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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)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement (the “Announcement”) of Glorious Sun Enterprises Limited (the “Company”, together with its subsidiaries, the “Group”) dated 6 June 2019 relating to the entering into of the Surrender Agreement in respect of One Kowloon Premises in Hong Kong. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, GSE (BVI) (as tenant) entered into the Surrender Agreement with Rank Profit (as landlord) pursuant to which GSE (BVI) shall surrender and deliver up to Rank Profit the tenancy of the Surrendered Portions. Accordingly, the monthly rental and the monthly air-conditioning and management charges decrease with effect from the Effective Date. The entering into of the Surrender Agreement and the transactions contemplated thereunder (the “Transaction”) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Board wishes to clarify that the Transaction shall constitute a connected transaction of the Company instead of continuing connected transactions of the Company.

The Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKFRS”) applicable to the Group include HKFRS 16 “Leases” which came into effect on 1 January 2019. Under HKFRS 16, the Group, as the lessee, shall recognise a lease as a right-of-use asset and a lease liability in the consolidated statement of financial position of the Group. The Transaction will be regarded as an acquisition of asset under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules. As at 6 June 2019, being the date of entering into the Surrender Agreement, the value of the right-of-use of asset recognised under the Transaction is approximately HK\$2,166,323 (the “Value of the Right-of-use Asset”). The amount of lease liability recognised under the Transaction shall be approximately the same as the Value of the Right-of-use Asset recognised.

As the highest applicable ratio for the Value of the Right-of-use Asset in respect of the connected transaction contemplated under the Transaction is less than 5% and the total consideration is less than HK\$3,000,000, the Transaction falls within the de minimis transaction prescribed in Rule 14A.76 of the Listing Rules and is exempt from the reporting, announcement, annual review, circular and independent shareholders' approval requirements under the Listing Rules. However, the terms of the Tenancy Agreement have been revised after entering into the Surrender Agreement and it is subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

Save as the information stated above, all the information in the Announcement remains unchanged.

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

Hong Kong, 24 June 2019

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

Executive Directors:

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