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LAI SUN GARMENT

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

(Stock Code: 191)



LAI SUN DEVELOPMENT

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

(Stock Code: 488)



eSun Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 571)



Media Asia Group Holdings Limited

(Incorporated in the Cayman Islands and
continued in Bermuda with limited liability)

(Stock Code: 8075)

Perfect Sky Holdings Limited

(Incorporated in the British Virgin Islands with limited liability)

JOINT ANNOUNCEMENT

- (I) PROPOSED MERGER OF MAGHL BY ESUN AND THE OFFEROR INVOLVING A SHARE EXCHANGE OFFER WITH PARTIAL CASH ALTERNATIVE TO THE SCHEME SHAREHOLDERS OF MAGHL FOR THE CANCELLATION OF ALL THE SCHEME SHARES BY WAY OF A SCHEME OF ARRANGEMENT (UNDER SECTION 99 OF THE COMPANIES ACT);
- (II) PROPOSED WITHDRAWAL OF LISTING OF MAGHL SHARES;
- (III) PROPOSED ISSUE OF NEW ESUN SHARES BY ESUN UNDER SPECIFIC MANDATE AS CONSIDERATION FOR THE CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES UNDER THE SCHEME;
- (IV) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL OF ESUN;
- (V) POSSIBLE MAJOR TRANSACTION OF ESUN;
- (VI) POSSIBLE DISCLOSEABLE TRANSACTION OF LSG;
- (VII) POSSIBLE DISCLOSEABLE TRANSACTION OF LSD;
- (VIII) ESTABLISHMENT OF THE MAGHL INDEPENDENT BOARD COMMITTEE; AND
- (IX) POSSIBLE RESTORATION OF PUBLIC FLOAT OF ESUN

Financial Adviser to eSun and the Offeror



Anglo Chinese Corporate Finance, Limited

1. PROPOSED MERGER

The eSun Board, the Offeror Board, the MAGHL Board, the LSG Board and the LSD Board jointly announce that on 10 November, 2022, the eSun Board and the Offeror Board requested the MAGHL Board to put forward the Proposed Merger to the Scheme Shareholders. Subject to the satisfaction or waiver (as applicable) of the Scheme Condition(s), MAGHL will become a direct wholly-owned subsidiary of the Offeror upon the Scheme becoming effective and the listing of MAGHL Shares will be withdrawn from GEM.

Terms of the Proposed Merger

If the Proposal is approved and implemented:

- (a) all Scheme Shares (being all MAGHL Shares other than those held by the Offeror) will be cancelled and extinguished on the Scheme Effective Date in exchange for the Cancellation Consideration for each Scheme Share;
- (b) immediately after the cancellation and extinguishment of the Scheme Shares, the issued share capital of MAGHL will be increased to the amount immediately prior to the cancellation and extinguishment of the Scheme Shares by applying the credit amount arising in the books of account of MAGHL as a result of the capital reduction in paying up in full at par such number of new MAGHL Shares as is equal to the number of the Scheme Shares cancelled and extinguished as aforesaid, to be allotted and issued, credited as fully paid, to the Offeror. MAGHL will accordingly become a direct wholly-owned subsidiary of the Offeror on the Scheme Effective Date; and
- (c) the listing of the MAGHL Shares on GEM will be withdrawn as soon as practicable following the Scheme Effective Date.

Cancellation Consideration

The Proposal will be implemented by way of the Scheme. Pursuant to the Proposal, if the Scheme becomes effective, the Scheme Shares will be cancelled in exchange for either:

(a) *the Share Alternative*

Those Scheme Shareholders (other than those validly electing to receive the Partial Cash Alternative for all of their Scheme Shares) will be entitled to receive, for every 6 Scheme Shares, 5 new eSun Shares (which will rank *pari passu* with all other eSun Shares) to be issued, credited as fully paid; or

(b) *the Partial Cash Alternative*

Those Scheme Shareholders validly electing to receive the Partial Cash Alternative for all of their Scheme Shares will be entitled to receive, (i) for every 6 Scheme Shares, 1 new eSun Share (which will rank *pari passu* with all other eSun Shares) to be issued, credited as fully paid; and (ii) a cash payment of HK\$0.24 for each Scheme Share.

Under both the Share Alternative and the Partial Cash Alternative, the new eSun Shares shall be allotted and issued pursuant to the Specific Mandate to be sought from the eSun Shareholders at the eSun SGM. Application will be made by eSun to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the new eSun Shares to be allotted and issued under the Specific Mandate.

As at the Last eSun Trading Day, the closing price of eSun Shares was HK\$0.43 per eSun Share.

The Scheme Shareholders may elect the Share Alternative or the Partial Cash Alternative (but not, for the avoidance of doubt, a combination of the two, except for HKSCC Nominees, who may make different elections in respect of the Scheme Shares held by it on behalf of the relevant beneficial owners) as the form of Cancellation Consideration in respect of their entire holding of Scheme Shares held as at the Scheme Record Time. Scheme Shareholders who do not make any election or whose elections are invalid will receive the Share Alternative. If all Scheme Shareholders elect the Share Alternative (or fail to validly elect the Partial Cash Alternative), a total of 803,721,140 new eSun Shares will be issued; and if all Scheme Shareholders elect the Partial Cash Alternative, a maximum total of 160,744,228 new eSun Shares will be issued and a total cash consideration of approximately HK\$231.5 million will be paid.

As at the Announcement Date, the authorised share capital of eSun is HK\$1,250,000,000 divided into 2,500,000,000 eSun Shares of HK\$0.50 each, of which 1,491,854,598 eSun Shares have been issued. Under the Proposal, the maximum number of new eSun Shares required to be issued is 803,721,140 (assuming all Scheme Shareholders will elect the Share Alternative (or fail to validly elect the Partial Cash Alternative)). To accommodate the implementation of the Proposal and provide eSun with additional flexibility for future development, the eSun Board proposes to increase eSun's authorised share capital from HK\$1,250,000,000 divided into 2,500,000,000 eSun Shares to HK\$2,000,000,000 divided into 4,000,000,000 eSun Shares by an addition of 1,500,000,000 eSun Shares.

The Cancellation Consideration will not be increased, and the Offeror does not reserve the right to do so. Scheme Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Consideration.

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 MAGHL Shares, the Offeror reserves the right to reduce the Cancellation Consideration by all or any part of the net amount or value of such dividend, distribution and, or as the case may be, return of capital after consultation with the Executive, in which case any reference in this joint announcement, the Scheme Document or any other announcement or document to the Cancellation Consideration will be deemed to be a reference to the Cancellation Consideration as so reduced.

As at the Announcement Date, (i) MAGHL has not announced or declared any dividend, distribution or other return of capital which remains unpaid; and (ii) MAGHL does not intend to announce, declare and, or pay any dividend, distribution or other return of capital before the Scheme Effective Date, or the date on which the Scheme is not approved or the Proposal otherwise lapses (as the case may be).

Conditions to the Proposal and the Scheme

The Proposal is subject to the satisfaction or waiver (as applicable) of the Scheme Conditions set out in the section headed “D. Conditions to the Proposal and the Scheme” below. Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Scheme Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date.

Under the restriction of the Takeovers Code, neither the Offeror nor any parties acting in concert with it (nor any person who is subsequently acting in concert with any of them) may announce an offer or possible offer for MAGHL within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, except with the consent of the Executive.

Confirmation of Financial Resources

The total maximum amount of cash payable under the Partial Cash Alternative for the Proposal on the basis described in this joint announcement is approximately HK\$231.5 million and the Offeror intends to finance the cash required for the Proposal with the internal cash resources of eSun.

Anglo Chinese, as financial adviser to eSun and the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy its obligations in respect of the full implementation of the Proposal in accordance with its terms.

2. LISTING RULES IMPLICATIONS

(a) Listing Rules Implications for eSun

The new eSun Shares to be issued pursuant to the Proposal as consideration for the cancellation and extinguishment of the Scheme Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the eSun Shareholders at the eSun SGM. Application will be made by eSun to the Listing Committee for the approval of the listing of, and permission to deal in, the new eSun Shares, to be allotted and issued under the Specific Mandate, on the Main Board.

The eSun Board has also announced that, in order to facilitate the Proposal, it proposes to seek eSun Shareholders' approval on the Increase in Authorised Share Capital by way of an ordinary resolution. Under the Proposal, the maximum number of new eSun Shares required to be issued is 803,721,140 (assuming all Scheme Shareholders will elect the Share Alternative (or fail to validly elect the Partial Cash Alternative)). To accommodate the implementation of the Proposal and provide eSun with additional flexibility for future development, the eSun Board proposes to increase eSun's authorised share capital from HK\$1,250,000,000 divided into 2,500,000,000 eSun Shares to HK\$2,000,000,000 divided into 4,000,000,000 eSun Shares by an addition of 1,500,000,000 new eSun Shares.

Under the Proposal, new MAGHL Shares in the same number as the cancelled Scheme Shares will be issued to the Offeror on the Scheme Effective Date. As the Offeror is directly wholly-owned by eSun, the allotment and issue of the aforementioned new MAGHL Shares to the Offeror will be an indirect acquisition of such MAGHL Shares by eSun for the purpose of Chapter 14 of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) for eSun in respect of the Proposal is more than 25% but less than 100%, the Proposal constitutes a major acquisition of eSun under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The eSun SGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the terms of the Proposal and the Scheme, including (i) the acquisition of the new MAGHL Shares which will be allotted and issued to the Offeror upon the cancellation of the Scheme Shares; (ii) the grant of the Specific Mandate; and (iii) the proposed Increase in Authorised Share Capital. A circular containing, among other things, further details of the Proposal and other information as required under the Listing Rules, and the notice convening the eSun SGM is expected to be despatched by eSun to the eSun Shareholders as soon as practicable after the publication of this joint announcement.

(b) Listing Rules Implications for LSD

As at the Announcement Date, LSD indirectly holds approximately 74.62% equity interest in eSun.

Under the Proposal, new MAGHL Shares in the same number as the cancelled Scheme Shares will be issued to the Offeror on the Scheme Effective Date. As the Offeror is directly wholly-owned by eSun, which is in turn a subsidiary of LSD, the allotment and issue of the aforementioned new MAGHL Shares to the Offeror will be an indirect acquisition of such MAGHL Shares by LSD for the purpose of Chapter 14 of the Listing Rules.

The Proposal is expected to involve (i) the issue of 5 new eSun Shares for every 6 Scheme Shares under the Share Alternative; or (ii) the issue of 1 new eSun Share for every 6 Scheme Shares and a cash payment of HK\$0.24 for each Scheme Share under the Partial Cash Alternative. As the Proposal will result in a dilution of the percentage equity interest of LSD in eSun upon the allotment and issue of new eSun Shares in satisfaction of the Cancellation Consideration, it will be a deemed disposal of eSun Shares by LSD for the purpose of Chapter 14 of the Listing Rules.

Should Scheme Shareholders representing more than 28.83% of the total issued MAGHL Shares elect the Share Alternative (or fail to validly elect the Partial Cash Alternative), the percentage of equity interests of LSD in the enlarged issued share capital of eSun will be diluted to 50.0% or lower upon the allotment and issue of new eSun Shares in satisfaction of the Cancellation Consideration. Therefore, it is possible that (i) eSun will cease to be a subsidiary of LSD, and the profit and loss, as well as the assets and liabilities of eSun will no longer be consolidated into the consolidated financial statements of LSD; and (ii) eSun will become an associate of LSD, and the remaining equity interests of LSD in eSun will be recognised in accordance with Hong Kong Accounting Standard 28 “Investments in Associates and Joint Ventures”.

Should all the Scheme Shareholders elect the Share Alternative (or fail to validly elect the Partial Cash Alternative), it is expected that the number of new eSun Shares to be allotted and issued under the Proposal will represent approximately 35.01% of the enlarged issued share capital of eSun, and the equity interests of LSD in eSun will be diluted to approximately 48.50%. Therefore, it is possible that eSun will cease to be a subsidiary of LSD and will be de-consolidated from the consolidated financial statements of LSD. It is estimated that LSD will record an unaudited loss before taxation of approximately HK\$480 million if eSun is de-consolidated. Such estimation is calculated as the difference between the fair value of the eSun Group retained by LSD after the Potential Deemed Disposal and the consolidated net assets of the eSun Group attributable to LSD in LSD’s consolidated financial statements as at 31 July, 2022.

LSD Shareholders should note that the exact amount of the loss on the Potential Deemed Disposal to be recorded in the consolidated income statement of LSD for the year ending 31 July 2023 (assuming that the Potential Deemed Disposal is completed on or before 31 July 2023) will be (1) subject to audit; (2) calculated based on the net assets of eSun attributable to LSD in LSD's consolidated financial statements as at the date of completion of the Potential Deemed Disposal; and (3) net of any incidental expenses, tax expenses, transaction costs and any exchange rate fluctuation before the date of completion of the Potential Deemed Disposal, and therefore may vary from the amount disclosed above.

Should all the Scheme Shareholders validly elect the Partial Cash Alternative, it is expected that the number of new eSun Shares to be allotted and issued under the Proposal will represent approximately 9.73% of the enlarged issued share capital of eSun, and the equity interests of LSD in eSun will be diluted to approximately 67.36%. In such a case, eSun will remain as a subsidiary of LSD.

As the highest applicable percentage ratio (as defined under the Listing Rules) for LSD in respect of the Proposal, which involves (i) the acquisition of the new MAGHL Shares which will be allotted and issued to the Offeror upon the cancellation of the Scheme Shares; and (ii) the Potential Deemed Disposal (calculated on the assumption that all the Scheme Shareholders elect the Share Alternative (or fail to validly elect the Partial Cash Alternative)), is 5% or more but less than 25%, the Proposal constitutes a discloseable transaction of LSD under Chapter 14 of the Listing Rules, which is subject to the reporting and announcement requirements (but exempted from the circular and shareholders' approval requirements) under the Chapter 14 of Listing Rules. Further announcement(s) will be made by LSD to update its shareholders and investors in relation to the Proposal as and when appropriate and in accordance with the Listing Rules.

(c) Listing Rules Implications for LSG

As at the Announcement Date, LSG indirectly holds approximately 53.19% in LSD, which in turn indirectly holds approximately 74.62% equity interests in eSun.

Under the Proposal, new MAGHL Shares in the same number as the cancelled Scheme Shares will be issued to the Offeror on the Scheme Effective Date. As the Offeror is directly wholly-owned by eSun, which is in turn a subsidiary of LSD, and thus LSG, the allotment and issue of the aforementioned new MAGHL Shares to the Offeror will be an indirect acquisition of such MAGHL Shares by LSG for the purpose of Chapter 14 of the Listing Rules.

As the Proposal will result in a dilution of the percentage equity interest of LSD in eSun upon the allotment and issue of new eSun Shares in satisfaction of the Cancellation Consideration, it will also be an indirect deemed disposal of eSun Shares by LSG for the purpose of Chapter 14 of the Listing Rules.

Should Scheme Shareholders representing more than 28.83% of the total issued MAGHL Shares elect the Share Alternative (or fail to validly elect the Partial Cash Alternative), the percentage of equity interests of LSD in the enlarged issued share capital of eSun will be diluted to 50.0% or lower upon the allotment and issue of new eSun Shares in satisfaction of the Cancellation Consideration. Therefore, it is possible that (i) eSun will cease to be a subsidiary of LSD and therefore also cease to be a subsidiary of LSG; and the profit and loss, as well as the assets and liabilities of eSun will no longer be consolidated into the consolidated financial statements of LSD and therefore shall no longer be consolidated into the consolidated financial statements of LSG; and (ii) eSun will become an associate of LSD and therefore also become an associate of LSG; and the remaining equity interests of LSG in eSun will be recognised by LSG in accordance with Hong Kong Accounting Standard 28 “Investments in Associates and Joint Ventures”.

Should all the Scheme Shareholders elect the Share Alternative (or fail to validly elect the Partial Cash Alternative), it is expected that the number of new eSun Shares to be allotted and issued under the Proposal will represent approximately 35.01% of the enlarged issued share capital of eSun, and the equity interest of LSD in eSun will be diluted to approximately 48.50%. Therefore, it is possible that eSun will cease to be a subsidiary of LSG and will be de-consolidated from the consolidated financial statements of LSG. It is estimated that LSG will record an unaudited loss before taxation of approximately HK\$480 million from if eSun is de-consolidated. Such estimation is calculated as the difference between the fair value of the eSun Group retained by LSG through LSD after the Potential Deemed Disposal and the consolidated net assets of the eSun Group attributable to LSG through LSD in LSG’s consolidated financial statements as at 31 July, 2022.

LSG Shareholders should note that the exact amount of the loss on the Potential Deemed Disposal to be recorded in the consolidated income statement of LSG for the year ending 31 July, 2023 (assuming that the Potential Deemed Disposal is completed on or before 31 July 2023) will be (1) subject to audit; (2) calculated based on the net assets of eSun attributable to LSG through LSD in LSG’s consolidated financial statements as at the date of completion of the Potential Deemed Disposal; and (3) net of any incidental expenses, tax expenses, transaction costs and any exchange rate fluctuation before the date of completion of the Potential Deemed Disposal, and therefore may vary from the amount disclosed above.

Should all the Scheme Shareholders validly elect the Partial Cash Alternative, it is expected that the number of new eSun Shares to be allotted and issued under the Proposal will represent approximately 9.73% of the enlarged issued share capital of eSun, and the equity interests of LSD in eSun will be diluted to approximately 67.36%. In such a case, eSun will remain as a subsidiary of LSD and therefore also remain as a subsidiary of LSG.

As the highest applicable percentage ratio (as defined under the Listing Rules) for LSG in respect of the Proposal, which involves (i) the acquisition of the new MAGHL Shares which will be allotted and issued to the Offeror upon the cancellation of the Scheme Shares; and (ii) the Potential Deemed Disposal (calculated on the assumption that all the Scheme Shareholders elect the Share Alternative (or fail to validly elect the Partial Cash Alternative)), is 5% or more but less than 25%, the Proposal constitutes a discloseable transaction of LSG under Chapter 14 of the Listing Rules, which is subject to the reporting and announcement requirements (but exempted from the circular and shareholders' approval requirements) under the Chapter 14 of Listing Rules. Further announcement(s) will be made by LSG to update its shareholders and investors in relation to the Proposal as and when appropriate and in accordance with the Listing Rules.

3. WITHDRAWAL OF LISTING OF MAGHL SHARES ON GEM

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new MAGHL Shares being issued as fully paid to the Offeror simultaneously with the cancellation of the Scheme Shares).

The share certificates for the cancelled MAGHL Shares will thereafter cease to have effect as evidence of title.

MAGHL will apply to the Stock Exchange for the withdrawal of the listing of MAGHL Shares on GEM pursuant to Rule 9.23 of the GEM Listing Rules, with such withdrawal taking place as soon as practicable following the Scheme Effective Date.

If the Scheme does not become effective or the Proposal otherwise lapses, the listing of MAGHL Shares on GEM will not be withdrawn.

4. DESPATCH OF SCHEME DOCUMENT

It is the intention of the Offeror, eSun and MAGHL to combine the offer document and the offeree board circular into the Scheme Document. The Scheme Document containing, among other things, (i) further details of the Proposal and the Scheme; (ii) the expected timetable; (iii) an explanatory statement as required under the Companies Act; (iv) information regarding MAGHL and eSun; (v) the recommendations of the MAGHL Independent Board Committee with respect to the Proposal and the Scheme; (vi) a letter of advice of the independent financial adviser to the MAGHL Independent Board Committee; and (vii) notices of the MAGHL Court Meeting and the MAGHL SGM together with forms of proxy in relation thereto, will be despatched to the Scheme Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and the applicable laws and regulations.

5. POSSIBLE RESTORATION OF PUBLIC FLOAT OF ESUN

References are made to the announcements of eSun dated 31 May, 2022, 31 August, 2022 and 10 November, 2022. Trading of eSun Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 June, 2022 and an application has been made by eSun to the Stock Exchange for resumption of trading in the eSun Shares on the Stock Exchange with effect from 9:00 a.m. on 11 November, 2022. It is expected that trading in the eSun Shares will resume shortly after publication of this joint announcement at 9:00 a.m. on 11 November, 2022.

Under the Proposal, should all the Scheme Shareholders elect the Share Alternative (or fail to validly elect the Partial Cash Alternative), it is expected that the number of new eSun Shares to be allotted and issued under the Proposal will represent approximately 35.01% of the enlarged issued share capital of eSun, and (i) the equity interest of LSD in eSun will be diluted to approximately 48.50%, and (ii) approximately 51.26% of the eSun Shares would be held by the public. Should all the Scheme Shareholders validly elect the Partial Cash Alternative, it is expected that the number of new eSun Shares to be allotted and issued under the Proposal will represent approximately 9.73% of the enlarged issued share capital of eSun, and (i) the equity interests of LSD in eSun will be diluted to approximately 67.36%, and (ii) approximately 32.30% of the eSun Shares would be held by the public. Therefore, it is expected that the public float of eSun would be restored to above the 25% minimum level as prescribed under Rule 8.08(1)(a) of the Listing Rules upon the allotment and issue of new eSun Shares under the Proposal. Nevertheless, if the Scheme does not become effective or the Proposal otherwise lapses, the public float of eSun may not be restored to the 25% minimum level as prescribed under Rule 8.08(1)(a) of the Listing Rules by way of the Proposal, and the eSun Board will take other appropriate actions to restore the public float of eSun. Further announcement(s) will be made by eSun in relation to the restoration of the public float in eSun Shares as and when appropriate and in accordance with the Listing Rules.

6. WARNINGS

Holders of and potential investors in the securities of LSG, LSD, eSun and MAGHL should note that the Proposal and all transactions contemplated thereunder are subject to the fulfilment or waiver (as applicable) of the Scheme Conditions. Accordingly, there is no certainty as to whether, and if so when, the Proposal or the Scheme will be implemented or become effective.

As at the date of this joint announcement, the public float of eSun remains below the 25% minimum level as prescribed under Rule 8.08(1)(a) of the Listing Rules. Further announcement(s) will be made by eSun in relation to the restoration of the public float in eSun Shares as and when appropriate and in accordance with the Listing Rules. While it is expected that trading in the eSun Shares will resume shortly after publication of this joint announcement, eSun Shareholders and potential investors are advised to exercise caution when dealing in the eSun Shares, as trading in the eSun Shares on the Stock Exchange may be suspended again in the event that the Stock Exchange concludes that there exists a disorderly market in the eSun Shares or an open market in the eSun Shares ceases to exist.

Holders of and potential investors in the securities of LSG, LSD, eSun and MAGHL should exercise caution when dealing in the shares or other securities of LSG, LSD, eSun and MAGHL. Any person who is in doubt about his or, her or, its position or any action to be taken is recommended to consult his or, her or, its own professional adviser(s).

This joint announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of LSG, LSD, eSun and MAGHL in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any approval or other response to the Proposal should be made only on the basis of information in the Scheme Document.

The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Details in relation to overseas Scheme Shareholders will be contained in the Scheme Document.

A. INTRODUCTION

The eSun Board, the Offeror Board, the MAGHL Board, the LSG Board and the LSD Board jointly announce that on 10 November, 2022, the eSun Board and the Offeror Board requested the MAGHL Board to put forward the Proposed Merger to the Scheme Shareholders. Subject to the satisfaction or waiver (as applicable) of the Scheme Conditions, MAGHL will become a direct wholly-owned subsidiary of the Offeror upon the Scheme becoming effective and the listing of MAGHL Shares will be withdrawn from GEM.

B. OBJECTIVES OF THE PROPOSED MERGER

The Proposed Merger is intended to deliver value to both eSun Shareholders and MAGHL Shareholders. For eSun, the listed company which will hold the merged businesses upon Completion, the Proposed Merger will facilitate integration between the eSun Group (excluding the MAGHL Group) and the MAGHL Group (as MAGHL will become an indirect wholly-owned subsidiary of eSun upon the Scheme becoming effective), generating synergies within the media and entertainment businesses of both companies and achieving cost-savings through reduction of administrative and financial burden of MAGHL as a separately listed company. For MAGHL, the Proposal would enable the Scheme Shareholders to exchange their MAGHL Shares for new eSun Shares, providing an opportunity for Scheme Shareholders to continue their participation in the future growth of the merged businesses.

Upon Completion, LSD and LSG will remain as the controlling shareholders (within the meaning of the Listing Rules) of eSun, indirectly holding approximately 48.50% of the eSun Shares, and approximately 51.26% of eSun Shares will be held by the public if all Scheme Shareholders elect the Share Alternative (or fail to validly elect the Partial Cash Alternative). The resulting larger public float of eSun Shares, both in terms of percentage and the number of shares, should enhance the trading liquidity of eSun Shares.

The Proposed Merger will enable MAGHL Shareholders to participate in the future growth of all of the Enlarged eSun Group's businesses within one entity. Upon the Scheme becoming effective, the privatised MAGHL will become an indirect wholly-owned subsidiary of eSun and continue to operate within the Enlarged eSun Group. Thus, Scheme Shareholders will still be able to participate in the performance of MAGHL indirectly. The Partial Cash Alternative will also provide additional flexibility for Scheme Shareholders to realise a portion of their investment in MAGHL. By providing the Share Alternative and Partial Cash Alternative, the Proposal aims to provide liquidity and flexibility to the Scheme Shareholders.

The Enlarged eSun Group will be in a stronger competitive position and both eSun Shareholders and MAGHL Shareholders are expected to benefit as a result of the following:

1. Enhanced size and scale

Both eSun and MAGHL operate in different segments of the entertainment and media industry value chain. Other than its interest in MAGHL, eSun's business consists principally of its cinema operations in Hong Kong and Mainland China, i.e. theatrical distribution; and MAGHL derives a substantial portion of its revenue from (i) investment in, production of, sale, distribution and licensing of films and television programs; and (ii) investment in, and the production of, entertainment events, the provision of artiste management services, album sales and the distribution, and license of music, i.e. focusing on content production.

By consolidating ownership and control of both businesses into a single group under one management team, the Proposal aims to create synergies and strengthen the competitiveness of the merged businesses within the entertainment and media sectors through more fully integrating the upstream and downstream businesses engaged in by eSun and MAGHL within the media and entertainment industry.

2. Enhanced operational and corporate efficiency with low post merger integration risk

eSun and MAGHL had historically cooperated in film and music projects in the form of continuing connected transactions. The Proposal is expected to lead to cost savings through the simplification of the combined group's management structure and improvements in corporate efficiency as well as vertically integrating eSun and MAGHL's businesses. As stated in the announcement of MAGHL dated 28 July, 2022, MAGHL acts as agent and distributes films and music owned by eSun for a distribution fee. Upon Completion, such agreements would no longer be required to be treated as continuing connected transactions of MAGHL for the purposes of the GEM Listing Rules, reducing administrative burdens and related compliance costs. In addition, as MAGHL will become an indirect wholly-owned subsidiary of eSun upon successful implementation of the Proposal, cost savings could be achieved through the elimination of certain overlapping corporate functions, as well as the cost associated with compliance and maintenance of both eSun's and MAGHL's listing status.

As at the Announcement Date, eSun holds approximately 67.70% of the issued share capital of MAGHL, and the improvements in corporate efficiency that may be achieved as a result of the Proposal are expected to entail a lower post-merger integration risk than would be the case where eSun acquires assets in which it had no prior interest.

3. Possible elimination of holding company discount

The Proposal also aims to eliminate the holding company discount of eSun under the current tiered shareholding structure and, in this way, unlock value shared by both eSun Shareholders and MAGHL Shareholders. The holding company discount became more obvious after the completion of MAGHL's loan capitalisation in early 2021. In addition to holding approximately 67.70% of the issued share capital of MAGHL, eSun also engages in cinema operations and holds other assets and liabilities including the right-of-use assets attributed to the leasing of cinemas.

The management of eSun believes that the Proposal will improve the attractiveness of eSun in the capital markets, both through the elimination of the deep discount of eSun's interests in MAGHL, and through enhancing the structure as an integrated cinema and media and entertainment group as discussed above.

C. TERMS OF THE PROPOSED MERGER

1. The Proposal

Under the Proposal, subject to the satisfaction or waiver (as applicable) of the Scheme Conditions, it is proposed that:

- (a) all Scheme Shares (being all MAGHL Shares other than those held by the Offeror) will be cancelled and extinguished on the Scheme Effective Date in exchange for the Cancellation Consideration for each Scheme Share;
- (b) immediately after the cancellation and extinguishment of the Scheme Shares, the issued share capital of MAGHL will be increased to the amount immediately prior to the cancellation and extinguishment of the Scheme Shares by applying the credit amount arising in the books of account of MAGHL as a result of the capital reduction in paying up in full at par such number of new MAGHL Shares as is equal to the number of the Scheme Shares cancelled and extinguished as aforesaid, to be allotted and issued, credited as fully paid, to the Offeror. MAGHL will accordingly become a direct wholly-owned subsidiary of the Offeror on the Scheme Effective Date; and
- (c) the listing of the MAGHL Shares on GEM will be withdrawn as soon as practicable following the Scheme Effective Date.

MAGHL will become an indirect wholly-owned subsidiary of eSun upon the Scheme becoming effective, and the listing of MAGHL Shares on GEM will be withdrawn. Depending on MAGHL Shareholders' election of the form of Cancellation Consideration, eSun may (i) remain as a subsidiary of LSD and LSG; or (ii) cease to be a subsidiary of LSD and LSG, and the assets and liabilities of eSun would cease to be consolidated into the accounts of LSD and LSG.

2. Cancellation Consideration

As at the Announcement Date, 2,986,314,015 MAGHL Shares are in issue, of which (i) 2,021,848,647 MAGHL Shares (representing approximately 67.70% of the total issued MAGHL Shares) are held by the Offeror; (ii) 1,875,000 MAGHL Shares (representing approximately 0.06% of the total issued MAGHL Shares) are held by Anglo Chinese, which is an Offeror Concert Party; (iii) 100,000,000 MAGHL Shares (representing approximately 3.35% of the total issued MAGHL Shares) are held by Mr. Cheung, who is an Offeror Concert Party; and (iv) the remaining 862,590,368 MAGHL Shares (representing approximately 28.88% of the total issued MAGHL Shares) are held by the Disinterested Scheme Shareholders. All MAGHL Shares other than those held by the Offeror will be subject to the Scheme and regarded as Scheme Shares.

The Proposal will be implemented by way of the Scheme. Pursuant to the Proposal, if the Scheme becomes effective, the Scheme Shares will be cancelled in exchange for either:

(a) *the Share Alternative*

Those Scheme Shareholders (other than those validly electing to receive the Partial Cash Alternative for all of their Scheme Shares) will be entitled to receive, for every 6 Scheme Shares, 5 new eSun Shares (which will rank *pari passu* with all other eSun Shares) to be issued, credited as fully paid; or

(b) *the Partial Cash Alternative*

Those Scheme Shareholders validly electing to receive the Partial Cash Alternative for all of their Scheme Shares will be entitled to receive, (i) for every 6 Scheme Shares 1 new eSun Share (which will rank *pari passu* with all other eSun Shares) to be issued, credited as fully paid; and (ii) a cash payment of HK\$0.24 for each Scheme Share. By way of illustration, if a Scheme Shareholder held 12,000 Scheme Shares as at the Scheme Record Time, under the Partial Cash Alternative, it will be entitled to a cash payment of HK\$2,880 and 2,000 new eSun Shares.

The Scheme Shareholders may elect the Share Alternative or the Partial Cash Alternative (but not, for the avoidance of doubt, a combination of the two, except for HKSCC Nominees, who may make different elections in respect of the Scheme Shares held by it on behalf of the relevant beneficial owners) as the form of Cancellation Consideration in respect of their entire holdings of Scheme Shares held as at the Scheme Record Time. Scheme Shareholders who do not make any election or whose elections are invalid will receive the Share Alternative. If all Scheme Shareholders elect the Share Alternative (or fail to validly elect the Partial Cash Alternative), a total of 803,721,140 new eSun Shares will be issued; and if all Scheme Shareholders elect the Partial Cash Alternative, a maximum total of 160,744,228 new eSun Shares will be issued and a total cash consideration of approximately HK\$231.5 million will be paid.

The Cancellation Consideration will not be increased, and the Offeror does not reserve the right to do so. Scheme Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Consideration.

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 MAGHL Shares, the Offeror reserves the right to reduce the Cancellation Consideration by all or any part of the net amount or value of such dividend, distribution and, or as the case may be, return of capital after consultation with the Executive, in which case any reference in this joint announcement, the Scheme Document or any other announcement or document to the Cancellation Consideration will be deemed to be a reference to the Cancellation Consideration as so reduced.

As at the Announcement Date, (i) MAGHL has not announced or declared any dividend, distribution or other return of capital which remains unpaid; and (ii) MAGHL does not intend to announce, declare and, or pay any dividend, distribution or other return of capital before the Scheme Effective Date, or the date on which the Scheme is not approved, or the Proposal otherwise lapses (as the case may be).

As at the Last eSun Trading Day, the closing price of eSun Shares was HK\$0.43 per eSun Share. As the value attributable to a new eSun Share may change after the Announcement Date, the value of such Cancellation Consideration may also change. Furthermore, the total value of the Cancellation Consideration that is received by Scheme Shareholders who elect the Share Alternative or the Partial Cash Alternative may not be the same. As the Offeror Board recommends the Scheme Shareholders to continue to participate in the future growth of MAGHL's businesses through holding the new eSun Shares (to be issued pursuant to the Share Alternative or the Partial Cash Alternative, as the case may be, under the Proposal), the Cancellation Consideration under the Share Alternative has been determined to be of higher value than that of the Partial Cash Alternative. For details, please see the sub-section headed "3. Comparison of value" below. Nevertheless, the Partial Cash Alternative will provide Scheme Shareholders with the flexibility of realising part of their investment in MAGHL in cash, while retaining the opportunity to continue to invest in MAGHL through holding eSun Shares.

As at the Announcement Date, a total of 1,491,854,598 eSun Shares are in issue. The actual number of new eSun Shares to be issued under the Share Alternative and the Partial Cash Alternative will be determined after the latest time by which Scheme Shareholders shall elect the Partial Cash Alternative or the Share Alternative. If all the Scheme Shareholders elect the Share Alternative (or fail to validly elect the Partial Cash Alternative), 803,721,140 new eSun Shares will be issued under the Proposal, representing approximately 35.01% of the enlarged issued share capital of eSun. If all the Scheme Shareholders elect the Partial Cash Alternative, a maximum of 160,744,228 new eSun Shares will be issued under the Proposal, representing approximately 9.73% of the enlarged issued share capital of eSun.

No fraction of a cent will be payable and the amount of cash consideration payable to the Scheme Shareholders who have elected the Partial Cash Alternative will be rounded up to the nearest cent. No fraction of new eSun Shares will be allotted and issued to the Scheme Shareholders as Cancellation Consideration and fractional entitlements to new eSun Shares will be rounded down to the nearest whole number. There will not be any rounding up of fractions of a new eSun Share to a whole eSun Share because Scheme Shareholders could deliberately create odd holdings of Scheme Shares resulting in the issue of more eSun Shares than contemplated and thereby increasing the cost of the Scheme to eSun. It is not the intention of eSun that entitlements to the Cancellation Consideration be the subject of such potential abuse.

3. Comparison of value

(1) Comparison of the value of the Cancellation Consideration with (i) the trading prices of MAGHL Shares; and (ii) the audited net asset value per MAGHL Share attributable to the owners of MAGHL

The Share Alternative

Based on the closing price of HK\$0.43 per eSun Share as quoted on the Stock Exchange on the Last eSun Trading Day, the value of the Share Alternative is equivalent to approximately HK\$0.36 per Scheme Share, being the value of five sixth of a new eSun Share, which represents:

- (a) a premium of approximately 7.0% over the closing price of HK\$0.335 per MAGHL Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 13.8% over the average closing price of approximately HK\$0.32 per MAGHL Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (c) a premium of approximately 7.5% over the average closing price of approximately HK\$0.33 per MAGHL Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (d) a discount of approximately 25.9% to the average closing price of approximately HK\$0.48 per MAGHL Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (e) a discount of approximately 41.0% to the average closing price of approximately HK\$0.61 per MAGHL Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- (f) a premium of approximately 290.8% over the audited net asset value per MAGHL Share attributable to owners of MAGHL of approximately HK\$0.092 per MAGHL Share as at 31 July, 2022, which is calculated based on the audited net asset value attributable to owners of MAGHL of approximately HK\$273.8 million as at 31 July, 2022 and 2,986,314,015 MAGHL Shares in issue as at the Last Trading Day.

The Partial Cash Alternative

Based on the closing price of HK\$0.43 per eSun Share as quoted on the Stock Exchange on the Last eSun Trading Day, the value of the Partial Cash Alternative is equivalent to approximately HK\$0.31 per Scheme Share, being the aggregate value of (i) the cash payment of HK\$0.24 and (ii) one sixth of a new eSun Share (being approximately HK\$0.07), which represents:

- (a) a discount of approximately 7.0% to the closing price of HK\$0.335 per MAGHL Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 1.1% to the average closing price of approximately HK\$0.32 per MAGHL Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (c) a discount of approximately 6.5% to the average closing price of approximately HK\$0.33 per MAGHL Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (d) a discount of approximately 35.5% to the average closing price of approximately HK\$0.48 per MAGHL Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (e) a discount of approximately 48.7% to the average closing price of approximately HK\$0.61 per MAGHL Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- (f) a premium of approximately 239.9% over the audited net asset value per MAGHL Share attributable to owners of MAGHL of approximately HK\$0.092 as at 31 July, 2022, which is calculated based on the audited net asset value attributable to owners of MAGHL of approximately HK\$273.8 million as at 31 July, 2022 and 2,986,314,015 MAGHL Shares in issue as at the Last Trading Day.

(2) Comparison of the implied value of eSun Shares under the Cancellation Consideration with (i) the trading prices of eSun Shares; and (ii) the audited net asset value per eSun Share attributable to owners of eSun

The Share Alternative

Based on the closing price of HK\$0.335 per MAGHL Share as quoted on the Stock Exchange on the Last Trading Day, the implied value of each eSun Share under the Share Alternative is equivalent to approximately HK\$0.40 (which is calculated by the closing price of HK\$0.335 per MAGHL Share on the Last Trading Day divided by five sixths, being the Share Exchange Ratio under the Share Alternative), which represents:

- (a) a discount of approximately 6.5% to the closing price of HK\$0.43 per eSun Share as quoted on the Stock Exchange on the Last eSun Trading Day;
- (b) a premium of approximately 21.5% over the average closing price of approximately HK\$0.33 per eSun Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last eSun Trading Day;
- (c) a premium of approximately 30.6% over the average closing price of approximately HK\$0.31 per eSun Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last eSun Trading Day;
- (d) a premium of approximately 28.0% over the average closing price of approximately HK\$0.31 per eSun Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last eSun Trading Day;
- (e) a premium of approximately 3.2% over the average closing price of approximately HK\$0.39 per eSun Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last eSun Trading Day; and
- (f) a discount of approximately 37.9% to the audited net asset value per eSun Share attributable to owners of eSun of approximately HK\$0.65 as at 31 July, 2022, which is calculated based on the audited net asset value attributable to owners of eSun of approximately HK\$965.2 million as at 31 July, 2022 and 1,491,854,598 eSun Shares in issue as at the Last eSun Trading Day.

The Partial Cash Alternative

Based on the closing price of HK\$0.335 per MAGHL Share as quoted on the Stock Exchange on the Last Trading Day, the implied value of each eSun Share under the Partial Cash Alternative is equivalent to approximately HK\$0.57 (which is calculated by the closing price of HK\$0.335 per MAGHL Share on the Last Trading Day minus the cash payment of HK\$0.24 under the Partial Cash Alternative, and then divided by one sixth, being the Share Exchange Ratio under the Partial Cash Alternative), which represents:

- (a) a premium of approximately 32.6% over the closing price of HK\$0.43 per eSun Share as quoted on the Stock Exchange on the Last eSun Trading Day;
- (b) a premium of approximately 72.2% over the average closing price of approximately HK\$0.33 per eSun Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last eSun Trading Day;
- (c) a premium of approximately 85.2% over the average closing price of approximately HK\$0.31 per eSun Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last eSun Trading Day;
- (d) a premium of approximately 81.4% over the average closing price of approximately HK\$0.31 per eSun Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last eSun Trading Day;
- (e) a premium of approximately 46.3% over the average closing price of approximately HK\$0.39 per eSun Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last eSun Trading Day; and
- (f) a discount of approximately 11.9% to the audited net asset value per eSun Share attributable to owners of eSun of approximately HK\$0.65 as at 31 July, 2022, which is calculated based on the audited net asset value attributable to owners of eSun of approximately HK\$965.2 million as at 31 July, 2022 and 1,491,854,598 eSun Shares in issue as at the Last eSun Trading Day.

Basis for determining the Share Alternative and the Partial Cash Alternative, and the Share Exchange Ratios

The outbreak of COVID-19 has had an impact on every facet of the global economy since early 2020, including the media and entertainment industry, with entertainment spending affected severely by the accompanying economic recession and social distancing measures. Cinema operation, being the core business of the eSun Group, has been severely impacted since then. As a result, to support its normal operations, the consolidated cash and bank balances of the eSun Group (excluding the MAGHL Group) decreased from HK\$1,345.4 million as at 31 July, 2021 to HK\$1,028.3 million as at 31 July, 2022. The eSun Board believes that it is essential and prudent to reserve sufficient cash for normal operations and future development of the eSun Group during this period, which was taken into account when considering the Share Alternative and the Partial Cash Alternative under the Proposal. In addition, the availability of the Share Alternative and Partial Cash Alternative to each Scheme Share under the Proposal will be beneficial for the Scheme Shareholders as it provides them with the flexibility to choose between partial monetisation and full re-investment in the entertainment business of the Enlarged eSun Group.

The Share Exchange Ratios of five sixths of a new eSun Share under the Share Alternative, or one sixth of a new eSun Share together with a cash payment of HK\$0.24 under the Partial Cash Alternative, for every Scheme Share cancelled under the Scheme were determined on arm's length terms and on a commercial basis after taking into account, among other things:

- (i) the prevailing and historical market prices of both the eSuns Shares and MAGHL Shares traded on the Main Board and GEM respectively; and
- (ii) net asset value attributable to the eSun Shareholders and to the Scheme Shareholders as at 31 July, 2022.

Based on the audited consolidated net asset value per eSun Share attributable to owners of eSun, of approximately HK\$0.65 as at 31 July, 2022, the implied value of five sixths of a new eSun Share (to be issued under the Share Alternative for each Scheme Share to be cancelled under the Scheme) is approximately HK\$0.54, and the implied value of one sixth of a new eSun Share plus cash payment of HK\$0.24 (to be issued, or paid under the Partial Cash Alternative for each Scheme Share to be cancelled under the Scheme) is approximately HK\$0.35, which respectively represents premiums of approximately 487.9% and 279.3% over the audited consolidated net asset value per MAGHL Share of approximately HK\$0.092 as at 31 July, 2022. Accordingly, despite that the value of the Share Alternative and the Partial Cash Alternative each represents a discount to the average closing prices per MAGHL Share for certain periods, the value of the Share Alternative and the Partial Cash Alternative each represents a premium over the net asset value of MAGHL per MAGHL Share.

Upon the allotment and issue of new eSun Shares under the Proposal (assuming that there is no other change in the shareholding of eSun immediately prior thereto), the Share Exchange Ratios under the Share Alternative and the Partial Cash Alternative will result in a shareholding split in eSun Shares between (i) the existing eSun Shareholders, with aggregate shareholding ranging from 65.0% to 90.3%; and (ii) the Scheme Shareholders, with aggregate shareholding ranging from 9.7% to 35.0%. For more details of eSun's shareholding structure before and after implementation of the Proposal, please refer to the section headed "H. Shareholding Structure of eSun" in this joint announcement.

4. Rights attaching to eSun Shares, Specific Mandate, and proposed Increase in Authorised Share Capital

The eSun Shares to be issued pursuant to the Scheme as the Cancellation Consideration will, when issued, be credited as fully paid, free from all Encumbrances, and will rank *pari passu* with all other eSun Shares then in issue. Holders of such eSun Shares will be entitled to receive all dividends and other distributions of eSun if the record time for determining the entitlement to such dividends and distributions falls at or after the time at which the Scheme becomes effective.

Under both the Share Alternative and the Partial Cash Alternative, new eSun Shares shall be allotted and issued pursuant to the Specific Mandate to be sought from the eSun Shareholders at the eSun SGM. Application will be made by eSun to the Listing Committee for the approval for the listing of, and permission to deal in, the new eSun Shares to be allotted and issued pursuant to the Scheme on the Main Board.

As at the Announcement Date, the authorised share capital of eSun is HK\$1,250,000,000 divided into 2,500,000,000 eSun Shares of HK\$0.50 each, of which 1,491,854,598 eSun Shares have been allotted and issued as fully paid or credited as fully paid. Under the Proposal, the maximum number of new eSun Shares required to be issued is 803,721,140 (assuming all Scheme Shareholders elect the Share Alternative (or fail to validly elect the Partial Cash Alternative)). To accommodate the implementation of the Proposal and provide eSun with additional flexibility for future development, the eSun Board proposes to increase eSun's authorised share capital from HK\$1,250,000,000 divided into 2,500,000,000 eSun Shares to HK\$2,000,000,000 divided into 4,000,000,000 eSun Shares by an addition of 1,500,000,000 eSun Shares.

The proposed Increase in Authorised Share Capital of eSun is subject to the approval of the eSun Shareholders by way of an ordinary resolution at the eSun SGM. With regard to the proposed Increase in Authorised Share Capital of eSun, except for the Proposal, the eSun Board has no present intention to issue any part of the increased authorised share capital of eSun.

5. Confirmation of financial resources

The total maximum amount of cash payable under the Partial Cash Alternative for the Proposal on the basis described in this joint announcement is approximately HK\$231.5 million and the Offeror intends to finance the cash required for the Proposal with the internal cash resources of eSun.

Anglo Chinese, as financial adviser to eSun and the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy its obligations in respect of the full implementation of the Proposal in accordance with its terms.

D. CONDITIONS TO THE PROPOSAL AND THE SCHEME

The implementation of the Proposal is, and the Scheme will become effective and binding on MAGHL and all Scheme Shareholders, subject to the satisfaction or waiver (as applicable) of the following Scheme Conditions:

- (a) the approval of the Scheme (by way of a poll) by a majority in number of Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the MAGHL Court Meeting;
- (b) the approval of the Scheme (by way of poll) by at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Scheme Shareholders that are voted either in person or by proxy at the MAGHL Court Meeting, provided that the number of votes cast (by way of poll) against the resolution to approve the Scheme is not more than 10% of the votes attaching to all the Scheme Shares held by the Disinterested Scheme Shareholders;
- (c) the passing by MAGHL Shareholders of a special resolution at the MAGHL SGM to approve any reduction of the issued share capital of MAGHL by the cancellation of the Scheme Shares, and an ordinary resolution to apply the reserve created by the cancellation of the Scheme Shares to simultaneously restore the issued share capital of MAGHL by the allotment and issue of an equal number of MAGHL Shares (credited as fully paid) to the Offeror;
- (d) the sanction of the Scheme (with or without modification) by the Court and the delivery to the Registrar of Companies of a copy of the order of the Court for registration;
- (e) the necessary compliance with the procedural requirements and conditions, if any, of Section 46(2) of the Companies Act in relation to any reduction of the issued share capital of MAGHL referred to in (c) above;
- (f) the granting by the Stock Exchange of the listing of, and permission to deal in, the eSun Shares which fall to be issued pursuant to the Proposal, on Main Board;
- (g) the eSun Shareholders passing the resolutions (i) as may be required by the Listing Rules to implement the Proposal; (ii) to approve the grant of the Specific Mandate; and (iii) to approve the proposed Increase in Authorised Share Capital;

- (h) all Authorisations (other than those set out in (d) to (f) above) having been obtained or made from, with or by (as the case may be) the Relevant Authorities in Bermuda, Hong Kong, and, or any other relevant jurisdictions;
- (i) the Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes binding and effective in accordance with its terms;
- (j) if required, the obtaining by the Offeror or eSun of such other necessary consent, approval, permission, waiver or exemption which may be required from any Relevant Authorities or other third parties which are necessary or desirable for the performance of the Scheme under applicable laws and regulations;
- (k) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any 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 the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Scheme or its implementation in accordance with its terms);
- (l) all necessary consents which may be required for the implementation of the Proposal under any existing material contractual obligations of MAGHL being obtained;
- (m) since the Announcement Date, there having been no material adverse change in the business, financial or trading position or prospects of any member of the MAGHL Group to an extent which is material in the context of the MAGHL Group taken as a whole or in the context of the Proposal; and
- (n) since the Announcement Date, there not having been instituted or remaining outstanding any material litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the MAGHL Group is a party (whether as plaintiff or defendant or otherwise) and no such proceedings having been threatened in writing against any such member and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any such member in each case which is material and adverse in the context of the MAGHL Group taken as a whole or in the context of the Proposal.

The Scheme Conditions (a) to (h) above are not waivable. The Offeror and eSun reserve the right to waive any of the Scheme Conditions (i) to (n), either in whole or in respect of any particular matter. All of the Scheme Conditions will have to be satisfied or validly waived (as applicable), on or before the Long Stop Date, otherwise the Scheme will not become effective. Subject to the Scheme Conditions being satisfied or validly waived (as applicable), the Scheme will become effective and binding on MAGHL and all Scheme Shareholders.

In respect of the Scheme Conditions (h) to (l), the Offeror and eSun are not currently aware of any Authorisations or consents which are required. The Offeror is not a party to any agreements or arrangements which relate to circumstances in which it may or may not invoke or seek to invoke any of the above conditions to the Proposal. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any condition so as to cause the Scheme not to become binding and effective unless the circumstances which give rise to the right to invoke the condition are of material significance to the Offeror in the context of the Scheme.

If the Scheme Conditions are not satisfied or waived (as appropriate) on or before the Long Stop Date, the Proposal will lapse. Pursuant to the Takeovers Code, neither the Offeror nor any of the parties acting in concert with it (nor any person who is subsequently acting in concert with any of them) may announce an offer or possible offer for MAGHL within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, except with the consent of the Executive.

E. THE SCHEME

Under the Proposal, subject to the Scheme becoming effective in accordance with its terms, the Scheme Shares will be cancelled in exchange for the Cancellation Consideration. Upon such cancellation, the issued share capital of MAGHL will be restored to its former number by the issuance to the Offeror, credited as fully paid, of the same number of MAGHL Shares as the number of the Scheme Shares cancelled. The reserve created in MAGHL's books of account as a result of any reduction in the issued share capital will be applied in paying up in full at par in the new MAGHL Shares so issued, credited as fully paid, to the Offeror.

F. ARRANGEMENTS MATERIAL TO THE PROPOSAL

As at the Announcement Date:

- (a) save for the undertaking to be provided by Anglo Chinese not to vote its MAGHL Shares at the MAGHL Court Meeting (as detailed in the section headed "N. General Information – 2. General Meetings and MAGHL Court Meeting – (b) MAGHL Court Meeting and MAGHL SGM"), there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror, eSun Shares or the MAGHL Shares which might be material to the Proposal;

- (b) there is no agreement or arrangement to which the Offeror or eSun is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal; and
- (c) neither the Offeror, eSun nor any of the Offeror Concert Parties has received any irrevocable commitment to vote for or against the Proposal.

G. SHAREHOLDING STRUCTURE OF MAGHL

On the assumption that there is no other change in the shareholding of MAGHL immediately before the Scheme becoming effective, the table below sets out the shareholding structure of MAGHL as at the Announcement Date and immediately upon the Scheme becoming effective:

| Shareholders | As at the Announcement Date | | Immediately upon the Scheme becoming effective if all Scheme Shareholders elect the Share Alternative (or fail to validly elect the Partial Cash Alternative) | | | |
|---|---|---------------|---|---------------|---|---------------|
| | Approximate percentage of the issued share capital of MAGHL (%) ^(Note 1) | | Approximate percentage of the issued share capital of MAGHL (%) ^(Note 1) | | Approximate percentage of the issued share capital of MAGHL (%) ^(Note 1) | |
| | No. of MAGHL Shares | | No. of MAGHL Shares ^(Note 2) | | No. of MAGHL Shares ^(Note 2) | |
| Offeror (Note 3) | 2,021,848,647 | 67.70 | 2,986,314,015 | 100.00 | 2,986,314,015 | 100.00 |
| Offeror Concert Parties | | | | | | |
| – Anglo Chinese (Note 4) | 1,875,000 ^(Note 6) | 0.06 | – | – | – | – |
| – Mr. Cheung (Note 5) | 100,000,000 ^(Note 7) | 3.35 | – | – | – | – |
| Aggregate number of MAGHL Shares held by the Offeror and the Offeror Concert Parties | 2,123,723,647 | 71.12 | 2,986,314,015 | 100.00 | 2,986,314,015 | 100.00 |
| Disinterested Scheme Shareholders | 862,590,368 | 28.88 | – | – | – | – |
| Anglo Chinese | 1,875,000 ^(Note 6) | 0.06 | – | – | – | – |
| Mr. Cheung | 100,000,000 ^(Note 7) | 3.35 | – | – | – | – |
| Aggregate number of Scheme Shares (i.e. MAGHL Shares held by Scheme Shareholders) | 964,465,368 | 32.30 | – | – | – | – |
| Total number of MAGHL Shares | 2,986,314,015 | 100.00 | 2,986,314,015 | 100.00 | 2,986,314,015 | 100.00 |

Notes:

1. All percentages in the above table are approximations.
2. Under the Scheme, the issued share capital of MAGHL will, on the Scheme Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that there is no other change in the shareholding of MAGHL immediately before the Scheme becoming effective, upon the aforementioned capital reduction, the issued share capital of MAGHL will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the aggregate number of MAGHL Shares as is equal to the number of Scheme Shares cancelled. The reserve created in MAGHL's books of account as a result of any capital reduction will be applied in paying up in full at par for the new MAGHL Shares so issued, credited as fully paid, to the Offeror.
3. As at the Announcement Date, the Offeror is directly wholly-owned by eSun, which is indirectly owned as to approximately 74.62% by LSD, which is in turn directly and indirectly owned as to approximately 53.19% by LSG, which is in turn directly and indirectly owned as to approximately 41.93% by Dr. Peter Lam, a director of the Offeror and the chairman and an executive director of MAGHL.
4. Anglo Chinese is the financial adviser to eSun and the Offeror in respect of Proposed Merger. Accordingly, Anglo Chinese is presumed to be acting in concert with the Offeror under class (5) of the definition of "acting in concert" under the Takeovers Code. The 1,875,000 MAGHL Shares held by Anglo Chinese will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective. Anglo Chinese, as an Offeror Concert Party, will undertake not to vote the MAGHL Shares held by it at the MAGHL Court Meeting.
5. Mr. Cheung is presumed to be acting in concert with the Offeror under class (5) of the definition of "acting in concert" under Takeovers Code by virtue of (i) his control (within the meaning of the Takeovers Code) over the voting rights of Christfund Securities; and (ii) the engagement of Christfund Securities by a wholly-owned subsidiary of each of LSD and LSG to provide brokerage services. The 100,000,000 MAGHL Shares held by Mr. Cheung will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective.
6. For the avoidance of doubt, these refer to the same 1,875,000 MAGHL Shares held by Anglo Chinese as at the Announcement Date, but are disclosed as both MAGHL Shares held by the Offeror Concert Parties and MAGHL Shares held by the Scheme Shareholders in the shareholding table above as Anglo Chinese is both an Offeror Concert Party and a Scheme Shareholder.
7. For the avoidance of doubt, these refer to the same 100,000,000 MAGHL Shares held by Mr. Cheung, but are disclosed as both MAGHL Shares held by the Offeror Concert Parties and MAGHL Shares held by the Scheme Shareholders in the shareholding table above as Mr. Cheung is both an Offeror Concert Party and a Scheme Shareholder.

Upon the Scheme becoming effective, the Offeror will hold 100% of the issued share capital of MAGHL.

As at the Announcement Date:

- (a) MAGHL has no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its issued share capital comprising 2,986,314,015 MAGHL Shares;
- (b) save as disclosed in the shareholding table above, the Offeror and the Offeror Concert Parties do not hold or have control or direction over any other MAGHL Shares or any options, warrants, derivatives or securities convertible into MAGHL Shares or other derivatives in respect of securities in MAGHL; and
- (c) neither the Offeror nor the Offeror Concert Parties have entered into any outstanding derivatives in respect of the securities in MAGHL.

Save that Mr. Cheung acquired 100,000,000 MAGHL Shares (representing approximately 3.35% of MAGHL's issued share capital as at the Announcement Date) from Ms. Lam Ho Yi ("**Ms. Lam**") at a consideration of HK\$0.30 per MAGHL Share on 27 June, 2022, none of the Offeror and the Offeror Concert Parties has dealt for value in any MAGHL Shares or any options, warrants, derivatives or securities convertible into MAGHL Shares or other derivatives in respect of securities in MAGHL during the 6 months prior to the Announcement Date. As Ms. Lam is a daughter of Dr. Peter Lam, who is a director of the Offeror and owns (directly and indirectly) 41.93% of LSG, the parent company of the Offeror (see Note 3 to the shareholding table above), she is presumed to be acting in concert with the Offeror under classes (1) and (8) of, and Note 1 to, the definition of "acting in concert" under the Takeovers Code. As at the Announcement Date, Ms. Lam does not have any direct or indirect shareholding in MAGHL.

H. SHAREHOLDING STRUCTURE OF ESUN

On the assumption that there is no other change in the shareholding of eSun immediately before the Scheme becoming effective, the table below sets out the shareholding structure of eSun as at the Announcement Date and immediately upon the allotment and issue of new eSun Shares under the Proposal:

| Shareholders | As at the Announcement Date | | Immediately upon the allotment and issue of new eSun Shares under the Proposal, if all Scheme Shareholders elect the Share Alternative (or fail to validly elect the Partial Cash Alternative) | | | |
|--|-----------------------------|--|---|--|-----------------------|--|
| | No. of eSun Shares | Approximate percentage of the issued share capital of eSun (%) ^(Note 1) | No. of eSun Shares | Approximate percentage of the issued share capital of eSun (%) ^(Note 1) | No. of eSun Shares | Approximate percentage of the issued share capital of eSun (%) ^(Note 1) |
| | | | | | | |
| Existing eSun Shareholders | | | | | | |
| LSD | 1,113,260,072 | 74.62 | 1,113,260,072 | 48.50 | 1,113,260,072 | 67.36 |
| Dr. Peter Lam (Note 2) | 2,794,443 | 0.19 | 2,794,443 | 0.12 | 2,794,443 | 0.17 |
| Mr. Lam Hau Yin, Lester ("Mr. Lester Lam") (Note 3) | 2,794,443 | 0.19 | 2,794,443 | 0.12 | 2,794,443 | 0.17 |
| Yu Cheuk Yi & Yu Siu Yuk (Note 4) | 149,864,000 | 10.05 | 149,864,000 | 6.53 | 149,864,000 | 9.07 |
| Other existing eSun Shareholders | 223,141,640 | 14.95 | 223,141,640 | 9.72 | 223,141,640 | 13.50 |
| Sub-total | 1,491,854,598 | 100.00 | 1,491,854,598 | 64.99 | 1,491,854,598 | 90.27 |
| Scheme Shareholders | | | | | | |
| Anglo Chinese (Note 5) | – | – | 1,562,500 | 0.07 | 312,500 | 0.02 |
| Mr. Cheung (Note 6) | – | – | 83,333,333 | 3.63 | 16,666,667 | 1.01 |
| Disinterested Scheme Shareholders | – | – | 718,825,307 | 31.31 | 143,765,061 | 8.70 |
| Sub-total | – | – | 803,721,140 | 35.01 | 160,744,228 | 9.73 |
| Total | 1,491,854,598 | 100.00 | 2,295,575,738 | 100.00 | 1,652,598,826 | 100.00 |

Notes:

1. All percentages in the above table are approximations.
2. As at the Announcement Date, (i) the Offeror is directly wholly-owned by eSun, which is indirectly owned as to approximately 74.62% by LSD, which is in turn directly and indirectly owned as to approximately 53.19% by LSG, which is in turn directly and indirectly owned as to approximately 41.93% by Dr. Peter Lam, a director of the Offeror and the chairman and an executive director of MAGHL; and (ii) Dr. Peter Lam holds 2,794,443 eSun Shares as beneficial owner. Dr. Peter Lam is also the chairman and an executive director of LSD.
3. As at the Announcement Date, Mr. Lester Lam holds 2,794,443 eSun Shares as beneficial owner. Mr. Lester Lam is an executive director of LSD.
4. Based on the disclosure of interests' notices received by eSun, as at 30 May, 2022, Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk were both taken to be interested in the same 149,864,000 eSun Shares (approximately 10.0455% of the total issued eSun Shares), which were held jointly by them. Please refer to the announcement of eSun dated 31 May, 2022, in relation to the public float and suspension of trading for details.
5. Anglo Chinese is presumed to be acting in concert with the Offeror in accordance with class (5) of the definition of "acting in concert" under the Takeovers Code.
6. Mr. Cheung is presumed to be acting in concert with the Offeror under class (5) of the definition of "acting in concert" under the Takeovers Code.
7. As at the Announcement Date, save for (i) the share options comprising a total of 1,500,000 underlying eSun Shares granted under the share option scheme of eSun adopted on 11 December, 2015 which are outstanding; and (ii) issued share capital of eSun comprising 1,491,854,598 eSun Shares, eSun has no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

I. OFFEROR'S INTENTION REGARDING MAGHL

The Offeror intends to continue with the existing business of the MAGHL Group and to align them more closely with the upstream cinema operations of eSun, as detailed in the section headed "B. Objectives of the Proposed Merger". The Offeror does not intend to introduce any major changes to the existing operations or business of the MAGHL Group (including any redeployment of fixed assets of the MAGHL Group). It is also the intention of the Offeror that there will not be significant changes in the management and employees of the MAGHL Group as a result of the Proposal. Nevertheless, the Offeror will continue to monitor all business opportunities in relation to the eSun Group as they arise from time to time, with a particular focus on building the business in the PRC.

J. WITHDRAWAL OF LISTING OF MAGHL SHARES ON GEM

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new MAGHL Shares being issued as fully paid to the Offeror).

The share certificates for the cancelled MAGHL Shares will thereafter cease to have effect as evidence of title.

MAGHL will apply to the Stock Exchange for the withdrawal of the listing of MAGHL Shares on GEM pursuant to Rule 9.23 of the GEM Listing Rules, with such withdrawal taking place as soon as practicable following the Scheme Effective Date. The MAGHL Shareholders will be notified by way of an announcement of the exact dates of the last day of dealing in MAGHL Shares and on which the Scheme will become effective and the listing of MAGHL Shares will be withdrawn. A detailed expected timetable will be set out in the Scheme Document.

If the MAGHL Independent Board Committee or independent financial adviser to MAGHL Independent Board Committee does not recommend the Proposal, or the Scheme is not approved, all expenses incurred by MAGHL in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

If the Scheme does not become effective or the Proposal otherwise lapses, the listing of MAGHL Shares on GEM will not be withdrawn. The MAGHL Board intends that the listing of MAGHL Shares on GEM shall be maintained in the event that the Scheme does not become effective.

K. OVERSEAS SCHEME SHAREHOLDERS

The making and implementation of the Proposal to the Scheme Shareholders who are not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdictions. Any Scheme Shareholders who are not resident in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions.

It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with the necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

Any acceptance by the Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to LSG, LSD, eSun, the Offeror and MAGHL and their respective advisers, including Anglo Chinese, the financial adviser to the Offeror and eSun, that those laws and regulatory requirements have been complied with.

In the event that the receipt of the Scheme Document by the Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the Offeror Board or the MAGHL Board regard as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror or MAGHL or their respective shareholders), the Scheme Document may not be despatched to such overseas Scheme Shareholders. For that purpose, MAGHL will apply for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such overseas Scheme Shareholders.

L. LISTING RULES IMPLICATIONS OF THE PROPOSAL

1. Listing Rules Implications for eSun

The new eSun Shares to be issued pursuant to the Scheme as consideration for the cancellation and extinguishment of the Scheme Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the eSun Shareholders at the eSun SGM. Application will be made by eSun to the Listing Committee for the approval for the listing of, and permission to deal in, the new eSun Shares, to be allotted and issued under the Specific Mandate, on the Main Board.

The eSun Board has also announced that, in order to facilitate the Proposal, it proposes to seek eSun Shareholders' approval on the Increase in Authorised Share Capital by way of an ordinary resolution. Under the Proposal, the maximum number of new eSun Shares required to be issued is 803,721,140 (assuming all Scheme Shareholders will elect the Share Alternative (or fail to validly elect the Partial Cash Alternative)). To accommodate the implementation of the Proposal and provide eSun with additional flexibility for future development, the eSun Board therefore proposes to increase eSun's authorised share capital from HK\$1,250,000,000 divided into 2,500,000,000 eSun Shares to HK\$2,000,000,000 divided into 4,000,000,000 eSun Shares by an addition of 1,500,000,000 new eSun Shares.

Under the Proposal, new MAGHL Shares in the same number as the cancelled Scheme Shares will be issued to the Offeror on the Scheme Effective Date. As the Offeror is directly wholly-owned by eSun, the allotment and issue of the aforementioned new MAGHL Shares to the Offeror will be an indirect acquisition of such MAGHL Shares by eSun for the purpose of Chapter 14 of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) for eSun in respect of the Proposal is more than 25% but less than 100%, the Proposal constitutes a major acquisition of eSun under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The eSun SGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the terms of the Proposal and the Scheme, including (i) the acquisition of the new MAGHL Shares which will be allotted and issued to the Offeror upon the cancellation of the Scheme Shares; (ii) the grant of the Specific Mandate; and (iii) the proposed Increase in Authorised Share Capital. A circular containing, among other things, further details of the Proposal and other information as required under the Listing Rules, and the notice convening the eSun SGM is expected to be despatched by eSun to the eSun Shareholders as soon as practicable after the publication of this joint announcement.

The eSun Directors are of the view that the terms of the Proposal are fair and reasonable and in the interests of the eSun Shareholders as a whole.

2. Listing Rules Implications for LSD

As at the Announcement Date, LSD indirectly holds approximately 74.62% equity interest in eSun.

Under the Proposal, new MAGHL Shares in the same number as the cancelled Scheme Shares will be issued to the Offeror on the Scheme Effective Date. As the Offeror is directly wholly-owned by eSun, which is in turn a subsidiary of LSD, the allotment and issue of the aforementioned new MAGHL Shares to the Offeror will be an indirect acquisition of such MAGHL Shares by LSD for the purpose of Chapter 14 of the Listing Rules.

The Proposal is expected to involve (i) the issue of 5 new eSun Shares for every 6 Scheme Shares under the Share Alternative; or (ii) the issue of 1 new eSun Share for every 6 Scheme Shares and a cash payment of HK\$0.24 for each Scheme Share under the Partial Cash Alternative. As the Proposal will result in a dilution of the percentage equity interest of LSD in eSun upon the allotment and issue of new eSun Shares in satisfaction of the Cancellation Consideration, it will be a deemed disposal of eSun Shares by LSD for the purpose of Chapter 14 of the Listing Rules.

Should Scheme Shareholders representing more than 28.83% of the total issued MAGHL Shares elect the Share Alternative (or fail to validly elect the Partial Cash Alternative), the percentage of equity interests of LSD in the enlarged issued share capital of eSun will be diluted to 50.0% or lower upon the allotment and issue of new eSun Shares in satisfaction of the Cancellation Consideration. Therefore, it is possible that (i) eSun will cease to be a subsidiary of LSD, and the profit and loss, as well as the assets and liabilities of eSun will no longer be consolidated into the consolidated financial statements of LSD; and (ii) eSun will become an associate of LSD, and the remaining equity interests of LSD in eSun will be recognised in accordance with Hong Kong Accounting Standard 28 “Investments in Associates and Joint Ventures”.

Should all the Scheme Shareholders elect the Share Alternative (or fail to validly elect the Partial Cash Alternative), it is expected that the number of new eSun Shares to be allotted and issued under the Proposal will represent approximately 35.01% of the enlarged issued share capital of eSun, and the equity interests of LSD in eSun will be diluted to approximately 48.50%. Therefore, it is possible that eSun will cease to be a subsidiary of LSD and will be de-consolidated from the consolidated financial statements of LSD. It is estimated that LSD will record an unaudited loss before taxation of approximately HK\$480 million if eSun is de-consolidated. Such estimation is calculated as the difference between the fair value of the eSun Group retained by LSD after the Potential Deemed Disposal and the consolidated net assets of the eSun Group attributable to LSD in LSD’s consolidated financial statements as at 31 July, 2022.

LSD Shareholders should note that the exact amount of the loss on the Potential Deemed Disposal to be recorded in the consolidated income statement of LSD for the year ending 31 July, 2023 (assuming that the Potential Deemed Disposal is completed on or before 31 July 2023) will be (1) subject to audit; (2) calculated based on the net assets of eSun attributable to LSD in LSD's consolidated financial statements as at the date of completion of the Potential Deemed Disposal; and (3) net of any incidental expenses, tax expenses, transaction costs and any exchange rate fluctuation before the date of completion of the Potential Deemed Disposal, and therefore may vary from the amount disclosed above.

Should all the Scheme Shareholders validly elect the Partial Cash Alternative, it is expected that the number of new eSun Shares to be allotted and issued under the Proposal will represent approximately 9.73% of the enlarged issued share capital of eSun and the equity interests of LSD in eSun will be diluted to approximately 67.36%. In such a case, eSun will remain as a subsidiary of LSD.

As the highest applicable percentage ratio (as defined under the Listing Rules) for LSD in respect of the Proposal, which involves, (i) the acquisition of the new MAGHL Shares which will be allotted and issued to the Offeror upon the cancellation of the Scheme Shares; and (ii) the Potential Deemed Disposal (calculated on the assumption that all the Scheme Shareholders elect the Share Alternative (or fail to validly elect the Partial Cash Alternative)), is 5% or more but less than 25%, the Proposal constitutes a discloseable transaction of LSD under the Chapter 14 of Listing Rules, which is subject to the reporting and announcement requirements (but exempted from the circular and shareholders' approval requirements) under the Chapter 14 of Listing Rules. Further announcement(s) will be made by LSD to update its shareholders and investors in relation to the Proposal as and when appropriate and in accordance with the Listing Rules.

The LSD Directors are of the view that the terms of the Proposal (which involves (i) the indirect acquisition of the new MAGHL Shares which will be allotted and issued to the Offeror upon the cancellation of the Scheme Shares under the Proposal; and (ii) the Potential Deemed Disposal) are fair and reasonable and in the interests of the LSD Shareholders as a whole.

3. Listing Rules Implications for LSG

As at the Announcement Date, LSG indirectly holds approximately 53.19% in LSD, which in turn indirectly holds approximately 74.62% equity interests in eSun.

Under the Proposal, new MAGHL Shares in the same number as the cancelled Scheme Shares will be issued to the Offeror on the Scheme Effective Date. As the Offeror is directly wholly-owned by eSun, which is in turn a subsidiary of LSD, and thus LSG, the allotment and issue of the aforementioned new MAGHL Shares to the Offeror will be an indirect acquisition of such MAGHL Shares by LSG for the purpose of Chapter 14 of the Listing Rules.

As the Proposal will result in a dilution of the percentage equity interest of LSD in eSun upon the allotment and issue of new eSun Shares in satisfaction of the Cancellation Consideration, it will also be an indirect deemed disposal of eSun Shares by LSG for the purpose of Chapter 14 of the Listing Rules.

Should Scheme Shareholders representing more than 28.83% of the total issued MAGHL Shares elect the Share Alternative (or fail to validly elect the Partial Cash Alternative), the percentage of equity interests of LSD in the enlarged issued share capital of eSun will be diluted to 50.0% or lower upon the allotment and issue of new eSun Shares in satisfaction of the Cancellation Consideration. Therefore, it is possible that (i) eSun will cease to be a subsidiary of LSD and therefore also cease to be a subsidiary of LSG; and the profit and loss, as well as the assets and liabilities of eSun will no longer be consolidated into the consolidated financial statements of LSD and therefore shall no longer be consolidated into the consolidated financial statements of LSG; and (ii) eSun will become an associate of LSD and therefore also become an associate of LSG, and the remaining equity interests of LSG in eSun will be recognised by LSG in accordance with Hong Kong Accounting Standard 28 “Investments in Associates and Joint Ventures”.

Should all the Scheme Shareholders elect the Share Alternative (or fail to validly elect the Partial Cash Alternative), it is expected that the number of new eSun Shares to be allotted and issued under the Proposal will represent approximately 35.01% of the enlarged issued share capital of eSun, and the equity interests of LSD in eSun will be diluted to approximately 48.50%. Therefore, it is possible that eSun will cease to be a subsidiary of LSG and will be de-consolidated from the consolidated financial statements of LSG. It is estimated that LSG will record an unaudited loss before taxation of approximately HK\$480 million from the de-consolidation. Such estimation is calculated as the difference between the fair value of the eSun Group retained by LSG through LSD after the Potential Deemed Disposal and the consolidated net assets of the eSun Group attributable to LSG through LSD in LSG’s consolidated financial statements as at 31 July, 2022.

LSG Shareholders should note that the exact amount of the loss on the Potential Deemed Disposal to be recorded in the consolidated income statement of LSG for the year ending 31 July, 2023 (assuming that the Potential Deemed Disposal is completed on or before 31 July 2023) will be (1) subject to audit; (2) calculated based on the net assets of eSun attributable to LSG through LSD in LSG’s consolidated financial statements as at the date of completion of the Potential Deemed Disposal; and (3) net of any incidental expenses, tax expenses, transaction costs and any exchange rate fluctuation before the date of completion of the Potential Deemed Disposal, and therefore may vary from the amount disclosed above.

Should all the Scheme Shareholders validly elect the Partial Cash Alternative, it is expected that the number of new eSun Shares to be allotted and issued under the Proposal will represent approximately 9.73% of the enlarged issued share capital of eSun, and the equity interest of LSD in eSun will be diluted to approximately 67.36%. In such a case, eSun will remain as a subsidiary of LSD and therefore also remain as a subsidiary of LSG.

As the highest applicable percentage ratio (as defined under the Listing Rules) for LSG in respect of the Proposal, which involves (i) the acquisition of new MAGHL Shares which will be allotted and issued to the Offeror upon the cancellation of the Scheme Shares; and (ii) the Potential Deemed Disposal (calculated on the assumption that all the Scheme Shareholders elect the Share Alternative (or fail to validly elect the Partial Cash Alternative)), is 5% or more but less than 25%, the Proposal constitutes a discloseable transaction of LSG under Chapter 14 of the Listing Rules, which is subject to the reporting and announcement requirements (but exempted from the circular and shareholders' approval requirements) under the Chapter 14 of Listing Rules. Further announcement(s) will be made by LSG to update its shareholders and investors in relation to the Proposal as and when appropriate and in accordance with the Listing Rules.

The LSG Directors are of the view that the terms of the Proposal (which involves (i) the indirect acquisition of the new MAGHL Shares which will be allotted and issued to the Offeror upon the cancellation of the Scheme Shares under the Proposal; and (ii) the Potential Deemed Disposal) are fair and reasonable and in the interests of the LSG Shareholders as a whole.

M. DISCLOSURE OF DEALINGS

In accordance with Rule 3.8 of the Takeovers Code, respective associates of the Offeror and MAGHL (including those shareholders who own or control 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of any of the Offeror and MAGHL, or any person who as a result of any transaction owns or controls 5% or more of any class of relevant securities of any of the Offeror and MAGHL), are hereby reminded to disclose their dealings in the respective relevant securities of eSun and MAGHL 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:

“Responsibilities of stockbrokers, banks and other intermediaries

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 \$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.”

N. GENERAL INFORMATION

1. Information on the Offeror, the eSun Group, the MAGHL Group, the LSD Group and the LSG Group

(a) *The Offeror*

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

(b) *The eSun Group*

eSun is an exempted company incorporated in Bermuda with limited liability, the issued eSun Shares are listed and traded on the Main Board. eSun acts as an investment holding company and the principal activities of its subsidiaries include the development, operation of and investment in media and entertainment, music production and distribution, the investment in production and distribution of, television programs, films and video format products and cinema operation in Hong Kong and Mainland China. As at the Announcement Date, eSun, through the Offeror, holds approximately 67.70% of the total issued MAGHL Shares.

(c) *The MAGHL Group*

MAGHL is an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued MAGHL Shares of which are listed and traded on GEM. The principal activity of MAGHL is investment holding. Its subsidiaries are principally engaged in film production and distribution, organisation, management and production of concerts and live performances; artiste management; production and distribution of television programs; music production and publishing; licensing of media contents; provision of consultancy services in planning and management of cultural, entertainment and live performance projects.

Set out below are the (i) abridged audited annual financial statements of MAGHL for the three financial years ended 31 July, 2022; and (ii) audited net assets value as at 31 July, 2021 and 2022, of which were extracted from the audited consolidated annual financial statements of MAGHL:

| | For the year ended 31 July, | | |
|--|------------------------------------|-----------------|-----------------|
| | 2020 | 2021 | 2022 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Audited) | (Audited) | (Audited) |
| Loss before tax | (187,332) | (170,977) | (107,962) |
| Loss after tax for the year | (187,271) | (171,481) | (109,484) |
| Loss for the year attributable to the MAGHL Shareholders | (178,169) | (171,425) | (107,368) |

| | As at 31 July, | |
|---|-----------------------|-----------------|
| | 2021 | 2022 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Audited) | (Audited) |
| Net assets attributable to the MAGHL Shareholders | 335,003 | 273,843 |

(d) LSD

LSD is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board. LSD and its subsidiaries are 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 programs production and distribution, cinemas, cultural, leisure, entertainment and related facilities and investment holding. As at the Announcement Date, LSD indirectly holds approximately 74.62% of the total issued eSun Shares.

(e) LSG

LSG is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board. LSG and its subsidiaries are 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 programs production and distribution, cinemas, cultural, leisure, entertainment and related facilities and investment holding. As at the Announcement Date, (i) LSG indirectly holds approximately 53.19% of the total issued shares of LSD; and (ii) Dr. Peter Lam is interested in approximately 41.93% of the total issued shares of LSG.

2. General Meetings and MAGHL Court Meeting

(a) eSun SGM

eSun will convene the eSun SGM for the eSun Shareholders to consider and, if thought fit, approve (i) the acquisition of the new MAGHL Shares which will be allotted and issued to the Offeror upon the cancellation of the Scheme Shares; (ii) the grant of the Specific Mandate; and (iii) the proposed Increase in Authorised Share Capital.

All eSun Shareholders who have a material interest (which is different from that of all other eSun Shareholders) in the Proposal, and their associates, will be required to abstain from voting on resolutions referred to above at the eSun SGM.

LSD will be entitled to vote its shareholding in eSun on the aforesaid resolutions at the eSun SGM. LSD has indicated that such shareholding will be voted in favour of such resolutions at the eSun SGM.

To the best of the knowledge, information and belief of the eSun Board, having made all reasonable enquiries, none of the eSun Shareholders has a material interest in the Proposal and therefore, no eSun Shareholders will be required to abstain from voting on the resolutions to be proposed at the eSun SGM to approve the Proposal.

(b) *MAGHL Court Meeting and MAGHL SGM*

The MAGHL Court Meeting will be convened for the Scheme Shareholders to consider and, if thought fit, approve the Scheme.

The MAGHL SGM will be convened for the MAGHL Shareholders to consider, and if thought fit, approve among others (i) a special resolution to approve any reduction of the issued share capital of MAGHL by the cancellation of the Scheme Shares; and (ii) an ordinary resolution to apply the reserve created by the cancellation of the Scheme Shares to simultaneously restore the issued share capital of MAGHL by the allotment and issue of an equal number of MAGHL Shares (credited as fully paid) to the Offeror.

All the Scheme Shareholders will be entitled to attend and vote at the MAGHL Court Meeting to approve the Scheme, but only the votes of the Disinterested Scheme Shareholders will be taken into account in determining if the condition in paragraph (b) in the section headed “D. Conditions to the Proposal and the Scheme” is satisfied. Anglo Chinese, as an Offeror Concert Party, will undertake not to vote the MAGHL Shares held by it at the MAGHL Court Meeting. MAGHL will also seek an undertaking from Mr. Cheung not to vote the MAGHL Shares held by him at the MAGHL Court Meeting. As the Offeror is not a Scheme Shareholder, the Offeror will not vote on the Scheme at the MAGHL Court Meeting.

All MAGHL Shareholders will be entitled to attend and vote at the MAGHL SGM.

3. Financial Adviser, Independent Board Committee and Independent Financial Adviser

eSun and the Offeror have appointed Anglo Chinese as their financial adviser in connection with the Proposal.

The MAGHL Independent Board Committee (comprising all independent non-executive directors of MAGHL) has been established by the MAGHL Board to make recommendations to the Disinterested Scheme Shareholders in connection with the Proposal, and in particular as to (i) whether the terms of the Proposal are fair and reasonable; and (ii) voting in respect of the Scheme at the MAGHL Court Meeting.

Pursuant to Rule 2.8 of the Takeovers Code, the MAGHL Independent Board Committee comprises all non-executive Directors who have no direct or indirect interest in the Proposal.

An independent financial adviser will be appointed by MAGHL (with the approval of the MAGHL Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code) to advise the MAGHL Independent Board Committee and the Disinterested Scheme Shareholders in connection with the Proposal. An announcement will be made by MAGHL as soon as practicable following the appointment of such independent financial adviser.

4. Despatch of Scheme Document

It is the intention of the Offeror, eSun and MAGHL to combine the offer document and the offeree board circular into the Scheme Document. The Scheme Document including, among other things, (i) further details of the Proposal and the Scheme; (ii) the expected timetable; (iii) an explanatory statement as required under the Companies Act; (iv) information regarding MAGHL and eSun; (v) the recommendations of the MAGHL Independent Board Committee with respect to the Proposal and the Scheme; (vi) a letter of advice from an independent financial adviser to be appointed to advise the MAGHL Independent Board Committee; and (vii) notices of the MAGHL Court Meeting and the MAGHL SGM, together with forms of proxy in relation thereto, will be despatched to the Scheme Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and the applicable laws and regulations.

The Scheme Document will contain important information on the Proposal and the Scheme Shareholders are urged to read the Scheme Document carefully before casting any vote (or appointing any proxy to vote on their behalf) at the MAGHL Court Meeting or the MAGHL SGM.

5. Others

As at the Announcement Date:

- (a) other than the Cancellation Consideration, the Offeror or the Offeror Concert Parties have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the Scheme Shares;
- (b) save for the undertaking to be provided by Anglo Chinese not to vote its MAGHL Shares at the MAGHL Court Meeting (as detailed in the section headed “N. General Information – 2. General Meetings and MAGHL Court Meeting – (b) MAGHL Court Meeting and MAGHL SGM”), the Offeror is not aware of any understanding, arrangement or agreement between (i) any MAGHL Shareholder; and (ii)(a) the Offeror and the Offeror Concert Parties or (b) MAGHL, its subsidiaries or associated companies;
- (c) there is no special deal (as defined in Rule 25 of the Takeovers Code) between (i) any MAGHL Shareholder; and (ii)(a) the Offeror and the Offeror Concert Parties, or (b) MAGHL, its subsidiaries or associated companies; and
- (d) neither the Offeror nor any Offeror Concert Parties has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in MAGHL.

O. WARNINGS

Holders of and potential investors in the securities of LSG, LSD, eSun and MAGHL should note that the Proposal and all transactions contemplated thereunder are subject to the fulfilment or waiver (as applicable) of the Scheme Conditions. Accordingly, there is no certainty as to whether, and if so when, the Proposal or the Scheme will be implemented or become effective.

As at the date of this joint announcement, the public float of eSun remains below the 25% minimum level as prescribed under Rule 8.08(1)(a) of the Listing Rules. Further announcement(s) will be made by eSun in relation to the restoration of the public float in eSun Shares as and when appropriate and in accordance with the Listing Rules. While it is expected that trading in the eSun Shares will resume shortly after publication of this joint announcement, eSun Shareholders and potential investors are advised to exercise caution when dealing in the eSun Shares, as trading in the eSun Shares on the Stock Exchange may be suspended again in the event that the Stock Exchange concludes that there exists a disorderly market in the eSun Shares or an open market in the eSun Shares ceases to exist.

Holders of and potential investors in the securities of LSG, LSD, eSun and MAGHL should exercise caution when dealing in the shares or other securities of LSG, LSD, eSun and MAGHL. Any person who is in doubt about his or, her or, its position or any action to be taken is recommended to consult his or, her or, its own professional adviser(s).

This joint announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of LSG, LSD, eSun and MAGHL in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any approval or other response to the Proposal should be made only on the basis of information in the Scheme Document. This joint announcement does not constitute a prospectus or a prospectus equivalent document. eSun Shareholders and MAGHL Shareholders are advised to read carefully the formal documentation in relation to the Proposal once it has been despatched.

The availability of the Proposal to persons who are not residents in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not residents in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their own jurisdictions. Details in relation to overseas Scheme Shareholders will be contained in the Scheme Document.

P. POSSIBLE RESTORATION OF PUBLIC FLOAT OF ESUN

References are made to the announcements of eSun dated 31 May, 2022, 31 August, 2022 and 10 November, 2022. Trading of eSun Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 June, 2022 and an application has been made by eSun to the Stock Exchange for resumption of trading in the eSun Shares on the Stock Exchange with effect from 9:00 a.m. on 11 November, 2022. It is expected that trading in the eSun Shares will resume shortly after publication of this joint announcement at 9:00 a.m. on 11 November, 2022.

Under the Proposal, should all the Scheme Shareholders elect the Share Alternative (or fail to validly elect the Partial Cash Alternative), it is expected that the number of new eSun Shares to be allotted and issued under the Proposal will represent approximately 35.01% of the enlarged issued share capital of eSun, and (i) the equity interest of LSD in eSun will be diluted to approximately 48.50%, and (ii) approximately 51.26% of the eSun Shares would be held by the public. Should all the Scheme Shareholders validly elect the Partial Cash Alternative, it is expected that the number of new eSun Shares to be allotted and issued under the Proposal will represent approximately 9.73% of the enlarged issued share capital of eSun, and (i) the equity interests of LSD in eSun will be diluted to approximately 67.36%, and (ii) approximately 32.30% of the eSun Shares would be held by the public. Therefore, it is expected that the public float of eSun would be restored to above the 25% minimum level as prescribed under Rule 8.08(1)(a) of the Listing Rules upon the allotment and issue of new eSun Shares under the Proposal. Nevertheless, if the Scheme does not become effective or the Proposal otherwise lapses, the public float of eSun may not be restored to the 25% minimum level as prescribed under Rule 8.08(1)(a) of the Listing Rules by way of the Proposal, and the eSun Board will take other appropriate actions to restore the public float of eSun. Further announcement(s) will be made by eSun in relation to the restoration of the public float in eSun Shares as and when appropriate and in accordance with the Listing Rules.

Q. DEFINITIONS

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

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| “acting in concert” | has the meaning ascribed to it under the Takeovers Code, and “persons acting in concert” shall be construed accordingly |
| “Anglo Chinese” | Anglo Chinese Corporate Finance, Limited, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, which is the financial adviser to the Offeror and eSun in relation to the Proposal and is therefore presumed to be an Offeror Concert Party under class (5) of the definition of “acting in concert” under the Takeovers Code |

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| “Announcement Date” | 10 November, 2022, being the date of this joint announcement |
| “associate(s)” | has the meaning ascribed to it under the Takeovers Code |
| “Authorisations” | all necessary authorisations, registrations, filings, rulings, consents, permissions and approvals (including approval in-principle) in connection with the Proposal |
| “Cancellation Consideration” | the consideration for the cancellation and extinguishment of the Scheme Shares pursuant to the Scheme, being (i) 5 new eSun Shares to be issued for every 6 Scheme Shares held as at the Scheme Record Time under the Share Alternative; or (ii) one sixth of a new eSun Share to be issued, and HK\$0.24 to be paid in cash, for every Scheme Share held as at the Scheme Record Time under the Partial Cash Alternative |
| “Christfund Securities” | Christfund Securities Limited, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities) and Type 9 (asset management) regulated activities under the SFO. Christfund Securities is presumed to be an Offeror Concert Party under class (5) of the definition of “acting in concert” under the Takeovers Code for the reasons set out in Note 5 to the shareholding table in the section headed “G. Shareholding Structure of MAGHL” |
| “Companies Act” | the Companies Act 1981 (as amended) of Bermuda |
| “Completion” | completion of the Proposal, being the time of despatch of cheques for cash payment and certificates for new eSun Shares to be allotted and issued in satisfaction of the Cancellation Consideration to Scheme Shareholders |
| “Court” | the Supreme Court of Bermuda |
| “Disinterested Scheme Shareholder(s)” | Scheme Shareholder(s) other than the Offeror Concert Parties |
| “Dr. Peter Lam” | Dr. Lam Kin Ngok, Peter, the ultimate controlling shareholder of LSG, LSD, eSun, the Offeror and MAGHL, the Chairman and an executive director of LSG and LSD, a director of the Offeror and the Chairman and an executive director of MAGHL |

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| “Encumbrances” | (a) any mortgage, security, pledge, charge, lien, trust, assignment by way of security, security interest, any third party interests or rights or any other categories of encumbrances or priority right granted to the third party, including but not limited to, granting any rights in a transaction, and even if it is not a security right under the relevant laws, it is similar to security rights in terms of financial or actual economic benefits; (b) any authorisation, representative voting power, voting trust arrangement, share option, right of first offer, right of first negotiation, right of first refusal and other right to restrict assignment; and (c) rights to claim against encumbrance, ownership or right of use without legal title |
| “Enlarged eSun Group” | eSun Group upon the Scheme becoming effective and after the allotment and issue of the new eSun Shares in connection with the Proposal, whereupon MAGHL will become an indirect wholly-owned subsidiary of eSun |
| “Executive” | the Executive Director of the Corporate Finance Division of the SFC or any delegate for the time being of the Executive Director |
| “eSun” | eSun Holdings Limited (豐德麗控股有限公司), an exempted company incorporated in Bermuda with limited liability and the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571) |
| “eSun Board” | the board of directors of eSun |
| “eSun Group” | eSun and its subsidiaries |
| “eSun SGM” | a special general meeting of eSun to be convened for the purposes of considering and, if thought fit, approving, among other things, (i) the acquisition of the new MAGHL Shares which will be allotted and issued to the Offeror upon the cancellation of the Scheme Shares; (ii) the grant of the Specific Mandate; and (iii) the proposed Increase in Authorised Share Capital, or any adjournment thereof |
| “eSun Shareholder(s)” | the duly registered holder(s) of eSun Shares |
| “eSun Share(s)” | ordinary share(s) of HK\$0.50 each in the share capital of eSun |

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| “GEM” | GEM operated by the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “HKSCC Nominees” | HKSCC Nominees Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Increase in Authorised Share Capital” | the proposed increase in eSun’s authorised share capital from HK\$1,250,000,000 divided into 2,500,000,000 eSun Shares to HK\$2,000,000,000 divided into 4,000,000,000 eSun Shares by an addition of 1,500,000,000 eSun Shares |
| “Last eSun Trading Day” | 31 May, 2022, being the last trading day prior to the suspension of trading of the eSun Shares on the Stock Exchange |
| “Last Trading Day” | 10 November, 2022, being the last trading day prior to the publication of this joint announcement |
| “Listing Committee” | the Listing Committee of the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Main Board |
| “Long Stop Date” | 10 April, 2023 (or such later date as the Offeror and MAGHL may agree or, to the extent applicable, as the Court may direct, and in all cases, as permitted by the Executive) |
| “LSD” | Lai Sun Development Company Limited (麗新發展有限公司), a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488) |
| “LSD Board” | the board of directors of LSD |
| “LSD Group” | LSD and its subsidiaries |
| “LSD Shareholder(s)” | the duly registered holder(s) of the shares of LSD |
| “LSG” | Lai Sun Garment (International) Limited (麗新製衣國際有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 191) |

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| “LSG Board” | the board of directors of LSG |
| “LSG Group” | LSG and its subsidiaries |
| “LSG Shareholder(s)” | the duly registered holder(s) of the shares of LSG |
| “MAGHL” | Media Asia Group Holdings Limited (寰亞傳媒集團有限公司), an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed and traded on GEM (Stock Code: 8075) |
| “MAGHL Board” | the board of directors of MAGHL |
| “MAGHL Court Meeting” | a meeting of the Scheme Shareholders to be convened at the direction of the Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof |
| “MAGHL Group” | MAGHL and its subsidiaries |
| “MAGHL Independent Board Committee” | the independent board committee of MAGHL formed to advise the Disinterested Scheme Shareholders in connection with the Proposal, and comprising Mr. Au Hoi Fung, Mr. Ng Chi Ho, Dennis and Mr. Poon Kwok Hing, Albert (being all the independent non-executive directors of MAGHL) |
| “MAGHL SGM” | the special general meeting of MAGHL to be convened and held on the same day as the MAGHL Court Meeting for the purpose of considering and, if thought fit, approving, among others, (i) a special resolution to approve any reduction of the issued share capital of MAGHL by the cancellation of the Scheme Shares; and (ii) an ordinary resolution to apply the reserve created by the cancellation of the Scheme Shares to simultaneously restore the issued share capital of MAGHL by the allotment and issue of an equal number of MAGHL Shares (credited as fully paid) to the Offeror, or any adjournment thereof |
| “MAGHL Shareholder(s)” | the duly registered holder(s) of MAGHL Shares |
| “MAGHL Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of MAGHL |
| “Main Board” | the Main Board of the Stock Exchange |

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| “Mr. Cheung” | Mr. Cheung Wah Fung, Christopher, who is presumed to be an Offeror Concert Party under class (5) of the definition of “acting in concert” under the Takeovers Code for the reasons set out in Note 5 to the shareholding table in the section headed “G. Shareholding Structure of MAGHL” |
| “Offeror” or “Perfect Sky” | Perfect Sky Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, being a direct wholly-owned subsidiary of eSun |
| “Offeror Board” | the board of directors of the Offeror |
| “Offeror Concert Party(ies)” | party(ies) acting in concert or presumed to be acting in concert with the Offeror, including Anglo Chinese and Mr. Cheung |
| “Partial Cash Alternative” | one sixth of a new eSun Share which will be issued (credited as fully paid and ranking pari passu with other eSun Shares then in issue) and HK\$0.24 which will be paid in cash, for every Scheme Share held as at the Scheme Record Time |
| “Potential Deemed Disposal” | dilution of the percentage equity interest of LSD or LSG (as the case may be) in eSun as a result of the allotment and issue of new eSun Shares as consideration for the cancellation of the Scheme Shares pursuant to the Proposal on Scheme Effective Date, which is a deemed disposal of eSun Shares by LSD or LSG (as the case may be) for the purpose of Chapter 14 of the Listing Rules |
| “PRC” or “Mainland China” | the People’s Republic of China, which for the purpose of this joint announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan |
| “Proposal” or “Proposed Merger” | the proposed merger of MAGHL by eSun by way of the privatisation of MAGHL through the Scheme and the withdrawal of the listing of the MAGHL Shares on GEM |
| “public” | has the meaning ascribed to it under the GEM Listing Rules and the Listing Rules |
| “Registrar of Companies” | the Registrar of Companies in Bermuda |
| “Relevant Authorities” | appropriate government and, or governmental bodies, regulatory bodies, stock exchanges, courts or institutions, including but not limited to the Court and the Registrar of Companies |

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| “Scheme” | the proposed scheme of arrangement pursuant to Section 99 of the Companies Act for the implementation of the Proposal |
| “Scheme Condition(s)” | the conditions of the Proposal, details of which are set out in the section headed “D. Conditions to the Proposal and the Scheme” |
| “Scheme Document” | the composite scheme document of the Offeror and MAGHL, containing, inter alia, details of the Proposal together with the additional information specified in the section headed “N. General Information – 4. Despatch of Scheme Document” |
| “Scheme Effective Date” | the date upon which the Scheme becomes effective in accordance with its terms |
| “Scheme Record Time” | the record time for determining entitlements under the Scheme |
| “Scheme Shareholder(s)” | the duly registered holder(s) of the Scheme Shares |
| “Scheme Share(s)” | MAGHL Share(s) other than those held by the Offeror |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share Alternative” | 5 new eSun Shares, which will be issued (credited as fully paid and ranking <i>pari passu</i> with other eSun Shares then in issue) for every 6 Scheme Shares held as at the Scheme Record Time |
| “Share Exchange Ratio(s)” | the share exchange ratios of (i) 5 new eSun Shares to be issued for every 6 Scheme Shares cancelled under the Scheme under the Share Alternative; or (ii) one sixth of a new eSun Share to be issued and HK\$0.24 to be paid in cash for every Scheme Share cancelled under the Scheme under the Partial Cash Alternative |
| “Specific Mandate” | a specific mandate to be sought at the eSun SGM for the allotment and issue of the new eSun Shares as consideration for the cancellation of the Scheme Shares pursuant to the Proposal |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

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| “subsidiary” or “subsidiaries” | has the meaning ascribed to it under the GEM Listing Rules and the Listing Rules |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “%” | per cent. |

All percentages stated in this joint announcement are approximations.

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

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

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

By order of the board of directors
Media Asia Group Holdings Limited
Lui Siu Tsuen, Richard
Executive Director

By order of the board of directors
Perfect Sky Holdings Limited
Lui Siu Tsuen, Richard
Director

Hong Kong, 10 November, 2022

As at the Announcement Date,

- (a) *the LSG Board comprises five executive directors, namely Dr. Lam Kin Ngok, Peter (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 (also alternate to Madam U Po Chu) and Lee Tze Yan, Ernest; one non-executive director, namely Madam U Po Chu; and three independent non-executive directors, namely Messrs. Lam Bing Kwan, Leung Shu Yin, William and Ip Shu Kwan, Stephen;*
- (c) *the eSun Board comprises four executive directors, namely Messrs. Lui Siu Tsuen, Richard (Chief Executive Officer), Chew Fook Aun, Lam Hau Yin, Lester (also alternate to Madam U Po Chu) 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;*
- (d) *the MAGHL Board comprises four executive directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Messrs. Chan Chi Kwong, Lui Siu Tsuen, Richard and Yip Chai Tuck; and three independent non-executive directors, namely Messrs. Au Hoi Fung, Ng Chi Ho, Dennis and Poon Kwok Hing, Albert; and*
- (e) *the Offeror Board comprises three directors, namely Dr. Lam Kin Ngok, Peter, Mr. Chew Fook Aun and Mr. Lui Siu Tsuen, Richard.*

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 that relating to the LSD Group, the eSun Group or the MAGHL Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement by the LSG Board 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 relating to the LSD Group (other than that relating to the eSun Group or the MAGHL Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement by the LSD Board 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 that relating to the MAGHL Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement by the eSun Board 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 that relating to the LSG Group, the LSD Group, the eSun Group or the MAGHL Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the LSG Board, the LSD Board, the eSun Board or the MAGHL Board) 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 MAGHL jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement relating to the MAGHL Group and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this joint announcement by the MAGHL Board 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.

This joint announcement will remain on the “Latest Listed Company Information” page of the website of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk for at least 7 days from the date of its publication and on MAGHL’s website at www.mediaasia.com.