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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)

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
Dr. Lam Lee G.

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Place of Business:

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

17 April 2019

To the shareholders of Glorious Sun Enterprises Limited

Dear Sir or Madam,

**EXPLANATORY STATEMENT IN RELATION TO
THE REPURCHASE MANDATE (AS HEREINAFTER DEFINED)**

This is an explanatory statement given to all the shareholders of Glorious Sun Enterprises Limited (the “Shareholders”) (the “Company”) relating to an ordinary resolution to approve the general mandate to repurchase the Company’s securities (the “Repurchase Mandate”) to be proposed at the annual general meeting of the Company to be held on Tuesday, 28 May 2019.

(A) REPURCHASE MANDATE

(i) Share Capital

As at 10 April 2019, being the latest practicable date (the “Latest Practicable Date”) prior to the printing of this document, the number of issued shares of the Company was 1,528,336,000 shares of HK\$0.10 each, all of which are fully paid (the “Shares”).

Subject to the passing of the ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the annual general meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 152,833,600 Shares during the course of the period prior to the next annual general meeting.

(ii) Reasons for Repurchases

The Directors believe that it is in the best interests of the Company and its shareholders to seek a general authority from shareholders to enable the Directors to repurchase Shares on the market. Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the value of the net assets and/or earnings and/or dividend per Share.

(iii) Funding of Repurchases

Repurchases must be funded out of funds which are legally available for the purpose in accordance with the Company’s constitutive documents and Bermuda law, being capital paid up on the purchased Shares or out of the funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase of the Shares to be purchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company’s share premium account. It is envisaged that the funds required for any repurchase would be derived from such sources.

The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company. No material adverse impact on the working capital requirements or gearing levels of the Company (as compared with the position disclosed in the audited financial statements for the year ended 31 December 2018 contained in the Company’s 2018 annual report) is anticipated in the event that the Repurchase Mandate is exercised in full.

(iv) Share Prices

During each of the twelve months preceding the Latest Practicable Date and the period from 1 April 2019 to the Latest Practicable Date, the highest and lowest prices at which the Shares were traded on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) were as follows:

	Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2018		
April	0.88	0.85
May	0.89	0.86
June	0.89	0.80
July	0.83	0.78
August	0.93	0.80
September	0.89	0.83
October	0.86	0.80
November	0.88	0.82
December	0.87	0.83
2019		
January	0.88	0.84
February	0.94	0.87
March	0.94	0.90
1 April to the Latest Practicable Date	0.92	0.90

(v) **Repurchases of Shares**

The Company has repurchased a total of 4,012,000 Shares on the Stock Exchange during the six months preceding the Latest Practicable Date. Details of the repurchases are disclosed as follows:

Date of Repurchase	Number of Shares Repurchased	Repurchase Price Per Share	
		Highest HK\$	Lowest HK\$
10 October 2018	60,000	0.85	0.85
11 October 2018	132,000	0.84	0.83
12 October 2018	120,000	0.84	0.83
15 October 2018	60,000	0.84	0.84
16 October 2018	108,000	0.84	0.83
18 October 2018	60,000	0.84	0.84
19 October 2018	160,000	0.83	0.83
22 October 2018	80,000	0.84	0.84
23 October 2018	60,000	0.83	0.83
24 October 2018	100,000	0.83	0.83
25 October 2018	144,000	0.84	0.83
26 October 2018	60,000	0.83	0.83
29 October 2018	120,000	0.83	0.82
30 October 2018	212,000	0.83	0.81
31 October 2018	80,000	0.83	0.83
1 November 2018	120,000	0.83	0.83
2 November 2018	148,000	0.84	0.83
5 November 2018	140,000	0.84	0.83
6 November 2018	120,000	0.84	0.84
7 November 2018	80,000	0.84	0.84
8 November 2018	100,000	0.84	0.84
9 November 2018	120,000	0.84	0.84
12 November 2018	120,000	0.84	0.84
13 November 2018	104,000	0.84	0.84
14 November 2018	152,000	0.88	0.85
19 November 2018	60,000	0.88	0.88
20 November 2018	60,000	0.88	0.87
22 November 2018	60,000	0.87	0.87
23 November 2018	64,000	0.87	0.86
26 November 2018	60,000	0.87	0.87
27 November 2018	48,000	0.87	0.86
28 November 2018	164,000	0.88	0.87
3 December 2018	60,000	0.87	0.87
4 December 2018	24,000	0.87	0.87
6 December 2018	24,000	0.87	0.87
7 December 2018	24,000	0.87	0.87

Date of Repurchase	Number of Shares Repurchased	Repurchase Price Per Share	
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>
10 December 2018	72,000	0.87	0.86
11 December 2018	24,000	0.86	0.86
13 December 2018	84,000	0.87	0.86
20 December 2018	60,000	0.86	0.86
27 December 2018	96,000	0.86	0.85
28 December 2018	24,000	0.86	0.86
31 December 2018	20,000	0.87	0.87
2 January 2019	20,000	0.87	0.87
3 January 2019	20,000	0.86	0.86
4 January 2019	20,000	0.86	0.86
7 January 2019	24,000	0.86	0.86
10 January 2019	20,000	0.86	0.86
15 January 2019	20,000	0.86	0.86
16 January 2019	20,000	0.86	0.86
18 January 2019	20,000	0.86	0.86
24 January 2019	20,000	0.86	0.86
28 January 2019	20,000	0.87	0.87
30 January 2019	20,000	0.87	0.87

(vi) General

None of the Directors or, to the best of their knowledge having made all reasonable enquires, their close associates, have any present intention to sell any Shares to the Company under the Repurchase Mandate if it is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), the memorandum of association and bye-laws of the Company and the laws of Bermuda.

If as a result of a repurchase of Shares a shareholder’s proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Codes on Takeovers and Mergers and Share Buy-backs (the “Takeover Code”). As a result, a shareholder or a group of shareholders acting in concert depending on the level of increase of shareholders’ interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code. The Directors are not aware of any shareholder or a group of shareholders acting in concert, who may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code as a result of the Directors exercising the power to repurchase Shares pursuant to the Repurchase Mandate.

As at the Latest Practicable Date, Dr. Charles Yeung, GBS, JP and Mr. Yeung Chun Fan, both are the Directors, together with parties acting in concert with them were beneficially interested in 1,127,604,499 Shares representing 73.78 per cent. of the issued shares of the Company. On the basis that no further Shares are to be issued, a full exercise of the Repurchase Mandate by the Directors would result in Mr. Charles Yeung and Mr. Yeung Chun Fan together with parties acting in concert with them in aggregate holding approximately 81.98 per cent. of the issued shares of the Company. Accordingly, the Directors are not aware of any consequences which would arise under the Takeover Code as a consequence of any repurchases made pursuant to the Repurchase Mandate. So far as the Directors are aware, the Company does not have any present intention to repurchase Shares pursuant to the Repurchase Mandate to such an extent that the Company is not able to maintain the minimum public float for the Shares.

No core connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Company is authorised to make repurchases of Shares.

(B) RECOMMENDATION

The Directors consider that the approval of Repurchase Mandate is in the best interests of the Company and its shareholders. Accordingly, the Directors recommend that the Shareholders should vote in favour of the ordinary resolution relating to the Repurchase Mandate to be proposed at the annual general meeting of the Company.

Yours faithfully,
Dr. Charles Yeung, GBS, JP
Chairman