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If you have sold or transferred all your shares in Glorious Sun Enterprises Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or registered dealer in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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
AND
NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**

**YU MING INVESTMENT MANAGEMENT LIMITED
禹銘投資管理有限公司**

A letter from the Board is set out on pages 4 to 12 of this circular. A letter from the Independent Board Committee is set out on pages IBC-1 to IBC-2 of this circular. A letter from Yu Ming Investment Management Limited, the Independent Financial Adviser, containing its recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-17 of this circular.

The SGM of the Company will be held at Dynasty II, 7th Floor, The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 9 November 2017 at 3:00 p.m.. A notice convening the SGM is set out on pages SGM-1 to SGM-3 of this circular.

A form of proxy for the SGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to the Company's principal place of business at 38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the SGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or at any adjourned meeting thereof should you so wish.

13 October 2017

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“A\$”	Australian dollars, the lawful currency of Australia
“Announcement”	the announcement of the Company dated 7 September 2017 in respect of the Disposal
“associate(s)”, “connected person(s)”, “percentage ratio(s)”, “subsidiary(ies)”, “substantial shareholder(s)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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 “Letter from the Board” in this circular
“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 “Letter from the Board” in this circular
“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

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board advising the Independent Shareholders in respect of transactions contemplated under the Disposal Agreements, comprising 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., all being independent non-executive Directors
“Independent Financial Adviser”	Yu Ming Investment Management Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal
“Independent Shareholders”	Shareholders, other than Dr. Charles Yeung, Mr. Yeung Chun Fan, Ms. Yeung Yuk Wai and their respective associates
“Latest Practicable Date”	10 October 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“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

DEFINITIONS

“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
“SFO”	The Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held on 9 November 2017 (including any adjournment thereof) to consider and if thought fit, approve 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 circular, 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.

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)

Board:

Executive Directors:

Dr. Charles Yeung, GBS, 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
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
Dr. Lam Lee G.

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Head Office and Principal Place of
Business in Hong Kong:*

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

13 October 2017

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF PROPERTIES
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in respect of the Disposal Agreements for the disposal of the Properties to the Purchaser at a total consideration of RMB59,030,000 (equivalent to approximately HK\$70,694,611). The Disposal constitutes a discloseable and connected transaction of the Company under the Listing Rules.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further information on the Disposal Agreements and the transactions contemplated thereunder; (ii) the recommendations from the Independent Board Committee on the Disposal Agreements and the transactions contemplated thereunder; (iii) the advice from the Independent Financial Adviser on the Disposal Agreements and the transactions contemplated thereunder; and (iv) a notice for convening the SGM (to consider and, if thought fit, to approve the Disposal Agreements and the transactions contemplated thereunder).

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;

LETTER FROM THE BOARD

- (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..

LETTER FROM THE BOARD

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.

Transfer Registration

Registration of the transfer of property rights in respect of the Properties to the Purchaser with the relevant PRC governmental authorities (the “Transfer Registration”) is required for the Disposal. The Company will commence the Transfer Registration after receipt of the second instalment of the consideration for the Disposal from the Purchaser (which together with the first instalment represent 50% of the total consideration for the Disposal). The payment schedule of the final instalment, being 50% of the consideration for the Disposal, was determined after taking into account the estimated time required for completion of the Transfer Registration by the relevant PRC governmental authorities. In view of the above, the Directors consider that the payment terms of the Disposal Agreements are on normal commercial terms and fair and reasonable.

LETTER FROM THE BOARD

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 Latest Practicable Date, 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,

- (i) the potential gain on the disposal of Property A is estimated to be approximately RMB15,592,000 (equivalent to approximately HK\$18,673,054), being the premium of the consideration for the disposal of Property A over the carrying value of Property A; and
- (ii) the potential gain on the disposal of Property B is estimated to be approximately RMB17,799,000 (equivalent to approximately HK\$21,316,168), being the premium of the consideration for the disposal of Property B over the carrying value of Property B.

The sale proceeds from the Disposal are intended for use of general working capital of the Group, which will be expended by the Group on the operations of its principal business, including but not limited to financial investments when the opportunities arise.

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.

LETTER FROM THE BOARD

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. Reference is made to line 8-9, page 10 of Annual Report 2014, line 7-8, paragraph 2, page 15 of Annual Report 2015, and line 8-13, paragraph 1, page 13 of Annual Report 2016, whereby the Group has expressed that since 2014, Jeanswest has started to shift its strategic development focus from self-operated stores to franchise and wholesale. As disclosed on page 25 of Annual Report 2016, the Group has reduced its directly managed shops in the PRC from 792 in 2014 to 430 in 2016, representing a drop of approximately 46%. The number of franchised shops in the PRC has decreased at a slower rate of approximately 31%, from 1,492 in 2014 to 1,036 in 2016, showing the Group's effort and progress on the gradual shift of focus from directly managed shops to franchised shops.

Reference is also made to the circular of the Company dated 23 September 2016 in relation to the Group's disposal of two properties in Wuxi and Hengyang. The impact to the operations and financial performance of the Group resulting from such disposal was insignificant, as those disposed properties only represent two out of 430 directly managed shops in the PRC of the Group in 2016, and the revenue and profit of the Jeanswest stores located at such disposed properties only represented 0.28% and 0.86% of the Group's revenue and profit for the year ended 31 December 2016 respectively.

Likewise, the Group expects that there would be insignificant impact to the operations and financial performance of the Group resulting from the Disposal and the close down of the Jeanswest stores located at the Properties, as they only represent another two directly managed stores among the 419 directly managed shops in the PRC of the Group as at 30 June 2017. Further, the revenue and profit of the Jeanswest stores located at the Properties only represented 0.48% and 1.03% of the Group's revenue and profit for the six months ended 30 June 2017 respectively.

At present, the Group has not identified nor entered into any lease agreements for relocating the Jeanswest stores at the Properties as the Group is still reviewing the potential profitability of re-opening such stores and searching for suitable locations, if any, for such stores. Therefore, after completion of the Disposal, the immediate plan of the Group will be to close down the Jeanswest stores located at the Properties and focus on franchise and wholesale operations. However, the Directors will continue to review the relocation plan of the Jeanswest stores at the Properties after completion of the Disposal and identify suitable market opportunities and suitable locations, if any, to re-open the Jeanswest stores, after considering a combination of factors including the general performance of retail market, potential profitability of re-opening the stores, the rent level, accessibility, proximity, customer profile in the community of the potential premises, etc..

The Group is still directly managing 397 stores in the PRC at the Latest Practicable Date, which include certain retail shops, the leases of which are entered into with the Directors as disclosed on pages II-3 to II-4 of this circular. The Group's strategy in shifting its focus from expansion via directly managed stores to franchising will be implemented gradually and smoothly without any undue disruption to the Group's daily business operations (including the abovementioned leases). Hence, the Directors do not expect any of the abovementioned leases will be immediately affected by the Disposal or the strategy of the Group.

LETTER FROM THE BOARD

Further, retail apparel business is no longer the only principal business of the Company, and hence certain amount of the Group's resources invested in fixed assets that facilitate the retail business should be released and re-allocated in an orderly manner to other principal business of the Group, such as financial investments or other principal business as the Directors may decide from time to time. This will enable the Group's capital resources to be utilised in an efficient manner to support the Group's business plan and strategic focus and ensure a balanced development of all of the Group's business segments.

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. Unlike the past, public information and data of market rent has become more accessible and transparent and it is now easier for the Group to gather rental information and make appropriate assessment and rental decision. A regulated lease market also increases contractual certainty for ongoing commercial leases and reliability of pricing information. Further, supply of ideal store locations increases as prime shopping malls with quality property management services have been developed in the PRC. As such, the Group's management is more confident that suitable retail premises can be rented for Jeanswest at market rent level than in the past. 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 view of the above, the Board is of the view that the Disposal has no apparent disadvantages and can bring reasonable returns to the Shareholders, having considered the amount of gain from the Disposal to be brought to the Group, the insignificant impact to the business operations and financial performance to the Group resulting from the Disposal, and the availability of substitute store locations at market rent. It is expected that, if the Jeanswest stores currently located at the Properties were to be re-located, an estimated annual rental expenses of approximately RMB1,800,000 (equivalent to approximately HK\$2,155,689) and an estimated one-off relocation costs of approximately RMB1,200,000 (equivalent to approximately HK\$1,437,126) would be incurred. Hence, having considered such rental expenses and relocation costs (in the total amount of approximately RMB3,000,000 (equivalent to approximately HK\$3,592,814)), the Directors consider that such expenses and costs are relatively insignificant as compared to the amount of gain obtained from the Disposal (being a total of approximately RMB33,391,000 (equivalent to approximately HK\$39,989,222)).

While the closure of under-performed stores is in the ordinary and usual course of business of the Company and the reduction of directly managed stores and disposal of properties are in line with the Group's strategic focus, the Company has no current plan, arrangement, understanding, intention, negotiation or agreement with any counterparties in disposing of or downsizing any other existing businesses and/or properties. The Board will from time to time review the Group's operations with a view to developing suitable business strategy to enhance the Shareholders' value, the growth of its business and to optimise its asset base as well as to broadening its income stream, which may include, subject to market conditions, the expansion of the business of the Group or disposal of non-profitable operations should appropriate opportunities arise.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Dr. Charles Yeung and Mr. Yeung Chun Fan, being the ultimate beneficial owners of the Purchaser and each an executive Director, and Ms. Cheung Wai Yee, an executive Director and the spouse of Mr. Yeung Chun Fan, and Ms. Yeung Yin Chi, Jennifer, an executive Director, a niece of Dr. Charles Yeung and Mr. Yeung Chun Fan, did not vote on the Board resolutions in respect of the Disposal. Save as disclosed above, none of the other Directors has a material interest in the Disposal and have abstained from voting on the Board resolutions in respect of the Disposal.

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 reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, Dr. Charles Yeung and Mr. Yeung Chun Fan and their respective associates together are interested in 1,127,604,499 Shares, representing approximately 73.408% of the issued share capital of the Company. Dr. Charles Yeung and Mr. Yeung Chun Fan will, together with their respective associates, abstain from voting on the resolutions to be proposed at the SGM to approve the Disposal Agreements and the transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising 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., all being 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 also been appointed as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Disposal Agreements and the transactions contemplated thereunder.

LETTER FROM THE BOARD

SGM

A notice convening the SGM to be held at Dynasty II, 7th Floor, The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 9 November 2017 at 3:00 p.m. is set out on pages SGM-1 to SGM-3 of this circular.

A form of proxy for the SGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to the Company's principal place of business at 38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the SGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM and any adjourned meeting thereof should you so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors whose views have been set out in this circular after taking into consideration 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. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the resolutions for approving the Disposal Agreements and the transactions contemplated thereunder to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and the additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
Glorious Sun Enterprises Limited
Hui Chung Shing, Herman, SBS, MH, JP
Director



GLORIOUS SUN ENTERPRISES LIMITED

旭日企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 393)

13 October 2017

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF PROPERTIES
AND
NOTICE OF SPECIAL GENERAL MEETING**

We refer to the circular dated 13 October 2017 (the “Circular”) issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise the Independent Shareholders on the terms of the Disposal Agreements and the transactions contemplated thereunder as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the Disposal Agreements and the transactions contemplated thereunder as set out in the Circular. Yu Ming Investment Management Limited has been appointed as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this regard. Details of the independent advice of the Independent Financial Adviser, together with the principal factors and reasons the Independent Financial Adviser has taken into consideration, are set out on pages IFA-1 to IFA-17 of the Circular.

We wish to draw your attention to the Letter from the Board and the Letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Disposal Agreements and the transactions contemplated thereunder. Your attention is also drawn to the additional information set out in the appendices to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Disposal Agreements and the transactions contemplated thereunder, the advice of the Independent Financial Adviser and the relevant information contained in the Letter from the Board, we consider 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 so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions for approving the Disposal Agreements and the transactions contemplated thereunder to be proposed at the SGM.

Yours faithfully,
The Independent Board Committee of
Glorious Sun Enterprises Limited

Mr. Lau Hon Chuen, Ambrose, GBS, JP
Independent non-executive Director

Dr. Chung Shui Ming, Timpson, GBS, JP
Independent non-executive Director

Mr. Wong Man Kong, Peter, BBS, JP
Independent non-executive Director

Dr. Lam Lee G.
Independent non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Yu Ming Investment Management Limited to the Independent Board Committee and the Independent Shareholders in relation to the Disposal Agreements, which has been prepared for the purpose of inclusion in this circular.



YU MING INVESTMENT MANAGEMENT LIMITED
禹銘投資管理有限公司

13 October 2017

*To the Independent Board Committee
and the Independent Shareholders*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF PROPERTIES

INTRODUCTION

Reference is made to the announcement of the Company dated 7 September 2017 in connection with the Disposal Agreements and the transactions contemplated thereunder, details of which are set out in the section headed “Letter from the Board” (the “**Letter**”) in the circular of the Company dated 13 October 2017 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

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 reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all of the independent non-executive Directors, namely Mr. Lau Hon Chuen Ambrose, Dr. Chung Shui Ming Timpson, Mr. Wong Man Kong Peter and Dr. Lam Lee G, has been established to advise the Independent Shareholders as to whether the terms of the Disposal Agreements and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole and how to vote on the relevant resolutions in the SGM. We have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained in the Circular and the statements, information, opinions and representations provided to us by the Directors through management, officers and professional advisers of the Company (“**Relevant Information**”). We have assumed that all Relevant Information provided to us by the Directors for which they are solely responsible are, to the best of their knowledge, true, complete and accurate at the time they were made and continue to be so on the date of this letter.

We have no reason to suspect that any Relevant Information has been withheld, nor are we aware of any fact or circumstance which would render the Relevant Information provided and presented to us untrue, inaccurate, incomplete or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification on the Relevant Information provided to us by the Directors, nor have we conducted any independent investigation into the business and affairs of the Group.

We acted as the independent financial adviser to advise the independent board committee and the independent shareholders of the Company in respect of the connected transactions of the Company (details of the connected transactions were set out in the circulars of the Company dated 23 September 2016 and 12 May 2017). These previous engagements had been completed upon the issue of the respective circular of the Company. As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Company or any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation in relation to the terms of the Disposal Agreements and transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Information of the Group

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

A summary of financial information of the Group is extracted from the annual report of the Company for year ended 31 December 2016 and the interim report of the Company for the six months ended 30 June 2017 in Table 1 below:

Table 1: Financial highlights of the Group

	For the year ended 31 December		For the six months ended 30 June	
	2015	2016	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Restated)</i>		<i>(Unaudited and Restated)</i>	<i>(Unaudited)</i>
Revenue	4,389,016	3,336,494	1,214,978	1,088,636
Gross profit	1,890,610	1,407,866	479,592	406,279
Profit before tax	56,376	50,928	111,896	69,125
Profit after tax	93,735	91,751	40,054	38,940
				As at
				30 June
				2017
				<i>HK\$'000</i>
Non-current assets		1,619,316	1,921,799	2,283,093
Current assets		2,077,168	2,185,679	2,173,071
Current liabilities		1,570,296	1,589,266	1,955,227
Non-current liabilities		76,994	53,243	39,530
Net current assets		506,872	596,413	217,844
Net assets		2,049,194	2,464,969	2,461,407

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(i) For the year ended 31 December 2016

For the year ended 31 December 2016, the Group recorded a total revenue of approximately HK\$3,336.5 million (2015: approximately HK\$4,389.0 million), representing a decrease of approximately 23.98% from the previous year. Profit after tax of the Group for the year ended 31 December 2016 is approximately HK\$91.8 million (2015: approximately HK\$93.7 million), representing a decrease of approximately 2.12%.

As stated in the annual report of the Company for the year ended 31 December 2016, the decrease in revenue of approximately 23.98% in 2016 was mainly due to the reduction in retail sales of approximately 25.88% and export sales of approximately 23.81% attributable to the persistently sluggish global economic activities. However, net profit in 2016 decreased by only approximately 2.12% mainly due to the decrease in selling and distribution expenses, administrative expenses and other expenses as a result of effective cost control.

(ii) For the six months ended 30 June 2017

For the six months ended 30 June 2017, the Group recorded a total revenue from its continuing operations of approximately HK\$1,088.6 million (2016: approximately HK\$1,215.0 million), representing a decrease of approximately 10.40%. The decrease in revenue was mainly due to the decrease in the Group's retail sales in PRC of approximately 19.28%.

For the six month ended 30 June 2017, profit after tax of the Group was HK\$38.9 million (2016: approximately HK\$40.1 million), representing a decrease of approximately 2.78%.

The Company disposed of its loss making retail business in Australia and New Zealand in July 2017. Net profit of the Group from its continuing operation was approximately HK\$63.8 million for the six months ended 30 June 2017 (2016: approximately HK\$105.6 million).

As at 30 June 2017, the unaudited net current assets and net assets of the Group amounted to approximately HK\$217.8 million and approximately HK\$2,461.4 million, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Reasons for the Disposal

According to the Letter, 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. Reference is made to line 8-9, page 10 of Annual Report 2014, line 7-8, paragraph 2, page 15 of Annual Report 2015, and line 8-13, paragraph 1, page 13 of Annual Report 2016, whereby the Group has expressed that since 2014, Jeanswest has started to shift its strategic development focus from self-operated stores to franchise and wholesale. As disclosed on page 25 of Annual Report 2016, the Group has reduced its directly managed shops in the PRC from 792 in 2014 to 430 in 2016, representing a drop of approximately 46%. The number of franchised shops in the PRC has decreased at a slower rate of approximately 31%, from 1,492 in 2014 to 1,036 in 2016, showing the Group's effort and progress on the gradual shift of focus from directly managed shops to franchised shops.

Reference is also made to the circular of the Company dated 23 September 2016 in relation to the Group's disposal of two properties in Wuxi and Hengyang. The impact to the operations and financial performance of the Group resulting from such disposal was insignificant, as those disposed properties only represent two out of 430 directly managed shops in the PRC of the Group in 2016, and the revenue and profit of the Jeanswest stores located at such disposed properties only represented 0.28% and 0.86% of the Group's revenue and profit for the year ended 31 December 2016 respectively.

Likewise, the Group expects that there would be insignificant impact to the operations and financial performance of the Group resulting from the Disposal and the close down of the Jeanswest stores located at the Properties, as they only represent another two directly managed stores among the 419 directly managed shops in the PRC of the Group as at 30 June 2017. Further, the revenue and profit of the Jeanswest stores located at the Properties only represented 0.48% and 1.03% of the Group's revenue and profit for the six months ended 30 June 2017 respectively.

At present, the Group has not identified nor entered into any lease agreements for relocating the Jeanswest stores at the Properties as the Group is still reviewing the potential profitability of re-opening such stores and searching for suitable locations, if any, for such stores. Therefore, after completion of the Disposal, the immediate plan of the Group will be to close down the Jeanswest stores located at the Properties and focus on franchise and wholesale operations. However, the Directors will continue to review the relocation plan of the Jeanswest stores at the Properties after completion of the Disposal and identify suitable market opportunities and suitable locations, if any, to re-open the Jeanswest stores, after considering a combination of factors including the general performance of retail market, potential profitability of re-opening the stores, the rent level, accessibility, proximity, customer profile in the community of the potential premises, etc..

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The Group is still directly managing 397 stores in the PRC at the Latest Practicable Date, which include certain retail shops, the leases of which are entered into with the Directors as disclosed on pages II-3 to II-4 of the Circular. The Group's strategy in shifting its focus from expansion via directly managed stores to franchising will be implemented gradually and smoothly without any undue disruption to the Group's daily business operations (including the above mentioned leases). Hence, the Directors do not expect any of the above mentioned leases will be immediately affected by the Disposal or the strategy of the Group.

Further, retail apparel business is no longer the only principal business of the Company, and hence certain amount of the Group's resources invested in fixed assets that facilitate the retail business should be released and re-allocated in an orderly manner to other principal business of the Group, such as financial investments or other principal business as the Directors may decide from time to time. This will enable the Group's capital resources to be utilised in an efficient manner to support the Group's business plan and strategic focus and ensure a balanced development of all the Group's business segments.

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. Unlike the past, public information and data of market rent has become more accessible and transparent and it is now easier for the Group to gather rental information and make appropriate assessment and rental decision. A regulated lease market also increases contractual certainty for ongoing commercial leases and reliability of pricing information. Further, supply of ideal store locations increases as prime shopping malls with quality property management services have been developed in the PRC. As such, the Group's management is more confident that suitable retail premises can be rented for Jeanswest at market rent level than in the past. 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 view of the above, the Board is of the view that the Disposal has no apparent disadvantages and can bring reasonable returns to the Shareholders, having considered the amount of gain from the Disposal to be brought to the Group, the insignificant impact to the business operations and financial performance to the Group resulting from the Disposal, and the availability of substitute store locations at market rent. It is expected that, if the Jeanswest stores currently located at the Properties were to be re-located, an estimated annual rental expenses of approximately RMB1,800,000 (equivalent to approximately HK\$2,155,689) and an estimated one-off relocation costs of approximately RMB1,200,000 (equivalent to approximately HK\$1,437,126) would be incurred. Hence, having considered such rental expenses and relocation costs (in the total amount of approximately RMB3,000,000 (equivalent to approximately HK\$3,592,814)), the Directors consider that such expenses and costs are relatively insignificant as compared to the amount of gain obtained from the Disposal (being a total of approximately RMB33,391,000 (equivalent to approximately HK\$39,989,222)).

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While the closure of under-performed stores is in the ordinary and usual course of business of the Company and the reduction of directly managed stores and disposal of properties are in line with the Group's strategic focus, the Company has no current plan, arrangement, understanding, intention, negotiation or agreement with any counterparties in disposing of or downsizing any other existing businesses and/or properties. The Board will from time to time review the Group's operations with a view to developing suitable business strategy to enhance the Shareholders' value, the growth of its business and to optimise its asset base as well as to broadening its income stream, which may include, subject to market conditions, the expansion of the business of the Group or disposal of non-profitable operations should appropriate opportunities arise.

Upon completion of the Disposal,

- (i) the potential gain on the disposal of Property A is estimated to be approximately RMB15,592,000 (equivalent to approximately HK\$18,673,054), being the premium of the consideration for the disposal of Property A over the carrying value of Property A; and
- (ii) the potential gain on the disposal of Property B is estimated to be approximately RMB17,799,000 (equivalent to approximately HK\$21,316,168), being the premium of the consideration for the disposal of Property B over the carrying value of Property B.

The sale proceeds from the Disposal are intended for use of general working capital of the Group, which will be expended by the Group on the operations of its principal business, including but not limited to financial investments when the opportunities arise.

Taking into account the reasons described above, we concur with the Directors that though the Disposal is not in the ordinary and usual course of business of the Group, the Disposal is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

3. Terms of the Disposal

(i) Information on the Properties

The Properties to be disposed of are two retail premises for the Group's apparel brand, Jeanswest, located in the PRC.

Property A is 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.. It was acquired by the Group in 2007.

Property B is located at No. 17 Chongqing Road, Nangan District, Changchun, Jilin Province, the PRC, with a total gross floor area of 457.96 sq.m.. It was acquired by the Group in 2005.

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The Table 2 below summarised the original cost, carry value, consideration, valuation and potential gain of disposal of the Properties:

Table 2: Summaries of the Disposal

	Original acquisition cost <i>(RMB'000)</i>	Carrying value as at 30 June 2017 <i>(RMB'000)</i>	Consideration/ valuation <i>(RMB'000)</i>	Potential gain on disposal <i>(RMB'000)</i>
Property A	18,291	13,438	29,030	15,592
Property B	19,000	12,201	30,000	17,799
Total	37,291	25,639	59,030	33,391

(ii) *Financial information of the Jeanswest stores located at the Properties*

Set out below is the unaudited financial information of the Jeanswest stores located at the Properties for the two years ended 31 December 2015 and 2016 and for the six months ended 30 June 2017:

Table 3: Financial information of the Jeanswest stores located at the Properties

	For the year ended 31 December 2015		For the year ended 31 December 2016		For the six months ended 30 June 2017	
	<i>HK\$'000</i>	<i>as % to Group</i>	<i>HK\$'000</i>	<i>as % to Group</i>	<i>HK\$'000</i>	<i>as % to Group</i>
Revenue	11,167	0.34%	11,855	0.50%	5,194	0.48%
Profit	398	0.42%	963	1.05%	401	1.03%

It is noted that the revenue and profit of the Jeanswest stores located at the Properties represented not more than 0.50% and 1.05% of the Group's revenue and profit during the review period respectively. As such, in the event that the Directors decide to discontinue the Jeanswest stores located at the Properties, such discontinuation is expected not to cause a significant impact on the Group's financial performance.

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(iii) Major terms of the Disposal Agreements

Consideration

The consideration for Property A and Property B is RMB29,030,000 (equivalent to approximately HK\$34,766,467) and RMB30,000,000 (equivalent to approximately HK\$35,928,144) respectively, totalling RMB59,030,000 (equivalent to approximately HK\$70,694,611).

The considerations for each of Property A and Property B were determined after arm's length negotiations between the Sellers and the Purchaser with reference to the property valuation (the "**Valuation**") conducted by DTZ Cushman & Wakefield Limited, the Company's independent property valuer (the "**Valuer**").

Payment terms

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:

- (a) 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**");
- (b) 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;
- (c) 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 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:

- (a) 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**");

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- (b) 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;
- (c) 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.

As advised by the management of the Company, registration of the transfer of property rights (the “**Transfer Registration**”) in respect of the Properties to the Purchaser with the relevant PRC governmental authorities is required for the Disposal. The Company will commence the Transfer Registration after receipt of the second instalment of the consideration for the Disposal from the Purchaser (which together with the first instalment represent 50% of the total consideration for the Disposal). The payment schedule of the final instalment, being 50% of the consideration for the Disposal, was determined after taking into account the estimated time required for completion of the Transfer Registration by the relevant PRC governmental authorities.

We have reviewed the payment terms of transactions relating to acquisition/disposal of properties in the PRC published in announcement by other listed issuers on the Stock Exchange during the period from July to September 2017. We noted that payment of 50% or less of the consideration before completion of the Transfer Registration and the remaining consideration on or after completion of the Transfer Registration is common among those transactions. In view of the above, we consider that the payment terms of the Disposal Agreements are on normal commercial terms and fair and reasonable.

Condition of transfer

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

Disposal Agreement A and Disposal Agreement B are not inter-conditional.

(iv) Valuation of the Properties

Based on the valuation report prepared by the Valuer on the Properties as at 31 July 2017 as set out in Appendix I to the Circular (the “**Valuation Report**”), it is noted that the aggregate valuation of the Properties amounts to RMB59,030,000 (equivalent to approximately HK\$70,694,611).

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To assess the fairness and reasonableness of the consideration for the Disposal, we have reviewed the Valuation Report and discussed with the Valuer regarding the methodology adopted for and the basis and assumptions used in arriving at the Valuation. It is noted that the Valuer carried out a site visit to each of the Properties in July 2017 to inspect the exterior and, where possible, the interior of the Properties. In valuing the Properties, the Valuer has (i) adopted direct comparison approach, assuming sale of the Properties with the benefit of immediate vacant possession by making reference to comparable sales evidence as available in the relevant market. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of the real property interest. Adjustments in the prices of the comparable properties are then made to account for the identified differences between such properties and the real property interest in the relevant factors; and (ii) complied with the requirements set out in the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors. We have reviewed the valuation reports of the Comparable Transactions (defined below) and noted that 9 out of 10 of the Comparable Transactions adopted the direct comparison approach/market approach and the key bases and assumptions adopted by the Valuer are commonly used in valuing properties of the Comparable Transactions. Despite one of the Comparable Transactions did not adopted direct comparison approach/market approach, given the majority of the Comparable Transactions adopted the direct comparison approach/market approach, we consider that the direct comparison approach and the principal bases and assumptions adopted in the Valuation are common market approach for valuation of properties and fair and reasonable.

For our due diligence purpose, we have reviewed and enquired into (i) the terms of engagement of the Valuer with the Company; and (ii) the Valuer's qualification and experience in relation to the preparation of the Valuation Report. The Valuer confirmed that it is independent to the Group, the Purchaser and their respective associates. From the engagement letter, we noted that there were no limitations on the scope of work for conducting the Valuation and the scope of work is appropriate to the opinion given. The Valuer carried out a site visit and inspected the Properties in July 2017, and has been provided with copies of documents in relation to the title of the property interests as well as floor plan of the Properties. From the qualification and experience of the core members in charge of the Valuation provided by the Valuer, we noted that the Mr. Andrew K. F. Chan, the person who led the Valuation, is a Registered China Real Estate Appraiser and has over 30 years' of experience in the valuation of properties in the PRC. Having considered the above, we consider that scope of work of the Valuer under the terms of engagement is appropriate and the Valuer possesses sufficient relevant experience in performing the Valuation.

As advised by the Valuer, in determining the value of the Properties, 3 comparable properties ("**Comparable Properties**") which are (i) retail shops; (ii) currently offered for sale; and (iii) located in the same district of the respective Properties were selected for each of the Properties. Historical transactions of properties were not adopted as comparables since official information on the historical property transactions is not available in Chongqing and Changchun. In light of the above and that the current asking price could reflects the prevailing market dynamic, we consider the current asking price of comparable

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retail shops obtained from local property agencies is appropriate for conducting the Valuation. The Valuer confirmed to us that it has selected (i) the comparable properties proximate to the respective Properties where available; and (ii) if comparable properties of (i) is not available, retail shop of similar type in the same district. We have conducted desktop research and noted that the Comparable Properties are located in the same district of the respective Properties. The Valuer also confirmed to us that the Comparable Properties are retail storefront shops on ground floor as at the date of the site visit which is similar to that of the Properties. In view of the above, we consider that the Comparable Properties are appropriate comparables to each of the Properties. Summary of the Comparable Properties are as follows:

Property A

	Location	Usage	Gross floor area sq.m.	Sale price RMB/sq.m.
Comparable 1	Yuzhong District, Chongqing	Retail storefront shop on ground floor	128	167,969
Comparable 2	Yuzhong District, Chongqing	Retail storefront shop on ground floor	50	120,000
Comparable 3	Yuzhong District, Chongqing	Retail storefront shop on ground floor	280	130,000
Property A	Yuzhong District, Chongqing	Retail storefront shop on ground floor	214.61	135,268

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Property B

	Location	Usage	Gross floor area sq.m.	Sale price RMB/sq.m.
Comparable 1	Nanguan District, Changchun	Retail storefront shop on ground floor	320	71,875
Comparable 2	Nanguan District, Changchun	Retail storefront shop on ground floor	180	72,222
Comparable 3	Nanguan District, Changchun	Retail storefront shop on ground floor	210	55,000
Property B	Nanguan District, Changchun	Retail storefront shop on ground floor	457.96	65,508

The market value of RMB135,268 per sq.m. and RMB65,508 per sq.m. for Property A and Property B respectively were derived with reference to the asking price of the respective Comparable Properties and adjusted based on the factors such as location, time, accessibility, size, building age, condition of sale and maintenance of the Comparable Properties. We were advised by the Valuer that an adjustment was made for each factor after weighing the respective Comparable Properties against the Properties for each of the adjustment factors. We noted that the adjustment factors adopted by the Valuer are similar to those used in the relevant valuation reports of the Comparable Transactions. Given the market price per square meter of the Properties valued by the Valuer falls within the range of the respective Comparable Properties and the adjustment factors are commonly adopted in valuation of properties, we are of the view that the market value of the Properties determined by the Valuer is fair and reasonable.

To further assess the fairness and reasonableness of the consideration for the Disposal, we had compiled a comparable table on consideration paid/received by other listed issuers in property transaction which we carried out on a best effort basis using the following selection criteria: (i) acquisition/disposal of developed properties by companies listed on the Stock Exchange in the past six months from 1 March 2017 to 7 September 2017 (being the date of the Announcement) (“**Research Period**”) which constitute a notifiable transaction; and (ii) appraised value of the property(ies) by independent valuer as basis of determination of consideration set out in the circular. For the avoidance of doubt, we have excluded transactions of acquisition/disposal of land use rights, property

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development project and property holding company in order to make the comparable transactions more relevant and representative to the nature of the Disposal involving disposal of revenue generating developed properties without taking into account other factors for determining the consideration such as future development costs for land use rights and property development projects and indebtedness position and/or other assets of property holding company. We have identified and made references to 10 comparable transactions (“**Comparable Transactions**”) which meet the aforesaid criteria, and consider these Comparable Transactions exhaustive and representative. We did not expand the Research Period to a longer course as we consider reasonable number of samples are identified and recent transactions are more relevant for consideration as they closely reflect market conditions and dynamics of the relevant property markets. Although some of the Comparable Transactions involved transactions of properties located in Hong Kong and Japan, given the nature of the Comparable Transactions (relating to disposal of developed properties) is similar to that of the Disposal, we consider the Comparable Transactions could provide a general reference for transactions of properties and are comparable. Brief summary of relevant information of the Comparable Transactions are set out in Table 4 below:

Table 4: Comparable Transactions

	Company name (stock code)	Date of circular	Transaction type	Location of the property	Valuation approach	Consideration (HK\$' million)	Valuation (HK\$' million)	Premium/ discount of the consideration to the appraised value
1	Vision Values Holdings Limited (862)	18-Aug-17	Acquisition of commercial property	Hong Kong	Direct comparison approach	141.5	142.6	-0.8%
2	Easyknit International Holdings Limited (1218)	11-Aug-17	Acquisition of residential property	Hong Kong	Market approach	41.8	37.0	13.0%
3	Hsin Chong Group Holdings Limited (404)	12-Jul-17	Disposal of industrial property	Hong Kong	Direct comparison approach	760.0	585.0	29.9%
4	Eternity Investment Limited (764)	30-Jun-17	Acquisition of commercial property	Hong Kong	Direct comparison approach	322.0	326.0	-1.2%
5	Eminence Enterprise Limited (616)	12-May-17	Acquisition of industrial property	Hong Kong	Direct comparison approach	226.1	243.9	-7.3%

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	Company name (stock code)	Date of circular	Transaction type	Location of the property	Valuation approach	Consideration (HK\$ million)	Valuation (HK\$ million)	Premium/ discount of the consideration to the appraised value
6	Altus Holdings Limited (8149)	27-Apr-17	Acquisition of residential property and car park	Japan	Discounted cash flow approach	73.2	73.0	0.3%
7	Shirble Department Store Holdings (China) Limited (312)	24-Apr-17	Acquisition of commercial property	Shenzhen and Changsha	Direct comparison approach	688.0	709.1	-3.0%
8	Kwong Man Kee Group Limited (8023)	21-Apr-17	Acquisition of commercial property and car park	Hong Kong	Market approach	30.0	30.0	0.0%
9	Burwill Holdings Limited (24)	11-Apr-17	Disposal of commercial property	Hong Kong	Direct comparison approach	265.2	285.0	-6.9%
10	Medicskin Holdings Limited (8307)	14-Mar-17	Acquisition of commercial property	Hong Kong	Direct comparison approach	44.0	44.0	0.0%
	The Disposal		Disposal of retail shops	Chongqing and Changchun	Direct comparison approach	RMB59.0 million	RMB59.0 million	0.0%

As illustrated in Table 4 above, despite two transactions of the Comparable Transactions with a consideration representing a considerable premium over their respective appraised value, it is noted that the consideration of 8 out of 10 of the Comparable Transactions was equivalent or at a slight discount to their respective appraised value. As such, we consider that it is a common market practice to acquire or dispose property(ies) with a consideration approximate to the appraised value.

As the total consideration for the Disposal of RMB59,030,000 (equivalent to approximately HK\$70,694,611) is equivalent to the Valuation, we are of the view that the terms of the Disposal Agreements are on normal commercial terms and the consideration for the Disposal is fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Financial effect of the Disposal to the Group

Based on our discussion with the Directors, we understand that the Directors have taken into account the following factors when they consider the potential impact of the Disposal on the financial position of the Group:

(i) *Earnings*

Upon completion of the disposal of the Properties, it is estimated that the Group will record a potential gain before tax on the Disposal of approximately RMB33.4 million (equivalent to approximately HK\$40.0 million), being the premium of the total consideration for the Disposal over the carrying value of the Properties.

(ii) *Net assets*

As at 30 June 2017, the unaudited net assets of the Group attributable to the Shareholders were approximately HK\$2,450.9 million. The Company expected that the net assets of the Group attributable to the Shareholders would increase upon completion of the Disposal.

(iii) *Gearing*

As at 30 June 2017, the gearing ratio of the Group was approximately 11.87%, representing the total borrowings of approximately HK\$528.9 million divided by total assets of approximately HK\$4,456.2 million. The Company expected that the gearing ratio of the Group would decrease upon completion of the Disposal.

(iv) *Liquidity*

As at 30 June 2017, the unaudited net current assets of the Group were approximately HK\$217.8 million. The Company expected that the net current assets of the Group would improve upon completion of the Disposal.

The aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be after the entering into the Disposal Agreements or completion of the Disposal.

RECOMMENDATION

Having considered the principal factors analysed above, in particular that:

- (i) the Disposal is in line with the Group's business strategy to shift from self-operated stores to franchised stores for its retail business in the PRC;
- (ii) it is estimated that the Company will record a potential gain of RMB33.4 million (equivalent to approximately HK\$40.0 million) from the Disposal;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) in the event that the Directors decide to discontinue the Jeanswest stores located at the Properties, it is expected that such discontinuation will not cause a significant impact on the financial performance of the Group;
- (iv) the consideration for the Disposal is equivalent to the valuation of Properties prepared by the Valuer and is in line with market practice of disposal of properties of similar nature at the appraised value as illustrated in the Comparable Transactions in Table 4 above;
- (v) it is noted that other terms (including payment terms) of the Disposal Agreements are on normal commercial terms; and
- (vi) it is expected that the earnings, net assets, gearing and liquidity of the Group will improve upon completion of the Disposal,

although the Disposal is not in the ordinary and usual course of business of the Company, we concur with the Directors that (i) the terms of the Disposal Agreements (including consideration and payment terms) are fair and reasonable and on normal commercial terms; and (ii) the Disposal is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions at the SGM to approve the Disposal Agreements and the transactions contemplated thereunder.

The undersigned is a responsible officer of Yu Ming Investment Management Limited licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. He has been active in the field of corporate finance advisory for over 20 years, and has been involved in and completed various corporate finance advisory transactions.

Yours faithfully,
For and on behalf of
YU MING INVESTMENT MANAGEMENT LIMITED
Warren Lee
Managing Director

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this Circular received from DTZ Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market values of certain properties held by Glorious Sun Enterprises Limited or its subsidiaries as at 31 July 2017.



16/F
Jardine House
1 Connaught Place
Central
Hong Kong

13 October 2017

The Directors
Glorious Sun Enterprises Limited
38/F, One Kowloon
1 Wang Yuen Street
Kowloon Bay
Kowloon
Hong Kong

Dear Sirs,

Re: Portfolio Valuations

Instruction, Purpose & Date of Valuation

In accordance with your instructions for us to value certain properties held by Glorious Sun Enterprises Limited (the “Company”) or its subsidiaries (together referred to as the “Group”) situated in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties in existing state as at 31 July 2017 (the “valuation date”) for public disclosure purpose in relation to the proposed disposal of such properties.

Definition of Market Value

Our valuation of each of the properties represents its market value which in accordance with The HKIS Valuation Standards 2012 Edition published by The Hong Kong Institute of Surveyors is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Valuation Basis & Assumptions

Our valuations exclude the estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of any onerous nature which could affect their values.

In valuing the properties, which are situated in the PRC, we have assumed that transferable land use rights in respect of the properties for respective specific land use terms at nominal annual land use fees have been granted and that any premium has already been fully settled.

We have relied on the advice given by the Group and the Company's legal adviser, Guangdong Weilun Law Firm regarding the title to the properties and the interests of the Group in the properties in the PRC.

In the course of our valuation of the properties, we have assumed that the grantee or the user of the properties have free and uninterrupted rights to use or to assign or lease the properties for the whole of the unexpired term as granted. We have assumed that all consents, approvals and licences from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the properties are in compliance with the local planning regulations and have been approved by the relevant authorities.

Valuation Method

The properties are held for owner occupation. We have valued the properties by Direct Comparison Method assuming sale of the properties with the benefit of immediate vacant possession by making reference to comparable sales evidence as available in the relevant market.

In valuing the properties, we have complied with the requirements set out in The HKIS Valuation Standards 2012 Edition published by The Hong Kong Institute of Surveyors. We have also complied with all the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Title Investigation

We have been provided with copies of documents relating to the titles to the properties in the PRC. However, we have not searched the original documents to verify ownership or any amendments which may not appear on the copies handed to us.

Source of Information

We have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, identification of the land and buildings, particulars of occupancy, floor plans, site and floor areas and all other relevant matters.

Dimensions, measurements and areas stated in the valuation certificates attached are based on the information contained in the documents provided to us and are therefore only approximations. We have no reason to doubt the truth and accuracy of the information provided to us by the Group which are material to the valuations. We were also advised by the Group that no material facts have been omitted from the information supplied.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise you to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of the documents.

Site Inspection

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the properties are free from rot, infestation or any other structural defects nor were any tests carried out to any of the services. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

Currency

Unless otherwise stated, all monetary amounts stated herein are in Renminbi (“RMB”), the official currency of the PRC.

We enclose herewith a summary of valuations and our valuation certificates.

Yours faithfully,

For and on behalf of

DTZ Cushman & Wakefield Limited

Andrew K. F. Chan

MSc, MRICS, MHKIS, MCIREA, RPS(GP)

Regional Director

Valuation & Advisory Services, Greater China

Note: Mr. Andrew K.F. Chan is a Chartered Surveyor who has over 30 years of experience in the valuation of properties in the PRC.

SUMMARY OF VALUATIONS

Property	Market value in existing state as at 31 July 2017 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at 31 July 2017 (RMB)
Properties held by the Group for owner occupation in the PRC			
1. Unit No. 2# on Level 1 of Ping Street, No. 218 Bayi Road, Yuzhong District, Chongqing, the PRC	29,030,000	100	29,030,000
2. 3 units on Level 1, No. 17 Chongqing Road, Nanguan District, Changchun, Jilin Province, the PRC	30,000,000	100	30,000,000
		Grand Total:	59,030,000

VALUATION CERTIFICATE

Properties held by the Group for owner occupation in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2017
1. Unit No. 2# on Level 1 of Ping Street, No. 218 Bayi Road, Yuzhong District, Chongqing, the PRC (中華人民共和國 重慶市 渝中區 八一路218號 平街第一層門面2#)	The property comprises a retail unit on Level 1 of a 30-storey building completed in 2001. The property has a gross floor area of 214.61 sq. m. The property is situated at Bayi Road, Yuzhong District, which is predominantly a commercial area. Developments in the vicinity comprise mainly residential and commercial developments such as Metropoles Plaza, Monument for Liberation (大都會廣場和解放碑), etc. The land use rights of the property have been granted for a term due to expire on 9 November 2043 for mixed use.	The property was owner-occupied as at the valuation date.	RMB29,030,000 (100% interest attributable to the Group: RMB29,030,000)

Notes:

- (1) According to Real Estate Certificate (房地產權證) No. 101 (2007) 13425 dated 23 July 2007, the land use rights and building ownership of the property with a gross floor area of 214.61 sq. m. have been vested in Chongqing Jeanswest Apparels Company Limited (重慶市真維斯服飾有限公司) for a term due to expire on 9 November 2043 for mixed use.
- (2) According to Business Licence No. 91500000203292461P dated 2 December 2016, Chongqing Jeanswest Apparels Company Limited (重慶市真維斯服飾有限公司) was established as a limited company with a registered capital of RMB3,000,000 for a valid operation period from 25 October 1999 to 15 December 2029.
- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC legal adviser, which contains, inter alia, the following information:-
 - (i) Chongqing Jeanswest Apparels Company Limited (重慶市真維斯服飾有限公司) (a wholly-owned subsidiary of the Company) has obtained the Real Estate Certificate of the property;
 - (ii) The land use rights and building ownership of the property have been vested in Chongqing Jeanswest Apparels Company Limited (重慶市真維斯服飾有限公司);
 - (iii) The property has no encumbrances and is not subject to any mortgage; and
 - (iv) Chongqing Jeanswest Apparels Company Limited (重慶市真維斯服飾有限公司) is entitled to use, lease, transfer or mortgage the property.
- (4) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

Real Estate Certificate (房地產權證)	Yes
Business Licence	Yes

(5) Mr. Fang Yin, Valuer of our Chongqing office, inspected the property in July 2017. He has a Bachelor Degree and has 7 years of experience in the valuation of properties in the PRC.

(6) Our key assumptions of the valuation are:

Portion	Market Unit Value (per sq. m.)	Date of Valuation
Retail	RMB135,268	31 July 2017

In undertaking our valuation, we have made reference to sale comparables of other similar properties within the same district. The unit value of major retail premises range from RMB120,000 per sq. m. to RMB167,000 per sq. m..

The above market unit value adopted by us is consistent with the relevant comparables after due adjustments with the factors such as location, size, time, condition of sale, accessibility, age and maintenance.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2017
2. 3 units on Level 1, No. 17 Chongqing Road, Nanguan District, Changchun, Jilin Province, the PRC (中華人民共和國 吉林省 長春市 南關區 重慶路17號 一層三個單元)	The property comprises 3 units on level 1 of a 7-storey commercial building completed in 1995. The property has a total gross floor area of 457.96 sq. m. The property is situated at Chongqing Road, Nanguan District, which is predominantly a commercial area. Developments in the vicinity comprise mainly residential and commercial developments such as Wanda Plaza, Zhuozhan Shopping Center, Changchun International Trade Center, etc.	The property was owner-occupied as at the valuation date.	RMB30,000,000 (100% interest attributable to the Group: RMB30,000,000)
	The land use rights of the property have been granted for a term due to expire on 10 August 2038 for commercial and service uses.		

Notes:

- (1) According to three State-owned Land Use Rights Certificates and three 土地登記審批表 (Land Registration Approval List), the land use rights of the property with total apportioned site area of 65 sq. m. have been vested in Jilin Jeanswest Apparels Company Limited (吉林真維斯服飾有限公司) for a term due to expire on 10 August 2038 for commercial and service uses with details as follows:

State-owned Land Use Rights Certificate No.	Land Registration Approval List No.	Use	Apportioned Site Area (sq. m.)	Expiry Date
(2005) 040007732	200506104	Commercial and service	30	10 August 2038
(2005) 040007752	200506103	Commercial and service	18	10 August 2038
(2005) 040007753	200506101	Commercial and service	17	10 August 2038
		Total:	65	

According to the Company's PRC legal adviser and three 土地登記審批表 (Land Registration Approval List), the buildings erected therein are located at Land Plot No. 3-5/105-4.

- (2) According to three Building Ownership Certificates and 房屋權屬信息查詢結果證明 (Real Estate Title Search Summary), the building ownership of the property, comprising a total gross floor area of 457.96 sq. m., have been vested in Jilin Jeanswest Apparels Company Limited (吉林真維斯服飾有限公司) for commercial and service uses with details as follows:

Building Ownership Certificate No.	Land Plot No.	Use	Gross Floor Area (sq. m.)	Year of Completion
2100000076	3-5/105-4 (7)	Commercial and service	120.02	1995
2100000077	3-5/105-4 (8)	Commercial and service	127.34	1995
2100000078	3-5/105-4 (9)	Commercial and service	210.60	1995
Total:			457.96	

- (3) According to Business Licence No. 91220101756152397K dated 11 October 2016, Jilin Jeanswest Apparels Company Limited (吉林真維斯服飾有限公司) was established as a limited company with a registered capital of RMB1,000,000 for a valid operation period from 5 January 2004 to 10 September 2018.

- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal adviser, which contains, inter alia, the following information:-

- (i) Jilin Jeanswest Apparels Company Limited (吉林真維斯服飾有限公司) (a wholly-owned subsidiary of the Company) has obtained the State-owned Land Use Rights Certificates and Building Ownership Certificates of the property;
- (ii) The land use rights and building ownership of the property have been vested in Jilin Jeanswest Apparels Company Limited (吉林真維斯服飾有限公司);
- (iii) The property has no encumbrances and is not subject to any mortgage; and
- (iv) Jilin Jeanswest Apparels Company Limited (吉林真維斯服飾有限公司) is entitled to use, lease, transfer or mortgage the property.

- (5) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

State-owned Land Use Rights Certificates	Yes
土地登記審批表 (Land Registration Approval List)	Yes
Building Ownership Certificates	Yes
房屋權屬信息查詢結果證明 (Real Estate Title Search Summary)	Yes
Business Licence	Yes

- (6) Ms. Monica Wang, Senior Valuer of our Dalian office, inspected the property in July 2017. She is a Registered China Real Estate Appraiser and has 9 years of experience in the valuation of properties in the PRC.

- (7) Our key assumptions of the valuation are:

Portion	Market Unit Value (per sq. m.)	Date of Valuation
Retail	RMB65,508	31 July 2017

In undertaking our valuation, we have made reference to sale comparables of other similar properties within the same district. The unit value of major retail premises range from RMB55,000 per sq. m. to RMB72,000 per sq. m. The above market unit value adopted by us is consistent with the relevant comparables after due adjustments with the factors such as location, size, time, condition of sale, accessibility, age and maintenance.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Interests and short positions of Directors and chief executive in shares of the Company and its associated corporation

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required 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 he was taken or deemed to have been taken under such provisions of the SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange:

Long positions in shares of the Company

Name of Director	Capacity	No. of shares held	Total	Percentage of issued share capital
Dr. Charles Yeung, GBS, JP	(i) Interest of controlled corporations	830,073,000	968,358,499 ⁽¹⁾ & ⁽²⁾	63.041%
	(ii) Joint interest	138,285,499		
Mr. Yeung Chun Fan	(i) Beneficial owner	75,000,000	1,053,453,499 ⁽¹⁾ , ⁽²⁾ & ⁽³⁾	68.580%
	(ii) Interest of controlled corporations	830,073,000		
	(iii) Joint interest	138,285,499		
	(iv) Interest of spouse	10,095,000		
Mr. Pau Sze Kee, Jackson	Beneficial owner	9,370,000	9,370,000	0.610%
Mr. Hui Chung Shing, Herman, SBS, MH, JP	Beneficial owner	6,250,000	6,250,000	0.407%

Name of Director	Capacity	No. of shares held	Total	Percentage of issued share capital
Ms. Cheung Wai Yee	(i) Beneficial owner	10,095,000	1,053,453,499 ^{(1), (2) & (3)}	68.580%
	(ii) Interest of spouse	1,043,358,499		
Mr. Lau Hon Chuen, Ambrose, GBS, JP	Beneficial owner	1,492,402	1,492,402	0.097%
Dr. Chung Shui Ming, Timpson, GBS, JP	Beneficial owner	408,000	408,000	0.027%

Notes:

- (1) 622,263,000 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, GBS, JP and as to 48.066% by Mr. Yeung Chun Fan), 207,810,000 shares were held by Advancetex 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). Mr. Charles Yeung and Mr. Yeung Chun Fan are directors in each of Glorious Sun Holdings (BVI) Limited and Advancetex Holdings (BVI) Limited.
- (2) 138,285,499 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. 10,095,000 shares related to the same block of shares held by Ms. Cheung Wai Yee and 830,073,000 shares related to the same block of shares held by two companies controlled by Mr. Yeung Chun Fan.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors or proposed Directors is a director or employee of a company which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' OTHER INTEREST

As at the Latest Practicable Date, none of the Directors (or proposed Directors, if any) or their respective close associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group and would require disclosure under Rule 8.10 of the Listing Rules.

As at the Latest Practicable Date, save as disclosed in the announcements of the Company dated 29 July 2016 and 20 July 2017 in respect of leasing of certain properties in Hong Kong and the PRC and the circular of the Company dated 12 May 2017 in respect of the Group's disposal of its entire interest in Jeanswest International (L) Limited to Howsea Limited, a company owned by Dr. Charles Yeung and Mr. Yeung Chun Fan (directors and substantial shareholders of the Company), none of the Directors had any direct or indirect interest in any assets which had since 31 December 2016 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Full particulars of the nature and extent of the interest of every Director or proposed Director as disclosed in the announcements of the Company dated 29 July 2016 and 20 July 2017 are set out below:

No.	Property leased by the Group	Use of property	Location	Landlord	Term	Payment of rent and management fee (as the case may be) per annum	Relationship between the Landlord and the Directors
1.	Huizhou Shop (惠州店)	Retail shop	PRC	Yeung's family	1 January 2017 to 31 December 2018	RMB1,100,000	a family in which Dr. Charles Yeung and Mr. Yeung Chun Fan are members
2.	Chengdu Shop (成都店)	Retail shop	PRC	Yeung Cheung Yip and Yeung Hon Yip	30 September 2015 to 29 September 2018	RMB6,750,000	sons of Mr. Yeung Chun Fan and Ms. Cheung Wai Yee
3.	City Garden (certain units)	Staff quarters	PRC	Gloryear Management Limited	1 August 2016 to 31 July 2018	RMB489,480	owned as to 50% by each of Dr. Charles Yeung and Mr. Yeung Chun Fan
4.	Xiangtan Shop (湘潭店)	Retail shop	PRC	銀富房產 (惠州) 有限公司 (Yin Fu Properties (Huizhou) Company Limited*)	1 August 2016 to 31 July 2018	RMB560,000	indirect wholly-owned by Mr. Yeung Chun Fan, Ms. Cheung Wai Yee and their sons
5.	Shunde Shop (順德店)	Retail shop	PRC	Yeung Cheung Yip and Yeung Hon Yip	1 August 2016 to 31 July 2018	RMB333,000	sons of Mr. Yeung Chun Fan and Ms. Cheung Wai Yee
6.	Xianyang Shop (咸陽店)	Retail shop	PRC	惠州市惠富置業有限公司 (Huizhou Hui Fu Properties Company Limited*)	1 August 2016 to 31 July 2018	RMB957,000	indirectly owned as to 98% by Mr. Yeung Chun Fan, Ms. Cheung Wai Yee and their sons
7.	One Kowloon Premises	Office	Hong Kong	Rank Profit Industries Limited	1 August 2014 to 31 July 2017 1 August 2017 to 31 July 2020	HK\$13,276,798 (revised to HK\$510,496 per month from 1 November 2016 to 31 July 2017) HK\$5,834,982	owned as to 66.7% and 33.3% by Dr. Charles Yeung and Mr. Yeung Chun Fan respectively
8.	Silver Fair Mansion	Director's residence	Hong Kong	G. S. (Yeungs) Limited	1 August 2015 to 31 July 2017 1 August 2017 to 31 July 2019	HK\$516,000 HK\$540,000	owned as to 66.7% and 33.3% by Dr. Charles Yeung and Mr. Yeung Chun Fan respectively
9.	Sea View Villa	Staff quarters	Hong Kong	G. S. (Yeungs) Limited	1 August 2015 to 31 July 2017 1 August 2017 to 31 July 2019	HK\$609,000 HK\$609,000	owned as to 66.7% and 33.3% by Dr. Charles Yeung and Mr. Yeung Chun Fan respectively

Property leased No. by the Group	Use of property	Location	Landlord	Term	Payment of rent and management fee (as the case may be) per annum	Relationship between the Landlord and the Directors
10. Zhengzhou Office (鄭州寫字樓)	Office	PRC	惠州市惠富置業有限公司 (Huizhou Hui Fu Properties Company Limited*)	1 August 2015 to 31 July 2017 1 August 2017 to 31 July 2019	RMB396,900 RMB160,000	indirectly owned as to 98% by Mr. Yeung Chun Fan, Ms. Cheung Wai Yee and their sons
11. Hengyang Shop (衡陽店)	Retail shop	PRC	The Purchaser	1 January 2017 to 14 December 2018	1 January 2017 to 31 July 2017: RMB962,500 for the whole term; 1 August 2017 to 14 December 2017: RMB612,097 for the whole term; 15 December 2017 to 14 December 2018: RMB1,800,000	owned as to 98% by the Purchaser Holdco. The Purchaser Holdco is indirectly owned as to 50% by each of Dr. Charles Yeung and Mr. Yeung Chun Fan
12. Yarra Street Premises	Office/ car parking	Australia	Harbour Guide Limited	1 August 2014 to 31 July 2015 1 August 2015 to 31 July 2016 1 August 2016 to 31 July 2017	AS\$660,000 AS\$679,800 AS\$700,194	owned as to 66.7% and 33.3% by Mr. Yeung Chun Fan and Ms. Cheung Wai Yee respectively

Notes:

1. Dr. Charles Yeung is a Director and a substantial shareholder of the Company.
2. Mr. Yeung Chun Fan is a Director and a substantial shareholder of the Company.
3. Ms. Cheung Wai Yee is a Director and the spouse of Mr. Yeung Chun Fan.
4. Mr. Yeung Cheung Yip and Mr. Yeung Hon Yip are the sons of Mr. Yeung Chun Fan and Ms. Cheung Wai Yee.

On 6 April 2017, Jeanswest (BVI) Limited, a wholly-owned subsidiary of the Company (as vendor) entered into a sale and purchase agreement to dispose of (a) 1 share of US\$1.00 in the issued share capital of Jeanswest International (L) Limited, representing 100% of its total issued share capital; and (b) the shareholder's loan owing from Jeanswest International (L) Limited to Jeanswest (BVI) Limited in the amount of HK\$174,000,000, to Howsea Limited, a company owned by Dr. Charles Yeung and Mr. Yeung Chun Fan (directors and substantial shareholders of the Company) (as purchaser), at a total consideration of HK\$220,000,000. For further details, please refer to the circular of the Company dated 12 May 2017.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group.

4. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	Qualification
Yu Ming Investment Management Limited	a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
DTZ Cushman & Wakefield Limited	professional independent property valuers

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, report or opinion (or summaries thereof) (as the case may be) and references to its name herein in the form and context in which they respectively appear.

Each of the above experts has confirmed that, as at the Latest Practicable Date:

- (a) it did not have any shareholding, directly or indirectly, in any member of the Group or had 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) it did not have any direct or indirect interest in any assets which had since 31 December 2016 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016 (being the date to which the latest published audited financial statements of the Company were made up).

7. 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 at 38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong from the date of this circular up to and including 9 November 2017 (except Saturdays, Sundays and public holidays):

- (a) the Disposal Agreement A;
- (b) the Disposal Agreement B;
- (c) the property sale and purchase agreement entered into between 江蘇真維斯服飾有限公司 (Jiangsu Jeanswest Apparels Company Limited*) and the Purchaser on 1 September 2016 in respect of the sale and purchase of a property in the PRC at the consideration of RMB62,430,000, details of which are set out in the announcement of the Company dated 1 September 2016 and the circular of the Company dated 23 September 2016;
- (d) the property sale and purchase agreement entered into between 湖南真維斯服飾有限公司 (Hunan Jeanswest Apparels Company Limited*) and the Purchaser on 1 September 2016 in respect of the sale and purchase of a property in the PRC at the consideration of RMB56,350,000, details of which are set out in the announcement of the Company dated 1 September 2016 and the circular of the Company dated 23 September 2016;
- (e) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages IBC-1 to IBC-2 of this circular;
- (f) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages IFA-1 to IFA-17 of this circular;
- (g) the property valuation report of DTZ Cushman & Wakefield Limited, the text of which is set out in Appendix I to this circular;
- (h) the tenancy agreements referred to in the section headed “3. Directors’ Other Interest” in this appendix;
- (i) the sale and purchase agreement dated 6 April 2017 entered into between Jeanswest (BVI) Limited, a wholly-owned subsidiary of the Company (as vendor) and Howsea Limited, a company owned by Dr. Charles Yeung and Mr. Yeung Chun Fan (directors and substantial shareholders of the Company) (as purchaser) for the disposal of (a) 1 share of US\$1.00 in the issued share capital of Jeanswest International (L) Limited, representing 100% of its total issued share capital; and (b) the shareholder’s loan owing from Jeanswest International (L) Limited to Jeanswest (BVI) Limited in the amount of HK\$174,000,000, at a total consideration of HK\$220,000,000;

- (j) the written consents issued by Yu Ming Investment Management Limited and DTZ Cushman & Wakefield Limited referred to in the section headed “5. Experts and Consents” in this appendix; and
- (k) this circular.

8. GENERAL

The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text in case of any inconsistency.

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

NOTICE OF SPECIAL GENERAL MEETING



GLORIOUS SUN ENTERPRISES LIMITED

旭日企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 393)

NOTICE IS HEREBY GIVEN that a special general meeting of Glorious Sun Enterprises Limited (the “Company”) will be held at Dynasty II, 7th Floor, The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 9 November 2017 at 3:00 p.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the entering into of Disposal Agreement A (as defined in the circular of the Company dated 13 October 2017), a copy of which has been produced to the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder and the implementation thereof be and are hereby confirmed, approved, authorised and ratified; and
- (b) any one director of the Company or any two directors of the Company, if the affixing of the common seal of the Company is necessary, be and is/are hereby authorised for and on behalf of the Company to execute (and, if necessary, affix the common seal of the Company to) any such documents, instruments and agreements and to do any such acts or things as may be deemed by him/her/them in his/her/their absolute discretion to be incidental to, ancillary to or in connection with the matters contemplated in Disposal Agreement A and the transactions contemplated thereunder, and the implementation thereof.”

2. **“THAT:**

- (a) the entering into of Disposal Agreement B (as defined in the circular of the Company dated 13 October 2017), a copy of which has been produced to the meeting and marked “B” and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder and the implementation thereof be and are hereby confirmed, approved, authorised and ratified; and

NOTICE OF SPECIAL GENERAL MEETING

- (b) any one director of the Company or any two directors of the Company, if the affixing of the common seal of the Company is necessary, be and is/are hereby authorised for and on behalf of the Company to execute (and, if necessary, affix the common seal of the Company to) any such documents, instruments and agreements and to do any such acts or things as may be deemed by him/her/them in his/her/their absolute discretion to be incidental to, ancillary to or in connection with the matters contemplated in Disposal Agreement B and the transactions contemplated thereunder, and the implementation thereof.”

Yours faithfully,
By Order of the Board
Glorious Sun Enterprises Limited
Mui Sau Keung, Isaac
Company Secretary

Hong Kong, 13 October 2017

Principal Place of Business:

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

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Notes:

- (1) A form of proxy for use at the meeting is enclosed herewith.
- (2) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his instead. A member who is the holder to two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf. A proxy need not be a member of the Company.
- (3) The register of members of the Company will be closed from Monday, 6 November 2017 to Thursday, 9 November 2017, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for the entitlement to attend and vote at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Friday, 3 November 2017.
- (4) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (5) In order to be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's principal place of business at 38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong as soon as possible and in any event not less than 48 hours before the time for holding the meeting or any adjournment thereof (as the case may be).
- (6) Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

NOTICE OF SPECIAL GENERAL MEETING

As at the date of this notice, 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, 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.