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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 7 September 2017, 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 RMB59,030,000 (equivalent to approximately HK\$70,694,611).

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 is expected to be despatched to the Shareholders on or before 28 September 2017 in accordance with the Listing Rules.

On 7 September 2017, 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 RMB59,030,000 (equivalent to approximately HK\$70,694,611).

DISPOSAL AGREEMENT A

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

Date

7 September 2017

Parties

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

Asset to be disposed of

Property A, located at Unit No. 2, Level 1, Ping Street, No. 218 Bayi Road, Yuzhong District, Chongqing, the PRC, with a total gross floor area of 214.61 sq.m..

Consideration

The consideration of RMB29,030,000 (equivalent to approximately HK\$34,766,467) for Property A is payable by the Purchaser according to the following schedule in cash:

- (i) RMB2,903,000 (equivalent to approximately HK\$3,476,647), representing 10% of the consideration shall be paid within 10 working days from the date of Disposal Agreement A (the “**Deposit A**”);

- (ii) RMB11,612,000 (equivalent to approximately HK\$13,906,587), representing 40% of the consideration shall be paid within 7 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 (the “**Date of Written Notification by Seller A**”). Such written notification shall be given within 70 days from the date of Disposal Agreement A;
- (iii) the remaining balance of the consideration, RMB14,515,000 (equivalent to approximately HK\$17,383,233), shall be paid within 60 days from the Date of Written Notification by Seller A.

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 RMB29,030,000 (equivalent to approximately HK\$34,766,467) as at 31 July 2017.

Condition 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.

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

7 September 2017

Parties

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

Asset to be disposed of

Property B, located at No. 17 Chongqing Road, Nangan District, Changchun, Jilin Province, the PRC, with a total gross floor area of 457.96 sq.m..

Consideration

The consideration of RMB30,000,000 (equivalent to approximately HK\$35,928,144) for Property B is payable by the Purchaser according to the following schedule in cash:

- (i) RMB3,000,000 (equivalent to approximately HK\$3,592,814), representing 10% of the consideration shall be paid within 10 working days from the date of Disposal Agreement B (the “**Deposit B**”);
- (ii) RMB12,000,000 (equivalent to approximately HK\$14,371,258), representing 40% of the consideration shall be paid within 7 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 (the “**Date of Written Notification by Seller B**”). Such written notification shall be given within 70 days from the date of Disposal Agreement B;
- (iii) the remaining balance of the consideration, RMB15,000,000 (equivalent to approximately HK\$17,964,072), shall be paid within 60 days from the Date of Written Notification by Seller B.

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 RMB30,000,000 (equivalent to approximately HK\$35,928,144) as at 31 July 2017.

Condition 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.

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 RMB18,291,000 in 2007. The unaudited carrying value of the Property A as at 30 June 2017 was approximately RMB13,438,000 (equivalent to approximately HK\$16,093,413).

Property B was acquired by the Group at a cost of approximately RMB19,000,000 in 2005. The unaudited carrying value of the Property B as at 30 June 2017 was approximately RMB12,201,000 (equivalent to approximately HK\$14,611,976).

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 2015 and 31 December 2016 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 2015 and 31 December 2016.

Upon completion of the disposal of the Properties, the potential gain on the Disposal is estimated to be approximately RMB33,391,000 (equivalent to approximately HK\$39,989,222), 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

The initial reason behind the management's decision to purchase retail premises in prime locations in first-tier cities and provincial capitals in the PRC was to support the development of Jeanswest's retail business. As time goes by, Jeanswest has shifted its strategic development focus from self-operated stores to franchise and wholesale. Further, retail apparel business is no longer the only principal business of the Company, and hence the amount of the Group's resources invested in fixed assets that facilitate the retail business should be adjusted accordingly.

Moreover, in recent years, commercial leases in the PRC have become more standardised and regulated and more shopping malls have been developed in the PRC. As such, the Group's management is confident that suitable retail premises can be rented for Jeanswest at market rent. Therefore, the Group has been reviewing its retail premises from time to time to streamline its retail operations and has decided to proceed with the Disposal in order to bring reasonable returns to the Shareholders. The Directors will review the strategic relocation plan of the Jeanswest stores in those cities after 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 though the Disposal is not in the ordinary and usual course of business of the Group, 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 is expected to be despatched to the Shareholders on or before 28 September 2017 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 7 September 2017, 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 7 September 2017, 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”	Unit No. 2, Level 1, Ping Street, No. 218 Bayi Road, Yuzhong District, Chongqing, the PRC
“Property B”	No. 17 Chongqing Road, Nangan District, Changchun, Jilin 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”	重慶市真維斯服飾有限公司 (Chongqing Jeanswest Apparels Company Limited*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Seller B”	吉林真維斯服飾有限公司 (Jilin 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 RMB0.835 = 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, 7 September 2017

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, Mr. Chan Wing Kan, Archie and Ms. Yeung Yin Chi, Jennifer

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.