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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)

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF PROPERTIES

On 1 September 2016, the Sellers, indirect wholly-owned subsidiaries of the Company, entered into the Disposal Agreements with the Purchaser to dispose of the Properties at a total consideration of RMB118,780,000 (equivalent to approximately HK\$138,116,278).

The Purchaser is owned by the Purchaser Holdco as to 98% and Ms. Yeung Yuk Wai as to 2%. The Purchaser Holdco is indirectly owned by Dr. Charles Yeung as to 50% and Mr. Yeung Chun Fan as to 50%. Each of Dr. Charles Yeung and Mr. Yeung Chun Fan is a Director and substantial shareholder of the Company. Ms. Yeung Yuk Wai is a sister of Dr. Charles Yeung and Mr. Yeung Chun Fan. She also holds directorship in certain subsidiaries of the Company. Accordingly, the Purchaser is an associate of such Directors and substantial shareholders of the Company and hence a connected person of the Company. The entering into of the Disposal Agreements between the Group and the Purchaser constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios in respect of the Disposal Agreements are 5% or more but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An independent board committee of the Company comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Disposal Agreements and the transactions contemplated thereunder. Yu Ming Investment Management Limited has been appointed as the independent financial adviser to provide advice and recommendation to the independent board committee of the Company and the Independent Shareholders in respect of the Disposal Agreements and the transactions contemplated thereunder.

A circular containing, among other things, further particulars of the Disposal together with, the recommendations of the independent board committee of the Company, a letter from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders, and a notice convening the SGM will be expected to be despatched to the Shareholders on or before 23 September 2016 in accordance with the Listing Rules.

On 1 September 2016, the Sellers, indirect wholly-owned subsidiaries of the Company, entered into the Disposal Agreements with the Purchaser to dispose of the Properties at a total consideration of RMB118,780,000 (equivalent to approximately HK\$138,116,278).

DISPOSAL AGREEMENT A

The principal terms of the Disposal Agreement A are set out below:

Date

1 September 2016

Parties

- (i) Seller A, an indirect wholly-owned subsidiary of the Company
- (ii) the Purchaser

Asset to be disposed of

Property A, located at units 1065, 1066, 1067 and 1075 on Level 1, International Jintaihu City, Beitang District No. 12, Wuxi, Jiangsu Province, the PRC, with a total gross floor area of 1,655.55 sq.m..

Consideration

The consideration of RMB62,430,000 (equivalent to approximately HK\$72,593,023) for Property A is payable by the Purchaser according to the following schedule in cash:

- (i) RMB6,243,000 (equivalent to approximately HK\$7,259,302), representing 10% of the consideration shall be paid within 7 working days from the date of Disposal Agreement A (the “**Deposit A**”);
- (ii) RMB24,972,000 (equivalent to approximately HK\$29,037,209), representing 40% of the consideration shall be paid within 3 working days from the date of the written notification by Seller A to the Purchaser of whether the approval of the transactions contemplated under Disposal Agreement A by the Independent Shareholders has been obtained and hence the transactions contemplated under Disposal Agreement A shall proceed. Such written notification shall be given within 70 days from the date of Disposal Agreement A;
- (iii) the remaining balance of the consideration, RMB31,215,000 (equivalent to approximately HK\$36,296,512), shall be paid within 7 working days from the approval of the registration of the transfer of Property A by the competent PRC authority.

The consideration was determined after arm’s length negotiations between Seller A and the Purchaser with reference to the property valuation conducted by DTZ Cushman & Wakefield Limited, the Company’s independent property valuer, whereby Property A was appraised at RMB62,430,000 (equivalent to approximately HK\$72,593,023) as at 31 July 2016.

Condition and Registration of Transfer

The Disposal Agreement A shall terminate if the approval of the transactions contemplated under Disposal Agreement A by the Independent Shareholders has not been obtained and the Deposit A shall be returned to the Purchaser in full on an interest-free basis.

The registration of the transfer of Property A shall be completed within 3 months from the date of payment of Deposit A, and in any event no later than 30 December 2016.

For the avoidance of doubt, Disposal Agreement A and Disposal Agreement B are not inter-conditional.

DISPOSAL AGREEMENT B

The principal terms of the Disposal Agreement B are set out below:

Date

1 September 2016

Parties

- (i) Seller B, an indirect wholly-owned subsidiary of the Company
- (ii) the Purchaser

Asset to be disposed of

Property B, located at First Floor to Fourth Floor of no. 147 and houses 101, 201, 301 and 401 at no. 147-1, Zhongshannan Road, Yanfeng District, Hengyang, Hunan Province, the PRC, with a total gross floor area of 1,489.72 sq.m..

Consideration

The consideration of RMB56,350,000 (equivalent to approximately HK\$65,523,255) for Property B is payable by the Purchaser according to the following schedule in cash:

- (i) RMB5,635,000 (equivalent to approximately HK\$6,552,325), representing 10% of the consideration shall be paid within 7 working days from the date of Disposal Agreement B (the “**Deposit B**”);
- (ii) RMB22,540,000 (equivalent to approximately HK\$26,209,302), representing 40% of the consideration shall be paid within 3 working days from the date of the written notification by Seller B to the Purchaser of whether the approval of the transactions contemplated under Disposal Agreement B by the Independent Shareholders has been obtained and hence the transactions contemplated under Disposal Agreement B shall proceed. Such written notification shall be given within 70 days from the date of Disposal Agreement B;
- (iii) the remaining balance of the consideration, RMB28,175,000 (equivalent to approximately HK\$32,761,628), shall be paid within 7 working days from the approval of the registration of the transfer of Property B by the competent PRC authority.

The consideration was determined after arm’s length negotiations between Seller B and the Purchaser with reference to the property valuation conducted by DTZ Cushman & Wakefield Limited, the Company’s independent property valuer, whereby Property B was appraised at RMB56,350,000 (equivalent to approximately HK\$65,523,255) as at 31 July 2016.

Condition and Registration of Transfer

The Disposal Agreement B shall terminate if the approval of the transactions contemplated under Disposal Agreement B by the Independent Shareholders has not been obtained and the Deposit B shall be returned to the Purchaser in full on an interest-free basis.

The registration of the transfer of Property B shall be completed within 3 months from the date of payment of Deposit B, and in any event no later than 30 December 2016.

For the avoidance of doubt, Disposal Agreement A and Disposal Agreement B are not inter-conditional.

GAIN FROM DISPOSAL AND USE OF PROCEEDS

Property A was acquired by the Group at a cost of approximately RMB34,292,000 in 2008. The unaudited carrying value of the Property A as at 30 June 2016 was approximately RMB27,063,000.

Property B was acquired by the Group at a cost of approximately RMB41,500,000 in 2011. The unaudited carrying value of the Property B as at 30 June 2016 was approximately RMB36,668,000.

As each of Property A and Property B has been retail premises for self-use for each of Seller A and Seller B, respectively, for the two financial years ended 31 December 2014 and 31 December 2015 and up till the date of this announcement, there is no profit or loss attributable to the Properties for the two financial years ended 31 December 2014 and 31 December 2015.

Upon completion of the disposal of the Properties, the potential gain on the Disposal is estimated to be approximately RMB55,049,000, being the premium of the total consideration for the Disposal over the carrying value of the Properties.

The sale proceeds from the Disposal are intended for use of general working capital of the Group.

INFORMATION ON THE COMPANY AND THE SELLERS

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

Each of the Sellers is an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability. Each of Seller A and Seller B is principally engaged in retailing and wholesaling of various types of clothing, apparel and accessories.

INFORMATION ON THE PURCHASER

The Purchaser is established in the PRC with limited liability and is principally engaged in property investment and property management.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As at the date of this announcement, the Properties were used as retail premises for the Group's apparel brand, Jeanswest. The initial reason for the Group to invest in PRC retail premises, including the Properties, was to ensure that flagship stores of the Group's apparel brand, Jeanswest, would be situated at prime locations.

In view of the prevailing sluggish market conditions for the PRC apparel retail industry, the management of the Group strived to alleviate such impact by consolidating the Group's retail network, and have recently formulated the strategy that the Group should put more focus on the operations in apparel brands flagship stores in the PRC located at municipalities or provincial capitals. Hence, the Group will consider to gradually dispose of retail premises properties located in PRC cities or towns which are neither municipalities nor provincial capitals.

Therefore, the Disposal of the Properties located at Wuxi and Hengyang is in line with the Group's strategy in streamlining its retail operations and the effort of the Group's management to bring reasonable returns to the Shareholders under the challenging external environment. The Directors will further decide on the relocation plan of the Jeanswest stores at the Properties upon completion of the Disposal.

The Directors (other than the independent non-executive Directors whose opinion will be provided after reviewing the advice of the independent financial adviser) are of the view that the Disposal is in the ordinary and usual course of business of the Group and the terms and conditions of the Disposal are on normal commercial terms or better, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Purchaser is owned by the Purchaser Holdco as to 98% and Ms. Yeung Yuk Wai as to 2%. The Purchaser Holdco is indirectly owned by Dr. Charles Yeung as to 50% and Mr. Yeung Chun Fan as to 50%. Each of Dr. Charles Yeung and Mr. Yeung Chun Fan is a Director and substantial shareholder of the Company. Ms. Yeung Yuk Wai is a sister of Dr. Charles Yeung and Mr. Yeung Chun Fan. She also holds directorship in certain subsidiaries of the Company. Accordingly, the Purchaser is an associate of such Directors and substantial shareholders of the Company and hence a connected person of the Company. The entering into of the Disposal Agreements between the Group and the Purchaser constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios in respect of the Disposal Agreements are 5% or more but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An independent board committee of the Company comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Disposal Agreements and the transactions contemplated thereunder. Yu Ming Investment Management Limited has been appointed as the independent financial adviser to provide advice and recommendation to the independent board committee of the Company and the Independent Shareholders in respect of the Disposal Agreements and the transactions contemplated thereunder.

The SGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Disposal Agreements and the transactions contemplated thereunder by poll. Dr. Charles Yeung and Mr. Yeung Chun Fan and their respective associates will abstain from voting on the resolutions to be proposed at the SGM to approve the Disposal Agreements and the transactions contemplated thereunder.

A circular containing, among other things, further particulars of the Disposal together with, the recommendations of the independent board committee of the Company, a letter from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders, and a notice convening the SGM will be expected to be despatched to the Shareholders on or before 23 September 2016 in accordance with the Listing Rules.

DEFINITIONS

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

“associate(s)”, “connected person(s)”, “percentage ratio(s)”, “subsidiary(ies)”, “substantial shareholder(s)”	each has the meaning ascribed to it under the Listing Rules
“Company”	Glorious Sun Enterprises Limited 旭日企業有限公司, a limited liability company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company

“Disposal”	the disposal of the Properties under the Disposal Agreements
“Disposal Agreement A”	the property sale and purchase agreement in relation to Property A entered into between Seller A and the Purchaser on 1 September 2016, further details of which are disclosed in the paragraph headed “Disposal Agreement A” in this announcement
“Disposal Agreement B”	the property sale and purchase agreement in relation to Property B entered into between Seller B and the Purchaser on 1 September 2016, further details of which are disclosed in the paragraph headed “Disposal Agreement B” in this announcement
“Disposal Agreements”	Disposal Agreement A and Disposal Agreement B
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Group”	the Company and its subsidiaries
“Independent Shareholders”	Shareholders, other than Dr. Charles Yeung, Mr. Yeung Chun Fan, Ms. Yeung Yuk Wai and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Properties”	Property A and Property B
“Property A”	Units 1065, 1066, 1067 and 1075 on Level 1, International Jintaihu City, Beitang District No.12, Wuxi, Jiangsu Province, the PRC
“Property B”	First Floor to Fourth Floor of no. 147 and houses 101, 201, 301 and 401 at no. 147-1, Zhongshannan Road, Yanfeng District, Hengyang, Hunan Province, the PRC
“Purchaser”	惠州旭興置業有限公司 (Huizhou Yuxing Property Company Limited*), a company established in the PRC

“Purchaser Holdco”	星裕置業(惠州)有限公司(Xingyu Property (Huizhou) Company Limited*), a company established in the PRC
“RMB”	Renminbi, the lawful currency of PRC
“Seller A”	江蘇真維斯服飾有限公司(Jiangsu Jeanswest Apparels Company Limited*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Seller B”	湖南真維斯服飾有限公司(Hunan Jeanswest Apparels Company Limited*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Sellers”	Seller A and Seller B
“SGM”	the special general meeting of the Company to be held to consider and approve, among other things, the Disposal Agreements and the transactions contemplated thereunder
“Shareholder(s)”	the shareholder(s) of the Company from time to time
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Unless otherwise specified in this announcement, amounts denominated in RMB have been converted, for the purpose of illustration only, into HK\$ at the rate of RMB0.86=HK\$1.00. The exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.

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

Hong Kong, 1 September 2016

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

Executive Directors:

Dr. Charles Yeung, GBS, JP, Mr. Yeung Chun Fan, Mr. Pau Sze Kee, Jackson, Mr. Hui Chung Shing, Herman, SBS, MH, JP, Ms. Cheung Wai Yee and 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 and Dr. Lam Lee G.