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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)

CONTINUING CONNECTED TRANSACTIONS PROVISION OF ASSET MANAGEMENT SERVICES

The Board announces that on 4 June 2018, Smart Empire, an indirect wholly-owned subsidiary of the Company, entered into the Investment Management Agreement with the Connected Investors, pursuant to which the Connected Investors appoint Smart Empire to, as asset manager, provide the Asset Management Services during the Management Period (i.e. commencing from 5 June 2018 and expiring on 4 June 2021).

As the Connected Investors (i.e. Dr. Charles Yeung and Mr. Yeung Chun Fan), both being Directors and substantial shareholders of the Company, are connected persons of the Company, the transactions contemplated under the Investment Management Agreement constitute continuing connected transactions for the Company under the Listing Rules.

Since the highest applicable percentage ratio calculated with reference to the annual caps under the Investment Management Agreement is more than 0.1% but less than 5%, the continuing connected transactions contemplated under the Investment Management Agreement is subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INVESTMENT MANAGEMENT AGREEMENT

Background

On 4 June 2018, Smart Empire, an indirect wholly-owned subsidiary of the Company, entered into the Investment Management Agreement with the Connected Investors, pursuant to which the Connected Investors appoint Smart Empire to, as asset manager, provide the Asset Management Services during the Management Period.

Date

4 June 2018

Management Period

Three years from 5 June 2018 to 4 June 2021

Asset Management Services

Smart Empire shall, as asset manager, provide Asset Management Services to the Connected Investors for managing their investment portfolio with an Investment Amount of not more than HK\$1,000 million during the Management Period, which include but not limited to the following:

- (a) identify and analyse investment opportunities in Hong Kong or PRC listed securities, corporate bonds and foreign exchanges for the Connected Investors;
- (b) manage, hold, acquire, invest and dispose of the assets in the Connected Investors' investment portfolio with full discretionary power;
- (c) monitor the performance of the investments of the Connected Investors and keep the Connected Investors informed from time to time and in the case of market volatility; and
- (d) ensure that trading and investment portfolio of the Connected Investors is managed in accordance with their investment objectives, strategies and investment restrictions.

Termination

The Connected Investors and Smart Empire may terminate the Investment Management Agreement at any time after the first anniversary of the Investment Management Agreement by giving not less than one month's prior notice in writing to the other party.

Management Fees and pricing basis

Smart Empire will be entitled to receive the Management Fees, which is, subject to the annual caps set out in the paragraph headed "Annual Caps" below, calculated at the rate of 1% per annum of the Investment Amount at each Valuation Date and payable by the Connected Investors in arrears within 15 Business Days upon issuing of such invoice of Management Fees.

The terms and prices under the Investment Management Agreement were negotiated on arm’s length basis and determined in the ordinary course of business on normal commercial terms.

Reference is made to a market sampling of management fees charged by other asset management firms in managing their investment funds when determining the rate of Management Fees. The price and terms of the provision of the Asset Management Services shall not be more favourable than those provided to the independent third party customers of the Group for similar asset management services. The Group has compared the fees and terms of the Asset Management Services with those offered to the independent third party customers from time to time for similar services and the prevailing market rates, before the Group entered into the Investment Management Agreement.

Annual Caps

The following table sets out the details of the maximum Management Fees payable by the Connected Investors to the Group under the Investment Management Agreement for the period from 5 June 2018 to 4 June 2021:

	For the period from 5 June 2018 to 31 December 2018 <i>HK\$’000</i>	For the year ending 31 December 2019 <i>HK\$’000</i>	For the year ending 31 December 2020 <i>HK\$’000</i>	For the period from 1 January 2021 to 4 June 2021 <i>HK\$’000</i>
Maximum Management Fees	<u>5,750</u>	<u>10,000</u>	<u>10,000</u>	<u>4,250</u>

The proposed annual caps are determined with reference to the maximum amount of the Investment Amount (i.e. not more than HK\$1,000 million) as agreed by the parties to the Investment Management Agreement and the rate of Management Fees that Smart Empire is entitled to receive under the Investment Management Agreement during the Management Period.

There are no previous transactions between the Group and the Connected Investors regarding the provision of the Asset Management Services.

REASONS FOR THE TRANSACTIONS

As set out in the Company's 2017 annual report, in light of the Group's aim to further develop its financial investments operation and expand into the market of asset management, the Company entered into a share transfer agreement with an independent third party to acquire the entire equity interest of Smart Empire for expansion in the financial investment operation. Such acquisition was completed in the first quarter of 2018. In light of its qualifications as a licensed corporation permitted to carry out Type 9 (asset management) regulated activity under the SFO, Smart Empire is keen to attract ultra high-net-worth individuals, like the Connected Investors, to entrust their assets to be managed by Smart Empire.

It is considered that the provision of the Asset Management Services is consistent with the commercial objectives of the Group and fall within the core business of the Group. Having considered the Management Fees to be received and the Asset Management Services to be provided to the Connected Investors, the Directors (including the independent non-executive Directors), save for those Directors who have been absent or have abstained from voting as mentioned below, consider that the Investment Management Agreement has been entered into on arm's length basis in the ordinary and usual course of business of the Group, on normal commercial terms which are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

Dr. Charles Yeung and Mr. Yeung Chun Fan, who have a material interest in the Investment Management Agreement, and Ms. Cheung Wai Yee, a Director and the spouse of Mr. Yeung Chun Fan, did not attend the Board meeting at which the Board resolutions in respect of the Investment Management Agreement were considered and passed and hence they did not vote on such Board resolutions. Ms. Yeung Yin Chi, Jennifer, a Director and a niece of Dr. Charles Yeung and Mr. Yeung Chun Fan, has abstained from voting on the relevant resolutions at the Board meeting for approving the Investment Management Agreement. Dr. Chung Shui Ming, Timpson and Mr. Wong Man Kong, Peter have been absent from the Board meeting due to their other commitments outside Hong Kong.

As at the date of this announcement, Dr. Charles Yeung and Mr. Yeung Chun Fan are interested in approximately 63.04% and 68.58% of the issued share capital of the Company respectively.

GENERAL

The Group is principally engaged in (a) the retailing, export and production of casual wear; (b) financial investments; and (c) interior decoration and renovation.

Smart Empire is principally engaged in the business of the provision of asset management services and is a licensed corporation permitted to carry out Type 9 (asset management) regulated activity within the meaning of the SFO.

LISTING RULES IMPLICATIONS

As the Connected Investors (i.e. Dr. Charles Yeung and Mr. Yeung Chun Fan), both being Directors and substantial shareholders of the Company, are connected persons of the Company, the transactions contemplated under the Investment Management Agreement constitute continuing connected transactions for the Company under the Listing Rules.

Since the highest applicable percentage ratio calculated with reference to the annual caps under the Investment Management Agreement is more than 0.1% but less than 5%, the continuing connected transactions contemplated under the Investment Management Agreement is subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

“Asset Management Services”	the asset management and investment management services to be provided by Smart Empire to the Connected Investors, a summary of such services is set out in the paragraph headed “Asset Management Services” in this announcement
“Board”	the board of Directors
“Business Day”	A day (other than Saturday, Sunday or any public holiday) on which banks in Hong Kong are generally open for business
“connected person(s)”, “percentage ratio(s)”, “subsidiary(ies)” and “substantial shareholder(s)”	each shall have the meaning ascribed to it under the Listing Rules
“Company”	Glorious Sun Enterprises Limited 旭日企業有限公司, a limited liability company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange
“Connected Investors”	Dr. Charles Yeung and Mr. Yeung Chun Fan
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Investment Management Agreement”	the investment management agreement dated 4 June 2018 entered into among Smart Empire and the Connected Investors for the provision of the Asset Management Services for the Management Period
“Investment Amount”	the value in cash or financial products of equivalent value (not more than HK\$1,000 million) that the Connected Investors inject into the relevant designated account(s) for management by Smart Empire as asset manager on behalf of the Connected Investors
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Fees”	the quarterly management fees payable to Smart Empire, details of which are set out in the paragraph headed “Management Fees and pricing basis” in this announcement
“Management Period”	the period commencing from 5 June 2018 and expiring on 4 June 2021
“PRC”	The People’s Republic of China (for the purpose of this announcement, excluding Hong Kong and the Macao Special Administrative Region of the PRC)
“SFO”	Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
“Smart Empire”	Smart Empire Asset Management Limited (formerly known as Honghill Asset Management Limited), a company incorporated in Hong Kong with limited liability and a licensed corporation registered under the SFO permitted to engage in Type 9 (asset management) regulated activity within the meaning of the SFO and an indirect wholly-owned subsidiary of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Date”	the last Business Day in each calendar quarter commencing from the date of the Investment Management Agreement for the purpose of calculating the Investment Amount and the Management Fees
“%”	per cent.

By Order of the Board
Chan Wing Kan, Archie
Director

Hong Kong, 4 June 2018

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

Executive Directors:

Dr. Charles Yeung, GBS, JP, Mr. Yeung Chun Fan, Mr. Pau Sze Kee, Jackson, Mr. Hui Chung Shing, Herman, SBS, MH, JP, Ms. Cheung Wai Yee, Mr. Chan Wing Kan, Archie and Ms. Yeung Yin Chi, Jennifer

Independent Non-Executive Directors:

Mr. Lau Hon Chuen, Ambrose, GBS, JP, Dr. Chung Shui Ming, Timpson, GBS, JP, Mr. Wong Man Kong, Peter, BBS, JP and Dr. Lam Lee G.