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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

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On 15 January 2021 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 15,000,000 Subscription Shares at the Subscription Price of HK\$1.20 per Subscription Share. The total consideration payable by the Subscriber under the Subscription Agreement amounts to HK\$18,000,000.

The Subscription Shares represent (i) approximately 0.98% of the existing total number of issued Shares of 1,528,336,000 Shares as at the date of this announcement; and (ii) approximately 0.97% of the enlarged total number of issued Shares of 1,543,336,000 Shares immediately following Completion, assuming that there will be no change in the total number of issued Shares (other than the issue of the Subscription Shares) between the date of this announcement and Completion.

Completion is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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Date: 15 January 2021 (after trading hours)

Parties: (1) the Company, as issuer; and
(2) the Subscriber.

Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 15,000,000 Subscription Shares, representing:

- (1) approximately 0.98% of the existing total number of issued Shares of 1,528,336,000 Shares as at the date of this announcement; and
- (2) approximately 0.97% of the enlarged total number of issued Shares of 1,543,336,000 Shares immediately following Completion, assuming that there will be no change in the total number of issued Shares (other than the issue of the Subscription Shares) between the date of this announcement and Completion.

Subscription Price

The Subscription Price of HK\$1.20 per Subscription Share represents:

- (1) a premium of approximately 48.15% to the closing price of HK\$0.81 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (2) a premium of approximately 48.88% to the average closing price of HK\$0.806 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the date of the Subscription Agreement;
- (3) a premium of approximately 48.51% to the average closing price of HK\$0.808 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the date of the Subscription Agreement; and
- (4) a discount of approximately 26.29% to the unaudited consolidated net asset value after deducting non-controlling interests (the “NAV”) per Share of approximately HK\$1.628 as at 30 June 2020, calculated based on the NAV of the Group of approximately HK\$2,488,310,000 as disclosed in the interim report for the six (6) months ended 30 June 2020 and 1,528,336,000 Shares in issue as at 15 January 2021.

The Subscription Price was determined after arm’s length negotiations between the Company and the Subscriber with reference to principally the net asset value of the Group as disclosed in the interim report for the six (6) months ended 30 June 2020, taking into account the net asset value of the Group per Share, the historical price trend and trading volume of the Shares and the existing capital market conditions.

The aggregate nominal value of the Subscription Shares is HK\$1,500,000. Taking into account the expenses of the Subscription in the amount of approximately HK\$401,000, the net price per Subscription Share will be approximately HK\$1.173.

Ranking of the Subscription Shares

The Subscription Shares shall be free from any liens, charges, encumbrances, option, warrant, preemptive right or security interest, adverse claims or third-party right whatsoever and together with all rights attaching to them as at the date of Completion, with rights which rank *pari passu* in all respects among themselves and to other Shares in issue, including the right to receive all dividends and other distributions declared, made or paid at any time on or after the date of Completion.

Conditions Precedent

Completion is conditional upon the fulfilment or waiver (as the case may be) of the following conditions:

- (1) the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Subscription Shares, and such approval not having been revoked before and at Completion; and
- (2) the representations and warranties given by the Company under the Subscription Agreement being true, correct and complete and not misleading when made and remaining true, correct and complete and not misleading as at the date of Completion.

The Subscriber may at any time by notice in writing to the Company waive the condition set out in paragraph (2) above but the condition set out in paragraph (1) above cannot be waived. If the above conditions are not fulfilled or waived (as the case may be) before the date falling one (1) month after the date of the Subscription Agreement (or such other time and date as the parties thereto may agree), the Subscription Agreement will be automatically terminated and lapse. The parties to the Subscription Agreement will be released from all rights, obligations and liabilities thereunder, and shall not have any claim against each other for costs, damages, compensation or otherwise, save for any antecedent breach of the terms thereof.

Completion

Completion will take place on the second (2nd) Business Day after the last condition has been satisfied or waived, or such other date as the parties may agree in writing. At Completion, the Company will allot and issue 15,000,000 Subscription Shares to the Subscriber, and the Subscriber will make payments by delivery of a cashier's order.

GENERAL MANDATE

The Subscription Shares will be allotted and issued pursuant to the General Mandate, which has been granted to the Directors to allot and issue up to 305,667,200 Shares, representing 20% of the total number of Shares in issue as at the date of the AGM. As at the date of this announcement, the Company has not allotted and issued any Shares under the General Mandate.

Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares, and the issue of the Subscription Shares is not subject to the approval of the Shareholders.

APPLICATION FOR LISTING OF THE SUBSCRIPTION SHARES

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 1,528,336,000 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion, assuming that there will be no change in the total number of issued Shares (other than the issue of the Subscription Shares) between the date of this announcement and Completion:

Name of Shareholder	As at the date of this announcement		Immediately after Completion	
	Number of Shares held	Approximate % shareholding	Number of Shares held	Approximate % shareholding
Glorious Sun Holdings (BVI) Limited	622,263,000 ⁽¹⁾	40.715	622,263,000	40.319
Advancetex Holdings (BVI) Limited	207,810,000 ⁽¹⁾	13.597	207,810,000	13.465
Dr. Charles Yeung, GBS, JP and Mr. Yeung Chun Fan	138,285,499 ⁽²⁾	9.048	138,285,499	8.960
Mr. Yeung Chun Fan	75,000,000	4.907	75,000,000	4.860
Mr. Pau Sze Kee, Jackson	9,370,000	0.613	9,370,000	0.607
Mr. Hui Chung Shing, Herman, SBS, MH, JP	6,250,000	0.409	6,250,000	0.405
Ms. Cheung Wai Yee	10,095,000	0.661	10,095,000	0.654
Mr. Lau Hon Chuen, Ambrose, GBS, JP	1,492,402	0.098	1,492,402	0.097
Dr. Chung Shui Ming, Timpson, GBS, JP	408,000	0.027	408,000	0.026
The Subscriber	-	-	15,000,000	0.972
Other Shareholders	457,362,099	29.925	457,362,099	29.635
Total	<u>1,528,336,000</u>	<u>100</u>	<u>1,543,336,000</u>	<u>100</u>

Notes:

- (1) 622,263,000 Shares are held by Glorious Sun Holdings (BVI) Limited and 207,810,000 Shares are held by Advancetex Holdings (BVI) Limited. The entire issued voting share capital of each of Glorious Sun Holdings (BVI) Limited and Advancetex Holdings (BVI) Limited is held as to 51.934% by Dr. Charles Yeung and as to 48.066% by Mr. Yeung Chun Fan.
- (2) 138,285,499 Shares are jointly held by Dr. Charles Yeung and Mr. Yeung Chun Fan.

INFORMATION OF THE PARTIES

The Subscriber is a multinational technology company incorporated in Hong Kong with limited liability and is principally engaged in the development of telecommunications, Internet of Things (IoT) and Smart Cities. Mr. Chia Kuang Poo, a businessman specialising in information and communications technology, is the ultimate beneficial owner of the Subscriber. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are Independent Third Parties.

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

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Subscriber has approached the Company indicating its interest in the business of the Company and in making an investment in the Company. Having considered the prospect of diversifying the shareholders base and the Subscription Price (which is agreed principally with reference to the net asset value of the Group), the Directors consider that the Subscription is a positive opportunity for the Company to pursue.

The Directors consider that the terms and conditions of the Subscription Agreement (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds and net proceeds from the Subscription Agreement are estimated to be approximately HK\$18,000,000 and HK\$17,599,000, respectively. The Company intends to use the net proceeds from the Subscription as the Group's general working capital.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve (12) months immediately preceding the date of this announcement.

GENERAL

None of the Directors was required to abstain from voting on the relevant Board resolutions in respect of the Subscription Agreement and the transactions contemplated thereunder at the Board meeting for approving the same according to the bye-laws of the Company or any applicable laws and regulations.

Completion is subject to fulfilment of the conditions thereunder. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company convened on 18 May 2020;
“associate(s)”, “connected person(s)”, “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Business Day”	any day (excluding a Saturday or Sunday or public holiday in Hong Kong) on which banks are generally open for business in Hong Kong;
“Company”	Glorious Sun Enterprises Limited 旭日企業有限公司, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	completion of the Subscription;
“Directors”	the directors of the Company;
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot and issue up to 305,667,200 Shares, being 20% of the total number of Shares in issue as at the date of the AGM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“NAV”	has the meaning as defined under the section headed “SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE - Subscription Price” of this announcement;
“Share(s)”	ordinary share(s) of par value HK\$0.10 each of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	iFree Group (HK) Limited 愛訊集團(香港)有限公司, a company incorporated in Hong Kong with limited liability;
“Subscription”	subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement;
“Subscription Agreement”	the conditional subscription agreement dated 15 January 2021 entered into between the Company as issuer and the Subscriber for the subscription of 15,000,000 Subscription Shares at the Subscription Price;
“Subscription Price”	HK\$1.20 per Subscription Share;
“Subscription Shares”	an aggregate of 15,000,000 Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement; and
“%”	per cent.

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

Hong Kong, 15 January 2021

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 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