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GLORIOUS SUN ENTERPRISES LIMITED

旭日企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 393)

Announcement of Results For the year ended 31 December 2023

ANNUAL RESULTS

The board of directors (the “Board”) of Glorious Sun Enterprises Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
REVENUE			
Revenue from contracts with customers		771,522	1,018,111
Revenue from other sources:			
Interest income from debt investments at amortised cost		33,218	32,264
Others		16,497	10,306
		<hr/>	<hr/>
Cost of sales	(3)	821,237 (660,878)	1,060,681 (898,006)
Gross profit		160,359	162,675
Other income and gains		120,953	55,765
Selling and distribution expenses		(16,717)	(17,452)
Administrative expenses		(86,293)	(92,778)
Other expenses		(1,859)	(14,076)
Loss on derecognition of a debt investment at amortised cost		-	(4,697)
Impairment loss on debt investments at amortised cost, net		(112,971)	(34,032)
Impairment loss on other financial and contract assets, net		(9,112)	(7,505)
Finance costs	(4)	(2,510)	(3,335)
		<hr/>	<hr/>
PROFIT BEFORE TAX	(5)	51,850	44,565
Income tax (expense)/credit	(6)	(7,559)	929
		<hr/>	<hr/>
PROFIT FOR THE YEAR		44,291	45,494
		<hr/>	<hr/>
Attributable to:			
Ordinary equity holders of the Company		43,610	39,229
Non-controlling interests		681	6,265
		<hr/>	<hr/>
		44,291	45,494
		<hr/>	<hr/>
		<i>HK cents</i>	<i>HK cents</i>
EARNINGS PER SHARE ATTRIBUTABLE TO			
ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	(8)		
For profit for the year		2.86	2.57
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
PROFIT FOR THE YEAR	44,291	45,494
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>(895)</u>	<u>(7,461)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(895)</u>	<u>(7,461)</u>
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Financial assets at fair value through other comprehensive income:		
Change in fair value	4,514	20,218
Income tax effect	<u>(92)</u>	<u>(3)</u>
	<u>4,422</u>	<u>20,215</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>4,422</u>	<u>20,215</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	3,527	12,754
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	47,818	58,248
Attributable to:		
Ordinary equity holders of the Company	47,627	53,724
Non-controlling interests	<u>191</u>	<u>4,524</u>
	<u>47,818</u>	<u>58,248</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		14,315	14,439
Right-of-use assets		21,230	16,035
Debt investments at amortised cost		197,167	277,336
Financial assets at fair value through other comprehensive income		576,054	103,405
Rental deposits		2,228	1,813
Deferred tax assets		11,386	9,178
Total non-current assets		<u>822,380</u>	<u>422,206</u>
CURRENT ASSETS			
Inventories		223,407	159,757
Trade and bills receivables	(9)	192,355	242,361
Prepayments, deposits and other receivables		44,827	66,101
Contract assets		25,860	53,548
Due from related companies		6,216	6,577
Financial assets at fair value through profit or loss		33,393	-
Time deposit with original maturity of over three months when acquired		239	236
Cash and cash equivalents		1,703,918	2,166,743
Total current assets		<u>2,230,215</u>	<u>2,695,323</u>
CURRENT LIABILITIES			
Trade payables	(10)	139,359	137,948
Contract liabilities		196,743	198,894
Other payables and accruals		295,866	277,163
Deferred income		-	1,041
Interest-bearing bank borrowings		14,175	48,755
Lease liabilities		6,378	5,698
Tax payable		3,326	3,241
Total current liabilities		<u>655,847</u>	<u>672,740</u>
NET CURRENT ASSETS		<u>1,574,368</u>	<u>2,022,583</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,396,748</u>	<u>2,444,789</u>
NON-CURRENT LIABILITIES			
Lease liabilities		18,039	14,302
Deferred tax liabilities		1,300	874
Total non-current liabilities		<u>19,339</u>	<u>15,176</u>
Net assets		<u>2,377,409</u>	<u>2,429,613</u>
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	(11)	152,264	152,798
Treasury shares	(11)	(4,139)	-
Reserves		2,228,404	2,276,023
		<u>2,376,529</u>	<u>2,428,821</u>
Non-controlling interests		<u>880</u>	<u>792</u>
Total equity		<u>2,377,409</u>	<u>2,429,613</u>

NOTES

(1) BASIS OF PREPARATION

The 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 the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain investments which have been measured at fair value.

The financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

(2) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in the financial statements.

The Group has not early adopted any other new or amended HKFRSs that have been issued but have not yet been effective for the current accounting year.

(3) OPERATING SEGMENT INFORMATION

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

- (a) the “financial investments” segment engages in treasury management and consulting services;
- (b) the “interior decoration and renovation” segment engages in the interior decoration and renovation, and the sale of furniture business;
- (c) the “export operations” segment engages in exports of apparel; and
- (d) the “retail, franchise and others” segment mainly includes retail operation in Hong Kong and franchise sales under the “Jeanswest” brand in overseas markets within the casual wear and apparel domain.

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

(3) OPERATING SEGMENT INFORMATION *(continued)*

Information regarding the Group's reportable segments, together with their related comparative information, is presented below:

Year ended 31 December 2023					
	Financial investments <i>HK\$'000</i>	Interior decoration and renovation <i>HK\$'000</i>	Export operations <i>HK\$'000</i>	Retail, franchise and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue					
Revenue from external parties	49,715	468,726	244,313	58,483	821,237
Other income and gains	<u>6,393</u>	<u>1,865</u>	<u>4,309</u>	<u>3,753</u>	<u>16,320</u>
Total	<u>56,108</u>	<u>470,591</u>	<u>248,622</u>	<u>62,236</u>	<u>837,557</u>
Segment results	<u>(66,386)</u>	<u>3,588</u>	<u>10,359</u>	<u>10,377</u>	(42,062)
Interest income					96,648
Unallocated income					7,985
Corporate and other unallocated expenses					(9,417)
Finance costs (other than interest on lease liabilities)					<u>(1,304)</u>
Profit before tax					<u>51,850</u>
Year ended 31 December 2022					
	Financial investments <i>HK\$'000</i>	Interior decoration and renovation <i>HK\$'000</i>	Export operations <i>HK\$'000</i>	Retail, franchise and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue					
Revenue from external parties	42,570	701,643	268,191	48,277	1,060,681
Other income and gains	<u>8,376</u>	<u>3,363</u>	<u>4,840</u>	<u>5,898</u>	<u>22,477</u>
Total	<u>50,946</u>	<u>705,006</u>	<u>273,031</u>	<u>54,175</u>	<u>1,083,158</u>
Segment results	<u>8,332</u>	<u>13,968</u>	<u>10,535</u>	<u>8,049</u>	40,884
Interest income					31,111
Unallocated income					2,177
Corporate and other unallocated expenses					(27,475)
Finance costs (other than interest on lease liabilities)					<u>(2,132)</u>
Profit before tax					<u>44,565</u>

(4) FINANCE COSTS

An analysis of finance costs is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank loans	1,304	2,132
Interest on lease liabilities	<u>1,206</u>	<u>1,203</u>
	<u><u>2,510</u></u>	<u><u>3,335</u></u>

(5) PROFIT BEFORE TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cost of inventories sold	529,972	491,713
Cost of services rendered	135,410	405,970
Depreciation of property, plant and equipment	3,494	3,021
Depreciation of right-of-use assets	5,921	6,287
Loss on disposal of items of property, plant and equipment, net	68	93
Gain on termination of tenancy agreements, net	(90)	(19)
Bank interest income	<u>(96,648)</u>	<u>(31,111)</u>

(6) INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2022: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current - Hong Kong		
Charge for the year	6,028	4,259
Overprovision in prior years	<u>(26)</u>	<u>(9)</u>
	6,002	4,250
Current - Elsewhere		
Charge for the year	4,570	5,244
Overprovision in prior years	<u>(985)</u>	<u>(10,470)</u>
	3,585	(5,226)
Deferred	<u>(2,028)</u>	<u>47</u>
Total tax charge/(credit) for the year	<u><u>7,559</u></u>	<u><u>(929)</u></u>

(7) DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interim - HK2.00 cents (2022: HK2.00 cents) per ordinary share	30,453	30,560
Adjustment on interim dividend	(1)	-
	30,452	30,560
Proposed final - HK4.80 cents (2022: HK4.00 cents) per ordinary share	72,807	61,119

The proposed final dividend for the year ended 31 December 2023 calculated by reference to the 1,516,808,000 shares in issue on 25 March 2024 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.

(8) EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$43,610,000 (2022: HK\$39,229,000) and the weighted average number of ordinary shares of 1,524,438,630 (2022: 1,527,985,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

(9) TRADE AND BILLS RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	191,485	242,361
Bills receivables	870	-
	192,355	242,361

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Less than 4 months	143,530	203,739
4 to 6 months	33,360	33,622
7 to 12 months	3,686	4,731
Over 1 year	11,779	269
	192,355	242,361

The credit period is generally 15 days to 90 days. The trade and bills receivables are non-interest-bearing.

(10) TRADE PAYABLES

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Less than 4 months	138,760	136,008
4 to 6 months	549	944
Over 6 months	50	996
	<u>139,359</u>	<u>137,948</u>

The trade payables are non-interest-bearing and are normally settled on 90-day (2022: 90-day) terms.

(11) SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares			
	2023 '000	2022 '000	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Issued and fully paid: Ordinary shares of HK\$0.10 each	<u>1,522,644</u>	<u>1,527,984</u>	<u>152,264</u>	<u>152,798</u>

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

	Number of issued shares '000	Issued capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2022	1,530,028	153,003	740,325	893,328
Cancellation of shares repurchased	<u>(2,044)</u>	<u>(205)</u>	<u>(1,507)</u>	<u>(1,712)</u>
At 31 December 2022	1,527,984	152,798	738,818	891,616
Cancellation of shares repurchased	<u>(5,340)</u>	<u>(534)</u>	<u>(3,675)</u>	<u>(4,209)</u>
At 31 December 2023	<u>1,522,644</u>	<u>152,264</u>	<u>735,143</u>	<u>887,407</u>

(11) SHARE CAPITAL AND TREASURY SHARES *(continued)*

A summary of movements in the Company's treasury shares is as follows:

	Number of ordinary shares			
	2023 '000	2022 '000	2023 HK\$'000	2022 HK\$'000
At 1 January	-	1,992	-	(1,661)
Treasury shares repurchased	10,312	52	(8,348)	(51)
Cancellation of shares repurchased	(5,340)	(2,044)	4,209	1,712
At 31 December	<u>4,972</u>	<u>-</u>	<u>(4,139)</u>	<u>-</u>

During the year ended 31 December 2023, the Company repurchased 10,312,000 of its own ordinary shares on the Stock Exchange at an aggregate consideration of approximately HK\$8,348,000. As at 31 December 2023, 4,972,000 repurchased ordinary shares of approximately HK\$4,139,000 were not yet cancelled by the Company and included in "Treasury Shares". These shares and 864,000 ordinary shares repurchased of approximately HK\$715,000 (before expenses) in January 2024 and February 2024 were subsequently cancelled on 18 March 2024.

(12) EVENTS AFTER THE END OF THE REPORTING PERIOD

As China Construction Bank Corporation ("CCB") and Industrial, Commercial Bank of China Limited ("ICBC") and Bank of China Limited ("BOC"), are among the market leaders in the banking industry, purchases and holding of their shares represent opportunities to acquire attractive investments and enhance investment returns for the Group.

In January 2024, the Group further acquired 31,050,000 CCB Shares, 88,020,000 ICBC Shares and 59,824,000 BOC Shares through the open market. The total consideration (excluding stamp duty and related expenses) was HK\$644,393,680.

At a special general meeting of the Company held on 21 February 2024, the CCB and ICBC acquisition mandates to authorise the directors of the Company in advance to conduct the further CCB and ICBC acquisitions for an aggregate amount of not exceeding HK\$200 million (excluding stamp duty and related expenses) for each of further CCB acquisitions and further ICBC acquisitions in open market during the 12 months from 21 February 2024 ("Acquisition Mandates") were approved and confirmed.

Details of the transactions and Acquisition Mandates were set out in the announcements of the Company dated 16 January 2024, 17 January 2024, 25 January 2024, 30 January 2024, 2 February 2024 and 21 February 2024 and the circular of the Company dated 5 February 2024.

As of the date of this announcement, neither CCB Shares nor ICBC Shares have been acquired under the Acquisition Mandates and the Group is interested in 110,550,000 CCB Shares, 128,453,000 ICBC Shares and 72,824,000 BOC Shares (representing approximately 0.04422% of the total issued share capital of CCB, 0.03604% of the total issued share capital of ICBC and 0.02474% of the total issued share capital of BOC as at the announcement date, respectively).

DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK4.80 cents (2022: HK4.00 cents) per share for the year ended 31 December 2023 at the forthcoming annual general meeting to be held on Friday, 24 May 2024. The final dividend amounting to HK\$72,807,000, if approved by the shareholders of the Company, will be paid on Wednesday, 19 June 2024, to those shareholders whose names appear on the register of members of the Company on Monday, 3 June 2024.

RESULTS

In 2023, inflation, interest rate hikes to curb inflation, war and geopolitical issues were global events which were of great concern to political and business leaders. The global recovery from the COVID-19 epidemic remained slow and uneven. Some economic activities were still struggling to return to pre-epidemic levels. In order to suppress severe inflation, the Federal Reserve began an interest rate hike cycle in early 2022, raising the federal funds rate from 0.25% to 5.5%, which was a rare move in history. On the geopolitical front, while the conflict between Russia and Ukraine had not yet been resolved, another war broke out between Israel and Palestine, further intensifying global geopolitical tensions, although significant disruption to oil supply had not yet occurred.

China's economic activities continued to recover in the first half of the year, supported by a series of stimulus policies and measures implemented by the central government. The economy and consumption activities gradually returned to normal. Although the real estate bubble in the Mainland and the trade tensions between China and US slowed down exports, the economic data for the year still managed to meet the expected growth of 5.2%. However, the business and investment model in the past decade that relied on low-interest rates with high leverage became outdated. Therefore, China's economy needed to shift from a high-growth phase to a phase of high-quality development.

Hong Kong's economy grew by 3.2% in 2023 with tourism and personal consumption serving as the pillars of economic growth. However, geopolitical tensions and tight financial conditions put pressure on exports of goods, investment and consumption sentiment. The global trend of "working from home" led to the commercial office vacancy rate of 16.4% for Grade A office buildings. After more than ten years of an upward cycle in the real estate market, the extreme optimism about real estate in the past had gradually cooled down. Hong Kong was experiencing a change in the real estate cycle. Coupled with the rise of "working from home", Hong Kong's consumption patterns posed a serious and thought-provoking question on how to adapt.

At the beginning of the year, the Group set the strategy of "continuing to implement high-quality development" adhering to the market-oriented and customer-oriented approach. We strived for progress through innovation and persistence aiming towards "specialisation, refinement, differentiation, and innovation" in order to enhance our competitiveness and competency. We unswervingly adhered to the result-oriented approach and sought investment and development opportunities in response to market conditions.

Under the global interest rate hike cycle and the slowdown in the Mainland consumption, the Group's turnover decreased to HK\$821,237,000. Mainland's real estate market continued to face challenges and impairment provisions were made for the real estate bonds held by the Group in accordance with accounting standards. However, these provisions were non-cash items and did not have any impact on our cash flow. The Group invested in high-quality, high-interest blue-chip stocks and fixed time deposits resulting in substantial returns. Therefore, the attributable profit to shareholders was HK\$43,610,000, increased by 11.17% compared with the previous year.

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

	2023	2022	Change
<i>(Unit: HK\$'000)</i>			
Consolidated revenue	821,237	1,060,681	-22.57%
of which:			
A. Financial investments	49,715	42,570	+16.78%
B. Interior decoration and renovation	468,726	701,643	-33.20%
C. Export operations	244,313	268,191	-8.90%
D. Hong Kong retailing and overseas franchising	58,291	48,259	+20.79%
Profit attributable to ordinary equity holders of the Company	43,610	39,229	+11.17%

<i>(Unit: HK cents)</i>			
Earnings per share (basic)	2.86	2.57	+11.28%
Dividend per share			
— Final	4.80	4.00	+20.00%
— Total	6.80	6.00	+13.33%

	As at 31 December 2023	As at 31 December 2022	Change
<i>(Unit: HK\$'000)</i>			
Net cash and near cash in hand*	2,488,966	2,491,700	-0.11%

* “Net cash and near cash in hand” consists of debt investments at amortised cost, listed equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss, time deposit with original maturity of over three months when acquired, cash and cash equivalents, net of interest-bearing bank borrowings.

REVIEW OF BUSINESSES

Financial Investments

The Management of our corporate financial investments had to face various challenges in the year under review. The central banks worldwide raised interest rates in a series of aggressive measures in the first three quarters of the year. The war between Russia and Ukraine was still ongoing. It remained to be seen if the Israel-Palestine conflict would spread to other regions in the Middle East. Geopolitical risks raised sharply. During the year, the Management prudently invested in high-quality, high-yield blue-chip stocks for long-term investment. These investments were expected to contribute stable and handsome dividend income. At present, the valuation of Hong Kong stocks has fallen to an attractive level and the market confidence is gradually improving. We will continue to look for suitable investment opportunities.

At the beginning of the year, the Group’s securities investment portfolio was HK\$373,476,000. Because of the holdings of blue-chip stocks and the income from the US Dollar bond, for the year ended 31 December 2023, the total income of the financial investment business was HK\$49,715,000 (2022: HK\$42,570,000), showing an increase of 16.78% over the same period last year. As at 31 December 2023, the Group’s securities investment holding had a net carrying amount of HK\$766,375,000.

Interior Decoration and Renovation

In 2023, the Group continued to improve the infrastructure of its service guarantee and committed to providing customers with one-stop green store solutions. We also won the national “2023 Business Quality Award” from the China Chamber of Commerce. Nonetheless the overall economic downturn in Mainland China inevitably had negative impacts on the interior decoration and renovation industry. However, the Group continued to progress while maintaining stability and cultivating better relationship with its target customers.

For the year ended 31 December 2023, our financial performance was hit by the unfavourable currency translation rate between RMB and Hong Kong dollars. The total turnover of the interior decoration and renovation business was HK\$468,726,000 (2022: HK\$701,643,000), representing a decrease of 33.20% compared with the previous year.

Export Operations

The export operations of the Group was mainly composed of “import & export trading” and “design centers”, and the main market was still in the US. Attributed to high inflation, the cost of spending rose sharply. The retail industry encountered difficulties. Generally, retail inventories increased relatively in the fourth quarter and the export business was dragged down. We successfully obtained some new projects with active efforts, creating conditions for future business success.

For the year ended 31 December 2023, the total export turnover was HK\$244,313,000 (2022: HK\$268,191,000), representing a decrease of 8.90%.

Hong Kong Retailing and Overseas Franchising

The recovery of Hong Kong’s retail market was behind expectation and local consumption trends were weak. The tight manpower at the storefront also limited the expansion of the store network. The current strategy is to maintain store scale through flexible leasing as much as possible. The recovery situation in various countries was uneven. Due to the impact of high inflation and economic downturn, franchisees generally adopted conservative operating strategies. Although the situation in the Middle East was unstable, thanks to the sharp rebound in oil prices compared with the epidemic period, the export volume of relevant markets last year exceeded the pre-epidemic level.

For the year ended 31 December 2023, the total turnover of Jeanswest in Hong Kong and overseas was HK\$58,291,000 (2022: HK\$48,259,000), representing an increase of 20.79% compared with last year.

FINANCIAL POSITION

Liquidity and Financial Resources

During the year, the financial position of the Group was solid. As at 31 December 2023, the Group held net cash and near cash in hand of HK\$2,488,966,000 (31 December 2022: HK\$2,491,700,000), representing a slight decrease of 0.11% from the previous year.

Financial investments held

The investments held by the Group were debt instruments and stocks of listed companies. On 31 December 2023, due to the impact of additional impairment provisions for bonds and the purchase of blue-chip high-yield bank stocks of approximately HK\$468,385,000, the net carrying amount of the Group’s investments was HK\$766,375,000 (31 December 2022: HK\$373,476,000), an increase of HK\$392,899,000.

HUMAN RESOURCES

As at 31 December 2023, the Group employed 464 members of staff (31 December 2022: 490). Furthermore, incentives were granted to employees depending on the Group's overall performance and individual performance.

SOCIAL RESPONSIBILITY

It was the commitment of the Management that while maximising returns for shareholders, the Group had to take up its social responsibilities. The Group adheres to the tenet of "Keep personal virtues when in distress and benefit the public when in power" and focuses on implementing "helping people in crisis". Therefore, we demanded our sub-contractors strictly adhere to stringent environmental protection policies and regulations in their production process. We also supported and sponsored charitable activities to help the society.

PROSPECTS

Despite discussions in the market about the gradual easing of inflation in US in 2024 and the start of interest rate cuts in the second half of the year, the economic conditions and the labour market remain robust. With the increased likelihood of the Federal Reserve lowering the federal funds rate this year and the continued advancement of artificial intelligence driving new opportunities for businesses, Wall Street's stock markets had an ideal start in early 2024, with the Dow Jones Industrial Average repeatedly hitting record highs. This year being a US presidential election year, the White House is inclined to introduce economic stimulus policies to boost the economy, which will benefit the development of the economy and stock market, thereby instilling greater confidence in the prospects of the United States.

On the Chinese front, economic activities have normalised after the epidemic with various stimulus measures implemented by the Mainland government to stimulate the economy. There is a "moderate recovery" trend this year to further promote economic growth. China's economy is now showing a "dual-track" growth pattern, stabilising the domestic real estate market while emphasizing industrial development led by technological innovation, high-quality growth driven by domestic demand. Green economy, consumption and high-tech are becoming new driving forces for Mainland economic growth. The market expects the Mainland government to implement proactive policies, grasp key opportunities, and promote effective and qualitative improvements as well as reasonable growth in the economy.

In Hong Kong, due to structural changes, its economy and real estate market are temporarily facing challenges. The Hong Kong retail industry overly reliant on Mainland tourist consumption in the past two decades. Now it is suffering from a sudden trend of Hong Kong residents travelling north for leisure and consumption. Also, the rise of "work from home" and the high rents resulting from past asset bubbles have suppressed the retail and catering service industries. However, household consumption and online shopping have become increasingly popular, indicating that the consumer patterns in Hong Kong are undergoing changes. Therefore, we will study how to integrate into the national development agenda, especially in the field of innovation, technology, and artificial intelligence, and explore new business opportunities.

The Group will continue to adhere to the goals set at the beginning of last year and implement the principles of persevering "high-quality development" and "results-oriented" this year. We will focus on core business, act within our capabilities, concentrate resources, time and energy on the most profitable and promising businesses, and constantly maintain and enhance our competitiveness, aiming for sustainable, high-quality development. Based on the belief that the global political and economic conditions have remained complex in recent years and market sentiment has been relatively sluggish, we have prudently managed the Group's funds. As the market has gone through several years of adjustment, we believe that opportunities often arise when others are fearful. In such a sluggish stock market, we will actively identify investment opportunities in selected industries and even specific companies with attractive investment opportunities and make investments at the appropriate time, with the expectation of delivering better returns for shareholders.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year 2024 will be held on Friday, 24 May 2024. For details of the annual general meeting, please refer to the notice of annual general meeting of the Company which is expected to be published on the websites of the Company (www.glorisun.com) and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (www.hkexnews.hk) on or around Thursday, 25 April 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 21 May 2024 to Friday, 24 May 2024, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the entitlement to attend and vote at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Monday, 20 May 2024.

The register of members of the Company will also be closed from Thursday, 30 May 2024 to Monday, 3 June 2024, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 29 May 2024.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the year ended 31 December 2023.

SCOPE OF WORK OF THE COMPANY’S AUDITOR ERNST & YOUNG (“EY”)

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Company’s auditor to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by the Company’s auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company’s auditor on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group’s consolidated financial statements for the year ended 31 December 2023, including the accounting principles adopted by the Group, with the Company’s management. The Audit Committee is to assist the Board to fulfill the functions of reviewing and monitoring the financial reporting procedures, risk management and internal control systems of the Group. The Audit Committee currently consists of three Independent Non-executive Directors, namely Mr. Lau Hon Chuen, Ambrose (Committee Chairman), Mr. Ng Wing Ka, Jimmy and Mr. Choi Tak Shing, Stanley.

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

During the year, the Company repurchased a total of 10,312,000 shares of the Company on the Stock Exchange.

Details of the repurchases are as follows:

Month of repurchase	Number of shares repurchased	Price per share		Aggregate price (before expenses) HK\$'000
		Highest HK\$	Lowest HK\$	
June 2023	1,040,000	0.77	0.72	772
July 2023	4,300,000	0.84	0.76	3,416
September 2023	2,028,000	0.84	0.81	1,677
October 2023	1,864,000	0.85	0.82	1,548
November 2023	480,000	0.85	0.83	402
December 2023	600,000	0.83	0.82	496
	10,312,000			8,311

Subsequently, the Company repurchased a total of 864,000 shares in January and February 2024 at the aggregate price of approximately HK\$715,000 (before expenses).

All the repurchased shares were subsequently cancelled by the Company.

The above repurchases of the Company's shares were effected by the Directors, pursuant to the mandate from shareholders received at the annual general meeting of the Company for the year 2023, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Save 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.

APPRECIATION

The Board would like to take this opportunity to express its sincere appreciation to the shareholders for their support, and to the Management and staff for their dedicated efforts.

By Order of the Board
Glorious Sun Enterprises Limited
Dr. Charles Yeung, GBS, JP
Chairman

Hong Kong, 25 March 2024

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

Executive Directors:

Dr. Charles Yeung, GBS, JP, Yeung Chun Fan, BBS, Hui Chung Shing, Herman, GBS, MH, JP, Ms. Cheung Wai Yee and Ms. Yeung Yin Chi, Jennifer

Independent Non-executive Directors:

Lau Hon Chuen, Ambrose, GBS, JP, Dr. Chan Chung Bun, Bunny, GBM, GBS, JP, Ng Wing Ka, Jimmy, BBS, JP and Choi Tak Shing, Stanley, JP