
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Glorious Sun Enterprises Limited (the “Company”), you should at once hand this prospectus, the provisional allotment letter and the form of application for excess Rights Shares to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Dealings in the shares of the Company and the Rights Shares in their nil paid form and fully paid form may be settled through the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited (“HKSCC”) and you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

A copy of this prospectus, together with copies of the provisional allotment letter and the form of application for excess Rights Shares, having attached thereto the document(s) specified in the paragraph headed “Documents delivered to the Registrar of Companies” in appendix IV to this prospectus have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong. The Registrar of Companies in Hong Kong, the Stock Exchange (as defined herein), the Securities and Futures Commission in Hong Kong take no responsibility for the contents of any of these documents.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited and HKSCC take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.



GLORIOUS SUN ENTERPRISES LIMITED

旭日企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 393)

RIGHTS ISSUE OF 512,028,000 RIGHTS SHARES OF HK\$0.10 EACH AT HK\$0.90 PER RIGHTS SHARE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE AND CHANGE IN BOARD LOT SIZE

Underwriter of the Rights Issue
Glorious Sun Holdings (BVI) Limited

Financial Adviser

CENTURION CORPORATE FINANCE LIMITED

The latest time for acceptance of, and payment for, the Rights Shares is 4:00 p.m. on Monday, 9 May 2016. The procedure for acceptance and payment or transfer of the Rights Shares is set out on pages 12 to 13 of this prospectus.

The Underwriting Agreement contains provisions granting the Underwriter the right to terminate prior to the Latest Time for Termination its obligations thereunder on the occurrence of certain events, as more particularly described in the section headed “Termination of the Underwriting Agreement” in this prospectus. **If the Underwriter exercises such right, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed.**

The Shares have been dealt in on an ex-rights basis from Friday, 8 April 2016. Dealings in the Rights Shares in nil paid form will take place from Tuesday, 19 April 2016 to Wednesday, 4 May 2016 (both dates inclusive). The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. Any dealing in the Shares or nil paid Rights Shares during the period from the date from Tuesday, 19 April 2016 to Wednesday, 4 May 2016 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

15 April 2016

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DEFINITIONS

In this prospectus, the following expressions shall have the following meanings unless the context otherwise requires.

“Acceptance Date”	the last business day on which payment for and acceptance of the Rights Shares can be made under the Rights Issue, which shall be Monday, 9 May 2016 (or such later date as may be agreed in writing between the Company and the Underwriter)
“Announcement”	the announcement of the Company dated 29 March 2016 relating to, inter alia, the Rights Issue
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“business day”	a day (other than a Saturday or Sunday) on which commercial banks in Hong Kong are generally open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Glorious Sun Enterprises Limited, 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 given to it in the Listing Rules
“controlling shareholder”	has the meaning given to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for additional Rights Shares proposed to be issued to the Qualifying Shareholders
“Existing Shares”	the Shares which are in issue on the Record Date
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Irrevocable Undertaking”	the irrevocable undertaking under the Underwriting Agreement given by the Underwriter in favour of the Company to take up 207,421,000 Rights Shares

DEFINITIONS

“Last Trading Day”	Thursday, 24 March 2016, being the last trading day of the Shares on the Stock Exchange immediately preceding the release of the Announcement
“Latest Practicable Date”	Tuesday, 12 April 2016, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained herein
“Latest Time for Termination”	4:00 p.m. on Wednesday, 11 May 2016
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) in respect of whom the Directors, based on legal opinions obtained by the Company, consider it necessary or expedient not to offer Rights Shares on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appears on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) representing the Rights Shares proposed to be issued to the Qualifying Shareholders under the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this prospectus excludes Hong Kong, Macau and Taiwan
“Prospectus Documents”	this prospectus, the PAL and the EAF
“Prospectus Posting Date”	the business day on which the Prospectus Documents will be despatched to Shareholders, which is now expected to be on Friday, 15 April 2016 (or such other date to be agreed in writing between the Company and the Underwriter)
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date
“Record Date”	Thursday, 14 April 2016

DEFINITIONS

“Registrar”	the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, whose office is situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the issue by way of rights of one Rights Share for every two Existing Shares at the Subscription Price, payable in full on acceptance
“Rights Share(s)”	the new Share(s) to be allotted and issued by way of rights to the Qualifying Shareholders under the Rights Issue
“Settlement Date”	11 May 2016
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Option(s)”	the share option(s) granted by the Company pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted on 1 September 2005 and terminated on 2 June 2015
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.90 per Rights Share
“subsidiary(ies)”	has the meaning given to it in the Listing Rules
“Underwriter”	Glorious Sun Holdings (BVI) Limited, a company incorporated under the laws of the British Virgin Islands and jointly-owned by Dr. Charles Yeung, SBS, JP and Mr. Yeung Chun Fan
“Underwriting Agreement”	the Underwriting Agreement dated 29 March 2016 entered into between the Company and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Rights Issue
“%”	per cent.

SUMMARY OF THE RIGHTS ISSUE

The following information is derived from, and should be read in conjunction with, the full text of this prospectus:

Number of Rights Shares to be issued:	512,028,000 Rights Shares
Amount to be raised:	Approximately HK\$460.8 million before expenses
Subscription Price:	HK\$0.90 per Rights Share payable in full on acceptance
Latest time for payment and acceptance:	4:00 p.m. on Monday, 9 May 2016
Basis of the Rights Issue:	One Rights Share for every two Existing Shares held on the Record Date
Excess applications:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotments

TERMINATION OF THE UNDERWRITING AGREEMENT

If any time prior to the Latest Time for Termination:

- (a) there comes to the notice of the Underwriter or it shall have reasonable cause to believe that any of the undertakings or other obligations expressed to be assumed by or imposed on the Company under the Underwriting Agreement have not been complied with in any material respect;
- (b) there comes to the notice of the Underwriter or it shall have reasonable cause to believe that
 - (i) any of the representations or warranties given by the Company under the Underwriting Agreement was or is untrue, incorrect, incomplete or misleading in any material respect, or
 - (ii) any event has occurred or matter has arisen, which, if it had occurred or arisen before the date of the Underwriting Agreement or before the dates or before any time on which the representations and warranties are deemed to be given under the Underwriting Agreement would render any of those representations or warranties untrue, incorrect, incomplete or misleading in any material respect;
- (c)
 - (i) the Prospectus Documents, when published, would contain information which would be untrue, inaccurate, incomplete or misleading in any material respect, (ii) matters have arisen or been discovered which would, if the Prospectus Documents were to be issued at the time, render any information contained therein to be untrue, inaccurate, incomplete or misleading in any material respect, (iii) matters have arisen or been discovered which would, if the Prospectus Documents were to be issued at the time, constitute a material omission therefrom, or (iv) there is any adverse change in the business or in the financial or trading position or prospects of the Group which in the reasonable opinion of the Underwriter is material in the context of the issue of the Rights Shares;
- (d) there develops, occurs, exists or comes into effect any events, including:
 - i. the introduction of any new law or regulation or any change in existing laws or regulations (or any change in the judicial interpretation thereof) whether in Hong Kong or Bermuda;
 - ii. any adverse change or deterioration (whether or not permanent) in local, national or international economic, financial, political or military conditions or any event beyond the control of the Company;
 - iii. any adverse change or deterioration (whether or not permanent) in local, national or international securities market conditions;
 - iv. without prejudice to sub-paragraphs (ii) and (iii) above, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial or political circumstances or otherwise; and

TERMINATION OF THE UNDERWRITING AGREEMENT

- v. any suspension in the trading of Shares on the Stock Exchange for a continuous period of ten (10) business days (other than any suspension for the purpose of obtaining clearance from the Stock Exchange for the publication of the Announcement or any other announcements relating to the Rights Issue),

and in the reasonable opinion of the Underwriter (aa) the success of the Rights Issue or the business or financial condition or prospects of the Group would be materially and adversely affected; or (bb) which makes it inadvisable or inexpedient to proceed with the Rights Issue; or (cc) which would have the effect of making any part of the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms,

then in any such case the Underwriter may by notice in writing to the Company terminate the Underwriting Agreement.

Upon termination of the Underwriting Agreement, the obligations of the Underwriter and the Company under the Underwriting Agreement shall terminate and cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement save in respect of any antecedent breach of any obligation under it.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Shares have been dealt in on an ex-rights basis since Friday, 8 April 2016. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 19 April 2016 to Wednesday, 4 May 2016 (both dates inclusive). The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the conditions of the Rights Issue are not fulfilled (or waived), the Underwriting Agreement will terminate and the Rights Issue will not proceed. If the Underwriting Agreement is terminated by the Underwriter, the Rights Issue also will not proceed.

Any Shareholder or other person dealing in the Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any person dealing in the nil-paid Rights Shares during the period from Tuesday, 19 April 2016 to Wednesday, 4 May 2016 (both dates inclusive) will bear the risk that the Rights Issue may not become unconditional or may not proceed. If in any doubt, Shareholders and potential investors are recommended to consult their professional advisers. Shareholders and potential investors should exercise caution in dealing in the securities of the Company.

EXPECTED TIMETABLE

2016

First day of dealings in nil-paid Rights Shares in board lots of 2,000 Shares each	Tuesday, 19 April
Latest time for splitting of nil-paid Rights Shares in board lots of 2,000 Shares each	4:30 p.m. Thursday, 28 April
Last day of dealings in nil-paid Rights Shares in board lots of 2,000 Shares each	Wednesday, 4 May
Latest time for acceptance of and payment for Rights Shares and application and payment for excess Rights Shares	4:00 p.m. Monday, 9 May
Latest time for termination of the Underwriting Agreement	4:00 p.m. Wednesday, 11 May
Last day of trading of Shares in board lots of 2,000 Shares each in the original counter	Friday, 13 May
Designated broker starts to stand in the market to provide matching service, on a best effort basis, for odd lots of Shares	9:00 a.m. Monday, 16 May
First day for free exchange of existing Share certificates in board lots of 2,000 Shares each for new Share certificates in board lots of 4,000 Shares each	Monday, 16 May
Publication of the announcement of results of acceptance and excess application of the Rights Issue	Monday, 16 May
Effective day of change of board lot size from 2,000 to 4,000 Shares each	Monday, 16 May
Refund cheques in respect of unsuccessful or partially successful application for excess Rights Shares expected to be dispatched on or before	Tuesday, 17 May
Certificates for Rights Shares expected to be dispatched on or before	Tuesday, 17 May
Expected commencement of dealings in the fully-paid Rights Shares in board lots of 4,000 Shares each	Wednesday, 18 May
Last day and latest time for the designated broker to provide matching services for odd lots of Shares	4:00 p.m. Wednesday, 8 June
Last day for free exchange of existing Share certificates in board lots of 2,000 Shares each for new Share certificates in board lots of 4,000 Shares each	Monday, 13 June

EXPECTED TIMETABLE

Notes:

1. All times and dates in this prospectus refer to Hong Kong local time and dates.
2. An announcement will be made to inform the Shareholders should there be any change to the expected timetable in relation to the Rights Issue.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be postponed as shown if there is:

- a tropical cyclone warning signal number 8 or above, or
 - a “black” rainstorm warning
- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Monday, 9 May 2016. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same business day; or
 - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Monday, 9 May 2016. Instead the latest time of acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on Monday, 9 May 2016, the dates mentioned in the section headed “Expected timetable” in this prospectus may be affected. The Company will make announcements in such event.

LETTER FROM THE BOARD



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

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Independent non-executive Directors:

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

Principal place of business in

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

15 April 2016

To the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders and holders of the Share Options

Dear Sir or Madam,

**RIGHTS ISSUE OF 512,028,000 RIGHTS SHARES OF
HK\$0.10 EACH AT HK\$0.90 PER RIGHTS SHARE ON THE BASIS OF
ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD
ON THE RECORD DATE
AND
CHANGE IN BOARD LOT SIZE**

INTRODUCTION

On 29 March 2016, the Company announced the Rights Issue. Subject to the fulfilment of the conditions of the Rights Issue, the Company proposes to raise approximately HK\$460.8 million before expenses by way of the Rights Issue of 512,028,000 Rights Shares at a price of HK\$0.90 per Rights Share. The Company has allotted one Rights Share in nil-paid form for every two Existing Shares held by the Qualifying Shareholders on the Record Date. The Rights Issue will not be available to Non-Qualifying Shareholders.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company had 1,024,056,000 Shares in issue.

The Company has a number of outstanding Share Options as at the Latest Practicable Date. Pursuant to the terms of the Share Option Scheme, the Company will consult its auditors for the required adjustment and the holders of the Share Options will be informed of the required adjustments (if any) as soon as practicable. The Company will make further announcement with regard to any adjustments in relation to the exercise price under the Share Options and/or the number of new Shares to be issued upon exercising of the outstanding Share Options as and when appropriate.

The purpose of this prospectus is to provide you with further details of the Rights Issue, including information on dealings in and transfer of the Rights Shares in their nil-paid form and the procedure for the acceptance of provisional allotments of the Rights Shares and certain financial and other information of the Group.

TERMS OF THE RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	One Rights Share for every two Existing Shares held on the Record Date
Number of Shares in issue:	1,024,056,000 Shares as at the Record Date
Number of Rights Shares:	512,028,000
Subscription price per Rights Share:	HK\$0.90 per Rights Share
Enlarged issued share capital upon completion of the Rights Issue:	1,536,084,000 Shares

The 512,028,000 nil-paid Rights Shares provisionally allotted represent approximately 50.00% of the Company's issued share capital as at the date of this prospectus and approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Qualifying Shareholders

The Company is sending the Prospectus Documents to the Qualifying Shareholders. The Company is sending copies of this prospectus to Non-Qualifying Shareholders (if any) for their information only, but the Company is not sending any PALs or EAFs to them.

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder or an investor must: (i) be registered as a member of the Company on the Record Date; and (ii) not be a Non-Qualifying Shareholder.

LETTER FROM THE BOARD

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Non-Qualifying Shareholders

As at the Latest Practicable Date, based on the Company's register of members there were no Overseas Shareholders. Therefore, the Prospectus Documents are not intended to be registered or filed under the applicable securities legislation or equivalent legislation of any jurisdictions other than Hong Kong.

Subscription price

The subscription price for the Rights Shares is HK\$0.90 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares or, where applicable, upon application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 11.76% to the closing price of HK\$1.020 per Share as quoted on the Stock Exchange on the Last Trading Day (the "**Last Closing Price**");
- (ii) a discount of approximately 8.16% to the theoretical ex-rights price of HK\$0.98 per Share, which is calculated on the basis of the Last Closing Price;
- (iii) a discount of approximately 12.28% to the average of the closing prices per Share for the five trading days ended on the Last Trading Day of approximately HK\$1.026; and
- (iv) a discount of approximately 12.11% to the average of the closing prices per Share for the ten trading days ended on the Last Trading Day of approximately HK\$1.024.

The Subscription Price was arrived at with reference to the current market environment (in terms of the Hong Kong stock market and also the apparel retail markets the Group is engaged in) and prevailing Share price. After taking into consideration the reasons for the Rights Issue as stated in the section headed "Reasons for the Rights Issue and Use of Proceeds" below, the Directors consider the terms of the Rights Issue, including the Subscription Price (and the discounts to the relative values as indicated above) and in the context of the Company's long-term business strategy, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Basis of provisional allotment

The basis of the provisional allotment shall be one Rights Share for every two Existing Shares. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar, on or before 4:00 p.m. on the Acceptance Date.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot and issue and will not accept application for any fraction of the Rights Shares and the entitlements of the Qualifying Shareholders will be rounded down to the nearest whole number. All fractions of the Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be made available for excess application by the Qualifying Shareholders under the EAFs.

Share certificates and refund cheques for Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on Tuesday, 17 May 2016 to those who have accepted and (where applicable) applied for, and paid for, the Rights Shares by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Tuesday, 17 May 2016 by ordinary post to the applicants at their own risk.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue such that holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions the record dates of which are on or after the date of allotment and issue of the Rights Shares.

Procedures for acceptance or transfer

For each Qualifying Shareholder, a PAL is enclosed with this prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If the Qualifying Shareholder(s) wish(es) to exercise his/her/its right to subscribe for all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, by no later than 4:00 p.m. on Monday, 9 May 2016. All remittances must be made in Hong Kong dollars and cheques or cashier's orders must be drawn on a bank account in Hong Kong and made payable to "GLORIOUS SUN ENTERPRISES LIMITED – PAL" and crossed "ACCOUNT PAYEE ONLY".

LETTER FROM THE BOARD

It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by 4:00 p.m. on Monday, 9 May 2016, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

If a Qualifying Shareholder wishes to accept only part of his provisional allotment or transfer a part of his rights to subscribe for the Rights Shares provisionally allotted to him under the PAL or to transfer his rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Thursday, 28 April 2016 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required.

All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before the Latest Time for Termination, the monies received in respect of the relevant provisional allotments will be returned to the relevant persons without interest and by means of cheques despatched by ordinary post at the risk of such applicants on or before Tuesday, 17 May 2016.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for Rights Shares representing:

- (a) unsold entitlements of the Non-Qualifying Shareholders (if any);
- (b) entitlements provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise subscribed for by renounees or transferees of nil-paid Rights Shares; and
- (c) aggregate fractional entitlements of nil-paid Rights Shares.

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his provisional allotment, he must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar, by no later than 4:00 p.m. on Monday, 9 May 2016, or such later time and/or date as may be agreed between the Company and the Underwriter.

All remittances must be made in Hong Kong dollars and cheques or cashier orders must be drawn on a bank account in Hong Kong and made payable to "**GLORIOUS SUN ENTERPRISES LIMITED – EAF**" and crossed "**ACCOUNT PAYEE ONLY**".

LETTER FROM THE BOARD

The Board will allocate the excess Rights Shares (if any) at its discretion on a fair and reasonable basis, according to the principles that:

- a. no preference will be given to topping up odd lots to whole board lots;
- b. any excess Rights Shares will be allocated to the Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of excess Rights Shares applied for, but no reference will be made to Rights Shares comprised in applications by PALs in respect of their assured entitlements under the Rights Issue or the existing number of Shares held by the Qualifying Shareholders; and
- c. if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under the provisional allotment letters is greater than the aggregate number of excess Rights Shares applied for through excess application forms, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares in full application.

The Registrar will notify the relevant Qualifying Shareholders of any allotment of excess Rights Shares made to them. Any excess Rights Shares not applied for by the Qualifying Shareholders will be taken up by the Underwriter.

Investors with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard the nominee company (including the HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually.

If no excess Rights Shares are allotted to a Qualifying Shareholder, the amount tendered on application is expected to be returned to that Qualifying Shareholder in full by ordinary mail and at his own risk on or before Tuesday, 17 May 2016. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be returned to him by ordinary mail and at his own risk on or before Tuesday, 17 May 2016.

No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the observance of the laws and regulations of all relevant territories, including the obtaining of any governmental or other consents, and to pay any taxes and duties.

If the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before the Latest Time for Termination, the monies received in respect of relevant applications for excess Rights Shares will be returned to the relevant persons without interest, by means of cheques despatched by ordinary post at the risk of such applicants on or before Tuesday, 17 May 2016.

LETTER FROM THE BOARD

All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any EAF in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected.

All documents, including cheques or cashier orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

Listings and dealings

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares on the Stock Exchange, in both nil-paid and fully-paid forms. It is expected that dealings in the Rights Shares in their nil-paid form will take place from Tuesday, 19 April 2016 to Wednesday, 4 May 2016, both dates inclusive.

No part of the existing share capital of the Company is listed or dealt in, and no listing or permission to deal is being or is proposed to be sought, on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted into CCASS. The nil-paid Rights Shares will have the same board lot size as the existing board lot size of the Shares, namely 2,000 Shares in one board lot (please note the proposed change of board lot size below). Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, the Securities and Futures Commission of Hong Kong transaction levy and other applicable fees and charges in Hong Kong.

IRREVOCABLE UNDERTAKING

As at the Latest Practicable Date, the Underwriter is interested in 414,842,000 Shares, representing approximately 40.51% of the issued share capital of the Company. Pursuant to the Irrevocable Undertaking, the Underwriter has, among other things, irrevocably undertaken to the Company that it will take up an aggregate of 207,421,000 Rights Shares, representing its full entitlement to the Rights Shares under the Rights Issue, and not deliver any EAFs.

LETTER FROM THE BOARD

Other than the Underwriter, the Company has not received any undertakings from any other Shareholders to subscribe for all or any of the Rights Shares to be provisionally allotted to them.

UNDERWRITING ARRANGEMENTS

Date of the Underwriting Agreement	:	29 March 2016
Parties	:	The Company and the Underwriter (it is not in the ordinary course of business of the Underwriter to underwrite shares)
Number of underwritten Rights Shares	:	304,607,000 Rights Shares, being equal to (A) the aggregate number of Rights Shares determined on the Record Date (B) less the aggregate number of Rights Shares undertaken to be taken up by it pursuant to the Irrevocable Undertaking (being 207,421,000 Rights Shares)
Underwriter's commission	:	HK\$100,000

The Board considers the terms of the Underwriting Agreement, including the commission payable by the Company, while not in the Group's ordinary and usual course of business, are on normal commercial terms (or better to the Company), fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Underwriter is a company jointly-owned by Dr. Charles Yeung, SBS, JP and Mr. Yeung Chun Fan. The Company, in view of the time and expense required by third party underwriters, turned to its controlling shareholder which kindly agreed to act as the underwriter to the Rights Issue. Under the Listing Rules, the Underwriter is an associate of Dr. Charles Yeung, SBS, JP and Mr. Yeung Chun Fan. Dr. Charles Yeung, SBS, JP and Mr. Yeung Chun Fan are Directors and substantial shareholders of the Company. They and the Underwriter are therefore connected persons of the Company under the Listing Rules and the contemplated underwriting of the Rights Issue is a connected transaction. Pursuant to Rules 14A.92(1) and 14A.92(2)(b) of the Listing Rules, the Underwriter in its capacity as an underwriter of the Rights Issue will subscribe for Rights Shares not taken up by Qualifying Shareholders and in its capacity as a Shareholder will be taking up its full entitlements to the Rights Shares under the Rights Issue and will not deliver any EAFs. Further, the Company has made arrangements for Qualifying Shareholders to apply for Rights Shares in excess of their entitlements under the Rights Issue in accordance with Rule 7.21 of the Listing Rules. The highest applicable percentage ratio for the Underwriter's commission payable by the Company is less than 0.1%. The Rights Issue, the underwriting and the Underwriter's taking up of its entitlements are exempt from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Conditions of the Rights Issue

The Rights Issue is conditional, among other things, upon fulfillment (or waiver, if permitted by the terms of the Underwriting Agreement) of the following conditions:

- (a) the issue by (1) the Stock Exchange of a certificate of authorisation of registration in respect of, and (2) the registration of one duly signed copy (by every Director or his/her agent authorised in writing) of, each of the Prospectus Documents (and all other documents required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) to be attached thereto) by the Registrar of Companies in Hong Kong on or about to the Prospectus Posting Date;
- (b) the Underwriter receiving:
 - i. a certified copy of the resolution(s) of the Board approving and authorising the issue of the Announcement and the execution of the Underwriting Agreement as soon as possible but in any event not later than the business day following the execution of the Underwriting Agreement; and
 - ii. all relevant documents to be provided by the Company by the times specified in the Underwriting Agreement on or before the day on which the Prospectus Documents are filed with the Registrar of Companies in Hong Kong;
- (c) the posting on the Prospectus Posting Date of the Prospectus Documents to Qualifying Shareholders; and
- (d) the Listing Committee of the Stock Exchange granting or agreeing to grant, in writing, listing of and permission to deal in the Rights Shares in nil-paid and fully-paid forms (subject only to allotment and despatch of the appropriate documents of title) at or prior to the first trading day of the Rights Shares in nil-paid form and such grant or agreement to grant not being withdrawn or revoked prior to the Settlement Date.

The Company shall use its reasonable endeavours to procure the fulfilment of the conditions set above by or at the time and/or date specified (or if no time or date is specified, the Latest Time for Termination), or such later time(s) as the Company and the Underwriter may agree in writing, provided such date is not later than 30 days after the Prospectus Posting Date.

If any of the conditions set out above have not been fulfilled, or waived (with respect to condition (b), generally or any part thereof) by the Underwriter, in all respects by or at the time and/or date specified therefor (or if no time or date is specified, the Latest Time for Termination or such later time(s) as the Company and the Underwriter may agree in writing) the obligations of the Underwriter and (save as hereinafter referred to) the Company under the Underwriting Agreement shall terminate and cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement save in respect of any antecedent breach of any obligation under it.

LETTER FROM THE BOARD

Termination of the Underwriting Agreement

If any time prior to the Latest Time for Termination:

- (a) there comes to the notice of the Underwriter or it shall have reasonable cause to believe that any of the undertakings or other obligations expressed to be assumed by or imposed on the Company under the Underwriting Agreement have not been complied with in any material respect;
- (b) there comes to the notice of the Underwriter or it shall have reasonable cause to believe that
 - (i) any of the representations or warranties given by the Company under the Underwriting Agreement was or is untrue, incorrect, incomplete or misleading in any material respect, or
 - (ii) any event has occurred or matter has arisen, which, if it had occurred or arisen before the date of the Underwriting Agreement or before the dates or before any time on which the representations and warranties are deemed to be given under the Underwriting Agreement would render any of those representations or warranties untrue, incorrect, incomplete or misleading in any material respect;
- (c) (i) the Prospectus Documents, when published, would contain information which would be untrue, inaccurate, incomplete or misleading in any material respect, (ii) matters have arisen or been discovered which would, if the Prospectus Documents were to be issued at the time, render any information contained therein to be untrue, inaccurate, incomplete or misleading in any material respect, (iii) matters have arisen or been discovered which would, if the Prospectus Documents were to be issued at the time, constitute a material omission therefrom, or (iv) there is any adverse change in the business or in the financial or trading position or prospects of the Group which in the reasonable opinion of the Underwriter is material in the context of the issue of the Rights Shares;
- (d) there develops, occurs, exists or comes into effect any events, including:
 - (i) the introduction of any new law or regulation or any change in existing laws or regulations (or any change in the judicial interpretation thereof) whether in Hong Kong or Bermuda;
 - (ii) any adverse change or deterioration (whether or not permanent) in local, national or international economic, financial, political or military conditions or any event beyond the control of the Company;
 - (iii) any adverse change or deterioration (whether or not permanent) in local, national or international securities market conditions;
 - (iv) without prejudice to sub-paragraphs (ii) and (iii) above, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial or political circumstances or otherwise; and

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- (v) any suspension in the trading of Shares on the Stock Exchange for a continuous period of ten (10) business days (other than any suspension for the purpose of obtaining clearance from the Stock Exchange for the publication of the Announcement or any other announcements relating to the Rights Issue),

and in the reasonable opinion of the Underwriter (aa) the success of the Rights Issue or the business or financial condition or prospects of the Group would be materially and adversely affected; or (bb) which makes it inadvisable or inexpedient to proceed with the Rights Issue; or (cc) which would have the effect of making any part of the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms,

then in any such case the Underwriter may by notice in writing to the Company terminate the Underwriting Agreement.

Upon termination of the Underwriting Agreement, the obligations of the Underwriter and the Company under the Underwriting Agreement shall terminate and cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement save in respect of any antecedent breach of any obligation under it.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Shares have been dealt in on an ex-rights basis since Friday, 8 April 2016. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 19 April 2016 to Wednesday, 4 May 2016 (both dates inclusive). The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the conditions of the Rights Issue are not fulfilled (or waived), the Underwriting Agreement will terminate and the Rights Issue will not proceed. If the Underwriting Agreement is terminated by the Underwriter, the Rights Issue also will not proceed.

Any Shareholder or other person dealing in the Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any person dealing in the nil-paid Rights Shares during the period from Tuesday, 19 April 2016 to Wednesday, 4 May 2016 (both dates inclusive) will bear the risk that the Rights Issue may not become unconditional or may not proceed. If in any doubt, Shareholders and potential investors are recommended to consult their professional advisers. Shareholders and potential investors should exercise caution in dealing in the securities of the Company.

Reasons for the Rights Issue and use of proceeds

The Company is principally engaged in investment holding. The Company's subsidiaries are engaged in the retailing, export and production of casual wear and investment in securities.

LETTER FROM THE BOARD

The Directors believe that it is in the interests of the Company and the Shareholders as a whole to raise long-term equity funding via the proposed Rights Issue to strengthen the Company's financial position and increase its general working capital for its future business development. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Non-Qualifying Shareholder(s) should note that their shareholdings in the Company will be diluted.**

The Rights Issue will better enhance the Company's ability to fund and develop the Group's business and to allow it to capture future investment opportunities, if suitable ones appear. On this basis, the Directors consider that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

The estimated gross proceeds of the Rights Issue will be not less than approximately HK\$460.8 million. The estimated net proceeds of the Rights Issue will not be less than approximately HK\$458.8 million, with approximately 50% of it (being approximately HK\$230.0 million) intended to be used for repayment of bank loans (incurred for the purpose of the Group's business segments operation). The balance of approximately HK\$228.8 million is to be used for general working capital (being principally to shorten credit period for apparel supplies and development of the Group's export business), and future investment opportunities, if suitable opportunities arise. The net subscription price per Rights Share is expected to be approximately HK\$0.896. As at the Latest Practicable Date, the Company has not entered into, or proposed to enter into, any agreement, arrangement, understanding or undertaking, whether formal or informal and whether express or implied, or any negotiation with any parties for any investments or further equity fund raising activities.

The estimated expenses of the Rights Issue (including professional fees and other related expenses) amount to approximately HK\$2.0 million and will be borne by the Company.

LETTER FROM THE BOARD

Shareholdings in the Company

Set out below is the shareholding of the Company showing the existing shareholding structure as at the Latest Practicable Date and its shareholding structure after completion of the Rights Issue:

Shareholders	Existing shareholding as at the Latest Practicable Date		Immediately after completion of the Rights Issue			
	Shares	Approximately	Assuming all Rights Shares will be taken up by Qualifying Shareholders		Assuming no Rights Shares will be taken up by Qualifying Shareholders, other than the Underwriter	
	Shares	Approximately	Shares	Approximately	Shares	Approximately
Underwriter (Note 1)	414,842,000	40.51%	622,263,000	40.51%	838,270,000 (Note 6, 7)	54.57%
Advancetex Holdings (BVI) Limited (Note 2)	138,540,000	13.53%	207,810,000	13.53%	138,540,000	9.02%
	553,382,000	54.04%	830,073,000	54.04%	976,810,000	63.59%
G. S. Strategic Investment Limited (Note 3)	2,700,000	0.26%	4,050,000	0.26%	2,700,000	0.18%
Shares held solely by Mr. Yeung Chun Fan	1,000,000	0.10%	1,500,000	0.10%	1,000,000	0.06%
Shares jointly held by						
Dr. Charles Yeung, SBS, JP and Mr. Yeung Chun Fan (Note 4)	51,648,000	5.04%	77,472,000	5.04%	51,648,000	3.36%
Ms. Cheung Wai Yee (Note 5)	6,730,000	0.66%	10,095,000	0.66%	6,730,000	0.44%
Mr. Yeung Chun Fan's sons	96,000,000	9.37%	144,000,000	9.37%	96,000,000	6.25%
Subtotal	711,460,000	69.47%	1,067,190,000	69.47%	1,134,888,000	73.88%

LETTER FROM THE BOARD

<i>Shareholders</i>	Immediately after completion of the Rights Issue					
	Existing shareholding as at the Latest Practicable Date		Assuming all Rights Shares will be taken up by Qualifying Shareholders		Assuming no Rights Shares will be taken up by Qualifying Shareholders, other than the Underwriter	
			<i>Shares</i>	<i>Approximately</i>	<i>Shares</i>	<i>Approximately</i>
Other Directors:						
Mr. Pau Sze Kee, Jackson	9,370,000	0.92%	14,055,000	0.92%	9,370,000	0.61%
Mr. Hui Chung Shing, Herman, SBS, MH, JP	6,250,000	0.61%	9,375,000	0.61%	6,250,000	0.41%
Mr. Lau Hon Chuen, Ambrose, GBS, JP	956,000	0.09%	1,434,000	0.09%	956,000	0.06%
Dr. Chung Shui Ming, Timpson, GBS, JP	408,000	0.04%	612,000	0.04%	408,000	0.03%
Subtotal	16,984,000	1.66%	25,476,000	1.66%	16,984,000	1.11%
Public Shareholders	295,612,000	28.87%	443,418,000	28.87%	384,212,000	25.01%
Total	1,024,056,000	100.00%	1,536,084,000	100.00%	1,536,084,000	100.00%

Notes:

- The entire issued voting share capital of the Underwriter is held as to 51.93% by Dr. Charles Yeung, SBS, JP and as to 48.07% by Mr. Yeung Chun Fan. Mr. Yeung Chun Fan is a brother of Dr. Charles Yeung, SBS, JP.
- The entire issued voting share capital of Advantetex Holdings (BVI) Limited is held as to 51.93% by Dr. Charles Yeung, SBS, JP and as to 48.07% by Mr. Yeung Chun Fan.
- The entire issued voting share capital of G. S. Strategic Investment Limited is held as to 50.00% by each of Dr. Charles Yeung, SBS, JP and Mr. Yeung Chun Fan.
- These shares are held by Dr. Charles Yeung, SBS, JP and Mr. Yeung Chun Fan jointly.
- Ms. Cheung Wai Yee is the spouse of Mr. Yeung Chun Fan.
- Assuming the Underwriter is required to underwrite the maximum Rights Shares, being 304,607,000.
- As at the Latest Practicable Date, the Underwriter had entered into an agreement to sub-underwrite up to 88,600,000 underwritten Shares with an independent third party, Christfund Securities Limited, so as to maintain the minimum public float for the Shares in compliance with Rule 8.08(1) of the Listing Rules.

LETTER FROM THE BOARD

PREVIOUS FUND RAISING EXERCISE OF THE COMPANY

The Company has not undertaken any equity fund raising exercise in the past 12 months ended on the Latest Practicable Date.

CHANGE OF BOARD LOT SIZE

As at the Latest Practicable Date, the Shares are traded on the Stock Exchange in board lots of 2,000 Shares each. Based on the closing price of HK\$0.95 per Share (equivalent to a theoretical ex-rights price of approximately HK\$0.93 per Share) as at the Latest Practicable Date, upon allotment and issue of the Rights Shares and based on such theoretical ex-rights price, the value of each board lot of 2,000 Shares is estimated to be approximately HK\$1,860. It is proposed that with effect from Monday, 16 May 2016, the board lot size of the Shares shall be changed from 2,000 to 4,000 Shares each so that the estimated market value per board lot of the Shares will be approximately HK\$3,720 (based on the theoretical ex-rights price of approximately HK\$0.93 per Share as at the Latest Practicable Date). The Board considers that the change in board lot size will increase the value of each board lot of the Shares, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company. The proposed change in board lot size is conditional upon the Rights Issue becoming unconditional in all respects and that the Rights Issue is completed.

In order to facilitate the trading of odd lots (in any) of Shares arising from the change of board lot size, the Company has appointed China Systems Securities Limited to stand in the market to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of Shares (i.e. less than 4,000 Shares) to make up a full board lot of 4,000 Shares, or to dispose of their holding of odd lots of Shares. Holders of odd lots of Shares who wish to take advantage of this trading facility to dispose of or top up their odd lots of Shares should contact Mr. Johnny Wong (telephone number (852) 2850 7822) of China Systems Securities Limited at 12/F Tung Hip Commercial Building, 252 Des Voeux Road Central, Hong Kong during the period from 9:00 a.m. Monday, 16 May 2016 to 4:00 p.m. Wednesday, 8 June 2016, both dates inclusive.

Holders of the Shares in odd lots of less than 4,000 Shares should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed and will be on a best effort basis. Shareholders are advised to consult their professional advisers if they are in any doubt about the above arrangement.

TAXATION

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding or disposal of, or dealing in the Rights Shares and as regards the Non-Qualifying Shareholders, their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accept responsibility for any tax effects or liability of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in appendices I to IV to this prospectus.

Yours faithfully,
Dr. Charles Yeung, *SBS, JP*
Chairman

1. DIRECTORS AND SENIOR MANAGEMENT PARTICULARS

Name	Business Address
Executive Directors:	
Dr. Charles Yeung, SBS, JP (<i>Chairman</i>)	38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong
Mr. Yeung Chun Fan (<i>Vice-chairman</i>)	38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong
Mr. Pau Sze Kee, Jackson	38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong
Mr. Hui Chung Shing, Herman, SBS, MH, JP	38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong
Ms. Cheung Wai Yee	38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong
Mr. Chan Wing Kan, Archie	38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong
Independent Non-executive Directors:	
Mr. Lau Hon Chuen, Ambrose, GBS, JP	38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong
Dr. Chung Shui Ming, Timpson, GBS, JP	38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong
Mr. Wong Man Kong, Peter, BBS, JP	38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong
Dr. Lam Lee G.	38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong
Senior Management	
Mr. Chow Hing Ping	38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong
Ms. Cheung Man Yee, Carmen	38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong
Mr. Mark Stephen Daynes	38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong
Mr. Lai Man Sum	38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong
Mr. Mui Sau Keung, Isaac	38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong

Executive Directors

Dr. YEUNG Chun Kam, SBS, JP, alias Charles YEUNG, aged 69, is the founder and Chairman of the Group. He is responsible for the Group's business strategies. Dr. Yeung has over 45 years of experience in the garment industry. He was an awardee of the "Young Industrialist Award of Hong Kong" in 1991 and was conferred an honorary doctorate degree by the China Textile University in 1993 and an honorary fellow by The Professional Validation Council of Hong Kong Industries in 2002. Dr. Yeung is a Member of the National Committee of the Chinese People's Political Consultative Conference and the Chairman of The Chinese General Chamber of Commerce. Dr. Yeung is a director and a shareholder of Glorious Sun Holdings (BVI) Limited and Advancetex Holdings (BVI) Limited which are substantial shareholders of the Company.

Mr. YEUNG Chun Fan, aged 63, is the Vice-chairman and General Manager of the Group which he joined in 1975. He has over 40 years of experience in the garment industry. Mr. Yeung is an Honorary Fellow Member of the Hong Kong Institution of Textile and Apparel, the President of The Federation of Hong Kong Garment Manufacturers, the Chairman of Clothing Industry Training Authority, an advisory professor of the Nanjiang University, the East China University and the Qingdao University. Mr. Yeung is a Member of the Standing Committee of the Hebei Committee of The Political Consultative Conference, a Vice-chairman of the China Association of Enterprises with Foreign Investment and a Vice-president of the China National Garment Association. Mr. Yeung is responsible for the Group's overall business operations. He is a brother of Dr. Charles Yeung, SBS, JP. Mr. Yeung is a director and a shareholder of Glorious Sun Holdings (BVI) Limited and Advancetex Holdings (BVI) Limited which are substantial shareholders of the Company.

Mr. PAU Sze Kee, Jackson, aged 64, joined the Group in 1987 and is a Deputy General Manager of the Group. Mr. Pau graduated from the University of Hong Kong with a bachelor's degree in Social Sciences. Before joining the Group, he had worked in several financial institutions and a listed trading company in the United Kingdom for more than 10 years. He is responsible for the Group's retail operations in Australasia and the Pacific Islands.

Mr. HUI Chung Shing, Herman, SBS, MH, JP, aged 65, is responsible for the strategic planning and legal matters of the Group. Mr. Hui graduated from the University of Hong Kong with a bachelor's degree in Laws. He is a solicitor of the High Court of the Hong Kong Special Administrative Region and has also been admitted as a solicitor of the Supreme Court of England and Wales and as a solicitor and barrister of the Supreme Court of Victoria, Australia. Before joining the Group in 1995, Mr. Hui was the Group's external legal advisor. In 2010, he was conferred Honorary Fellow of the Vocational Training Council.

Ms. CHEUNG Wai Yee, aged 64, joined the Group in 1975 and is responsible for the development of retail business in PRC. Ms. Cheung is the wife of Mr. Yeung Chun Fan.

Mr. CHAN Wing Kan, Archie, aged 69, has been an Executive Director of the Company since August 2005 and was the Group's business consultant in the past. Mr. Chan graduated from the University of New South Wales, Australia with a bachelor's degree in Commerce. He is a Member of the Hong Kong Institute of Certified Public Accountants and Chartered Accountants Australia and New Zealand. Mr. Chan has extensive experience in corporate investment and management. He is responsible for the business development of the Group.

Independent Non-Executive Directors

Mr. LAU Hon Chuen, GBS, JP, alias Ambrose LAU, aged 68, has been an Independent Non-executive Director of the Company since March 1997. He obtained a Bachelor of Laws degree from the University of London and is a Solicitor of the High Court of Hong Kong, a China-Appointed Attesting Officer and a Notary Public. Mr. Lau is the senior partner of Messrs. Chu & Lau, Solicitors & Notaries and is currently a Standing Committee Member of the National Committee of the Chinese People's Political Consultative Conference. Mr. Lau is currently an Independent Non-executive Director of China Jinmao Holdings Group Limited, Yuexiu Property Company Limited, Yuexiu Transport Infrastructure Limited, Joy City Property Limited, Brightoil Petroleum (Holdings) Limited and The People's Insurance Company (Group) of China Limited. He is also a Director of OCBC Wing Hang Bank Limited, Wing Hang Bank (China) Limited, Bank of China Group Insurance Company Limited, BOC Group Life Assurance Company Limited, Nanyang Commercial Bank, Limited, Chu & Lau Nominees Limited, Sun Hon Investment And Finance Limited, Wydoff Limited, Wytex Limited, Trillions Profit Nominees & Secretarial Services Limited, Helicoil Limited and Wyman Investments Limited. Mr. Lau served as the Chairman of the Central and Western District Board between 1988 and 1994, the President of the Law Society of Hong Kong in 1992-1993, a Member of the Bilingual Laws Advisory Committee between 1988 and 1997 and a Member of the Legislative Council of Hong Kong from 1995 to 2004 (between 1997 and 1998 he was a member of the Provisional Legislative Council).

Dr. CHUNG Shui Ming, Timpson, GBS, JP, aged 64, has been an Independent Non-executive Director of the Company since September 2004. Dr. Chung holds a Master of Business Administration Degree and was awarded the degree of Doctor of Social Sciences, honoris causa, by the City University of Hong Kong. Dr. Chung is a Fellow Member of the Hong Kong Institute of Certified Public Accountants. Currently he is an Independent Non-executive Director of Miramar Hotel and Investment Company, Limited, China Unicom (Hong Kong) Limited, China Overseas Grand Oceans Group Limited, China Everbright Limited, Henderson Land Development Company Limited, China Construction Bank Corporation and Jinmao Investments and Jinmao (China) Investments Holdings Limited and he is an Independent Director of China State Construction Engineering Corporation Limited. He is also a Member of National Committee of the 12th Chinese People's Political Consultative Conference.

Mr. WONG Man Kong, Peter, BBS, JP, aged 67, has been an Independent Non-executive Director of the Company since August 1996. Mr. Wong is a graduate of the University of California at Berkeley in USA with a bachelor of science degree in Mechanical Engineering (Naval Architecture) and was an awardee of the "Young Industrialist Award of Hong Kong" in 1988. Mr. Wong is the Chairman of M.K. Corporation Ltd., a Director of Hong Kong Ferry (Holdings) Co. Ltd., China Travel International Investment Hong Kong Limited, Sun Hung Kai & Co. Limited, Chinney Investments, Limited, Sino Hotels (Holdings) Limited, Far East Consortium International Limited, New Times Energy Corporation Limited, MGM China Holdings Limited and the Chairman of North West Development Ltd. He is a Deputy of the 12th National People's Congress of the PRC, the Standing Committee Vice Chairman of Hong Kong Pei Hua Education Association, Executive Chairman of China Chamber of Commerce, a Director of Ji Nan University and a Senior Member of The University of Hong Kong Foundation for Educational Development and Research.

Dr. LAM Lee G., aged 56, has been a Non-executive Director of the Company since September 2004 and was re-designated as an Independent Non-executive Director of the Company with effect from 20 August 2012. He holds a Bachelor of Science Degree in Mathematics and Sciences, a Master of Science in Systems Science, and a Master of Business Administration Degree, all from the University of Ottawa in Canada, a Post-graduate Diploma in Public Administration from Carleton University in Canada, a Post-graduate Diploma in English and Hong Kong Law and a Bachelor of Law (Hons) from Manchester Metropolitan University in the United Kingdom, a PCLL in law from the City University of Hong Kong, a Certificate in Professional Accountancy from the Chinese University of Hong Kong SCS, a LLM in law from the University of Wolverhampton in the United Kingdom, a Master of Public Administration and a Doctor of Philosophy Degree from The University of Hong Kong. Dr. Lam is also a Solicitor of the High Court of Hong Kong and an Honorary Fellow of CPA Australia. Dr. Lam has over 30 years of multinational general management, management consulting, corporate governance, investment banking, direct investment and investment fund management experience, and also serves on the board of directors, the investment committee and the advisory committee of a number of publicly-listed companies, investment funds and NGOs in the Asia Pacific region. Having served as a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms, a Member of the Legal Aid Services Council, a Member of the General Council and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, and as a Member of the New Business Committee of the Financial Services Development Council (FSDC), Dr. Lam is a Member of the Jilin Province Committee (and formerly a Specially-invited Member of the Zhejiang Province Committee) of the Chinese People's Political Consultative Conference, a Vice Chairman of Liaoning Chinese Overseas Friendship Association, a Member of the Derivatives Market Consultative Panel of Hong Kong Exchanges and Clearing Limited (HKEx), a Member of UNESCAP Task Force on Banking and Finance, Honorary Chairman – Asia Pacific of CMA Australia, a Member of Sir Murray MacLehose Trust Fund Investment Advisory Committee, a Member of the Hong Kong Institute of Bankers, a Member of the World Presidents' Organization, a Member of the Chief Executives Organization, a Fellow of the Hong Kong Institute of Directors and the Hong Kong Institute of Arbitrators, an Accredited Mediator of the Centre for Effective Dispute Resolution (CEDR), a Member of the Hong Kong – Thailand Business Council, a Founding Member of the Hong Kong – Korea Business Council, a Board Member of the Australian Chamber of Commerce in Hong Kong and Macau, a Founding Board Member and the Honorary Treasurer of the Hong Kong – Vietnam Chamber of Commerce, a Vice President of the Hong Kong Real Property Federation, Chairman of Monte Jade Science and Technology Association of Hong Kong and President of Hong Kong – ASEAN Economic Cooperation Foundation.

Senior Management

Mr. CHOW Hing Ping, aged 67, joined the Group in 1979 and is a Deputy General Manager of the Group. Mr. Chow is responsible for the administration and financial matters of the production and retail operations of the Group in Hong Kong and PRC.

Ms. CHEUNG Man Yee, Carmen, aged 65, joined the Group in 1982 and is responsible for the Group's product development and marketing operations. Ms. Cheung graduated from the University of Hawaii in USA with a bachelor's degree in Arts. Prior to joining the Group, she was the manager of the sales and purchase department in one of the largest department stores in USA. Ms. Cheung is the sister of Ms. Cheung Wai Yee.

Mr. Mark Stephen DAYNES, aged 57, is the Chief Executive Officer for the Group's retail operations of Jeanswest Australia and New Zealand as well as the Pacific Islands and Russian franchise operation. Before joining the Group in 2011, Mr. Daynes' previous international retail experience spanned over 30 years working for major retail companies in the United Kingdom and Australia, as well as extensive apparel experience in the USA, Mexico and Canada.

Mr. LAI Man Sum, alias Sam LAI, aged 54, joined the Group in 1991 and is the Chief Accountant of the Group. Mr. Lai graduated from the University of Hong Kong with a bachelor's degree in Social Sciences. He is a fellow of the Association of Chartered Certified Accountants in the United Kingdom and a Member of the Hong Kong Institute of Certified Public Accountants. Before joining the Group, Mr. Lai worked for an international accounting firm and a garment company for many years.

Mr. MUI Sau Keung, alias Isaac MUI, aged 53, joined the Group in 1993. He was appointed as the Company Secretary with effect from December 2005. Mr. Mui graduated from the University of Hong Kong with a bachelor's degree in Social Sciences. He is a member of the Hong Kong Institute of Certified Public Accountants. Before joining the Group, Mr. Mui worked in various companies in Hong Kong responsible for finance, personnel and administrative functions.

2. CORPORATE INFORMATION

Registered office	Clarendon House 2 Church Street Hamilton HM11 Bermuda
Company secretary	Mr. Mui Sau Keung, Isaac
Authorised representatives	Mr. Pau Sze Kee, Jackson Mr. Hui Chung Shing, Herman, SBS, MH, JP
Legal advisers to the Company	Mayer Brown JSM 16-19/F, Prince's Building, 10 Chater Road Central, Hong Kong
Auditors	Ernst & Young 22/F, CITIC Tower 1 Tim Mei Avenue Central, Hong Kong
Principal share registrars and transfer office	Codan Services Limited Clarendon House 2 Church Street Hamilton HM11 Bermuda

Branch share registrar and transfer office	Computershare Hong Kong Investor Services Limited 17th Floor Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited, Bank of China (Hong Kong) Limited, Hang Seng Bank Limited, UBS AG and Australia and New Zealand Banking Group Limited, The Bank of East Asia, Limited, Credit Agricole Corporate and Investment Bank

3. SHARE CAPITAL AND SHARE OPTION

(a) Share capital

The authorised and issued share capital of the Company as at the Latest Practicable Date were, and immediately following completion of the Rights Issue will be, as follows:

<i>Authorised:</i>		<i>HK\$</i>
6,000,000,000	Shares	600,000,000
<i>Issued and fully paid or credited as fully paid:</i>		
1,024,056,000	Shares in issue as at the Latest Practicable Date	102,405,600
512,028,000	Rights Shares to be issued pursuant to the Rights Issue	51,202,800
1,536,084,000	Shares immediately following completion of the Rights Issue	153,608,400

All of the Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and capital. The Shares in issue are listed on the Stock Exchange.

All of the Rights Shares to be allotted and issued will, subject to the bye-laws of the Company, rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and capital, and with all Shares in issue as at the date of allotment and issue of the Rights Shares such that holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions the record dates of which are on or after the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other Stock Exchange.

Dealings in the Shares may be settled through CCASS and Shareholders should consult their stockbroker or other registered dealer of securities, bank manager, solicitor, professional accountant or other professional adviser for details of these settlement arrangements and how such arrangements may affect their rights and interests.

(b) Share Options

Details of Share Options granted by the Company, outstanding as at the Latest Practicable Date, were as follows:

Category of participant	Number of shares subject to options as at the Latest Practicable Date '000	Share options				Subscription price* HK\$ per share
		Date of grant	Fully vested by	Exercise period		
Employees in aggregate	2,000	23/9/2008	23/9/2010	1/10/2010 to 22/9/2018	3.31	
	2,000	8/10/2010	8/10/2014	8/10/2014 to 7/10/2020	3.32	
	333	20/2/2014 ***	1/4/2015	1/4/2017 to 19/2/2024	1.836	
	13,074	20/2/2014 ***	1/4/2017 **	1/4/2019 to 19/2/2024	1.836	
	5,900	20/2/2014 ***	1/4/2018 **	1/4/2020 to 19/2/2024	1.836	
	3,900	20/2/2014 ***	1/4/2019 **	1/4/2021 to 19/2/2024	1.836	
	27,207					

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

** The performance targets of the share options are not yet set as at the Latest Practicable Date and are subject to the discretion of the Group.

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

Save for the Share Options disclosed above, the Company did not have any other options and other convertible securities or rights affecting the Shares and no capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under options as at the Latest Practicable Date.

1. SUMMARY OF FINANCIAL INFORMATION FOR THE THREE YEARS ENDED 31 DECEMBER 2015

The published financial statements of the Group for the years ended 31 December 2013, 2014 and 2015 are disclosed in the annual reports of the Company for the years ended 31 December 2013 dated 21 March 2014 (pages 52-154) and 2014 dated 25 March 2015 (pages 54-163) and the final results announcement of the Company for the year ended 31 December 2015 published on 24 March 2016. They can be accessed on the website of the Company (2013) http://www.glorisun.com/file/report/541/20140416-AR_e.pdf, (2014) http://www.glorisun.com/file/report/640/20150422-AR_e.pdf and (2015) http://www.glorisun.com/file/announcement/758/20160324-Final%20Result%20Announcement_e.pdf and the website of the Stock Exchange (<http://www.hkexnews.hk>).

2. INDEBTEDNESS

At the close of business on 29 February 2016, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this prospectus, the Group had the following outstanding indebtedness and contingent liabilities:

- (a) bank and other borrowings in aggregate of approximately HK\$1,032.3 million made in the ordinary courses of businesses and in which, bank borrowings of approximately HK\$24.3 million by an associate of the Group which were attributable to the Group and for which, a corporate guarantee was given by the Group to the bank creditor, together with a pledged bank deposit of approximately HK\$30.4 million (against total facility amount of HK\$30 million); and
- (b) unpaid additional taxes requested by the Commissioner of the Hong Kong Inland Revenue Department and judged by the District Court of approximately HK\$7.3 million.

As at 29 February 2016, save for the litigations/claims as stated in the paragraph headed “Litigation” in Appendix IV to this prospectus, the Group had no other material litigations/claims. Accordingly, the Group had no other material contingent liabilities as at 29 February 2016.

Save as disclosed above and apart from any intra-group liabilities and normal trade payables in the ordinary courses of business, at the close of business on 29 February 2016, the Group did not have any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptances, credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

The Board has further confirmed that, save as disclosed above, there has not been any material change in the indebtedness or contingent liabilities of the Group since 29 February 2016 and up to the Latest Practicable Date.

3. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published announcement of results of the Group were made up.

4. FINANCIAL AND BUSINESS REVIEW AND OUTLOOK OF THE GROUP

Retailing

In 2015, the weakening of apparel retail activities in the PRC deepened due to the pro-longed slow-down of macro-economic development especially in the second half of the year when the stock market slumped and renminbi (“RMB”) commenced to debase against the United States dollar (“USD”). Consequentially, consumers’ desire decreased and market sentiment deteriorated further. Sluggish market environment intensified competition amongst retailers and compounded price markdown. Our management tried to alleviate the impact but margin was still under pressure and thus Jeanswest in PRC performed less well when compared with last year. Although the economies in Australia and New Zealand were still in the process of re-balancing, overall retail market conditions were slightly better than last year. Our management efforts to enrich product design and improve product quality met with warm acceptance from patronages notwithstanding a slight upward adjustment of the selling price. As a result, Jeanswest operations in Australia and New Zealand managed to deliver a result better than last year. In spite of the tough market conditions, Jeanswest e-shops in PRC, Australia and New Zealand all recorded impressive growth.

The Group’s retail network has stretched out from PRC and Australia to New Zealand, Hong Kong, Macao, the Middle East, as well as Vietnam, Malaysia, Indonesia, Mongolia, Nepal, New Guinea, Fiji, Russia, Iran and Venezuela. There were a total of 2,249 stores at the year-end 2015 (2014: 2,631), of which 1,427 stores (2014: 1,577) were operated under franchise arrangements. For the financial year under review, the Group’s aggregate sales from its retail operations amounted to HK\$3,894,339,000 (2014: HK\$5,279,723,000) representing a year-on-year decrease of 26.24%. Contribution from its retail operations to the Group’s consolidated sales was 89.78%. Inventory turnover days increased from 45 days to 50 days.

1. *The PRC*

(a) Jeanswest

The brand name of “Jeanswest” remained the Group’s flagship business in PRC. In 2015, PRC was still in the process of re-aligning its economic activities. Deceleration of economic growth was the “new normal” situation under which retail activities were fairly slothful. Various measures implemented by our management not only managed to stabilize the business in the first half of the year but even brought about a mild improvement in operational margin when compared with the same period in 2014. However, macro-economic conditions aggravated in the second half of the year due to the compound effects of stock market prices collapse and the tumble of RMB exchange rate against USD, consumers’ desire further weakened leading to intensified dumping in the market as well as

shrinking of our profit margin. The Group's franchising development was also adversely affected and the same store sales encountered a continuous double-digit decrease. Under such tough business environment, our management opted to clean up inventory even at the expense of our profit margins and strived to retrench operational costs to keep in abreast with the drop in turnover. We persevered with incentive measures to assist our franchisees especially in the conversion of some directly managed stores into franchised stores. During 2015, our product design embraced more trendy elements and brightened up brand image but had to take some time to be fully accepted by our customers. The consolidation of our network and reduction of our retail outlets together with an abnormal winter climate deeply affected our sales. The underdevelopment of franchising was also one of the reasons. Therefore, Jeanswest performance in PRC was worse than last year.

In May 2015, the State Administration for Industry and Commerce accredited Jeanswest as one of the well-known brands in PRC. The General Administration of Quality Supervision, Inspection and Quarantine of the PRC also granted Jeanswest the recognition as one of the 50 most valuable brands in the apparel sector.

In the year under review, turnover of PRC retail decreased by 29.36% to HK\$2,805,737,000 (2014: HK\$3,971,720,000), accounting for 64.68% of the Group's consolidated sales. As at 31 December 2015, Jeanswest operated 1,906 stores (2014: 2,284) covering over 250 cities in the PRC, among which 1,333 stores (2014: 1,492) were under franchise arrangements.

(b) Quiksilver Glorious Sun

In the year under review, the lethargic retail market sentiment in greater China had impacts on the sales and profit of Quiksilver Glorious Sun, especially in Macau. Our management endeavoured to consolidate the retail network by closing down those under-performed stores and to focus on the development of wholesaling and franchising. Wholesaling in Hong Kong progressed smoothly but in the PRC was contained by shortage of working capital among those small business firms. E-shop consecutively showed a remarkable growth. Our Management entered into contracts with Hong Kong TV, Mydress and Zalora to broaden our e-commerce coverage. The initial performance of the newly introduced Yoga series and the enriched skiing line basically met with Management's expectation.

2. *Australia and New Zealand*

For the year ended 31 December 2015, Australia was in the transitional stage of re-balancing its development; GDP therefore only grew around 2.5%, lower than the historical average and unemployment stood at a high level of around 6%. Business environment for apparel retailers was difficult as competition was fierce and aggressive markdown was a common phenomenon. Our management's endeavour in up-lifting the product quality and design with a moderately lifted in pricing was appreciated by our patronages. Our management also consolidated the network and refurbished most of the other stores with the latest design style to refresh the brand image. A new ERP system was implemented to integrate the accounting, sourcing and store operation systems to enhance efficiency and to save operational costs. In local dollar terms, Jeanswest in Australia and New Zealand had regained its normal growth with improvement in turnover and operational margin when compared with that in 2014.

For the year ended 31 December 2015, turnover of HK\$1,088,602,000 (2014: HK\$1,308,003,000) was registered in Australia and New Zealand markets showing a decrease of 16.77% on year-on-year basic. As at 31 December 2015, Jeanswest operated a network of 228 stores (2014: 239) in Australia and New Zealand, among which 6 (2014: 6) were under franchises arrangements.

3. *Overseas Franchise Operations*

Benefitting from rapid development in international franchising, the Group's overseas franchise operations had a noteworthy growth in turnover in 2015. Our management also entered into agreements with our franchisees in Saudi Arabia and expected to have the first Jeanswest store open there in the first quarter of 2016. However, some of our franchise operations in South East Asia were adversely affected by the devaluation of the local currencies there.

Export

Our export operations were largely on the design, manufacture, and export for Costco's private labels. During the period, Costco shifted its focus from promoting its own lady labels to private labels in the markets and bought less from the Group. Meanwhile, Costco's orders for man labels remained.

For the year ended 31 December 2015, the Group's sales from exports amounted to HK\$441,524,000 (2014: HK\$572,821,000) decreased by 22.92% from the year ended 31 December 2014.

Prospects

2016 will be a very challenging year. Our management has reservations in the global financial development and worries about the weakening trend in last year may stretch out to 2016 or at least to the first half of the year. US recovery is expected to be steady but the USD rate is in an up-trend to curtail its dynamic and contribute to global economic growth. In the Eurozone and Japan, quantitative easing measures will persist but those effects are diminishing. The expectation of the USD rate to move upwards will further motivate capital flowing from emerging countries to the United States. It may cause the weakening of emerging countries currencies and to debase them deeply. In the worst case, it may even

inflation a global financial crisis. In the year ahead, the PRC is still in the process of its economic reform and its development may be decelerating. PRC GDP in 2016 is forecasted in the markets to grow around 6.5%. Market elements are expected to become more influential on the RMB and will also increase its volatility. Therefore, 2016 may be a tough year for the PRC. The correlation of the economies between PRC and Hong Kong is very high. The slow-down of export and import activities in the PRC will directly contain the performance of Hong Kong export and re-export sectors. In the last twelve months, USD had appreciated 25% against the RMB. If USD continues to grow strong, it will further undermine the competitiveness of Hong Kong and jeopardize local businesses, in particular, tourism, hotels and retailing. The advent of an interest rising cycle also causes the costly property market to commence its overdue correction. In other words, Hong Kong economic drivers – property, import & export and tourism related sectors – will all lose their growth momentum at the same time. 2016 will inevitably be an arduous year to Hong Kong.

Under such challenging environment, the focal point this year is on the retrenchment of operational costs through simplifying our structure and streamlining our operational procedures so as to ensure the reduction of our costs in abreast with the possible drop of our turnover. Our management will strive to renegotiate with landlords to ensure rentals of our shops will reflect the latest sluggish retail market conditions. Only those shops in locations that are vital to project Jeanswest's brand image will be opened according to schedule. Under-performed stores will be closed resolutely. Incentives to franchisees to expand their operations will be persisted especially in the aspect of converting some directly managed stores into franchisees' stores. In-depth analysis of our products will be made to assess each individual product's market performance so as to improve our product design, quality and the right proportion of its mix. Our management will also endeavour to further compress our production lead-time to enhance our competitiveness and versatility to the changes in the market.

For our export operations, our management will focus on the expansion of our original design manufacturing businesses by developing more new products and soliciting more new customers.

Barring unforeseen circumstances, our management is confident that the Group will continue to bring reasonable returns to its shareholders in 2016.

5. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present financial resources available to the Group including existing bank facilities and the estimated net proceeds from the Rights Issue, in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of this prospectus.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to ordinary equity holders of the Company (the “**Unaudited Pro Forma Financial Information**”) prepared in accordance with paragraph 4.29 of the Listing Rules is set out below to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to ordinary equity holders of the Company as if the Rights Issue had taken place on 31 December 2015.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purposes only, and because of its nature, it may not give a true picture of the financial position of the Group following the Rights Issue.

	Unaudited consolidated net assets of the Group attributable to ordinary equity holders of the Company as at 31 December 2015 <i>HK\$'000</i> <i>(note 1)</i>	Deduct: Intangible asset <i>HK\$'000</i> <i>(note 2)</i>	Unaudited consolidated net tangible assets of the Group attributable to ordinary equity holders of the Company as at 31 December 2015 <i>HK\$'000</i>	Add: Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary equity holders of the Company as at 31 December 2015 <i>HK\$'000</i>
Net assets	<u>2,039,838</u>	<u>(34,492)</u>	<u>2,005,346</u>	<u>458,825</u>	<u>2,464,171</u>
Consolidated net tangible assets per Share and before the completion of the Rights Issue <i>(note 4)</i>					<u>HK\$1.96</u>
Unaudited pro forma adjusted consolidated net tangible assets per Share immediately after the completion of the Rights Issue <i>(note 5)</i>					<u>HK\$1.60</u>

Notes:

- (1) The unaudited consolidated net assets of the Group attributable to ordinary equity holders of the Company as at 31 December 2015 of approximately HK\$2,039,838,000 is extracted from the Group’s published unaudited consolidated statements of financial position as at 31 December 2015 as set out in the announcement of results for the year ended 31 December 2015.
- (2) The intangible asset represents the goodwill arising from acquisition of wholly-owned subsidiary companies as at 31 December 2015 extracted from the Group’s published unaudited consolidated statements of financial position as at 31 December 2015 as set out in the announcement of results for the year ended 31 December 2015.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION

- (3) The estimated net proceeds from the Rights Issue of approximately HK\$458,825,000 are based on the 512,028,000 Rights Shares to be issued at a Subscription Price of HK\$0.90 per Rights Share and after deduction of the estimated related expenses, including among others, estimated underwriting commission and other professional fees, which are directly attributable to the Rights Issue of approximately HK\$2,000,000.
- (4) The calculation of unaudited consolidated net tangible assets per Share attributable to equity holders of the Company prior to the completion of the Rights Issue is based on 1,024,056,000 Shares in issue as at 31 December 2015.
- (5) The number of Shares used for the calculation of the unaudited pro forma adjusted consolidated net tangible assets per Share attributable to ordinary equity holders of the Company upon completion of the Rights Issue is calculated based on 1,536,084,000 Shares in issue upon completion of the Rights Issue, which comprises the existing 1,024,056,000 Shares in issue as at 31 December 2015 and 512,028,000 Shares to be issued pursuant to the Rights Issue.
- (6) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2015.

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is the text of a letter from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the unaudited pro forma financial information of the Group.

**TO THE DIRECTORS OF GLORIOUS SUN ENTERPRISES LIMITED**

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 purpose only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 December 2015 and the related notes set out in Appendix III to the prospectus dated 15 April 2016 (the “**Prospectus**”) issued by the Company (the “**Unaudited Pro Forma Financial Information**”) in connection with the proposed rights issue in the proportion of one rights share for every two existing shares held by qualifying shareholders on the record date (the “**Proposed Rights Issue**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in note 2 to note 6 in Appendix III to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Proposed Rights Issue on the Group’s consolidated net tangible assets as at 31 December 2015 as if the Proposed Rights Issue had taken place at 31 December 2015. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial statements for the year ended 31 December 2015, on which an announcement of results has been published.

Directors’ responsibility for the 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 control

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 behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and 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 AG7 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 Prospectus is solely to illustrate the impact of the Proposed Rights Issue on unadjusted financial information of the Group as if the Proposed Rights Issue 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:

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION

- 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.

Yours faithfully,

Ernst & Young
Certified Public Accountants

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

15 April 2016

1. RESPONSIBILITY STATEMENT

This prospectus includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained herein is accurate and complete in all material respects and there are no other facts the omission of which would make any statement herein or this prospectus misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS

As the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) 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 are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange, were as follows:

I. Shares

(i) The Company

Name of director	Capacity	Number of shares held	Total	Percentage of issued share capital (%)
Dr. Charles Yeung, SBS, JP	(i) Interest of controlled corporations	1,068,110,000	1,119,758,000 ^{(1) & (2)}	109.34
	(ii) Joint interest	51,648,000		
Mr. Yeung Chun Fan	(i) Beneficial owner	1,000,000	1,127,488,000 ^{(1), (2) & (3)}	110.10
	(ii) Interest of controlled corporations	1,068,110,000		
	(iii) Joint interest	51,648,000		
	(iv) Interest of spouse	6,730,000		
Mr. Pau Sze Kee, Jackson	Beneficial owner	9,370,000	9,370,000	0.92
Mr. Hui Chung Shing, Herman, SBS, MH, JP	Beneficial owner	6,250,000	6,250,000	0.61
Ms. Cheung Wai Yee	(i) Beneficial owner	6,730,000	1,127,488,000 ^{(1), (2) & (3)}	110.10
	(ii) Interest of spouse	1,120,758,000		
Mr. Lau Hon Chuen, Ambrose, GBS, JP	Beneficial owner	956,000	956,000	0.09
Dr. Chung Shui Ming, Timpson, GBS, JP	Beneficial owner	408,000	408,000	0.04

Notes:

- (1) 414,842,000 shares were held by Glorious Sun Holdings (BVI) Limited (the entire issued voting share capital of which was held as to 51.934% by Dr. Charles Yeung, SBS, JP and as to 48.066% by Mr. Yeung Chun Fan), 138,540,000 shares were held by Advantetex Holdings (BVI) Limited (the entire issued voting share capital of which was held as to 51.934% by Mr. Charles Yeung and as to 48.066% by Mr. Yeung Chun Fan) and 2,700,000 shares were held by G. S. Strategic Investment Limited (the entire issued voting share capital of which was held as to 50% by each of Mr. Charles Yeung and Mr. Yeung Chun Fan).
- (2) 51,648,000 shares were held by Mr. Charles Yeung and Mr. Yeung Chun Fan jointly.
- (3) Ms. Cheung Wai Yee is the spouse of Mr. Yeung Chun Fan. 6,730,000 shares related to the same block of shares held by Ms. Cheung Wai Yee and 556,082,000 shares related to the same block of shares held by three companies controlled by Mr. Yeung Chun Fan.

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Company, none of the Directors or chief executive of the Company or their respective associates had any interests and short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning 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 for Securities Transactions by Directors of Listed Issuers in the Listing Rules. Save as disclosed above, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2014 (being the date to which the latest published audited accounts of the Company were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to any member of the Group.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) as at the Latest Practicable Date, according to the register kept by the Company under Section 336 of the SFO, had an interest or short position in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Company

Name of shareholder	Capacity	Number of shares held	Percentage of issued share capital (%)
Glorious Sun Holdings (BVI) Limited	Beneficial owner	926,870,000	90.50
Advancetex Holdings (BVI) Limited	Beneficial owner	138,540,000	13.52

So far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group as at the Latest Practicable Date:

Other members of the Group

Member of Group	Name of shareholder	Number of shares held	Percentage of issued share capital (%)
Unity Glory Interior Design & Decoration (H.K.) Limited	The Wins Trading (HK) Limited	35	35
Golden Prospects Enterprises Limited	The Wins Trading (HK) Limited	35	35
GS Kenneth Fashion Design Company Limited	(1) Kenneth Fong Design De Moda E Planeamento Lda.	35	35
	(2) Denise Design Image House Limited	10	10
石家莊常宏建築裝飾工程有限公司 (Shijiazhuang Changhong Jianzhu Zhuangshi Gongcheng Co., Ltd. *)	(1) The Wins Trading (HK) Limited	N/A	21
	(2) 河北恆山建設集團有限公司 (Hebei Hengshan Jianji Jituan Co. Ltd. *)		14
上海仲佳建築裝飾設計有限公司 (Shanghai Zhongjia Jianzhu Zhuangshi Sheji Co., Ltd. *)	于謙先生 (Mr. Yu Qian*)	N/A	10
	王桂玲女士 (Ms. Wang Gui Ling*)		10
	陳元明先生 (Mr. Chen Yuan Ming*)		10
Greenology (USA), LLC	(1) Ms. Debora K. Annino	150	15
	(2) Mr. Gary S. Aronson	150	15

* For identification purposes only

Save as disclosed above, the Directors or chief executive of the Company are not aware that there are any other persons (not being a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group, or any options in respect of such capital.

4. MATERIAL CONTRACT

As at the Latest Practicable Date, only the Underwriting Agreement (not being a contract in the ordinary course of business of the Group) has been entered into by the Group within two years immediately preceding the date of this prospectus and which is material.

5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries, save that:

On 11 March 2003, Glorious Sun Overseas Company Limited (“**GSOC**”), a subsidiary of the Company, and Quiksilver Greater China Limited, a subsidiary of Quiksilver Inc., (collectively, “**Quiksilver**”) entered into a joint venture agreement with the purpose of establishing various joint venture companies (collectively the “**JV**”) to develop, own and operate a chain of Quiksilver Boardriders Club retail stores in the PRC, Hong Kong and Macau so as to promote and sell Quiksilver branded casual wear.

The joint venture agreement provided that either side had the option to sell its shareholding in the JV to the other shareholder or instead to purchase the shareholding of the other shareholder (the “**Buy-sell Option**”). In April 2012, Quiksilver served a Buy-sell Option on the Company. The Company replied confirming its intent to buy Quiksilver’s shareholding in the JV, on the condition that the terms of a replacement licence agreement would be separately negotiated. Negotiations for a replacement license took place but no definitive agreement was ever reached.

On 27 November 2013, arbitration commenced in California, the United States of America in relation to the purchase or sale of Quiksilver’s interest pursuant to the Buy-sell Option (the “**Arbitration**”). On 5 September 2014, the hearing of the first phase of the Arbitration took place in Singapore. The award for the first phase of the Arbitration was handed down in November 2014. The principal term of the first phase of the Arbitration Award was: (1) the condition to separately negotiate the terms of a replacement licence agreement was legally enforceable under California law to the extent they imposed on the parties an obligation to try and negotiate a replacement licence in good faith; (2) however, such agreement did not empower the Arbitration tribunal to determine the terms of a replacement licence in the absence of the parties’ agreement; and (3) all other matters (including the costs of and occasioned by the first phase of the Arbitration Award) would be determined in a future award.

On 23 December 2013, Quiksilver Glorious Sun JV Limited (“**QGSJV**”) and Quiksilver Glorious Sun Licensing Limited (“**QGSL**”) received winding up petitions (the “**Petitions**”) filed by Quiksilver in the High Court of Hong Kong (the “**Court**”).

On 14 February 2014, Quiksilver published the Petitions in the Government Gazette. As a result, the bank accounts of QGSJV and QGSL were frozen by their respective banks and the bank loans drawn down by QGSJV, which were guaranteed by the Company, became immediately due and payable.

In response to the Petitions, GSOC applied to the Court on 29 January 2014 for a stay or strike-out of the Petitions. On 26 June 2014, the Court granted the order to stay the Petitions until the determination of the Arbitration or further order of the Court.

On 25 March 2014, Quiksilver applied to the Court for an injunction to restrain GSOC from (among other things) causing QGSJV and QGSL to incur further debt or obligation in breach of the joint venture agreement; and making purported unilateral capital advances or other loans to QGSJV and QGSL (the “**Injunction**”). The Injunction has been adjourned until the determination of the Arbitration or further order of the Court.

The second phase of the Arbitration was scheduled to take place in November 2015 but was vacated by consent of Quiksilver and GSOC, which agreed to stay the Arbitration until 15 December 2015, after which further directions will be sought from the arbitral tribunal. No date has been fixed for the second phase of the Arbitration.

The Arbitration, the Petitions and the Injunction have not yet been finally determined as at the Latest Practicable Date. The Directors are of the opinion that it is not possible to predict the outcome of the Arbitration, the Petitions and the Injunction at this stage.

6. DIRECTORS’ INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors or any of their respective associates had any interest in any Competing Business.

None of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

8. EXPENSES

The estimated expenses in connection with the Rights Issue, including but not limited to financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to amount to approximately HK\$2.0 million and will be borne by the Company.

9. QUALIFICATION OF EXPERT AND CONSENT

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

Name	Qualification
Ernst & Young	Certified Public Accountants

Ernst & Young have given and not withdrawn their written consent to the issue of this prospectus with the inclusion of its letter as set out in this prospectus and references to their name in the form and context in which it appears.

10. EXPERT'S INTERESTS IN ASSETS

As at the Latest Practicable Date, Ernst & Young:

- (a) did not have any shareholding interest in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) did not have any interest, directly or indirectly, in any assets which had been, acquired, or disposed of by or leased to any members of the Group, or was proposed to be acquired, or disposed of by or leased to any member of the Group since 31 December 2014 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

11. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Mui Sau Keung, Isaac, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The principal share registrar and transfer office of the Company is Codan Services Limited, Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (c) The branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company in Hong Kong is at 38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong.
- (e) In the event of inconsistency, the English text of this prospectus will prevail over the Chinese text.

12. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent of Ernst & Young referred to in the paragraph headed “Qualification of expert and consent” in this appendix have been delivered to the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong up to and including 30 April 2016:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the material contract referred to in the section headed “Material Contract” in this appendix;
- (c) the annual reports of the Company for the two years ended 31 December 2014;
- (d) the final results announcement of the Company for the year ended 31 December 2015 published on Thursday, 24 March 2016;
- (e) the letter from Ernst & Young on the unaudited pro forma financial information of the Group dated 15 April 2016, the text of which is set out in appendix III to this prospectus;
- (f) the letter of consent referred to in the section headed “Qualification of expert and consent” in this appendix; and
- (g) this prospectus.