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## LAI SUN GARMENT

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

**(Stock Code: 191)**



## eSun Holdings Limited

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 571)**



## LAI SUN DEVELOPMENT

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

**(Stock Code: 488)**



## LAI FUNG HOLDINGS

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

**(Stock Code: 1125)**

## Holy Unicorn Limited

*(Incorporated in the British Virgin Islands with limited liability)*

### JOINT ANNOUNCEMENT

- (1) CONDITIONAL VOLUNTARY GENERAL CASH OFFER BY HSBC ON BEHALF OF THE OFFEROR, A WHOLLY-OWNED SUBSIDIARY OF LSD, TO ACQUIRE ALL OF THE ISSUED SHARES OF LAI FUNG (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY LSD, THE OFFEROR OR THE OTHER WHOLLY-OWNED SUBSIDIARIES OF LSD) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF LAI FUNG**
- (2) POSSIBLE MAJOR ACQUISITION AND CONNECTED TRANSACTIONS OF LSD**
- (3) POSSIBLE MAJOR ACQUISITION AND CONNECTED TRANSACTIONS OF LSG**
- (4) POSSIBLE VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION OF eSUN**

## Financial Adviser to LSD and the Offeror



## Independent Financial Adviser to LSG, LSD and the Offeror



### THE LF SHARE OFFER

HSBC, on behalf of the Offeror, a wholly-owned subsidiary of LSD, firmly intends to make a conditional voluntary general cash offer to acquire all of the issued shares of Lai Fung not already owned or agreed to be acquired by LSD, the Offeror or the other wholly-owned subsidiaries of LSD. For the avoidance of doubt, the LF Offer Shares include the LF Shares which are owned by the Offeror Concert Parties (other than those already owned or agreed to be acquired by LSD, the Offeror or the other wholly-owned subsidiaries of LSD), including the LF Shares owned by eSun.

The LF Share Offer will be made by HSBC on behalf of the Offeror in compliance with the Takeovers Code on the basis set out below.

For each LF Share ..... HK\$8.99 in cash

**If, after the Announcement Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the LF Shares, the Offeror reserves the right to reduce the LF Share Offer Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital, in which case any reference in this joint announcement, the Composite Document or any other announcement or document to the LF Share Offer Price will be deemed to be a reference to the LF Share Offer Price as so reduced (and the LF Option Offer Price shall be reduced accordingly).**

### THE LF OPTION OFFER AND THE LF OPTION OFFER PRICE

Under the LF Option Offer, the Offeror will, in accordance with Rule 13 of the Takeovers Code, offer the LF Optionholders the LF Option Offer Price (which is the “see-through” price, being the LF Share Offer Price minus the exercise price of the relevant LF Option) in cash for the cancellation of each LF Option they hold, whether vested or unvested, provided that if the exercise price of any LF Option is equal to or greater than the LF Share Offer Price (such that the “see-through” price is zero or negative), the LF Option Offer Price will be a nominal amount of HK\$0.01 for every 100 LF Options (or, if lesser, any part thereof).

## **CONDITIONS TO THE LF OFFERS**

The LF Share Offer is subject to the fulfilment of the following Conditions:

(a) the approval:

- (i) by the Independent LSD Shareholders of the LF Offers as a major acquisition of LSD; and
- (ii) by the Non-Connected LSD Shareholders of the making of one or more of the LF Offers to any connected person of LSD which is a connected transaction of LSD subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules (if there is any such connected transaction),

in each case, in accordance with the Listing Rules;

(b) the approval:

- (i) by the Independent LSG Shareholders of the LF Offers as a major acquisition of LSG; and
- (ii) by the Non-Connected LSG Shareholders of the making of one or more of the LF Offers to any connected person of LSG which is a connected transaction of LSG subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules (if there is any such connected transaction),

in each case, in accordance with the Listing Rules;

(c) the approval of the eSun Disposal:

- (i) by the Independent eSun Shareholders as a very substantial disposal of eSun; and
- (ii) by the Non-Connected eSun Shareholders as a connected transaction of eSun subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules,

in each case, in accordance with the Listing Rules;

(d) valid acceptances of the LF Share Offer being received by 4:00 p.m. on the LF Share Offer Closing Date (and not, where permitted, withdrawn) in respect of such number of LF Shares which, together with LF Shares already (directly or indirectly) held or agreed to be acquired by LSD, the Offeror or any of the other wholly-owned subsidiaries of LSD, would result in LSD, the Offeror and the other wholly-owned subsidiaries of LSD holding in aggregate more than 50% of the voting rights in Lai Fung;

- (e) valid acceptances of the LF Share Offer being received within four (4) months of the posting of the Composite Document (and not, where permitted, withdrawn) in respect of such number of LF Shares which (i) is not less than 90% of the LF Offer Shares and (ii) when aggregated with the total number of the Disinterested Shares (if any) purchased by the Offeror and the Offeror Concert Parties during the period of four (4) months after the posting of the Composite Document, would represent not less than 90% of the Disinterested Shares;
- (f) the LF Shares remaining listed and traded on the Main Board of the Stock Exchange up to and including the LF Share Offer Closing Date (save for any temporary suspension of trading of the LF Shares pending any announcement in connection with the LF Offers) and no indication being received on or before the LF Share Offer Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the LF Shares on the Stock Exchange is or is likely to be withdrawn or suspended;
- (g) no event having occurred which would make any of the LF Offers, the acquisition of any of the LF Offer Shares or the cancellation of the LF Options under the LF Offers void, unenforceable or illegal, would prohibit the implementation of any of the LF Offers or would impose any material conditions or obligations with respect to any of the LF Offers or their implementation in accordance with their respective terms;
- (h) all necessary consents (including consents from the relevant lenders) in connection with the LF Offers and/or (in the event that the Offeror were to exercise the right (if any) to acquire compulsorily those LF Offer Shares not already owned or acquired by LSD, the Offeror or the other wholly-owned subsidiaries of LSD) the possible withdrawal of the listing of the LF Shares from the Stock Exchange which may be required under any existing contractual or other obligations of Lai Fung having been obtained and remaining in effect;
- (i) no government, court or governmental, quasi-governmental, statutory or regulatory body or agency in Hong Kong, the Cayman Islands or any other jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make any of the LF Offers or their implementation in accordance with their respective terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to any of the LF Offers or their implementation in accordance with their respective terms);
- (j) since the Announcement Date, there having been no material adverse change in the business, assets, financial or trading position or the prospects or conditions (whether operational, legal or otherwise) of the Lai Fung Group to an extent which is material in the context of the Lai Fung Group; and

(k) there having, since the Announcement Date, not been instituted any, and there remaining no outstanding, litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Lai Fung Group is a party (whether as plaintiff, defendant or otherwise), and no such proceedings having, since the Announcement Date, been threatened in writing against any such member (and no investigation by any government, court or governmental, quasi-governmental, statutory or regulatory body or agency in Hong Kong, the Cayman Islands or any other jurisdiction against or in respect of any such member or the business carried on by any such member having, since the Announcement Date, been threatened in writing, announced or instituted or remaining outstanding against or in respect of any such member), in each case, which is material and adverse in the context of the Lai Fung Group or in the context of the LF Offers.

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions (other than Conditions (a), (b), (c) and (d)). As at the Announcement Date, the Offeror is not aware of any consent required under Condition (h) from any person who is not a lender.

The LF Option Offer will be subject to and conditional upon the LF Share Offer becoming or being declared unconditional in all respects.

#### **VALUE OF THE LF OFFERS**

On the assumption that before the close of the LF Share Offer the number of LF Shares will not change (whether by way of any exercise of the LF Options or otherwise) and the number of LF Options will not change, the value of the LF Share Offer is approximately HK\$2,975.8 million and the total amount required to satisfy the cancellation of all LF Options is approximately HK\$3.4 million. On this basis, in aggregate, the LF Offers are valued at approximately HK\$2,979.2 million.

On the assumption that before the close of the LF Share Offer no further LF Options will be granted and all of the LF Options will be exercised, Lai Fung will have to issue 11,124,526 new LF Shares, representing approximately 3.25% of the enlarged issued share capital of Lai Fung, upon such exercise of the LF Options. On this basis and on the assumption that the number of LF Shares will otherwise not change, there will be 342,140,459 LF Offer Shares (including the new LF Shares issued as a result of the exercise of the LF Options) and the value of the LF Share Offer will be approximately HK\$3,075.8 million. In this case, no amount will be payable by the Offeror under the LF Option Offer.

## **POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF LF SHARES**

**If (a) the level of acceptances of the LF Share Offer reaches the prescribed threshold under Section 88 of the Companies Law so that the Offeror has the right to compulsorily acquire those LF Offer Shares not already owned or acquired by LSD, the Offeror or the other wholly-owned subsidiaries of LSD and (b) the Offeror is permitted under Rule 2.11 of the Takeovers Code to exercise such right, the Offeror may, but is not obliged to, exercise such right.** If the Offeror does exercise such right and completes the compulsory acquisition, Lai Fung will become a wholly-owned subsidiary of LSD, an application will be made for the withdrawal of the listing of the LF Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules and a suspension of dealings in the LF Shares from the close of the LF Share Offer up to the withdrawal of listing of LF Shares from the Stock Exchange.

In the event that the Offeror does not effect the compulsory acquisition of the remaining LF Offer Shares, whether by reason of the level of acceptances of the LF Share Offer not reaching the prescribed thresholds under the Companies Law or the Takeovers Code or otherwise, the Offeror will take such steps as are necessary to ensure, or procure Lai Fung to take such steps as are necessary to ensure, that Lai Fung will have an adequate public float so as to comply with the applicable requirements under the Listing Rules.

**Under the Listing Rules, if, upon completion of the LF Share Offer, less than 25% of the LF Shares are held by the public, or the Stock Exchange believes that a false market exists or may exist in the trading of the LF Shares or there are insufficient LF Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the LF Shares. The Offeror and Lai Fung will undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the LF Shares will be held by the public.**

## **LAI FUNG INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Lai Fung Board has established the Lai Fung Independent Board Committee, comprising Mr. Lucas Ignatius Loh Jen Yuh, Mr. Puah Tze Shyang, Mr. Ku Moon Lun, Mr. Law Kin Ho, Mr. Mak Wing Sum, Alvin and Mr. Shek Lai Him, Abraham, to make a recommendation to the Disinterested Shareholders and the LF Optionholders as to whether the LF Offers are, or are not, fair and reasonable and as to acceptance.

Pursuant to Rule 2.8 of the Takeovers Code, the Lai Fung Independent Board Committee comprises all the non-executive Lai Fung Directors who have no direct or indirect interest in the LF Offers other than as holders of the LF Shares and/or the LF Options. Mr. Lam Bing Kwan, an independent non-executive Lai Fung Director, is also an independent non-executive director of LSG and LSD, both of which are holding companies of the Offeror. Accordingly, he is regarded as being interested in the LF Offers for the purposes of Rule 2.8 of the Takeovers Code and is not a member of the Lai Fung Independent Board Committee. All of the other non-executive Lai Fung Directors are members of the Lai Fung Independent Board Committee.

Lai Fung will appoint an independent financial adviser (with the approval of the Lai Fung Independent Board Committee) to advise the Lai Fung Independent Board Committee in connection with the LF Offers. A further announcement will be made after the independent financial adviser has been appointed.

### **COMPOSITE DOCUMENT**

The Composite Document containing, among other things, (i) further terms and details of the LF Offers; (ii) the recommendations from the Lai Fung Independent Board Committee with respect to the LF Offers; and (iii) the advice of the independent financial adviser to the Lai Fung Independent Board Committee, and enclosing the forms of acceptance will be despatched to the LF Shareholders and the LF Optionholders as soon as practicable in compliance with the requirements of the Takeovers Code and other applicable laws and regulations. A letter containing the details of the LF Option Offer will also be despatched to the LF Optionholders at or around the same time as the despatch of the Composite Document.

### **POSSIBLE MAJOR ACQUISITION OF LSD**

As the highest applicable percentage ratio for LSD in respect of the LF Offers exceeds 25% and is less than 100%, the LF Offers constitute a major acquisition for LSD under Chapter 14 of the Listing Rules and are subject to approval by the Independent LSD Shareholders.

### **POSSIBLE CONNECTED TRANSACTIONS OF LSD**

The making of the LF Offers constitutes a number of connected transactions for LSD under Chapter 14A of the Listing Rules.

### **GENERAL MEETING OF LSD**

A general meeting of LSD will be held to consider, and if thought fit, to approve the LF Offers as a major acquisition. A circular containing, amongst other things, details of the LF Offers is expected to be despatched to the LSD Shareholders on or about 14 April 2020 (as additional time is required to prepare the information in the circular).

### **POSSIBLE MAJOR ACQUISITION OF LSG**

As the highest applicable percentage ratio for LSG in respect of the LF Offers exceeds 25% and is less than 100%, the LF Offers constitute a major acquisition for LSG under Chapter 14 of the Listing Rules and are subject to approval by the Independent LSG Shareholders.



## **POSSIBLE CONNECTED TRANSACTIONS OF LSG**

The making of the LF Offers constitutes a number of connected transactions for LSG under Chapter 14A of the Listing Rules.

### **GENERAL MEETING OF LSG**

A general meeting of LSG will be held to consider, and if thought fit, to approve (by way of separate resolutions) (a) the LF Offers as a major acquisition and (b) the making of one or more of the LF Offers to any connected person of LSG which is a connected transaction subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. A circular containing, amongst other things, details of the LF Offers is expected to be despatched to the LSG Shareholders on or about 14 April 2020 (as additional time is required to prepare the information in the circular).

### **POSSIBLE VERY SUBSTANTIAL DISPOSAL OF eSUN**

As the highest applicable percentage ratio for eSun in respect of the eSun Disposal exceeds 75%, the eSun Disposal constitutes a very substantial disposal for eSun under Chapter 14 of the Listing Rules and is subject to approval by the Independent eSun Shareholders.

### **POSSIBLE CONNECTED TRANSACTION OF eSUN**

The eSun Disposal constitutes a connected transaction for eSun under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Non-Connected eSun Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **SPECIAL GENERAL MEETING OF eSUN**

A special general meeting of eSun will be held to consider, and if thought fit, to approve (by way of separate resolutions) (a) the eSun Disposal as a very substantial disposal and (b) the eSun Disposal as a connected transaction subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. A circular containing, amongst other things, details of the LF Offers and the eSun Disposal are expected to be despatched to the eSun Shareholders on or about 14 April 2020 (as additional time is required to prepare the information in the circular).

### **eSUN DIRECTORS' VIEWS AND THE eSUN IFA'S ADVICE**

**The eSun Board has not decided whether to accept the LF Share Offer (the acceptance of which would result in the eSun Disposal) and will make such decision in accordance with the result of the votes on the resolutions to be proposed at the special general meeting of eSun for the approval of the eSun Disposal.**



Save for the eSun Directors who will abstain from voting on the board resolutions of eSun in connection with the eSun Disposal because of their material interests in the eSun Disposal, the eSun Directors (who are the members of the eSun Independent Board Committee) are yet to form any view on the merits of the LF Offers and will do so after having received the eSun IFA's advice in writing on the eSun Disposal, which is a very substantial disposal and a connected transaction subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. The eSun Independent Board Committee's views will be announced and included in the circular to be despatched to the eSun Shareholders.

The eSun IFA will be appointed as the independent financial adviser to make a recommendation to the eSun Independent Board Committee, the Independent eSun Shareholders and the Non-Connected eSun Shareholders on the eSun Disposal, which is a very substantial disposal and a connected transaction subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules in accordance with Rule 14A.45 of the Listing Rules. A letter from the eSun IFA containing its full advice and the eSun Independent Board Committee's views will be included in the circular to be despatched to the eSun Shareholders.

**The LF Offers are subject to the Conditions being fulfilled or waived. Accordingly, the eSun Disposal may or may not proceed. Shareholders and holders of options and other securities of and potential investors in LSG, LSD, eSun and Lai Fung should therefore exercise caution when dealing in the securities of LSG, LSD, eSun and Lai Fung. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers. Further announcement(s) will be made as required under the Listing Rules.**

#### **INTENTIONS OF LSD WITH REGARD TO THE LAI FUNG GROUP**

LSD does not intend the Lai Fung Group to start any new business outside the property sector upon completion of the LF Offers. LSD may from time to time consider the need to fund further development of the businesses of the Lai Fung Group by debt and/or equity financing by the Lai Fung Group, subject to the Lai Fung Group's business needs and prevailing market conditions. It is also the intention of LSD that the employment of the existing employees of the Lai Fung Group and the directorship of the existing directors of the Lai Fung Group will be continued following completion of the LF Offers except for changes which may occur in the ordinary course of business.

#### **CONFIRMATION OF FINANCIAL RESOURCES**

The maximum amount of cash required to implement the LF Offers would be approximately HK\$3,079.2 million (assuming that no further LF Options will be granted, all of the LF Options will be exercised before the close of the LF Share Offer and no further LF Shares will be issued other than as a result of the exercise of any LF Options and taking into account the buyer's ad valorem stamp duty payable by the Offeror).

HSBC, being the financial adviser to LSD and the Offeror in respect of the LF Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the LF Offers in accordance with their respective terms.

## NOTICE TO U.S. HOLDERS OF LF SHARES AND/OR LF OPTIONS

*The LF Offers are being made for the securities of a company incorporated in the Cayman Islands with limited liability and are subject to Hong Kong disclosure and other procedural requirements, which are different from those of the USA. The financial information included in this joint announcement has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the USA. The LF Offers will be made in the USA pursuant to the applicable U.S. tender offer rules or certain available exemptions or exceptions therefrom and otherwise in accordance with the requirements of the SFO. Accordingly, the LF Offers will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.*

*The receipt of cash pursuant to the LF Offers by a U.S. holder of LF Shares and/or LF Options, respectively, may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of LF Shares and/or LF Options is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of acceptance of the LF Offers.*

*U.S. holders of LF Shares and LF Options may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as each of the Offeror and Lai Fung is located in a country outside the USA and some or all of their respective officers and directors may be residents of a country other than the United States. U.S. holders of LF Shares and LF Options may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of U.S. securities laws. Further, U.S. holders of LF Shares and LF Options may encounter difficulty compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.*

*In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, the Offeror hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, LF Shares outside of the United States, other than pursuant to the LF Share Offer, before or during the period in which the LF Share Offer remains open for acceptance. In accordance with the Takeovers Code and Rule 14e-5(b) of the U.S. Exchange Act, HSBC and its affiliates may continue to act as exempt principal traders (where such statuses are granted to the relevant HSBC entities) in the LF Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that (i) any such purchase or arrangement complies with applicable law and is made outside the United States; and (ii) if applicable and required under the relevant exemption or exception (or the Takeovers Code), the LF Share Offer Price is increased to match any consideration paid in any such purchase or arrangement. Any information about such purchases will be reported to the SFC and, to the extent made public by the SFC, will be available on the website of the SFC at <http://www.sfc.hk>.*

**PART (1): CONDITIONAL VOLUNTARY GENERAL CASH OFFER BY HSBC ON BEHALF OF THE OFFEROR, A WHOLLY-OWNED SUBSIDIARY OF LSD, TO ACQUIRE ALL OF THE ISSUED SHARES OF LAI FUNG (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY LSD, THE OFFEROR OR THE OTHER WHOLLY-OWNED SUBSIDIARIES OF LSD) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF LAI FUNG**

**1. INTRODUCTION**

HSBC, on behalf of the Offeror, a wholly-owned subsidiary of LSD, firmly intends to make a conditional voluntary general cash offer to acquire all of the issued shares of Lai Fung not already owned or agreed to be acquired by LSD, the Offeror or the other wholly-owned subsidiaries of LSD. For the avoidance of doubt, the LF Offer Shares include the LF Shares which are owned by the Offeror Concert Parties (other than those already owned or agreed to be acquired by LSD, the Offeror or the other wholly-owned subsidiaries of LSD), including the LF Shares owned by eSun.

**2. THE LF SHARE OFFER**

The LF Share Offer will be made by HSBC on behalf of the Offeror in compliance with the Takeovers Code on the basis set out below.

For each LF Share ..... HK\$8.99 in cash

If, after the Announcement Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the LF Shares, the Offeror reserves the right to reduce the LF Share Offer Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital, in which case any reference in this joint announcement, the Composite Document or any other announcement or document to the LF Share Offer Price will be deemed to be a reference to the LF Share Offer Price as so reduced (and the LF Option Offer Price shall be reduced accordingly). As at the Announcement Date, no dividend, other distribution or other return of capital in respect of the LF Shares has been announced or declared but not paid.

The LF Share Offer Price was determined after taking into account, among other things, historical trading prices of LF Shares and Lai Fung’s financial performance. Please refer to section 3 “LF Share Offer Price” and section 37 “Reasons for and benefits of the LF Offers” for more detailed comparisons between the LF Share Offer Price and historical trading prices of LF Shares and historical discounts to net asset value attributable to owners per LF Share.

**3. LF SHARE OFFER PRICE**

The LF Share Offer Price of HK\$8.99 per LF Share under the LF Share Offer represents:

- (a) a discount of approximately 7.61% to the closing price of HK\$9.73 per LF Share as quoted on the Stock Exchange on the Last Trading Date;

- (b) a discount of approximately 8.82% to the average closing price of HK\$9.86 per LF Share, being the average closing price of LF Shares as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Date;
- (c) a discount of approximately 9.38% to the average closing price of HK\$9.92 per LF Share, being the average closing price of LF Shares as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Date;
- (d) a discount of approximately 6.74% to the average closing price of HK\$9.64 per LF Share, being the average closing price of LF Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Date;
- (e) a discount of approximately 8.92% to the average closing price of HK\$9.87 per LF Share, being the average closing price of LF Shares as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Date;
- (f) a premium of approximately 3.57% over the average closing price of HK\$8.68 per LF Share, being the average closing price of LF Shares as quoted on the Stock Exchange for the 180 trading days immediately prior to and including the Last Trading Date; and
- (g) a discount of approximately 81.41% to the audited consolidated net asset value attributable to owners per LF Share of approximately HK\$48.36 as at 31 July 2019, based on the total number of issued LF Shares as at 31 July 2019.

As shown in the audited consolidated financial statements of Lai Fung as at 31 July 2019, a significant portion of Lai Fung's assets consisted of property, plant and equipment, properties under development, investment properties and completed properties for sale. The Composite Document will contain a property valuation report from an independent property valuer pursuant to Rule 11 of the Takeovers Code providing an updated valuation of the properties of the Lai Fung Group as at a date not more than three months prior to the date of the Composite Document. The value of those assets as stated in such audited consolidated financial statements or such property valuation report may or may not reflect their market value as at the date of the Composite Document.

#### **4. HIGHEST AND LOWEST CLOSING PRICES OF LF SHARES**

During the six-month period ended the Last Trading Date, the highest closing price of LF Shares as quoted on the Stock Exchange was HK\$10.50 per LF Share on 11 February 2020 and the lowest closing price of LF Shares as quoted on the Stock Exchange was HK\$6.48 per LF Share on 11 and 12 September 2019.

## 5. THE LF OPTION OFFER AND THE LF OPTION OFFER PRICE

As at the Announcement Date, there are 11,124,526 LF Options (all of which vested on their respective dates of grant), each giving the LF Optionholder the right to subscribe for one new LF Share. The exercise of such LF Options in full would result in the issue of 11,124,526 new LF Shares, representing approximately 3.36% of the issued share capital of Lai Fung as at the Announcement Date and approximately 3.25% of the issued share capital of Lai Fung as enlarged by the issue of such new LF Shares.

In accordance with Rule 13 of the Takeovers Code, the Offeror will make (or procure to be made on its behalf) an appropriate offer to all the LF Optionholders for the cancellation of every LF Option, whether vested or unvested, by way of the LF Option Offer.

Under the LF Option Offer, the Offeror will, in accordance with Rule 13 of the Takeovers Code, offer the LF Optionholders the LF Option Offer Price (which is the “see-through” price, being the LF Share Offer Price minus the exercise price of the relevant LF Option) in cash for the cancellation of each LF Option they hold, whether vested or unvested, provided that if the exercise price of any LF Option is equal to or greater than the LF Share Offer Price (such that the “see-through” price is zero or negative), the LF Option Offer Price will be a nominal amount of HK\$0.01 for every 100 LF Options (or, if lesser, any part thereof).

LF Option exercise price per LF Share	LF Option Offer Price per LF Share (unless otherwise indicated)	Number of LF Options (each carrying the right to subscribe for one new LF Share)
(HK\$)	(HK\$)	
6.650	2.340	900,000
6.784	2.206	500,000
8.000	0.990	180,000
9.500	0.01 for every 100 LF Options (or, if lesser, any part thereof)	220,000
10.180	0.01 for every 100 LF Options (or, if lesser, any part thereof)	580,000
11.400	0.01 for every 100 LF Options (or, if lesser, any part thereof)	8,294,526
13.520	0.01 for every 100 LF Options (or, if lesser, any part thereof)	450,000

Further information on the LF Option Offer will be set out in a letter to the LF Optionholders, which will be despatched at or around the same time as the despatch of the Composite Document.

If any LF Option is exercised in accordance with the terms of the relevant Share Option Scheme prior to the close of the LF Share Offer, any LF Shares issued as a result of such exercise will be subject to the LF Share Offer.

As Lai Fung is already a subsidiary of LSD, which wholly owns the Offeror, the LF Share Offer will not result in any change of control over Lai Fung under the terms of the Share Option Scheme adopted by Lai Fung on 21 August 2003 (as amended on 8 August 2018) and the Share Option Scheme adopted by Lai Fung on 18 December 2012. Accordingly, all LF Options shall remain valid and exercisable during their respective option periods in accordance with the terms of the relevant Share Option Scheme notwithstanding the LF Share Offer. Any unexercised LF Option will survive the completion of the LF Offers provided that its option period will not expire before then.

## **6. CONDITIONS TO THE LF OFFERS**

The LF Share Offer is subject to the fulfilment of the following Conditions:

(a) the approval:

- (i) by the Independent LSD Shareholders of the LF Offers as a major acquisition of LSD; and
- (ii) by the Non-Connected LSD Shareholders of the making of one or more of the LF Offers to any connected person of LSD which is a connected transaction of LSD subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules (if there is any such connected transaction),

in each case, in accordance with the Listing Rules;

(b) the approval:

- (i) by the Independent LSG Shareholders of the LF Offers as a major acquisition of LSG; and
- (ii) by the Non-Connected LSG Shareholders of the making of one or more of the LF Offers to any connected person of LSG which is a connected transaction of LSG subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules (if there is any such connected transaction),

in each case, in accordance with the Listing Rules;



- (c) the approval of the eSun Disposal:
- (i) by the Independent eSun Shareholders as a very substantial disposal of eSun; and
  - (ii) by the Non-Connected eSun Shareholders as a connected transaction of eSun subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules,
- in each case, in accordance with the Listing Rules;
- (d) valid acceptances of the LF Share Offer being received by 4:00 p.m. on the LF Share Offer Closing Date (and not, where permitted, withdrawn) in respect of such number of LF Shares which, together with LF Shares already (directly or indirectly) held or agreed to be acquired by LSD, the Offeror or any of the other wholly-owned subsidiaries of LSD, would result in LSD, the Offeror and the other wholly-owned subsidiaries of LSD holding in aggregate more than 50% of the voting rights in Lai Fung;
- (e) valid acceptances of the LF Share Offer being received within four (4) months of the posting of the Composite Document (and not, where permitted, withdrawn) in respect of such number of LF Shares which (i) is not less than 90% of the LF Offer Shares and (ii) when aggregated with the total number of the Disinterested Shares (if any) purchased by the Offeror and the Offeror Concert Parties during the period of four (4) months after the posting of the Composite Document, would represent not less than 90% of the Disinterested Shares;
- (f) the LF Shares remaining listed and traded on the Main Board of the Stock Exchange up to and including the LF Share Offer Closing Date (save for any temporary suspension of trading of the LF Shares pending any announcement in connection with the LF Offers) and no indication being received on or before the LF Share Offer Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the LF Shares on the Stock Exchange is or is likely to be withdrawn or suspended;
- (g) no event having occurred which would make any of the LF Offers, the acquisition of any of the LF Offer Shares or the cancellation of the LF Options under the LF Offers void, unenforceable or illegal, would prohibit the implementation of any of the LF Offers or would impose any material conditions or obligations with respect to any of the LF Offers or their implementation in accordance with their respective terms;
- (h) all necessary consents (including consents from the relevant lenders) in connection with the LF Offers and/or (in the event that the Offeror were to exercise the right (if any) to acquire compulsorily those LF Offer Shares not already owned or acquired by LSD, the Offeror or the other wholly-owned subsidiaries of LSD) the possible withdrawal of the listing of the LF Shares from the Stock Exchange which may be required under any existing contractual or other obligations of Lai Fung having been obtained and remaining in effect;



- (i) no government, court or governmental, quasi-governmental, statutory or regulatory body or agency in Hong Kong, the Cayman Islands or any other jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make any of the LF Offers or their implementation in accordance with their respective terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to any of the LF Offers or their implementation in accordance with their respective terms);
- (j) since the Announcement Date, there having been no material adverse change in the business, assets, financial or trading position or the prospects or conditions (whether operational, legal or otherwise) of the Lai Fung Group to an extent which is material in the context of the Lai Fung Group; and
- (k) there having, since the Announcement Date, not been instituted any, and there remaining no outstanding, litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Lai Fung Group is a party (whether as plaintiff, defendant or otherwise), and no such proceedings having, since the Announcement Date, been threatened in writing against any such member (and no investigation by any government, court or governmental, quasi-governmental, statutory or regulatory body or agency in Hong Kong, the Cayman Islands or any other jurisdiction against or in respect of any such member or the business carried on by any such member having, since the Announcement Date, been threatened in writing, announced or instituted or remaining outstanding against or in respect of any such member), in each case, which is material and adverse in the context of the Lai Fung Group or in the context of the LF Offers.

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions (other than Conditions (a), (b), (c) and (d)). As at the Announcement Date, the Offeror is not aware of any consent required under Condition (h) from any person who is not a lender.

The LF Option Offer will be subject to and conditional upon the LF Share Offer becoming or being declared unconditional in all respects.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any of the Conditions so as to cause the LF Offers to lapse unless the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the LF Offers.

Pursuant to Rule 15.3 of the Takeovers Code, where the LF Offers become or are declared unconditional (whether as to acceptances or in all respects), they should remain open for acceptances for not less than 14 days thereafter.

**WARNING: The LF Offers are subject to the Conditions being fulfilled or waived. Accordingly, the LF Offers may or may not become unconditional. Shareholders and holders of options and other securities of and potential investors in LSG, LSD, eSun and Lai Fung should therefore exercise caution when dealing in the securities of LSG, LSD, eSun and Lai Fung. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

## **7. VALUE OF THE LF OFFERS**

As at the Announcement Date, there are (i) 331,033,443 LF Shares in issue, (ii) 331,015,933 LF Offer Shares and (iii) 11,124,526 LF Options (all of which vested on their respective dates of grant) entitling the LF Optionholders to subscribe for an aggregate of 11,124,526 LF Shares at an exercise price ranging from HK\$6.650 to HK\$13.520 per LF Share.

On the assumption that before the close of the LF Share Offer the number of LF Shares will not change (whether by way of any exercise of the LF Options or otherwise) and the number of LF Options will not change, the value of the LF Share Offer is approximately HK\$2,975.8 million and the total amount required to satisfy the cancellation of all LF Options is approximately HK\$3.4 million. On this basis, in aggregate, the LF Offers are valued at approximately HK\$2,979.2 million.

On the assumption that before the close of the LF Share Offer no further LF Options will be granted and all of the LF Options will be exercised, Lai Fung will have to issue 11,124,526 new LF Shares, representing approximately 3.25% of the enlarged issued share capital of Lai Fung, upon such exercise of the LF Options. On this basis and on the assumption that the number of LF Shares will otherwise not change, there will be 342,140,459 LF Offer Shares (including the new LF Shares issued as a result of the exercise of the LF Options) and the value of the LF Share Offer will be approximately HK\$3,075.8 million. In this case, no amount will be payable by the Offeror under the LF Option Offer.

## **8. POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF LF SHARES**

Subject to compliance with the other relevant requirements under Section 88 of the Companies Law, if the Offeror, within four (4) months of the posting of the Composite Document, has received valid acceptances in respect of not less than 90% of the LF Offer Shares, the Offeror will have the right under Section 88 of the Companies Law to compulsorily acquire those LF Offer Shares not already owned or acquired by LSD, the Offeror or the other wholly-owned subsidiaries of LSD. (For the avoidance of doubt, for the purposes of ascertaining whether the level of acceptances of the LF Share Offer reaches such prescribed threshold under Section 88 of the Companies Law, acceptances by the Offeror Concert Parties (other than LSD, the Offeror, the other wholly-owned subsidiaries or their respective nominees) will be included.)

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise Lai Fung by means of the LF Share Offer and the use of the compulsory acquisition right under the Companies Law, such right may only be exercised if, in addition to satisfying the requirements imposed by the Companies Law, acceptances of the LF Share Offer in respect of the Disinterested Shares and purchases of the Disinterested Shares made by the Offeror and the Offeror Concert Parties during the period of four (4) months after the posting of the Composite Document amount to not less than 90% of the Disinterested Shares.

**If (a) the level of acceptances of the LF Share Offer reaches the prescribed threshold under Section 88 of the Companies Law so that the Offeror has the right to compulsorily acquire those LF Offer Shares not already owned or acquired by LSD, the Offeror or the other wholly-owned subsidiaries of LSD and (b) the Offeror is permitted under Rule 2.11 of the Takeovers Code to exercise such right, the Offeror may, but is not obliged to, exercise such right.** If the Offeror does exercise such right and completes the compulsory acquisition, Lai Fung will become a wholly-owned subsidiary of LSD, an application will be made for the withdrawal of the listing of the LF Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules and a suspension of dealings in the LF Shares from the close of the LF Share Offer up to the withdrawal of listing of LF Shares from the Stock Exchange.

Pursuant to Rule 15.6 of the Takeovers Code, since the Offeror may exercise the right of compulsory acquisition under the Companies Law to compulsorily acquire those LF Shares not already owned or acquired by LSD, the Offeror or the other wholly-owned subsidiaries of LSD (if such right arises), the LF Share Offer may not remain open for acceptance for more than four (4) months from the posting of the Composite Document unless the Offeror has by that time become entitled to exercise such right of compulsory acquisition available to it under the Companies Law, in which event the Offeror must do so without delay.

Reference is made to the announcement of Lai Fung dated 18 September 2019 relating to the shortfall in its public float arising from an increase in the Yu Shareholders' holding of LF Shares. The Yu Shareholders became substantial shareholders and therefore core connected persons of Lai Fung as a result of such increase. On the basis of the Yu Shareholders' latest disclosures of interests in Lai Fung, the public float of Lai Fung is approximately 18.19% as at the Announcement Date, which is below the minimum prescribed by Rule 8.08(1)(a) of the Listing Rules (being 25%).

In the event that the Offeror does not effect the compulsory acquisition of the remaining LF Offer Shares, whether by reason of the level of acceptances of the LF Share Offer not reaching the prescribed thresholds under the Companies Law or the Takeovers Code or otherwise, the Offeror will take such steps as are necessary to ensure, or procure Lai Fung to take such steps as are necessary to ensure, that Lai Fung will have an adequate public float so as to comply with the applicable requirements under the Listing Rules.

**Under the Listing Rules, if, upon completion of the LF Share Offer, less than 25% of the LF Shares are held by the public, or the Stock Exchange believes that a false market exists or may exist in the trading of the LF Shares or there are insufficient LF Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the LF Shares. The Offeror and Lai Fung will undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the LF Shares will be held by the public.**

#### **9. LAI FUNG INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Lai Fung Board has established the Lai Fung Independent Board Committee, comprising Mr. Lucas Ignatius Loh Jen Yuh, Mr. Puah Tze Shyang, Mr. Ku Moon Lun, Mr. Law Kin Ho, Mr. Mak Wing Sum, Alvin and Mr. Shek Lai Him, Abraham, to make a recommendation to the Disinterested Shareholders and the LF Optionholders as to whether the LF Offers are, or are not, fair and reasonable and as to acceptance.

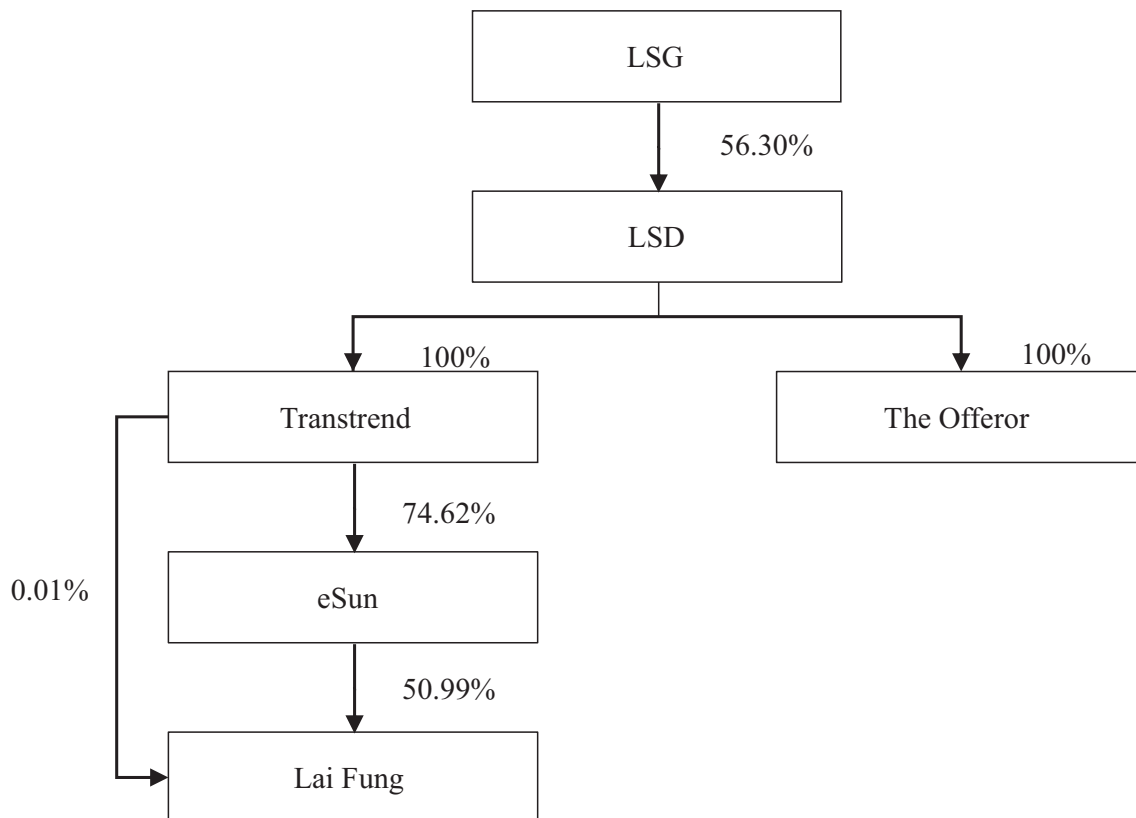
Pursuant to Rule 2.8 of the Takeovers Code, the Lai Fung Independent Board Committee is required to comprise all the non-executive Lai Fung Directors who have no direct or indirect interest in the LF Offers other than as holders of the LF Shares and/or the LF Options. Mr. Lam Bing Kwan, an independent non-executive Lai Fung Director, is also an independent non-executive director of LSG and LSD, both of which are holding companies of the Offeror. Accordingly, he is regarded as being interested in the LF Offers for the purposes of Rule 2.8 of the Takeovers Code and is not a member of the Lai Fung Independent Board Committee. All of the other non-executive Lai Fung Directors are members of the Lai Fung Independent Board Committee.

Lai Fung will appoint an independent financial adviser (with the approval of the Lai Fung Independent Board Committee) to advise the Lai Fung Independent Board Committee in connection with the LF Offers. A further announcement will be made after the independent financial adviser has been appointed.

#### **10. SHAREHOLDING STRUCTURE OF LAI FUNG**

As at the Announcement Date, the authorised share capital of Lai Fung is HK\$2,000,000,000 divided into 400,000,000 LF Shares and the issued share capital of Lai Fung is HK\$1,655,167,215 divided into 331,033,443 LF Shares. There are no other classes of shares of Lai Fung in issue.

The following is a simplified structure chart summarising the shareholding relationship among LSG, LSD, the Offeror, eSun and Lai Fung as at the Announcement Date:



The table below sets out the shareholding structure of Lai Fung (1) as at the Announcement Date and (2) immediately after completion of the LF Offers and the Offeror's compulsory acquisition of the remaining LF Offer Shares in the event that (a) the level of acceptances of the LF Share Offer reaches the prescribed thresholds under the Companies Law and Rule 2.11 of the Takeovers Code and (b) the Offeror exercises rights of compulsory acquisition (on the assumption that there will be no change in the shareholding structure of Lai Fung (whether by way of any exercise of the LF Options or otherwise) before such completion):

	<i>As at the Announcement Date</i>		<i>Immediately after completion of the LF Offers and the Offeror's compulsory acquisition of the remaining LF Offer Shares</i>	
	<i>No. of LF Shares</i>	<i>As a percentage of the issued share capital of Lai Fung</i>	<i>No. of LF Shares</i>	<i>As a percentage of the issued share capital of Lai Fung</i>
<b>Offeror</b>	0	0%	331,015,933	99.99%
<b>Offeror Concert Party whose LF Shares do not form part of the LF Offer Shares or the Disinterested Shares:</b>				
— Transtrend (other than through eSun)	17,510	0.01%	17,510	0.01%
<b>Offeror Concert Parties whose LF Shares form part of the LF Offer Shares and do not form part of the Disinterested Shares:</b>				
— eSun	168,792,467	50.99%	0	0%
— Mr. FA Chew (Note 1)	709,591	0.21%	0	0%
— Mr. Julius Lau (Note 2)	235	0.00007%	0	0%
— HSBC (Note 3)	0	0%	0	0%
<b>Aggregate number of LF Shares held by the Offeror and the Offeror Concert Parties</b>	169,519,803	51.21%	331,033,443	100%
<b>Total number of Disinterested Shares</b>	161,513,640	48.79%	0	0%
<b>Total number of LF Offer Shares</b>	331,015,933	99.99%	—	—
<b>Total number of LF Shares</b>	331,033,443	100%	331,033,443	100%

*Notes:*

1. *Mr. FA Chew, who is an Offeror Director, a deputy chairman and an executive director of LSG and the deputy chairman and an executive director of LSD, is acting in concert with the Offeror. As at the Announcement Date, Mr. FA Chew is interested in 709,591 LF Shares and 900,000 LF Options (other than through his interests in LSG and LSD).*
2. *Mr. Julius Lau, who is an Offeror Director and the chief executive officer and an executive director of LSD, is acting in concert with the Offeror. As at the Announcement Date, Mr. Julius Lau is interested in 235 LF Shares and 965,754 LF Options (other than through his interests in LSD).*
3. *HSBC is the financial adviser to LSD and the Offeror in respect of the LF Offers. Accordingly, HSBC and relevant members of the HSBC Group which hold LF Shares on an own account or discretionary managed basis are presumed to be acting in concert with the Offeror in relation to Lai Fung in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code (except in respect of LF Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code). Details of holdings or borrowings or lendings of, and dealings in, LF Shares or derivatives in respect of them by other parts of the HSBC Group will be obtained as soon as possible after this joint announcement has been made in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made if the holdings, borrowings, lendings, or dealings of the other parts of the HSBC Group are significant. The statements in this joint announcement as to the holdings or borrowings or lendings of, or their dealings in, LF Shares or derivatives in respect of LF Shares by parties acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of the other parts of the HSBC Group.*



The table below sets out the shareholding structure of Lai Fung (1) as at the Announcement Date; (2) as at the Announcement Date had all the LF Options been exercised on or before the Announcement Date; and (3) immediately after completion of the LF Offers and the Offeror's compulsory acquisition of the remaining LF Offer Shares in the event that (a) the level of acceptances of the LF Share Offer reaches the prescribed thresholds under the Companies Law and Rule 2.11 of the Takeovers Code and (b) the Offeror exercises rights of compulsory acquisition (on the assumption that no further LF Options will be granted after the Announcement Date, that all of the LF Options will be exercised after the Announcement Date but before the close of the LF Share Offer and that there will be no other change in the shareholding structure of Lai Fung before such completion):

	<i>As at the Announcement Date</i>		<i>As at the Announcement Date had all the LF Options been exercised on or before the Announcement Date</i>		<i>Immediately after completion of the LF Offers and the Offeror's compulsory acquisition of the remaining LF Offer Shares</i>	
	<i>As a percentage of the issued share capital of Lai Fung</i>		<i>As a percentage of the issued share capital of Lai Fung</i>		<i>As a percentage of the issued share capital of Lai Fung</i>	
	<i>No. of LF Shares</i>		<i>No. of LF Shares</i>		<i>No. of LF Shares</i>	
<b>Offeror</b>	0	0%	0	0%	342,140,459	99.99%
<b>Offeror Concert Party whose LF Shares do not form part of the LF Offer Shares or the Disinterested Shares:</b>						
— Transrend (other than through eSun)	17,510	0.01%	17,510	0.01%	17,510	0.01%
<b>Offeror Concert Parties whose LF Shares form part of the LF Offer Shares and do not form part of the Disinterested Shares:</b>						
— eSun	168,792,467	50.99%	168,792,467	49.33%	0	0%
— Dr. Peter Lam (Note 1)	0	0%	321,918	0.09%	0	0%
— Mr. Lester Lam (Note 2)	0	0%	3,219,182	0.94%	0	0%
— Mr. FA Chew (Note 3)	709,591	0.21%	1,609,591	0.47%	0	0%
— Mr. Julius Lau (Note 4)	235	0.00007%	965,989	0.28%	0	0%
— Mr. Ronald Tham (Note 5)	0	0%	500,000	0.15%	0	0%
— HSBC (Note 6)	0	0%	0	0%	0	0%
<b>Aggregate number of LF Shares held by the Offeror and the Offeror Concert Parties</b>	169,519,803	51.21%	175,426,657	51.27%	342,157,969	100%
<b>Total number of Disinterested Shares</b>	161,513,640	48.79%	166,731,312	48.73%	0	0%
<b>Total number of LF Shares</b>	331,033,443	100%	342,157,969	100%	342,157,969	100%
<b>Total number of LF Offer Shares</b>	331,015,933	99.99%	342,140,459	99.99%	—	—

Notes:

1. *Dr. Peter Lam, who is an Offeror Director, a deputy chairman and an executive director of LSG, the chairman and an executive director of LSD and the ultimate controlling shareholder of LSG, LSD and the Offeror, is acting in concert with the Offeror. As at the Announcement Date, Dr. Peter Lam is not interested in any LF Shares and is interested in 321,918 LF Options (other than through his interests in LSG, LSD and eSun).*
2. *Mr. Lester Lam, who is an Offeror Director, an executive director of LSG (and an alternate to Madam U as an executive director of LSG), an executive director of LSD and Dr. Peter Lam's son, is acting in concert with the Offeror. As at the Announcement Date, Mr. Lester Lam is not interested in any LF Shares and is interested in 3,219,182 LF Options (other than through his interests in LSG, LSD and eSun).*
3. *Mr. FA Chew, who is an Offeror Director, a deputy chairman and an executive director of LSG and the deputy chairman and an executive director of LSD, is acting in concert with the Offeror. As at the Announcement Date, Mr. FA Chew is interested in 709,591 LF Shares and 900,000 LF Options (other than through his interests in LSG and LSD).*
4. *Mr. Julius Lau, who is an Offeror Director and the chief executive officer and an executive director of LSD, is acting in concert with the Offeror. As at the Announcement Date, Mr. Julius Lau is interested in 235 LF Shares and 965,754 LF Options (other than through his interests in LSD).*
5. *Mr. Ronald Tham, who is an executive director of LSD, is acting in concert with the Offeror. As at the Announcement Date, Mr. Ronald Tham is not interested in any LF Shares and is interested in 500,000 LF Options (other than through his interests in LSD).*
6. *HSBC is the financial adviser to LSD and the Offeror in respect of the LF Offers. Accordingly, HSBC and relevant members of the HSBC Group which hold LF Shares on an own account or discretionary managed basis are presumed to be acting in concert with the Offeror in relation to Lai Fung in accordance with class 5 of the definition of "acting in concert" under the Takeovers Code (except in respect of LF Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code). Details of holdings or borrowings or lendings of, and dealings in, LF Shares or derivatives in respect of them by other parts of the HSBC Group will be obtained as soon as possible after this joint announcement has been made in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made if the holdings, borrowings, lendings, or dealings of the other parts of the HSBC Group are significant. The statements in this joint announcement as to the holdings or borrowings or lendings of, or their dealings in, LF Shares or derivatives in respect of LF Shares by parties acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of the other parts of the HSBC Group.*

## **11. EFFECT OF ACCEPTING THE LF SHARE OFFER**

The LF Share Offer will be subject to the term that acceptance of the LF Share Offer by any person will constitute a warranty by such person to the Offeror that the LF Shares sold by such person under the LF Share Offer are sold free from all Encumbrances and together with all rights attaching to them as at the LF Share Offer Closing Date or subsequently becoming attached to them, including the right to receive all dividends and distributions, if any, declared, made or paid on or after the LF Share Offer Closing Date.

## 12. HONG KONG STAMP DUTY

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the LF Offer Shares or the consideration payable by the Offeror in respect of the relevant acceptances of the LF Share Offer, whichever is higher (rounded up to the nearest HK\$1.00), will be deducted from the amount payable to the relevant holder of LF Offer Shares on acceptance of the LF Share Offer. The Offeror will bear its own portion of buyer's ad valorem stamp duty at the rate of 0.1% of the market value of the LF Offer Shares or the consideration payable by the Offeror in respect of the relevant acceptances of the LF Share Offer, whichever is higher (rounded up to the nearest HK\$1.00), and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the LF Shares which are validly tendered for acceptance under the LF Share Offer. No stamp duty is payable on the cancellation of any LF Option.

## 13. OVERSEAS LF SHAREHOLDERS AND LF OPTIONHOLDERS

The making of the LF Offers to LF Shareholders or, as the case may be, LF Optionholders who, in either case, are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws or regulations of the relevant jurisdictions. The making of the LF Offers to such LF Shareholders and LF Optionholders and their acceptances of the LF Offers may be prohibited or affected by the laws or regulations of the relevant jurisdictions and it is the responsibility of each of such LF Shareholders and LF Optionholders who wishes to accept the LF Offers to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including any requirement for any governmental, exchange control or other consents, any filing and registration requirements, any necessary formalities, any legal or regulatory requirements and any requirement for the payment by the accepting LF Shareholders or, as the case may be, LF Optionholders of any transfer or other taxes for which such accepting LF Shareholders or LF Optionholders are liable in respect of their acceptances.

**Any acceptance of the LF Offers by any LF Shareholder or LF Optionholder will be deemed to constitute a representation and warranty from such LF Shareholder or, as the case may be, LF Optionholder to the Offeror and Lai Fung that all the laws and regulations of the relevant jurisdictions have been complied with and that the LF Share Offer can be accepted by such LF Shareholder, or, as the case may be, the LF Option Offer can be accepted by such LF Optionholder, lawfully under the laws and regulations of the relevant jurisdictions. LF Shareholders and LF Optionholders should consult their professional advisers if in doubt.**

In the event that the despatch of the Composite Document to overseas LF Shareholders or LF Optionholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that are unduly burdensome, subject to the Executive's waiver, the Composite Document will not be despatched to such overseas LF Shareholders or, as the case may be, LF Optionholders. The Offeror will in that event apply to the Executive for such waiver as may be required pursuant to Note 3 to Rule 8 of the Takeovers Code. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Composite Document to such overseas LF Shareholders or, as the case may be, LF Optionholders. In granting the waiver, the Executive will be concerned to see that all material information in the Composite Document is made available to such overseas LF Shareholders or, as the case may be, LF Optionholders. If any such waiver is granted by the Executive, the Offeror reserves the right to make arrangements in respect of overseas LF Shareholders and LF Optionholders in relation to the terms of the LF Offers. Such arrangements may include notifying any matter in connection with the LF Offers to such overseas LF Shareholders and LF Optionholders by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdictions in which such persons are resident. The notice will be deemed to have been sufficiently given despite any failure of overseas LF Shareholders or overseas LF Optionholders to receive or see that notice or such receipt or sight being difficult for overseas LF Shareholders and/or LF Optionholders.

#### **14. SETTLEMENT OF CONSIDERATION**

Settlement of the consideration in respect of an acceptance of the LF Offers will be made as soon as possible and in any event within seven (7) business days (as defined in the Takeovers Code) of (i) the date of receipt of the complete and valid acceptance or (ii) the date on which the LF Offers become or are declared unconditional in all respects, whichever is the later.

#### **15. DEALINGS AND INTERESTS IN LF SHARES AND DERIVATIVES OF LAI FUNG AND OTHER ARRANGEMENT**

As at the Announcement Date, the Offeror and the Offeror Concert Parties hold 169,519,803 LF Shares in aggregate, representing approximately 51.21% of the issued share capital of Lai Fung.

As at the Announcement Date, the following Offeror Concert Parties hold LF Options:

Name	Relationship with the Offeror or its holding companies	Number of LF Options	LF Option exercise price per LF Share (HK\$)
Dr. Peter Lam	Offeror Director, a deputy chairman and an executive director of LSG, the chairman and an executive director of LSD and the ultimate controlling shareholder of LSG, LSD and the Offeror	321,918	11.400
Mr. Lester Lam	Offeror Director, an executive director of LSG (and an alternate to Madam U as an executive director of LSG), an executive director of LSD and Dr. Peter Lam's son	3,219,182	11.400
Mr. FA Chew	Offeror Director, a deputy chairman and an executive director of LSG and the deputy chairman and an executive director of LSD	900,000	6.650
Mr. Julius Lau	Offeror Director and the chief executive officer and an executive director of LSD	965,754	11.400
Mr. Ronald Tham	an executive director of LSD	500,000	6.784

Save as aforesaid, as at the Announcement Date, neither the Offeror nor the Offeror Concert Parties hold, control or have direction over any LF Shares or hold any convertible securities, warrants, options or derivatives in respect of the LF Shares.

As at the Announcement Date:

- (a) save for the LF Options, Lai Fung does not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into LF Shares;
- (b) neither the Offeror nor the Offeror Concert Parties have received any irrevocable commitment to accept or not to accept the LF Offers;
- (c) save for the LF Options, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the LF Shares or other securities of Lai Fung or the Offeror which might be material to any of the LF Offers;

- (d) neither the Offeror nor the Offeror Concert Parties have borrowed or lent any relevant securities of Lai Fung (as defined in Note 4 to Rule 22 of the Takeovers Code) save for any which have been either on-lent or sold; and
- (e) there are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke any condition or pre-condition to the LF Offers.

Neither the Offeror nor the Offeror Concert Parties have dealt in any LF Shares or convertible securities, warrants, options or derivatives in respect of LF Shares during the six-month period ended the Announcement Date.

The Offeror confirms that, as at the Announcement Date, there is no understanding, arrangement or agreement which has been determined to constitute a special deal (as defined under Rule 25 of the Takeovers Code) between any LF Shareholders on the one hand, and the Offeror and the Offeror Concert Parties on the other hand.

Lai Fung confirms that, as at the Announcement Date, there is no understanding, arrangement or agreement which has been determined to constitute a special deal (as defined under Rule 25 of the Takeover Code) between any LF Shareholders on the one hand, and Lai Fung, its subsidiaries or associated companies on the other hand.

## **16. COMPOSITE DOCUMENT**

The Composite Document containing, among other things, (i) further terms and details of the LF Offers; (ii) the recommendations from the Lai Fung Independent Board Committee with respect to the LF Offers; and (iii) the advice of the independent financial adviser to the Lai Fung Independent Board Committee, and enclosing the forms of acceptance will be despatched to the LF Shareholders and the LF Optionholders as soon as practicable in compliance with the requirements of the Takeovers Code and other applicable laws and regulations. A letter containing the details of the LF Option Offer will also be despatched to the LF Optionholders at or around the same time as the despatch of the Composite Document.

## **PART (2): POSSIBLE MAJOR ACQUISITION, POSSIBLE CONNECTED TRANSACTIONS AND OTHER MATTERS OF LSD**

### **17. POSSIBLE MAJOR ACQUISITION OF LSD**

As the highest applicable percentage ratio for LSD in respect of the LF Offers exceeds 25% and is less than 100%, the LF Offers constitute a major acquisition for LSD under Chapter 14 of the Listing Rules and are subject to approval by the Independent LSD Shareholders.

## **18. POSSIBLE DE MINIMIS CONNECTED TRANSACTIONS OF LSD**

As at the Announcement Date, Dr. Peter Lam, the chairman, an executive director and the ultimate controlling shareholder of LSD, and Mr. Lester Lam, an executive director of LSD and an LR associate of Dr. Peter Lam, are interested in certain LF Options (other than through their respective interests in LSG, LSD and eSun). The maximum aggregate consideration for such interests under the LF Offers on an aggregated basis (assuming that all of their LF Options will be exercised before the close of the LF Share Offer) is approximately HK\$31.8 million. The making of the LF Offers to Dr. Peter Lam and Mr. Lester Lam constitutes a connected transaction for LSD under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio for LSD is more than 0.1% but less than 5%, the making of the LF Offers to Dr. Peter Lam and Mr. Lester Lam is a de minimis connected transaction subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As at the Announcement Date, Mr. FA Chew, the deputy chairman and an executive director of LSD, is interested in certain LF Shares and LF Options (other than through his interests in LSG and LSD). The maximum aggregate consideration for such interests under the LF Offers (assuming that all of his LF Options will be exercised before the close of the LF Share Offer) is approximately HK\$14.5 million. The making of the LF Offers to Mr. FA Chew constitutes a connected transaction for LSD under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio for LSD is more than 0.1% but less than 5%, the making of the LF Offers to Mr. FA Chew is a de minimis connected transaction subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As at the Announcement Date, Mr. Julius Lau, the chief executive officer and an executive director of LSD, is interested in certain LF Shares and LF Options (other than through his interests in LSD). The maximum aggregate consideration for such interests under the LF Offers (assuming that all of his LF Options will be exercised before the close of the LF Share Offer) is approximately HK\$8.7 million. The making of the LF Offers to Mr. Julius Lau constitutes a connected transaction for LSD under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio for LSD is more than 0.1% but less than 5%, the making of the LF Offers to Mr. Julius Lau is a de minimis connected transaction subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.



As at the Announcement Date, Mr. Ronald Tham, an executive director of LSD, is interested in certain LF Options (other than through his interests in LSD). The maximum aggregate consideration for such interests under the LF Offers (assuming that all of his LF Options will be exercised before the close of the LF Share Offer) is approximately HK\$4.5 million. The making of the LF Offers to Mr. Ronald Tham constitutes a connected transaction for LSD under Chapter 14A of the Listing Rules. Assuming that all of his LF Options will be exercised before the close of the LF Share Offer, the highest applicable percentage ratio for LSD is less than 0.1%. On this basis, the making of the LF Offers to Mr. Ronald Tham is a de minimis connected transaction exempted from the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the information available to LSD as at the Announcement Date, other persons who are directors of subsidiaries of LSD are interested in certain LF Shares and/or LF Options. The making of the LF Offers to each such person constitutes a connected transaction for LSD under Chapter 14A of the Listing Rules. Based on the information available to LSD as at the Announcement Date, the highest applicable percentage ratio in respect of each such connected transaction for LSD is less than 1%. On this basis, since each such person is a connected person at the subsidiary level of LSD, each such connected transaction is a de minimis connected transaction exempted from the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

On the basis of the Yu Shareholders' latest disclosures of interests in Lai Fung, the Yu Shareholders, being substantial shareholders of LSD, are interested in 34,584,237 LF Shares (representing approximately 10.45% of the issued share capital of Lai Fung) (other than through their interests in LSG, LSD and eSun). The maximum aggregate consideration for such interests under the LF Offers (assuming that their shareholding in Lai Fung will not change) is approximately HK\$310.9 million. The making of the LF Share Offer to the Yu Shareholders constitutes a connected transaction for LSD under Chapter 14A of the Listing Rules. Based on the information available to LSD as at the Announcement Date, the highest applicable percentage ratio in respect of such connected transaction for LSD is more than 0.1% but less than 5%. On this basis, the making of the LF Share Offer to the Yu Shareholders is a de minimis connected transaction subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **19. NO OTHER POSSIBLE CONNECTED TRANSACTION OF LSD**

To the best knowledge, information and belief of the LSD Directors, having made all reasonable enquiries, save for the connected persons of LSD mentioned above, the LF Shareholders and the LF Optionholders are third parties independent of LSD and its connected persons under the Listing Rules.

## 20. GENERAL MEETING OF LSD

A general meeting of LSD will be held to consider, and if thought fit, to approve the LF Offers as a major acquisition. A circular containing, amongst other things, details of the LF Offers is expected to be despatched to the LSD Shareholders on or about 14 April 2020 (as additional time is required to prepare the information in the circular).

As at the Announcement Date, Dr. Peter Lam is the ultimate controlling shareholder of LSG, being interested in 163,544,322 LSG Shares (representing approximately 42.10% of the issued share capital of LSG). Dr. Peter Lam is also interested in 433,737 LSD Shares (representing approximately 0.07% of the issued share capital of LSD), other than through his interests in LSG. LSG, a holding company of LSD, is interested in 343,593,021 LSD Shares (representing approximately 56.30% of the issued share capital of LSD). As at the Announcement Date, other than through his interests in LSG and LSD, Dr. Peter Lam is interested in 2,794,443 eSun Shares (representing approximately 0.19% of the issued share capital of eSun) and (other than through his interests in LSG, LSD and eSun) 321,918 LF Options (giving him the right to subscribe for approximately 0.09% of the enlarged share capital of Lai Fung). Such interests in eSun and Lai Fung are immaterial compared to Dr. Peter Lam's interests in LSG and LSD and Dr. Peter Lam's interest in the LF Offers is in alignment with the interest of the other LSD Shareholders. Accordingly, Dr. Peter Lam does not have a material interest in the LF Offers and will not be required to abstain from voting on the resolution to be proposed at the general meeting of LSD for the approval of the LF Offers as a major acquisition. Dr. Peter Lam intends to exercise (or procure the exercise of) the voting rights attached to the LSD Shares in which he is interested (other than through LSG) in favour of such resolution.

As at the Announcement Date, Mr. FA Chew is interested in 202,422 LSG Shares (representing approximately 0.05% of the issued share capital of LSG) and (other than through his interests in LSG) 400,000 LSD Shares (representing approximately 0.07% of the issued share capital of LSD). As at the Announcement Date, other than through his interests in LSG and LSD, Mr. FA Chew is interested in 709,591 LF Shares (representing approximately 0.21% of the issued share capital of Lai Fung) and 900,000 LF Options (giving him the right to subscribe for approximately 0.26% of the enlarged share capital of Lai Fung) and is not interested in any eSun Shares or eSun Options. On the basis of Mr. FA Chew's interests in LSG, LSD and Lai Fung referred to above, his interests in Lai Fung (excluding those held through his interests in LSG and LSD) are material. On this basis, Mr. FA Chew has a material interest in the LF Offers and will be required to abstain from voting on the resolution to be proposed at the general meeting of LSD for the approval of the LF Offers as a major acquisition.

As at the Announcement Date, Mr. Julius Lau is interested in 263,500 LSD Shares (representing approximately 0.04% of the issued share capital of LSD). Other than through his interests in LSD, as at the Announcement Date, Mr. Julius Lau is interested in 235 LF Shares (representing approximately 0.00007% of the issued share capital of Lai Fung) and 965,754 LF Options (giving him the right to subscribe for approximately 0.28% of the enlarged share capital of Lai Fung) and is not interested in any eSun Shares or eSun Options. On the basis of Mr. Julius Lau's interests in LSD and Lai Fung referred to above, his interests in Lai Fung (excluding those held through his interests in LSD) are material. On this basis, Mr. Julius Lau has a material interest in the LF Offers and will be required to abstain from voting on the resolution to be proposed at the general meeting of LSD for the approval of the LF Offers as a major acquisition.

The Yu Shareholders will be required to abstain from voting on the resolution to be proposed at the general meeting of LSD for the approval of the LF Offers as a major acquisition.

## **21. LSD DIRECTORS' VIEWS AND THE OFFEROR IFA'S ADVICE**

As disclosed in section 20 "General meeting of LSD" above and section 26 "General meeting of LSG" below, the interests of each of Dr. Peter Lam and Mr. Lester Lam in Lai Fung (other than through their respective interests in LSG, LSD and eSun) are immaterial. Each of Dr. Peter Lam and Mr. Lester Lam has declared to the LSD Board such interests in accordance with the articles of association of LSD and the Listing Rules and was not required to abstain (and did not abstain) from voting on the board resolutions of LSD approving the LF Offers.

As at the Announcement Date, Mr. Ronald Tham is interested in 800,000 LSD Options (giving him the right to subscribe for approximately 0.13% of the enlarged share capital of LSD) and (other than through his interests in LSD) 500,000 LF Options (giving him the right to subscribe for approximately 0.15% of the enlarged share capital of Lai Fung). On this basis, Mr. Ronald Tham has a material interest in the LF Offers and was required to abstain from voting (and did abstain from voting) on the board resolutions of LSD approving the LF Offers.

Save for (a) Mr. FA Chew, Mr. Julius Lau and Mr. Ronald Tham who were required to abstain from voting (and did abstain from voting) on the board resolutions of LSD approving the LF Offers because of their material interests in the LF Offers (disclosed in section 20 "General meeting of LSD" and above, respectively) and (b) the members of the LSD Independent Board Committee (who will express their views after having received the Offeror IFA's advice in writing on the LF Offers), the LSD Directors, having considered the Offeror IFA's advice referred to below, are of the view that the terms of the LF Offers are on normal commercial terms and fair and reasonable to, and in the interests of, LSD and the LSD Shareholders as a whole.

The Offeror IFA has been appointed as the independent financial adviser to advise the LSD Board, the LSD Independent Board Committee and the Offeror Board on the LF Offers in accordance with Rule 2.4 of the Takeovers Code. The Offeror IFA has advised verbally that, having taken into account the terms of the LF Offers and the reasons for and benefits of the LF Offers from the perspective of LSD and the LSD Shareholders (as set out under section 37 “Reasons for and benefits of the LF Offers” below), it considers that the LF Offers are in the interests of the respective shareholders of LSD and the Offeror. A letter from the Offeror IFA containing its full advice and the LSD Independent Board Committee’s views will be included in the circular to be despatched to the LSD Shareholders.

### **PART (3): POSSIBLE MAJOR ACQUISITION, POSSIBLE CONNECTED TRANSACTIONS AND OTHER MATTERS OF LSG**

#### **22. POSSIBLE MAJOR ACQUISITION OF LSG**

As the highest applicable percentage ratio for LSG in respect of the LF Offers exceeds 25% and is less than 100%, the LF Offers constitute a major acquisition for LSG under Chapter 14 of the Listing Rules and are subject to approval by the Independent LSG Shareholders.

#### **23. POSSIBLE DE MINIMIS CONNECTED TRANSACTIONS OF LSG**

As at the Announcement Date, Dr. Peter Lam, a deputy chairman, an executive director and the ultimate controlling shareholder of LSG, and Mr. Lester Lam, an executive director of LSG (and an alternate to Madam U as an executive director of LSG) and an LR associate of Dr. Peter Lam, are interested in certain LF Options (other than through their respective interests in LSG, LSD and eSun). The maximum aggregate consideration for such interests under the LF Offers (assuming that all of their LF Options will be exercised before the close of the LF Share Offer) is approximately HK\$31.8 million. The making of the LF Offers to Dr. Peter Lam and Mr. Lester Lam constitutes a connected transaction for LSG under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio for LSG is more than 0.1% but less than 5%, the making of the LF Offers to Dr. Peter Lam and Mr. Lester Lam is a de minimis connected transaction subject to the reporting and announcement requirements but exempted from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

As at the Announcement Date, Mr. FA Chew, a deputy chairman and an executive director of LSG, is interested in certain LF Shares and LF Options (other than through his interests in LSG and LSD). The maximum aggregate consideration for such interests under the LF Offers (assuming that all of his LF Options will be exercised before the close of the LF Share Offer) is approximately HK\$14.5 million. The making of the LF Offers to Mr. FA Chew constitutes a connected transaction for LSG under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio for LSG is more than 0.1% but less than 5%, the making of the LF Offers to Mr. FA Chew is a de minimis connected transaction subject to the reporting and announcement requirements but exempted from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Based on the information available to LSG as at the Announcement Date, other persons who are directors of subsidiaries of LSG are interested in certain LF Shares and/or LF Options. The making of the LF Offers to each such person constitutes a connected transaction for LSG under Chapter 14A of the Listing Rules. Based on the information available to LSG as at the Announcement Date, the highest applicable percentage ratio in respect of each such connected transaction for LSG is less than 1%. On this basis, since each such person is a connected person at the subsidiary level of LSG, each such connected transaction is a de minimis connected transaction exempted from the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

**24. POSSIBLE CONNECTED TRANSACTION OF LSG WHICH IS NOT DE MINIMIS**

On the basis of the Yu Shareholders' latest disclosures of interests in Lai Fung, the Yu Shareholders, being substantial shareholders of LSG, are interested in 34,584,237 LF Shares (representing approximately 10.45% of the issued share capital of Lai Fung) (other than through their interests in LSG, LSD and eSun). The maximum aggregate consideration for such interests under the LF Offers (assuming that their shareholding in Lai Fung will not change) is approximately HK\$310.9 million. The making of the LF Share Offer to the Yu Shareholders constitutes a connected transaction for LSG under Chapter 14A of the Listing Rules. Based on the information available to LSG as at the Announcement Date, the highest applicable percentage ratio in respect of such connected transaction for LSG is more than 5%. On this basis, the making of the LF Share Offer to the Yu Shareholders is subject to the reporting, announcement and Non-Connected LSG Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Offeror IFA has been appointed to advise the LSG Independent Board Committee on the making of the LF Share Offer to the Yu Shareholders as a connected transaction of LSG subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. A letter from the Offeror IFA containing its opinion and recommendation and the LSG Independent Board Committee's views will be included in the circular to be despatched to the LSG Shareholders.

**25. NO OTHER POSSIBLE CONNECTED TRANSACTION OF LSG**

To the best knowledge, information and belief of the LSG Directors, having made all reasonable enquiries, save for the connected persons of LSG mentioned above, the LF Shareholders and the LF Optionholders are third parties independent of LSG and its connected persons under the Listing Rules.



## 26. GENERAL MEETING OF LSG

A general meeting of LSG will be held to consider, and if thought fit, to approve (by way of separate resolutions) (a) the LF Offers as a major acquisition and (b) the making of one or more of the LF Offers to any connected person of LSG which is a connected transaction subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. A circular containing, amongst other things, details of the LF Offers is expected to be despatched to the LSG Shareholders on or about 14 April 2020 (as additional time is required to prepare the information in the circular).

As disclosed in section 20 "General meeting of LSD" above, Dr. Peter Lam's interests in eSun and Lai Fung are immaterial compared to Dr. Peter Lam's interests in LSG and LSD and Dr. Peter Lam's interest in the LF Offers is in alignment with the interest of the other LSG Shareholders. Accordingly, Dr. Peter Lam does not have a material interest in the LF Offers and will not be required to abstain from voting on the resolutions to be proposed at the general meeting of LSG for the approval of the LF Offers as a major acquisition and the making of the LF Share Offer to the Yu Shareholders as a connected transaction of LSG subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Dr. Peter Lam intends to exercise (or procure the exercise of) the voting rights attached to the LSG Shares in which he is interested in favour of such resolutions.

As at the Announcement Date, Mr. Lester Lam is interested in 12,459,208 LSG Shares (representing approximately 3.21% of the issued share capital of LSG) and (other than through his interests in LSG) is not interested in any LSD Shares or shares of the Offeror. As at the Announcement Date, other than through his interests in LSG and LSD (indirectly through his interests in LSG), Mr. Lester Lam is interested in 2,794,443 eSun Shares (representing approximately 0.19% of the issued share capital of eSun) and (other than through his interests in LSG, LSD and eSun) 3,219,182 LF Options (giving him the right to subscribe for approximately 0.94% of the enlarged share capital of Lai Fung). Such interests in eSun and Lai Fung are immaterial compared to Mr. Lester Lam's interests in LSG and LSD and Mr. Lester Lam's interest in the LF Offers is in alignment with the interest of the other LSG Shareholders. Accordingly, Mr. Lester Lam does not have a material interest in the LF Offers and will not be required to abstain from voting on the resolutions to be proposed at the general meeting of LSG for the approval of the LF Offers as a major acquisition and the making of the LF Share Offer to the Yu Shareholders as a connected transaction of LSG subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Mr. Lester Lam intends to exercise (or procure the exercise of) the voting rights attached to the LSG Shares in which he is interested in favour of such resolutions.

As disclosed in section 20 “General meeting of LSD” above, on the basis of Mr. FA Chew’s interests in LSG, LSD and Lai Fung referred to above, his interests in Lai Fung (excluding those held through his interests in LSG and LSD) are material. On this basis, Mr. FA Chew has a material interest in the LF Offers and will be required to abstain from voting on the resolution to be proposed at the general meeting of LSG for the approval of the LF Offers as a major acquisition. For the avoidance of doubt, on the basis that Mr. FA Chew has no interest in the making of the LF Share Offer to the Yu Shareholders, he will not be required to abstain from voting on the resolution to be proposed at the general meeting of LSG for the approval of the making of the LF Share Offer to the Yu Shareholders as a connected transaction of LSG subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

As disclosed in section 6 “Conditions to the LF Offers” above, the LF Share Offer is subject to the fulfilment of, among other Conditions, (a) the approval by the Independent LSG Shareholders of the LF Offers as a major acquisition of LSG and (b) the approval by the Non-Connected LSG Shareholders of the making of one or more of the LF Offers to any connected person of LSG which is a connected transaction of LSG subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules, in each case, in accordance with the Listing Rules. The Yu Shareholders will be required to abstain from voting on the resolution to be proposed at the general meeting of LSG for the approval of the making of the LF Share Offer to the Yu Shareholders as a connected transaction of LSG subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. In light of that, they will not be required to abstain from voting on the resolution to be proposed at the general meeting of LSG for the approval of the LF Offers as a major acquisition.

## **27. LSG DIRECTORS’ VIEWS AND THE OFFEROR IFA’S ADVICE**

As disclosed in section 20 “General meeting of LSD” above and section 26 “General meeting of LSG” above, the interests of each of Dr. Peter Lam and Mr. Lester Lam in Lai Fung (other than through their respective interests in LSG, LSD and eSun) are immaterial. Each of Dr. Peter Lam and Mr. Lester Lam has declared such interests to the LSG Board in accordance with the articles of association of LSG and the Listing Rules and was not required to abstain (and did not abstain) from voting on the board resolutions of LSG approving the LF Offers.

Save for (a) Mr. FA Chew who was required to abstain from voting (and did abstain from voting) on the board resolutions of LSG approving the LF Offers because of his material interest in the LF Offers (disclosed in section 26 “General meeting of LSG”) and (b) the members of the LSG Independent Board Committee (who will express their views after having received the Offeror IFA’s advice in writing on the LF Offers and on the making of one or more of the LF Offers to any connected person of LSG which is a connected transaction subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules), the LSG Directors, having considered the Offeror IFA’s advice referred to below, are of the view that the terms of the LF Offers are on normal commercial terms and fair and reasonable to, and in the interests of, LSG and the LSG Shareholders as a whole.



The Offeror IFA has been appointed as the independent financial adviser (a) to advise the LSG Board and the LSG Independent Board Committee on the LF Offers in accordance with Rule 2.4 of the Takeovers Code and (b) to make a recommendation to the LSG Independent Board Committee and the Non-Connected LSG Shareholders on the making of the LF Offers to any connected person of LSG which is a connected transaction subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules in accordance with Rule 14A.45 of the Listing Rules. The Offeror IFA has advised verbally that, having taken into account the terms of the LF Offers and the reasons for and benefits of the LF Offers from the perspective of LSG and the LSG Shareholders (as set out under section 37 "Reasons for and benefits of the LF Offers" below), it considers that the LF Offers are in the interests of the shareholders of LSG. A letter from the Offeror IFA containing its full advice and the LSG Independent Board Committee's views will be included in the circular to be despatched to the LSG Shareholders.

#### **PART (4): POSSIBLE VERY SUBSTANTIAL DISPOSAL, POSSIBLE CONNECTED TRANSACTION AND OTHER MATTERS OF eSUN**

##### **28. POSSIBLE VERY SUBSTANTIAL DISPOSAL OF eSUN**

The eSun Disposal will be a disposal by eSun of all of its LF Shares. As the highest applicable percentage ratio for eSun in respect of the eSun Disposal exceeds 75%, the eSun Disposal constitutes a very substantial disposal for eSun under Chapter 14 of the Listing Rules and is subject to approval by the Independent eSun Shareholders.

Upon completion of the eSun Disposal, eSun and its subsidiaries will continue to hold their assets and businesses other than those attributable to the LF Shares.

##### **29. FINANCIAL EFFECT OF THE eSUN DISPOSAL ON eSUN**

It is estimated that eSun will record an unaudited loss before taxation of approximately HK\$8,000 million from the eSun Disposal, which is calculated as the difference between the gross proceeds from the eSun Disposal and the net assets of Lai Fung attributable to eSun in eSun's consolidated financial statements as at 31 July 2019, after taking into account the release of exchange reserve.

eSun Shareholders should note that the exact amount of the loss on the eSun Disposal to be recorded in the consolidated income statement of eSun for the year ending 31 July 2020 will be (1) subject to audit, (2) calculated based on the net assets of Lai Fung attributable to eSun in eSun's consolidated financial statements as at the date of completion of the eSun Disposal and the final gross proceeds and (3) net of any incidental expenses, tax expenses, transaction costs and any exchange rate fluctuation before the date of completion of the eSun Disposal, and therefore may vary from the amount disclosed above.

Upon completion of the eSun Disposal, eSun will no longer hold any interest in Lai Fung. Lai Fung will cease to be an indirect non-wholly-owned subsidiary of eSun and the financial results of Lai Fung will no longer be consolidated into the financial statements of eSun with effect from the date of completion of the eSun Disposal.

### **30. USE OF PROCEEDS FROM THE eSUN DISPOSAL**

As at the Announcement Date, eSun holds 168,792,467 LF Shares. On this basis, the gross proceeds from the eSun Disposal will amount to approximately HK\$1,517.4 million. Please refer to section 37 “Reasons for and benefits of the LF Offers” for the proposed use of the proceeds from the eSun Disposal.

### **31. POSSIBLE CONNECTED TRANSACTION OF eSUN**

Both the Offeror and Transtrend are wholly-owned subsidiaries of LSD, which, through Transtrend, is a holding company of eSun interested in 1,113,260,072 eSun Shares (representing approximately 74.62% of the issued share capital of eSun). Accordingly, the Offeror is a connected person of eSun under the Listing Rules. The eSun Disposal constitutes a connected transaction for eSun under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Non-Connected eSun Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The eSun IFA will be appointed to advise the eSun Independent Board Committee on the eSun Disposal as a connected transaction of eSun subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. A letter from the eSun IFA containing its opinion and recommendation and the eSun Independent Board Committee’s views will be included in the circular to be despatched to the eSun Shareholders.

### **32. SPECIAL GENERAL MEETING OF eSUN**

A special general meeting of eSun will be held to consider, and if thought fit, to approve (by way of separate resolutions) (a) the eSun Disposal as a very substantial disposal and (b) the eSun Disposal as a connected transaction subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. A circular containing, amongst other things, details of the LF Offers and the eSun Disposal are expected to be despatched to the eSun Shareholders on or about 14 April 2020 (as additional time is required to prepare the information in the circular).

As at the Announcement Date, Transtrend, which, like the Offeror, is a wholly-owned subsidiary of LSD, is interested in 1,113,260,072 eSun Shares (representing approximately 74.62% of the issued share capital of eSun). Accordingly, Transtrend has a material interest in the eSun Disposal and will be required to abstain from voting on the resolutions to be proposed at the special general meeting of eSun for the approval of the eSun Disposal as a very substantial disposal and a connected transaction subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

As at the Announcement Date, Dr. Peter Lam is the ultimate controlling shareholder of LSG, being interested in 163,544,322 LSG Shares (representing approximately 42.10% of the issued share capital of LSG). Dr. Peter Lam is also interested in 433,737 LSD Shares (representing approximately 0.07% of the issued share capital of LSD), other than through his interests in LSG. LSG, a holding company of LSD, is interested in 343,593,021 LSD Shares (representing approximately 56.30% of the issued share capital of LSD). As at the Announcement Date, other than through his interests in LSG and LSD, Dr. Peter Lam is interested in 2,794,443 eSun Shares (representing approximately 0.19% of the issued share capital of eSun). On the basis of Dr. Peter Lam's interests in LSG, LSD and eSun referred to above, his interests in LSG and LSD are material. Accordingly, Dr. Peter Lam has a material interest in the eSun Disposal and will be required to abstain from voting on the resolutions to be proposed at the special general meeting of eSun for the approval of the eSun Disposal as a very substantial disposal and a connected transaction subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As at the Announcement Date, Mr. Lester Lam is interested in 12,459,208 LSG Shares (representing approximately 3.21% of the issued share capital of LSG) and (other than through his interests in LSG) is not interested in any LSD Shares or shares of the Offeror. As at the Announcement Date, other than through his interests in LSG and LSD (indirectly through his interests in LSG), Mr. Lester Lam is interested in 2,794,443 eSun Shares (representing approximately 0.19% of the issued share capital of eSun). On the basis of Mr. Lester Lam's interests in LSG, LSD and eSun referred to above, his interests in LSG and LSD are material. Accordingly, Mr. Lester Lam has a material interest in the eSun Disposal and will be required to abstain from voting on the resolutions to be proposed at the special general meeting of eSun for the approval of the eSun Disposal as a very substantial disposal and a connected transaction subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Yu Shareholders are not involved in, and have no influence over, the LF Offers. While they are shareholders of each of LSG, LSD, eSun and Lai Fung, they are otherwise independent of those listed companies and their ultimate controlling shareholder, Dr. Peter Lam. They are not directors of LSG, LSD, the Offeror, eSun, Lai Fung or any of their respective subsidiaries and do not have any representative on the board or the management team of any of LSG, LSD, the Offeror, eSun, Lai Fung or their respective subsidiaries. On the basis of the Yu Shareholders' latest disclosures of interests in Lai Fung, the Yu Shareholders are interested in 10.45% of the issued share capital of Lai Fung (other than through their interests in LSG, LSD and eSun) and their interest is aligned with the other eSun Shareholders as a seller in the LF Offers. Accordingly, the Yu Shareholders do not have a material interest in, and will not be required to abstain from voting on, the resolutions to be proposed at the special general meeting of eSun for the approval of the eSun Disposal as a very substantial disposal and a connected transaction subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### 33. eSUN DIRECTORS' VIEWS AND THE eSUN IFA'S ADVICE

**The eSun Board has not decided whether to accept the LF Share Offer (the acceptance of which would result in the eSun Disposal) and will make such decision in accordance with the result of the votes on the resolutions to be proposed at the special general meeting of eSun for the approval of the eSun Disposal.**

As disclosed in section 32 “Special general meeting of eSun” above, Mr. Lester Lam has a material interest in the eSun Disposal and will abstain from voting on the board resolutions of eSun in connection with the eSun Disposal.

As at the Announcement Date, Madam U is interested in 825,525 LSG Shares (representing approximately 0.21% of the issued share capital of LSG) and (other than through her interests in LSG) 26,919 LSD Shares (representing approximately 0.004% of the issued share capital of LSD). On this basis, Madam U has a material interest in the eSun Disposal and will abstain from voting on the board resolutions of eSun in connection with the eSun Disposal.

As at the Announcement Date, Mr. FA Chew is interested in 202,422 LSG Shares (representing approximately 0.05% of the issued share capital of LSG), 3,819,204 LSG Options (giving him the right to subscribe for approximately 0.94% of the enlarged share capital of LSG), (other than through his interests in LSG) 400,000 LSD Shares (representing approximately 0.07% of the issued share capital of LSD) and 3,773,081 LSD Options (giving him the right to subscribe for approximately 0.60% of the enlarged share capital of LSD). On this basis, Mr. FA Chew has a material interest in the eSun Disposal and will abstain from voting on the board resolutions of eSun in connection with the eSun Disposal.

As at the Announcement Date, Mr. Richard Lui is interested in 185,600 LSG Shares (representing approximately 0.05% of the issued share capital of LSG) and (other than through his interests in LSG) 104,000 LSD Options (giving him the right to subscribe for approximately 0.02% of the enlarged share capital of LSD). On this basis, Mr. Richard Lui has a material interest in the eSun Disposal and will abstain from voting on the board resolutions of eSun in connection with the eSun Disposal.

As at the Announcement Date, Mr. Yip Chai Tuck is the chief executive officer of LSG. On this basis, Mr. Yip Chai Tuck has a material interest in the eSun Disposal and will abstain from voting on the board resolutions of eSun in connection with the eSun Disposal.

The eSun Board has established the eSun Independent Board Committee, comprising Mr. Low Chee Keong, Mr. Lo Kwok Kwei, David, Mr. Alfred Donald Yap and Dr. Ng Lai Man, Carmen, to make a recommendation to the Non-Connected eSun Shareholders in respect of the eSun Disposal which is a connected transaction subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Save for Mr. Lester Lam, Madam U, Mr. FA Chew, Mr. Richard Lui and Mr. Yip Chai Tuck, who will abstain from voting on the board resolutions of eSun in connection with the eSun Disposal because of their material interests in the eSun Disposal, the eSun Directors (who are the members of the eSun Independent Board Committee) are yet to form any view on the merits of the LF Offers and will do so after having received the eSun IFA's advice in writing on the eSun Disposal, which is a very substantial disposal and a connected transaction subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. The eSun Independent Board Committee's views will be announced and included in the circular to be despatched to the eSun Shareholders.

The eSun IFA will be appointed as the independent financial adviser to make a recommendation to the eSun Independent Board Committee, the Independent eSun Shareholders and the Non-Connected eSun Shareholders on the eSun Disposal, which is a very substantial disposal and a connected transaction subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules in accordance with Rule 14A.45 of the Listing Rules. A letter from the eSun IFA containing its full advice and the eSun Independent Board Committee's views will be included in the circular to be despatched to the eSun Shareholders.

**WARNING: The LF Offers are subject to the Conditions being fulfilled or waived. Accordingly, the eSun Disposal may or may not proceed. Shareholders and holders of options and other securities of and potential investors in LSG, LSD, eSun and Lai Fung should therefore exercise caution when dealing in the securities of LSG, LSD, eSun and Lai Fung. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers. Further announcement(s) will be made as required under the Listing Rules.**

## **PART (5): GENERAL**

### **34. INFORMATION ON LSD, LSG AND THE OFFEROR**

LSD is a company incorporated in Hong Kong with limited liability. The LSD Group is principally engaged in 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.

LSG is a company incorporated in Hong Kong with limited liability. The LSG Group is principally engaged in 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.

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of LSD. The Offeror is engaged in investment holding.

As at the Announcement Date, (i) LSG is interested in approximately 56.30% of the issued share capital of LSD and (ii) Dr. Peter Lam is interested in approximately 42.10% of the issued share capital of LSG.

### 35. INFORMATION ON THE eSUN GROUP

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.

As at the Announcement Date, LSD is interested in approximately 74.62% of the issued share capital of eSun and holds such interest through Transtrend.

### 36. INFORMATION ON THE LAI FUNG GROUP

Lai Fung is a company incorporated in the Cayman Islands with limited liability. The Lai Fung Group is principally engaged in property development for sale, property investment, and development and operation of and investment in cultural, leisure, entertainment and related facilities.

The audited consolidated net asset value attributable to owners of Lai Fung as at 31 July 2019 was approximately HK\$15,834.0 million.

The consolidated audited net profit before and after taxation and tax indemnity of Lai Fung for the last two financial years ended 31 July 2019 and 2018 are as follows:

	<b>For the financial year ended 31 July</b>	
	2019 <i>HK\$ '000</i>	2018 <i>HK\$ '000</i>
<b>Net profit before tax and tax indemnity</b>	1,170,537	1,556,005
<b>Net profit after tax and tax indemnity</b>	740,055	1,291,471



### 37. REASONS FOR AND BENEFITS OF THE LF OFFERS

The following sets out the Offeror's reasons for the LF Offers and the benefits of the LF Offers for LSG and LSD and for eSun and the holders of the LF Offer Shares (as considered by the Offeror):

#### **For LSD and LSG**

##### ***Streamlining of the corporate structure of the LSD Group***

The principal activities of the LSD Group include, among other activities, property investment, property development and investment in and operation of hotels (the "**Property Businesses**"). (Please refer to section 34 "Information on LSD, LSG and the Offeror" for further details of LSD Group's principal activities.)

Currently the Property Businesses are carried out both directly by LSD and indirectly through the Lai Fung Group. Upon completion of the LF Offers, the Property Businesses will be directly aligned within the LSD Group.

Additionally, acceptance of the LF Share Offer by eSun, which owns a 50.99% stake in Lai Fung, will enable the remaining eSun Group to position itself as a pure-play cinema, media and entertainment operator and will provide eSun with the funding it needs to accelerate the development of these operations.

LSG, as the holding company of LSD, will in turn benefit from the enhancements to the operations and performance of the LSD Group.

##### *(a) Greater business coherence*

The enhanced alignment within the LSD Group of the Property Businesses and, upon acceptance of the LF Share Offer by eSun, delineation of the cinema, media and entertainment businesses of the remaining eSun Group will enable the performance of these businesses and the members of the LSD Group operating them to be better assessed as separate business lines and operators. It will facilitate investors to apply different valuation methodologies to the two business lines based on their respective earnings, cash flow and net asset value profiles as appropriate.

Acceptance of the LF Share Offer by the eSun Group and the transformation of the remaining eSun Group into a pure-play cinema, media and entertainment business operator will also provide investors with clearer investment choices, allowing the existing investor base of the LSD Group to align itself better to the businesses of the group and providing the potential to attract new investors looking for specific investment opportunities.



(b) *Enhanced management focus and resource allocation*

Clearer alignment and delineation of the businesses of the LSD Group will enable management at the different group companies to focus on, and devote their time to, specific business lines. This will enable clearer assessment of management performance, and the rewarding of management, based on the performance of the specific business lines and enable better allocation of resources to such business lines.

**For eSun**

***Transform the remaining eSun Group into a pure-play cinema, media and entertainment company and provide it with funding to accelerate growth of these businesses***

Acceptance of the LF Share Offer by eSun will transform the remaining eSun Group into a pure-play cinema, media and entertainment company and provide it with the funding to reinforce its industry position and accelerate growth in its businesses of 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 and cinema operation.

Through its indirect non-wholly-owned subsidiary, Intercontinental Group Holdings Limited (“IGHL”), which is engaged in the operation of cinemas in Hong Kong, the distribution of films, DVDs, Blu-ray discs and video games, the provision of advertising services and the trading of merchandises and gaming products, the eSun Group is one of the leading film and video distribution companies in Hong Kong, releasing around 30 films every year and distributing a variety of video products. It is also one of the leading multiplex cinema operators in Hong Kong, operating a total of 13 cinemas in Hong Kong and the PRC. For the year ended 31 July 2019, the eSun Group’s cinema operation had a market share of 20.09% of the total box office takings of Hong Kong and it was the second largest cinema operator in Hong Kong in terms of total number of cinemas, box office sales and market share according to Hong Kong Box Office Limited, an independent organisation established to report on the daily Hong Kong box office revenue, details of latest movies and box office data analysis. In addition, through its indirect non-wholly-owned subsidiary Media Asia Group Holdings Limited (Stock Code: 8075), the eSun Group is involved in film production and distribution; organisation, management and production of concerts and live performances; artiste management; production and distribution of television programmes; music production and publishing; licensing of media contents and the provision of consultancy services in planning and management of cultural, entertainment and live performance projects.

In recent years, as eSun has continued its investment in these businesses, its film production and distribution segment and its cinema operation segment have recorded segment losses whilst its media and entertainment segment has generated a modest segment profit. In light of such current performance it would be difficult to raise a meaningful amount of financing for the development of these cinema, media and entertainment operations from the equity capital market or by way of new borrowings at a reasonable cost. On the basis of the number of LF Shares owned by eSun as at the Announcement Date, acceptance of the LF Share Offer by eSun will provide it with funding of approximately HK\$1,517.4 million. eSun intends to use the funding for the repayment of a shareholder loan of HK\$50 million granted by LSD to eSun (which will be repayable on 29 July 2021) as well as the accelerated development of eSun's remaining businesses including the following.

- (a) **Cinema operation:** With eSun's acquisition of an additional 10% equity interest in IGHL in November 2018, it now owns a 95% equity interest in IGHL. The eSun Group is also expanding its market share of the cinema market in Hong Kong and the PRC. eSun intends to achieve further expanded market share in its cinema operation through improving its existing cinemas, upgrading the facilities of its existing cinemas and acquiring new cinema sites. eSun has recently secured two new cinema sites in Hong Kong (in Kai Tak and at Cyberport respectively) and is currently in discussions with the respective landlords of three other new cinema sites in Hong Kong. Such continuous expansion is essential to the eSun Group's strategy of positioning itself as one of the leading cinema operators in Hong Kong by securing cinemas sites in the relevant areas and not losing prime locations to its competitors. Such continuous expansion is also expected to create cross-segment synergies for its film production and distribution segment since film producers consider distributors with cinema operation more favourably and the box office performance of a film being distributed is to an extent dependent on the number of cinemas it runs in. Subject to the outcome of such discussions, eSun expects a total capital expenditure of over HK\$210 million for the five new cinema sites over the four years from 2020 to 2023. eSun also estimates that more than HK\$20 million will be required for the renovation of its existing cinemas over the same four-year period. eSun expects to finance such capital commitment by its operating cash flow, financing from LSD and banks and the proceeds of the eSun Disposal.

- (b) **Media and entertainment:** The eSun Group is expanding its distribution of music products, with recent successes in the grant of an exclusive PRC distribution licence to Tencent Music Entertainment (Shenzhen) Co., Ltd. for the distribution of eSun’s digital music products. Apart from continuing to broaden the channels for the distribution of its music products, the eSun Group is investing in nurturing new talented artistes, by actively scouting for new talented music artistes including through auditions in Beijing, Shanghai, Guangzhou, Chengdu, Changsha and Taipei and training successful candidates with a view to becoming artistes managed by the eSun Group. It is the intention of the eSun Group to grow its pool of artistes organically and thereby reduce costs associated with signing established artistes. In addition to management fees, other potential sources of revenue from this business include fees from exploitation of the copyrights of the songs written by these artistes, performances, commercial endorsements and merchandising.
- (c) **Film Production and Distribution:** The eSun Group invests prudently in the production of films and adopts effective risk management approaches such as producing larger budget films through joint ventures. eSun intends to develop its film distribution business, which already includes an output agreement with Storyteller Distribution Co., LLC (trading as “Amblin Partners”), which is a production company headquartered in the United States, granting eSun, for a term of two years expiring on 31 December 2020, the exclusive distribution rights of up to six motion pictures produced by Amblin Partners in Hong Kong and Macau each year.

The eSun Board does not have any intention, and has not entered into any agreement, arrangement or understanding, to acquire or develop any new business or to dispose of or downsize the existing businesses or material operating assets of eSun after the eSun Disposal.

#### **For the holders of the LF Offer Shares**

##### ***An opportunity to realise value for the LF Shareholders***

The LF Share Offer offers the LF Shareholders the opportunity to realise their investments in the LF Shares, which have consistently suffered from low levels of liquidity.

*(a) As compared to historical discount to NAV*

The LF Share Offer Price represents a discount of approximately 81.41% to the audited consolidated net asset value attributable to owners per LF Share of approximately HK\$48.36 as at 31 July 2019, based on the total number of issued LF Shares and the consolidated net assets attributable to owners of Lai Fung as at 31 July 2019. Such discount is largely in line with historical trading prices of LF Shares. The discount of the simple average closing price of LF Shares on the Stock Exchange (as obtained from Bloomberg) for Lai Fung's five financial years ended 31 July 2019 to the net assets per LF Share as at the end of each such financial year was 79.70%, 84.59%, 78.91%, 73.57% and 79.94%, respectively.

*(b) In light of the low liquidity of the LF Shares*

In light of the low liquidity of the LF Shares (with an average daily trading volume of approximately 0.03 million shares or 0.01% of the issued share capital of Lai Fung during the one-year period ended on and including the Last Trading Date), it would be difficult for a significant number of LF Offer Shares to be sold in the market without adversely affecting the market price of the LF Shares. The LF Share Offer affords the holders of the LF Offer Shares the opportunity to realise their investments in Lai Fung without such difficulty.

### **38. INTENTIONS OF LSD WITH REGARD TO THE LAI FUNG GROUP**

LSD does not intend the Lai Fung Group to start any new business outside the property sector upon completion of the LF Offers. LSD may from time to time consider the need to fund further development of the businesses of the Lai Fung Group by debt and/or equity financing by the Lai Fung Group, subject to the Lai Fung Group's business needs and prevailing market conditions. It is also the intention of LSD that the employment of the existing employees of the Lai Fung Group and the directorship of the existing directors of the Lai Fung Group will be continued following completion of the LF Offers except for changes which may occur in the ordinary course of business.

### **39. CONFIRMATION OF FINANCIAL RESOURCES**

On the assumption that no further LF Options will be granted and all of the LF Options will be exercised before the close of the LF Share Offer, Lai Fung will have to issue 11,124,526 new LF Shares, representing approximately 3.25% of the enlarged issued share capital of Lai Fung, upon such exercise of the LF Options. On this basis and on the assumption that the number of LF Shares will otherwise not change, there will be 342,140,459 LF Offer Shares (including the new LF Shares issued as a result of the exercise of the LF Options) and the value of the LF Share Offer will be approximately HK\$3,075.8 million. In this case, no amount will be payable by the Offeror under the LF Option Offer. On this basis and taking into account the buyer's ad valorem stamp duty payable by the Offeror (on the basis of the market value of the relevant shares being their respective closing prices on the Last Trading Date), the maximum amount of cash required to implement the LF Offers would be approximately HK\$3,079.2 million.

The Offeror intends to finance the cash required for the LF Offers from existing internal cash resources and/or external debt financing of the LSD Group.

HSBC, being the financial adviser to LSD and the Offeror in respect of the LF Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the LF Offers in accordance with their respective terms.

### **40. TAXATION AND INDEPENDENT ADVICE**

LF Shareholders and LF Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the LF Offers. It is emphasised that none of LSG, LSD, the Offeror, eSun, Lai Fung or HSBC, nor any of their respective directors, officers or associates or any other person involved in the LF Offers, accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their accepting or not accepting the LF Offers.

### **41. DEALINGS DISCLOSURE**

In accordance with Rule 3.8 of the Takeovers Code, associates (including persons holding 5 per cent or more of a class of relevant securities (as defined in Note 4 to Rule 22 to the Takeovers Code)) of Lai Fung and the Offeror are hereby reminded to disclose their dealings in LF Shares pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

#### **42. PRECAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS**

This joint announcement includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror, LSD, LSG, eSun and/or Lai Fung (as the case may be) and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this joint announcement include statements about the expected effects of the LF Offers, the expected timing and scope of the LF Offers and all other statements in this joint announcement other than historical facts.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the LF Offers, as well as additional factors, such as general, social, economic and political conditions in the countries in which the relevant entity operates or other countries which have an impact on the relevant company’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the relevant company operates, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the relevant company operates and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the relevant company operates, regional or general changes in asset valuations and disruptions or reductions in travel and operations due to natural or man-made disasters, pandemics, epidemics, or outbreaks of infectious or contagious diseases such as the novel coronavirus. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.



All written and oral forward-looking statements attributable to the Offeror, LSD, LSG, eSun and/or Lai Fung (as the case may be) or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Announcement Date.

Any forward-looking statement contained in this joint announcement based on past or current trends and/or activities of the relevant company should not be taken as a representation that such trends or activities will continue in the future. No statement in this joint announcement is intended to be a profit forecast or to imply that the earnings of the relevant company for the current year or future years will necessarily match or exceed its historical or published earnings. Each forward-looking statement speaks only as at the date of the particular statement. Subject to the requirements of the Takeovers Code and other applicable laws and regulations, each of the Offeror, LSD, LSG, eSun and Lai Fung expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions of circumstances on which any such statement is based.

## DEFINITIONS

In this joint announcement, the following terms have the meanings set out below, unless the context requires otherwise:

<b>“Announcement Date”</b>	means 21 February 2020, being the date of this joint announcement;
<b>“associate”</b>	has the meaning ascribed to it under the Takeovers Code;
<b>“close associate”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“Companies Law”</b>	means the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
<b>“Companies Ordinance”</b>	means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
<b>“Composite Document”</b>	means the composite offer and response document to be issued by or on behalf of the Offeror and Lai Fung to the LF Shareholders and the LF Optionholders in accordance with the Takeovers Code in relation to the LF Offers;
<b>“Conditions”</b>	means the conditions to the LF Share Offer, as set out under section 6 “Conditions to the LF Offers”;
<b>“core connected person”</b>	has the meaning ascribed to it under the Listing Rules;



<b>“disclosures of interests”</b>	means disclosures of interests pursuant to Part XV of the SFO or otherwise;
<b>“Disinterested Shareholders”</b>	means the holders of the Disinterested Shares. For the avoidance of doubt, the Disinterested Shareholders include any member of the HSBC Group in respect of LF Shares of its non-discretionary investment clients where such client (a) has control over whether to tender acceptances to the LF Share Offer in respect of those LF Shares, (b) if acceptances of the LF Share Offer in respect of those LF Shares are to be tendered, gives instructions to tender them, and (c) is not the Offeror, LSD or any of the other Offeror Concert Parties;
<b>“Disinterested Shares”</b>	means LF Shares other than those owned by the Offeror or any of the Offeror Concert Parties;
<b>“Dr. Peter Lam”</b>	means Dr. Lam Kin Ngok, Peter, an Offeror Director, a deputy chairman and an executive director of LSG, the chairman and an executive director of LSD and the ultimate controlling shareholder of LSG, LSD and the Offeror;
<b>“Encumbrance”</b>	means any mortgage, charge, pledge, lien, equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement, rights of pre-emption or any other third party rights of any nature or any agreement for any of the same;
<b>“eSun”</b>	means eSun Holdings Limited (豐德麗控股有限公司), 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 (Stock Code: 571);
<b>“eSun Board”</b>	means the board of eSun Directors;
<b>“eSun Directors”</b>	means the directors of eSun;
<b>“eSun Disposal”</b>	means eSun’s disposal of all the LF Shares owned by it as a result of its acceptance of the LF Share Offer;
<b>“eSun Group”</b>	means eSun and its subsidiaries (including, for the avoidance of doubt, the Lai Fung Group before completion of the eSun Disposal);

<b>“eSun IFA”</b>	means the independent financial adviser to the eSun Independent Board Committee, the Independent eSun Shareholders and the Non-Connected eSun Shareholders on the eSun Disposal which is a very substantial disposal and a connected transaction subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules to be appointed after this joint announcement;
<b>“eSun Independent Board Committee”</b>	means the independent board committee of eSun established by the eSun Board pursuant to the Listing Rules to make a recommendation to the Independent eSun Shareholders in respect of the eSun Disposal as a very substantial disposal and to the Non-Connected eSun Shareholders in respect of the eSun Disposal as a connected transaction of eSun subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. Such independent board committee comprises all the independent non-executive eSun Directors;
<b>“eSun Options”</b>	means the share options, each relating to one eSun Share, granted and outstanding under the share option scheme adopted by eSun on 11 December 2015 from time to time, whether such options are vested or not;
<b>“eSun Shareholders”</b>	means the holders of the eSun Shares;
<b>“eSun Shares”</b>	means the shares in the capital of eSun;
<b>“Executive”</b>	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
<b>“HK\$”</b>	means Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	means the Hong Kong Special Administrative Region of the PRC;

<b>“HSBC”</b>	means The Hongkong and Shanghai Banking Corporation Limited, being the financial adviser to LSD and the Offeror in relation to the LF Offers, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong);
<b>“HSBC Group”</b>	means HSBC and persons controlling, controlled by or under the same control as HSBC;
<b>“Independent eSun Shareholders”</b>	means the eSun Shareholders other than (a) Transtrend, (b) Dr. Peter Lam and Mr. Lester Lam, who, on the basis of their disclosures of interests in LSG, LSD and eSun as at the Announcement Date, will be required under the Listing Rules to abstain from voting on the resolutions to be proposed at the special general meeting of eSun to approve the eSun Disposal as a very substantial disposal, and their respective close associates and (c) any other eSun Shareholder who has a material interest in such very substantial disposal and will be required under the Listing Rules to abstain from voting on the same resolutions and his close associates. For the avoidance of doubt, the Independent eSun Shareholders include the Yu Shareholders;
<b>“Independent LSD Shareholders”</b>	means the LSD Shareholders other than (a) Mr. FA Chew and Mr. Julius Lau, who, on the basis of their disclosures of interests in LSG, LSD and Lai Fung as at the Announcement Date, will be required under the Listing Rules to abstain from voting on the resolution to be proposed at the general meeting of LSD to approve the LF Offers as a major acquisition, and their respective close associates, (b) the Yu Shareholders, who, on the basis of their disclosures of interests in LSG, LSD, eSun and Lai Fung as at the Announcement Date, will be required under the Listing Rules to abstain from voting on the resolution to be proposed at the general meeting of LSD to approve the LF Offers as a major acquisition, and their close associates and (c) any other LSD Shareholder who has a material interest in such major acquisition and will be required under the Listing Rules to abstain from voting on the same resolution and his close associates. For the avoidance of doubt, the Independent LSD Shareholders include Dr. Peter Lam;

<b>“Independent LSG Shareholders”</b>	means the LSG Shareholders other than (a) Mr. FA Chew, who, on the basis of his disclosures of interests in LSG, LSD and Lai Fung as at the Announcement Date, will be required under the Listing Rules to abstain from voting on the resolution to be proposed at the general meeting of LSG to approve the LF Offers as a major acquisition, and his close associates and (b) any other LSG Shareholder who has a material interest in such major acquisition and will be required under the Listing Rules to abstain from voting on the same resolution and his close associates. For the avoidance of doubt, the Independent LSG Shareholders include Dr. Peter Lam, Mr. Lester Lam and the Yu Shareholders;
<b>“Lai Fung”</b>	means Lai Fung Holdings Limited (麗豐控股有限公司), 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 (Stock Code: 1125);
<b>“Lai Fung Board”</b>	means the board of Lai Fung Directors;
<b>“Lai Fung Directors”</b>	means the directors of Lai Fung;
<b>“Lai Fung Group”</b>	means Lai Fung and its subsidiaries;
<b>“Lai Fung Independent Board Committee”</b>	means the independent board committee of Lai Fung established by the Lai Fung Board to make a recommendation to the Disinterested Shareholders and the LF Optionholders in respect of the LF Share Offer and the LF Option Offer, respectively;
<b>“Last Trading Date”</b>	means 21 February 2020, being the last trading day which ended before the publication of this joint announcement, which is the date of this joint announcement;
<b>“LF Offer Shares”</b>	means the LF Shares which are subject to the LF Share Offer;
<b>“LF Offers”</b>	means the LF Share Offer and the LF Option Offer;
<b>“LF Option Offer”</b>	means the offer to be made by HSBC on behalf of the Offeror to the LF Optionholders in compliance with Rule 13 of the Takeovers Code to cancel all the LF Options;
<b>“LF Option Offer Price”</b>	means in relation to any LF Option, the price at which the LF Option Offer will be made;

<b>“LF Optionholders”</b>	means the holders of the LF Options;
<b>“LF Options”</b>	means the share options, each relating to one LF Share, granted and outstanding under the Share Option Schemes from time to time, whether such options are vested or not;
<b>“LF Share Offer”</b>	means the conditional voluntary general cash offer to be made by HSBC on behalf of the Offeror to acquire all of the issued shares of Lai Fung (other than those already owned or agreed to be acquired by LSD, the Offeror or the other wholly-owned subsidiaries of LSD);
<b>“LF Share Offer Closing Date”</b>	means the date to be stated in the Composite Document as the first offer closing date of the LF Share Offer or any subsequent offer closing date in the event that the LF Share Offer is extended or revised in accordance with the Takeovers Code;
<b>“LF Share Offer Price”</b>	means HK\$8.99 per LF Share;
<b>“LF Shareholders”</b>	means the holders of the LF Shares;
<b>“LF Shares”</b>	means the shares in the capital of Lai Fung;
<b>“Listing Rules”</b>	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
<b>“LR associate”</b>	has the meaning ascribed to “associate” under Chapter 14A of the Listing Rules;
<b>“LSD”</b>	means Lai Sun Development Company Limited (麗新發展有限公司), a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488);
<b>“LSD Board”</b>	means the board of LSD Directors;
<b>“LSD Directors”</b>	means the directors of LSD;
<b>“LSD Group”</b>	means LSD and its subsidiaries (including, for the avoidance of doubt, the eSun Group);

<b>“LSD Independent Board Committee”</b>	means the independent board committee of LSD established by the LSD Board. Such independent board committee comprises all the independent non-executive LSD Directors;
<b>“LSD Options”</b>	means the share options, each relating to one LSD Share, granted and outstanding under the share option schemes adopted by LSD on 22 December 2006 and on 11 December 2015, respectively, from time to time, whether such options are vested or not;
<b>“LSD Shareholders”</b>	means the holders of the LSD Shares;
<b>“LSD Shares”</b>	means the shares in the capital of LSD;
<b>“LSG”</b>	means Lai Sun Garment (International) Limited (麗新製衣國際有限公司), a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 191);
<b>“LSG Board”</b>	means the board of LSG Directors;
<b>“LSG Directors”</b>	means the directors of LSG;
<b>“LSG Group”</b>	means LSG and its subsidiaries (including, for the avoidance of doubt, the LSD Group);
<b>“LSG Independent Board Committee”</b>	means the independent board committee of LSG established by the LSG Board pursuant to the Listing Rules to make a recommendation to the Non-Connected LSG Shareholders in respect of the making of one or more of the LF Offers to any connected person of LSG which is a connected transaction subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. Such independent board committee comprises all the independent non-executive LSG Directors;
<b>“LSG Options”</b>	means the share options, each relating to one LSG Share, granted and outstanding under the share option schemes adopted by LSG on 22 December 2006 and on 11 December 2015, respectively, from time to time, whether such options are vested or not;

<b>“LSG Shareholders”</b>	means the holders of the LSG Shares;
<b>“LSG Shares”</b>	means the shares in the capital of LSG;
<b>“Macau”</b>	means the Macau Special Administrative Region of the PRC;
<b>“Madam U”</b>	means Madam U Po Chu, an executive director of LSG and Lai Fung, a non-executive director of LSD and eSun and Dr. Peter Lam’s mother;
<b>“Mr. FA Chew”</b>	means Mr. Chew Fook Aun, an Offeror Director, a deputy chairman and an executive director of LSG, the deputy chairman and an executive director of LSD, an executive director of eSun and the chairman and an executive director of Lai Fung;
<b>“Mr. Julius Lau”</b>	means Mr. Lau Shu Yan, Julius, an Offeror Director and the chief executive officer and an executive director of LSD;
<b>“Mr. Lam Bing Kwan”</b>	means Mr. Lam Bing Kwan, an independent non-executive director of LSG, LSD and Lai Fung;
<b>“Mr. Lester Lam”</b>	means Mr. Lam Hau Yin, Lester, an Offeror Director, an executive director of LSG (and an alternate to Madam U as an executive director of LSG), an executive director of LSD, an executive director of eSun, the chief executive officer and an executive director of Lai Fung and Dr. Peter Lam’s son;
<b>“Mr. Richard Lui”</b>	means Mr. Lui Siu Tsuen, Richard, the chief executive officer and an executive director of eSun;
<b>“Mr. Ronald Tham”</b>	means Mr. Tham Seng Yum, Ronald, an executive director of LSD and Lai Fung;



**“Non-Connected eSun Shareholders”**

means, in respect of the eSun Disposal, which is a connected transaction of eSun subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules, the eSun Shareholders other than (a) LSD, Transtrend and their respective LR associates and (b) any other eSun Shareholder who has a material interest in such connected transaction and will be required under the Listing Rules to abstain from voting on the resolutions to be proposed at the special general meeting of eSun to approve such connected transaction. On the basis of their disclosures of interests in LSG, LSD, eSun and Lai Fung as at the Announcement Date, Dr. Peter Lam, Mr. Lester Lam and their LR associates fall within (b) of this definition in respect of such connected transaction. For the avoidance of doubt, the Non-Connected eSun Shareholders include the Yu Shareholders;

**“Non-Connected LSD Shareholders”**

means, in respect of the making of one or more of the LF Offers to any connected person of LSD which is a connected transaction of LSD subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules (if there is any such connected transaction), the LSD Shareholders other than (a) such connected person and his LR associates and (b) any other LSD Shareholder who has a material interest in such connected transaction and will be required under the Listing Rules to abstain from voting on the resolution to be proposed at the general meeting of LSD to approve such connected transaction;

<b>“Non-Connected LSG Shareholders”</b>	means, in respect of the making of one or more of the LF Offers to any connected person of LSG which is a connected transaction of LSG subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules, the LSG Shareholders other than (a) such connected person and his LR associates and (b) any other LSG Shareholder who has a material interest in such connected transaction and will be required under the Listing Rules to abstain from voting on the resolution to be proposed at the general meeting of LSG to approve such connected transaction. On the basis of their disclosures of interests in LSG as at the Announcement Date, the making of the LF Share Offer to the Yu Shareholders is such connected transaction and the Yu Shareholders and their LR associates fall within (a) of this definition in respect of such connected transaction;
<b>“Offeror”</b>	means Holy Unicorn Limited, a company incorporated in the British Virgin Islands with limited liability, being a wholly-owned subsidiary of LSD;
<b>“Offeror Board”</b>	means the board of directors of the Offeror;
<b>“Offeror Concert Parties”</b>	means the persons who are acting in concert with the Offeror, as determined in accordance with the Takeovers Code (except for members of the HSBC Group which are exempt principal traders and/or exempt fund managers in their capacity as such, in each case recognised by the Executive as such for the purposes of the Takeovers Code), including, for the avoidance of doubt, (a) LSD, being the sole shareholder of the Offeror, (b) LSG, being a holding company of LSD, (c) Dr. Peter Lam, being their ultimate controlling shareholder; and (d) eSun, being a subsidiary of LSD;
<b>“Offeror Directors”</b>	means the directors of the Offeror;
<b>“Offeror IFA”</b>	means Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO;
<b>“PRC”</b>	means the People’s Republic of China (for the purpose of this joint announcement, excluding Hong Kong, Macau and Taiwan);
<b>“public”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“SFC”</b>	means the Securities and Futures Commission;

“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share Option Schemes”	means the share option schemes adopted by Lai Fung on 21 August 2003 (as amended on 8 August 2018) and on 18 December 2012, respectively;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to it under the Listing Rules;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Takeovers Code”	means the Hong Kong Code on Takeovers and Mergers;
“Transtrend”	means Transtrend Holdings Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of LSD;
“United States”, “U.S.” or “USA”	means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
“U.S. Exchange Act”	means the U.S. Securities Exchange Act of 1934, as amended;
“Yu Shareholders”	means Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk; and
“%”	means per cent.

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**  
**Lau Shu Yan, Julius**  
*Executive Director and  
Chief Executive Officer*

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

By order of the Board  
**Holy Unicorn Limited**  
**Chew Fook Aun**  
*Director*

Hong Kong, 21 February 2020

*As at the Announcement Date:*

- (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 Offeror Board comprises four directors, namely Dr. Lam Kin Ngok, Peter and Messrs. Chew Fook Aun, Lau Shu Yan, Julius and Lam Hau Yin, Lester.*
- (d) 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.*
- (e) 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 and Messrs. Cheng Shin How, Lee Tze Yan, Ernest and 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.*

*The LSG Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement relating to the LSG Group (other than information relating to the LSD Group, the eSun Group or the Lai Fung Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement by the LSG Group (other than opinions expressed by the LSD Group, the eSun Group or the Lai Fung Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.*

*The LSD Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than information relating to the LSG Group (excluding the LSD Group), the eSun Group or the Lai Fung Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by the LSG Group (excluding the LSD Group), the eSun Group or the Lai Fung Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.*

*The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than information relating to the LSG Group (excluding the LSD Group), the eSun Group or the Lai Fung Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by the LSG Group (excluding the LSD Group), the eSun Group or the Lai Fung Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.*

*The eSun Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement relating to the eSun Group (other than information relating to the Lai Fung Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement by the eSun Group (other than opinions expressed by the Lai Fung Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.*

*The Lai Fung Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement relating to the Lai Fung Group and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement by the Lai Fung Group have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.*