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**If you have sold** all your shares in Glorious Sun Enterprises Limited, you should at once hand this document, together with the accompanying proxy form, to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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**GLORIOUS SUN ENTERPRISES LIMITED**

**旭日企業有限公司**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 393)

*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

*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.

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Principal Place of Business:*

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

25 April 2016

*To the shareholders of Glorious Sun Enterprises Limited*

Dear Sir or Madam,

**EXPLANATORY STATEMENT IN RELATION TO  
THE REPURCHASE MANDATE (AS HEREINAFTER DEFINED)**

This is an explanatory statement given to all the shareholders of Glorious Sun Enterprises Limited (the "Shareholders") (the "Company") relating to an ordinary resolution to approve the general mandate to repurchase the Company's securities (the "Repurchase Mandate") to be proposed at the annual general meeting of the Company to be held on Thursday, 2 June 2016.

**(A) REPURCHASE MANDATE**

**(i) Share Capital**

As at 18 April 2016, being the latest practicable date (the “Latest Practicable Date”) prior to the printing of this document, the number of issued shares of the Company was 1,024,056,000 shares of HK\$0.10 each, all of which are fully paid (the “Shares”).

Subject to the passing of the ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the annual general meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 102,405,600 Shares during the course of the period prior to the next annual general meeting.

On 29 March 2016, the Company announced the rights issue of 512,028,000 rights Shares (the “Rights Shares”) on the basis of one Rights Share for every two existing Shares held on the record date, i.e. 14 April 2016 (the “Rights Issue”). Details of the Rights Issue are set out in the announcement and the prospectus of the Company dated 29 March 2016 and 15 April 2016 respectively.

Subject to the completion of the Rights Issue and the allotment of the Rights Shares by the Company which is expected to be on or around 16 May 2016, the issued share capital of the Company will be 1,536,084,000 Shares (assuming no further Shares are issued (other than the Rights Shares) or repurchased prior to the annual general meeting). In such event, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 153,608,400 Shares during the course of the period prior to the next annual general meeting.

**(ii) Reasons for Repurchases**

The Directors believe that it is in the best interests of the Company and its shareholders to seek a general authority from shareholders to enable the Directors to repurchase Shares on the market. Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the value of the net assets and/or earnings and/or dividend per Share.

**(iii) Funding of Repurchases**

Repurchases must be funded out of funds which are legally available for the purpose in accordance with the Company’s constitutive documents and Bermuda law, being capital paid up on the purchased Shares or out of the funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase of the Shares to be purchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company’s share premium account. It is envisaged that the funds required for any repurchase would be derived from such sources.

The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company. No material adverse impact on the working capital requirements or gearing levels of the Company (as compared with the position disclosed in the audited financial statements for the year ended 31 December 2015 contained in the Company's 2015 annual report) is anticipated in the event that the Repurchase Mandate is exercised in full.

**(iv) Share Prices**

During each of the twelve months preceding the Latest Practicable Date and the period from 1 April 2016 to the Latest Practicable Date, the highest and lowest prices at which the Shares were traded on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") were as follows:—

	<b>Shares</b>	
	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2015</b>		
April	1.755 <sup>(Note)</sup>	1.567 <sup>(Note)</sup>
May	1.814 <sup>(Note)</sup>	1.715 <sup>(Note)</sup>
June	1.774 <sup>(Note)</sup>	1.577 <sup>(Note)</sup>
July	1.617 <sup>(Note)</sup>	1.380 <sup>(Note)</sup>
August	1.479 <sup>(Note)</sup>	1.213 <sup>(Note)</sup>
September	1.360 <sup>(Note)</sup>	1.232 <sup>(Note)</sup>
October	1.370 <sup>(Note)</sup>	1.213 <sup>(Note)</sup>
November	1.420 <sup>(Note)</sup>	1.282 <sup>(Note)</sup>
December	1.321 <sup>(Note)</sup>	1.035 <sup>(Note)</sup>
<b>2016</b>		
January	1.075 <sup>(Note)</sup>	0.917 <sup>(Note)</sup>
February	0.986 <sup>(Note)</sup>	0.858 <sup>(Note)</sup>
March	1.045 <sup>(Note)</sup>	0.877 <sup>(Note)</sup>
1 April to the Latest Practicable Date	0.970	0.907 <sup>(Note)</sup>

*Note:* For the period from 1 April 2015 to 7 April 2016, the price has been adjusted as shown on the website of the Stock Exchange to take account of the Rights Issue.

**(v) Repurchases of Shares**

The Company has repurchased a total of 4,758,000 Shares on the Stock Exchange during the six months preceding the Latest Practicable Date. Details of the repurchases are disclosed as follows:–

Date of Repurchase	Number of Shares Repurchased	Repurchase Price Per Shares	
		Highest HK\$	Lowest HK\$
19 October 2015	200,000	1.29	1.27
20 October 2015	200,000	1.29	1.26
22 October 2015	300,000	1.30	1.29
23 October 2015	174,000	1.30	1.29
26 October 2015	286,000	1.31	1.30
27 October 2015	274,000	1.31	1.30
29 October 2015	112,000	1.35	1.34
30 October 2015	90,000	1.35	1.35
2 November 2015	64,000	1.36	1.36
3 November 2015	300,000	1.37	1.36
4 November 2015	290,000	1.38	1.37
5 November 2015	14,000	1.34	1.33
6 November 2015	132,000	1.35	1.34
9 November 2015	42,000	1.35	1.35
10 November 2015	66,000	1.35	1.35
11 November 2015	310,000	1.39	1.35
12 November 2015	300,000	1.35	1.35
13 November 2015	186,000	1.35	1.35
16 November 2015	238,000	1.35	1.35
17 November 2015	300,000	1.35	1.33
18 November 2015	242,000	1.34	1.34
19 November 2015	36,000	1.34	1.34
20 November 2015	300,000	1.34	1.33
23 November 2015	240,000	1.34	1.32
24 November 2015	28,000	1.34	1.34
25 November 2015	10,000	1.35	1.35
26 November 2015	24,000	1.34	1.32

**(vi) General**

None of the Directors or, to the best of their knowledge having made all reasonable enquires, their close associates, have any present intention to sell any Shares to the Company under the Repurchase Mandate if it is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), the memorandum of association and bye-laws of the Company and the laws of Bermuda.

If as a result of a repurchase of Shares a shareholder’s proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Codes on Takeovers and Mergers and Share Buy-backs (the “Takeover Code”). As a result, a shareholder or a group of shareholders acting in concert depending on the level of increase of shareholders’ interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code. The Directors are not aware of any shareholder or a group of shareholders acting in concert, who may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code as a result of the Directors exercising the power to repurchase Shares pursuant to the Repurchase Mandate.

As at the Latest Practicable Date, Dr. Charles Yeung, SBS, JP and Mr. Yeung Chun Fan, both are the Directors, together with parties acting in concert with them were beneficially interested in 711,460,000 Shares representing 69.47 per cent. of the issued shares of the Company. On the basis that no further Shares are to be issued, a full exercise of the Repurchase Mandate by the Directors would result in Mr. Charles Yeung and Mr. Yeung Chun Fan together with parties acting in concert with them in aggregate holding approximately 77.19 per cent. of the issued shares of the Company. Accordingly, the Directors are not aware of any consequences which would arise under the Takeover Code as a consequence of any repurchases made pursuant to the Repurchase Mandate. So far as the Directors are aware, the Company does not have any present intention to repurchase Shares pursuant to the Repurchase Mandate to such an extent that the Company is not able to maintain the minimum public float for the Shares.

On 29 March 2016, Glorious Sun Holdings (BVI) Limited, a substantial shareholder of the Company which is jointly-owned by Mr. Charles Yeung and Mr. Yeung Chun Fan, entered into an underwriting agreement as the underwriter with the Company in relation to the Rights Issue. The underwriting arrangements are set out in the announcement and the prospectus of the Company dated 29 March 2016 and 15 April 2016 respectively. The Directors are not aware of any consequences which would arise under the Takeover Code as a consequence of any repurchases made pursuant to the Repurchase Mandate after the completion of the Rights Issue.

No core connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Company is authorised to make repurchases of Shares.

**(B) RECOMMENDATION**

The Directors consider that the approval of Repurchase Mandate is in the best interests of the Company and its shareholders. Accordingly, the Directors recommend that the Shareholders should vote in favour of the ordinary resolution relating to the Repurchase Mandate to be proposed at the annual general meeting of the Company.

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