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**If you have sold** all your shares in Glorious Sun Enterprises Limited, you should at once hand this document, together with the accompanying proxy form, to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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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. Hui Chung Shing, Herman, GBS, MH, JP  
Ms. Cheung Wai Yee  
Ms. Yeung Yin Chi, Jennifer

*Independent Non-executive Directors:*

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

*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

21 April 2023

*To the shareholders of Glorious Sun Enterprises Limited*

Dear Sir or Madam,

**EXPLANATORY STATEMENT IN RELATION TO  
THE REPURCHASE MANDATE (AS HEREINAFTER DEFINED)  
AND  
PROPOSED AMENDMENTS TO EXISTING BYE-LAWS OF THE COMPANY**

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”) and a

special resolution to approve the proposed amendments to the Company's Bye-laws (the "Bye-laws") to be proposed at the annual general meeting of the Company to be held on Tuesday, 30 May 2023.

**(A) REPURCHASE MANDATE**

**(i) Share Capital**

As at 12 April 2023, 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 1,527,984,000 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 152,798,400 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 2022 contained in the Company's 2022 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 2023 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:

	<b>Shares</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2022</b>		
April	0.80	0.75
May	0.81	0.76
June	0.81	0.78
July	0.79	0.76
August	0.79	0.74
September	0.78	0.71
October	0.75	0.65
November	0.73	0.65
December	0.78	0.71
<b>2023</b>		
January	0.78	0.73
February	0.79	0.74
March	0.79	0.73
1 April to the Latest Practicable Date	0.78	0.73

**(v) 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, Mr. Charles Yeung and Mr. Yeung Chun Fan, both are the Directors, together with parties acting in concert with them were beneficially interested in 1,115,224,499 Shares representing 72.99 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 81.10 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.

There have been no repurchases of any Shares of the Company made in the six months preceding the Latest Practicable Date (whether on the Stock Exchange or otherwise).

#### **(B) PROPOSED AMENDMENTS TO EXISTING BYE-LAWS OF THE COMPANY**

In line with the Company's objective to enhance the corporate governance of the Company so as to comply with the relevant requirements of the applicable laws of Hong Kong and the Listing Rules (in particular, Appendix 3 to the Listing Rules, as amended with effect from 1 January 2022), the Directors proposes to amend the existing Bye-laws by including express references to a shareholder's right to speak at general meeting.

Details of the proposed amendments to the existing Bye-Laws are set out in Appendix to this circular.

#### **(C) RECOMMENDATION**

The Directors consider that the approval of Repurchase Mandate and the proposed amendments to the existing Bye-laws are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders should vote in favour of the ordinary resolution relating to the Repurchase Mandate and the special resolution relating to the proposed amendments to the existing Bye-laws to be proposed at the annual general meeting of the Company.

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

**APPENDIX – PROPOSED AMENDMENTS TO EXISTING BYE-LAWS OF THE COMPANY**

The following are the proposed amendments to the existing Bye-laws, with the deletions shown in strikethrough and the additions or revisions shown in underline. All capitalised terms in the proposed amendments contained in this Appendix are terms defined in the existing Bye-laws which shall have the corresponding meanings ascribed to them in the existing Bye-laws.

<b>Bye-law</b>	<b>Proposed amendments to the existing Bye-laws</b>
71.	<p>An annual general meeting and a meeting called for the passing of a special resolution shall be called by 21 days’ notice in writing at the least, and a meeting of the Company other than an annual general meeting or a meeting for the passing of a special resolution shall be called by at least 14 days’ notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business, and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these Bye-laws, entitled to receive such notices from the Company, provided that subject to the provisions of the Statutes, a meeting of the Company shall notwithstanding that it is called by shorter notice than that specified in this Bye-law be deemed to have been duly called if it is so agreed:–</p> <p>(i) in the case of a meeting called as the annual general meeting, by all the members entitled to attend, <u>speak</u> and vote thereat; and</p> <p>(ii) in the case of any other meeting, by a majority in number of the members having a right to attend, <u>speak</u> and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.</p>
83.	<p>(A) Subject to the Companies Act, a resolution in writing signed by all the members for the time being entitled to receive notice of and to attend, <u>speak</u> and vote at general meetings shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held. A written notice of confirmation of such resolution in writing signed by or on behalf of a member shall be deemed to be his signature to such resolution in writing for the purposes of this Bye-law. Such resolution in writing may consist of several documents each signed by or on behalf of one or more members.</p>

<b>Bye-law</b>	<b>Proposed amendments to the existing Bye-laws</b>
86.	Any person entitled under Bye-law 48 to be registered as the holder of any shares may <u>speak and</u> vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least 48 hours before the time of the holding of the meeting or adjourned meeting (as the case may be) at which he proposes to vote, he shall satisfy the Board of his right to be registered as the holder of such shares or the Board shall have previously admitted his right to <u>speak and</u> vote at such meeting in respect thereof.
87.	Where there are joint registered holders of any share, any one of such persons may <u>speak and</u> vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to <u>speak and</u> vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this Bye-law be deemed joint holders thereof.
88.	A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy may <u>speak and</u> vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other person may on a poll vote by proxy. Evidence to the satisfaction of the Board of the authority of the person claiming to exercise the right to <u>speak and</u> vote shall be delivered to the registered office of the Company, or to such other place as is specified in accordance with these Bye-laws for the deposit of instruments or proxy, not later than the last time at which a valid instrument of proxy could be so delivered.

Bye-law	Proposed amendments to the existing Bye-laws
89.	<p>(A) Save as expressly provided in these Bye-laws, no person other than a member duly registered and who shall have paid everything for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or <u>to speak or</u> to vote (save as proxy for another member) either personally or by proxy, or to be reckoned in a quorum, at any general meeting.</p> <p>(B) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman, whose decision shall be final and conclusive.</p> <p>(C) <u>Members have the right to (i) speak at a general meeting and (ii) vote at a general meeting except where a member is, under the rules of the stock exchange in Hong Kong, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.</u>  <del>Where the Company has knowledge that any member is, under the rules of the stock exchange in Hong Kong, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.</del></p>
90.	<p>(A) Any member of the Company entitled to attend, <u>speak</u> and vote at a meeting of the Company or a meeting of the holders of any class of shares in the Company shall be entitled to appoint another person as his proxy to attend, <u>speak</u> and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a meeting of the Company or a meeting of the holders of any class of shares in the Company. A proxy shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.</p>

Bye-law	Proposed amendments to the existing Bye-laws
92.	<p>The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at such place or one of such places (if any) as may be specified for that purpose in the notice of meeting or in the instrument of proxy issued by the Company (or, if no place is so specified at the Registration Office) not less than forty-eight hours before the time for holding the meeting or adjourned meeting (as the case may be) at which the person named in such instrument proposes to <u>speak and</u> vote, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve months from such date. Delivery of an instrument appointing a proxy shall not preclude a member from attending, <u>speaking</u> and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.</p>
94.	<p>The instrument appointing a proxy to vote at a general meeting shall: (i) be deemed to confer authority upon the proxy to <u>speak and</u> vote on any resolution (or amendment thereto) put to the meeting for which it is given as the proxy thinks fit provided that any form issued to a member for use by him for appointing a proxy to attend, <u>speak</u> and vote at a special general meeting or at an annual general meeting at which special business (determined as provided in Bye-law 73) is to be transacted shall be such as to enable the member, according to his intention, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such special business; and (ii) unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.</p>
96A.	<p>If permitted by the Companies Act, a Clearing House (or its nominee) if a corporation being a member of the Company may appoint such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of members of the Company and the appointment shall specify the number and class of shares in respect of which each such representative is so appointed. A person so appointed under the provisions of this Bye-law shall be entitled to exercise the same powers on behalf of the Clearing House (or its nominee) which he represents as that Clearing House (or its nominee) could exercise as if it were an individual member attending any general meeting of the Company or at any meeting of any class of members of the Company in person including, without limitation to the generality of the foregoing, the right to <u>speak and</u> vote individually on a show of hands.</p>