

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



GLORIOUS SUN ENTERPRISES LIMITED

旭日企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 393)

CONNECTED TRANSACTION TENANCY AGREEMENT

The Board announces that on 31 July 2020, a wholly-owned subsidiary of the Company as tenant entered into the New Tenancy Agreement with the Landlord in respect of the leasing of premises in Hong Kong.

As the Landlord is a company owned by certain Directors and substantial shareholders of the Company, the Landlord is a connected person of the Company. Accordingly, the entering into of the New Tenancy Agreement constitutes a connected transaction of the Company under the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the estimate value of the right-of-use asset to be recognised by the Group under the New Tenancy Agreement are more than 0.1% but less than 5%, the entering into of the New Tenancy Agreement is exempt from the circular and independent shareholders' approval requirements but is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

NEW TENANCY AGREEMENT

On 31 July 2020, a wholly-owned subsidiary of the Company as tenant entered into the New Tenancy Agreement with the Landlord in respect of the leasing of premises in Hong Kong, details of which are as follows:

Premises leased : Portion of 37/F and portion of 38/F, One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong with a total gross floor area of 5,199 square feet (“One Kowloon Premises”)

Use of premises : Office

Landlord : Rank Profit

Tenant : GSE (BVI)

Term : Three years commencing on 1 August 2020 and expiring on 31 July 2023 (with an option to renew the tenancy agreement for a further term of three years)

Rent : HK\$115,418 per month exclusive of rates, air-conditioning and management charges and all other outgoings

Air-conditioning and management charges (the “Management Fee”) : HK\$24,436 per month

The rental and the Management Fee are payable in cash on a monthly basis.

GENERAL

The rental under the New Tenancy Agreement was negotiated and determined with reference to the open market for premises of similar size and location as well as the expected market conditions.

An independent professional valuer (the “Valuer”) has provided the Company with opinion on the current rental and the Management Fee in respect of One Kowloon Premises under the New Tenancy Agreement. The rental represents a discount to the market rent as valued by the Valuer. The Management Fee is lower than the market level provided by the Valuer.

The Directors, including the independent non-executive Directors, consider that the New Tenancy Agreement has been entered into in the ordinary and usual course of business of the Group, on normal commercial terms which are fair and reasonable, and in the interests of the Company and its shareholders as a whole. Dr. Charles Yeung and Mr. Yeung Chun Fan, who have a material interest in the New Tenancy 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 New Tenancy 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 New Tenancy Agreement. Save as disclosed above, none of the other Directors was required to abstain from voting on the relevant Board resolutions.

As at 31 July 2020, Dr. Charles Yeung and Mr. Yeung Chun Fan together hold approximately 68.27% interest in the Company.

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

REASONS FOR THE TRANSACTION

The Group has been renting One Kowloon Premises for many years. As the relevant

existing tenancy agreement will expire on 31 July 2020, the Company considers that it is commercially necessary and beneficial to renew the tenancy for the premises so that there would have no financial and operational impact generated by relocation.

LISTING RULES IMPLICATIONS

The Landlord is a company owned by certain Directors and substantial shareholders of the Company. Therefore, the Landlord is a connected person of the Company within the meaning of the Listing Rules. Accordingly, the entering into of the New Tenancy Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

In accordance with HKFRS 16 “Leases”, the rental under the New Tenancy Agreement shall be regarded as an acquisition of a right-of-use asset by the Group. The Group estimates that, based on the terms of the New Tenancy Agreement, the value of the right-of-use asset to be recognised under the New Tenancy Agreement shall be approximately HK\$4,097,910, being the present value of the rental payable to the Landlord under the New Tenancy Agreement, calculated using the incremental borrowing rate of the Group for discounting purpose at the commencement date of the New Tenancy Agreement in accordance with HKFRS 16.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the estimate value of the right-of-use asset to be recognised by the Group under the New Tenancy Agreement are more than 0.1% but less than 5%, the entering into of the New Tenancy Agreement is exempt from the circular and independent shareholders’ approval requirements but is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

DEFINITION

In this announcement, the following expressions shall (unless the context otherwise requires) have the following meanings:

“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
“connected person(s)”, “subsidiary(ies)” and “substantial shareholder(s)”	each has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“GSE (BVI)”	Glorious Sun Enterprises (BVI) Limited, a limited company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company

“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Landlord”	Rank Profit
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Tenancy Agreement”	the tenancy agreement entered into on 31 July 2020 in relation to the leasing of premises in Hong Kong as disclosed in this announcement
“Rank Profit”	Rank Profit Industries Limited 隆盈實業有限公司, a limited company incorporated in Hong Kong which is engaged in property investment and owned as to 66.7% and 33.3% by Dr. Charles Yeung and Mr. Yeung Chun Fan respectively, both of whom are Directors and substantial shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 31 July 2020

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. Chan Chung Bun, Bunny, GBS, JP and Mr. Ng Wing Ka, Jimmy, BBS, JP