THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers for independent advice.

If you have sold or transferred all your shares in Glorious Sun Enterprises Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or transferee(s).

GLORIOUS SUN ENTERPRISES LIMITED
旭 日 企 業 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code : 393)

(1) POSSIBLE VERY SUBSTANTIAL ACQUISITIONS VARIATION OF TERMS IN RELATION TO THE ORIGINAL ACQUISITION MANDATES AND (2) NOTICE OF SPECIAL GENERAL MEETING

Capitalised terms used on this cover page have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 5 to 14 of this circular. The SGM of the Company will be held at The Dynasty Club, 7th Floor, South West Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong on Friday, 24 May 2024 immediately following the conclusion of the annual general meeting of the Company which is scheduled to be held at 3:30 p.m. on the same date. A notice convening the SGM is set out on pages SGM-1 to SGM-3 of this circular.

A form of proxy for the SGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the SGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or at any adjourned meeting thereof should you so wish.

Hong Kong, 3 May 2024

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Board"	the board of Directors;
"BOC"	Bank of China Limited, a company incorporated in the PRC with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 3988) and the Shanghai Stock Exchange (stock code: 601988), respectively;
"BOC Shares"	ordinary shares in the share capital of BOC;
"CCB"	China Construction Bank Corporation, a company incorporated in the PRC with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 939) and the Shanghai Stock Exchange (stock code: 601939), respectively;
"CCB Group"	CCB and its subsidiaries;
"CCB Shares"	ordinary shares in the share capital of CCB;
"close associates"	has the meaning ascribed to it under the Listing Rules;
"Company"	Glorious Sun Enterprises Limited 旭日企業有限公司, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Director(s)"	director(s) of the Company;
"Further Acquisitions"	the Further CCB Acquisitions and the Further ICBC Acquisitions;
"Further CCB Acquisitions"	the possible acquisitions of the CCB Shares in an aggregate amount not exceeding HK$400 million (excluding stamp duty and related expenses) in open market transactions on an ongoing basis, details of which are more particularly set out in this circular;
"Further ICBC Acquisitions"	the possible acquisitions of the ICBC Shares in an aggregate amount not exceeding HK$400 million (excluding stamp duty and related expenses) in open market transactions on an ongoing basis, details of which are more particularly set out in this circular;

"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"ICBC"	Industrial and Commercial Bank of China Limited, a commercial bank established in the PRC whose shares are listed on the Main Board of the Stock Exchange (stock code: 1398) and the Shanghai Stock Exchange (stock code: 601398), respectively;
"ICBC Group"	ICBC and its subsidiaries;
"ICBC Shares"	ordinary shares in the share capital of ICBC;
"Latest Practicable Date"	26 April 2024, being the latest practicable date for ascertaining certain information referred to in this circular prior to its printing;
"Listing Rules"	the rules governing the listing of securities on the Stock Exchange;
"Mandate Period"	the period of 12 months from the date on which the ordinary resolutions in relation to the Revised Acquisition Mandates and the Further Acquisitions are duly passed by the Shareholders at the SGM;
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix C3 to the Listing Rules;
"Original Acquisition Mandates"	collectively, the Original CCB Acquisition Mandate and the Original ICBC Acquisition Mandate;
"Original CCB Acquisition Mandate"	the specific mandate in relation to the acquisition of the CCB Shares in an aggregate amount not exceeding HK$200 million (excluding stamp duty and related expenses), which was approved at the Previous SGM;
"Original ICBC Acquisition Mandate"	the specific mandate in relation to the acquisition of the ICBC Shares in an aggregate amount not exceeding HK$200 million (excluding stamp duty and related expenses), which was approved at the Previous SGM;
"percentage ratio(s)"	has the meaning ascribed to it under the Listing Rules;

"PRC" or "Mainland China"	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan;
"Previous CCB Acquisitions"	acquisition by the Company of an aggregate of 96,050,000 CCB Shares through a series of transactions for a total consideration (excluding stamp duty and related expenses) of HK$425,632,880 within the 12-month period immediately preceding and up to the Latest Practicable Date;
"Previous ICBC Acquisitions"	acquisition by the Company of an aggregate of 108,020,000 ICBC Shares through a series of transactions for a total consideration (excluding stamp duty and related expenses) of HK$404,555,880 within the 12-month period immediately preceding and up to the Latest Practicable Date;
"Previous SGM"	the special general meeting of the Company held on 21 February 2024 at which the Original Acquisition Mandates were approved;
"Revised Acquisition Mandates"	collectively, the Revised CCB Acquisition Mandate and the Revised ICBC Acquisition Mandate;
"Revised CCB Acquisition Mandate"	the specific mandate proposed by the Board in order to seek Shareholders' approval at the SGM to authorise the Board to conduct the Further CCB Acquisitions during the Mandate Period;
"Revised ICBC Acquisition Mandate"	the specific mandate proposed by the Board in order to seek Shareholders' approval at the SGM to authorise the Board to conduct the Further ICBC Acquisitions during the Mandate Period;
"RMB"	Renminbi, the lawful currency of the PRC;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
"SGM"	the special general meeting of the Company to be convened to approve the Revised Acquisition Mandates and the Further Acquisitions;
"Shareholders"	the shareholders of the Company;
"Shares"	ordinary shares in the share capital of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;

"subsidiaries"	has the meaning ascribed to it under the Listing Rules;
"substantial shareholders"	has the meaning ascribed to it under the Listing Rules;
"U.S."	the United States of America;
"US$"	U.S. dollars, the lawful currency of the U.S.; and
"%"	per cent.

GLORIOUS SUN ENTERPRISES LIMITED
旭日企業有限公司

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

Executive Directors:
Dr. Charles Yeung, GBS, JP *(Chairman)*
Yeung Chun Fan, BBS *(Vice-chairman)*
Hui Chung Shing, Herman, GBS, MH, JP
Ms. Cheung Wai Yee
Ms. Yeung Yin Chi, Jennifer

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Independent Non-executive Directors:
Lau Hon Chuen, Ambrose, GBS, JP
Dr. Chan Chung Bun, Bunny, GBM, GBS, JP
Ng Wing Ka, Jimmy, BBS, JP
Choi Tak Shing, Stanley, JP

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

3 May 2024

To the Shareholders

Dear Sir or Madam,

(1) POSSIBLE VERY SUBSTANTIAL ACQUISITIONS VARIATION OF TERMS IN RELATION TO THE ORIGINAL ACQUISITION MANDATES AND (2) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

References are made to (a) the announcement of the Company dated 2 February 2024; (b) the circular of the Company dated 5 February 2024; and (c) the poll results of the Company dated 21 February 2024, pursuant to which the Board was authorised to acquire each of CCB Shares and ICBC Shares for an aggregate not exceeding HK$200 million (excluding stamp duty and related expenses) in open market transactions.

At the Previous SGM, it has come to the attention of the Board that the Original Acquisition Mandates were positively received by the attending Shareholders, many of whom expressed their views that the Company should purchase even more CCB Shares and ICBC Shares beyond the limit under the Original Acquisition Mandates. In view of such positive reception of the Original Acquisition Mandates at the Previous SGM coupled with the reasons more particularly described in the section headed "REASONS FOR AND BENEFITS OF THE REVISED ACQUISITION MANDATES AND THE FURTHER ACQUISITIONS" below, after careful consideration, the Board believes that it is necessary to revise the maximum amount of each of the Original Acquisition Mandates to HK$400 million (excluding stamp duty and related expenses) to conduct the Further Acquisitions. The Board is of the view that the Revised Acquisition Mandates will provide more flexibility to the Board in capturing fleeting opportunities for attractive investments and create greater value for the Shareholders and the Company in the long term. The variation seeks to increase the maximum amount for conducting each of the Further Acquisitions only. The Revised Acquisition Mandates shall only take effect after approval is obtained from the Shareholders at the SGM. All other terms in each of the Original Acquisition Mandates shall remain unchanged.

As at the Latest Practicable Date, the Group was interested in:

(i) 110,550,000 CCB Shares (representing approximately 0.04422% of the total issued share capital of CCB), which were acquired prior to obtaining the Original CCB Acquisition Mandate for a total cash consideration (excluding stamp duty and related expenses) of HK$496,727,880; and

(ii) 128,453,000 ICBC Shares (representing approximately 0.03604% of the total issued share capital of ICBC), which were acquired prior to obtaining the Original ICBC Acquisition Mandate for a total cash consideration (excluding stamp duty and related expenses) of HK$488,344,300.

After obtaining the Original Acquisition Mandates and up to the Latest Practicable Date, the Company has not made any purchase of CCB Shares or ICBC Shares.

The purpose of this circular is to provide you with, among other things, (i) further information on the Revised Acquisition Mandates and the Further Acquisitions; (ii) a notice for convening the SGM (to consider and, if thought fit, to approve the Revised Acquisition Mandates and the Further Acquisitions); and (iii) other information as required under the Listing Rules.

THE REVISED ACQUISITION MANDATES AND THE FURTHER ACQUISITIONS

The variation seeks to increase the maximum amount for conducting each of the Further Acquisitions only. The Revised Acquisition Mandates shall only take effect after approval is obtained from the Shareholders at the SGM. All other terms in each of the Original Acquisition Mandates shall remain unchanged. The terms of the Revised Acquisition Mandates (reflecting the original terms under the Original Acquisition Mandates, together with the present variation to be sought from the Shareholders at the SGM) are as follows:

The terms of the Revised CCB Acquisition Mandate

The Revised CCB Acquisition Mandate to be sought from the Shareholders at the SGM will be on the following terms:

1. Mandate Period

The Revised CCB Acquisition Mandate is for the Mandate Period, i.e. a period of 12 months from the date on which the ordinary resolution in relation to the Revised CCB Acquisition Mandate and the Further CCB Acquisitions is duly passed by the Shareholders at the SGM.

2. Scope of Authorisation

The Board shall be authorised to determine, decide, execute and implement with full discretion in relation to the Further CCB Acquisitions, including but not limited to the number of the CCB Shares to be acquired under each transaction and the timing and price of the Further CCB Acquisitions.

3. Maximum Amount of the Further CCB Acquisitions

The Revised CCB Acquisition Mandate, if granted, shall authorise the Board to acquire the CCB Shares in an aggregate amount not exceeding HK$400 million (excluding stamp duty and related expenses) in open market transactions, which was determined with reference to the investment strategy of the Group.

For the avoidance of doubt, the above amount does not include the amount of the CCB Shares acquired by the Group before obtaining the Original CCB Acquisition Mandate.

4. Consideration for the Further CCB Acquisitions

The consideration for the Further CCB Acquisitions will be determined according to the prevailing market prices of the CCB Shares as quoted on the Stock Exchange, and the Company will purchase the CCB Shares at its discretion with reference to the market conditions and the suitability of the market price, which will be determined based on, among other things, (i) whether the market price represents a potential annual dividend yield of 7% or more based on historical distribution level; (ii) the financial position of CCB; and (iii) a dividend payout ratio of approximately 30% for the past five years.

The consideration for the Further CCB Acquisitions will be settled in cash by the Group's internal resources.

5. Manner of the Further CCB Acquisitions

The Further CCB Acquisitions shall be conducted in the open market.

The terms of the Revised ICBC Acquisition Mandate

The Revised ICBC Acquisition Mandate to be sought from the Shareholders at the SGM will be on the following terms:

1. Mandate Period

The Revised ICBC Acquisition Mandate is for the Mandate Period, i.e. a period of 12 months from the date on which the ordinary resolution in relation to the Revised ICBC Acquisition Mandate and the Further ICBC Acquisitions is duly passed by the Shareholders at the SGM.

2. Scope of Authorisation

The Board shall be authorised to determine, decide, execute and implement with full discretion in relation to the Further ICBC Acquisitions, including but not limited to the number of the ICBC Shares to be acquired under each transaction and the timing and price of the Further ICBC Acquisitions.

3. Maximum Amount of the Further ICBC Acquisitions

The Revised ICBC Acquisition Mandate, if granted, shall authorise the Board to acquire the ICBC Shares in an aggregate amount not exceeding HK$400 million (excluding stamp duty and related expenses) in open market transactions, which was determined with reference to the investment strategy of the Group.

For the avoidance of doubt, the above amount does not include the amount of the ICBC Shares acquired by the Group before obtaining the Original ICBC Acquisition Mandate.

4. Consideration for the Further ICBC Acquisitions

The consideration for the Further ICBC Acquisitions will be determined according to the prevailing market prices of the ICBC Shares as quoted on the Stock Exchange, and the Company will purchase the ICBC Shares at its discretion with reference to the market conditions and the suitability of the market price, which will be determined based on, among other things, (i) whether the market price represents a potential annual dividend yield of 7% or more based on historical distribution level; (ii) the financial position of ICBC; and (iii) a dividend payout ratio of approximately 30% for the past five years.

The consideration for the Further ICBC Acquisitions will be settled in cash by the Group's internal resources.

5. Manner of the Further ICBC Acquisitions

The Further ICBC Acquisitions shall be conducted in the open market.

INFORMATION ON CCB AND ICBC

CCB

CCB is a company incorporated in the PRC with limited liability. The principal activities of the CCB Group are the provision of corporate and personal banking services, conducting treasury business, the provision of asset management, trustee, finance leasing, investment banking, insurance and other financial services.

The following financial information is extracted from the published documents of CCB:

	For the year ended 31 December			
	2023	**2022**	**2022**	**2021**
	RMB million	*RMB million (Restated)*	*RMB million (Before restatement)*	*RMB million*
Operating income	745,615	757,510	758,155	764,706
Profit before taxation	389,377	383,699	382,017	378,412
Profit for the year	332,460	324,863	323,166	303,928
Total assets	38,324,826	34,600,711	34,601,917	30,253,979
Net assets value	3,172,074	2,876,244	2,878,760	2,614,122

Pursuant to Rule 14.69(4)(a)(i) of the Listing Rules, the Company is required to include in this circular an accountants' report on CCB prepared in accordance with Chapter 4 of the Listing Rules. For details of the accountants' report of CCB for the three years ended 31 December 2021, 2022 and 2023, please refer to the following published financial reports of CCB:

	Published date and website address	**Pages to the accountants' report**
(i)	annual report of CCB for the year ended 31 December 2021 published on 29 April 2022 (https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042901046.pdf)	178–315
(ii)	annual report of CCB for the year ended 31 December 2022 published on 24 April 2023 (https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042400701.pdf)	231–365
(iii)	annual report of CCB for the year ended 31 December 2023 published on 25 April 2024 (https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042500940.pdf)	227–365

ICBC

ICBC is a company incorporated in the PRC with limited liability. The principal activities of the ICBC Group comprise corporate and personal financial services, treasury operations, investment banking, asset management, trust, financial leasing, insurance and other financial services.

The following financial information is extracted from the published documents of ICBC:

	For the year ended 31 December			
	2023	**2022**	**2022**	**2021**
	RMB million	*RMB million*	*RMB million*	*RMB million*
		(Restated)	*(Original)*	
Operating income	806,458	842,352	841,441	860,880
Profit before taxation	421,966	424,720	422,565	424,899
Profit for the year	365,116	362,110	361,038	350,216
Total assets	44,697,079	39,610,146	39,609,657	35,171,383
Net assets value	3,776,588	3,515,419	3,513,826	3,275,258

Pursuant to Rule 14.69(4)(a)(i) of the Listing Rules, the Company is required to include in this circular an accountants' report on ICBC prepared in accordance with Chapter 4 of the Listing Rules. For details of the accountants' report of ICBC for the three years ended 31 December 2021, 2022 and 2023, please refer to the following published financial reports of ICBC:

	Published date and website address	**Pages to the accountants' report**
(i)	annual report of ICBC for the year ended 31 December 2021 published on 27 April 2022 (https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0427/2022042700651.pdf)	144–274
(ii)	annual report of ICBC for the year ended 31 December 2022 published on 26 April 2023 (https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042600550.pdf)	153–277
(iii)	annual report of ICBC for the year ended 31 December 2023 published on 26 April 2024 (https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042602538.pdf)	146–283

As the Further Acquisitions shall be conducted in the open market, the identities of the counterparties of CCB Shares and ICBC Shares to be acquired cannot be ascertained. In the event that any counterparties is a connected person of the Company, the Company will comply with the requirements under Chapter 14A of the Listing Rules.

FINANCIAL EFFECTS OF THE REVISED ACQUISITION MANDATES AND THE FURTHER ACQUISITIONS ON THE GROUP

The Further Acquisitions, if they materialise, will decrease the amount of cash of the Group by the amount of total consideration paid in the Further Acquisitions. The Further Acquisitions are expected to have no material impact on the consolidated assets and liabilities and the earnings of the Group.

The accounting treatment of the investments in CCB and ICBC are investments as follows:

The Group recognises these investments as financial assets at fair value through other comprehensive income ("**FVOCI**") as the investments are held for long-term strategic purpose. Transaction costs of financial assets must be capitalised as part of the initial cost of the investment amount of the FVOCI. Changes in the fair value of financial assets at FVOCI are recognised in other comprehensive income and never recycled to the profit or loss.

REASONS FOR AND BENEFITS OF THE REVISED ACQUISITION MANDATES AND THE FURTHER ACQUISITIONS

The principal activity of the Company is investment holding. The Group is principally engaged in financial investments, interior decoration and renovation, and export and retailing of casual wear.

CCB and ICBC are among the market leaders in the banking industry. The Board holds positive views towards the economic growth of the PRC in the long term and by extension, the financial performance and future prospects of CCB and ICBC.

Considering the likelihood of interest rate cuts in the near future, the Board expects that the Group's interest income from its fixed deposits will decline accordingly. It is thus vital that the Group seeks out other investment opportunities to achieve revenue growth. The Board considers that the Further Acquisitions represent opportunities to acquire attractive and highly liquid investments with reasonably high fixed returns, in particular considering (i) CCB Shares and ICBC Shares customarily being able to present relatively high annual dividend yields in the region of high single-digit percent based on their respective historical distribution level and (ii) their customarily consistent and high dividend payout ratios in the region of 30%.

In addition, at the Previous SGM, it has come to the attention of the Board that the Original Acquisition Mandates were positively received by the attending Shareholders, many of whom expressed their views that the Company should purchase even more CCB Shares and ICBC Shares beyond the limit under the Original Acquisition Mandates. The Board attaches utmost importance to two-way communication with the Shareholders and considers that the Revised Acquisition Mandates would ensure the feedback of the Shareholders has been taken into account in the Board's decision-making and the interests of the Shareholders have been recognised by the Company.

In determining the varied maximum amount of HK$400 million (excluding stamp duty and related expenses) under each of the Revised Acquisition Mandates, the Board has fully considered the Group's financial situation based on the following:

(i) as disclosed in the Company's annual report for the year ended 31 December 2023, as at 31 December 2023, the Group had cash and cash equivalents of approximately HK$1,703 million. After taking into account (a) the Group's acquisitions of CCB Shares, ICBC Shares and BOC Shares for a total of approximately HK$646 million (including stamp duty and related expenses) in January 2024, the details of which are disclosed in the Company's circular dated 5 February 2024; and (b) the total maximum amount of HK$800 million under the Revised Acquisition Mandates, the Group's cash and cash equivalents will remain approximately HK$250 million which will be sufficient for the Group's daily operations;

(ii) as disclosed in the annual results announcement of CCB and ICBC dated 28 March 2024 and 27 March 2024, CCB and ICBC have announced, subject to their respective shareholder's approval, a cash final dividend of RMB0.400 (including tax) per share and RMB3.064 (pre-tax) per each ten shares, respectively, such that the Group is expected to receive cash dividends of an aggregate of approximately HK$99 million (after taking into account cash dividends from other listed securities held by the Group) around August 2024;

(iii) the Group will continue to receive interest income from its fixed deposits, to the extent that the bank balance has not been used for conducting the Further Acquisitions; and

(iv) the Board will ensure the timing and consideration for the Further Acquisitions are in the interests of the Group, after taking into account, among others, those factors as stated in the sections headed "THE REVISED ACQUISITION MANDATES AND THE FURTHER ACQUISITIONS – The terms of the Revised CCB Acquisition Mandate – 4. Consideration for the Further CCB Acquisitions" and "THE REVISED ACQUISITION MANDATES AND THE FURTHER ACQUISITIONS – The terms of the Revised ICBC Acquisition Mandate – 4. Consideration for the Further ICBC Acquisitions" above.

In light of the foregoing, the Board considers that the Revised Acquisition Mandates, if granted, will not have any material impact on the Group's financial situation and daily operations.

Overall, the Board believes that the Revised Acquisition Mandates will provide more flexibility to the Board in capturing fleeting opportunities for attractive investments and create greater value for the Shareholders and the Company in the long term.

In view of the above, the Directors are of the view that the terms of the Revised Acquisitions Mandates and the Further Acquisitions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.36 of the Listing Rules, since the Company proposes to vary certain terms of the Original Acquisition Mandates which constitute material change to the terms by way of the Revised Acquisition Mandates, the Company is required to re-comply with all applicable provisions under the Listing Rules, including the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the profits ratio in respect of the Further CCB Acquisitions, when aggregated with the Previous CCB Acquisitions, is expected to exceed 100% while all the other percentage ratios are expected to be less than 100%, which are computed based on the Listing Rules and FAQ Series 7, No. 12 published by the Stock Exchange, the Further CCB Acquisitions, if they materialise, together with the Previous CCB Acquisitions may constitute a very substantial acquisition of the Company and will therefore be subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the profits ratio in respect of the Further ICBC Acquisitions, when aggregated with the Previous ICBC Acquisitions, is expected to exceed 100% while all the other percentage ratios are expected to be less than 100%, which are computed based on the Listing Rules and FAQ Series 7, No. 12 published by the Stock Exchange, the Further ICBC Acquisitions, if they materialise, together with the Previous ICBC Acquisitions may constitute a very substantial acquisition of the Company and will therefore be subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that any possible acquisition(s) of CCB Shares or ICBC Shares by the Group may depend on market conditions and will be made at the Board's discretion. The stock market may be volatile in the near-term and the prices of CCB shares and ICBC shares may be subject to fluctuations. There is therefore no assurance as to the timing, quantity or price of any CCB shares or ICBC shares to be acquired by the Group. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

SGM

A notice convening the SGM to be held at The Dynasty Club, 7th Floor, South West Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong on Friday, 24 May 2024 immediately following the conclusion of the annual general meeting of the Company which is scheduled to be held at 3:30 p.m. on the same date is set out on pages SGM-1 to SGM-3 of this circular.

A form of proxy for the SGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the SGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM and any adjourned meeting thereof should you so wish.

At the SGM, resolutions will be proposed to consider and, if thought fit, to approve the Revised Acquisition Mandates to authorise the Directors to conduct the Further Acquisitions. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no Shareholder has a material interest in the Revised Acquisition Mandates nor the Further Acquisitions.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the SGM 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.

BOOK CLOSURE PERIOD AND RECORD DATE FOR THE SGM

The register of members of the Company will be closed from Tuesday, 21 May 2024 to Friday, 24 May 2024 (both days inclusive) for the purpose of determining the entitlement of the Shareholders to attend and vote at the SGM. During such period, no transfer of Shares will be effected. In order to qualify for the entitlement to attend and vote at the SGM, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Hong Kong branch share registrar of the Company, 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 not later than 4:30 p.m. on Monday, 20 May 2024. Shareholders whose names appear on the register of members of the Company on Friday, 24 May 2024 shall be entitled to attend and vote at the SGM.

RECOMMENDATION

Given that the Further Acquisitions under the Revised Acquisition Mandates will be conducted in the open market, the Directors believe that the terms of the Revised Acquisition Mandates in relation to the Further Acquisitions are fair and reasonable and on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM.

To the best of the Board's knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Revised Acquisition Mandates and the Further Acquisitions. Accordingly, it is expected that no Shareholder is required to abstain from voting at the SGM. Glorious Sun Holdings (BVI) Limited and Advancetex Holdings (BVI) Limited, each owned as to 51.934% by Dr. Charles Yeung and as to 48.066% by Mr. Yeung Chun Fan, being controlling Shareholders interested in 54.725% of the issued share capital of the Company as at the Latest Practicable Date, had indicated that they will vote in favour of the resolutions approving the Revised Acquisition Mandates and the Further Acquisitions at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Glorious Sun Enterprises Limited
Hui Chung Shing, Herman, GBS, MH, JP
Director

1. FINANCIAL INFORMATION OF THE GROUP FOR EACH OF THE THREE YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023

Financial information of the Group for each of the three years ended 31 December 2021, 2022 and 2023 are disclosed in the following documents which have been published on the websites of the Company at www.glorisun.com and the Stock Exchange at www.hkexnews.hk and can be accessed at the website addresses below:

(i) annual report of the Company for the year ended 31 December 2021 (pages 50 to 138) (https://www.glorisun.com/wp-content/uploads/20220419-ar_e.pdf).

(ii) annual report of the Company for the year ended 31 December 2022 (pages 56 to 140) (https://www.glorisun.com/wp-content/uploads/20230420-AR_e.pdf).

(iii) annual report of the Company for the year ended 31 December 2023 (pages 59 to 141) (https://www.glorisun.com/wp-content/uploads/20240418-AR_e.pdf).

2. INDEBTEDNESS

As at 31 March 2024, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this circular, the Group had the following outstanding indebtedness:

- interest-bearing bank borrowings (including current and non-current portion) in an aggregate of approximately HK$91.0 million made in the ordinary course of business. The interest-bearing bank borrowings were unsecured and guaranteed by corporate guarantees up to approximately HK$91.0 million; and

- lease liabilities (including current and non-current portion) in an aggregate of approximately HK$21.9 million, out of which approximately HK$5.7 million are current portion and approximately HK$16.2 million are non-current portion. All of the lease liabilities were unsecured and unguaranteed.

Save as aforesaid, and apart from intra-group liabilities, the Group did not have, at the close of business as at 31 March 2024, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this circular, any loan capital and/or debt securities issued and outstanding or agreed to be issued or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills, if any) or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or contingent liabilities.

The Board has further confirmed that there has been no material change in the indebtedness or contingent liabilities of the Group since 31 March 2024 up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the effect of the maximum amount of each of the Revised Acquisition Mandates (each not exceeding HK$400 million (excluding stamp duty and related expenses)) and the present financial resources available to the Group including existing bank facilities, the Group will have sufficient working capital to satisfy its present requirements for the next twelve months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in financial investments, interior decoration and renovation, and export and retailing of casual wear. There has been no change in the Group's activities since 31 December 2023, being the date to which the latest published audited consolidated financial statement of the Group were made up, and it is not expected that there will be any change on the Group's principal business as a result of the Acquisition Mandates and the Further Acquisitions. The Group adjusts its investment portfolio allocation to hold more blue-chip high-yield stocks as long-term investments for stable dividend purposes.

Despite discussions in the market about the gradual easing of inflation in the U.S. 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 U.S. 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 U.S.

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. Mainland China's economy is now showing a "dual-track" growth pattern, stabilising the domestic real estate market while emphasising industrial development led by technological innovation, high-quality growth driven by domestic demands. Green economy, consumption and high-tech are becoming new driving forces for Mainland China's 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.

CCB and ICBC are blue-chip stocks in Hong Kong. Their business and financial conditions are very stable and have maintained a stable dividend policy over the long term, therefore it is anticipated that they will provide a steady dividend income to the Group.

It is expected that after the Further Acquisitions, the Group will still hold a large proportion of cash and quasi-cash. The financial position of the Group will remain stable and the relevant financial indicators/ratios of the Group will be maintained at a healthy level. The Group will actively follow up and bring better returns to the Shareholders when there is an opportunity.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date on which the latest published audited consolidated financial statements of the Group have been made up.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below are the management discussion and analysis on the Group for each of the three years ended 31 December 2021, 2022 and 2023 as extracted from the Company's annual reports for each of the three years ended 31 December 2021, 2022 and 2023. Unless otherwise defined in this circular or the context requires otherwise, capitalised terms used in this section shall have the same meanings as those ascribed in the abovementioned annual reports of the Company, as the case may be.

Business Review

For the year ended 31 December 2021

For the year ended 31 December 2021, the Group's consolidated revenue increased by 41.03% to HK$997,841,000 (2020: HK$707,548,000). The Group recorded a profit attributable to the Shareholders amounting to HK$36,996,000 (2020: HK$90,018,000), representing a decrease of 58.90%.

With the exception of the financial investments segment, segment results from the other business segments (that being interior decoration and renovation and export and retailing of casual wear) in aggregate improved as compared with those of prior year, which were mainly due to booming customer demand together with cost control of operating expenses. Lower segment results from financial investments than that of prior year were mainly due to the fact that a huge expected credit loss of HK$99,609,000 (2020: HK$3,721,000) had been provided for the Group's debt investments at amortised costs and both interest income and disposal gain from debt investments at amortised costs decreased by HK$13,902,000 in aggregate. The loss from the financial investments segment was partially compensated by release of exchange reserve from a subsidiary under deregistration.

For the year ended 31 December 2022

For the year ended 31 December 2022, the Group's consolidated revenue increased by 6.30% to HK$1,060,681,000 (2021: HK$997,841,000). The Group recorded a profit attributable to the shareholders of the Company amounting to HK$39,229,000 (2021: HK$36,996,000), representing an increase of 6.04%.

The financial investments segment of the Group improved significantly by HK$53,133,000 than that of prior year. This was mainly due to the combined effect of a decrease of expected credit loss of debt investments at amortised costs by HK$65,577,000 and distribution from financial assets at fair value through other comprehensive income by HK$11,518,000, and increase of consent fees income from debt restructure on debt investments at amortised costs and consulting service income. Segment results from the other business segments (that being interior decoration and renovation and export and retailing and franchise of casual wear) in aggregate decreased by HK$1,264,000 as compared with those of prior year, which were mainly due to costs increment as result of inflation. However, the profit before tax of the Group decreased by HK$5,009,000 as compared with that of prior year was mainly attributable to the fact that the increment of segment results was offset by the decrease of release of exchange reserve upon loss of control of a subsidiary.

For the year ended 31 December 2023

For the year ended 31 December 2023, the Group's consolidated revenue decreased by 22.57% to HK$821,237,000 (2022: HK$1,060,681,000). The Group recorded a profit attributable to the shareholders of the Company amounting to HK$43,610,000 (2022: HK$39,229,000), representing an increase of 11.17%.

The segment result of the retail, franchise and others increased by HK$2,328,000 compared with that of last year. However, the performance of the other three segments decreased by HK$85,274,000 compared with that of last year. The decrease was mainly due to a significant increase of HK$78,939,000 in expected credit losses on debt investments at amortised cost of the Group, as well as a corresponding decrease of HK$10,380,000 in the performance of the interior decoration and renovation segment due to a decline in revenue caused by a slowdown in China's economic growth. Nevertheless, the Group's profit before tax increased by HK$7,285,000 compared with that of last year. This increase was primarily attributable to a substantial growth in bank interest income by HK$65,537,000 and dividends received from stock investments.

Liquidity and Financial Resources

As at 31 December 2021, 31 December 2022 and 31 December 2023, the Group had net current assets of approximately HK$2,233.1 million, HK$2,022.6 million and HK$1,574.4 million, respectively, cash and cash equivalents of approximately HK$1,772.4 million, HK$2,166.7 million and HK$1,703.9 million, respectively, and time deposits of approximately HK$1,434.8 million, HK$1,963.0 million and HK$1,496.6 million respectively.

As at 31 December 2021, 31 December 2022 and 31 December 2023, the cash and cash equivalents of the Group denominated in RMB amounted to HK$111,924,000, HK$115,535,000 and HK$88,827,000.

The gearing ratio of the Group, as measured by total banking borrowings divided by the total shareholders' equity plus total borrowings, was 1%, 2% and 1% as at 31 December 2021, 31 December 2022 and 31 December 2023.

Commitments, Contingent Liabilities and Litigation

As at 31 December 2021, 31 December 2022 and 31 December 2023, the Group did not have any material capital commitments, material contingent liabilities nor any litigation against the Group.

Borrowings, Guarantees and Charges on Assets

As at 31 December 2021, the Group had bank loans of approximately HK$19,400,000 being guaranteed by corporate guarantees. The fixed-rate bank borrowings were approximately HK$19,400,000.

As at 31 December 2022, the Group had bank loans of HK$48,755,000 guaranteed by corporate guarantees. The fixed-rate bank borrowings were approximately HK$48,755,000.

As at 31 December 2023, the Group had bank borrowings denominated in RMB of HK$14,175,000 guaranteed by corporate guarantees. The fixed rate bank borrowings were HK$14,175,000. The net carrying amount of the Group's land and buildings was HK$4,009,000. These assets were neither charged nor pledged to any bank borrowings as at 31 December 2023 and 31 December 2022.

Treasury Policies

The Group strengthens and improves its financial risk control on a continual basis and has consistently adopted a prudent approach in financial management. Financial resources are under close monitor to ensure the Group's efficient and effective operation, as well as flexibility to respond to opportunities and uncertainties. Management is of the opinion that the Group's existing financial structure is healthy and related resources are sufficient to cater for the Group's operation needs in the foreseeable future.

Capital Structure

As at 31 December 2021, the authorised share capital of the Company was HK$600,000,000 divided into 6,000,000,000 Shares of HK$0.10 each, of which 1,530,028,000 Shares had been issued and fully paid. As at 31 December 2022, the authorised share capital of the Company was HK$600,000,000 divided into 6,000,000,000 Shares of HK$0.10 each, of which 1,527,984,000 Shares had been issued and fully paid. As at 31 December 2023, the authorised share capital of the Company was HK$600,000,000 divided into 6,000,000,000 Shares of HK$0.10 each, of which 1,522,644,000 Shares had been issued and fully paid.

Significant Investments

For the year ended 31 December 2021

As at 31 December 2021, the Group had listed and non-listed investments being classified as debt investments at amortised cost and financial assets at fair value through other comprehensive income, respectively. Debt investments at amortised cost were listed debt investments with maturity, which were further classified as non-current portion in the amount of HK$222,125,000 (2020: HK$583,153,000) and current portion of HK$260,621,000 (2020: HK$40,013,000). Altogether, the total net carrying value was HK$482,746,000 (2020: HK$623,166,000), representing 14.64% (2020: 19.80%) of the Group's total assets. The significant decrease in net carrying amount was mainly due to the rise of expected credit loss amounting to HK$99,609,000 (2020: HK$3,721,000) and redemption of 6.875% senior notes of Shui On Development (Holding) Limited ("**Shui On**") upon maturity in March 2021.

Details of the debt instruments held were as follows:

	As at 31 December 2021			Net carrying value		Movements in 2021				For the year ended 31 December 2021	
Bond issuer and term of instrument	Nominal Value Currency	Nominal Value Held in million	Percentage to the Group's total assets %	As at 31 December 2021 *HK$'000*	As at 31 December 2020 *HK$'000*	Derecognition *HK$'000*	Amortisation *HK$'000*	Impairment reversal/loss *HK$'000*	Exchange gain/loss *HK$'000*	Gains from derecognition *HK$'000*	Interest income *HK$'000*
Easy Tactic Limited											
5.75% Senior Notes 5 years due 2022	US$	19.200	3.52%	116,002	147,108	–	(584)	(30,522)	–	–	7,971
5.875% Senior Notes 5 years due 2023	US$	38.000	6.74%	222,125	289,972	–	–	(67,847)	–	–	17,302
Agile Group Holdings Limited											
5.125% Senior Notes 5 years due 2022	US$	19.000	4.38%	144,619	146,073	–	(22)	(1,432)	–	–	7,525
Shui On Development (Holding) Limited											
6.875% Senior Notes 3 years due 2021	RMB	–	–	–	40,013	(40,189)	(15)	192	(1)	–	437
Total			14.64%	482,746	623,166	(40,189)	(621)	(99,609)	(1)	–	33,235

Financial assets at fair value through other comprehensive income consisted of listed and non-listed investments. The listed investments were 6.40% senior perpetual capital securities issued by Shui On. As at 31 December 2021, the net carrying value of the listed investments was HK$327,142,000 (2020: HK$341,498,000), representing 9.92% (2020: 10.85%) of the Group's total assets. Distribution from the listed investments during the year was HK$21,824,000 (2020: HK$22,380,000).

Financial assets at fair value through profit or loss were wealth management products issued by banks in the PRC with interest rate varied in relation to the relative movement of the underlying variables. During the year, all the investments were disposed and the balance was nil (2020: HK$87,784,000). The fair value gain on financial assets at fair value through profit or loss during the year was HK$2,370,000 (2020: HK$1,977,000).

For the year ended 31 December 2022

The Group held financial assets being classified as debt investments at amortised cost and financial assets at fair value through other comprehensive income as at 31 December 2022.

The debt investments at amortised cost of the Group were listed debt investments with maturity and subject to impairment testing. As at 31 December 2022, the net carrying amount of debt investments at amortised cost was HK$277,336,000 (31 December 2021: HK$482,746,000), representing 8.89% (31 December 2021: 14.64%) of the Group's total assets. These debt investments at amortised cost were further classified as non-current portion in the amount of HK$277,336,000 (31 December 2021: non-current portion in the amount of HK$222,125,000 and current portion in the amount of HK$260,621,000). The significant decrease in net carrying amount of the debt investments was mainly due to the combined effect of increase of expected credit loss amounting to HK$34,032,000 (2021: HK$99,609,000) and redemption of debt investments with nominal value of US$23,121,000 (equivalent to approximately HK$181,088,000) upon maturity with cash considerations during the year.

During the year ended 31 December 2022, the Group slimmed down the portfolio size in the debt investments. Details of the debt instruments held were as follows:

	As at 31 December 2022					As at 31 December 2021	For the year ended 31 December 2022				
Bond issuer and term of instrument	Nominal value held *US$'000*	Percentage to the Group's total assets *%*	Investment cost *HK$'000*	Fair value *HK$'000*	Net carrying amount *HK$'000*	Net carrying amount *HK$'000*	Interest income *HK$'000*	Loss from derecognition *HK$'000*	Impairment reversal/ (loss) *HK$'000*	Exchange gain/ (loss) *HK$'000*	Consent fee income *HK$'000*
Easy Tactic Limited											
5.75%, due 2022	–	–	–	–	–	116,002	3,606	(4,697)	32,819	1,508	740
5.875%, due 2023	–	–	–	–	–	222,125	9,183	–	73,309	2,866	1,492
6.50%, due 2025#	15,508	2.67%	121,735	31,000	83,368	–	4,259	–	(37,623)	(744)	–
6.50%, due 2027#	38,335	6.22%	300,929	63,022	193,968	–	10,528	–	(105,215)	(1,746)	–
Subtotal	53,843	8.89%	422,664	94,022	277,336	338,127	27,576	(4,697)	(36,710)	1,884	2,232
Agile Group Holdings Limited											
5.125%, due 2022	–	–	–	–	–	144,619	4,688	–	2,678	1,866	–
Total	53,843	8.89%	422,664	94,022	277,336	482,746	32,264	(4,697)	(34,032)	3,750	2,232

The principal activities of Guangzhou R&F Properties Co., Ltd. whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 02777.HK) and its subsidiaries ("**R&F Group**") are the development of quality residential and commercial properties for sale mainly in Mainland China. R&F Group had an option to pay payment-in-kind interest at 7.50% per annum (the "**PIK Interest Rate**") instead of cash interest

at 6.50% per annum during the first 18 months commencing on 12 July 2022. The Group received interest income at the PIK Interest Rate on 11 January 2023. Therefore, the principal amount of the 6.50% senior notes due 2025 increased from US$15,507,705 (equivalent to approximately HK$121,735,000) to US$16,089,244 (equivalent to approximately HK$126,271,000), and the 6.50% senior notes due 2027 increased from US$38,334,875 (equivalent to approximately FHK$300,929,000) to US$39,772,433 (equivalent to approximately HK$312,142,000), respectively.

The financial assets at fair value through other comprehensive income as at 31 December 2022 were not held for trading and instead were held for long-term strategic purposes. As at 31 December 2022, the fair value of financial assets at fair value through other comprehensive income consisted of listed and non-listed investments with amount of HK$103,405,000 (31 December 2021: HK$334,960,000), representing 3.32% (31 December 2021: 10.16%) of the Group's total assets. The decrease in financial assets at fair value through other comprehensive income was mainly due to the combined effect of redemption of listed perpetual securities of Shui On amounting to US$44,000,000 (equivalent to approximately HK$344,520,000) and acquisitions of Hong Kong blue-chip high-yield stocks with total investment costs of HK$93,319,000. The Group recorded other comprehensive income on fair value change of the equity investments of HK$20,218,000 (2021: other comprehensive loss of HK$14,344,000). Distribution from the equity investments during the year of 2022 was HK$10,306,000 (2021: HK$21,824,000).

On 11 July 2022, R&F Group extended the maturity date of 10 series of US dollar-denominated senior notes due between 2022 and 2024 into three tranches of amortising notes to 2025, 2027 and 2028 respectively and amended the interest rate to 6.50% per annum as coupon rate (the "**Cash Interest Rate**") for all these notes with an option by R&F Group to pay PIK Interest Rate instead of Cash Interest Rate during the first 18 months commencing on 12 July 2022. The senior notes of Easy Tactic Limited held by the Group were mandatorily exchanged for new senior notes with no cash consideration. Detail of the notes exchange are summarised as follows:

(i) The 5.75% senior notes due 2022 were exchanged to 6.50% senior notes due on 11 July 2025 (the "**2025 Notes**") at par value in the same principal amount, with interest rate subject to R&F Group's right to elect to pay PIK Interest Rate. Accrued and unpaid interest of the notes due 2022 up to but excluding 11 July 2022 amounting to US$428,705 (equivalent to approximately HK$3,365,000) was received by the 2025 Notes in the same amount at par value. Therefore, the principal amount of the 2025 Notes increased from US$15,079,000 (equivalent to approximately HK$118,370,000) to US$15,507,705 (equivalent to approximately HK$121,735,000). A consent fee in cash of US$75,395 (equivalent to approximately HK$592,000) was received for the notes due 2022.

(ii) The 5.875% senior notes due 2023 were exchanged to 6.50% senior notes due on 11 July 2027 (the "**2027 Notes**") at par value in the same principal amount, with interest rate subject to R&F Group's right to elect to pay PIK Interest Rate. Accrued and unpaid interest of the notes due 2023 up to but excluding 11 July 2022 amounting to US$334,875 (equivalent to approximately HK$2,629,000) was received by the 2027 Notes in the same amount at par value. Therefore, the principal amount of the 2027 Notes increased from US$38,000,000 (equivalent to approximately HK$298,300,000) to US$38,334,875 (equivalent to approximately HK$300,929,000). A consent fee in cash of US$190,000 (equivalent to approximately HK$1,492,000) was received for the notes due 2023.

On 5 September 2022, the Group acquired 8,000,000 shares of CCB Shares at an average purchase price of approximately HK$4.7625 per share and 13,000,000 shares of BOC Shares at an average purchase price of approximately HK$2.7262 per share through the open market at considerations (excluding stamp duty and related expenses) of approximately HK$38,100,000 and HK$35,440,000, respectively. Details of the transactions are set out in the Company's announcements dated 5 September 2022 and 16 September 2022.

For the year ended 31 December 2023

The Group held financial assets being classified as debt investments at amortised cost, financial assets at fair value through other comprehensive income and financial asset at fair value though profit or loss as at 31 December 2023.

The debt investments at amortised cost of the Group were listed debt investments with maturity and subject to impairment testing. As at 31 December 2023, the net carrying amount of debt investments at amortised cost was HK$197,167,000 (31 December 2022: HK$277,336,000), representing 6.46% (31 December 2022: 8.89%) of the Group's total assets. The significant decrease in net carrying amount of the debt investments was mainly due to the combined effect of increase of expected credit loss amounting to HK$112,971,000 (2022: HK$34,032,000) and increase of payment-in-kind interest exchanged into additional principal of HK$32,088,000 during the year.

Details of the debt instruments held were as follows:

	As at 31 December 2023					As at 31 December 2022	For the year ended 31 December 2023		
Bond issuer and term of instrument	Nominal value held *US$'000*	Percentage to the Group's total assets *%*	Investment cost# *HK$'000*	Fair value *HK$'000*	Net carrying amount *HK$'000*	Net carrying amount *HK$'000*	Interest income *HK$'000*	Impairment loss *HK$'000*	Exchange gain *HK$'000*
Easy Tactic Limited*									
6.50%, due 2025	16,692	1.36%	130,978	6,867	41,581	83,368	9,567	(51,244)	215
6.50%, due 2027	41,264	5.10%	323,775	15,578	155,586	193,968	23,651	(61,727)	499
Total	57,956	6.46%	454,753	22,445	197,167	277,336	33,218	(112,971)	714

* Easy Tactic Limited is one of the wholly-owned subsidiaries of Guangzhou R&F Properties Co., Ltd., and is therefore part of the R&F Group.

\# R&F Group has an option to pay the PIK Interest Rate at 7.5% per annum instead of cash interest at 6.50% per annum during the first 18 months commencing on 12 July 2022. The Group received interest income at the PIK Interest Rate on 11 January 2024. Therefore, the principal amount of the 6.50% senior notes due 2025 increased from US$16,692,591 (equivalent to approximately HK$130,978,000) to US$17,318,563 (equivalent to approximately HK$135,860,000), and the 6.50% senior notes due 2027 increased from US$41,263,899 (equivalent to approximately HK$323,775,000) to US$42,811,295 (equivalent to approximately HK$355,845,000), respectively.

As at 31 December 2023, financial assets at fair value through profit or loss consisted of listed and non-listed investments with amount of HK$33,393,000 (31 December 2022: Nil), representing 1.09% (31 December 2022: Nil) of the Group's total assets. The listed investment consisted of Hong Kong property stock listed in Hong Kong amount of HK$784,000 (31 December 2022: Nil). The non-listed investments of HK$32,609,000 (31 December 2022: Nil) were structured deposits linked with the commodity price at Shanghai Stock Gold Exchange issued by banks in Mainland China. The Group recognised gain of HK$363,000 (2022: Nil) arising on changes in fair value of the investments. There was no dividend received from the listed investment for the year ended 31 December 2023 (2022: Nil).

Saved as disclosed above, the Group had no other significant investment as at 31 December 2021, 2022 and 2023.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

Pursuant to a capital increase agreement dated 9 July 2021, a director and general manager of 石家莊常宏建築裝飾工程有限公司 (Shijiazhuang Changhong Building Decoration Engineering Company Limited, the English name is for identification only) ("**Shijiazhuang Changhong**"), an indirect non-wholly owned subsidiary of the Company, agreed to make a capital contribution for 10% of the enlarged share capital of Shijiazhuang Changhong, at a cash consideration of RMB6,125,000 (equivalent to approximately HK$7,424,000). After the completion of this transaction on 13 July 2021, the Group's shareholding in Shijiazhuang Changhong was diluted from 65% to 58.5%. As the Group still retains its control over Shijiazhuang Changhong, the transaction is then accounted for as an equity transaction. The difference between the capital consideration and the net assets shared by non-controlling interests amounting to HK$2,479,000 has been recognised in the other reserve in consolidated statement of changes in equity. Details of this deemed disposal of partial interest in a subsidiary by the Company are set out in the Company's announcements dated 9 July 2021 and 21 July 2021.

Save as disclosed above, the Group had no other material acquisitions or disposals of its subsidiaries or associated companies for the three years ended 31 December 2021, 2022 and 2023.

Future Plans for Material Investment and Capital Assets

As the Company currently holds a large amount of cash, the economic environment in the PRC and Hong Kong still faces challenges. We have been looking for investments with stable returns and income for the Group's internal funds. Therefore, the Group has prudently invested in good-quality, high-income blue-chip stocks for long-term investments since September 2022. These investments are expected to contribute stable dividend income. The mainland real estate bonds that the Group already holds are also intended to be used as long-term income investments. Due to the difficulties in the PRC property market, the Company will closely monitor the development. Although the valuation of Hong Kong stocks is attractive, the market confidence has not fully recovered. The Company will monitor the market condition cautiously and prudently manage our investment portfolio.

Save as disclosed above, the Company does not have any future plans for significant investments as at 31 December 2023.

Exposure to Fluctuation in Exchange Rates

The Group has transactional currency exposures. Such exposure arise from sales and purchases by operating units in currencies other than the unit's functional currencies, mostly in U.S. dollars and RMB. In addition, the Group has currency exposure from debt investments at amortised cost, financial assets at fair value through other comprehensive income and bank deposits, which are also in U.S. dollars and RMB. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and to mitigate the impact on exchange rate fluctuations by entering into currency hedge arrangement if necessary. During the years ended 31 December 2021, 31 December 2022 and 31 December 2023, the Group had entered into foreign currency forward contracts to hedge its exposures to foreign currency risk when necessary. Foreign exchange exposure did not change materially for the year ended 31 December 2023.

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 manages its interest cost using a mix of fixed and variable rate debts.

Human Resources and Relations with the Employees

As at 31 December 2021, 31 December 2022 and 31 December 2023, the Group employed 489, 490 and 464 employees respectively. Employee benefit expenses (including directors' remuneration, wages and salaries and pension scheme contributions) amounted to approximately HK$153,265,000, HK$197,111,000 and HK$129,854,000 for the years ended 31 December 2021, 31 December 2022 and 31 December 2023, respectively.

The Group grants bonuses to employees based on the Group's results and individual performance from time to time. The Company also 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.

As required by Hong Kong law, the Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance for most of the Group's Hong Kong employees.

The employees of the Group's subsidiaries which operate in the PRC 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.

Prospects and Future Plans

The Group currently holds a large proportion of cash and quasi-cash which is generating high-interest incomes and dividends under the current high-interest rate environment. Hence, there is not under pressure of urgent investment and is waiting patiently for the right time to come. The Group will actively follow up and bring better returns to shareholders when there is an opportunity.

A. UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following is an illustrative unaudited pro forma statement of profit or loss and other comprehensive income, unaudited pro forma statement of financial position and unaudited pro forma statement of cash flows of Glorious Sun Enterprises Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") as if the possible very substantial acquisitions related to further acquisitions of listed securities ("**Acquisitions**") had been completed on 31 December 2023 (the "**Unaudited Pro Forma Financial Information**").

The Pro Forma Financial Information been prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the actual results of financial position, operations or cash flows of the Group that would have been attained had the proposed Acquisitions been completed on the dates indicated herein. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Group's future results of financial position, operations or cash flows.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular.

Unaudited pro forma statement of profit or loss and other comprehensive income of the Group

	Unaudited pro forma for the year ended 31 December 2023
	HK$'000
	(Note 1)
REVENUE	
Revenue from contracts with customers	771,522
Revenue from other sources:	
Interest income from debt investments at amortised cost	33,218
Others	16,497
	821,237
Cost of sales	(660,878)
Gross profit	160,359
Other income and gains	120,953
Selling and distribution expenses	(16,717)
Administrative expenses	(86,293)
Other expenses	(1,859)
Impairment loss on debt investments at amortised cost, net	(112,971)
Impairment loss on other financial and contract assets, net	(9,112)
Finance costs	(2,510)
PROFIT BEFORE TAX	51,850
Income tax expense	(7,559)
PROFIT FOR THE YEAR	44,291
Attributable to:	
Ordinary equity holders of the Company	43,610
Non-controlling interests	681
	44,291

Unaudited pro forma statement of profit or loss and other comprehensive income of the Group (continued)

	Unaudited pro forma for the year ended 31 December 2023 *HK$'000* *(Note 1)*
OTHER COMPREHENSIVE INCOME	
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:	
Exchange differences:	
Exchange differences on translation of foreign operations	(895)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(895)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:	
Financial assets at fair value through other comprehensive income:	
Change in fair value	4,514
Income tax effect	(92)
	4,422
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	4,422
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	3,527
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	47,818
Attributable to:	
Ordinary equity holders of the Company	47,627
Non-controlling interests	191
	47,818

Unaudited pro forma statement of financial position of the Group

	Audited 31 December 2023	Pro forma adjustments				Unaudited pro forma 31 December 2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
NON-CURRENT ASSETS						
Property, plant and equipment	14,315					14,315
Right-of-use assets	21,230					21,230
Debt investments at amortised cost	197,167					197,167
Financial assets at fair value through other comprehensive income	576,054	136,857	330,909	178,092	800,000	2,021,912
Rental deposits	2,228					2,228
Deferred tax assets	11,386					11,386
Total non-current assets	822,380					2,268,238
CURRENT ASSETS						
Inventories	223,407					223,407
Trade and bills receivables	192,355					192,355
Prepayments, deposits and other receivables	44,827					44,827
Contract assets	25,860					25,860
Due from related companies	6,216					6,216
Financial assets at fair value through profit or loss	33,393					33,393
Time deposit with original maturity of over three months when acquired	239					239
Cash and cash equivalents	1,703,918	(136,857)	(330,909)	(178,092)	(800,000)	258,060
Total current assets	2,230,215					784,357

Unaudited pro forma statement of financial position of the Group (continued)

	Audited 31 December 2023	Pro forma adjustments				Unaudited pro forma 31 December 2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
CURRENT LIABILITIES						
Trade payables	139,359					139,359
Contract liabilities	196,743					196,743
Other payables and accruals	295,866					295,866
Interest-bearing bank borrowings	14,175					14,175
Lease liabilities	6,378					6,378
Tax payable	3,326					3,326
Total current liabilities	655,847					655,847
NET CURRENT ASSETS	1,574,368					128,510
TOTAL ASSETS LESS CURRENT LIABILITIES	2,396,748					2,396,748
NON-CURRENT LIABILITIES						
Lease liabilities	18,039					18,039
Deferred tax liabilities	1,300					1,300
Total non-current liabilities	19,339					19,339
Net assets	2,377,409					2,377,409
EQUITY						
Equity attributable to ordinary equity holders of the Company						
Issued capital	152,264					152,264
Treasury shares	(4,139)					(4,139)
Reserves	2,228,404					2,228,404
	2,376,529					2,376,529
Non-controlling interests	880					880
Total equity	2,377,409					2,377,409

Unaudited pro forma statement of cash flows of the Group

	Audited for the year ended 31 December 2023	Pro forma adjustments				Unaudited pro forma for the year ended 31 December 2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
Cash flows from operating activities						
Profit before tax	51,850					51,850
Adjustments for:						
Finance costs	2,510					2,510
Bank interest income	(96,648)					(96,648)
Fair value gains on financial assets at fair value through profit or loss	(363)					(363)
Depreciation of property, plant and equipment	3,494					3,494
Depreciation of right-of-use assets	5,921					5,921
Gain on termination of tenancy agreements	(90)					(90)
Loss on disposal of items of property, plant and equipment, net	68					68
Reversal of provision for inventories, net	(4,504)					(4,504)
Impairment loss on debt investments at amortised cost, net	112,971					112,971
Impairment loss on trade receivables, net	6,680					6,680
Reversal of impairment loss on contract assets, net	(487)					(487)
Impairment loss on financial assets included in prepayments, deposits and other receivables, net	3,016					3,016
Reversal of impairment loss of amounts due from related companies, net	(97)					(97)
Effect of foreign exchange rate changes, net	(4,323)					(4,323)
	79,998					79,998
Increase in inventories	(64,007)					(64,007)
Decrease in contract assets	26,454					26,454
Decrease in trade and bills receivables	37,278					37,278
Increase in prepayments, deposits and other receivables	(15,694)					(15,694)
Decrease in amounts due from related companies	461					461
Increase in trade payables	4,545					4,545
Increase in contract liabilities	4,335					4,335
Increase in other payables and accruals	22,073					22,073
Decrease in deferred income	(1,041)					(1,041)
Cash generated from operations	94,402					94,402
Interest paid	(2,510)					(2,510)
Hong Kong profits tax paid	(3,341)					(3,341)
Tax paid outside Hong Kong	(6,409)					(6,409)
Net cash flows from operating activities	82,142					82,142

Unaudited pro forma statement of cash flows of the Group (continued)

	Audited for the year ended 31 December 2023	Pro forma adjustments				Unaudited pro forma for the year ended 31 December 2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
Cash flows from investing activities						
Bank interest received	96,648					96,648
Purchases of property, plant and equipment	(3,876)					(3,876)
Changes in financial assets at fair value through profit or loss	(33,781)					(33,781)
Purchases of financial assets at fair value through other comprehensive income	(468,385)	(136,857)	(330,909)	(178,092)	(800,000)	(1,914,243)
Proceeds from disposal of items of property, plant and equipment	70					70
Increase in time deposit with original maturity of over three months when acquired	(3)					(3)
Net cash flows used in investing activities	(409,327)					(1,855,185)
Cash flows from financing activities						
Shares repurchased	(8,348)					(8,348)
New bank loans	92,668					92,668
Repayment of bank loans	(125,658)					(125,658)
Principal portion of lease payments	(6,443)					(6,443)
Capital contributions from non-controlling shareholders of subsidiaries	7,150					7,150
Dividends paid	(89,092)					(89,092)
Dividends paid to non-controlling shareholders	(7,253)					(7,253)
Net cash flows used in financing activities	(136,976)					(136,976)
Net decrease in cash and cash equivalents	(464,161)	(136,857)	(330,909)	(178,092)	(800,000)	(1,910,019)
Cash and cash equivalents at beginning of year	2,166,743					2,166,743
Effect of foreign exchange rate changes, net	1,336					1,336
Cash and cash equivalents at end of year	1,703,918					258,060
Analysis of balances of cash and cash equivalents						
Cash and bank balances	207,509					207,509
Non-pledged time deposits	1,496,648	(136,857)	(330,909)	(178,092)	(800,000)	50,790
	1,704,157					258,299
Less: Non-pledged time deposit with original maturity of over three months when acquired	(239)					(239)
Cash and cash equivalents as stated in the consolidated statement of financial position	1,703,918					258,060

Notes to the Unaudited Pro Forma Financial Information of the Group:

(1) The amounts were extracted from the Company's published annual report for the year ended 31 December 2023.

(2) In January 2024, the Group acquired aggregate 31,050,000 China Construction Bank (stock code: 939) shares ("**CCB Shares**") through the open market with details below, which was included in the circular of the Company dated 5 February 2024. Total consideration of CCB Shares was approximately HK$136,857,000, being assumed to the fair value of CCB Shares as at 31 December 2023.

Trade date	Number of shares acquired	Average purchase price per share	Consideration (excluding stamp duty and related expenses)	Stamp duty and related expenses	Total consolidation
		HK$	*HK$'000*	*HK$'000*	*HK$'000*
17 January 2024	31,050,000	4.3967	136,517	340	136,857

(3) In January 2024, the Group acquired aggregate 88,020,000 Industrial and Commercial Bank of China (stock code: 1398) shares ("**ICBC Shares**") through the open market with details below, which was included in the circular of the Company dated 5 February 2024. Total consideration of ICBC Shares was approximately HK$330,909,000, being assumed to the fair value of ICBC Shares as at 31 December 2023.

Trade date	Number of shares acquired	Average purchase price per share	Consideration (excluding stamp duty and related expenses)	Stamp duty and related expenses	Total consolidation
		HK$	*HK$'000*	*HK$'000*	*HK$'000*
16 January 2024	10,000,000	3.6600	36,600	84	36,684
17 January 2024	18,000,000	3.6178	65,120	136	65,256
25 January 2024	24,620,000	3.7975	93,494	242	93,736
26 January 2024	5,400,000	3.8300	20,682	53	20,735
30 January 2024	30,000,000	3.8087	114,260	238	114,498
	88,020,000		330,156	753	330,909

(4) In January 2024, the Group acquired aggregate 59,824,000 Bank of China (stock code: 3988) shares ("**BOC Shares**") through the open market with details below, which was included in the circular of the Company dated 5 February 2024. Total consideration of BOC Shares was approximately HK$178,092,000, being assumed to the fair value of BOC Shares as at 31 December 2023.

Trade date	Number of shares acquired	Average purchase price per share	Consideration (excluding stamp duty and related expenses)	Stamp duty and related expenses	Total consolidation
		HK$	*HK$'000*	*HK$'000*	*HK$'000*
25 January 2024	31,000,000	2.9842	92,510	193	92,703
30 January 2024	28,824,000	2.9562	85,211	178	85,389
	59,824,000		177,721	371	178,092

(5) The adjustment represents the proposed further acquisitions of CCB Shares and ICBC Shares for the maximum aggregate amount HK$800 million (excluding stamp duty and related expenses). The consideration for the potential acquisitions of CCB Shares and ICBC Shares will be satisfied in cash. The CCB Shares and ICBC Shares are classified as financial assets at fair value through other comprehensive income. Total consideration of CCB Shares and ICBC Shares is assumed to be HK$800,000,000 and to be the fair value of CCB Shares and ICBC Shares as at 31 December 2023, and the stamp duty and related expenses are assumed to be nil.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Directors
Glorious Sun Enterprises Limited
38/F., One Kowloon
1 Wang Yuen Street
Kowloon Bay
Hong Kong

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Glorious Sun Enterprises Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of financial position of the Group as at 31 December 2023 and the unaudited pro forma statement of profit or loss and other comprehensive income and statement of cash flows of the Group for the year ended 31 December 2023, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages II-1 to II-8 of Appendix II of the circular dated 3 May 2024 (the "**Circular**") issued by the Company in connection with the possible very substantial acquisitions related to further acquisitions of listed securities (the "**Acquisitions**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on II-1 to II-8 of Appendix II of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Acquisitions on the Group's financial position as at 31 December 2023 as if the transactions had taken place at 31 December 2023. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2023, on which an audit report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on *Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of Acquisitions on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young
Certified Public Accountants
Hong Kong

3 May 2024

The contents of this Appendix III are included pursuant to Rule 14.69(7) of the Listing Rules as requested by the Stock Exchange and are extracted from published documents (namely annual reports for the financial years ended 31 December 2021, 2022 and 2023 of CCB and ICBC, respectively. While the Company considers that such published documents are appropriate sources of information, it is not able to and therefore has not verified their contents, nor is it in a position to warrant their accuracy or completeness. Therefore, please refer to the appropriate and relevant published documents, which can be found on the websites of CCB, ICBC and/or the Stock Exchange, for any information regarding CCB and ICBC, respectively.

1. MANAGEMENT DISCUSSION AND ANALYSIS OF CCB

Set out below are the management discussion and analysis on CCB for each of the three years ended 31 December 2021, 2022 and 2023 as extracted from the annual reports of CCB for each of the years ended 31 December 2021, 2022 and 2023. Unless otherwise defined in this circular or the context requires otherwise, capitalised terms used in this section shall have the same meanings as those ascribed in the abovementioned annual reports of CCB.

For the Year Ended 31 December 2021

Segmental information

As at 31 December 2021, CCB's major business segments are corporate banking, personal banking, treasury business, and others including overseas business and subsidiaries.

For the year ended 31 December 2021, operating income of the CCB Group's corporate banking business reached RMB304,448 million, up 7.05%; impairment losses were RMB112,478 million, down 23.27%; profit before tax was RMB106,324 million, up 59.61%, accounting for 28.10% of the CCB Group's profit before tax, up 8.31 percentage points over 2020. Operating income of personal banking business reached RMB350,127 million, up 7.03%; impairment losses were RMB33,213 million, up 7.53%; profit before tax totalled RMB214,709 million, up 4.20%, accounting for 56.74% of the total at the group level, down 4.47 percentage points over 2020. Operating income of treasury business totalled RMB63,373 million, down 4.40%; impairment losses were RMB13,503 million; profit before tax totalled RMB37,336 million, down 33.23%, accounting for 9.87% of the total at the group level, down 6.74 percentage points over 2020. Other operating income totalled RMB46,758 million, up 28.45%, and profit before tax totalled RMB20,043 million.

Liquidity and financial resources

As at 31 December 2021, CCB's liquidity ratio for RMB and foreign currency was at 59.32% and 70.58% respectively, higher than the regulatory standard of 25% or above. CCB's loan-to-deposit ratio for RMB was at 82.28%. For the fourth quarter of 2021, CCB's liquidity coverage ratio was 134.70%, while its net stable funding ratio was 125.75%.

Capital structure

As at 31 December 2021, the CCB Group's equity was RMB2.61 trillion, an increase of RMB224,769 million or 9.41% over 2020, primarily driven by the increase of RMB155,502 million in retained earnings. As the growth rate of total equity was faster than that of assets, the ratio of total equity to total assets for the CCB Group rose to 8.64%, an increase of 0.15 percentage points over 2020.

Prospects

As at 31 December 2021, CCB's future prospects were as follows:

In 2022, the CCB Group will persist in pursuing progress while ensuring stability, fully, accurately, and comprehensively implement new development concepts, focus on "Three Major Tasks", enhance "Three Capabilities", and further implement "Three Major Strategies". The CCB Group will continue to deepen the New Finance initiatives, fully implement the "14th Five-Year Plan", advance the "First Curve" and the "Second Curve" in parallel, accelerate the building of a new development paradigm with high-quality financial services, and create a new picture of high-quality development of CCB. To this end, firstly, the CCB Group will focus on serving the real economy, facilitate the implementation of major national strategies, support key areas and weak links in the real economy, and improve the CCB Group's comprehensive financial service capabilities. Secondly, the CCB Group will implement new development concepts and promote strategic expansion and upgrading. For house rental services, it will focus on the construction of a comprehensive house rental service system with financial characteristics. For inclusive finance, it will continue to increase the quantity, expand the coverage, and reduce the cost of financing for small and micro businesses. For FinTech, it will strengthen the overall planning of the enterprise-level business structure and enhance the ability to empower businesses. For rural revitalisation, it will improve the service capacity of "Yunongtong". For green finance, it will ensure excellent financial services for energy security and low-carbon transformation. Thirdly, the CCB Group will adhere to sustainable development concept, consolidate the foundation of business capabilities, improve the quality and efficiency of liability business development, maintain a reasonable growth in fee-based business income, and upgrade the product supply system. Fourthly, the CCB Group will adopt a digital mindset to innovate traditional business models, coordinate the construction and operation of platforms, strengthen the layered, grouped, and graded operation, advance the establishment of the middle platform system, and improve the management efficiency of the middle and back offices. Fifthly, the CCB Group will anchor value creativity, strengthen risk control and compliance operations, ensure sound asset quality, improve risk governance, focus on key areas and links, strengthen compliance system building, and deepen consumer rights and interests protection and business integration.

Significant investments held

As of 31 December 2021, the CCB Group did not have any significant investment as required to be disclosed in accordance with Rule 32(4A) under the Appendix 16 to the Listing Rules of Hong Kong Stock Exchange as in force at the time.

Employees and related policies

As at 31 December 2021, CCB had 351,252 employees with a slight increase from 2020. The number of employees with academic qualifications of bachelor's degree or above was 260,106 or 74.05%. There were also 3,470 workers dispatched from labour leasing companies, a decrease of 2.41% from 2020. In addition, CCB assumed the expenses of 92,344 retired employees.

CCB improved the training system for professional career of the staff to support the development of New Finance talents. CCB cultivated a new employee learning brand of "Your Future with CCB" and created the three pillars of "orientation training, follow-up training and management trainee" for new employees, and strengthened one-stop training and guidance for new employees of CCB. It developed an educational tracking programme during integration period for young employees working at CCB for less than 2 years, launched a management trainee training programme, and explored the "2+N" training system for high potential young talents. CCB empowered staff at outlets with more training resources channeled to branch outlets, and optimised the ability enhancement learning programmes including "Be Better with You" programme for client managers at outlets, and "Together with the Best" for heads of outlets. It launched the "Lead with Vision" programme to improve their duty performance and management capabilities, so as to provide robust talent support for deepening the New Finance initiatives. CCB paid attention to the development path and cycle of growth for staff in various professional and technical positions to improve their professional competence and capability. It organised professional and technical position qualification examinations across CCB at preliminary, intermedium and higher levels, covering 23 business lines and 63 subjects, to strengthen employees' professional capability, broaden their career development channels, and make the professional and technical examinations a key driver for building a learning organisation. By the end of 2021, CCB had organised 28,600 training sessions with a total enrolment of 1.73 million, including 1,147 training sessions organised by CCB Learning Centre with a total enrolment of 107,800. CCB optimised CCB Learning platform and improved the learning ecology with a total enrolment of 369,900 employees of CCB in 2021. It organised 7,301 webinars, with 6,813,500 attendances from CCB, and 5,851 online examinations with 3,625,300 participants from CCB. In terms of overseas training, it organised four online international subject training camps and held 127 cross-border webinars.

Pursuant to relevant government policies regarding remuneration reform for heads of state-owned enterprise, remunerations for CCB's leaders administered by the Communist Party of China ("**CPC**") Central Committee include three parts, namely the basic annual salary, performance-based annual salary and tenure incentive income. CCB has established an incentive clawback mechanism. If a material error occurs during a leader's tenure and causes a significant loss for CCB, part of or entire performance-based annual salary and tenure incentive income paid may be reclaimed. CCB's major allocation policies and other significant matters related to remuneration management need to be reviewed by the nomination and remuneration committee under the Board. Material proposals related to remuneration allocation need to be voted at and approved by the shareholders' general meeting or reported to the competent authority of the state for approval and filing.

CCB made full use of remuneration allocation to motivate and constrain its employees. CCB established an appraisal and allocation concept encouraging value creation, allocated more salary resources to operating outlets, front office departments, and positions that directly create value, further optimised the incentive and protection policies for outlet staff, and established a special subsidy system for outlet staff at remote county or under harsh conditions, to enhance the sense of gain for staff members. CCB strengthened the role of performance appraisal to improve the cost-efficiency of its human resources and match remuneration to performance. CCB strictly implemented deferred payment and clawback rules for performance-based remuneration to key positions. For employees subject to disciplinary or other penalties due to violation of rules or breach of duties, their remunerations were deducted in accordance with relevant rules and measures.

Exposure to exchange rates

The CCB Group's foreign exchange exposures mainly comprise exposures that arise from the foreign currency proprietary investments of the treasury business and currency exposures originated by the CCB Group's overseas businesses. The CCB Group manages currency risk by spot and forward foreign exchange transactions and by matching its foreign currency denominated assets with corresponding liabilities in the same currency, and also uses derivatives (principally foreign exchange swaps and cross currency swaps) in the management of its own foreign currency asset and liability portfolios and structural positions. The CCB Group actively manages foreign currency exposures by minimising foreign exchange risk by business lines. Therefore, the net exposure is not sensitive to exchange rate fluctuations and the potential impact on the pre-tax profits and other comprehensive income of the CCB Group is not material.

Contingent liabilities

As at 31 December 2021, CCB's commitments and contingent liabilities include credit commitments, capital commitments, government bond redemption obligations, and outstanding litigation and disputes. Specifically, credit commitments were the largest component, including undrawn loan facilities which are approved and contracted, unused credit card limits, financial guarantees, and letters of credit. At the end of 2021, the balance of credit commitments was RMB3.37 trillion, a decrease of RMB43,636 million or 1.28% over 2020.

For the Year Ended 31 December 2022

Segmental information

As at 31 December 2022, CCB's major business segments are corporate banking, personal banking, treasury business, and others including overseas business and subsidiaries.

For the year ended 31 December 2022, operating income of the CCB Group's corporate finance business reached RMB325,628 million, up 0.80%; impairment losses were RMB100,395 million, down 13.96%; profit before tax was RMB139,378 million, up 17.07%, accounting for 36.48% of the CCB Group's profit before tax, up 5.02 percentage points over 2021. Operating income of personal finance business reached RMB371,821 million, up 4.59%; impairment losses were RMB41,635 million, up 22.79%; profit before tax totalled RMB216,404 million, up 0.98%, accounting for 56.65% of the CCB Group's total profit before tax, up 0.02 percentage points over 2021. Operating income of treasury and asset management business totalled RMB43,368 million; impairment losses were RMB3,854 million; profit before tax totalled RMB25,502 million, accounting for 6.68% of the CCB Group's total profit before tax, down 2.57 percentage points from 2021. Operating income of others totalled RMB17,338 million, impairment losses were RMB9,134 million, and profit before tax totalled RMB733 million.

Liquidity and financial resources

As at 31 December 2022, CCB's liquidity ratio for RMB and foreign currency was at 62.94% and 80.23% respectively, higher than the regulatory standard of 25% or above. CCB's loan-to-deposit ratio for RMB was at 83.62%. For the fourth quarter of 2022, CCB's liquidity coverage ratio was 148.96%, while its net stable funding ratio was 127.88%.

Capital structure

At the end of 2022, the CCB Group's equity was RMB2.88 trillion, an increase of RMB264,638 million or 10.12% over 2021, primarily driven by the increase of RMB133,198 million in retained earnings. As the growth rate of total equity was slower than that of assets, the ratio of total equity to total assets for the CCB Group was 8.32%, down 0.32 percentage points from 2021.

Prospects

As at 31 December 2022, CCB's future prospects were as follows:

In 2023, the CCB Group will uphold the mission of high-quality development, seek progress while maintaining stability, implement the new development concept completely, accurately and comprehensively, roll out New Finance initiatives continuously, further advance development of housing rental, inclusive finance and FinTech strategies, and enhance its capabilities to serve national construction, prevent financial risks and participate in international competition, thus breaking new grounds in high- quality development. The CCB Group will focus on the following priorities: Firstly, the CCB Group will spare no efforts to serve the real economy and contribute to the building of a new development pattern. The CCB Group will implement major regional strategies and regional coordinated development strategies, increase support for key regions such as the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and the Chengdu-Chongqing region, and effectively deploy credit resources in Northeastern China, Central China and Western China. It will give full play to the fundamental role of consumption and the key role of investment and press ahead with the extensive supply of high-quality financial products and services along with the optimisation of asset structure. It will further consolidate financial layout for common prosperity and expand financial products and services to counties and villages, to long-tail customers and to wealth management segment. It will also contribute to rural revitalisation by creating a comprehensive service system.

Secondly, the CCB Group will focus on customer service capabilities to lay a solid foundation for development. The CCB Group will expand effective customers and accounts, retain existing customers, increase incremental customers and enhance effective customers. It will expand key customer groups, effectively enhance operation capacity for medium-sized customers, consolidate key customer groups such as emerging industries, counties, small and micro businesses, and sci-tech innovation enterprises, and strengthen comprehensive operation capabilities for customers. It will also deepen its understanding of customers, accelerate implementation of graded, layered and categorised operation plans for corporate, personal and financial institutional customer groups, focus on customers' pain points and thorny issues, advance online and offline customer acquisition and reactivation, and comprehensively strengthen customer marketing and service capabilities.

Thirdly, the CCB Group will enhance the quality and efficiency of segment operations. For corporate finance business segment, the CCB Group will optimise its asset layout, focus on expanding core deposits, and enhance service capabilities of fee-based businesses. For personal finance business segment, the CCB Group will press ahead with the rapid growth of the personal financial assets under management and promote implementation of mega wealth management strategy. For treasury and asset management segment, the CCB Group will focus on improving the coverage of treasury and asset management products, consolidate the CCB Group's asset management foundation, strengthen financial institutional business, and strive to build a CCB pension finance brand. The CCB

Group will enhance coordination and interaction, press ahead with integrated operations, and strengthen parent-subsidiary coordination, inter-segmental coordination and interaction, and integrated operation capacity of RMB and foreign currencies.

Fourthly, the CCB Group will strengthen technology support. The CCB Group will continuously enhance its technological governance capabilities, improve structure of technology R&D and system operation, and optimise management process of technology projects, thus realising safe and stable operation of IT systems. It will improve quality and efficiency of physical outlets operations and strengthen graded and categorised management of outlets. It will also enhance its digitalised operation capability, promote integrated development of mobile banking and "CCB Lifestyle", improve scenario interconnection, build ecosystems and industrial chains, and enhance value creation of platform users.

Fifthly, the CCB Group will enhance refined management and consolidate the foundation for development. The CCB Group will adhere to value creation orientation, focus on cultivating market competitiveness, strengthen overall management of assets and liabilities, optimise incentive and restraint mechanisms, and enhance quality and efficiency of cost control and operations. Sixthly, the CCB Group will focus on duties of "three lines of defence" and safeguard the bottom line of risks. The CCB Group will optimise its comprehensive, proactive, intelligent, modern risk management system and continuously enhance coordinated risk control capabilities of "three lines of defence". It will also strengthen cross-cycle asset quality management and control at the group level and enhance its risk management capabilities in key areas.

Significant investments held

As at 31 December 2022, the CCB Group did not have any significant investment as required to be disclosed in accordance with Rule 32(4A) under the Appendix 16 to the Listing Rules of Hong Kong Stock Exchange as in force at that time.

Employees and related policies

At the end of 2022, CCB had 352,588 employees, a 0.38% increase from 2021. Pursuant to relevant government policies regarding remuneration reform for heads of state-owned enterprise, remunerations for CCB's leaders administered by the CPC Central Committee include three parts, namely the basic annual salary, performance-based annual salary and tenure incentive income. CCB has established an incentive clawback mechanism. If a material error occurs during a leader's tenure and causes a significant loss for CCB, part of or entire performance-based annual salary and tenure incentive income paid may be reclaimed. CCB's major allocation policies and other significant matters related to remuneration management need to be reviewed by the nomination and remuneration committee under the Board. Material proposals related to remuneration allocation need to be voted at and approved by the shareholders' general meeting or reported to the competent authority of the state for approval and filing. CCB made full use of remuneration allocation to motivate and constrain its employees. CCB established an appraisal and allocation concept encouraging value creation, allocated more salary resources to operating outlets, front office departments, and positions that directly create value, further optimised the incentive and protection policies for outlet staff, and established a special subsidy system for staff at outlets at remote county or under harsh conditions, to enhance the sense of gain for staff members. CCB strengthened the role of performance appraisal to improve the cost-efficiency of its human resources and match remuneration to performance. CCB strictly implemented deferred payment and clawback rules for performance-based remuneration to key positions. For employees subject to disciplinary or other penalties due to violation of rules or breach of duties, their remunerations were deducted in accordance with relevant rules and measures.

As at 31 December 2022, CCB had formulated special performance management rules and regulations, clarifying the management requirements for all employees' assessment methods, assessment processes, assessment result feedback, etc., and unifying performance appraisal orientation. The assessment content included employees' key performance, business ethics, professional ability and other aspects, and was linked to employee compensation and career development. The employee assessment methods mainly included quarterly assessment and annual assessment, and the annual assessment was based on quarterly assessment.

Exposure to exchange rates

As at 31 December 2022, the CCB Group's foreign exchange exposures mainly comprise exposures that arise from the foreign currency proprietary investments of the treasury business and currency exposures originated by the CCB Group's overseas businesses. The CCB Group manages currency risk by spot and forward foreign exchange transactions and by matching its foreign currency denominated assets with corresponding liabilities in the same currency, and also uses derivatives (principally foreign exchange swaps and cross currency swaps) in the management of its own foreign currency asset and liability portfolios and structural positions. The CCB Group actively manages foreign currency exposures by minimising foreign exchange risk by business lines. Therefore, the net exposure is not sensitive to exchange rate fluctuations and the potential impact on the pre-tax profits and other comprehensive income of the CCB Group is not material.

Contingent liabilities

As at 31 December 2022, CCB's commitments and contingent liabilities mainly include credit commitments, capital commitments, government bond redemption obligations, and outstanding litigations and disputes. In this category, credit commitments were the largest component, including undrawn loan facilities which were approved and contracted, unused credit card limits, financial guarantees, and letters of credit. At the end of 2022, the balance of credit commitments was RMB3.69 trillion, an increase of RMB316,633 million or 9.40% over 2021.

For the Year Ended 31 December 2023

Segmental information

As at 31 December 2023, CCB's major business segments are corporate banking, personal banking, treasury business, and others including overseas business and subsidiaries.

For the year ended 31 December 2023, operating income of the CCB Group's corporate finance business reached RMB238,418 million, accounting for 31.98% of the CCB Group's operating income; profit before tax was RMB75,030 million, accounting for 19.27% of the CCB Group's profit before tax. Operating income of personal finance business reached RMB363,593 million, accounting for 48.76% of the CCB Group's operating income; profit before tax totalled RMB194,897 million, accounting for 50.05% of the CCB Group's profit before tax. Operating income of treasury and asset management business was RMB123,687 million, accounting for 16.59% of the CCB Group's operating income; profit before tax totalled RMB116,206 million, accounting for 29.84% of the CCB Group's total profit before tax. Operating income of others totalled RMB19,917 million, and profit before tax totalled RMB3,244 million.

Liquidity and financial resources

As at 31 December 2023, CCB's liquidity ratio for RMB and foreign currency was at 69.20% and 77.40% respectively, higher than the regulatory standard of 25% or above. CCB's loan-to-deposit ratio for RMB was at 85.12%. For the fourth quarter of 2023, CCB's liquidity coverage ratio was 133.17%, while its net stable funding ratio was 127.32%.

Capital structure

As at 31 December 2023, the CCB Group's total equity was RMB3.17 trillion, an increase of RMB295,830 million or 10.29% over the end of last year, primarily driven by the increase of RMB144,303 million in retained earnings. As the growth rate of total equity was slower than that of assets, the ratio of total equity to total assets for the CCB Group was 8.28%, down 0.03 percentage points from the end of last year.

Prospects

As at 31 December 2023, the CCB Group's future prospects were as follows:

Looking forward to 2024, the complexity, severity and uncertainty of the external environment will further intensify, and the impact of the continuous downturn in global trade, macro-policy uncertainty in developed economies and geopolitical risks on economic growth still requires attention. The favourable factors for China's develop overweigh the unfavourable ones, and the positive economic prospect in the long run remains unchanged.

Amid the complex and challenging operating environment, China's banking industry faces both challenges and opportunities. On the one hand, the lagging impact of high interest rates in developed economies will still exist. As an important year for global elections, the year 2024 may witness increasing uncertainty in the world political and economic landscape. China is experiencing insufficient effective domestic demand, overcapacity in certain industries, relatively weak social expectations, bottlenecks in domestic circulation, and pressures on the overall net interest margin of the banking industry. On the other hand, China has been comprehensively deepening reform and opening-up, stepping up macro-control efforts, focusing on bolstering domestic demand, optimising structure, boosting confidence, and preventing and mitigating risks, and steadily promoted high-quality development. Key national strategies, key areas and weak links, including infrastructure, strategic emerging industries, domestic demand expansion, rural revitalisation, coordinated regional development and opening-up, have vast space for the banking industry to provide high-quality financial services. Sci-tech innovation, advanced manufacturing, green development and small and medium-sized enterprises also usher in great development opportunities.

In 2024, the CCB Group will persist in pursuing progress while ensuring stability, hold to its main responsibilities, continuously optimise and consolidate its main business to enhance value creation, coordinate development and security, continue to enhance "Three Capabilities" of serving national construction, preventing financial risks and participating in international competition, and take the path of financial development with Chinese characteristics. The CCB Group will focus on the following priorities:

Firstly, the CCB Group will continue to promote the development of the real economy and fully serve national strategies. It will exert coordinated efforts in the "Five Major Chapters", cultivate its advantages in technology finance, advance green financial services, deepen inclusive finance, and enhance its capabilities of digital finance. It will give full play to the CCB's professional advantages in housing and infrastructure to accelerate the formation of a financial service system that supports the construction of government-subsidised housing, and public infrastructure for both normal use and emergency use, and urban village renovation. It will deeply serve national strategies, increase its support for the construction of the national strategic hinterland, and enhance coordinated financial services for new-type urbanisation and comprehensive rural revitalisation to promote the integrated development of counties, urban and rural areas.

Secondly, the CCB Group will scientifically promote balanced development and effectively improve the quality and efficient of operation. It will strive to optimise the asset structure, maintain a reasonable growth in total assets, vigorously promote the credit structure adjustments, focus on key areas such as sci-tech innovation, advanced manufacturing, green development and micro, small and medium-sized enterprises, and maintain the stability and sustainability of credit supply. It will focus on improving the quality of liabilities by enhancing its capability to achieve the steady growth of various deposits, vigorously increasing low-cost settlement funds, and pursuing the establishment of an enterprise-level fund circulation system. It will also strive to strengthen capital management and promote the deep integration of the implementation of new capital rules and its business operations. Moreover, it will make efforts to stabilise its profitability, consolidate the base of net interest income by optimising its asset and liability structure and strengthening integrated and differentiated pricing management, vigorously expand the growth points of non-interest income, and further reduce cost and raise efficiency.

Thirdly, the CCB Group will comprehensively consolidate the business foundation and enhance the comprehensive service ability. It will enhance the corporate customer group operation, optimise the personal customer operation model, and consolidate the financial institution customer base. It will strengthen the supply of key products and services, and expand cash management products and application scenarios; for personal finance business segment, it will enhance its capabilities of providing consumer finance and wealth management services, and speed up the innovation of personal consumer loan products; for treasury and asset management business segment, it will improve the suitability of products and services to investors, and fully meet the comprehensive investment and financing needs of customers. It will improve the quality of comprehensive services, focusing on the "Four Integrations" of assets and liabilities, "commercial banking + investment banking", RMB and foreign currencies, and allocation and services. It will promote the synergy and integration of the CCB Group, and focus on the "Four Synergies" of cross-segmental coordination, parent-subsidiary coordination, channel coordination, collaboration of domestic and overseas operations.

Fourthly, the CCB Group will strengthen support functions and improve the efficiency of operation and management, it will continue to optimise business processes and accelerate the intensive transformation of its operating model. The CCB Group will strengthen the FinTech empowerment, accelerate the promotion and application of AI technology in customer service and business process, and ensure data quality and security. It will also strengthen the customer service team and the team of investment research experts on wealth management.

Fifthly, the CCB Group will firmly safeguard the bottom line of risks and effectively prevent and resolve risks. It will increase its efforts in asset quality management and control, and actively manage asset quality in a forward-looking manner. It will properly mitigate risks in key areas, effectively and orderly support the resolution of local government debt risks, and prudently resolve risks in the real estate sector. It will continue to strengthen emerging risk management such as cyber security and data risks. It will improve the comprehensive risk management system, continuously enhance risk governance capabilities of the CCB's grassroots institutions, deepen the CCB Group's integrated control of credit risks, and effectively carry out compliance management.

Significant investments held

As of 31 December 2023, the CCB Group did not have any significant investment as required to be disclosed in accordance with Rule 32(4A) under the Appendix D2 to the Listing Rules of Hong Kong Stock Exchange.

Employees and related policies

As at 31 December 2023, CCB had 376,871 employees, a 0.05% increase from 2022. The number of employees with academic qualifications of bachelor's degree or above was 299,949 or 79.59%. Besides there were 3,624 workers dispatched from labour leasing companies, a decrease of 1.58% from 2022. In addition, the CCB Group assumed the expenses of 113,493 retired employees.

CCB attached importance to gender diversity of employees. As at 31 December 2023, the proportion of male and female employees (including senior executives) of the CCB Group was 46.62% and 53.38% respectively. The CCB Group fully respected individual differences of talents and was committed to providing equal opportunities for employees. The CCB Group is expected to maintain a reasonable level of gender diversity of employees.

Exposure to exchange rates

As at 31 December 2023, the CCB Group's foreign exchange exposures mainly comprise exposures from foreign currency portfolios within treasury proprietary investments in debt securities and money market placements, and currency exposures from its overseas business. The CCB Group manages its foreign exchange exposures by spot foreign exchange transactions and by matching its foreign currency denominated assets with corresponding liabilities in the same currency, and also uses derivatives in the management of its own foreign currency asset and liability portfolios and structural positions.

Contingent liabilities

As at 31 December 2023, commitments and contingent liabilities mainly include credit commitments, capital commitments, government bond redemption obligations, and outstanding litigations and disputes. Among these, credit commitments were the largest component, including undrawn loan facilities which were approved and contracted, unused credit card limits, financial guarantees, and letters of credit. At the end of 2023, the balance of credit commitments was RMB3.83 trillion, an increase of RMB143,712 million or 3.90% over 2022.

2. MANAGEMENT DISCUSSION AND ANALYSIS OF ICBC

Set out below are the management discussion and analysis on ICBC for each of the three years ended 31 December 2021, 2022 and 2023 as extracted from the annual reports of ICBC for the years ended 31 December 2021, 2022 and 2023. Capitalised terms used in this section shall have the same meanings as those ascribed in the abovementioned annual reports of ICBC.

For the Year Ended 31 December 2021

Segmental information

The ICBC Group is organised into different operating segments, namely corporate banking, personal banking and treasury operations, based on internal organisation structure, management requirements and internal reporting system.

The corporate banking segment covers the provision of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit-taking activities, corporate wealth management services, custody activities and various types of corporate intermediary services.

The personal banking segment covers the provision of financial products and services to individual customers. The products and services include personal loans, deposit-taking activities, card business, personal wealth management services and various types of personal intermediary services.

The treasury operations segment covers the ICBC Group's treasury operations which include money market transactions, investment securities, foreign exchange transactions and the holding of derivative positions, for its own accounts or on behalf of customers.

The others segment covers the ICBC Group's assets, liabilities, income and expenses that are not directly attributable or cannot be allocated to a segment on a reasonable basis. Management monitors the operating results of the ICBC Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the ICBC Group.

Transactions between segments mainly represent the provision of funding to and from individual segments. The internal transfer pricing of these transactions are determined with reference to the market rates and have been reflected in the performance of each segment. Net interest income and expense arising on internal fund transfer are referred to as "internal net interest income or expense". Net interest income and expense relating to third parties are referred to as "external net interest income or expense".

Liquidity and financial resources

At the end of 2021, RMB liquidity ratio and foreign currency liquidity ratio of ICBC were 41.5% and 88.9% respectively, both meeting the regulatory requirements. Loan-to-deposit ratio was 77.3%.

Net stable funding ratio aims to ensure commercial banks have sufficient stable sources of funding to meet the needs for stable funding of assets and off-balance sheet risk exposures. The net stable funding ratio is the ratio of the available stable funding to the required stable funding. As at the end of the fourth quarter of 2021, the net stable funding ratio was 126.20%, 1.98 percentage points lower than that at the end of the previous quarter, mainly due to the rapid growth of stable funds required.

The daily average liquidity coverage ratio for the fourth quarter of 2021 was 112.20%, 0.96 percentage points higher than the previous quarter, mainly because of the continuous growth of qualified high-quality liquid assets. High-quality liquid assets cover cash, available central bank reserve under stress and primary and secondary bond assets that can be included in the liquidity coverage ratio under the regulatory requirements.

As at the end of 2021, the liquidity exposure for less than 1 month turned negative from positive from the end of last year, mainly due to the increase of matured due to customers within corresponding term. The negative liquidity exposure for 1 to 3 months expanded, mainly due to the increase of matured due to customers within corresponding term. The negative liquidity exposure for 3 months to 1 year decreased slightly, mainly due to the increase of matured loans and advances to customers with corresponding term. The positive liquidity exposure for 1 to 5 years decreased slightly mainly due to the increase of matured due to customers within corresponding term. The positive liquidity exposure for the category of over 5 years expanded, which was mainly due to the increase in matured loans and advances to customers and bond investments within corresponding term. Deposits maintained steady growth with a high deposition rate, and at the same time ICBC made major investment in highly liquid bond assets, and possessed sufficient liquidity reserves. Therefore, the overall liquidity of ICBC was maintained at a safe level.

Capital structure

On the basis of capital replenishment by retained profits, ICBC proactively expanded the channels for external capital replenishment and continuously promoted the innovation of capital instruments, to reinforce the capital strength, optimise capital structure and control the cost of capital rationally.

ICBC publicly issued two tranches of undated additional tier 1 capital bonds of RMB70.0 billion and RMB30.0 billion in China's national inter-bank bond market in June and November 2021 respectively. All proceeds from these issuances, after deduction of issuance expenses, were used to replenish ICBC's additional tier 1 capital in accordance with applicable laws and approvals by the regulatory authorities.

ICBC issued undated additional tier 1 capital bonds of US$6.16 billion in the offshore market in September 2021. All proceeds from this issuance, after deduction of issuance expenses, were used to replenish ICBC's additional tier 1 capital in accordance with applicable laws and approvals by the regulatory authorities.

ICBC issued a tier 2 capital bond of RMB30.0 billion in China's national inter-bank bond market in January 2021. All proceeds were used to replenish ICBC's tier 2 capital in accordance with the applicable laws as approved by relevant regulatory authorities. In 2021, ICBC received the approvals from CBIRC and PBC respectively, for ICBC to publicly issue tier 2 capital bonds of no more than RMB190.0 billion in China's national inter-bank bond market. In December 2021 and January 2022, ICBC issued two tranches of tier 2 capital bonds of RMB60.0 billion and RMB40.0 billion in the national inter-bank bond market, respectively.

All proceeds were used to replenish ICBC's tier 2 capital in accordance with the applicable laws as approved by relevant regulatory authorities.

Prospects

In 2022, the global economy is expected to continue its rebound, but tensions in the global supply chain and energy supplies may persist, and the prices of major asset categories show a divergent trend. The accelerated shift in monetary policy of major economies and the upward shift in interest rate centers will pose challenges to the banking sector in terms of liquidity management, asset allocation and optimisation of the debt structure. At present, the Chinese economy faces pressures from three fronts, namely shrinking demand, supply shock and weakening expectations, but the momentum of sustained recovery and development has not changed, and its economic fundamentals remain strong in the long term. China is stepping up efforts to foster a new development paradigm featuring dual circulation, in which domestic and overseas markets reinforce each other, with the domestic market as the mainstay. This will bring new opportunities to the high quality development in the banking sector.

Adhering to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, ICBC will continue to earnestly implement the decisions and arrangements of the Central Committee of the Communist Party of China and the State Council, advance full and accurate implementation of the new development philosophy in the new development stage, and actively serve and integrate into the new development paradigm.

ICBC will stay committed to the general principle of pursuing progress while ensuring stability, keep hold of the requirement of "stability", fight for achievements in "progress", redouble efforts in "reform", stick to the path of financial development with Chinese characteristics, follow the "48-character" guideline, and pursue its own high quality development while contributing to the country's high-quality economic and social development. First, it will reinforce the Party's establishment in a high-quality manner. ICBC will uphold and strengthen the Party's leadership, further integrate it with corporate governance, better align the procedural rules of the Party Committee and the decision-making mechanism in corporate governance, and improve the modern financial enterprise system.

ICBC will give full play to its role in full and strict Party self-governance in providing political guidance and guarantees and strengthen strict management and atmosphere. Second, it will serve the new development paradigm in a high-quality manner. ICBC will continue to focus on its main responsibilities and businesses, scale up support for manufacturing enterprises and small and micro enterprises, and improve the service quality and efficiency for scientific and technological innovation and green development. ICBC will bring into full play to its dual functions as monetary policy tools in the total amount and structure of investment and financing, implement the cross-cyclical and counter-cyclical policy arrangements, and provide targeted support for the implementation of major projects during the 14th Five-Year Plan period to keep the macro-economy on an even keel.

ICBC will integrate financial services into the processes of production, distribution, circulation and consumption to help build a complete demand system and smoothen the circulation of the national economy and the global economy. Third, it will implement the new development plan at a high-quality standard. ICBC will give greater prominence to quality, efficiency and innovation, make itself stronger and better based on actual conditions, and improve qualitative development. It will push forward the implementation of key strategies such as the No.1 Personal Bank, the Preferred Bank for Foreign Exchange Business, Sharpening Competitive Edge in Key Regions, and Urban-Rural Collaborative Development. ICBC will strive to achieve new results while "bringing out our strengths to make up for our weaknesses and laying a solid foundation and base" and make mid-term breakthroughs in the implementation of new development plan. Fourth, it will carry out the high-quality enterprise risk management. Adhering to the systematic thinking pattern, ICBC will strengthen risk awareness and bottom-line thinking, comprehensively sort out and identify potential risks, and develop targeted response plans and countermeasures.

ICBC will improve credit risk management, and further stabilise the asset quality. It will refine the risk management mechanism for online and emerging businesses, and strictly forestall market risks.

ICBC will comprehensively enhance the effectiveness of internal control and case prevention measures to ensure that no major risk events and cases occur. Fifth, it will press ahead with high-quality financial reform.

ICBC will further promote the organic integration of the Party's leadership and corporate governance, put in place the sound system of modern financial enterprise, and modernise the governance system and capacity. It will fully exploit its advantages in technology and data to boost the development of the digital economy and ramp up its efforts in building "D-ICBC".

ICBC will roll out new cutting-edge and controllable financial technology and take solid measures to ensure the security in the process of digital transformation. Sixth, it will reinforce the building of talent teams in a high-quality manner.

ICBC will strengthen the top-level design for talent-related work, devise and implement a new round of bank-wide talent development plans. It will improve the evaluation, appraisal and monitoring systems, refine the incentive and restraint mechanisms, strengthen employee management and supervision, and improve employee care. By doing so, ICBC aims to build a strong bank with top-notch talent teams and forge synergy for ICBC's high-quality development.

Employees and related policies

With the focus on high-quality development of operation and areas vital to market competition, ICBC assigned more human resources to strategic areas. ICBC deepened technological empowerment, moved ahead with the construction of retail and FinTech teams and improved operation through the transformation and upgrading of human resources. ICBC expanded frontline marketing service personnel to strongly support the competitiveness enhancement of outlets. In line with the trend of digital transformation, ICBC optimised institutional function setting and deepened online and offline integrated development. ICBC increased support for personnel in key counties and rural areas and promoted financial service resources to lower tiers.

ICBC endeavored to promote the acceptance of corporate culture. ICBC, focusing on its strategy, expanded the connotation of corporate culture, strengthened cultural transmission, and reinforced employees' strategic consensus and cultural identity by preparing and publishing white papers on cultural building and producing micro-videos to interpret the strategy. ICBC carried forward the "Innovative ICBC" project, put into production the incubation system, and created an atmosphere of innovation for all employees. ICBC continued to implement the cultural event "That's China, That's ICBC" to promote cultural integration and dissemination. ICBC launched "Red Financial Footprint" campaign to guide employees to inherit the tradition and spirit of revolution. ICBC produced special educational films such as "Comprehensive and Strict Governance over Party and ICBC", carried out special warning education on "Financial Criminal Cases", to foster a clean and honest financial culture.

ICBC continued to develop tiered and classified training programs to meet the needs of business development and talent team building. ICBC concentrated efforts on implementing leadership training camp, Mini MBA Program, credit management and executive English training for managers to enhance their management capabilities. ICBC continued to carry out thematic training on FinTech, inclusive finance, AML and ESG to improve the professional competency and business capabilities of professionals. ICBC started cross-provincial rotating training for the heads of frontline outlets, coordinated and strengthened training for personnel on other positions, extensively carried out the bank-wide reading campaign and helped employees perform duties and grow up on appropriate positions.

ICBC adopted a remuneration policy that was in line with corporate governance requirements, in combination with high-quality development targets, in adaptation to risk management system and talent development strategy, and well-matched with employees' value contribution, so as to advance the sound operation and high-quality development of the whole bank. ICBC's remuneration management policy was formulated and adjusted in strict accordance with applicable national regulations, regulatory requirements and corporate governance procedures.

Employee remuneration consisted of basic remuneration, performance-based remuneration and welfare income. In particular, the basic remuneration depended on an employee's value contribution and ability to perform duties, and the performance-based remuneration was based on the overall situation of ICBC, the employee's institution or department, and the employee's personal performance measurement results. Meanwhile, the performance-based remuneration to the Senior Management and employees on key positions was subject to a deferred payment and recourse deduction mechanism, so as to balance risks and incentives. For employees who violated regulations and disciplines or had abnormal exposure of risk losses within their duties, the performance-based remuneration for the corresponding period shall be deducted, stopped in payment and recovered according to the severity. During the reporting period, according to relevant measures, ICBC deducted or stopped payment of corresponding performance-based remuneration to employees who were subject to disciplinary action or other treatment due to violation of regulations and disciplines or abnormal exposure of risk losses within their duties.

ICBC continuously optimised the remuneration resource allocation mechanism with value creation as the core, resolutely maintained a fair allocation concept with incentive commensurate with restraint, transmitted the ICBC Group's strategic objectives for business management, and allocated more remuneration resources to the grassroots employees, for the purpose of mobilising and inspiring the business vitality of institutions at all tiers.

ICBC's 2021 remuneration plan was prepared and implemented as per the internal decision-making process. The execution of total annual salaries was reported to the authority for filing according to national regulations. During the reporting period, ICBC's Senior Management fulfilled the indicators concerning economic, risk and social responsibilities well, and final results will be determined after deliberation by the Board of Directors.

As at the end of 2021, ICBC had a total of 434,089 employees, including 410,766 employees in the Head Office and domestic branches, 7,467 employees in domestic subsidiaries, and 15,856 employees in overseas institutions.

Exposure to exchange rates

The ICBC Group is primarily exposed to structural interest rate risk arising from commercial banking and interest rate risk arising from treasury business positions. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the repricing dates of interest-generating assets and interest-bearing liabilities. The ICBC Group's currency risk mainly results from the risk arising from exchange rate fluctuations on its foreign exchange exposures. Foreign exchange exposures include the mismatch of foreign currency assets and liabilities, and off-balance sheet foreign exchange positions arising from derivative transactions. The ICBC Group considers the market risk arising from stock price fluctuations in respect of its investment portfolios to be immaterial.

Contingent liabilities

The ICBC Group is involved in lawsuits and arbitrations during its normal course of operations. As at 31 December 2021, there were a number of legal proceedings and arbitrations outstanding against ICBC and/or its subsidiaries with a total claimed amount of RMB6,165 million (31 December 2020: RMB4,928 million). In the opinion of management, the ICBC Group has made adequate allowance for any probable losses based on the current facts and circumstances, and the ultimate outcome of these lawsuits and arbitrations will not have a significant impact on the financial position or operations of the ICBC Group.

Redemption commitments of government bonds and securities underwriting commitments As an underwriting agent of the MOF, ICBC underwrites certain PRC government bonds and sells the bonds to the general public. ICBC is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. The MOF will not provide funding for the early redemption of these PRC government bonds on a back-to-back basis but is obliged to repay the principal and the respective interest upon maturity. The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the ICBC Group, but not yet matured as at 31 December 2021 were RMB75,553 million (31 December 2020: RMB81,112 million).

Management expects that the redemption obligation of these PRC government bonds by ICBC prior to maturity will not be material. As at 31 December 2021, the ICBC Group's outstanding securities underwriting commitments were RMB6,350 million (31 December 2020: Nil).

For the Year Ended 31 December 2022

Segmental information

The ICBC Group is organised into different operating segments, namely corporate banking, personal banking and treasury operations, based on internal organisation structure, management requirements and internal reporting system.

The corporate banking segment covers the provision of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit-taking activities, corporate wealth management services, custody activities and various types of corporate intermediary services.

The personal banking segment covers the provision of financial products and services to individual customers. The products and services include personal loans, deposit-taking activities, card business, personal wealth management services and various types of personal intermediary services.

The treasury operations segment covers the ICBC Group's treasury operations which include money market transactions, investment securities, foreign exchange transactions and the holding of derivative positions for its own accounts or on behalf of customers.

The others segment covers the ICBC Group's assets, liabilities, income and expenses that are not directly attributable or cannot be allocated to a segment on a reasonable basis. Management monitors the operating results of the ICBC Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the ICBC Group.

Transactions between segments mainly represent the provision of funding to and from individual segments. The internal transfer pricing of these transactions is determined with reference to the market rates and have been reflected in the performance of each segment. Net interest income and expense arising on internal fund transfer are referred to as "internal net interest income or expense". Net interest income and expense relating to third parties are referred to as "external net interest income or expense".

Liquidity and financial resources

At the end of 2022, RMB liquidity ratio and foreign currency liquidity ratio of ICBC were 42.3% and 106.1% respectively, both meeting the regulatory requirements. Loan-to-deposit ratio was 76.7%.

Net stable funding ratio aims to ensure commercial banks have sufficient stable sources of funding to meet the needs for stable funding of assets and off-balance sheet risk exposures. The net stable funding ratio is the ratio of the available stable funding to the required stable funding. As at the end of the fourth quarter of 2022, the net stable funding ratio was 128.82%, 1.02 percentage points higher than that at the end of the previous quarter, mainly due to the rapid growth of stable funds available for use.

The daily average liquidity coverage ratio for the fourth quarter of 2022 was 118.27%, 2.43 percentage points lower than the previous quarter, mainly because of the decreased cash inflows in the next 30 days. High-quality liquid assets cover cash, available central bank reserve under stress and primary and secondary bond assets that can be included in the liquidity coverage ratio under the regulatory requirements.

As at the end of 2022, the negative liquidity exposure for less than 1 month expanded, mainly due to the increase of matured due to customers within corresponding term. The negative liquidity exposure for 3 months to 1 year decreased slightly, mainly due to the increase of matured loans and advances to customers with corresponding term. The positive liquidity exposure for 1 to 5 years and over 5 years expanded, which was mainly due to the increase in matured loans and advances to customers and bond investments within corresponding term. In 2022, ICBC maintained stable and abundant funds, balanced and steady growth in assets and liabilities, reasonable and appropriate cash flows of various maturities, and safe and steady liquidity operation.

Capital structure

On the basis of capital replenishment by retained profits, ICBC proactively expanded the channels for external capital replenishment and continuously promoted the innovation of capital instruments, to optimise capital structure, reinforce the capital strength and control the cost of capital rationally.

The First Extraordinary General Meeting of 2022 of ICBC reviewed and approved the Proposal on the Issuance of Undated Additional Tier 1 Capital Bonds. ICBC planned to issue undated additional tier 1 capital bonds of no more than RMB130.0 billion in China's domestic market. All proceeds from the issuance were used to replenish ICBC's additional tier 1 capital. The issuance plan of the undated additional tier 1 capital bonds is still subject to the approval of relevant regulatory authorities.

ICBC issued three tranches of tier 2 capital bonds of RMB40.0 billion, RMB50.0 billion and RMB40.0 billion respectively in China's national inter-bank bond market in January, April and August 2022. All proceeds were used to replenish ICBC's tier 2 capital in accordance with the applicable laws as approved by relevant regulatory authorities.

In October 2022, ICBC received the approvals from CBIRC, for ICBC to publicly issue tier 2 capital bonds of no more than RMB200.0 billion in China's national inter-bank bond market and record into ICBC's tier 2 capital according to relevant regulations. In November and December 2022, ICBC issued two tranches of tier 2 capital bonds of RMB60.0 billion and RMB30.0 billion in the national inter-bank bond market, respectively. All proceeds were used to replenish ICBC's tier 2 capital in accordance with the applicable laws as approved by relevant regulatory authorities.

Prospects

2022 was an extraordinary year. Adhering to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, ICBC continued to earnestly implement the decisions and arrangements of the CPC Central Committee and the State Council. Following the "48-character" guideline, ICBC coordinated development and safety, and advanced the "Strong, Excellent and Large" features by making efforts in "stability, progress and reform". It achieved the admirable performance of making progress and improving quality while ensuring stability, which was better than the expected and the best over recent years, and reached a new stage in the high-quality development of ICBC.

2023 is the start for comprehensively implementing the guiding principles of the 20th National Congress of the CPC. The fundamentals of the Chinese economy remain unchanged, and they will maintain long-term growth and demonstrate strong resilience, great potential and sufficient vitality. The economic operation is expected to recover in general, creating favorable conditions for the high-quality development of the banking industry. However, the world has entered a new period of turmoil and changes and the world economy may be troubled by stagflation, producing adverse influence for the stable and healthy operation of banking.

ICBC will continue to follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, study and carry out in depth the guiding principles of the 20th National Congress of the CPC, and fully and faithfully apply the new development philosophy on all fronts. Following the "48-character" guideline, ICBC will focus on serving the Chinese path to modernisation and driving high-quality development. It will strive to further practice the arrangements of "leveraging our strengths, tackling areas of weaknesses and solidifying the foundation" and seek new breakthroughs in development plans. With concrete action, ICBC will contribute to the efforts to kick off to a good start for building a modern socialist country in all respects.

First, it will stabilise growth to fully serve the Chinese path to modernisation. ICBC will firmly implement the decisions and arrangements of the Central Committee of the CPC, put stability first and pursue progress while ensuring stability, and fulfill its responsibilities as a large bank in promoting larger domestic demand, optimised supply and smooth circulation. It will deepen the implementation of key strategies such as the No.1 Personal Bank, the Preferred Bank for Foreign Exchange Business, Sharpening Competitive Edge in Key Regions, and Urban-Rural Collaborative Development. By providing high-quality financial services, ICBC will contribute to the efforts of stabilising growth, employment and price.

Second, it will adjust structure to create the new ecosystem of high-quality development. Aiming to develop into a world-class and modern financial enterprise with Chinese characteristics, ICBC will construct a balanced and coordinated customer structure, a stable and reasonable asset structure, a diverse income structure, an innovative and leading product structure, and a fully integrated channel structure. In doing so, it will solidify the "Strong, Excellent and Large" features and move closer towards balanced, coordinated and sustainable developments.

Third, it will provide driving forces by enhancing support in technology, data and talents. ICBC will accurately follow the direction of modern financial development and remain committed to technology self-reliance, development empowered by digital technology and development led and driven by talents. It will advance the building of "D-ICBC", a strong bank with technology advantages and top-notch talent teams, and first-class think tanks. Continuous efforts will be made to improve customer experience, business efficiency and value creation capability. ICBC will continue to plan in a well-coordinated way and fully deepen the comprehensive reform to build new engines for high-quality development.

Fourth, it will prevent risks and put up new high-level defense lines for security. Adhering to a holistic approach to national security, ICBC will refine the Five-pronged Risk Management Approach, strengthen source control and joint prevention, and keep a close eye on major fields, weak links and critical positions in promoting the iteration and upgrading of the comprehensive risk management system. It will enhance building, execution and supervision of the internal control system and unremittingly reinforce production safety to effectively prevent and eliminate major risks.

Fifth, it will break new ground in the guidance of the Party building. ICBC will keep cementing the results of the disciplinary inspection by the CPC Central Committee, continue to refine the implementation mechanism for the major decisions and arrangements of the CPC Central Committee, and promote the guiding principles of the 20th CPC National Congress to be carried out throughout ICBC and produce vivid practice. It will remain firmly committed to the full and strict Party self-governance, continue with strict keynote, measures and atmosphere in the long run, and strive to build a clean, righteous, practical and accountable political environment.

Employees and related policies

ICBC adopted a remuneration policy that is in line with corporate governance requirements, in combination with high-quality development targets, in adaptation to risk management system and talent development strategy, and well-matched with employees' value contribution, so as to advance the sound operation and high-quality development of the whole bank.

ICBC's remuneration management policy was formulated and adjusted in strict accordance with applicable national regulations, regulatory requirements and corporate governance procedures. ICBC continuously optimised the remuneration resource allocation mechanism with value creation as the core, resolutely maintained a fair allocation concept with incentive commensurate with restraint, transmitted the ICBC Group's strategic objectives for business management, and allocated more remuneration resources to the grassroots employees, for the purpose of mobilising and inspiring the business vitality of institutions at all tiers. ICBC's employee remuneration consisted of basic remuneration, performance-based remuneration and welfare income.

In particular, the basic remuneration depended on an employee's value contribution and ability to perform duties, and the performance-based remuneration was based on the overall situation of ICBC, the employee's institution or department, and the employee's personal performance measurement results. Meanwhile, the performance-based remuneration to the Senior Management and employees in positions that have a significant influence on risks was subject to a deferred payment and recourse deduction mechanism, so as to balance risks and incentives. For employees who violated regulations and disciplines or had abnormal exposure of risk losses within their duties, their performance-based remuneration for the corresponding period shall be deducted, withheld and recovered according to the severity of the violation. During the reporting period, according to relevant measures, ICBC deducted, withheld or recovered payment of corresponding performance-based remuneration to employees who were subject to disciplinary action or other treatment due to violation of regulations and disciplines or abnormal exposure of risk losses within their duties. ICBC's 2022 remuneration plan was prepared and implemented as per the internal decision-making process. The execution of total annual salaries was reported to the authority for filing according to national regulations. During the reporting period, ICBC's Senior Management fulfilled the indicators concerning economic, risk and social responsibilities well, and final results will be determined after deliberation by the Board of Directors.

As at the end of 2022, ICBC had a total of 427,587 employees, including 404,090 employees in the Head Office and domestic branches, 7,619 employees in domestic subsidiaries, and 15,878 employees in overseas institutions. ICBC's employee gender ratio maintained generally balanced and there was no significant change from the end of last year. In future, ICBC will continue to pay attention to the employee gender structure, strengthen tracking and monitoring in areas such as personnel exit and recruitment, and take effective measures to maintain a balanced and stable gender ratio.

Exposure to exchange rates

The ICBC Group is primarily exposed to structural interest rate risk arising from commercial banking and interest rate risk arising from treasury business positions. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the repricing dates of interest-generating assets and interest-bearing liabilities. The ICBC Group's currency risk mainly results from the risk arising from exchange rate fluctuations on its foreign exchange exposures. Foreign exchange exposures include the mismatch of foreign currency assets and liabilities, and off-balance sheet foreign exchange positions arising from exchange rate derivative transactions. The ICBC Group considers the market risk arising from stock price fluctuations in respect of its investment portfolios to be immaterial.

Contingent liabilities

The ICBC Group is involved in lawsuits and arbitrations during its normal course of operations. As at 31 December 2022, there were a number of legal proceedings and arbitrations outstanding against ICBC and/or its subsidiaries with a total claimed amount of RMB4,738 million (31 December 2021: RMB6,165 million). In the opinion of management, the ICBC Group has made adequate allowance for any probable losses based on the current facts and circumstances, and the ultimate outcome of these lawsuits and arbitrations will not have any significant impact on the financial position or operations of the ICBC Group.

As an underwriting agent of the MOF, ICBC underwrites certain PRC government bonds and sells the bonds to the general public. ICBC is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. The MOF will not provide funding for the early redemption of these PRC government bonds on a back-to-back basis but is obliged to repay the principal and the respective interest upon maturity. The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the ICBC Group, but not yet matured as at 31 December 2022 were RMB62,140 million (31 December 2021: RMB75,553 million). Management expects that the redemption obligation of these PRC government bonds by ICBC prior to maturity will not be material. As at 31 December 2022, the ICBC Group has not had any outstanding securities underwriting commitments (31 December 2021: RMB6,350 million).

For the Year Ended 31 December 2023

Segmental information

The ICBC Group is organised into different operating segments, namely corporate banking, personal banking and treasury operations, based on internal organisation structure, management requirements and internal reporting system.

The corporate banking segment covers the provision of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit-taking activities, corporate wealth management services, custody activities and various types of corporate intermediary services.

The personal banking segment covers the provision of financial products and services to individual customers. The products and services include personal loans, deposit-taking activities, card business, personal wealth management services and various types of personal intermediary services.

The treasury operations segment covers the ICBC Group's treasury operations which include money market transactions, investment securities, foreign exchange transactions and the holding of derivative positions, for its own accounts or on behalf of customers.

The other segment covers the ICBC Group's assets, liabilities, income and expenses that are not directly attributable or cannot be allocated to a segment on a reasonable basis.

Management monitors the operating results of the ICBC Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the ICBC Group.

Transactions between segments mainly represent the provision of funding to and from individual segments. The internal transfer pricing of these transactions is determined with reference to the market rates and have been reflected in the performance of each segment. Net interest income and expense arising on internal fund transfer are referred to as "internal net interest income or expense". Net interest income and expense relating to third parties are referred to as "external net interest income or expense".

Segmental revenues, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The basis for allocation is mainly based on occupation of or contribution to resources. Income taxes are managed on a group basis and are not allocated to operating segments.

Liquidity and financial resources

At the end of 2023, ICBC calculated its capital adequacy ratios at all levels in accordance with the Regulation Governing Capital of Commercial Banks (Provisional). According to the scope of implementing the advanced capital management approaches as approved by the regulatory authorities, ICBC adopted the foundation internal ratings-based ("**IRB**") approach for corporate credit risk, the IRB approach for retail credit risk, the internal model approach ("**IMA**") for market risk, and the standardised approach for operational risk that met the regulatory requirements. The regulatory weighting approach was adopted for credit risk uncovered by the IRB approach and the standardised approach was adopted for market risk uncovered by the IMA.

As at the end of 2023, the common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio calculated by ICBC in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) stood at 13.72%, 15.17% and 19.10%, respectively, complying with regulatory requirements.

At the end of 2023, ICBC's liquidity coverage ratio was 122.03%.

Capital structure

On the basis of capital replenishment by retained profits, ICBC proactively expanded the channels for external capital replenishment, continuously promoted the innovation of capital instruments, and optimised the capital structure, to reinforce the capital strength and control the cost of capital rationally.

ICBC publicly issued two tranches of tier 2 capital bonds of RMB55.0 billion each in China's national inter-bank bond market in April and August 2023. All proceeds were used to replenish ICBC's tier 2 capital in accordance with the applicable laws as approved by relevant regulatory authorities.

In November 2023, the First Extraordinary General Meeting of 2023 of ICBC reviewed and approved the Proposal on the Issuance Amount of Capital Instruments, approving ICBC to issue tier 2 capital instruments of RMB240.0 billion or foreign currency equivalent. In order to meet the latest regulatory requirements, the issuance amount of RMB130.0 billion or foreign currency equivalent of undated capital bonds with write-down feature that have not been issued after being reviewed and approved by the First Extraordinary General Meeting of 2022 will no longer be used. The above-mentioned amount has been incorporated into the proposal for re-application. The issuance plan of the above-mentioned capital instruments is still subject to the approval of relevant regulatory authorities.

In February 2024, the First Extraordinary General Meeting of 2024 of ICBC reviewed and approved the Proposal on the Issuance Amount of Total Loss-Absorbing Capacity Non-capital Debt Instruments, approving ICBC to issue no more than RMB60.0 billion total loss-absorbing capacity non-capital debt instruments. The issuance plan of total loss-absorbing capacity non-capital debt instruments is still subject to the approval by relevant regulatory authorities.

Prospects

2024 marks the 75th anniversary of the founding of the People's Republic of China, a crucial year for achieving the goals and tasks of the 14th Five-Year-Pan, and also the first year of the new journey for ICBC after its 40th anniversary. Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, ICBC will firmly follow of the path of financial development with Chinese characteristics, uphold the goal of building a strong nation with financial power, focus on the vision of building a world-class modern financial institution with Chinese characteristics, and adhere to the leading role of high-quality Party building for high-quality development and high-level safety. Moreover, ICBC will give full play to the crucial role of high-efficiency reform, endeavor to provide high-quality services, and effectively play the key role in serving the real economy and the ballast stone role in maintaining financial stability.

ICBC will stick to a blueprint to the end, adhere to the combination of strategic heritage and innovation, and consolidate the four strategic layouts of "leveraging our strengths, tackling areas of weaknesses and solidifying the foundation". It will deepen the implementation of key strategies of No.1 Personal Bank, Preferred Bank for Foreign Exchange Business, Key Regions and Urban-Rural Collaborative Development, etc., and continue to exert its advantages, fill up gaps, strengthen the bottom lines and forge new strengths. ICBC will strive to promote the "five transformations" of modern layout, diversified structure, ecological foundation, digital driver and intelligent risk control, and spare no efforts to build an incorruptible, modern, stable, digital and trustworthy ICBC by your side.

Focusing on serving the Chinese modernisation, ICBC will take solid steps in "Five Priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance, actively support the construction of "three major projects" of affordable housing construction, dual-use public infrastructure construction, and urban village reconstruction, and reinforce services to major national strategies, key areas and weak aspects. ICBC will focus on manufacturing and other major businesses, promote the development of new quality productive forces, and lay out the future to build financial infrastructure with ICBC characteristics.

ICBC will adhere to the connotative high-quality development, promote the realisation of effective improvement in quality, proper growth in quantity, and precise risk prevention and control, and build a healthier and cleaner balance sheet and a balanced and sustainable income statement. ICBC will continue to grow stronger and do better, consolidate its position as the largest bank, balance the relationship among value creation, market position, risk control and capital constraints, improve operational efficiency and risk resistance capability, and enhance global layout capacity and international competitiveness, to accelerate the building of a strong financial institution.

Employees and related policies

In 2023, the construction of the D-ICBC was quickened, and new momentum and vitality were constantly unleashed. ICBC continuously upgraded and polished key external and internal service platforms, and basically formed a "digital financial service window" with ICBC characteristics, to better serve customers and empower employees.

ICBC was the first among domestic peers to build a billion-level AI big model technology system and put it into operation. It continued to deepen the construction of digital employees, undertaking the workload of more than 30 thousand natural persons in various scenarios, so as to empower employees and reduce their burden.

During the year ended 31 December 2023, ICBC did not have any employee shares or employee stock ownership plan.

Exposure to exchange rates

A derivative is a financial instrument, the value of which changes in response to the changes in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other similar variables. The ICBC Group uses derivative financial instruments including forwards, swaps, options and futures. The notional amount of a derivative represents the underlying amount of the specific financial instruments mentioned above. It indicates the volume of business transacted by the ICBC Group but does not reflect the risk.

As at 31 December 2023, the notional amounts of the ICBC Group's exchange rate contracts amounted to RMB6,015,214 million.

Contingent liabilities

At end of 2023, the ICBC Group had capital commitments of approximately RMB26,804 million.

The ICBC Group is involved in lawsuits and arbitrations during its normal course of operations. As at 31 December 2023, there were a number of legal proceedings and arbitrations outstanding against ICBC and/or its subsidiaries with a total claimed amount of RMB6,659 million (31 December 2022: RMB4,738 million). In the opinion of management, the ICBC Group has made adequate allowance for any probable losses based on the current facts and circumstances, and the ultimate outcome of these lawsuits and arbitrations will not have any significant impact on the financial position or operations of the ICBC Group.

As an underwriting agent of the MOF, ICBC underwrites certain PRC government bonds and sells the bonds to the general public. ICBC is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. The MOF will not provide funding for the early redemption of these PRC government bonds on a back-to-back basis but is obliged to repay the principal and the respective interest upon maturity. The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the ICBC Group, but not yet matured as at 31 December 2023 were RMB57,256 million (31 December 2022: RMB62,140 million). Management expects that the redemption obligations of these PRC government bonds by ICBC prior to maturity will not be material. As at 31 December 2023, the ICBC Group has not had any outstanding securities underwriting commitments (31 December 2022: Nil).

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Interests and short positions of Directors and chief executives in the shares of the Company and its associated corporations

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have been taken under such provisions of the SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange:

Long position in the shares of the Company

Name of Director	Capacity	Number of Shares held
Dr. Charles Yeung, GBS, JP (1)	– interest held through Glorious Sun Holdings (BVI) Limited (51.934% of the share capital was held by Dr. Charles Yeung)	622,263,000
	– interest held through Advancetex Holdings (BVI) Limited (51.934% of the share capital was held by Dr. Charles Yeung)	207,810,000
Yeung Chun Fan, BBS (2)	– interest held through Glorious Sun Holdings (BVI) Limited (48.066% of the share capital was held by Mr. Yeung Chun Fan)	622,263,000
	– interest held through Advancetex Holdings (BVI) Limited (48.066% of the share capital was held by Mr. Yeung Chun Fan)	207,810,000

Name of Director	Capacity	Number of Shares held
Dr. Charles Yeung, GBS, JP [(1)] and Yeung Chun Fan, BBS [(2)]	– beneficial owner (50% of the interest was held by each of Dr. Charles Yeung and Mr. Yeung Chun Fan)	138,285,499
Yeung Chun Fan, BBS [(2)]	– beneficial owner	75,000,000
Ms. Cheung Wai Yee [(3)]	– beneficial owner	10,095,000
Hui Chung Shing, Herman, GBS, MH, JP [(4)]	– beneficial owner	6,250,000
Lau Hon Chuen, Ambrose, GBS, JP [(5)]	– beneficial owner	1,492,402

Notes:

Calculations of the interests in shares disclosed pursuant to the SFO were as follows:

1. The total interests held were 968,358,499 shares which represented 63.842% of the Company's issued share capital as at the Latest Practicable Date.

2. Interest of spouse (Ms. Cheung Wai Yee) of 10,095,000 shares has to be included. Therefore, according to the calculation of interests under the SFO, the total interests held by Mr. Yeung Chun Fan were 1,053,453,499 shares which represented 69.452% of the Company's issued share capital as at the Latest Practicable Date.

3. Interest of spouse (Mr. Yeung Chun Fan) of 1,043,358,499 shares has to be included. Therefore, according to the calculation of interests under the SFO, the total interests held by Ms. Cheung Wai Yee were 1,053,453,499 shares which represented 69.452% of the Company's issued share capital as at the Latest Practicable Date.

4. The total interests held were 6,250,000 shares which represented 0.412% of the Company's issued share capital as at the Latest Practicable Date.

5. The total interests held were 1,492,402 shares which represented 0.098% of the Company's issued share capital as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interests or short positions 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.

Substantial shareholders

As at the Latest Practicable Date, the register required to be kept by the Company pursuant to Section 336 of the SFO showed that the following shareholders 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 position in the shares of the Company

Name of shareholder	Capacity	Number of Shares held
Glorious Sun Holdings (BVI) Limited [1] (51.934% of the share capital was held by Dr. Charles Yeung and 48.066% of the share capital was held by Mr. Yeung Chun Fan)	– beneficial owner	622,263,000
Advancetex Holdings (BVI) Limited [2] (51.934% of the share capital was held by Dr. Charles Yeung and 48.066% of the share capital was held by Mr. Yeung Chun Fan)	– beneficial owner	207,810,000
Dr. Charles Yeung, GBS, JP [3,6]	– 50% of the interest was held by each of Dr. Charles Yeung and Mr. Yeung Chun Fan	138,285,499
Yeung Chun Fan, BBS [4,6]	– 50% of the interest was held by each of Dr. Charles Yeung and Mr. Yeung Chun Fan	138,285,499
	– beneficial owner	75,000,000
Ms. Cheung Wai Yee [5,6]	– beneficial owner	10,095,000

Notes:

Calculations of the interests in shares disclosed pursuant to the SFO were as follows:

1. The total interests held were 622,263,000 shares which represented 41.025% of the Company's issued share capital as at the Latest Practicable Date.

2. The total interests held were 207,810,000 shares which represented 13.700% of the Company's issued share capital as at the Latest Practicable Date.

3. Interests of controlled corporations (Glorious Sun Holdings (BVI) Limited and Advancetex Holdings (BVI) Limited) of 830,073,000 shares have to be included. Therefore, according to the calculation of interests under the SFO, the total interests held by Dr. Charles Yeung were 968,358,499 shares which represented 63.842% of the Company's issued share capital as at the Latest Practicable Date.

4. Interests of controlled corporations (Glorious Sun Holdings (BVI) Limited and Advancetex Holdings (BVI) Limited) of 830,073,000 shares and interest of spouse (Ms. Cheung Wai Yee) of 10,095,000 shares have to be included. Therefore, according to the calculation of interests under the SFO, the total interests held by Mr. Yeung Chun Fan were 1,053,453,499 shares which represented 69.452% of the Company's issued share capital as at the Latest Practicable Date.

5. Interest of spouse (Mr. Yeung Chun Fan) of 1,043,358,499 shares has to be included. Therefore, according to the calculation of interests under the SFO, the total interests held by Ms. Cheung Wai Yee were 1,053,453,499 shares which represented 69.452% of the Company's issued share capital as at the Latest Practicable Date.

6. As at the Latest Practicable Date, so far was known to the Directors, each of Dr. Charles Yeung, Mr. Yeung Chun Fan, Ms. Cheung Wai Yee and Ms. Yeung Yin Chi, Jennifer was a director of Glorious Sun Holdings (BVI) Limited and Advancetex Holdings (BVI) Limited, respectively. Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or an employee of a company which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, no other parties 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 the Latest Practicable Date.

3. DIRECTORS' OTHER INTEREST

As at the Latest Practicable Date, none of the Directors (or proposed Directors, if any) or their respective close associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group and would require disclosure under Rule 8.10 of the Listing Rules.

As at the Latest Practicable Date, save for the tenancy agreement set out below, none of the Directors had any direct or indirect interest in any assets which had, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

Full particulars of the nature and extent of the interest of every Director or proposed Director are set out below:

Date of tenancy agreement	Property leased by the Group	Use of property	Location	Landlord	Term	Monthly rental, air-conditioning and management fee	Relationship between landlord and the Directors
31 July 2023	One Kowloon Premises	Office	Hong Kong	Rank Profit Industries Limited	1 August 2023 to 31 July 2026	HK$141,153	The landlord is owned as to 66.7% and 33.3% by Dr. Charles Yeung(1) and Mr. Yeung Chun Fan(2)

Notes:

1. Dr. Charles Yeung is a Director and a substantial shareholder of the Company.

2. Mr. Yeung Chun Fan is a Director and a substantial shareholder of the Company.

As at the Latest Practicable Date, saved for the following contracts, none of the Directors was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Group:

(a) the consulting service agreement dated 1 August 2023 and entered into between Smart Empire Asset Management Limited ("**Smart Empire**") (as service provider), a wholly-owned subsidiary of the Company, and Glory Star Investments Limited ("**Glory Star**") (as service user), a company held as to 51% by Dr. Charles Yeung and 34% by Mr. Yeung Chun Fan, both being Directors and substantial shareholders of the Company, pursuant to which Smart Empire agreed to provide certain consulting services to Glory Star in relation to financial investments at a consideration of HK$5,680,000, the details of which are set out in the Company's announcement dated 1 August 2023; and

(b) the construction agreement dated 18 March 2024 and entered into between Glorious Sun Huacheng Property (Huizhou) Co., Ltd.* (旭日花城房產(惠州)有限公司) ("**Huacheng Property**"), which is ultimately owned by Dr. Charles Yeung and Mr. Yeung Chun Fan, both being Directors and substantial shareholders of the Company, as to 51.934% and 48.066%, respectively, and Shijiazhuang Changhong Building Decoration Engineering Company Limited* (石家莊常宏建築裝飾工程有限公司) ("**Changhong**"), an indirect non-wholly-owned subsidiary of the Company, pursuant to which Huacheng Property has engaged Changhong to carry out the fitting-out and decoration works in respect of certain mock-ups on One Lakeside, a shopping mall complex located in Huizhou, Guangdong Province, the PRC, for a total consideration of RMB3,330,000 (approximately HK$3,620,000), subject to adjustments (if any), the details of which are set out in the Company's announcement dated 18 March 2024.

4. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, with any member of the Group, a service contract which is not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

6. MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business carried out by the Group) have been entered into by any members of the Group within the two years immediately preceding the Latest Practicable Date.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Ernst & Young	Certified Public Accountants

Ernst & Young has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report or letter and references to its name in the form and context in which they are included.

As at the Latest Practicable Date, Ernst & Young had no shareholding in any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, Ernst & Young did not have any direct or indirect interest in any assets which have been, since 31 December 2023 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group.

The report from Ernst & Young on the unaudited pro forma statement of assets and liabilities of the Group as set out in Appendix II is given as of the date of this circular for incorporation herein.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.glorisun.com) and the Stock Exchange (www.hkexnews.hk) for a period of 14 days from the date of this circular (both days inclusive):

(a) the report from Ernst & Young on the unaudited pro forma statement of financial information of the Group as set out in Appendix II of this circular;

(b) the annual reports of the Company for the three financial years ended 31 December 2021, 2022 and 2023; and

(c) this circular.

9. MISCELLANEOUS

(a) The company secretary of the Company is Ms. Hoi Siu Ling, who is a member of the Hong Kong Chartered Governance Institute;

(b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the head office and principal place of business of the Company in Hong Kong is at 38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong;

(c) The principal share registrar and transfer office of the Company is Conyers Corporate Services (Bermuda) Limited at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda;

(d) The branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong; and

(e) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

* Denotes the English translation of the Chinese name for identification purpose only.

GLORIOUS SUN ENTERPRISES LIMITED
旭日企業有限公司

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

NOTICE IS HEREBY GIVEN that a special general meeting of Glorious Sun Enterprises Limited (the "**Company**") will be held at The Dynasty Club, 7th Floor, South West Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong on Friday, 24 May 2024 immediately following the conclusion of the annual general meeting of the Company which is scheduled to be held at 3:30 p.m. on the same date, for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions as ordinary resolutions of the Company. Capitalised terms defined in the circular of the Company dated 3 May 2024 (the "**Circular**") shall have the same meaning when used in this notice unless otherwise specified.

ORDINARY RESOLUTIONS

1. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

   "**THAT**:

   (a) the Revised CCB Acquisition Mandate to authorise the Directors in advance to conduct the Further CCB Acquisitions, for an aggregate amount not exceeding HK$400 million (excluding stamp duty and related expenses) in open market transactions on an ongoing basis, during the Mandate Period, namely a period of 12 months from the date on which this ordinary resolution is duly passed by the Shareholders, as more particularly described in the Circular be and is hereby approved and confirmed; and

   (b) any one or more of the Directors be and are hereby authorised for and on behalf of the Company and in its name to execute each other documents, instruments, instructions and agreements and to do all such acts or things which he/she/they may consider necessary, expedient or desirable to give effect to the Revised CCB Acquisition Mandate and the Further CCB Acquisitions contemplated thereunder."

2. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

   "**THAT**:

   (a) the Revised ICBC Acquisition Mandate to authorise the Directors in advance to conduct the Further ICBC Acquisitions, for an aggregate amount not exceeding HK$400 million (excluding stamp duty and related expenses) in open market transactions on an ongoing basis, during the Mandate Period, namely a period of 12 months from the date on which this ordinary resolution is duly passed by the Shareholders, as more particularly described in the Circular be and is hereby approved and confirmed; and

(b) any one or more of the Directors be and are hereby authorised for and on behalf of the Company and in its name to execute each other documents, instruments, instructions and agreements and to do all such acts or things which he/she/they may consider necessary, expedient or desirable to give effect to the Revised ICBC Acquisition Mandate and the Further ICBC Acquisitions contemplated thereunder."

By order of the Board
Glorious Sun Enterprises Limited
Hoi Siu Ling
Company Secretary

Hong Kong, 3 May 2024

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 form of proxy for use at the meeting is enclosed herewith.

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

(3) The register of members of the Company will be closed from Tuesday, 21 May 2024 to Friday, 24 May 2024 (both days inclusive) for the purpose of determining the entitlement of the Shareholders to attend and vote at the SGM. During such period, no transfer of Shares will be effected. In order to qualify for the entitlement to attend and vote at the SGM, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Hong Kong branch share registrar of the Company, 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 not later than 4:30pm on Monday, 20 May 2024. Shareholders whose names appear on the register of members of the Company on Friday, 24 May 2024 shall be entitled to attend and vote at the SGM.

(4) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(5) In order to be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time for holding the meeting or any adjournment thereof (as the case may be).

(6) Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

(7) If tropical cyclone warning signal No. 8 or above, or an announcement of "extreme conditions" by the Government of Hong Kong in accordance with the revised "Code of Practice in Times of Typhoon and Rainstorms" issued by the Hong Kong Labour Department in June 2019 or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the SGM, the SGM will be postponed. The Company will post an announcement on the website of Company at www.glorisun.com and on the HKEXnews website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and place of the re-scheduled meeting. If a tropical cyclone warning signal No. 8 or above or a "black" rainstorm warning signal is lowered or cancelled at or before 7:00 a.m. on the date of the SGM and where conditions permit, the SGM will be held as scheduled. The SGM will be held as scheduled when a tropical cyclone warning signal No. 3 or below or an "amber" or "red" rainstorm warning signal is in force. After considering their own situations, Shareholders should decide on their own whether or not they would attend the SGM under any bad weather condition and if they do so, they are advised to exercise care and caution.

As at the date of this notice, 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