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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)

CONNECTED TRANSACTION CONSTRUCTION AGREEMENT IN RELATION TO THE FITTING-OUT WORKS FOR CERTAIN MOCK-UPS

THE CONSTRUCTION AGREEMENT

On 18 March 2024, Changhong, an indirect non-wholly-owned subsidiary of the Company, and Huacheng Property entered into the Construction Agreement, pursuant to which Huacheng Property has engaged Changhong to carry out the fitting-out and decoration works on One Lakeside for a total consideration of RMB3,330,000, subject to adjustments (if any).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Huacheng Property is ultimately owned by Dr. Charles Yeung and Mr. Yeung Chun Fan, each an executive Director, as to 51.934% and 48.066%, respectively. Therefore, Huacheng Property is an associate of Dr. Charles Yeung and Mr. Yeung Chun Fan and hence a connected person of the Company. The transactions contemplated under the Construction Agreement constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

Since one or more applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Construction Agreement exceed 0.1% but all applicable percentage ratios are less than 5%, the transactions contemplated under the Construction Agreement are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

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THE CONSTRUCTION AGREEMENT

The principal terms of the Construction Agreement are set out below:

Date	18 March 2024
Parties	(i) Huacheng Property (as principal); and (ii) Changhong (as contractor), an indirect non-wholly-owned subsidiary of the Company.
Subject matter	Changhong has been engaged as the contractor to carry out the fitting-out and decoration works in respect of certain mock-ups on One Lakeside (the “ Fitting-out Works ”). The scope of the Fitting-out Works includes, among others, lift and escalator lobbies, atriums, restroom aisles, common corridors/passages, on certain floors of One Lakeside.
Construction period	The construction period for the Fitting-out Works is forty-four (44) calendar days and is expected to be completed on 30 April 2024.
Consideration	The total consideration payable by Huacheng Property shall be RMB3,330,000 (approximately HKD3,620,000) (the “ Consideration ”). If the costs of construction materials or labour increase due to delay or extension of the construction period, the Consideration shall be adjusted accordingly pursuant to the mechanism under the Construction Agreement.

The Consideration was determined, after arm’s length negotiations between Huacheng Property and Changhong and on normal commercial terms, on a cost-plus basis and represents a gross profit mark-up rate ranging from 5% to 20%. In determining the Consideration, (i) the internal qualified PRC cost engineers at Changhong have assessed the total costs of the Fitting-out Works, including but not limited to the costs of construction materials and labour costs; (ii) Huacheng Property has engaged an independent professional surveyor to verify the Consideration with reference to market prices and previous transactions of similar nature with independent third parties; and (iii) parties have referred to, and ensure the Consideration has complied with, the relevant fee standards and requirements under the guidance issued by relevant PRC authorities in Guangdong Province in respect of construction works, to the extent applicable. The Consideration was arrived at after taking into account the gross profit mark-up rate.

Having considered the above, the Board considers that the Consideration is fair and reasonable.

Payment terms The Consideration shall be settled in cash by Huacheng Property in the following manner:

- (a) 30% of the Consideration shall be paid as procurement fees for construction materials within ten (10) business days upon execution of the Construction Agreement;
- (b) up to 95% of the Consideration (after taking into account the amount already paid under (a) above) shall be paid by installment on a monthly basis during the Fitting-out Works. The amount of each installment payment shall be determined based on the progress of the Fitting-out Works completed; and
- (c) the remaining 5% of the Consideration shall be paid within ten (10) business days upon expiry of the warranty period.

Warranty period The warranty period shall be two (2) years, during which Changhong shall be responsible for handling and fixing quality issues regarding the Fitting-out Works and the relevant expenses incurred shall be borne by Changhong.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION AGREEMENT

The principal activity of the Company is investment holding. The Company's subsidiaries are engaged in financial investments, interior decoration and renovation, and export and retailing of casual wear. Changhong is an indirect non-wholly-owned subsidiary of the Company and is principally engaged in the provision of interior decoration and renovation services.

One Lakeside, owned and developed by Huacheng Property, is a one-stop shopping complex integrating catering, entertainment, tourism and culture and is expected to house more than 200 brand merchants. The design concept of "One Lakeside" not only embraces traditional Hakka culture and Lingnan style, but will also bring a lifestyle experience to Huizhou and become the new landmark of the Greater Bay Area. Considering the potential commercial value of One Lakeside, the Board expects that carrying out the Fitting-out Works will enable the Group to build up its interior decoration and renovation portfolios and thus enhance its market presence in the Greater Bay Area, which will bring long-term returns to the Group and the Shareholders.

Having taken into account the above, the Board (including the independent non-executive Directors) considers that (i) the Construction Agreement was entered into in the ordinary and usual course of business of the Group, (ii) the transactions contemplated thereunder will increase the business volume of the Group and (iii) the terms of the Construction Agreement are on normal commercial terms or better, which have been negotiated on an arm's length basis, are fair and reasonable, and are in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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Yeung Chun Fan and hence a connected person of the Company. The transactions contemplated under the Construction Agreement constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

Since one or more applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Construction Agreement exceed 0.1% but all applicable percentage ratios are less than 5%, the transactions contemplated under the Construction Agreement are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Dr. Charles Yeung and Mr. Yeung Chun Fan, who have an interest in the Construction Agreement, together with 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 Construction Agreement and the transactions contemplated thereunder were considered and passed and hence 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, abstained from voting on the relevant Board resolutions approving the Construction Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has a material interest in the Construction Agreement and the transactions contemplated thereunder or is required to abstain from voting on the relevant Board resolutions approving the same.

INFORMATION OF THE PARTIES

Information about the Company and Changhong

The principal activity of the Company is investment holding. The Company's subsidiaries are engaged in financial investments, interior decoration and renovation, and export and retailing of casual wear.

Changhong is a company incorporated under the laws of the PRC with limited liability and an indirect non-wholly-owned subsidiary of the Company. It is principally engaged in the provision of interior decoration and renovation services.

Information about Huacheng Property

Huacheng Property is a company incorporated under the laws of the PRC with limited liability, which is ultimately owned by Dr. Charles Yeung and Mr. Yeung Chun Fan, each an executive Director, as to 51.934% and 48.066%, respectively. It is principally engaged in property development and management, and property investment.

DEFINITIONS

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

“associate(s)”, each has the meaning ascribed to it under the Listing Rules
“connected person(s)”,
“connected transaction(s)”
and “subsidiary(ies)”

“Board”	the board of Directors
“Changhong”	Shijiazhuang Changhong Building Decoration Engineering Company Limited* (石家莊常宏建築裝飾工程有限公司), a company incorporated under the laws of the PRC and an indirect non-wholly-owned subsidiary of the Company
“Company”	Glorious Sun Enterprises Limited (旭日企業有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Consideration”	has the meaning given to it under the section headed “THE CONSTRUCTION AGREEMENT – Consideration” in this announcement
“Construction Agreement”	the construction agreement dated 18 March 2024 entered into between Huacheng Property and Changhong in relation to the engagement of Changhong as a contractor to carry out the Fitting-out Works
“Directors”	the directors of the Company
“Fitting-out Works”	has the meaning given to it under the section headed “THE CONSTRUCTION AGREEMENT – Subject matter” in this announcement
“Group”	the Company and its subsidiaries
“Huacheng Property”	Glorious Sun Huacheng Property (Huizhou) Co., Ltd.* (旭日花城房產(惠州)有限公司), a company incorporated under the laws of the PRC
“HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“One Lakeside”	a shopping mall complex located in Huizhou, Guangdong Province, the PRC, which is owned and developed by Huacheng Property
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	shareholder(s) 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, GBS, MH, JP
Director

Hong Kong, 18 March 2024

** for identification purpose only*

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

Executive Directors:

Dr. Charles Yeung, GBS, JP, Yeung Chun Fan, BBS, Hui Chung Shing, Herman, GBS, MH, JP, Ms. Cheung Wai Yee and Ms. Yeung Yin Chi, Jennifer

Independent Non-executive Directors:

Lau Hon Chuen, Ambrose, GBS, JP, Dr. Chan Chung Bun, Bunny, GBM, GBS, JP, Ng Wing Ka, Jimmy, BBS, JP and Choi Tak Shing, Stanley, JP