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LAI SUN GARMENT

Lai Sun Garment (International) Limited
(Incorporated in Hong Kong with limited liability)

(Stock Code: 191)

MAJOR DISPOSAL AND MAJOR ACQUISITION



eSun Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 571)

MAJOR DISPOSAL AND MAJOR ACQUISITION



LAI SUN DEVELOPMENT

Lai Sun Development Company Limited
(Incorporated in Hong Kong with limited liability)

(Stock Code: 488)

DISCLOSEABLE TRANSACTION



LAI FUNG HOLDINGS

Lai Fung Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1125)

MAJOR DISPOSAL AND MAJOR ACQUISITION

JOINT ANNOUNCEMENT

SUBSCRIPTION OF 16.68% EQUITY INTEREST IN A SUBSIDIARY BY AN INVESTOR INVOLVING THE GRANT OF OPTIONS AND PROVISION OF GUARANTEE

SUBSCRIPTION OF 16.68% EQUITY INTEREST IN A SUBSIDIARY BY AN INVESTOR INVOLVING THE GRANT OF OPTIONS

The LSG Board, the LSD Board, the eSun Board and the Lai Fung Board wish to announce that on 19 January 2020, the Investor, Laisun Creative Culture and Winfield Concept, entered into the Agreement, pursuant to which, among others, the Investor has agreed to make a total capital contribution of approximately RMB948.4 million in Laisun Creative Culture. Out of the total capital contribution of approximately RMB948.4 million, RMB380.3 million and RMB568.1 million will be applied to each of the registered capital and capital reserve of Laisun Creative Culture, respectively.

As at the date of this joint announcement, Laisun Creative Culture is a direct wholly-owned subsidiary of Winfield Concept, which is an indirect subsidiary of each of LSG, LSD, eSun and Lai Fung. Upon Completion of the Subscription, Laisun Creative Culture will be held as to approximately 83.32% by Winfield Concept and approximately 16.68% by the Investor.

Pursuant to the Agreement, (i) the Investor has been granted the Put Option pursuant to which the Investor has the right (but not an obligation) to require Laisun Creative Culture and/or Winfield Concept to acquire all equity interest held by the Investor in Laisun Creative Culture upon the occurrence of certain events as set out in the paragraph “Put Option”; and (ii) Winfield Concept and Laisun Creative Culture have been granted the Call Option pursuant to which Winfield Concept and/or Laisun Creative Culture have/has the right (but not an obligation), at its discretion, to acquire the Investor’s equity interest in Laisun Creative Culture at a price as set out in the paragraph “Call Option”.

PROVISION OF GUARANTEE

Pursuant to the Agreement, before the Investor pays the Capital Injection, Laisun Creative Culture and Winfield Concept will procure each of Lai Fung and LSD to provide the Guarantee in favour of the Investor to guarantee the due performance by, and the obligations of, Laisun Creative Culture and Winfield Concept under the Agreement.

LISTING RULES IMPLICATIONS

Following Completion of the Subscription, the equity interest held by Winfield Concept in Laisun Creative Culture will be diluted from 100% to approximately 83.32%. The dilution of Winfield Concept’s equity interest in Laisun Creative Culture will constitute a deemed disposal for each of LSG, LSD, eSun and Lai Fung pursuant to Rule 14.29 of the Listing Rules. Laisun Creative Culture will remain as a subsidiary of each of LSG, LSD, eSun and Lai Fung.

For the purpose of Rule 14.74 of the Listing Rules, given the exercise of the Put Option is not at the discretion of Laisun Creative Culture or Winfield Concept, the Put Option is treated as if it has been exercised upon its grant. Based on the Agreement, the grant of the Put Option, which is treated as if it has been exercised upon its grant, would constitute a major acquisition for each of LSG, eSun and Lai Fung, and a discloseable transaction for LSD, under Chapter 14 of the Listing Rules, respectively. Each of LSG, LSD, eSun and Lai Fung will comply with the relevant requirements under the Listing Rules as and when appropriate should the Investor exercise the Put Option.

For the purpose of Rule 14.75 of the Listing Rules, given the exercise of the Call Option is at the discretion of Winfield Concept, only the premium for the grant of the Call Option (which is nil) shall be taken into consideration for the purpose of determining the applicable percentage ratios under Chapter 14 of the Listing Rules. Each of LSG, LSD, eSun and Lai Fung will comply with applicable requirements under the Listing Rules upon exercise of the Call Option.

FINANCIAL ASSISTANCE

LSD is a substantial shareholder of eSun, which in turn owns approximately 50.53% of the total issued shares of Lai Fung. Lai Fung and LSD, through Rosy Commerce Holdings Limited, a company incorporated in the British Virgin Islands held indirectly as to 80% and 20% by Lai Fung and LSD respectively, indirectly owns Winfield Concept and its wholly-owned subsidiary, Laisun Creative Culture. Accordingly, Winfield Concept and Laisun Creative Culture are connected subsidiaries of eSun and Lai Fung under Rule 14A.16 of the Listing Rules. As such, the provision of the Guarantee by, among others, Lai Fung in favour of the Investor to guarantee the due performance by, and the obligations of, Laisun Creative Culture and Winfield Concept under the Agreement constitutes provision of financial assistance to such connected subsidiaries by Lai Fung, which also constitutes provision of financial assistance to connected subsidiaries by eSun by virtue of eSun being a holding company of Lai Fung.

Given the provision of the Guarantee was conducted on normal commercial terms, and the Guarantee was provided by Lai Fung and LSD, on a several (and not a joint and several) basis, in proportion to their respective shareholdings in Laisun Creative Culture and Winfield Concept, the provision of the Guarantee is fully exempt from the reporting, announcement, annual review and shareholders' approval requirements pursuant to Rule 14A.89 of the Listing Rules.

LSG, eSUN AND LAI FUNG

Major Disposal and Major Acquisition

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of each of the Subscription and the grant of the Put Option are greater than 25% but less than 75%, each of the Subscription and the grant of the Put Option constitutes a major disposal and a major acquisition, respectively, for each of LSG, eSun and Lai Fung under the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A general meeting will be held by LSG for its shareholders to consider and, if thought fit, pass the requisite resolution to approve the Subscription and the grant of the Put Option. A circular containing, among other things, further details of the Subscription and the Put Option, and a notice convening the general meeting of LSG, is expected to be despatched to the shareholders of LSG for their information on or before 31 March 2020 to allow sufficient time for LSG to prepare the relevant information for inclusion in the circular.

No special general meeting will be held by eSun as LSD will give its written approval for the Subscription and the grant of the Put Option pursuant to Rule 14.44(2) of the Listing Rules.

No extraordinary general meeting will be held by Lai Fung as eSun will give its written approval for the Subscription and the grant of the Put Option pursuant to Rule 14.44(2) of the Listing Rules.

A circular containing, among other things, further details of the Subscription and the Put Option, is expected to be despatched to the shareholders of eSun and Lai Fung, respectively for their information on or before 31 March 2020, which is more than fifteen (15) HK Business Days after the publication of this joint announcement so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular. Pursuant to Rule 14.41(a) of the Listing Rules, the circulars should be despatched within fifteen (15) HK Business Days after the publication of this joint announcement. As such, eSun and Lai Fung will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules.

LSD

Discloseable Transaction

As one or more of the applicable percentage ratios in respect of each of the Subscription and the grant of the Put Option are greater than 5% but less than 25% for LSD, each of the Subscription and the grant of the Put Option constitutes a discloseable transaction for LSD under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules but is exempt from shareholders' approval requirement.

Respective shareholders and potential investors of LSG, LSD, eSun and Lai Fung should note that completion of the Subscription is subject to a number of condition precedents which may or may not be fulfilled. Respective shareholders and potential investors of LSG, LSD, eSun and Lai Fung should therefore exercise caution when dealing in the shares and/or other securities of LSG, LSD, eSun and Lai Fung.

The LSG Board, the LSD Board, the eSun Board and the Lai Fung Board wish to announce that on 19 January 2020, the Investor, Laisun Creative Culture and Winfield Concept entered into the Agreement, the principal terms of which are summarised below:

THE AGREEMENT

Date

19 January 2020

Parties

- (1) the Investor;
- (2) Laisun Creative Culture; and
- (3) Winfield Concept.

To their respective best knowledge, information and belief, having made all reasonable enquiries, the LSG Directors, the LSD Directors, the eSun Directors and the Lai Fung Directors confirm that the Investor and its ultimate beneficial owner(s) are independent of LSG, LSD, eSun and Lai Fung and their respective connected persons under the Listing Rules.

Capital Injection

Pursuant to the terms and conditions of the Agreement, the Investor has agreed to make a total capital contribution of approximately RMB948.4 million in Laisun Creative Culture. Out of the total capital contribution of approximately RMB948.4 million, RMB380.3 million and RMB568.1 million will be applied to each of the registered capital and capital reserve of Laisun Creative Culture, respectively.

Payment terms and basis of determining the amount of Capital Injection

In respect of the total capital contribution of RMB948.4 million by the Investor in Laisun Creative Culture, (i) RMB825.6 million shall be paid by the Investor within ten (10) PRC Business Days after the Investor has obtained the relevant fund and the necessary approval for the relevant fund from the PRC government, and (ii) the remaining RMB122.8 million shall be paid by the Investor on a later date depending on the progress of development of Novotown Phase I and subject to the shareholders' approval of Laisun Creative Culture.

Subject to and upon Completion of the Subscription, Laisun Creative Culture will be held as to approximately 83.32% by Winfield Concept and approximately 16.68% by the Investor.

The consideration for the Capital Injection was determined after arm's length negotiations amongst the parties to the Agreement with reference to, among others, valuations performed by independent third party valuers as at 31 March 2019 and the respective percentage of the equity interest to be held by the parties on a fully paid-up and enlarged basis.

Board of Directors

The board of directors of Laisun Creative Culture shall at all times consist of seven (7) directors. After Completion of the Subscription, the Investor has the right to nominate one (1) director and Winfield Concept has the right to nominate six (6) directors to the board of directors of Laisun Creative Culture. All resolutions of the board of directors of Laisun Creative Culture must be passed by a simple majority, except that unanimous consent is required for certain major decisions to be made, for example, alteration of the articles of association, change in registered capital, winding-up, dissolution or liquidation, any material change of the scope of business and provision of external financing and guarantees.

Guarantee

Pursuant to the Agreement, before the Investor pays the Capital Injection, Laisun Creative Culture and Winfield Concept will procure each of Lai Fung and LSD to provide the Guarantee in favour of the Investor to guarantee the due performance by, and the obligations of, Laisun Creative Culture and Winfield Concept under the Agreement. The amount of Guarantee to be provided by Lai Fung and LSD will be up to 80% and 20% of the total amount payable by Laisun Creative Culture and Winfield Concept under the Agreement, respectively. Upon Laisun Creative Culture repays all of its bank loans relating to Novotown Phase I, the Investor may serve notice to Laisun Creative Culture and elect for the Guarantee to be replaced with a legal mortgage of the Self-owned Properties to be given by Laisun Creative Culture in favour of the Investor in an amount which is equivalent to 120% of the Capital Injection.

Investment return

Subject to the applicable law requirements and after the Investor has paid the first instalment of the total capital contribution, during the Investment Period, Laisun Creative Culture shall pay the Investor an investment return in each financial year which is not less than 0.5% per annum of its Capital Injection to Laisun Creative Culture.

In the event that the investment return payable by Laisun Creative Culture by way of distribution of dividend to the Investor in a particular year is less than the Minimum Investment Return for that year, Winfield Concept has to make up for the shortfall in the Investor's entitlement to the Minimum Investment Return.

Subject to the applicable law requirements, Laisun Creative Culture will distribute dividends payable in cash each year to the Investor and Winfield Concept within one (1) month after the financial statements of Laisun Creative Culture have been approved by its board of directors or shareholders.

The dividend distribution will be made out of distributable profits of Laisun Creative Culture generated from the operations in respect of the Self-owned Properties only to the Investor and Winfield Concept at a 30:70 ratio. Winfield Concept is entitled to all the remaining distributable profits of Laisun Creative Culture generated from the operations in respect of Non Self-owned Properties. For the avoidance of doubt, the Investor does not have any entitlement to the distribution of any profits generated from the operations in respect of Non Self-owned Properties.

Put Option

Pursuant to the Agreement, the Investor has been granted the Put Option pursuant to which, the Investor has the right (but not an obligation) to require Laisun Creative Culture and/or Winfield Concept to acquire all equity interest held by the Investor in Laisun Creative Culture upon the occurrence of the following events:

- (a) if Laisun Creative Culture is unable to pay the Minimum Investment Return to the Investor and Winfield Concept is unable to make up for the shortfall in the Investor's entitlement to the Minimum Investment Return during the Investment Period; in such case, the Investor may exercise the Put Option to require Laisun Creative Culture and/or Winfield Concept to acquire all equity interest held by the Investor in Laisun Creative Culture, within sixty (60) days upon receipt of notice from the Investor, at a price calculated as follows:

$\text{Capital Injection} + (\text{Capital Injection} \times 7\% \times \text{Outstanding Payment Days}) / 365 \text{ days}$

- (b) if, one (1) month before the expiration of the Investment Period, the Investor and Winfield Concept are unable to agree on the extension of the Investment Period and any party does not agree to wind up Laisun Creative Culture voluntarily; in such case, the Investor has the right (but not an obligation) to require Laisun Creative Culture and/or Winfield Concept to acquire all equity interest held by the Investor in Laisun Creative Culture at a price calculated as follows:

$\text{Capital Injection} + \text{outstanding Minimum Investment Return payable to the Investor}$

- (c) if there is a change in the regulatory requirements or government policy in the PRC which causes the Investor unable to perform its obligations under the Agreement; in such case, the Investor has the right (but not an obligation) to require Laisun Creative Culture and/or Winfield Concept to acquire all equity interest held by the Investor in Laisun Creative Culture at a price calculated as follows:

$\text{Capital Injection} + \text{outstanding Minimum Investment Return payable to the Investor}$

- (d) if each of Laisun Creative Culture and Winfield Concept fails to perform its obligations to procure Lai Fung and LSD to provide the Guarantee; in such case, the Investor may exercise the Put Option to require Laisun Creative Culture and/or Winfield Concept to acquire, within sixty (60) days upon receipt of notice from the Investor, all equity interest held by the Investor in Laisun Creative Culture at a price calculated as follows:

$\text{Capital Injection} + (\text{Capital Injection} \times 7\% \times \text{Days of Breach}) / 365 \text{ days}$

- (e) if Lai Fung commits any material breach of any of its obligations under the Framework Agreement; in such case, the Investor may exercise the Put Option to require Laisun Creative Culture and/or Winfield Concept to acquire all equity interest held by the Investor in Laisun Creative Culture, within sixty (60) days, at a price calculated as follows:

$\text{Capital Injection} + (\text{Capital Injection} \times 7\% \times \text{Days of Breach}) / 365 \text{ days}$

Winding-up

In the event of voluntary winding up of Laisun Creative Culture (whether it is agreed by both Winfield Concept and the Investor or it is unilaterally determined by the Investor), if the amount distributed to the Investor falls short of the aggregate of the Capital Injection and the outstanding Minimum Investment Return payable to the Investor, then Winfield Concept has to make up for such shortfall to the Investor.

Call Option

Before the expiration of the Investment Period, Laisun Creative Culture and/or Winfield Concept have/has the right to (but not an obligation), at its discretion, to acquire the Investor's equity interest in Laisun Creative Culture at a price which is equivalent to the Capital Injection together with the outstanding Minimum Investment Return payable to the Investor.

Default

If Laisun Creative Culture and/or Winfield Concept fail(s) to acquire all equity interest held by the Investor pursuant to the Put Option under the Agreement, the Investor has the right (but not an obligation) to request Laisun Creative Culture and/or Winfield Concept to pay a daily penalty in the sum of 0.05% of the price payable but unpaid to the Investor pursuant to the Put Option.

Pre-emptive Rights

Any transfer of an equity interest in Laisun Creative Culture by the Investor or Winfield Concept to any third party is subject to a right of first refusal in favour of the other shareholder.

Conditions Precedents

Completion of the Subscription is conditional upon the fulfilment of the following conditions on or before a date no later than one hundred and eighty (180) days after the Investor made the Capital Injection:

- (a) each of the LSG Directors, the LSD Directors, the eSun Directors and the Lai Fung Directors having approved the entering into of the Agreement and the transactions contemplated thereunder, including without limitation, the Subscription and the grant of the Put Option; and
- (b) the shareholders of LSG, eSun and Lai Fung having respectively passed the resolutions approving the entering into of the Agreement and the transactions contemplated thereunder, including without limitation, the Subscription and the grant of the Put Option.

Completion

Completion of the Subscription shall take place on a date no later than the tenth (10th) PRC Business Day after (i) each of the LSG Directors, the LSD Directors, the eSun Directors and the Lai Fung Directors having approved the entering into of the Agreement and the transactions contemplated thereunder, including without limitation, the Subscription and the grant of the Put Option; and (ii) the shareholders of LSG, eSun and Lai Fung having respectively passed the resolutions approving the entering into of the Agreement and the transactions contemplated thereunder, including without limitation, the Subscription and the grant of the Put Option.

Termination

The Agreement may be terminated if:

- (a) the approvals of (i) the LSG Directors, the LSD Directors, the eSun Directors and the Lai Fung Directors; (ii) the shareholders of LSG, eSun and Lai Fung; and (iii) the Stock Exchange, on the transactions contemplated under the Agreement have not been obtained within one hundred and eighty (180) days after the payment date of the Capital Injection by the Investor or within a longer period of time as otherwise agreed by the parties to the Agreement, the Investor may terminate the Agreement and Laisun Creative Culture shall return the Capital Injection paid together with an interest at a rate of 7% per annum which shall be calculated on the actual number of days elapsed and on the basis of a 365-day year;
- (b) any government authority issues an order, decree or ruling, or has taken any other action, restricts, blocks or otherwise prohibits the transactions contemplated under the Agreement, and such order, decree, ruling or other action becomes final, any party thereunder is entitled to terminate the Agreement;
- (c) the occurrence of events in the nature of force majeure events, or material breach of contract by any party thereunder which render the performance of obligations of either party under the Agreement impossible; or
- (d) there is unanimous written consent from all parties to the Agreement to terminate.

INFORMATION OF LSG

LSG is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activities of the LSG Group include property development, property investment, investment in and operation of hotels and restaurants, media and entertainment, music production and distribution, films, video format products and television programmes production and distribution, cinema operation, cultural, leisure, entertainment and related facilities and investment holding. LSG owns approximately 56.07% of the total issued shares of LSD as at the date of this joint announcement.

INFORMATION OF LSD

LSD is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activities of the LSD Group include property investment, property development, investment in and operation of hotels and restaurants, media and entertainment, music production and distribution, films, video format products and television programmes production and distribution, cinema operation, cultural, leisure, entertainment and related facilities and investment holding. LSD owns approximately 74.62% of the total issued shares of eSun as at the date of this joint announcement.

INFORMATION OF eSUN

eSun is an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. eSun acts as an investment holding company and the principal activities of the eSun Group include the development, operation of and investment in media and entertainment, music production and distribution, the investment in and production and distribution of television programmes, films and video format products, cinema operation, property development for sale and property investment as well as the development and operation of and investment in cultural, leisure, entertainment and related facilities. eSun owns approximately 50.53% of the total issued shares of Lai Fung as at the date of this joint announcement.

INFORMATION OF LAI FUNG

Lai Fung is an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activities of the Lai Fung Group include property development for sale and property investment, and development and operation of and investment in cultural, leisure, entertainment and related facilities in the PRC.

INFORMATION OF THE INVESTOR

The Investor is a company incorporated in the PRC with limited liability and principally engaged in property development and property investment in Hengqin region of the PRC. It is a wholly-owned subsidiary of Da Hengqin Group Co., Ltd.*, a state-owned company incorporated in the PRC with limited liability, principally engaged in property investment and development in the PRC.

To their respective best knowledge, information and belief, having made all reasonable enquiries, the LSG Directors, the LSD Directors, the eSun Directors and the Lai Fung Directors confirm that the Investor and its ultimate beneficial owner(s) are independent of LSG, LSD, eSun and Lai Fung and their respective connected persons under the Listing Rules.

INFORMATION OF WINFIELD CONCEPT AND LAISUN CREATIVE CULTURE

Winfield Concept is a company incorporated in Hong Kong with limited liability which is an indirect subsidiary of each of LSG, LSD, eSun and Lai Fung. As at the date of this joint announcement, Winfield Concept, through its direct wholly-owned subsidiary, Laisun Creative Culture, is principally engaged in the design, development and operation of Novotown Phase I, which is an integrated tourism and entertainment project in Hengqin, Zhuhai City, Guangdong province of the PRC, comprising of 494 room Hyatt Regency hotel, offices, serviced apartments, cultural studios, shopping and leisure facilities and 2,088 car-parking spaces. The total GFA of Novotown Phase I is approximately 2.8 million square feet excluding car-parking spaces and ancillary facilities.

FINANCIAL INFORMATION OF LAISUN CREATIVE CULTURE

According to the unaudited financial statements of Laisun Creative Culture prepared in accordance with Hong Kong Financial Reporting Standards, net assets and total assets of Laisun Creative Culture as at 31 July 2019 were approximately RMB2,641,047,000 and RMB5,578,585,000, respectively. Net profit before and after tax of Laisun Creative Culture for the year ended 31 July 2019 were approximately RMB519,597,000 and RMB388,389,000, respectively. Net profit before and after tax of Laisun Creative Culture for the year ended 31 July 2018 were approximately RMB561,424,000 and RMB421,064,000, respectively.

FINANCIAL EFFECTS OF THE SUBSCRIPTION

Upon Completion of the Subscription, Laisun Creative Culture will remain as a subsidiary of each of LSG, LSD, eSun and Lai Fung. The financial results of Laisun Creative Culture will continue to be consolidated into the financial statements of LSG, LSD, eSun and Lai Fung. Upon Completion of the Subscription, no material gain or loss will be recorded in the consolidated income statements of LSG, LSD, eSun and Lai Fung and no material change in their consolidated net assets is expected.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

Novotown Phase I has a total GFA of approximately 2.8 million square feet excluding car-parking spaces and ancillary facilities. The total development cost is estimated to be approximately RMB5,447 million. Construction works of Novotown Phase I have been completed. The two themed indoor experience centres, namely “Lionsgate Entertainment World™” and “National Geographic Ultimate Explorer Hengqin”, commenced operations on 31 July 2019 and 9 September 2019, respectively. The hotel, known as “Hyatt Regency Hengqin” soft opened on 31 December 2019. Leasing of the commercial area of Novotown Phase I is underway with approximately 70% of the leasable area having been leased. The introduction of the Investor will strengthen the cash position of Laisun Creative Culture. The Lai Fung Group has been committed to cultivating the cultural and entertainment development in Hengqin, and will continue to explore and evaluate financing alternatives and potential strategic alliances catering to the financing and business needs of Laisun Creative Culture from time to time.

Taking into consideration of the aforesaid, the LSG Directors, the LSD Directors, the eSun Directors and the Lai Fung Directors consider that the terms of the Subscription are fair and reasonable and are on normal commercial terms and are in the interests of their respective companies and shareholders as a whole.

LISTING RULES IMPLICATIONS

Following Completion of the Subscription, the equity interest held by Winfield Concept in Laisun Creative Culture will be diluted from 100% to approximately 83.32%. The dilution of Winfield Concept's equity interest in Laisun Creative Culture will constitute a deemed disposal for each of LSG, LSD, eSun and Lai Fung pursuant to Rule 14.29 of the Listing Rules. Laisun Creative Culture will remain as a subsidiary of each of LSG, LSD, eSun and Lai Fung.

For the purpose of Rule 14.74 of the Listing Rules, given the exercise of the Put Option is not at the discretion of Laisun Creative Culture or Winfield Concept, the Put Option is treated as if it has been exercised upon its grant. Based on the Agreement, the grant of the Put Option, which is treated as if it has been exercised upon its grant, would constitute a major acquisition for each of LSG, eSun and Lai Fung, and a discloseable transaction for LSD, under Chapter 14 of the Listing Rules, respectively. Each of LSG, LSD, eSun and Lai Fung will comply with the relevant requirements under the Listing Rules as and when appropriate should the Investor exercise the Put Option.

For the purpose of Rule 14.75 of the Listing Rules, given the exercise of the Call Option is at the discretion of Winfield Concept, only the premium for the grant of the Call Option (which is nil) shall be taken into consideration for the purpose of determining the applicable percentage ratios under Chapter 14 of the Listing Rules. Each of LSG, LSD, eSun and Lai Fung will comply with applicable requirements under the Listing Rules upon exercise of the Call Option.

FINANCIAL ASSISTANCE

LSD is a substantial shareholder of eSun, which in turn owns approximately 50.53% of the total issued shares of Lai Fung. Lai Fung and LSD, through Rosy Commerce Holdings Limited, a company incorporated in the British Virgin Islands held indirectly as to 80% and 20% by Lai Fung and LSD respectively, indirectly owns Winfield Concept and its wholly-owned subsidiary, Laisun Creative Culture. Accordingly, Winfield Concept and Laisun Creative Culture are connected subsidiaries of eSun and Lai Fung under Rule 14A.16 of the Listing Rules. As such, the provision of the Guarantee by, among others, Lai Fung in favour of the Investor to guarantee the due performance by, and the obligations of, Laisun Creative Culture and Winfield Concept under the Agreement constitutes provision of financial assistance to such connected subsidiaries by Lai Fung, which also constitutes provision of financial assistance to connected subsidiaries by eSun by virtue of eSun being a holding company of Lai Fung.

Given the provision of the Guarantee was conducted on normal commercial terms, and the Guarantee was provided by Lai Fung and LSD, on a several (and not a joint and several) basis, in proportion to their respective shareholdings in Laisun Creative Culture and Winfield Concept, the provision of the Guarantee is fully exempt from the reporting, announcement, annual review and shareholders' approval requirements pursuant to Rule 14A.89 of the Listing Rules.

LSG, eSUN AND LAI FUNG

Major Disposal and Major Acquisition

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of each of the Subscription and the grant of the Put Option are greater than 25% but less than 75%, each of the Subscription and the grant of the Put Option constitutes a major disposal and a major acquisition, respectively, for each of LSG, eSun and Lai Fung under the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A general meeting will be held by LSG for its shareholders to consider and, if thought fit, pass the requisite resolution to approve the Subscription and the grant of the Put Option. A circular containing, among other things, further details of the Subscription and the Put Option, and a notice convening the general meeting of LSG, is expected to be despatched to the shareholders of LSG for their information on or before 31 March 2020 to allow sufficient time for LSG to prepare the relevant information for inclusion in the circular.

No special general meeting will be held by eSun as LSD will give its written approval for the Subscription and the grant of the Put Option pursuant to Rule 14.44(2) of the Listing Rules.

No extraordinary general meeting will be held by Lai Fung as eSun will give its written approval for the Subscription and the grant of the Put Option pursuant to Rule 14.44(2) of the Listing Rules.

A circular containing, among other things, further details of the Subscription and the Put Option, is expected to be despatched to the shareholders of eSun and Lai Fung, respectively for their information on or before 31 March 2020, which is more than fifteen (15) HK Business Days after the publication of this joint announcement so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular. Pursuant to Rule 14.41(a) of the Listing Rules, the circulars should be despatched within fifteen (15) HK Business Days after the publication of this joint announcement. As such, eSun and Lai Fung will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules.

To the best of the knowledge, information and belief of the LSG Directors, the eSun Directors and the Lai Fung Directors, after having made all reasonable enquiries, no shareholders of each of LSG, eSun and Lai Fung or any of their respective associates have any material interest in the Subscription and the grant of Put Option. As such, no shareholders of each of LSG, eSun and Lai Fung would be required to abstain from voting in favour of the resolution approving the Subscription, the grant of Put Option and the provision of the Guarantee if general meeting of each of LSG, eSun and Lai Fung being convened.

LSD

Discloseable Transaction

As one or more of the applicable percentage ratios in respect of each of the Subscription and the grant of the Put Option are greater than 5% but less than 25% for LSD, each of the Subscription and the grant of the Put Option constitutes a discloseable transaction for LSD under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules but is exempt from shareholders' approval requirement.

Respective shareholders and potential investors of LSG, LSD, eSun and Lai Fung should note that completion of the Subscription is subject to a number of condition precedents which may or may not be fulfilled. Respective shareholders and potential investors of LSG, LSD, eSun and Lai Fung should therefore exercise caution when dealing in the shares and/or other securities of LSG, LSD, eSun and Lai Fung.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Agreement”	the agreement dated 19 January 2020 entered into between the Investor, Laisun Creative Culture and Winfield Concept in relation to the Capital Injection and the grant of the Put Option and the Call Option;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Call Option”	the call option granted to Winfield Concept and Laisun Creative Culture to acquire the Investor's equity interest in Laisun Creative Culture pursuant to the Agreement;
“Capital Injection”	the sum of actual injection made by the Investor in cash to the capital of Laisun Creative Culture pursuant to the Agreement;
“Completion of the Subscription”	the completion of the registration of change in the equity interest held by Winfield Concept and the Investor in Laisun Creative Culture as a result of the Capital Injection with the relevant department of administration for industry and commerce;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;

“Days of Breach”	the number of days commencing from (i) the date of which Laisun Creative Culture and/or Winfield Concept commit(s) a breach under the Agreement or (ii) Lai Fung commits a breach under the Framework Agreement (as the case may be) and ending on the date immediately before the date on which Laisun Creative Culture and/or Winfield Concept (as the case may be) pay(s) the Investor the price for acquiring all equity interest held by the Investor in Laisun Creative Culture;
“eSun”	eSun Holdings Limited (豐德麗控股有限公司), an exempted company incorporated in Bermuda with limited liability and the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571);
“eSun Board”	the board of eSun Directors;
“eSun Directors”	the directors of eSun;
“eSun Group”	eSun and its subsidiaries;
“Framework Agreement”	the framework agreement entered into between Zhuhai Hengqin Management Committee* (珠海市橫琴新區管理委員會) and Lai Fung dated 6 February 2013 (as amended and supplemented from time to time) in relation to the construction and development of one square kilometre site in Hengqin, Zhuhai City, the PRC;
“GFA”	gross floor area;
“Guarantee”	the guarantees provided by Lai Fung and LSD in favour of the Investor to guarantee the due performance by, and the obligations of, Laisun Creative Culture and Winfield Concept under the Agreement;
“HK Business Day”	a day other than a Saturday or a Sunday or a public holding on which licensed banks in Hong Kong are generally open for normal banking business;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Investment Period”	thirty (30) years from the issue date of the new business licence of Laisun Creative Culture upon Completion of the Subscription;

“Investor”	珠海大橫琴置業有限公司 (Zhuhai Da Hengqin Real Estate Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of 珠海大橫琴集團有限公司 (Da Hengqin Group Co., Ltd.*);
“Lai Fung”	Lai Fung Holdings Limited (麗豐控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1125);
“Lai Fung Board”	the board of Lai Fung Directors;
“Lai Fung Directors”	the directors of Lai Fung;
“Lai Fung Group”	Lai Fung and its subsidiaries;
“Laisun Creative Culture”	珠海橫琴麗新文創天地有限公司 (Zhuhai Hengqin Laisun Creative Culture City Co., Ltd.*), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Winfield Concept prior to the Subscription;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LSD”	Lai Sun Development Company Limited (麗新發展有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488);
“LSD Board”	the board of LSD Directors;
“LSD Directors”	the directors of LSD;
“LSD Group”	LSD and its subsidiaries, excluding the eSun Group;
“LSG”	Lai Sun Garment (International) Limited (麗新製衣國際有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 191);
“LSG Board”	the board of LSG Directors;

“LSG Directors”	the directors of LSG;
“LSG Group”	LSG and its subsidiaries, including the LSD Group but excluding the eSun Group;
“Macau”	the Macau Special Administrative Region of the PRC;
“Minimum Investment Return”	an investment return to be paid to the Investor by Laisun Creative Culture, for each financial year which is equivalent to 0.5% per annum of the Capital Injection;
“Non Self-owned Properties”	any other properties held by Laisun Creative Culture apart from the Self-owned Properties;
“Novotown Phase I”	Zhuhai Hengqin Novotown Project (Phase I)* (珠海橫琴創新方項目一期), a property comprising cultural related facilities in Zhuhai City, Guangdong Province of the PRC;
“Outstanding Payment Days”	the number of days commencing from the date on which Laisun Creative Culture should pay the Minimum Investment Return to the Investor pursuant to the Agreement and ending on the date immediately before the date on which Laisun Creative Culture and/or Winfield Concept (as the case may be) pay(s) the Investor the price for acquiring all of the equity interest held by the Investor in Laisun Creative Culture;
“percentage ratio(s)”	has the meaning ascribed to it in Rule 14.07 of the Listing Rules;
“PRC”	the People’s Republic of China and for the purpose of this joint announcement, excluding Hong Kong, Macau and Taiwan;
“PRC Business Day”	a day other than a Saturday or a Sunday or a public holiday in the PRC;
“Put Option”	the put option granted to the Investor to require Laisun Creative Culture or Winfield Concept (as the case may be) to acquire all equity interest held by the Investor in Laisun Creative Culture pursuant to the Agreement;
“RMB”	Renminbi, the lawful currency of the PRC;

“Self-owned Properties”	the hotel, commercial area and car-parking spaces held by Laisun Creative Culture;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of approximately 16.68% equity interest in Laisun Creative Culture by the Investor;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Winfield Concept”	Winfield Concept Limited (永輝基業有限公司), a company incorporated in Hong Kong with limited liability; and
“%”	per cent.

* *All the English translations of certain Chinese names or words in this joint announcement are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

By order of the Board
Lai Sun Garment (International) Limited
Chew Fook Aun
*Executive Director and
Deputy Chairman*

By order of the Board
eSun Holdings Limited
Lui Siu Tsuen, Richard
*Executive Director and
Chief Executive Officer*

By order of the Board
Lai Sun Development Company Limited
Chew Fook Aun
*Executive Director and
Deputy Chairman*

By order of the Board
Lai Fung Holdings Limited
Chew Fook Aun
Chairman

Hong Kong, 19 January 2020

As at the date of this joint announcement,

- (a) *the LSG Board comprises six executive directors, namely Dr. Lam Kin Ming (Chairman), Dr. Lam Kin Ngok, Peter (Deputy Chairman), Mr. Chew Fook Aun (Deputy Chairman), Madam U Po Chu, Mr. Lam Kin Hong, Matthew and Mr. Lam Hau Yin, Lester (also alternate to Madam U Po Chu); and three independent non-executive directors, namely Messrs. Leung Shu Yin, William, Lam Bing Kwan and Chow Bing Chiu;*
- (b) *the LSD Board comprises five executive directors, namely Dr. Lam Kin Ngok, Peter (Chairman) and Messrs. Chew Fook Aun (Deputy Chairman), Lau Shu Yan, Julius (Chief Executive Officer), Lam Hau Yin, Lester and Tham Seng Yum, Ronald; two non-executive directors, namely Dr. Lam Kin Ming and Madam U Po Chu; and four independent non-executive directors, namely Messrs. Lam Bing Kwan, Leung Shu Yin, William, Ip Shu Kwan, Stephen and Leung Wang Ching, Clarence;*

- (c) *the eSun Board comprises four executive directors, namely Messrs. Lui Siu Tsuen, Richard (Chief Executive Officer), Chew Fook Aun, Lam Hau Yin, Lester and Yip Chai Tuck; one non-executive director, namely Madam U Po Chu; and four independent non-executive directors, namely Messrs. Low Chee Keong (Chairman), Lo Kwok Kwei, David and Alfred Donald Yap and Dr. Ng Lai Man, Carmen; and*
- (d) *the Lai Fung Board comprises eight executive directors, namely Mr. Chew Fook Aun (Chairman), Dr. Lam Kin Ming (Deputy Chairman), Mr. Lam Kin Hong, Matthew (Executive Deputy Chairman), Mr. Lam Hau Yin, Lester (Chief Executive Officer), Madam U Po Chu, Mr. Cheng Shin How, Mr. Lee Tze Yan, Ernest and Mr. Tham Seng Yum, Ronald; two non-executive Directors, namely Mr. Lucas Ignatius Loh Jen Yuh and Mr. Puah Tze Shyang (also alternate to Mr. Lucas Ignatius Loh Jen Yuh); and five independent non-executive Directors, namely Messrs. Lam Bing Kwan, Ku Moon Lun, Law Kin Ho, Mak Wing Sum, Alvin and Shek Lai Him, Abraham.*