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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)**

**JOINT ANNOUNCEMENT  
CONNECTED TRANSACTION  
ACQUISITION OF 10% INTERESTS  
IN A NON-WHOLLY-OWNED SUBSIDIARY**

**THE TRANSACTION**

The LSG Board, the LSD Board and the eSun Board are pleased to announce that on 28 November 2018 (after the trading hours), eSun (as the Buyer) entered into the Sale and Purchase Agreement with the Seller, pursuant to which the Seller has agreed to sell, and eSun has agreed to purchase, the Sale Shares for the Sale Consideration upon the terms and conditions set out in the Sale and Purchase Agreement. Prior to Completion, the Target Company was a non-wholly-owned subsidiary of eSun and held as to 85% by eSun and 15% by the Seller. Upon Completion, the Target Company is held as to 95% by eSun or its nominated subsidiary and 5% by the Seller.

**IMPLICATIONS UNDER THE LISTING RULES**

Prior to Completion, the Target Company was held as to 85% by eSun and 15% by the Seller. The Seller was a substantial shareholder of the Target Company which was a non-wholly-owned subsidiary of eSun and hence a connected person of eSun under the Listing Rules. In addition, as one or more of the applicable Percentage Ratio(s) in respect of the Sale and Purchase Agreement is/are more than 1% but less than 5%, the Transaction constitutes a connected transaction for eSun and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

As eSun is an indirect non-wholly-owned subsidiary of each of LSG and LSD, the Transaction also constitutes a connected transaction for each of LSG and LSD under Rule 14A.25 of the Listing Rules since it involves connected person at the subsidiary level. As one or more of the applicable Percentage Ratio(s) in respect of the Sale and Purchase Agreement is/are more than 1% but less than 5% for each of LSG and LSD, the Transaction is subject to the reporting and announcement requirements for each of LSG and LSD but exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules. None of the LSG Directors, the LSD Directors and the eSun Directors has any material interest in the Transaction or is required to abstain from voting on the respective board resolutions for approving the Sale and Purchase Agreement and the Transaction. As all applicable Percentage Ratios calculated in accordance with the Listing Rules fall below 5%, the Transaction does not constitute a notifiable transaction for each of LSG, LSD and eSun under Chapter 14 of the Listing Rules.

## **THE TRANSACTION**

The LSG Board, the LSD Board and the eSun Board are pleased to announce that on 28 November 2018 (after the trading hours), eSun (as the Buyer) entered into the Sale and Purchase Agreement with the Seller, pursuant to which the Seller has agreed to sell, and eSun has agreed to purchase, the Sale Shares for the Sale Consideration upon the terms and conditions set out in the Sale and Purchase Agreement. Prior to Completion, the Target Company was a non-wholly-owned subsidiary of eSun and held as to 85% by eSun and 15% by the Seller. Upon Completion, the Target Company is held as to 95% by eSun or its nominated subsidiary and 5% by the Seller.

## **THE SALE AND PURCHASE AGREEMENT**

Principal terms of the Sale and Purchase Agreement are set out as follows:

Date: 28 November 2018 (after trading hours of the Stock Exchange)

The Buyer: eSun Holdings Limited

The Seller: Lai's Holdings Limited

### **Sale Consideration**

The Sale Consideration for the Sale Shares (representing 10% of the total issued share capital of the Target Company), which is HK\$37,500,000, shall be paid by eSun to the Seller by cheque at Completion. The Sale Consideration was determined after arm's length negotiations between eSun and the Seller having taken into account the expected business development of the Target Company and the prospects of the cinema industry in Hong Kong and Mainland China and the eSun Board's view that the Transaction will facilitate the eSun Group's further development in sale and distribution of films and cinema business.

Each of the LSG Board, the LSD Board and the eSun Board considers that the Sale Consideration is fair and reasonable and on normal commercial terms and that the Sale and Purchase Agreement is in the interest of eSun and its shareholders as a whole.

The Sale Consideration to be paid to the Seller will be financed by the eSun Group's internal resources.

### **Completion**

The Seller shall complete the sale and purchase of the Sale Shares on the date of the Sale and Purchase Agreement, or such other date as shall be mutually agreed by eSun and the Seller. Completion is not subject to any conditions precedent under the Sale and Purchase Agreement.

Completion took place on 28 November 2018, following which the Target Company, a 85%-owned subsidiary of eSun prior to Completion, has become 95% owned by eSun or its nominated subsidiary immediately following Completion and the Target Group remains indirect non-wholly-owned subsidiaries of eSun.

### **INFORMATION OF eSUN**

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

### **INFORMATION OF LSG AND LSD**

LSG is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activities of the LSG Group include property investment, property development, investment in and operation of hotels and restaurants and investment holding. LSG owns approximately 56.10% of the total issued shares of LSD as at the date of this joint announcement.

LSD is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activities of the LSD Group include property investment, property development, investment in and operation of hotels and restaurants and investment holding. LSD owns approximately 77.38% of the total issued shares of eSun as at the date of this joint announcement.

### **INFORMATION OF THE SELLER**

The Seller is an exempted company incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding.

## INFORMATION OF THE TARGET GROUP

The Target Company, Intercontinental Group Holdings Limited, is an investment holding company incorporated in the Cayman Islands with limited liability.

The Target Group is engaged in film distribution; sale and distribution of movie video compact discs, DVDs, Blu-ray discs; operation of cinemas; provision of advertising services; trading of merchandises and gaming products.

The Target Company operates mainly through its operating subsidiaries, namely Intercontinental Film Distributors (H.K.) Limited, Intercontinental Video Limited, Perfect Advertising & Production Company Limited, MCL, Intercontinental Consumer Products Limited and Lauro Game Entertainment Limited.

### Financial information of the Target Group

Set out below is the consolidated financial information of the Target Group for the financial years ended 31 July 2017 and 2018 prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants:

	For the financial year ended 31 July	
	2017 (Audited) <i>HK\$ '000</i>	2018 (Unaudited) <i>HK\$ '000</i>
Net loss before tax	(17,961)	(46,857)
Net loss after tax	(19,348)	(49,740)
Net asset value	133,638	83,722

### REASONS FOR, AND THE BENEFITS OF, THE TRANSACTION

The Target Group is one of the leading multiplex cinema operators in Hong Kong through its ownership of the MCL chain of cinemas. As at the date of this joint announcement, the Target Group operates 9 cinemas in Hong Kong. The Target Group's cinema operation business provides a complementary distribution channel for the eSun Group's film production and distribution business. The cinemas of the Target Group also provide additional venues for the eSun Group's live events and broadcast programmes. The Target Group also has established ties with major studios in Hollywood, the PRC, Korea and Japan. This will bolster the eSun Group's film and video distribution business in Hong Kong, Macau and the PRC.

In line with the eSun Group's strategy, each of the LSG Board, the LSD Board and the eSun Board considers that the Transaction will facilitate the eSun Group's further development in sale and distribution of films and cinema business, and the Transaction is a good opportunity for eSun to consolidate its control in the Target Group, increase its investment in the cinema business and facilitate better implementation of the operating strategies of eSun into the Target Group.

Having taken into account the above reasons and benefits, the LSG Directors, the LSD Directors and the eSun Directors (including the respective independent non-executive directors of LSG, LSD and eSun) are of the view that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable; and the Transaction is conducted under normal commercial terms and is in the interests of their respective companies and shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Prior to Completion, the Target Company was held as to 85% by eSun and 15% by the Seller. The Seller was a substantial shareholder of the Target Company which was a non-wholly-owned subsidiary of eSun and hence a connected person of eSun under the Listing Rules. In addition, as one or more of the applicable Percentage Ratio(s) in respect of the Sale and Purchase Agreement is/are more than 1% but less than 5%, the Transaction constitutes a connected transaction for eSun and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

As eSun is an indirect non-wholly-owned subsidiary of each of LSG and LSD, the Transaction also constitutes a connected transaction for each of LSG and LSD under Rule 14A.25 of the Listing Rules since it involves connected person at the subsidiary level. As one or more of the applicable Percentage Ratio(s) in respect of the Sale and Purchase Agreement is/are more than 1% but less than 5% for each of LSG and LSD, the Transaction is subject to the reporting and announcement requirements for each of LSG and LSD but exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules. None of the LSG Directors, the LSD Directors and the eSun Directors has any material interest in the Transaction or is required to abstain from voting on the respective board resolutions for approving the Sale and Purchase Agreement and the Transaction. As all applicable Percentage Ratios calculated in accordance with the Listing Rules fall below 5%, the Transaction does not constitute a notifiable transaction for each of LSG, LSD and eSun under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Buyer”	eSun;
“Completion”	completion of the Transaction;
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“eSun”	eSun Holdings Limited (豐德麗控股有限公司), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571);

“eSun Board”	the board of eSun Directors;
“eSun Directors”	the directors of eSun;
“eSun Group”	eSun and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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), the intermediate holding company of eSun;
“LSD Board”	the board of LSD Directors;
“LSD Directors”	the directors of LSD;
“LSD Group”	LSD and its subsidiaries;
“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), the ultimate holding company of LSD and eSun;
“LSG Board”	the board of LSG Directors;
“LSG Directors”	the directors of LSG;
“LSG Group”	LSG and its subsidiaries;
“Macau”	the Macau Special Administrative Region of the PRC;
“MCL”	Multiplex Cinema Limited (洲立影藝有限公司), a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Target Company;
“Percentage Ratio(s)”	has the meaning ascribed thereto in Rule 14.07 of the Listing Rules;

“PRC”	the People’s Republic of China and for the purpose of this joint announcement, excluding Hong Kong, Macau and Taiwan;
“Sale and Purchase Agreement”	the share sale and purchase agreement dated 28 November 2018 entered into between eSun and the Seller in relation to the Transaction;
“Sale Consideration”	HK\$37,500,000, the sale and purchase price of the Sale Shares;
“Sale Shares”	5,000 issued shares of US\$1.00 each in the capital of the Target Company, representing 10% of the total issued share capital of the Target Company;
“Seller”	Lai’s Holdings Limited, an investment holding company incorporated in the Cayman Islands with limited liability;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules;
“Target Company”	Intercontinental Group Holdings Limited (寰亞洲立集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability;
“Target Group”	the Target Company and its subsidiaries;
“Transaction”	the purchase by eSun of the Sale Shares from the Seller subject to the terms and conditions of the Sale and Purchase Agreement;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

By Order of the Board of <b>Lai Sun Garment (International) Limited</b> <b>Chew Fook Aun</b> <i>Executive Director and Deputy Chairman</i>	By Order of the Board of <b>Lai Sun Development Company Limited</b> <b>Chew Fook Aun</b> <i>Executive Director and Deputy Chairman</i>
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By Order of the Board of  
**eSun Holdings Limited**  
**Lui Siu Tsuen, Richard**  
*Executive Director and Chief Executive Officer*

Hong Kong, 28 November 2018

*As at the date of this joint announcement,*

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