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GLORIOUS SUN ENTERPRISES LIMITED

旭日企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 393)

CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 15 June 2012, certain subsidiaries of the Company as tenants entered into the New Agreements with the Landlords in respect of the leasing of certain premises in the PRC and in Australia.

As the Landlords are associates (as defined in the Listing Rules) of certain Directors and Substantial Shareholders, the Landlords are connected persons of the Company. Accordingly, the entering into of the New Agreements constitutes continuing connected transactions for the Company under the Listing Rules.

With the entering into of the New Agreements, the aggregate annual caps for the years ending 31 December 2012, 2013 and 2014 are revised to HK\$23,000,000, HK\$22,000,000 and HK\$12,000,000 respectively.

Since the aggregate annual cap for each of the years ending 31 December 2012, 2013 and 2014 is more than 0.1% but less than 5% of each of the applicable percentage ratios as defined in the Listing Rules, the continuing connected transactions are exempt from independent shareholders' approval but are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

NEW AGREEMENTS

On 15 June 2012, certain subsidiaries of the Company as tenants entered into the New Agreements in respect of the leasing of certain premises in the PRC and in Australia, details of which are as follows :

- (1) Residential premises – 29 residential units of City Garden located in Huicheng District, Huizhou City, Guangdong Province, PRC (“City Garden”) served as staff quarters by tenants for a term of two years commencing on 1 August 2012 and expiring on 31 July 2014

Premises leased	Area (sq. m.)	Landlord	Tenant	Monthly rent (RMB)	Monthly management fee (RMB)	Total monthly rental and management fee (RMB)	Total annual rental and management fee (RMB)
Unit 401 of Block 3, Unit 601 of Block 4, Units 401 and 501 of Block 5, Unit 201 of Block 10, Unit 701 of Block 11, Units 404, 503, 506, 602 and 703 of Block 12, Units 306, 401, 402, 406, 501, 506, 601, 702 of Block 18 and Unit 504 of Block 22, City Garden	20 units ranging from 71 sq. m. to 169 sq. m. (a total of 1,777.3 sq. m.)	Gloryear	Jeanswest Apparels (China)	39,650	2,795	42,445	509,340
Units 202, 203 and 302 of Block 18, City Garden	3 units each of 104.5 sq. m. (a total of 313.5 sq. m.)	- ditto -	Jun Cheng Trading (Huizhou)	6,500	495	6,995	83,940
Units 402 and 602 of Block 4, and Unit 604 of Block 18, City Garden	1 unit of 82 sq. m., 1 unit of 89 sq. m. and 1 unit of 172 sq. m. (a total of 343 sq. m.)	- ditto -	Da Jin Trading (Huizhou)	6,750	530	7,280	87,360
Unit 705 of Block 18, City Garden	71	- ditto -	Mo’feel Apparels (Huizhou)	1,500	115	1,615	19,380
Unit 301 of Block 4 and Unit 704 of Block 18, City Garden	1 unit of 84.5 sq. m. and 1 unit of 89 sq. m. (a total of 173.5 sq. m.)	- ditto -	GS Kenneth Fashion Design (Huizhou)	3,400	270	3,670	44,040
Total :				57,800	4,205	62,005	744,060

(2) Retail premises – served as retail shops by tenants

Premises leased	Area (sq. m.)	Landlord	Tenant	Term	Annual Rental (RMB)
No. 2 of Ground Floor, No. 7 Bunan Road, Residents Committee, Central Office Zone of Daliang Jiedao Bangshichu, Shunde District, Foshan City, Guangdong Province, PRC (“Shunde Shop”)	99.2	Yeung Cheung Yip and Yeung Hon Yip	Jeanswest Apparels (Guangdong)	2 years from 1/8/2012 to 31/7/2014	370,000
Shops No. 1 - 9 on Level 1, Jin Zhong Rui Yuan Commercial Building, No. 55 Renmin Road, Xianyang City, Shaanxi Province, PRC (“Xianyang Shop”)	296.05	Hui Fu Properties	Shaanxi Jeanswest Apparels	2 years from 1/8/2012 to 31/7/2014	870,000

The rentals are exclusive of management fees and other outgoings and are payable in cash on a monthly basis for the residential premises of City Garden and on a quarterly basis for the Shunde Shop and the Xianyang Shop.

Management fees in respect of the residential premises of City Garden are payable in cash on a monthly basis to City Garden Property Management.

(3) premises in Australia – served as office

Reference is made to the Company’s announcement dated 20 July 2011 in respect of a lease entered into between Harbour Guide as landlord and Jeanswest Corporation as tenant in respect of the leasing of Part Ground Floor and all of First Floor, 14 – 16 Yarra Street, South Yarra, Victoria, Australia with a total gross floor area of 1,830 sq. m. together with 31 car parking spaces (“Yarra Street Premises”) for a term of three years from 1 August 2011 to 31 July 2014.

As Jeanswest Corporation intended to expand into an available vacant area on Part Ground Floor of the Yarra Street Premises comprising an area of approximately 57 sq. m., the Variation of Lease was made between Harbour Guide as landlord and Jeanswest Corporation as tenant pursuant to which :

- area of premises leased is increased by 57 sq. m., from a total of 1,830 sq. m. to 1,887 sq. m.;
- the term of three years commencing on 1 August 2011 remains unchanged;
- the rent from 1 August 2011 to 14 June 2012 remains as A\$492,000 per annum;
- throughout the remaining term, rental is adjusted as follows :
 - (a) from 15 June 2012 to 31 July 2012, rental is at the rate of A\$507,390 per annum;
 - (b) from 1 August 2012 to 14 June 2013, rental is at the rate of A\$522,150 per annum;
 - (c) from 15 June 2013 to 31 July 2013, rental is at the rate of A\$522,611.70 per annum;
 - (d) from 1 August 2013 to 14 June 2014, rental is at the rate of A\$537,814.50 per annum;
 - (e) from 15 June 2014 to 31 July 2014, rental is at the rate of A\$538,290.05 per annum.

The rentals are exclusive of rates, taxes, charges for services and all other outgoings, and are payable in advance in cash on a monthly basis.

AGGREGATE ANNUAL CAP

The aggregate annual caps, as announced in the Company's announcement dated 20 July 2011, are HK\$22,000,000, HK\$20,000,000 and HK\$10,000,000 for the years ending 31 December 2012, 2013 and 2014 respectively.

With the entering into of the New Agreements, the aggregate annual caps have to be revised. Based on the assumption that no further tenancy agreements of continuing connected transaction nature to be executed by the Group, the aggregate annual cap for the years ending 31 December 2012, 2013 and 2014 are revised to HK\$23,000,000, HK\$22,000,000 and HK\$12,000,000 respectively. The table below shows how to determine the aggregate annual caps, which the Board has taken into account of the fluctuation of Australian dollars and the potential appreciation of RMB :

Date of announcement	Premises	Term	Rental and management fee (as appropriate) per annum	Amount payable		
				Year ending 31/12/2012	Year ending 31/12/2013	Year ending 31/12/2014
Existing Tenancy Agreements						
30/7/2010	City Garden	2 years from 1/8/2010 to 31/7/2012	RMB592,740	RMB345,765 (approximately HK\$423,576)	not applicable	not applicable
30/7/2010	Shunde Shop	2 years from 1/8/2010 to 31/7/2012	RMB336,000	RMB196,000 (approximately HK\$240,108)	not applicable	not applicable
30/7/2010	Xiangtan Shop	3 years from 1/8/2010 to 31/7/2013	RMB750,000	RMB750,000 (approximately HK\$918,780)	RMB437,500 (approximately HK\$535,955)	not applicable
30/7/2010	Xianyang Shop	2 years from 1/8/2010 to 31/7/2012	From 1/8/2010 to 15/12/2010 : RMB58,334 per month; From 16/12/2010 to 31/7/2012 : RMB66,667 per month	RMB466,669 (approximately HK\$571,688)	not applicable	not applicable
1/4/2011	One Kowloon premises	3 years from 1/8/2011 to 31/7/2014	HK\$11,221,805	HK\$11,221,805	HK\$11,221,805	HK\$7,039,340
1/4/2011	Zhengzhou Office	2 years and 4 months from 1/4/2011 to 31/7/2013	RMB360,000 (with an option to increase the rental by 10% on 1 April 2012)	RMB387,000 (approximately HK\$474,090)	RMB231,000 (approximately HK\$282,984)	not applicable
1/4/2011	Shenyang Shop	2 years and 4 months from 1/4/2011 to 31/7/2013	RMB1,200,000 (with an option to increase the rental by 10% on 1 April 2012)	RMB1,290,000 (approximately HK\$1,580,301)	RMB770,000 (approximately HK\$943,281)	not applicable

Date of announcement	Premises	Term	Rental and management fee (as appropriate) per annum	Amount payable		
				Year ending 31/12/2012	Year ending 31/12/2013	Year ending 31/12/2014
20/7/2011	Silver Fair Mansion	2 years from 1/8/2011 to 31/7/2013	HK\$360,000	HK\$360,000	HK\$210,000	not applicable
20/7/2011	Sea View Villa	2 years from 1/8/2011 to 31/7/2013	HK\$552,000	HK\$552,000	HK\$322,000	not applicable
20/7/2011	Lucky Court	2 years from 1/8/2011 to 31/7/2013	HK\$348,000	HK\$348,000	HK\$203,000	not applicable
20/7/2011	Yarra Street Premises	3 years from 1/8/2011 to 31/7/2014	first year of the term : A\$492,000; second year of the term : A\$506,760; third year of the term : A\$521,963 (rentals are varied by the Variation of Lease)	A\$223,148 (approximately HK\$1,745,017)	not applicable	not applicable
New Agreements						
this announcement	City Garden	2 years from 1/8/2012 to 31/7/2014	RMB744,060	RMB310,025 (approximately HK\$379,793)	RMB744,060 (approximately HK\$911,503)	RMB434,035 (approximately HK\$531,710)
this announcement	Shunde Shop	2 years from 1/8/2012 to 31/7/2014	RMB370,000	RMB154,167 (approximately HK\$188,860)	RMB370,000 (approximately HK\$453,265)	RMB215,833 (approximately HK\$264,404)
this announcement	Xianyang Shop	2 years from 1/8/2012 to 31/7/2014	RMB870,000	RMB362,500 (approximately HK\$444,077)	RMB870,000 (approximately HK\$1,065,785)	RMB507,500 (approximately HK\$621,708)
this announcement	Yarra Street Premises	3 years from 1/8/2011 to 31/7/2014	From 1/8/2011 to 14/6/2012 : A\$492,000 per annum; from 15/6/2012 to 31/7/2012 : A\$507,390 per annum; from 1/8/2012 to 14/6/2013 : A\$522,150 per annum; from 15/6/2013 to 31/7/2013 : A\$522,611.70 per annum; from 1/8/2013 to 14/6/2014 : A\$537,814.50 per annum; from 15/6/2014 to 31/7/2014 : A\$538,290.05 per annum	A\$283,432 (approximately HK\$2,216,438)	A\$528,776 (approximately HK\$4,135,028)	A\$312,436 (approximately HK\$2,443,250)
Total amount payable				HK\$21,664,533	HK\$20,284,606	HK\$10,900,412
Aggregate annual cap				HK\$23,000,000	HK\$22,000,000	HK\$12,000,000

GENERAL

An independent professional valuer has provided the Company with opinion on the current rentals in respect of the residential premises and the retail premises under the New Agreements. An independent professional valuer in Australia has also provided the Company with the current rental opinion in respect of the expanded leased area of Yarra Street Premises. The rentals under the New Agreements are in line with the opinions provided by the independent professional valuers.

The Directors, including the independent non-executive Directors, consider that the New Agreements have been entered into in the ordinary course of business of the Company, on normal commercial terms which are fair and reasonable, and in the interests of the shareholders of the Company as a whole. Dr. Charles Yeung, Mr. Yeung Chun Fan and Ms. Cheung Wai Yee who have a material interest in the New Agreements, have abstained from voting on the relevant resolutions at the Directors' meeting for approving the New Agreements.

As at 15 June 2012, Dr. Charles Yeung and Mr. Yeung Chun Fan together hold 54% interest in the Company.

The Group is principally engaged in the retailing, export and production of casual wear.

REASONS FOR THE TRANSACTIONS

The rentals under the New Agreements were negotiated and determined with reference to the open market for premises of similar size and location as well as the expected market conditions.

The Group has been renting City Garden for staff quarters since 2010 and the existing tenancy agreements for 20 residential units will expire on 31 July 2012. In order to cater for the increasing demand of staff quarters, the Company considers it necessary to rent more residential units in the same area. Accordingly, the entering into of the tenancy agreements in respect of the City Garden is for the benefit of the Group since it is considered to be convenient for members of the staff to live in a cluster of units and easier for the Group to manage the units in the same development.

The Group has been renting the Shunde Shop and Xianyang Shop for retail shops since 2010 and the relevant existing tenancy agreements will expire on 31 July 2012. Accordingly, the Company considers that it is commercially necessary and beneficial to renew the tenancies for the premises so that there would have no financial and operational impact generated by relocation.

As regards the Yarra Street Premises, due to expansion of the head office in Australia, the Company considers that it is commercially necessary and beneficial to expand the leased area by entering into the Variation of Lease.

LISTING RULES IMPLICATIONS

Gloryear, City Garden Property Management, Hui Fu Properties and Harbour Guide are companies owned by certain Directors and Substantial Shareholders. Mr. Yeung Cheung Yip

and Mr. Yeung Hon Yip are sons of Mr. Yeung Chun Fan, a Director. Accordingly, these parties are associates (as defined in the Listing Rules) of those Directors and Substantial Shareholders. Therefore, the Landlords and City Garden Property Management are connected persons of the Company within the meaning of the Listing Rules. Accordingly, the entering into of the New Agreements constitutes continuing connected transactions for the Company under Rules 14A.34 and 14A.35 of the Listing Rules. Since the aggregate annual cap for each of the years ending 31 December 2012, 2013 and 2014 is more than 0.1% but less than 5% of each of the applicable percentage ratios as defined in the Listing Rules, the continuing connected transactions are exempt from independent shareholders' approval but are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“A\$”	Australian dollars, the lawful currency of Australia
“Board”	the board of Directors
“City Garden Property Management”	惠州市城市花園物業管理有限公司 (Huizhou City Garden Property Management Company Limited*), a limited company established in the PRC which is engaged in property management and indirectly owned as to 50% by each of Dr. Charles Yeung and Mr. Yeung Chun Fan, both of whom are the Directors and Substantial Shareholders
“Company”	Glorious Sun Enterprises Limited 旭日企業有限公司, a limited liability company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange
“Da Jin Trading (Huizhou)”	大進貿易(惠州)有限公司 (Da Jin Trading (Huizhou) Company Limited*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Directors”	directors of the Company
“Existing Tenancy Agreements”	(i) the tenancy agreements entered into on 30 July 2010 in relation to the leasing of residential premises and retail premises in the PRC, details of which are set out in the Company's announcement dated 30 July 2010; (ii) the tenancy agreements entered into on 1 April 2011 in relation to the leasing of One Kowloon premises in Hong Kong and office/retail premises in the PRC, details of which are set out in the Company's announcement dated 1 April 2011; (iii) the tenancy agreements entered into on 20 July 2011 in relation to the leasing of three residential premises in Hong Kong and the lease entered into on 20 July 2011 in relation to the leasing of Yarra Street Premises in Australia, details of which are set out in the Company's announcement dated 20 July 2011
“Gloryear”	Gloryear Management Limited 輝年管理有限公司, a company incorporated in Hong Kong which is engaged in property investment and owned as to 50% by each of Dr. Charles Yeung and Mr. Yeung Chun Fan, both of whom are the Directors and Substantial Shareholders
“Group”	the Company and its subsidiaries

“GS Kenneth Fashion Design (Huizhou)”	旭日肯尼斯服裝設計(惠州)有限公司 (GS Kenneth Fashion Design (Huizhou) Company Limited*), a limited liability company established in the PRC and a subsidiary of the Company
“Harbour Guide”	Harbour Guide Limited 港朋有限公司, a company incorporated in Hong Kong which is engaged in property investment and owned as to 66.7% and 33.3% by Mr. Yeung Chun Fan (the Director and Substantial Shareholder) and Ms. Cheung Wai Yee (the Director) respectively
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region
“Hui Fu Properties”	惠州市惠富置業有限公司 (Huizhou Hui Fu Properties Company Limited*), a limited company established in the PRC which is engaged in property investment and indirectly 98% owned by Mr. Yeung Chun Fan, his spouse (Ms. Cheung Wai Yee) and his sons
“Jeanswest Corporation”	Jeanswest Corporation Pty Ltd, a company incorporated in Australia and a wholly-owned subsidiary of the Company
“Jeanswest Apparels (China)”	真維斯服飾(中國)有限公司 (Jeanswest Apparels (China) Company Limited*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Jeanswest Apparels (Guangdong)”	真維斯服飾(廣東)有限公司 (Jeanswest Apparels (Guangdong) Company Limited*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Jun Cheng Trading (Huizhou)”	俊成貿易(惠州)有限公司 (Jun Cheng Trading (Huizhou) Company Limited*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Landlords”	Gloryear, Mr. Yeung Cheung Yip and Mr. Yeung Hon Yip, Hui Fu Properties and Harbour Guide
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mo’feel Apparels (Huizhou)”	菲爾服飾(惠州)有限公司 (Mo’feel Apparels (Huizhou) Company Limited*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“New Agreements”	the tenancy agreements entered into on 15 June 2012 in relation to the leasing of residential premises and retail premises in the PRC; and the Variation of Lease
“PRC”	The People’s Republic of China
“RMB	Renminbi, the lawful currency of the PRC
“Shaanxi Jeanswest Apparels”	陝西真維斯服飾有限公司 (Shaanxi Jeanswest Apparels Company Limited*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“sq. m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholders”	substantial shareholders of the Company as defined in the Listing Rules

“Variation of Lease” the variation of lease entered into on 15 June 2012 in relation to the variation of a lease in respect of Yarra Street Premises in Australia as disclosed in this announcement

“%” per cent.

** Denotes an English translation of a Chinese name and is for identification purposes only.*

In this announcement, for reference only, the translation of Australian dollars into Hong Kong dollars is based on the exchange rate of A\$1=HK\$7.82, and the translation of Hong Kong dollars into RMB is based on the exchange rate of HK\$100=RMB81.63.

By Order of the Board
Hui Chung Shing, Herman, BBS, MH, JP
Director

Hong Kong, 15 June 2012

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

Executive Directors:

Dr. Charles Yeung, SBS, JP, Mr. Yeung Chun Fan, Mr. Yeung Chun Ho, Mr. Pau Sze Kee, Jackson, Mr. Hui Chung Shing, Herman, BBS, MH, JP, Ms. Cheung Wai Yee and Mr. Chan Wing Kan, Archie

Independent Non-Executive Directors:

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

Non-Executive Director:

Dr. Lam Lee G.