, using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	7.06
Expected volatility (%)	32.12
Historical volatility (%)	32.12
Risk-free interest rate (%)	1.51
Expected life of options (year)	6.15
Weighted average share price (HK$ per share)	1.73

The expected life of the options was taken at the mid-point of the exercise period and was not necessarily indicative of the exercise patterns that may occur. The expected volatility reflected the assumption that the historical volatility was indicative of future trends, which may not necessarily be the actual outcome.

At the end of the reporting period, the Company had 57,000,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 57,000,000 additional ordinary shares of the Company and additional share capital of HK$5,700,000 and share premium of HK$104,868,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 57,000,000 share options outstanding under the Scheme, which represented approximately 5.45% of the Company's shares in issue as at that date.

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36. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 58 and 59 of the financial statements.

(i) Contributed surplus

The Group's contributed surplus represents the excess of the nominal value of the share capital issued by the Company and the aggregate of the share capital and the share premium of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares in 1996.

(ii) Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

(iii) Other reserves

Other reserves comprise:

(1) pursuant to the relevant laws and regulations for Sino–foreign joint venture enterprises, a portion of the profits of the Group's subsidiaries in Mainland China has been transferred to other reserves, which are restricted as to use; and

(2) difference between the amounts of consideration and the carrying amounts of non-controlling interests acquired.

36. RESERVES *(CONTINUED)*

(a) Group *(continued)*

(iv) Treasury shares

During the year ended 31 December 2014, the Company repurchased its own ordinary shares of 11,922,000 on the Stock Exchange at an aggregate price of HK$20,014,000 of which 10,058,000 ordinary shares were cancelled by the Company as at 31 December 2014. Upon the cancellation of the 10,058,000 shares repurchased, the issued share capital of the Company was reduced by the par value of HK$1,005,000 and the premium paid on the repurchase of these cancelled shares of HK$15,917,000, including transaction costs, was deducted from share premium of the Company. As at 31 December 2014, 1,864,000 ordinary shares were repurchased but not yet cancelled by the Company and were included in the "Treasury Shares" in the Company's reserves at the consideration (including transaction costs) of HK$3,092,000. These treasury shares were subsequently cancelled after the end of the reporting period.

During the year, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

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

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36. RESERVES *(CONTINUED)*

(b) Company

	Notes	Share premium account HK$'000	Treasury shares HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2013		384,521	–	377,567	1,064	125,961	889,113
Total comprehensive income for the year		–	–	–	–	163,315	163,315
Equity-settled share option arrangements	35	–	–	–	214	–	214
Final 2012 dividend	13	–	–	–	–	(86,343)	(86,343)
Interim 2013 dividend	13	–	–	–	–	(42,377)	(42,377)
At 31 December 2013 and 1 January 2014		384,521	–	377,567	1,278	160,556	923,922
Total comprehensive income for the year		–	–	–	–	143,701	143,701
Shares repurchased	36(a)(iv)	–	(20,014)	–	–	–	(20,014)
Cancellation of shares repurchased	36(a)(iv)	(15,917)	16,922	–	–	–	1,005
Equity-settled share option arrangements	35	–	–	–	199	–	199
Final 2013 dividend	13	–	–	–	–	(86,343)	(86,343)
Interim 2014 dividend	13	–	–	–	–	(42,377)	(42,377)
At 31 December 2014		368,604	(3,092)	377,567	1,477	175,537	920,093

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group reorganisation, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders under certain circumstances.

37. DISPOSAL OF SUBSIDIARIES

	Notes	2013 HK$'000
Net assets disposed of:		
Property, plant and equipment	15	125,955
Prepaid land lease payments	17	12,802
Inventories		89,280
Trade and bills receivables		74,710
Prepayments, deposits and other receivables		25,641
Cash and bank balances		35,900
Pledged bank deposits		57,489
Trade and bills payables		(41,750)
Bank and other borrowings		(73,597)
Other payables and accruals		(51,894)
Tax payable		(110,082)
Deferred tax liabilities	33	(183)
Non-controlling interests		(85,546)
		58,725
Exchange fluctuation reserve realised		(58,367)
Direct costs and tax attributable to the disposal of the Gennon Group		9,409
Gain on disposal of the Gennon Group		122,233
		132,000
Satisfied by:		
Cash		132,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the Gennon Group is as follows:

	2013 HK$'000
Cash consideration	132,000
Bank overdrafts disposed of	38,597
Cash and bank balances disposed of	(35,900)
Net inflow of cash and cash equivalents in respect of the disposal of the Gennon Group	134,697

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38. CONTINGENT LIABILITIES

(a) At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank guarantees provided for facilities granted to subsidiaries	**–**	–	**1,470,545**	928,005
Extent of the guaranteed facilities utilised by subsidiaries	**–**	–	**1,003,740**	294,041

(b) One of the Company's wholly-owned subsidiaries (the "Subsidiary") was under investigation by the IRD regarding previous years' tax computation. The Subsidiary was requested by the IRD for additional taxes as judgement debts and was found by the District Court liable to pay the Commissioner of the IRD of HK$7,250,000 as attributable to the equity holders of the Company, which represented a portion of the above additional taxes. The investigation together with additional assessments by the IRD are under vigorous objection by the Subsidiary and are not yet finalised at the date on which these financial statements were approved.

Management of the Subsidiary believes that the previous years' tax computations were prepared on a proper basis and the Subsidiary has reasonable grounds to defend against the additional tax assessments. Should the IRD's final assessments be finally held against the Subsidiary and should the Subsidiary be required to pay additional taxes, the directors of the Company, based on the presently available information, believe that the amount of additional taxes to be borne by the Group would not have any material adverse impact on the financial position of the Group. In the opinion of the directors of the Company, the Group has made appropriate tax provision in the consolidated financial statements.

39. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 16) and some other properties under operating lease arrangements, with leases negotiated for terms ranging from two to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2014, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2014 HK$'000	2013 HK$'000
Within one year	5,146	–
In the second to fifth years, inclusive	16,604	–
	21,750	–

During the year, no contingent rental receivable was recognised by the Group (2013: Nil).

(b) As lessee

The Group leases certain of its plant and machinery, retail stores and office properties under operating lease arrangements, with leases negotiated for terms ranging from three to fifteen years.

At 31 December 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2014 HK$'000	2013 HK$'000
Within one year	487,786	652,234
In the second to fifth years, inclusive	736,103	973,106
After five years	43,552	69,826
	1,267,441	1,695,166

NOTES TO FINANCIAL STATEMENTS

40. COMMITMENTS

In addition to the operating lease commitments detailed in note 39 above, the Group had the following capital commitments at the end of the reporting period:

	Group	
	2014	2013
	HK$'000	HK$'000
Contracted, but not provided for:		
Leasehold improvements	530	1,245
Authorised, but not contracted for:		
Leasehold improvements	–	358
	530	1,603

At the end of the reporting period, the Company had no significant commitments.

41. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

		Group	
		2014	2013
	Notes	HK$'000	HK$'000
Purchases of goods from associates	(i)	5,937	8,214
Purchases of goods from companies controlled by certain directors of the Company	(ii)	28,262	569
Rental expenses paid to companies controlled by certain directors of the Company	(iii)	21,454	18,816
Rental expenses paid to sons of a director of the Company	(iii)	462	463
Management fees paid to companies controlled by certain directors of the Company	(iv)	2,025	1,978

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) *(continued)*

Notes:

(i) The purchases of goods from associates were made according to the published prices and conditions offered by the associates to their major customers.

(ii) The purchases of goods were made according to the prices mutually agreed by the parties on individual order placed and were either at market rates or at rates no less favourable to the Group than such rates offered to any other independent third party.

(iii) The rental expenses were charged according to the rental agreements which were based on the prevailing open market rentals.

(iv) The management fees were charged according to the management services agreements signed between the parties having regards to the cost of services provided.

(b) Other transactions with related parties:

(i) During the year ended 31 December 2013, the Group disposed of the Gennon Group to certain Company's directors at a consideration of HK$132,000,000. Further details of the transaction are included in note 37 to the financial statements.

(ii) During the year, the Group sold 36,400,000 (2013: 19,570,000) ordinary shares of I.T Limited, which are listed on the Main Board of the Stock Exchange, to certain directors of the Company at a consideration (after transaction cost) of HK$86,819,000 (2013: HK$42,287,000). Further details of the transaction are set out in the Company's announcements dated 28 May 2014 and 19 December 2014.

(c) Commitments with related parties:

Subsidiaries of the Group entered into several non-cancellable operating lease arrangements as lessees with companies controlled by certain directors of the Company or family members of a director of the Company with lease terms ranging from two to three years. The total amount of rental expenses for the year is included in note 41(a)(iii) to the financial statements. The Group expects total rental expenses to related parties under these non-cancellable operating lease arrangements in 2015 and 2016 to be approximately HK$22,368,000 and HK$29,094,000 respectively.

NOTES TO FINANCIAL STATEMENTS

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41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(d) Outstanding balances with related parties:

(i) As disclosed in note 26 and note 30 to the financial statements, the Group had outstanding receivables from and payables to other related companies of HK$1,446,000 (2013: HK$3,090,000) and HK$2,600,000 (2013: HK$1,560,000), respectively, as at the end of the reporting period. The balances with other related companies are unsecured, interest-free and have no fixed terms of repayment.

(ii) Details of the Group's loans to associates as at the end of the reporting period are included in note 20(b) to the financial statements. The balances with associates are unsecured, interest-free and have no fixed terms of repayment.

(e) Compensation of key management personnel of the Group:

	2014 HK$'000	2013 HK$'000
Short term employee benefits	37,571	37,675
Post-employment benefit	760	744
Total compensation paid to key management personnel	38,331	38,419

Further details of directors' emoluments are included in note 8 to the financial statements.

The related party transactions in respect of items (a)(ii), (a)(iii), (a)(iv) and (b) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Group – 2014

Financial assets

	Held-to-maturity investments HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Held-to-maturity investments	501,735	–	–	501,735
Available-for-sale investments	–	–	41,301	41,301
Trade and bills receivables	–	314,718	–	314,718
Financial assets included in prepayments, deposits and other receivables	–	229,756	–	229,756
Due from associates	–	75,088	–	75,088
Due from other related companies	–	1,446	–	1,446
Pledged deposits	–	833,441	–	833,441
Cash and cash equivalents	–	1,013,397	–	1,013,397
	501,735	2,467,846	41,301	3,010,882

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and bills payables	579,904
Financial liabilities included in other payables and accruals	417,206
Due to associates	16,729
Interest-bearing bank and other borrowings	1,015,325
	2,029,164

NOTES TO FINANCIAL STATEMENTS

31 December 2014

42. FINANCIAL INSTRUMENTS BY CATEGORY *(CONTINUED)*

Group – 2013

Financial assets

	Financial assets at fair value through profit or loss designated as such upon initial recognition HK$'000	Held-to-maturity investments HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Held-to-maturity investments	–	232,332	–	–	232,332
Available-for-sale investments	–	–	–	101,015	101,015
Trade and bills receivables	–	–	358,387	–	358,387
Financial assets included in prepayments, deposits and other receivables	–	–	156,685	–	156,685
Due from associates	–	–	5,325	–	5,325
Due from other related companies	–	–	3,090	–	3,090
Financial assets at fair value through profit and loss	12,637	–	–	–	12,637
Cash and cash equivalents	–	–	1,293,597	–	1,293,597
	12,637	232,332	1,817,084	101,015	2,163,068

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and bills payables	746,475
Financial liabilities included in other payables and accruals	427,433
Due to associates	228
Interest-bearing bank and other borrowings	171,513
	1,345,649

42. FINANCIAL INSTRUMENTS BY CATEGORY *(CONTINUED)*

Company

Financial assets

	Loans and receivables	
	2014	2013
	HK$'000	HK$'000
Other receivables	20,032	823
Pledged deposits	833,441	–
Cash and cash equivalents	127,094	400,186
	980,567	401,009

Financial liabilities

	Financial liabilities at amortised cost	
	2014	2013
	HK$'000	HK$'000
Other payables	2,472	230
Due to a subsidiary	842,847	–
	845,319	230

NOTES TO FINANCIAL STATEMENTS

31 December 2014

43. TRANSFER OF FINANCIAL ASSETS

Transferred financial assets that are derecognised in their entirety

As part of its normal course of business, the Group entered into a trade receivable factoring arrangement and transferred certain trade receivables to a bank (the "Factored Trade Receivables"). Under the arrangement, the Group may be required to reimburse the bank for loss of interest if any trade debtors have late payment up to 130 days (the "Continuing Involvement"). The Group is not exposed to default risks of the trade debtors after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Factored Trade Receivables. Accordingly, it derecognised the full carrying amounts of the Factored Trade Receivables and the associated factoring loans. As at 31 December 2014, the Group had no Factored Trade Receivables. As at 31 December 2013, the maximum exposure to loss from the Group's Continuing Involvement in the Factored Trade Receivables amounted to HK$265,000. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Factored Trade Receivables are not significant.

During the year ended 31 December 2013, the Group has not recognised any gain or loss on the date of transfer of the Factored Trade Receivables. No gains or losses were recognised from the Continuing Involvement, both during the year ended 31 December 2013 or cumulatively. The endorsement had been made evenly throughout that year.

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Group

	Carrying amounts		Fair values	
	2014	2013	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets				
Held-to-maturity investments	501,735	232,332	491,638	243,134

Management has assessed that the fair values of cash and cash equivalents, financial assets at fair value through profit or loss, pledged deposits, trade and bills receivables, trade and bills payables, current portion of financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from other related companies, amounts due from/to associates and current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of deposits and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2014 was assessed to be insignificant. The fair values of the non-current portion of deposits and interest-bearing bank and other borrowings approximate to their carrying amounts as at 31 December 2014 and 2013.

The fair values of listed equity available-for-sale investments and held-to-maturity investments are based on quoted market prices.

NOTES TO FINANCIAL STATEMENTS

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44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(CONTINUED)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

Group

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Available-for-sale equity investment	28,801	–	–	28,801

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Available-for-sale equity investment	98,515	–	–	98,515
Financial assets at fair value through profit or loss	–	12,637	–	12,637
	98,515	12,637	–	111,152

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(CONTINUED)*

Fair value hierarchy *(continued)*

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2013: Nil).

The Group did not have any financial liabilities measured at fair value as at 31 December 2014 (2013: Nil).

The Company did not have any financial assets and financial liabilities measured at fair value as at 31 December 2014 (2013: Nil).

Assets for which fair values are disclosed:

Group

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Held-to-maturity investments	491,638	–	–	491,638

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Held-to-maturity investments	243,134	–	–	243,134

NOTES TO FINANCIAL STATEMENTS

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise held-to-maturity investments, available-for-sale investments, bank loans and overdrafts, finance leases, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and cash equivalents and interest-bearing bank borrowings with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

For floating-rate borrowings, assuming the amount of liability outstanding as at the end of the reporting period was outstanding for the whole year, a 50-basis point increase/decrease in interest rates at 31 December 2014 and 2013 would have decreased/increased the Group's profit before tax by HK$2,395,000 and HK$723,000, respectively. The sensitivity to the interest rate used is considered reasonable, with all other variables held constant.

Cash at banks earns interest at floating rates based on daily bank deposit rates. A 50-basis point increase/decrease in interest rates at 31 December 2014 and 2013 would have increased/decreased the Group's profit before tax by HK$3,819,000 and HK$3,648,000, respectively. The sensitivity to the interest rate used is considered reasonable, with all other variables held constant.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales and purchases by operating units in currencies other than the units' functional currencies, mostly in United States dollars. The Group uses derivative financial instruments to reduce its foreign currency risk. As the Hong Kong dollar is pegged to the United States dollar, the Group does not anticipate significant movements in the exchange rate. The Group monitors the foreign exchange rate risk on an ongoing basis.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, held-to-maturity investments, amounts due from associates and other related companies, and deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 24 to the financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases. The Group's policy is to match the maturity of borrowings with expected cash inflows from the relevant assets acquired to ensure proper funding.

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

Liquidity risk *(continued)*

The maturity profile of the Group's financial liabilities as at end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group	2014			
	On demand or within 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Trade and bills payables	579,904	–	–	579,904
Financial liabilities included in other payables and accruals	417,206	–	–	417,206
Due to associates	16,729	–	–	16,729
Interest-bearing bank and other borrowings	1,014,429	4,080	–	1,018,509
	2,028,268	4,080	–	2,032,348

	2013			
	On demand or within 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Trade and bills payables	746,475	–	–	746,475
Financial liabilities included in other payables and accruals	427,433	–	–	427,433
Due to associates	228	–	–	228
Finance lease payables	138	23	–	161
Interest-bearing bank and other borrowings	172,930	–	–	172,930
	1,347,204	23	–	1,347,227

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

Liquidity risk *(continued)*

Company

	On demand or within 1 year 2014 HK$'000	2013 HK$'000
Other payables	2,472	230
Due to a subsidiary	842,847	–
	845,319	230
Bank guarantees provided for facilities utilised by subsidiaries	1,003,740	294,041

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from its available-for-sale investment (note 22) as at 31 December 2014. The Group's listed investment is listed on the Stock Exchange and is valued at quoted market prices at the end of the reporting period.

The Hong Kong Hang Seng Index at the close of business of the nearest trading day in the year to the end of the reporting period and its respective highest and lowest points during the year were as follows:

	31 December 2014	High/low 2014	31 December 2013	High/low 2013
Hong Kong – Hang Seng Index	23,605	25,318/ 21,182	23,306	24,112/ 19,426

The following table demonstrates the sensitivity to every 10% change in the fair value of equity investment, with all other variables held constant and before any impact on tax, based on its carrying amount at the end of the reporting period. For the purpose of this analysis, for the available-for-sale equity investment, the impact is deemed to be on the available-for-sale investment revaluation reserve and no account is given for factors such as impairment which might impact on the statement of profit or loss.

NOTES TO FINANCIAL STATEMENTS

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

Equity price risk *(continued)*

	Carrying amount of equity investments HK$'000	Increase/ decrease in profit before tax HK$'000	Increase/ decrease in equity* HK$'000
2014			
Investment listed in Hong Kong:			
– Available-for-sale	28,801	–	2,880
2013			
Investment listed in Hong Kong:			
– Available-for-sale	98,515	–	9,852

* Excluding retained profits

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, raise and repay debts or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 31 December 2013.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

Capital management *(continued)*

The Group monitors capital using a gearing ratio, which is total borrowings divided by the total shareholders' equity plus total borrowings. Total borrowings include interest-bearing bank and other borrowings. Total shareholders' equity comprises all components of equity attributable to ordinary equity holders of the Company. The Group's policy is to maintain the gearing ratio at a reasonable level. The gearing ratios as at the end of the reporting periods were as follows:

Group

	2014 HK$'000	2013 HK$'000
Total borrowings	1,015,325	171,513
Total shareholders' equity	2,134,230	2,232,460
Total borrowings and total shareholders' equity	3,149,555	2,403,973
Gearing ratio	32.2%	7.1%

NOTES TO FINANCIAL STATEMENTS

31 December 2014

46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

The table below lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation or registration/ business	Nominal value of issued ordinary share/ registered capital	Percentage of equity attributable to the Group 2014	2013	Principal activities
Glorious Sun Enterprises (BVI) Limited*	British Virgin Islands/ Hong Kong	US$200	100	100	Investment holding
Jeanswest (BVI) Limited#	British Virgin Islands	US$1	100	100	Investment holding
Jeanswest International (L) Limited#	Malaysia	US$1	100	100	Investment holding
Glorious Sun Licensing (L) Limited#	Malaysia	US$1	100	100	Holding of trademarks
Jeanswest Investments (Australia) Pty. Ltd.	Australia	AU$12,002,202	100	100	Investment holding
Jeanswest Wholesale Pty. Ltd.	Australia	AU$2	100	100	Trading of apparel
Jeanswest Corporation Pty. Ltd.	Australia	AU$11,000,000 Ordinary AU$1,000,000 A class shares	100	100	Retail of apparel in Australia

46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Name	Place of incorporation or registration/ business	Nominal value of issued ordinary share/ registered capital	Percentage of equity attributable to the Group 2014	2013	Principal activities
Goldpromise Limited#	British Virgin Islands	US$2	100	100	Investment holding
Jeanswest Corporation (New Zealand) Limited	New Zealand	NZ$1,191,264 Ordinary	100	100	Retail of apparel in New Zealand
JW e-tailing (HK) Limited#	Hong Kong	HK$2 Ordinary	100	100	Trading of apparel
Jeanswest International (H.K.) Limited	Hong Kong/ Mainland China	HK$10,000,000 Ordinary	100	100	Retail of apparel in Mainland China
Advancetex Investment Limited	Hong Kong/ Mainland China	HK$10,000,000 Ordinary	100	100	Retail of apparel in Mainland China
Glorious Sun Industries (BVI) Limited#	British Virgin Islands	US$1	100	100	Investment holding
Pacific Potential Trading Company Limited	Hong Kong	HK$200,000 Ordinary	100	100	Provision of agency services
Advancetex International Trading (HK) Company Limited	Hong Kong	HK$6,000,000 Ordinary	100	100	Trading and production of apparel
Advancetex Fashion Garment Mfy. (Hui Zhou) Limited**#	Mainland China	US$6,128,000	100	100	Manufacturing of apparel

NOTES TO FINANCIAL STATEMENTS

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46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Name	Place of incorporation or registration/ business	Nominal value of issued ordinary share/ registered capital	Percentage of equity attributable to the Group 2014	2013	Principal activities
Jeanswest Apparels (China) Company Limited (真維斯服飾(中國)有限公司) ***#@	Mainland China	US$10,000,000	**100**	100	Manufacturing and trading of apparel
Da Jin Trading (Huizhou) Company Limited (大進貿易(惠州)有限公司) **#@	Mainland China	HK$500,000	**100**	100	Trading of apparel
Rand Design Limited#	Hong Kong	HK$1 Ordinary	**100**	100	Garment design and trading of apparel
Rays The Glorious Investment (BVI) Limited#	British Virgin Islands	US$1	**100**	100	Investment holding
Full Yuen Investments Limited#	Hong Kong	HK$2 Ordinary	**100**	100	Investment holding
Jeanswest Overseas Development Limited	Hong Kong	HK$10,000 Ordinary	**100**	100	Investment holding
Shijiazhuang Changhong Building Decoration Engineering Company Limited ("Shijiazhuang Changhong") (石家莊常宏建築裝飾工程有限公司) ***#@	Mainland China	US$5,150,000	**65**	65	Provision of interior decoration and renovation services

46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES *(CONTINUED)*

* Directly held by the Company

** Registered as wholly-foreign-owned enterprises under PRC law

*** Registered as Sino-foreign equity joint ventures under PRC law

Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

@ Official names of these entities are in Chinese. The English translation of the names is for identification purposes only

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2014	2013
Shijiazhuang Changhong		
Percentage of equity interest held by non-controlling interests	35.0%	35.0%

	2014 HK$'000	2013 HK$'000
Shijiazhuang Changhong		
Profit for the year allocated to non-controlling interests	3,185	1,849
Dividends paid to non-controlling interests	2,888	18,429
Accumulated balances of non-controlling interests at the reporting dates	21,271	20,974

NOTES TO FINANCIAL STATEMENTS

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46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES *(CONTINUED)*

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

Shijiazhuang Changhong	2014 HK$'000	2013 HK$'000
Revenue	327,923	317,182
Total expenses	(318,871)	(311,892)
Profit for the year	9,052	5,290
Total comprehensive income for the year	9,052	7,039
Current assets	197,952	191,277
Non-current assets	32,925	27,047
Current liabilities	(171,198)	(159,447)
Net cash flows from operating activities	3,630	39,579
Net cash flows used in investing activities	(10,870)	(3,719)
Net cash flows used in financing activities	(2,108)	(32,210)
Net increase/(decrease) in cash and cash equivalents	(9,348)	3,650

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2015.

PARTICULARS OF PROPERTIES

31 December 2014

INVESTMENT PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
Unit A on Level 1 of No.69 Taiyuan North Street Heping District, Shenyang, Liaoning Province, the People's Republic of China	Commercial	Medium term lease	100%
Unit 2205 on Level 22, Units 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308 and 2309 on Level 23, and Units 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408 and 2409 on Level 24 of Ruihe Centre situated at No. 63 Tannan Road, Changan District, Shijiazhuang, Hebei Province, the People's Republic of China	Commercial	Medium term lease	100%

FINANCIAL SUMMARY

A summary of the results of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000
CONTINUING OPERATIONS					
REVENUE	**5,854,683**	6,754,220	6,801,829	6,258,407	5,446,974
Operating profit	**139,443**	79,540	202,262	403,036	383,803
Share of profits and losses of associates	**7,460**	15,804	9,278	4,455	40,640
Profit before tax	**146,903**	95,344	211,540	407,491	424,443
Income tax expense	**(25,022)**	(47,626)	(22,395)	(70,013)	(70,135)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**121,881**	47,718	189,145	337,478	354,308
DISCONTINUED OPERATION					
Profit/(loss) for the year from a discontinued operation	**–**	69,212	(56,511)	(27,489)	3,121
Profit for the year	**121,881**	116,930	132,634	309,989	357,429
Attributable to:					
Ordinary equity holders of the Company	**119,405**	138,455	160,876	317,268	363,608
Non-controlling interests	**2,476**	(21,525)	(28,242)	(7,279)	(6,179)
	121,881	116,930	132,634	309,989	357,429

FINANCIAL SUMMARY

A summary of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000
TOTAL ASSETS	4,836,549	4,284,619	5,243,934	5,135,273	5,077,014
TOTAL LIABILITIES	2,690,983	2,040,411	2,709,810	2,487,295	2,440,160
NON-CONTROLLING INTERESTS	11,336	11,748	114,379	135,180	132,846
	2,134,230	2,232,460	2,419,745	2,512,798	2,504,008


JEANSWEST
E.N.G.L.A.N.D
S.T.Y.L.E
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