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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)

FURTHER ANNOUNCEMENT REGARDING CONTINUING CONNECTED TRANSACTIONS - SURRENDER AGREEMENT

Reference is made to the Announcement in relation to, inter alia, the Tenancy Agreement entered into between GSE (BVI) as tenant (a wholly-owned subsidiary of the Company) and Rank Profit as landlord in respect of leasing of One Kowloon Premises in Hong Kong.

Rank Profit is a company owned by certain Directors and Substantial Shareholders. Accordingly, Rank Profit is a connected person of the Company under the Listing Rules.

On 1 November 2016, GSE (BVI) and Rank Profit entered into the Surrender Agreement for partial surrender and variation of lease. Upon entering into of the Surrender Agreement, the terms of the Tenancy Agreement have been revised and accordingly, it is subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

After the entering into of the Surrender Agreement, the aggregate annual caps for the years ending 31 December 2016 and 2017 are lowered. Since the aggregate annual caps for each of the years ending 2016, 2017 and 2018 is more than 0.1% but less than 5%, the continuing connected transactions under the Surrender Agreement and the existing tenancy agreements are exempt from the circular and independent shareholders' approval requirements but are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

References are made to (i) the Company's announcement dated 30 June 2014 (the "Announcement") in relation to, inter alia, the tenancy agreement entered into between GSE (BVI) as tenant (a wholly-owned subsidiary of the Company) and Rank Profit as landlord in respect of leasing of One Kowloon Premises in Hong Kong for a period of three years from 1 August 2014 to 31 July 2017 (the "Tenancy Agreement") and (ii) the Company's announcements dated 28 July 2015, 7 September 2015 and 29 July 2016 in respect of various tenancy agreements entered into by the Group as tenants.

Unless otherwise specified, capitalized terms used herein shall have the same meaning as those defined in the Announcement.

THE SURRENDER AGREEMENT

On 1 November 2016, GSE (BVI) and Rank Profit entered into an agreement of partial surrender and variation of lease (the “Surrender Agreement”), pursuant to which, GSE (BVI) shall surrender and deliver up to Rank Profit the tenancy of certain portions of 37/F, 38/F and 41/F of One Kowloon Premises, constituting a deduction of 22,965 square feet (the “Surrendered Portions”) from a total gross floor area of 42,229 square feet under the Tenancy Agreement. Accordingly, the monthly rental will decrease from HK\$937,483.80 to HK\$427,660.80 and the monthly air-conditioning and management charges will also decrease from HK\$168,916.00 to HK\$82,835.20, both with effect from 1 November 2016 (the “Effective Date”).

With effect from the Effective Date, GSE (BVI) and Rank Profit will release each other from all claims, demands, liabilities, payments and obligations under the Tenancy Agreement in respect of the Surrendered Portions as a result of the entering into of the Surrender Agreement.

Save for the aforesaid changes, all the other terms and conditions of the Tenancy Agreement shall remain in full force and effect.

REVISED AGGREGATE ANNUAL CAP

With the entering into of the Surrender Agreement, the aggregate annual caps of the existing tenancy agreements for the years ending 31 December 2016 and 2017 as disclosed in the Company’s announcement dated 29 July 2016 are revised to HK\$32,000,000 and HK\$20,000,000 respectively. The aggregate annual cap for the year ending 31 December 2018 remains as HK\$10,000,000.

The table below shows how to determine the revised aggregate annual cap of the existing tenancy agreements:-

Date of announcement	Premises	Term	Rental, management fee and licence fee (as appropriate) per annum	Amount Payable		
				Year ending 31/12/2016	Year ending 31/12/2017	Year ending 31/12/2018
existing tenancy agreement						
31/12/2013 (date of execution)	Huizhou Shop	3 years from 1/1/2014 to 31/12/2016	RMB1,100,000	RMB1,100,000 (approximately HK\$1,272,706)	not applicable	not applicable
30/6/2014	One Kowloon Premises	3 years from 1/8/2014 to 31/7/2017	HK\$13,276,798 (revised to HK\$510,496 per month from 1/11/2016 to 31/7/2017)	HK\$12,084,990	HK\$3,573,472	not applicable
30/6/2014	Yarra Street Premises	3 years from 1/8/2014 to 31/7/2017	from 1/8/2014 to 31/7/2015 : A\$660,000 per annum; from 1/8/2015 to 31/7/2016 : A\$679,800 per annum; from 1/8/2016 to 31/7/2017 : A\$700,194 per annum	A\$688,298 (approximately HK\$4,102,256)	A\$408,447 (approximately HK\$2,434,344)	not applicable

Date of announcement	Premises	Term	Rental, management fee and licence fee (as appropriate) per annum	Amount Payable		
				Year ending 31/12/2016	Year ending 31/12/2017	Year ending 31/12/2018
existing tenancy agreement						
30/6/2014	City Garden	2 years from 1/8/2014 to 31/7/2016	RMB771,300	RMB449,925 (approximately HK\$520,566)	not applicable	not applicable
30/6/2014	Xiangtan Shop	2 years from 1/8/2014 to 31/7/2016	RMB750,000	RMB437,500 (approximately HK\$506,190)	not applicable	not applicable
30/6/2014	Shenyang Shop	2 years from 1/8/2014 to 31/7/2016	RMB600,000	RMB350,000 (approximately HK\$404,952)	not applicable	not applicable
30/6/2014	Shunde Shop	2 years from 1/8/2014 to 31/7/2016	RMB370,000	RMB215,833 (approximately HK\$249,720)	not applicable	not applicable
30/6/2014	Xianyang Shop	2 years from 1/8/2014 to 31/7/2016	RMB957,000	RMB558,250 (approximately HK\$645,898)	not applicable	not applicable
28/7/2015	Silver Fair Mansion	2 years from 1/8/2015 to 31/7/2017	HK\$516,000	HK\$516,000	HK\$301,000	not applicable
28/7/2015	Sea View Villa	2 years from 1/8/2015 to 31/7/2017	HK\$609,000	HK\$609,000	HK\$355,250	not applicable
28/7/2015	Zhengzhou Office	2 years from 1/8/2015 to 31/7/2017	RMB396,900	RMB396,900 (approximately HK\$459,216)	RMB231,525 (approximately HK\$267,876)	not applicable
7/9/2015	Chengdu Shop	3 years from 30/9/2015 to 29/9/2018	RMB6,750,000	RMB6,750,000 (approximately HK\$7,809,788)	RMB6,750,000 (approximately HK\$7,809,788)	RMB5,043,750 (approximately HK\$5,835,647)
29/7/2016	City Garden	2 years from 1/8/2016 to 31/7/2018	RMB489,480	RMB203,950 (approximately HK\$235,971)	RMB489,480 (approximately HK\$566,331)	RMB285,530 (approximately HK\$330,360)
29/7/2016	Xiangtan Shop	2 years from 1/8/2016 to 31/7/2018	RMB560,000	RMB233,333 (approximately HK\$269,968)	RMB560,000 (approximately HK\$647,923)	RMB326,667 (approximately HK\$377,956)
29/7/2016	Shunde Shop	2 years from 1/8/2016 to 31/7/2018	RMB333,000	RMB138,750 (approximately HK\$160,535)	RMB333,000 (approximately HK\$385,283)	RMB194,250 (approximately HK\$224,748)
29/7/2016	Xianyang Shop	2 years from 1/8/2016 to 31/7/2018	RMB957,000	RMB398,750 (approximately HK\$461,356)	RMB957,000 (approximately HK\$1,107,254)	RMB558,250 (approximately HK\$645,898)
29/7/2016	Huizhou Shop	2 years from 1/1/2017 to 31/12/2018	RMB1,100,000	not applicable	RMB1,100,000 (approximately HK\$1,272,706)	RMB1,100,000 (approximately HK\$1,272,706)
Total amount payable				HK\$30,309,112	HK\$18,721,227	HK\$8,687,315
Aggregate annual cap				HK\$32,000,000	HK\$20,000,000	HK\$10,000,000

REASONS FOR ENTERING INTO THE SURRENDER AGREEMENT

The Group is principally engaged in the retailing, export and production of casual wear and financial investments. As a result of restructuring of the Group and utilization of resources in a more efficient way, the entering into of the Surrender Agreement will reduce rental expenses

and operating costs. The Board believes that the entering into of the Surrender Agreement will not cause any material adverse impact on the Group's business and operational activities.

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

LISTING RULES IMPLICATIONS

Rank Profit is a limited company incorporated in Hong Kong and owned as to 66.7% and 33.3% by Dr. Charles Yeung and Mr. Yeung Chun Fan respectively, both of whom are the Directors and Substantial Shareholders. Accordingly, Rank Profit is an associate of those Directors and Substantial Shareholders and therefore a connected person of the Company under the Listing Rules.

Upon entering into of the Surrender Agreement, the terms of the Tenancy Agreement have been revised and accordingly, it is subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

After the entering into of the Surrender Agreement, the aggregate annual caps for the years ending 31 December 2016 and 2017 are lowered. Since the aggregate annual caps for each of the years ending 2016, 2017 and 2018 is more than 0.1% but less than 5%, the continuing connected transactions under the Surrender Agreement and the existing tenancy agreements are exempt from the circular and independent shareholders' approval requirements but are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

In this announcement, for reference only, the translation of Australian dollars into Hong Kong dollars is based on the exchange rate of A\$1=HK\$5.96, and the translation of Hong Kong dollars into RMB is based on the exchange rate of HK\$100=RMB86.43.

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

Hong Kong, 1 November 2016

As at the date of this announcement, the directors of the Company 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.