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LAI SUN GARMENT

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

(Stock Code: 191)



eSun Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 571)



LAI SUN DEVELOPMENT

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

(Stock Code: 488)



LAI FUNG HOLDINGS

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

(Stock Code: 1125)

JOINT ANNOUNCEMENT

DISCLOSEABLE TRANSACTION FOR LSG, eSUN AND LAI FUNG (DEEMED DISPOSAL OF 30% INTEREST IN TWO SUBSIDIARIES)

This joint announcement is made pursuant to Rule 14.34 of the Listing Rules by LSG, eSun and Lai Fung and as a voluntary announcement by LSD.

THE INVESTMENTS

Glorious Stand

The LSG Board, the LSD Board, the eSun Board and the Lai Fung Board wish to announce that after trading hours on 31 December 2018, Rosy Commerce, the Investor and Glorious Stand, entered into the GSL Investment Agreement, pursuant to which, (1) Rosy Commerce will subscribe for nine GSL Initial Subscription Shares at the aggregate subscription price of US\$9 (equivalent to approximately HK\$70) prior to the GSL Completion; (2) the Investor agreed to acquire three GSL Sale Shares from Rosy Commerce at the USD equivalent of approximately RMB7 million (equivalent to approximately HK\$8 million); (3) the Investor agreed to subscribe for 27 GSL Subscription Shares at the aggregate subscription price of the USD equivalent of approximately RMB50 million (equivalent to approximately HK\$57 million); and (4) Rosy Commerce agreed to subscribe for 63 GSL Subscription Shares at the aggregate subscription price of US\$63 (equivalent to approximately HK\$493). The GSL Sale Shares acquired, and GSL Subscription Shares subscribed for, by the Investor, in aggregate, will represent 30% of the enlarged issued share capital of Glorious Stand as enlarged by the allotment and issue of the GSL Subscription Shares. The equity interest of Rosy Commerce in Glorious Stand will be diluted from 100% to 70%.

Pursuant to the GSL Investment Agreement, on the GSL Completion Date, Rosy Commerce, Lai Fung, eSun, the Investor and Glorious Stand will enter into the GSL Shareholders' Agreement in relation to the management of affairs of Glorious Stand.

Upon signing of the GSL Shareholders' Agreement, Rosy Commerce, the Investor and Glorious Stand will enter into the GSL Shareholders' Loan Agreement, pursuant to which, Rosy Commerce has agreed to provide USD equivalent of RMB14 million calculated based on the Agreed Exchange Rate (equivalent to approximately HK\$16 million), which shall be debited from the GSL Existing Loan on a dollar-for-dollar basis and treated as having been advanced by Rosy Commerce, and the Investor has agreed to provide the USD equivalent of RMB6 million calculated based on the Agreed Exchange Rate (equivalent to approximately HK\$7 million) as non-interest-bearing initial shareholders' loans to Glorious Stand.

The GSL Group is principally engaged in the internal build-out, fitting, preparation and operation of themed indoor experience centres under the intellectual property licenses granted by "National Geographic".

Harmonic Run

The LSG Board, the LSD Board, the eSun Board and the Lai Fung Board wish to announce that after trading hours on 31 December 2018, Rosy Commerce, the Investor and Harmonic Run, entered into the HRL Subscription Agreement, pursuant to which, (1) the Investor agreed to subscribe for 30 HRL Subscription Shares at the aggregate subscription price of the USD equivalent of RMB186 million calculated based on the Agreed Exchange Rate (equivalent to approximately HK\$212 million); and (2) Rosy Commerce agreed to subscribe for 69 HRL Subscription Shares at the aggregate subscription price of the USD equivalent of approximately RMB314 million calculated based on the Agreed Exchange Rate (equivalent to approximately HK\$358 million). The HRL Subscription Shares subscribed for by the Investor will represent 30% of the enlarged issued share capital of Harmonic Run as enlarged by the allotment and issue of the HRL Subscription Shares. The equity interest of Rosy Commerce in Harmonic Run will be diluted from 100% to 70%.

Pursuant to the HRL Subscription Agreement, on the HRL Completion Date, Rosy Commerce, Lai Fung, eSun, the Investor and Harmonic Run will enter into the HRL Shareholders' Agreement in relation to the management of affairs of Harmonic Run.

Upon signing of the HRL Shareholders' Agreement, Rosy Commerce, the Investor and Harmonic Run will enter into the HRL Shareholders' Loan Agreement, pursuant to which, Rosy Commerce has agreed to provide the USD equivalent of RMB70 million calculated based on the Agreed Exchange Rate (equivalent to approximately HK\$80 million), which shall be debited from the HRL Existing Loan on a dollar-for-dollar basis and treated as having been advanced by Rosy Commerce, and the Investor has agreed to provide the USD equivalent of RMB30 million calculated based on the Agreed Exchange Rate (equivalent to approximately HK\$34 million) as non-interest-bearing initial shareholders' loans to Harmonic Run.

The HRL Group is principally engaged in the internal build-out, fitting, preparation and operation of themed indoor experience centres under the intellectual property licenses granted by “Lionsgate”.

Glorious Stand and Harmonic Run will remain as subsidiaries of LSG, LSD, eSun and Lai Fung upon completion of the Investments. The financial results of Glorious Stand and Harmonic Run will continue to be consolidated into Lai Fung’s financial statements.

LISTING RULES IMPLICATIONS

The allotment and issue of the GSL Subscription Shares by Glorious Stand and the HRL Subscription Shares by Harmonic Run to the Investor, together with the provision of initial shareholder’s loans by the Investor to Glorious Stand and Harmonic Run under the GSL Shareholders’ Loan Agreement and HRL Shareholders’ Loan Agreement, constituted deemed disposal by LSG, LSD, eSun and Lai Fung under the Listing Rules.

As one or more of the applicable Percentage Ratio(s) in respect of the Transactions, in aggregate, are more than 5% but less than 25% for LSG, eSun and Lai Fung, the Transactions constitute discloseable transaction for LSG, eSun and Lai Fung under the Listing Rules.

Respective shareholders and potential investors of LSG, LSD, eSun and Lai Fung should note that completion of the Transactions are subject to a number of conditions precedent as set out in the sub-sections headed “Conditions Precedent” below, which may or may not be fulfilled, and a number of events of termination as set out in the sub-sections headed “Termination” below. Accordingly, the Transactions may or may not proceed. Rosy Commerce is also subject to buy-back obligations in case certain triggering events as set out in the sections “Buy-back” below occur. Respective shareholders and potential investors of LSG, LSD eSun and Lai Fung are therefore urged to exercise caution when dealing in the shares and/or other securities of LSG, LSD, eSun and Lai Fung.

This joint announcement is made by LSG, eSun and Lai Fung pursuant to Rule 14.34 of the Listing Rules and by LSD as a voluntary announcement.

THE INVESTMENTS

The LSG Board, the LSD Board, the eSun Board and the Lai Fung Board wish to announce that after trading hours on 31 December 2018,

- (1) Rosy Commerce, the Investor and Glorious Stand entered into the GSL Investment Agreement in relation to (a) Rosy Commerce’s subscription of nine GSL Initial Subscription Shares prior to the GSL Completion; (b) the Investor’s investment in Glorious Stand by way of acquisition of three GSL Sale Shares from Rosy Commerce and subscription for 27 GSL Subscription Shares; and (c) Rosy Commerce’s subscription for 63 GSL Subscription Shares; and

- (2) Rosy Commerce, the Investor and Harmonic Run entered into the HRL Subscription Agreement in relation to the Investor's subscription for 30 HRL Subscription Shares and Rosy Commerce's subscription for 69 HRL Subscription Shares.

Upon completion of the above agreements, Glorious Stand and Harmonic Run will be owned by Rosy Commerce as to 70% and the Investor as to 30% and

- (1) eSun, Lai Fung, Rosy Commerce, the Investor and Glorious Stand will enter into the GSL Shareholders' Agreement in relation to the management of affairs of Glorious Stand;
- (2) Rosy Commerce, the Investor and Glorious Stand will enter into the GSL Shareholders' Loan Agreement in relation to the provision of non-interest bearing initial shareholders' loans by Rosy Commerce and the Investor to Glorious Stand upon signing of the GSL Shareholders' Agreement;
- (3) eSun, Lai Fung, Rosy Commerce, the Investor and Harmonic Run will enter into the HRL Shareholders' Agreement in relation to the management of affairs of Harmonic Run; and
- (4) Rosy Commerce, the Investor and Harmonic Run will enter into the HRL Shareholders' Loan Agreement in relation to the provision of non-interest-bearing initial shareholders' loans by Rosy Commerce and the Investor to Harmonic Run upon signing of the HRL Shareholders' Agreement.

PRINCIPAL TERMS OF THE AGREEMENTS IN RELATION TO GLORIOUS STAND

Set out below are the principal terms of the GSL Investment Agreement, GSL Shareholders' Agreement and GSL Shareholders' Loan Agreement.

(1) GSL Investment Agreement

Date

After trading hours on 31 December 2018

Parties

1. Rosy Commerce;
2. the Investor; and
3. Glorious Stand.

Subscription of GSL Subscription Shares and sale and purchase of GSL Sale Shares

- (1) Rosy Commerce has agreed to subscribe for, and Glorious Stand has agreed to allot and issue, nine GSL Initial Subscription Shares to Rosy Commerce prior to the GSL Completion;
- (2) The Investor has conditionally agreed to purchase, and Rosy Commerce has conditionally agreed to sell, three GSL Sale Shares immediately after the GSL Initial Subscription Shares have been allotted and issued to Rosy Commerce;
- (3) Rosy Commerce has conditionally agreed to subscribe for and Glorious Stand has conditionally agreed to allot and issue 63 GSL Subscription Shares; and
- (4) The Investor has conditionally agreed to subscribe for and Glorious Stand has conditionally agreed to allot and issue 27 GSL Subscription Shares.

Subscription Price and Consideration

The aggregate subscription price payable to Glorious Stand for the nine GSL Initial Subscription Shares by Rosy Commerce is US\$9 (equivalent to approximately HK\$70), which shall be payable by Rosy Commerce in cash or by capitalisation and offset of the USD equivalent of the HKD amount of the GSL Existing Loan at the Agreed Exchange Rate.

The consideration payable by the Investor to Rosy Commerce for the purchase of three GSL Sale Shares shall be USD equivalent of RMB7,000,500.05 calculated based on the Agreed Exchange Rate (equivalent to approximately HK\$7,971,000).

The aggregate subscription price payable to Glorious Stand for the GSL Subscription Shares shall be payable by Rosy Commerce and the Investor as follows:

- (1) US\$63 (equivalent to approximately HK\$493) shall be paid by Rosy Commerce for the subscription of 63 GSL Subscription Shares in cash or by capitalisation and offset of the USD equivalent of the HKD amount of the GSL Existing Loan at the Agreed Exchange Rate; and
- (2) USD equivalent of RMB49,999,499.95 calculated based on the Agreed Exchange Rate (equivalent to approximately HK\$56,929,000) shall be paid by the Investor for the subscription of 27 GSL Subscription Shares by way of cash, telegraphic transfer or by any other methods as the parties to the GSL Investment Agreement may mutually agree.

Basis of subscription price for GSL Subscription Shares and consideration for GSL Sale Shares

The subscription price for the GSL Subscription Shares and the consideration for GSL Sale Shares were determined based on arm's length negotiations with the Investor and with reference to the business prospect of the GSL Group when its themed indoor experience centres under the intellectual property licenses granted by "National Geographic" is in operation.

Conditions Precedent

The performance of the Investor's obligations on the GSL Completion Date is subject to, among others, the following conditions being fulfilled by Rosy Commerce and Glorious Stand on or prior to the Long Stop Date:

- (1) The representations and warranties of each of Rosy Commerce and Glorious Stand contained in the GSL Investment Agreement shall remain true and correct in all material respects;
- (2) The delivery of (a) a certificate of good standing for Glorious Stand, (b) a certificate of incumbency of each of Glorious Stand and Rosy Commerce, (c) certified unaudited consolidated accounts of Glorious Stand made up to 30 November 2018, and (d) monthly update on the amount of the GSL Existing Loan and indebtedness to relevant bank to the Subscribers;
- (3) Written consent from relevant bank approving the transactions contemplated under the GSL Investment Agreement having been obtained;
- (4) Rosy Commerce having provided the form of the Restated Articles;
- (5) The Investor having completed its due diligence investigation of the GSL Group to its reasonable satisfaction;
- (6) All covenants under the GSL Investment Agreement to be performed and observed prior to the GSL Completion Date having been performed and observed in all material respects;
- (7) There shall not be any applicable law or regulation or government order or request restraining or prohibiting, and no claim challenging, the consummation of the transactions contemplated under the GSL Investment Agreement;
- (8) All consents, actions or filings required to permit the consummation of the GSL Completion shall have been obtained or performed; and
- (9) No material adverse change in respect of Glorious Stand and/or the GSL Group.

The parties to the GSL Investment Agreement shall use their reasonable commercial endeavours to fulfil, or procure the fulfilment of the above conditions on or before the Long Stop Date (i.e. 1 March 2019 or such other date as the parties to the GSL Investment Agreement may agree in writing).

In the event any of the conditions set out above is not fulfilled to the reasonable satisfaction of the Investor or waived by the Investor prior to the Long Stop Date, then the Investor may, at its option, elect to proceed with the GSL Completion but the Investor shall not be bound to proceed with the transactions contemplated thereunder, and in such case the GSL Investment Agreement shall cease to be of any effect (except certain provisions related to confidentiality, service of notice, third parties right and choice of laws and jurisdiction which shall remain in force) save in respect of claims arising out of any antecedent breach of the GSL Investment Agreement.

Completion

Immediately prior to the GSL Completion, Rosy Commerce shall have paid the aggregate subscription price for and Glorious Stand shall have duly allotted and issued fully-paid GSL Initial Subscription Shares to Rosy Commerce.

Subject to the fulfilment (or waiver, where applicable) of the conditions precedent to GSL Completion, GSL Completion and the subscription for the GSL Subscription Shares by Rosy Commerce and the Investor shall take place on the GSL Completion Date (i.e. the third business day following the date on which the last of the conditions precedent having been fulfilled or otherwise waived or such other date as the parties may agree in writing).

On GSL Completion Date, among others, the GSL Shareholders' Agreement shall also be executed by the respective parties thereto. Principal terms of the GSL Shareholders' Agreement are set out in the section headed "Principal Terms of the Agreements in relation to Glorious Stand – (2) GSL Shareholders' Agreement" below.

Covenants

Each of Rosy Commerce and Glorious Stand undertook that, it shall (and shall cause Win Merge and Novotown Creative Culture to) within 30 business days from the date of the GSL Investment Agreement:

- (1) enter into a supplemental agreement to the Lease Agreement to remove the arbitrarily dismissal right by Laisun Creative Culture under the Lease Agreement, or written confirmation issued by Laisun Creative Culture confirming that it shall not terminate the Lease Agreement without cause and that Laisun Creative Culture shall provide full cooperation with respect to the lease and operation of the Leased Property under the Lease Agreement;

- (2) enter into a supplemental agreement to the Lease Agreement with Laisun Creative Culture to confirm the actual delivery date of the Leased Property and to confirm that no default under the Lease Agreement has occurred, is continuing or is reasonably expected to occur; and
- (3) obtain the written confirmation issued by Laisun Creative Culture confirming that it has unconditionally and irrevocably waived its right to unilaterally terminate the Lease Agreement and the right to claim for indemnity in association therewith in the event that the Leased Property does not open for business on 1 April 2019.

Glorious Stand shall complete the filing of the Restated Articles with the Registry of Corporate Affairs of the BVI within 10 business days after the GSL Completion Date.

Termination

If at any time before the GSL Completion, Glorious Stand comes to knowledge of any of the following, Glorious Stand shall give immediate written notice thereof to the Subscribers and in which event the Subscribers may within 20 business days of receiving such notice rescind the GSL Investment Agreement by written notice to Glorious Stand:

- (1) any fact or event which is in any way inconsistent with any of the undertakings given by Glorious Stand; or
- (2) any fact or event which suggests that any fact warranted by Glorious Stand may not be as warranted or may be misleading.

If at any time before the GSL Completion, the Subscribers come to knowledge of any of the following, the Subscribers shall give immediate written notice thereof to Glorious Stand and in which event Glorious Stand may within 20 business days of receiving such notice rescind the GSL Investment Agreement by written notice to the Subscribers:

- (1) any fact or event which is in any way inconsistent with any of the undertakings given by the Subscribers; or
- (2) any fact or event which suggests that any fact warranted by the Subscribers may not be as warranted or may be misleading.

The GSL Investment Agreement and the transactions contemplated thereunder may also be terminated under the following circumstances:

- (1) by the Investor in writing, if any of the conditions to the performance of its obligations at the GSL Completion is not fulfilled or waived by the Long Stop Date; or
- (2) by the mutual written consent of the parties to the GSL Investment Agreement at any time prior to the GSL Completion.

In the event that the GSL Investment Agreement is terminated pursuant to the provisions thereunder, it shall immediately become void and have no further force or effect, except that (i) the parties shall continue to be bound by certain provisions related to confidentiality, service of notice, third parties right and choice of laws and jurisdiction which shall remain in force; and (ii) no party shall be relieved of any liability for any antecedent breach of thereof.

(2) GSL Shareholders' Agreement

Date

The GSL Shareholders' Agreement shall be entered into subject to and upon completion of the GSL Investment Agreement.

Parties

1. Rosy Commerce;
2. the Investor;
3. Glorious Stand;
4. Lai Fung; and
5. eSun.

Business of Glorious Stand

The parties to the GSL Shareholders' Agreement agreed that the business of GSL Group shall be the GSL Core Business, being internal build-out, fitting, preparation and operation of themed indoor experience centres under the intellectual property licenses granted by "National Geographic".

Rosy Commerce, Lai Fung and eSun shall use their commercially reasonable endeavours to ensure that (1) the GSL Group has sufficient intellectual property (including licensed intellectual property), real property and personal property (including the Leased Property) that are necessary to develop, construct, manage and operate the GSL Core Business in a proper manner including in line with the standards and quality as required under the GSL License Agreements; (2) conduct its business in compliance in all material respects with all applicable laws and regulations; and (3) maintain all permits, approvals, registrations and filings required in respect of the due and proper establishment and operations of each group company of the GSL Group.

Memorandum and Articles of Association

Upon execution of the GSL Shareholders' Agreement, the shareholders of Glorious Stand shall approve and adopt the Restated Articles and shall file the same with the Registry of Corporate Affairs of the BVI.

Board Representation

The board of directors of Glorious Stand shall at any time consist of a maximum of seven directors. Rosy Commerce shall be entitled (but not obliged) to appoint, remove from office and/or replace up to five directors as long as Rosy Commerce remains holding 70% of the issued shares of Glorious Stand and the Investor shall be entitled (but not obliged) to appoint, remove from office and/or replace up to two directors as long as the Investor remains holding 30% of the issued shares of Glorious Stand.

Decisions of the board of directors of Glorious Stand shall be made by way of majority consent of the directors.

Unless otherwise agreed in writing or unanimously resolved by all shareholders of Glorious Stand, the quorum for any board meeting shall be not less than one-half of the total number of directors of Glorious Stand, unless there are only two directors and in which case the quorum is two.

The quorum for any board meeting that is intended to discuss any of the reserved matters as set out in the section headed "Reserved Matters" below shall be not less than one-half of the total number of directors and shall include at least one director appointed by the Investor, unless there are only two directors and in which case the quorum is two, which shall include at least one director appointed by the Investor.

Reserved Matters

Glorious Stand shall not, and the parties to the GSL Shareholders' Agreement shall cause other members of the GSL Group not to, undertake any of the following matters with respect to the relevant member of GSL Group without the affirmative votes of all directors of Glorious Stand present at a duly constituted board meeting of Glorious Stand or a unanimous written consent signed by all directors of Glorious Stand:

- (a) any change of the scope of the GSL Core Business;
- (b) any material deviation of business activities from the GSL Core Business;
- (c) any material deviation from the approved capital expenditure plan not for the purpose of, or not commensurate with, the GSL Core Business;
- (d) incurrence of any material unbudgeted expenditure not for the purpose of, or not commensurate with, the GSL Core Business;

- (e) amendment to constitutional documents of any member of the GSL Group, which shall also require unanimous written consent of the shareholders of Glorious Stand;
- (f) any action that would change or adversely affect any right, preference or privilege of any shareholder of Glorious Stand, which shall also require unanimous written consent of the shareholders of Glorious Stand;
- (g) the issuance of any shares, or any equity or equity-linked securities including but not limited to any security exercisable against, or convertible into, any equity interest in any member of the GSL Group;
- (h) the authorisation to reclassify any outstanding shares or securities into shares in any member of the GSL Group;
- (i) reduce, cancel, re-designate, vary the rights attaching to or otherwise reorganise or change any part of its share capital;
- (j) incur any indebtedness which has any equity participation right or is issued in conjunction with any equity securities, including any security exercisable or convertible into any equity interest;
- (k) incur capital leases or create any encumbrance or grant any loan, guarantee or indemnity other than for the purpose of, and commensurate with, the GSL Core Business;
- (l) lending to any related party or third party or giving of any credit, indemnity or guarantees or provision of security for debts of any related parties or third parties (for the avoidance of doubt, cash advance among subsidiaries of Lai Fung that the Investor holds 30% equity interest does not require unanimous approval. For illustration purpose, cash advance between Glorious Stand and Harmonic Run does not require such unanimous approval);
- (m) make any investment other than for the purpose of the GSL Core Business or short-term investment of surplus cash in treasury management;
- (n) effect any sale, lease, assignment, transfer or other conveyance of all or substantially all of the assets of any member of the GSL Group, or any consolidation or merger involving the any member of the GSL Group, or any reclassification or other change of any stock (whether by amendment, merger, consolidation or otherwise), or any recapitalisation (whether by amendment, merger, consolidation or otherwise) of any member of the GSL Group other than for the purposes of Group Restructuring and Spin-off;
- (o) liquidate or dissolve any member of the GSL Group or voluntarily file for bankruptcy;

- (p) sell, transfer or encumber any technology or intellectual property, or licenced rights to use any technology or intellectual property, of any member of GSL Group, other than the granting of non-exclusive licenses in the ordinary course of GSL Core Business;
- (q) re-purchase or redemption of any shares;
- (r) any action reasonably expected to cause material adverse effect to the parties to the GSL Shareholders' Agreement, including but not limited termination or material amendment to the GSL License Agreements or Lease Agreement;
- (s) entering into any agreement, commitment or arrangement with respect to any of the reserved matters set out above.

Financing

The initial investment requirements of the GSL Group for carrying out the GSL Core Business shall be satisfied by utilisation of the initial shareholder's loans in an aggregate amount of the USD equivalent of RMB20 million (equivalent to approximately HK\$23 million), bank loans already obtained by the GSL Group and internal resources (including the equity investment of its shareholders) of Glorious Stand.

Upon the signing of the GSL Shareholders' Agreement, the shareholders of Glorious Stand shall enter into the GSL Shareholders' Loan Agreement with Glorious Stand and advance to Glorious Stand the initial shareholders' loans in the following sums and manner:

- (1) initial shareholder's loan in the sum of USD equivalent of RMB14 million calculated based on the Agreed Exchange Rate (equivalent to approximately HK\$16 million) from Rosy Commerce which shall be deemed to have been advanced by Rosy Commerce out of the equivalent portion of the GSL Existing Loan; and
- (2) initial shareholder's loan in the sum of the USD equivalent of RMB6 million calculated based on the Agreed Exchange Rate (equivalent to approximately HK\$7 million), in cash from the Investor which may be utilised by Glorious Stand for repayment of the relevant amount of GSL Existing Loan.

Glorious Stand shall repay the remaining balance of the GSL Existing Loan to Rosy Commerce using, among others, the initial shareholder's loan provided by the Investor pursuant to the GSL Shareholders' Agreement.

Immediately upon completion of the aforesaid advances and repayment, Glorious Stand shall owe the USD equivalent of RMB14 million (equivalent to approximately HK\$16 million) to Rosy Commerce and the USD equivalent of RMB6 million (equivalent to approximately HK\$7 million) to the Investor (in both cases calculated based on the Agreed Exchange Rate). No interest shall accrue on these amount of initial shareholders' loans.

In the event Glorious Stand requires further financing, it may raise fund firstly by bank loans and secondly by additional shareholders' loan, which, if required, shall be provided on normal commercial terms with normal market interest rate, as the board of directors of Glorious Stand may from time to time approve. Unless otherwise agreed by the shareholders of Glorious Stand, any additional shareholders' loan so provided are repayable in full by Glorious Stand to each of Rosy Commerce and the Investor on or prior to the last day of the Investment Period.

Profit Distribution

Glorious Stand shall distribute its available profits (after repayment of shareholders' loans to its shareholders, payment of all ascertained amounts of tax and reserving adequate amounts for the purposes of maintaining its valid existence and/or carrying out the GSL Core Business) which, in accordance with applicable law, are available for distribution, to the shareholders of Glorious Stand as soon as reasonably practicable according to shareholding ratio between the shareholders.

Restriction on Transfer of Shares

Save for transfer to their respective affiliates that agree to be bound by the terms of the GSL Shareholders' Agreement, the shareholders of Glorious Stand are not allowed to transfer any shares or create or permit to exist any encumbrance over, any of its interests (including shares and shareholder's loans) in Glorious Stand until the earlier of (i) completion of the possible Spin-off; or (ii) the fourth anniversary of the date of the GSL Shareholders' Agreement. Thereafter, any transfer of shares in or loans to Glorious Stand by a shareholder to any third party shall be subject to rights of first refusal of the other shareholder.

Pre-emptive Rights

Any issue of new securities in Glorious Stand will be subject to pre-emptive rights of the shareholders pursuant to which such new shares shall first be offered for subscription to the shareholders in proportion to their respective percentage shareholdings in Glorious Stand.

Buy-back

Upon the occurrence of any of the following triggering events, the Investor shall have the right to require Rosy Commerce to acquire (i) all shares in Glorious Stand (or the new investment vehicle after the Group Restructuring) held by the Investor at an aggregate consideration equal to (1) the aggregate original purchase price paid by the Investor to Rosy Commerce, and (2) the aggregate original subscription price paid by the Investor to Glorious Stand, and (3) any additional original investment amount paid by the Investor to the new investment vehicle, the Spin-off Group, Rosy Commerce, Lai Fung, eSun or their respective affiliates during the Group Restructuring, if any, made at their request; and (ii) all outstanding principal amounts of the shareholder's loans to Glorious Stand (or after the Group Restructuring, the new investment vehicle or the Spin-off Group) advanced by the Investor and interest accrued thereon, in each case in USD on a dollar-for-dollar basis:

- (1) in the reasonable opinion of the Investor, the Spin-off Group does not fulfil all the conditions of the possible Spin-off during the Investment Period; or
- (2) occurrence of any of the following events:
 - (a) eSun and Lai Fung losing control in Glorious Stand and Harmonic Run;
 - (b) the insolvency, bankruptcy, liquidation, or dissolution of any members of the GSL Group;
 - (c) sale, transfer, lease or other conveyance of all or substantially all of the assets of any member of the GSL Group;
 - (d) non-performance of the covenants (1), (2) or (3) set out in the sub-section headed "(1) GSL Investment Agreement – Covenants" above;
 - (e) failure by the GSL Group to achieve the grand opening of the "National Geographic" theme park in respect of the GSL Core Business ("**Park**") to the public for normal business operations on or prior to 31 December 2019;
 - (f) any permanent closure of the Park, or any temporary closure of the Park for any consecutive 180-day period (whether within the same fiscal year or not);
 - (g) any material breach, default or non-compliance by Rosy Commerce, Glorious Stand, Lai Fung and/or eSun of the GSL Shareholders' Agreement, the GSL Investment Agreement, which such breach, default or non-compliance has not been remedied to the satisfaction of the Investor within a reasonable period determined by the Investor; or
 - (h) the exercise by the Investor of its right to require Rosy Commerce to acquire the shares and shareholder's loans held by the Investor in connection with Harmonic Run in accordance with the HRL Shareholders' Agreement.

Each of Lai Fung and eSun irrevocably, absolutely and unconditionally guarantees to the Investor, on a several basis and in proportion to their respective shareholdings in Rosy Commerce (i.e. 80% and 20% respectively), the due and punctual observance and performance by Rosy Commerce of all of the buy-back obligations.

A Group Restructuring is under contemplation, which is expected to involve the transfer of the GSL Group, the HRL Group and other subsidiaries of Lai Fung (including Laisun Creative Culture) conducting the business of themed indoor experience centre into a new investment vehicle with a view to achieve the possible Spin-off during the Investment Period as required in clause (1) above.

However, shareholders and potential investors of LSG, LSD, eSun and Lai Fung should note that the possible Spin-off is still in a very preliminary stage and no proposal or application has been submitted to the Stock Exchange in this regard. In addition, whether the possible Spin-off would materialise depends on a number of factors including but not limited to the pace of the business development of the themed indoor experience centre business, fulfilment of the relevant requirements under the Listing Rules, the approval of the Stock Exchange and other relevant authorities, financial market conditions prevailing from time to time, and the final decision of the LSG Board, LSD Board, eSun Board and Lai Fung Board. Many of the above factors are beyond the control of LSG, LSD, eSun and Lai Fung. LSG, LSD, eSun and Lai Fung will comply with the relevant disclosure requirements under the Listing Rules as and when appropriate in the event the possible Spin-off materialises.

Material Breach or Deadlock

Upon the occurrence of any of:

- (1) any material breach of the GSL Shareholders' Agreement which the defaulting party fails to remedy within a reasonable period to the satisfaction of the non-defaulting party; or
- (2) a deadlock having occurred in respect of any matter which in the reasonable opinion of any shareholder of Glorious Stand materially and adversely affects the continuation of Glorious Stand's business or Glorious Stand as a going concern and such deadlock not having been resolved within 30 days after a written notice by such shareholder to the other in respect thereof,

then (a) the shareholder in breach of the GSL Shareholders' Agreement shall indemnify and hold harmless the non-breaching shareholder for all losses suffered by it due to the breach; and (b) the non-breaching shareholder may elect to require the shareholders of Glorious Stand to determine the terms and conditions of sale of all issued shares in Glorious Stand with reference to an independent valuation of the entire issued share capital of and all shareholders' loans owing by Glorious Stand ("**Valuation**"), and make an offer for sale of all the shares in and shareholders' loan to Glorious Stand. If no binding agreement for such sale is entered into within 30 days of obtaining the Valuation, a general meeting shall be convened to approve the winding up of Glorious Stand. The GSL Shareholders' Agreement shall terminate after such sale or winding up of Glorious Stand.

Duration

The GSL Shareholders' Agreement shall remain in full force and effect until the occurrence of the earliest of (i) the mutual agreement by the parties to terminate the GSL Shareholders' Agreement, (ii) all the shares and shareholders' loans are in the ownership of one party and/or its affiliates, and (iii) the sale or winding up of Glorious Stand pursuant to the provisions in case of material breach or deadlock as set out above.

Upon termination of the GSL Shareholders' Agreement, it shall thereupon cease to have any further force and effect, save and except for certain provisions on confidentiality, third party rights and choice of law and jurisdiction and any obligations or rights of such shareholders which have accrued prior to the termination of the GSL Shareholders' Agreement.

(3) GSL Shareholders' Loan Agreement

Date

The GSL Shareholders' Loan Agreement shall be entered into subject to and upon signing of the GSL Shareholders' Agreement.

Parties

1. Rosy Commerce;
2. the Investor; and
3. Glorious Stand.

Amount of Non-interest Bearing Shareholders' Loan

The amount and payment terms of the non-interest bearing initial shareholders' loans are set out in the section "Principal Terms of the Agreements in relation to Glorious Stand – (2) GSL Shareholders' Agreement – Financing".

Repayment

The initial shareholders' loans shall be repayable upon the earlier of:

- (1) the sixth anniversary of the date of the GSL Shareholders' Loan Agreement; or
- (2) the occurrence of any of the following events:
 - (a) the commencement of winding-up of Glorious Stand;
 - (b) eSun and Lai Fung losing control in Glorious Stand and Harmonic Run;
 - (c) the insolvency, bankruptcy, liquidation, or dissolution of Glorious Stand and Harmonic Run; or
 - (d) sale, transfer, lease or other conveyance of all or substantially all of the assets of Glorious Stand and Harmonic Run; or

- (3) at the same time when Rosy Commerce makes payment for the buy-back of the Investor's investments in Glorious Stand pursuant to the GSL Shareholders' Agreement.

Glorious Stand may at any time repay the outstanding shareholders' loans on a basis in proportion to the shareholding of Rosy Commerce and the Investor and in accordance with the terms of the GSL Shareholders' Agreement.

PRINCIPAL TERMS OF THE AGREEMENTS IN RELATION TO HARMONIC RUN

Set out below are the principal terms of the HRL Subscription Agreement, HRL Shareholders' Agreement and HRL Shareholders' Loan Agreement.

(1) HRL Subscription Agreement

Date

After trading hours on 31 December 2018

Parties

1. Rosy Commerce;
2. the Investor; and
3. Harmonic Run.

Subscription of HRL Subscription Shares

- (1) Rosy Commerce has conditionally agreed to subscribe for and Harmonic Run has conditionally agreed to allot and issue 69 HRL Subscription Shares; and
- (2) The Investor has conditionally agreed to subscribe for and Harmonic Run has conditionally agreed to allot and issue 30 HRL Subscription Shares.

Subscription Price

The aggregate subscription price payable to Harmonic Run for the HRL Subscription Shares shall be payable by Rosy Commerce and the Investor in the following sums and manner:

- (1) USD equivalent of RMB313,999,993.15 calculated based on the Agreed Exchange Rate (equivalent to approximately HK\$357,520,000) shall be paid by Rosy Commerce for the subscription of 69 HRL Subscription Shares; and
- (2) USD equivalent of RMB186 million calculated based on the Agreed Exchange Rate (equivalent to approximately HK\$212 million) shall be paid by the Investor for the subscription of 30 HRL Subscription Shares.

Basis of Subscription Price for HRL Subscription Shares

The subscription price for the HRL Subscription Shares was determined based on arm's length negotiations with the Investor and with reference to the business prospect of the HRL Group when its themed indoor experience centres under the intellectual property licenses granted by "Lionsgate" is in operation.

Conditions Precedent

One of the conditions precedent to HRL Completion is that Novotown Entertainment shall have been removed from the 經營異常名錄 (abnormal operation list*) by the competent administration of industry and commerce of the PRC (i.e. 珠海市橫琴新區工商管理管理局). Save for the above, all other conditions precedent to HRL Completion are the same as those set out in "Principal Terms of the Agreements in relation to Glorious Stand – (1) GSL Investment Agreement – Conditions Precedent" above, save that references to GSL Completion, GSL Completion Date, GSL Investment Agreement, GSL Existing Loan, Glorious Stand and GSL Group shall be replaced by HRL Completion, HRL Completion Date, HRL Subscription Agreement, HRL Existing Loan, Harmonic Run and HRL Group, respectively.

The parties to the HRL Subscription Agreement shall use their commercially reasonable endeavours to fulfil, or procure the fulfilment of the conditions precedent on or before the Long Stop Date.

In the event of any of the conditions precedent to the HRL Subscription Agreement is not fulfilled to the reasonable satisfaction of the Investor or waived by the Investor prior to the Long Stop Date, then the Investor may, at its opinion, and elect to proceed with completion of the HRL Subscription Agreement but the Investor shall not be bound to proceed with the transactions contemplated thereunder, and in such case, the HRL Subscription Agreement shall cease to be of any effect (except certain provisions related to confidentiality, service of notice, third parties right and choice of laws and jurisdiction which shall remain in force) save in respect of claims arising out of any antecedent breach of the HRL Subscription Agreement.

Completion

Subject to the fulfilment (or waiver, where applicable) of the conditions precedent set out above, completion of the HRL Subscription Agreement shall take place on the HRL Completion Date.

On the HRL Completion Date, among others, the HRL Shareholders' Agreement shall be executed by the parties thereto. Principal terms of the HRL Shareholders' Agreement are set out in the section headed "Principal Terms of the Agreements in relation to Harmonic Run – (2) HRL Shareholders' Agreement" below.

Covenants

Covenants undertaken by each of Rosy Commerce and Harmonic Run in the HRL Subscription Agreement are the same as those set out in “Principal Terms of the Agreements in relation to Glorious Stand – (1) GSL Investment Agreement – Covenants” above, save that references to Win Merge, Novotown Creative Culture, GSL Investment Agreement, Glorious Stand and GSL Completion Date shall be replaced by Pearl Merge, Novotown Entertainment, HRL Subscription Agreement, Harmonic Run and HRL Completion Date, respectively.

Termination

Termination events and consequence provided under the HRL Subscription Agreement are the same as those set out in “Principal Terms of the Agreements in relation to Glorious Stand – (1) GSL Investment Agreement – Termination” above, save that references to GSL Completion, Glorious Stand and GSL Investment Agreement shall be replaced by HRL Completion, Harmonic Run and HRL Subscription Agreement, respectively.

(2) HRL Shareholders’ Agreement

Date

The HRL Shareholders’ Agreement shall be entered into subject to and upon HRL Completion.

Parties

1. Rosy Commerce;
2. the Investor;
3. Harmonic Run;
4. Lai Fung; and
5. eSun.

Business of Harmonic Run

The parties to the HRL Shareholders’ Agreement agreed that the business of HRL Group shall be the HRL Core Business, being the internal build-out, fitting, preparation and operation of themed indoor experience centres under the intellectual property licenses granted by “Lionsgate”.

Save for the above, provisions for the business for Harmonic Run in the HRL Shareholders’ Agreement are the same as those set out in “Principal Terms of the Agreements in relation to Glorious Stand – (2) GSL Shareholders’ Agreement – Business of Glorious Stand” above, except that references to GSL Group, GSL Core Business and GSL License Agreements shall be replaced by HRL Group, HRL Core Business and HRL License Agreements, respectively.

Board Representation

Provisions for board representation in Harmonic Run in the HRL Shareholders' Agreement are the same as those in set out in "Principal Terms of the Agreements in relation to Glorious Stand – (2) GSL Shareholders' Agreement – Board Representation" above, save that references to Glorious Stand shall be replaced by Harmonic Run.

Reserved Matters

Matters of Harmonic Run that require affirmative votes of all directors of Harmonic Run present at a duly constituted board meeting of Harmonic Run or a unanimous written consent signed by all directors of Harmonic Run are the same as those stated in the section "Principal Terms of the Agreements in relation to Glorious Stand – (2) GSL Shareholders' Agreement – Reserved Matters", save that references to Glorious Stand, GSL Core Business, GSL Group, GSL License Agreements and GSL Shareholders' Agreement shall be replaced with Harmonic Run, HRL Core Business, HRL Group, HRL License Agreements and HRL Shareholders' Agreement, respectively.

Financing

The initial investment requirements of the HRL Group for carrying out the HRL Core Business shall be satisfied by utilisation of the initial shareholders' loans in an aggregate amount of the USD equivalent of RMB100 million (equivalent to approximately HK\$114 million), bank loans already obtained by the HRL Group and internal resources (including the equity investment of its shareholders) of Harmonic Run.

Upon the signing of the HRL Shareholders' Agreement, the shareholders of Harmonic Run shall enter into the HRL Shareholders' Loan Agreement with Harmonic Run and advance to Harmonic Run the initial shareholders' loans in the following sums and manner:

- (1) initial shareholder's loan in the sum of USD equivalent of RMB70 million calculated based on the Agreed Exchange Rate (equivalent to approximately HK\$80 million) from Rosy Commerce which shall be deemed to have been advanced by Rosy Commerce out of the equivalent portion of the HRL Existing Loan; and
- (2) initial shareholder's loan in the sum of USD equivalent of RMB30 million calculated based on the Agreed Exchange Rate (equivalent to approximately HK\$34 million) from the Investor in cash which may be utilised by Harmonic Run for repayment of the relevant amount of the HRL Existing Loan.

Harmonic Run shall repay the remaining balance of the HRL Existing Loan to Rosy Commerce using, among others, the initial shareholder's loan provided by the Investor pursuant to the HRL Shareholders' Agreement.

Immediately upon completion of the aforesaid advances and repayment, Harmonic Run shall owe the USD equivalent of RMB70 million (equivalent to approximately HK\$80 million) to Rosy Commerce and the USD equivalent of RMB30 million (equivalent to approximately HK\$34 million) to the Investor (in both cases calculated based on the Agreed Exchange Rate). No interest shall accrue on these amounts of initial shareholders' loans.

In the event Harmonic Run requires further financing, it may raise fund firstly by bank loans and secondly by additional shareholders' loan, which, if required, shall be provided on normal commercial terms with normal market interest rate, as the board of directors of Harmonic Run may from time to time approve. Unless otherwise agreed by the shareholders of Harmonic Run, any additional shareholders' loan so provided are repayable in full by Harmonic Run to each of Rosy Commerce and the Investor on or prior to the last day of the Investment Period.

Profit Distribution

Provisions for profit distribution in the HRL Shareholders' Agreement are the same as those in set out in "Principal Terms of the Agreements in relation to Glorious Stand – (2) GSL Shareholders' Agreement – Profit Distribution" above, save that references to Glorious Stand and GSL Core Business shall be replaced by Harmonic Run and HRL Core Business, respectively.

Restriction on Transfer of Shares

Provisions on restriction on transfer of shares in the HRL Shareholders' Agreement are the same as those in set out in "Principal Terms of the Agreements in relation to Glorious Stand – (2) GSL Shareholders' Agreement – Restriction on Transfer of Shares" above, save that references to GSL Shareholders' Agreement and Glorious Stand shall be replaced by HRL Shareholders' Agreement and Harmonic Run, respectively.

Pre-emptive Rights

Provisions for pre-emptive rights in the HRL Shareholders' Agreement are the same as those in set out in "Principal Terms of the Agreements in relation to Glorious Stand – (2) GSL Shareholders' Agreement – Pre-emptive Rights" above, save that references to Glorious Stand shall be replaced by Harmonic Run.

Buy-back

The events that trigger the buy-back obligations of Rosy Commerce under the HRL Shareholders' Agreement are the same as those set out in the section headed "Principal Terms of the Agreements in relation Glorious Stand – (2) GSL Shareholders' Agreement – Buy-back" above, save that references to Glorious Stand, GSL Group, GSL Core Business, GSL Investment Agreement, "National Geographic" and GSL Shareholders' Agreement shall be replaced by Harmonic Run, HRL Group, HRL Core Business, HRL Subscription Agreement, "Lionsgate" and HRL Shareholders' Agreement, respectively, and the event (h) in the same section shall be "the exercise by the Investor of its right to require Rosy Commerce to acquire the shares and shareholder's loans held by the Investor in connection with Glorious Stand in accordance with the GSL Shareholders' Agreement".

Upon the occurrence of any of the triggering events, the Investor shall have the right to require Rosy Commerce to acquire (i) all shares in Harmonic Run (or the new investment vehicle after the Group Restructuring) held by the Investor at an aggregate consideration equal to (1) the aggregate original subscription price paid by the Investor to Harmonic Run, and (2) any additional investment amount paid by the Investor to the new investment vehicle, the Spin-off Group, Rosy Commerce, Lai Fung, eSun or their respective affiliates during the Group Restructuring, if any, made at their request; and (ii) all outstanding principal amounts of the shareholder's loans to Harmonic Run (or after the Group Restructuring, the new investment vehicle or the Spin-off Group) advanced by the Investor and interest accrued thereon, in each case in USD on a dollar-for-dollar basis.

Each of Lai Fung and eSun irrevocably, absolutely and unconditionally guarantees to the Investor, on a several basis and in proportion to their respective shareholdings in Rosy Commerce (i.e. 80% and 20% respectively), the due and punctual observance and performance by Rosy Commerce of all of the buy-back obligations.

Material Breach or Deadlock

Terms regarding material breach or deadlock in the HRL Shareholders' Agreement are the same as those stated in "Principal Terms of the Agreements in relation to Glorious Stand – (2) GSL Shareholders' Agreement – Material Breach or Deadlock", save that references to the GSL Shareholders' Agreement and Glorious Stand shall be replaced by the HRL Shareholders' Agreement and Harmonic Run, respectively.

Duration

Provisions for duration of the HRL Shareholders' Agreement are the same as those in set out in "Principal Terms of the Agreements in relation to Glorious Stand – (2) GSL Shareholders' Agreement – Duration" above, save that references to GSL Shareholders' Agreement and Glorious Stand shall be replaced by HRL Shareholders' Agreement and Harmonic Run, respectively.

(3) HRL Shareholders' Loan Agreement

Date

The HRL Shareholders' Loan Agreement shall be entered into subject to and upon signing of the HRL Shareholders' Agreement.

Parties

1. Rosy Commerce;
2. the Investor; and
3. Harmonic Run.

Amount of Non-interest Bearing Shareholders' Loan

The amount and payment terms of the non-interest bearing initial shareholders' loans are set out in the section "Principal Terms of the Agreements in relation to Harmonic Run – (2) HRL Shareholders' Agreement – Financing".

Repayment

The initial shareholders' loans shall be repayable upon the earlier of:

- (1) the sixth anniversary of the date of the HRL Shareholders' Loan Agreement; or
- (2) the occurrence of any of the following events:
 - (a) the commencement of winding-up of Harmonic Run;
 - (b) eSun and Lai Fung losing control in Harmonic Run and Glorious Stand;
 - (c) the insolvency, bankruptcy, liquidation, or dissolution of Harmonic Run and Glorious Stand; or
 - (d) sale, transfer, lease or other conveyance of all or substantially all of the assets of Harmonic Run and Glorious Stand; or
- (3) at the same time when Rosy Commerce makes payment for the buy-back of the Investor's investments in Harmonic Run pursuant to the HRL Shareholders' Agreement.

Harmonic Run may at any time repay the outstanding shareholders' loans on a basis in proportion to the shareholding of Rosy Commerce and the Investor and in accordance with the terms of the HRL Shareholders' Agreement.

INFORMATION OF GLORIOUS STAND, HARMONIC RUN, THE INVESTOR, LAI FUNG, eSUN, LSD AND LSG

GSL Group

Glorious Stand is a company incorporated in the BVI with limited liability and principally engaged in investment holding. It indirectly holds Novotown Creative Culture, which is principally engaged in the GSL Core Business, through Win Merge, a company incorporated in Hong Kong with limited liability.

HRL Group

Harmonic Run is a company incorporated in the BVI with limited liability and principally engaged in investment holding. It indirectly holds Novotown Entertainment, which is principally engaged in the HRL Core Business, through Pearl Merge, a company incorporated in Hong Kong with limited liability.

The Investor

The Investor is a company incorporated in Hong Kong and principally engaged in asset management. It is an indirectly wholly-owned subsidiary of China Cinda Asset Management Co., Ltd., a joint stock company incorporated in the PRC and whose shares and preference shares are listed on the Main Board of the Stock Exchange.

To the best of the knowledge, information and belief of the directors of Lai Fung, eSun, LSD and LSG, as at the date of this joint announcement, the Investor and its ultimate beneficial owner are third parties independent of each of LSG, LSD, eSun and Lai Fung and their respective connected persons.

Lai Fung

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

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. As at the date of this joint announcement, eSun owns approximately 50.60% of the total issued shares of Lai Fung.

LSD

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

LSG

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

FINANCIAL INFORMATION OF GSL GROUP AND HRL GROUP

Financial Information on GSL Group

Set out below is the summary of the key financial information of GSL Group for the two years ended 31 July 2017 and 2018:

| | For the year ended 31 July 2017 | For the year ended 31 July 2018 |
|------------------------------------|--|--|
| | <i>HK\$</i> | <i>HK\$</i> |
| | <i>(approximately)</i> | <i>(approximately)</i> |
| Net loss before and after taxation | 19,000 | 51,000 |

As at 31 July 2018, the unaudited total assets and net liabilities of GSL Group are approximately HK\$38,158,000 and HK\$770,000, respectively.

Financial Information on HRL Group

Set out below is the summary of the key financial information of HRL Group for the two years ended 31 July 2017 and 2018:

| | For the year ended 31 July 2017 | For the year ended 31 July 2018 |
|------------------------------------|--|--|
| | <i>HK\$</i> | <i>HK\$</i> |
| | <i>(approximately)</i> | <i>(approximately)</i> |
| Net loss before and after taxation | 251,000 | 1,180,000 |

As at 31 July 2018, the unaudited total assets and net liabilities of HRL Group are approximately HK\$661,963,000 and HK\$17,116,000, respectively.

FINANCIAL EFFECT OF THE INVESTMENTS

Upon completion of the Investments, Glorious Stand and Harmonic Run will remain as subsidiaries of Lai Fung, eSun, LSD and LSG. The financial results of Glorious Stand and Harmonic Run will continue to be consolidated into Lai Fung's financial statements. Based on the consolidated net assets of GSL Group and HRL Group and the consideration receivable for sale of three GSL Sale Shares to the Investor, a total gain on deemed disposal in the amount of approximately HK\$78,599,000, HK\$59,421,000, HK\$44,565,000 and HK\$25,001,000 is expected to be credited to the reserves of Lai Fung, eSun, LSD and LSG, respectively. The actual amount of gain or loss as a result of the deemed disposal to be recorded will be subject to exchange rate fluctuations and the review and final audit by the auditors.

The Lai Fung Group is expected to receive total amount of RMB243 million (equivalent to approximately HK\$277 million), being (i) the price for subscription of GSL Subscription Shares and HRL Subscription Shares by the Investor; and (ii) the consideration for sale of three GSL Sale Shares to the Investor, which will be applied towards development of the themed indoor experience centres as well as the working capital and general corporate use of the Lai Fung Group.

REASONS FOR AND THE BENEFITS OF THE INVESTMENTS

The Lai Fung Group has been seeking for and successfully secured appropriate partners for the different aspects of the Zhuhai Hengqin Novotown Project with a view to deliver value to its shareholders. Glorious Stand and Harmonic Run will be focusing on the efficient operations of the assets for the National Geographic and Lionsgate attractions in Phase I of the Zhuhai Hengqin Novotown Project which is expected to commence operation in 2019. The Investments by the Investor will enhance the capital structure for the operations of the GSL Group and the HRL Group.

LISTING RULES IMPLICATIONS

The allotment and issue of the GSL Subscription Shares by Glorious Stand and the HRL Subscription Shares by Harmonic Run to the Investor, together with the provision of initial shareholder's loans by the Investor to Glorious Stand and Harmonic Run under the GSL Shareholders' Loan Agreement and the HRL Shareholders' Loan Agreement, constituted deemed disposal by Lai Fung, eSun, LSD and LSG under the Listing Rules.

As one or more of the applicable Percentage Ratio(s) in respect of the Transactions, in aggregate, is/are more than 5% but less than 25% for LSG, eSun and Lai Fung, the Transactions constitute discloseable transaction for LSG, eSun and Lai Fung under the Listing Rules.

Respective shareholders and potential investors of LSG, LSD, eSun and Lai Fung should note that completion of the Transactions are subject to a number of conditions precedent which may or may not be fulfilled, and a number of events of termination as set out in the sub-sections headed “Termination” above. Accordingly, the Transactions may or may not proceed. Rosy Commerce is also subject to buy-back obligations in case certain triggering events as set out in the sections “Buy-back” above occur. Respective shareholders and potential investors of LSG, LSD, eSun and Lai Fung are therefore urged to exercise caution when dealing in the shares and other securities of LSG, LSD, eSun and Lai Fung.

DEFINITIONS

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

| | |
|------------------------|--|
| “Agreed Exchange Rate” | means, as applicable, in respect of a RMB-denominated amount, the median rate of USD against RMB or HKD against RMB published by the People’s Bank of China (中國人民銀行) on its website, or with respect to USD:HKD exchange rate, the cross rate as calculated with reference to the aforesaid median rates of USD against RMB and HKD against RMB, in each case published on the business day immediately after the date on which all of the conditions precedent are fulfilled or otherwise waived pursuant to the GSL Investment Agreement or the HRL Subscription Agreement (as the case may be); |
| “business day” | a day (other than a Saturday or a Sunday or a public holiday) on which banks in Hong Kong are generally open for normal banking business; |
| “BVI” | the British Virgin Islands; |
| “connected person(s)” | has the meaning ascribed to it under 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 and the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571); |
| “eSun Board” | the board of eSun Directors; |
| “eSun Directors” | the directors of eSun; |
| “eSun Group” | eSun and its subsidiaries; |

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|-----------------------------------|---|
| “Glorious Stand” | Glorious Stand Limited (榮立有限公司), a company incorporated in the BVI with limited liability and as at the date of this joint announcement, directly wholly-owned by Rosy Commerce; |
| “Group Restructuring” | a restructuring of the GSL Group and the HRL Group which is expected to involve transfer of GSL Group, HRL Group and other subsidiaries of Lai Fung (including Laisun Creative Culture) conducting the business of themed indoor experience centre into a new investment vehicle; |
| “GSL Completion” | the completion of the sale and purchase of the GSL Sale Shares under the GSL Investment Agreement; |
| “GSL Completion Date” | the date of GSL Completion (i.e. the third business day following the date on which the last of the conditions precedent of the GSL Investment Agreement having been fulfilled or otherwise waived or such other date as the parties may agree in writing); |
| “GSL Core Business” | core business of Glorious Stand, being the internal build-out, fitting, preparation and operation of themed indoor experience centres under the intellectual property licenses granted by “National Geographic”; |
| “GSL Existing Loan” | an interest-free shareholder’s loan advanced by Rosy Commerce to Glorious Stand from time to time and remained outstanding and owed by Glorious Stand to Rosy Commerce immediately prior to the GSL Completion; |
| “GSL Group” | Glorious Stand and its subsidiaries; |
| “GSL Initial Subscription Shares” | nine new Shares in Glorious Stand to be subscribed for by, and allotted and issued to, Rosy Commerce prior to the completion of the sale and purchase of the GSL Sale Shares pursuant to the GSL Investment Agreement; |
| “GSL Investment Agreement” | the agreement made among Rosy Commerce, the Investor and Glorious Stand with respect to the sale and purchase of the GSL Sale Shares and the allotment and subscription of the GSL Subscription Shares; |
| “GSL License Agreements” | means, collectively, the master license agreement, sublicense agreement, and various novation and assignment agreements through which Novotown Creative Culture was licensed with certain intellectual property as a package as National Geographic; |

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|------------------------------------|---|
| “GSL Sale Shares” | three shares in Glorious Stand to be sold by Rosy Commerce to the Investor immediately after completion of the subscription of the GSL Initial Subscription Shares pursuant to the GSL Investment Agreement; |
| “GSL Shareholders’ Agreement” | the agreement to be made among Rosy Commerce, the Investor, Glorious Stand, Lai Fung and eSun with respect to the management of affairs of Glorious Stand; |
| “GSL Shareholders’ Loan Agreement” | the agreement to be made among Rosy Commerce, the Investor and Glorious Stand with respect to the provision of initial shareholders’ loans by Rosy Commerce and the Investor to Glorious Stand; |
| “GSL Subscription Share(s)” | the 63 and 27 new shares in Glorious Stand to be subscribed for by, and allotted and issued to Rosy Commerce and the Investor, respectively, upon GSL Completion; |
| “Harmonic Run” | Harmonic Run Limited (和運有限公司), a company incorporated in the BVI with limited liability and as at the date of this joint announcement, directly wholly-owned by Rosy Commerce; |
| “HK\$” or “HKD” | Hong Kong dollars, the lawful currency of Hong Kong; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “HRL Completion” | completion of subscription of the HRL Subscription Shares by the Subscribers under the HRL Subscription Agreement; |
| “HRL Completion Date” | date of the HRL Completion (i.e. the third business day following the date on which the last of the conditions precedent of the HRL Subscription Agreement having been fulfilled or otherwise waived or such other date as the parties may agree in writing); |
| “HRL Core Business” | core business of Harmonic Run, being the internal build-out, fitting, preparation and operation of themed indoor experience centres under the intellectual property licenses granted by “Lionsgate”; |

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|------------------------------------|--|
| “HRL Existing Loan” | an interest-free shareholder’s loan advanced by Rosy Commerce to Harmonic Run from time to time and remained outstanding and owed by Harmonic Run to Rosy Commerce immediately prior to the HRL Completion; |
| “HRL Group” | Harmonic Run and its subsidiaries; |
| “HRL License Agreements” | means, collectively, the license agreement and amendment agreement through which Novotown Entertainment was licensed with certain intellectual property as a package as Lionsgate; |
| “HRL Shareholders’ Agreement” | the agreement to be made among Rosy Commerce, the Investor, Harmonic Run, Lai Fung and eSun with respect to the management of affairs of Harmonic Run; |
| “HRL Shareholders’ Loan Agreement” | the agreement to be made among Rosy Commerce, the Investor and Harmonic Run with respect to the provision of initial shareholders’ loans by Rosy Commerce and the Investor to Harmonic Run; |
| “HRL Subscription Agreement” | the agreement made among Rosy Commerce, the Investor and Harmonic Run with respect to the subscription of the HRL Subscription Shares; |
| “HRL Subscription Share(s)” | the 69 and 30 new shares in Harmonic Run to be subscribed for by, and allotted and issued to, Rosy Commerce and the Investor, respectively, upon HRL Completion; |
| “Investment Period” | six years from the date of the GSL Shareholders’ Agreement or the HRL Shareholders’ Agreement, as the case may be; |
| “Investments” | transactions contemplated under the GSL Investment Agreement, the GSL Shareholders’ Loan Agreement, the HRL Subscription Agreement and the HRL Shareholders’ Loan Agreement; |
| “Investor” | China Cinda (HK) Asset Management Co., Limited (中國信達(香港)資產管理有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of China Cinda Asset Management Co., Ltd., (中國信達資產管理股份有限公司) a joint stock company incorporated in the PRC and whose shares and preference shares are listed on the Main Board of the Stock Exchange (Stock Code: 1359; Preference Shares Stock Code: 4607); |

| | |
|---------------------------|--|
| “Lai Fung” | Lai Fung Holdings Limited (麗豐控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1125); |
| “Lai Fung Board” | the board of Lai Fung Directors; |
| “Lai Fung Directors” | the directors of Lai Fung; |
| “Lai Fung Group” | Lai Fung and its subsidiaries; |
| “Laisun Creative Culture” | 珠海橫琴麗新文創天地有限公司 (Zhuhai Hengqin Laisun Creative Culture City Co., Ltd.*), a company incorporated in the PRC and indirectly wholly-owned by Rosy Commerce; |
| “Lease Agreement” | the lease agreement with Laisun Creative Culture with respect to the lease and operation of the Leased Property; |
| “Leased Property” | certain properties known as Zhuhai Hengqin Novotown Project (Phase I)* (珠海橫琴創新方項目一期); |
| “Lionsgate” | mean certain intellectual property licensed as a package as Lionsgate to Novotown Entertainment pursuant to the HRL License Agreements; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Long Stop Date” | 1 March 2019 or such other date as the parties to the GSL Investment Agreement or the HRL Subscription Agreement (as the case may be) may agree in writing; |
| “LSD” | Lai Sun Development Company Limited (麗新發展有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488); |
| “LSD Board” | the board of LSD Directors; |
| “LSD Directors” | the directors of LSD; |
| “LSD Group” | LSD and its subsidiaries; |

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| “LSG” | Lai Sun Garment (International) Limited (麗新製衣國際有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 191); |
| “LSG Board” | the board of LSG Directors; |
| “LSG Directors” | the directors of LSG; |
| “LSG Group” | LSG and its subsidiaries; |
| “National Geographic” | mean certain intellectual property licensed as a package as National Geographic to Novotown Creative Culture pursuant to the GSL License Agreements; |
| “Novotown Creative Culture” | 珠海橫琴創新方文化創意有限公司 (Zhuhai Hengqin Novotown Creative Culture Co., Ltd.*), a company incorporated in the PRC and directly wholly-owned by Win Merge; |
| “Novotown Entertainment” | 珠海橫琴創新方娛樂有限公司 (Zhuhai Hengqin Novotown Entertainment Co., Ltd.*), a company incorporated in the PRC and directly wholly-owned by Pearl Merge; |
| “Pearl Merge” | Pearl Merge Limited (寶薈有限公司), a company incorporated in Hong Kong with limited liability and directly wholly-owned by Harmonic Run; |
| “Percentage Ratio(s)” | has the meaning ascribed to it in Rule 14.07 of the Listing Rules; |
| “PRC” | the People’s Republic of China (for the purpose of this joint announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan); |
| “Restated Articles” | the amended and restated memorandum and articles of association of Glorious Stand or Harmonic Run with changes that conform to the relevant provisions of the GSL Shareholders’ Agreement or the HRL Shareholders’ Agreement, respectively; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “Rosy Commerce” | Rosy Commerce Holdings Limited (業佳控股有限公司), a company incorporated in the BVI with limited liability and owned by Lai Fung and eSun as to 80% and 20%, respectively; |

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| “Spin-off” | the possible initial public offering of shares in a listing vehicle to be incorporated to hold the themed indoor experience centre business of the Lai Fung Group on the Main Board of the Stock Exchange within the Investment Period, which may or may not materialise; |
| “Spin-off Group” | a listing vehicle to be incorporated to hold the themed indoor experience centre business of the Lai Fung Group together with its subsidiaries; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Subscribers” | Rosy Commerce and the Investor; |
| “subsidiary(ies)” | has the meaning ascribed to it under the Listing Rules; |
| “Transactions” | the disposal of the GSL Sale Shares to the Investor, the allotment and issue of the GSL Subscription Shares by Glorious Stand and the HRL Subscription Shares by Harmonic Run to the Investor, together with the provision of initial shareholder’s loans by the Investor to Glorious Stand and Harmonic Run under the GSL Shareholders’ Loan Agreement and HRL Shareholders’ Loan Agreement; |
| “US\$” or “USD” | the United States dollar, lawful currency of the United States of America; |
| “Win Merge” | Win Merge Limited (永薈有限公司), a company incorporated in Hong Kong with limited liability and directly wholly-owned by Glorious Stand; and |
| “%” | per cent. |

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

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

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

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

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

Hong Kong, 2 January 2019

As at the date of this joint announcement,

- (a) *the LSG Board comprises of 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;*
- (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; and*
- (d) *the Lai Fung Board comprises seven executive directors, namely Mr. Chew Fook Aun (Chairman), Dr. Lam Kin Ming (Deputy Chairman), Mr. Lam Kin Hong, Matthew (Executive Deputy Chairman), Mr. Lam Hau Yin, Lester (Chief Executive Officer), Madam U Po Chu, Mr. Cheng Shin How and Mr. Lee Tze Yan, Ernest; two non-executive directors, namely Mr. Lucas Ignatius Loh Jen Yuh and Mr. Puah Tze Shyang (also alternate to Mr. Lucas Ignatius Loh Jen Yuh); and five independent non-executive directors, namely Messrs. Lam Bing Kwan, Ku Moon Lun, Law Kin Ho, Mak Wing Sum, Alvin and Shek Lai Him, Abraham.*

For illustrative purpose only, RMB is converted into HKD at an exchange rate of RMB1 = HK\$1.1386 and USD is converted into HKD at an exchange rate of US\$1 = HK\$7.83 in this joint announcement.