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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)

Transtrend Holdings Limited

(Incorporated in Hong Kong with limited liability)

JOINT ANNOUNCEMENT

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

Financial Adviser to LSD and the Offeror



Independent Financial Adviser to LSG, LSD and the Offeror



The eSun Share Offer

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

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

For each eSun Share HK\$1.30 in cash

The eSun Option Offer and the eSun Option Offer Price

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

Conditions to the eSun Offers

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

- (a) the approval:
 - (i) by the Independent LSD Shareholders of the Offers as a very substantial acquisition of LSD; and

- (ii) by the Non-Connected LSD Shareholders of the making of one or more of the Offers to any connected person of LSD which is a connected transaction of LSD subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules,

in each case, in accordance with the Listing Rules;

- (b) the approval:

- (i) by the Independent LSG Shareholders of the Offers as a very substantial acquisition of LSG; and

- (ii) by the Non-Connected LSG Shareholders of the making of one or more of the Offers to any connected person of LSG which is a connected transaction of LSG subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules,

in each case, in accordance with the Listing Rules;

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

- (d) the eSun Shares remaining listed and traded on the Main Board of the Stock Exchange up to and including the eSun Share Offer Closing Date (save for any temporary suspension of trading of the eSun Shares pending any announcement in connection with the Offers) and no indication being received on or before the eSun Share Offer Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the eSun Shares on the Stock Exchange is or is likely to be withdrawn or suspended;

- (e) the Lai Fung Shares remaining listed and traded on the Main Board of the Stock Exchange up to and including the Lai Fung Share Offer Closing Date (save for any temporary suspension of trading of the Lai Fung Shares pending any announcement in connection with the Offers) and no indication being received on or before the Lai Fung Share Offer Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the Lai Fung Shares on the Stock Exchange is or is likely to be withdrawn or suspended;

- (f) no event having occurred which would make any of the Offers, the acquisition of any of the eSun Offer Shares or the cancellation of the eSun Options under the eSun Offers or the acquisition of any of the Lai Fung Offer Shares or the cancellation of the Lai Fung Options under the Lai Fung Offers void, unenforceable or illegal, would prohibit the implementation of any of the Offers or would impose any material conditions or obligations with respect to any of the Offers or their implementation in accordance with their respective terms;

- (g) all necessary consents (including consents from the relevant lenders) in connection with the Offers and/or the possible withdrawal of the listing of the eSun Shares from the Stock Exchange which may be required under any existing contractual or other obligations of eSun being obtained and remaining in effect;
- (h) no government, court or governmental, quasi-governmental, statutory or regulatory body or agency in Hong Kong, Bermuda, the Cayman Islands or any other jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make any of the Offers or their implementation in accordance with their respective terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to any of the Offers or their implementation in accordance with their respective terms);
- (i) since the Announcement Date, there having been no material adverse change in the business, assets, financial or trading position or the prospects or conditions (whether operational, legal or otherwise) of the eSun Group or the Lai Fung Group to an extent which is material in the context of the eSun Group, or, as the case may be, the Lai Fung Group, taken as a whole; and
- (j) there having, since the Announcement Date, not been instituted any, and there remaining no outstanding, litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the eSun Group or the Lai Fung Group is a party (whether as plaintiff, defendant or otherwise), and no such proceedings having, since the Announcement Date, been threatened in writing against any such member (and no investigation by any government, court or governmental, quasi-governmental, statutory or regulatory body or agency in Hong Kong, Bermuda, the Cayman Islands or any other jurisdiction against or in respect of any such member or the business carried on by any such member having, since the Announcement Date, been threatened in writing, announced or instituted or remaining outstanding against or in respect of any such member), in each case, which is material and adverse in the context of the eSun Group, or, as the case may be, the Lai Fung Group, taken as a whole or in the context of any of the Offers.

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

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

Value of the eSun Offers

On the assumption that the number of eSun Shares will not change (whether by way of any exercise of the eSun Options or otherwise) and the number of eSun Options will not change, the value of the eSun Share Offer is approximately HK\$1,223.1 million and the total amount required to satisfy the cancellation of all eSun Options is approximately HK\$3.4 million. On this basis, in aggregate, the eSun Offers are valued at approximately HK\$1,226.5 million.

On the assumption that no further eSun Options will be granted and all of the eSun Options will be exercised before the close of the eSun Share Offer, eSun will have to issue 32,850,665 new eSun Shares, representing approximately 2.15% of the enlarged issued share capital of eSun, upon the exercise of the eSun Options. On this basis, there will be 973,665,077 eSun Offer Shares (including the new eSun Shares issued as a result of the exercise of the eSun Options) and the value of the eSun Share Offer will be approximately HK\$1,265.8 million. In this case, no amount will be payable by the Offeror under the eSun Option Offer.

Possible compulsory acquisition and withdrawal of listing of eSun Shares

If the level of acceptances of the eSun Share Offer (or the Offeror's holding of eSun Shares) reaches the prescribed thresholds under Section 102(1) (or Section 103(1)) of the Companies Act and the Offeror is allowed to do so under Rule 2.11 of the Takeovers Code, the Offeror will exercise the powers of compulsory acquisition under Section 102(1) (or Section 103(1)) of the Companies Act.

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

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

eSun Independent Board Committee and independent financial adviser

The eSun Board has established the eSun Independent Board Committee, comprising Mr. Andrew Y. Yan, Mr. Low Chee Keong, Mr. Lo Kwok Kwei, David, Mr. Alfred Donald Yap and Dr. Ng Lai Man, Carmen, to make a recommendation to the Disinterested eSun Shareholders and the eSun Optionholders as to whether the eSun Offers are, or are not, fair and reasonable and as to acceptance.

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

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

eSun Composite Document

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

The Lai Fung Share Offer

As at the Announcement Date, the Offeror holds 36.94% of the voting rights in eSun, which holds 50.60% of the voting rights in Lai Fung. If the eSun Share Offer becomes or is declared unconditional in all respects, LSD, the Offeror and their respective subsidiaries will together hold more than 50% of the voting rights in eSun upon completion of the eSun Share Offer. Pursuant to the chain principle in Note 8 to Rule 26.1 of the Takeovers Code, the Offeror will then be required to make (or procure to be made on its behalf) an unconditional mandatory general cash offer to acquire all of the Lai Fung Shares not already owned or agreed to be acquired by LSD, the Offeror, eSun or their respective subsidiaries. For the avoidance of doubt, the Lai Fung Offer Shares include Lai Fung Shares which are owned by the Offeror Concert Parties (other than those already owned or agreed to be acquired by LSD, the Offeror, eSun or their respective subsidiaries).

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

For each Lai Fung Share HK\$5.22 in cash

The Lai Fung Option Offer and the Lai Fung Option Offer Price

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

Pre-condition to the Lai Fung Offers

The Lai Fung Offers will only be triggered upon the eSun Share Offer becoming unconditional or being declared unconditional in all respects.

Value of the Lai Fung Offers

On the assumption that the number of Lai Fung Shares will not change (whether by way of any exercise of the Lai Fung Options or otherwise) and the number of Lai Fung Options will not change, the value of the Lai Fung Share Offer is approximately HK\$843.3 million and the total amount required to satisfy the cancellation of all Lai Fung Options is approximately HK\$1,023.4. On this basis, in aggregate, the Lai Fung Offers are valued at approximately HK\$843.3 million.

On the assumption that no further Lai Fung Options will be granted and all of the Lai Fung Options will be exercised before the close of the Lai Fung Share Offer, Lai Fung will have to issue 10,234,117 new Lai Fung Shares, representing approximately 3.03% of the enlarged issued share capital of Lai Fung, upon the exercise of the Lai Fung Options. On this basis, there will be 171,792,845 Lai Fung Offer Shares (including the new Lai Fung Shares issued as a result of the exercise of the Lai Fung Options) and the value of the Lai Fung Share Offer will be approximately HK\$896.8 million. In this case, no amount will be payable by the Offeror under the Lai Fung Option Offer.

Public float of Lai Fung

There is a possibility that the public will hold less than 25% of the Lai Fung Shares upon closing of the Lai Fung Offers depending on the level of acceptances. In that case, the Offeror and Lai Fung intend to take appropriate steps to restore the public float in compliance with the Listing Rules.

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

Maintaining the listing status of Lai Fung

The Offeror intends to maintain the listing of the Lai Fung Shares on the Stock Exchange following closing of the Lai Fung Offers. The Offeror does not intend to exercise any rights to acquire any Lai Fung Shares in respect of which the Lai Fung Share Offer is not accepted.

Lai Fung Independent Board Committee and independent financial adviser

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

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

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

Lai Fung Composite Document

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

Possible very substantial acquisition of LSD

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

Possible connected transactions of LSD

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

General meeting of LSD

A general meeting of LSD will be held to consider, and if thought fit, to approve (by way of separate resolutions) (a) the Offers as a very substantial acquisition and (b) the making of one or more of the Offers to any connected person of LSD which is a connected transaction subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. A circular containing, amongst other things, details of the Offers is expected to be despatched to the LSD Shareholders on or about 23 July 2018 (as additional time is required to prepare the information in the circular).

Possible very substantial acquisition of LSG

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

Possible connected transactions of LSG

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

General meeting of LSG

A general meeting of LSG will be held to consider, and if thought fit, to approve (by way of separate resolutions) (a) the Offers as a very substantial acquisition and (b) the making of one or more of the Offers to any connected person of LSG which is a connected transaction subject to the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. A circular containing, amongst other things, details of the Offers is expected to be despatched to the LSG Shareholders on or about 23 July 2018 (as additional time is required to prepare the information in the circular).

Intentions of LSD with regard to the eSun Group

LSD intends to continue with the existing businesses of the eSun Group upon completion of the Offers and, subject to market conditions, may potentially explore various opportunities to further develop the existing businesses of the eSun Group. LSD may also from time to time consider the need to fund such further development by debt and/or equity financing by the eSun Group, subject to the eSun Group's business needs and prevailing market conditions. It is also the current intention of LSD that the employment of the existing employees of the eSun Group and the directorship of the existing directors of the eSun Group will be continued following completion of the Offers except for changes which may occur in the ordinary course of business.

Confirmation of financial resources

The maximum amount of cash required to implement the Offers would be approximately HK\$2,166.0 million.

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

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

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

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

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

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

NOTICE TO U.S. HOLDERS OF LAI FUNG SHARES AND/OR LAI FUNG OPTIONS

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

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

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

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

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

1. Introduction

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

2. The eSun Share Offer

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

For each eSun Share HK\$1.30 in cash

The eSun Share Offer Price was determined after taking into account, among other things, the historical trading prices of eSun Shares, eSun's financial performance and the trading multiples of comparable companies.

3. eSun Share Offer Price

The eSun Share Offer Price of HK\$1.30 per eSun Share under the eSun Share Offer represents:

- (a) a discount of approximately 3.7% to the closing price of HK\$1.35 per eSun Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a discount of approximately 5.1% to the average closing price of HK\$1.37 per eSun Share, being the average closing price of eSun Shares as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Date;
- (c) a discount of approximately 3.7% to the average closing price of HK\$1.35 per eSun Share, being the average closing price of eSun Shares as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Date;
- (d) a premium of approximately 3.2% over the average closing price of HK\$1.26 per eSun Share, being the average closing price of eSun Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Date;
- (e) a premium of approximately 0.8% over the average closing price of HK\$1.29 per eSun Share, being the average closing price of eSun Shares as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Date;

- (f) a discount of approximately 2.3% to the average closing price of HK\$1.33 per eSun Share, being the average closing price of eSun Shares as quoted on the Stock Exchange for the 180 trading days immediately prior to and including the Last Trading Date;
- (g) a discount of approximately 78.7% to the audited consolidated net asset value attributable to owners per eSun Share of approximately HK\$6.11 as at 31 July 2017, based on the total number of issued eSun Shares as at 31 July 2017; and
- (h) a discount of approximately 80.2% to the unaudited consolidated net asset value attributable to owners per eSun Share of approximately HK\$6.56 as at 31 January 2018, based on the total number of issued eSun Shares as at 31 January 2018.

As shown in the audited consolidated financial statements as at 31 July 2017 and the unaudited consolidated financial statements as at 31 January 2018 of eSun, a significant portion of eSun's assets consisted of property, plant and equipment, properties under development, investment properties and completed properties for sale. The eSun Composite Document will contain a property valuation report from an independent property valuer pursuant to Rule 11 of the Takeovers Code providing an updated valuation of the properties of the eSun Group as at a date not more than three months prior to the date of the eSun Composite Document. The value of those assets as stated in such consolidated financial statements or such property valuation report may or may not reflect their market value as at the date of eSun Composite Document.

4. Highest and lowest closing prices of eSun Shares

During the six-month period ended the Last Trading Date, the highest closing price of eSun Shares as quoted on the Stock Exchange was HK\$1.46 per eSun Share on 26 January 2018 and the lowest closing price of eSun Shares as quoted on the Stock Exchange was HK\$1.18 per eSun Share on 10 May 2018, 4 May 2018, 3 May 2018, 27 April 2018, 26 April 2018 and 25 April 2018.

5. The eSun Option Offer and the eSun Option Offer Price

As at the Announcement Date, there are 32,850,665 eSun Options (all of which vested on their respective dates of grant), each giving the eSun Optionholder the right to subscribe for one new eSun Share. The exercise of such eSun Options in full would result in the issue of 32,850,665 new eSun Shares, representing approximately 2.20% of the issued share capital of eSun as at the Announcement Date and approximately 2.15% of the issued share capital of eSun as enlarged by the issue of such new eSun Shares.

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

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

eSun Option exercise price per eSun Share	eSun Option Offer Price per eSun Share (unless otherwise indicated)	Number of eSun Options (each carrying the right to subscribe for one new eSun Share)
(HK\$)	(HK\$)	
0.728	0.572	1,800,000
0.920	0.380	6,216,060
1.360	0.01 for every 100 eSun Options or, if lesser, any part thereof	400,000
1.612	0.01 for every 100 eSun Options or, if lesser, any part thereof	24,434,605

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

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

Pursuant to the terms of the eSun Share Option Schemes, the eSun Optionholders will be entitled to exercise the eSun Options in full (to the extent not already exercised) at any time before the close of the eSun Share Offer and any eSun Option not so exercised will lapse (following which the holder of such eSun Option will not be able to accept the eSun Option Offer in respect of such eSun Option). However, in the case of any eSun Option granted under the share option scheme adopted by eSun on 11 December 2015 (being the 400,000 eSun Options with the exercise price of HK\$1.360 per eSun Share), if, before the close of the eSun Share Offer, the Offeror becomes entitled to exercise rights of compulsory acquisition of the eSun Offer Shares and gives its notice of compulsory acquisition, such eSun Option will remain exercisable (provided that its option period has not yet expired) until one (1) month from the date of such notice and, to the extent that such eSun Option has not been so exercised, will lapse.

6. Conditions to the eSun Offers

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

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

in each case, in accordance with the Listing Rules;

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

in each case, in accordance with the Listing Rules;

- (c) valid acceptances of the eSun Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the eSun Share Offer Closing Date in respect of such number of eSun Shares which, together with eSun Shares already (directly or indirectly) held or agreed to be acquired by LSD, the Offeror or their respective subsidiaries, would result in the Offeror and LSD together with their respective subsidiaries holding in aggregate more than 50% of the voting rights in eSun;
- (d) the eSun Shares remaining listed and traded on the Main Board of the Stock Exchange up to and including the eSun Share Offer Closing Date (save for any temporary suspension of trading of the eSun Shares pending any announcement in connection with the Offers) and no indication being received on or before the eSun Share Offer Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the eSun Shares on the Stock Exchange is or is likely to be withdrawn or suspended;
- (e) the Lai Fung Shares remaining listed and traded on the Main Board of the Stock Exchange up to and including the Lai Fung Share Offer Closing Date (save for any temporary suspension of trading of the Lai Fung Shares pending any announcement in connection with the Offers) and no indication being received on or before the Lai Fung Share Offer Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the Lai Fung Shares on the Stock Exchange is or is likely to be withdrawn or suspended;
- (f) no event having occurred which would make any of the Offers, the acquisition of any of the eSun Offer Shares or the cancellation of the eSun Options under the eSun Offers or the acquisition of any of the Lai Fung Offer Shares or the cancellation of the Lai Fung Options under the Lai Fung Offers void, unenforceable or illegal, would prohibit the implementation of any of the Offers or would impose any material conditions or obligations with respect to any of the Offers or their implementation in accordance with their respective terms;
- (g) all necessary consents (including consents from the relevant lenders) in connection with the Offers and/or the possible withdrawal of the listing of the eSun Shares from the Stock Exchange which may be required under any existing contractual or other obligations of eSun being obtained and remaining in effect;

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

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

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

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

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

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

7. Value of the eSun Offers

As at the Announcement Date, there are (i) 1,491,854,598 eSun Shares in issue, of which 551,040,186 eSun Shares are held by the Offeror, (ii) 940,814,412 eSun Offer Shares and (iii) 32,850,665 eSun Options (all of which vested on their respective dates of grant) entitling the eSun Optionholders to subscribe for an aggregate of 32,850,665 eSun Shares at an exercise price ranging from HK\$0.728 to HK\$1.612 per eSun Share.

On the assumption that the number of eSun Shares will not change (whether by way of any exercise of the eSun Options or otherwise) and the number of eSun Options will not change, the value of the eSun Share Offer is approximately HK\$1,223.1 million and the total amount required to satisfy the cancellation of all eSun Options is approximately HK\$3.4 million. On this basis, in aggregate, the eSun Offers are valued at approximately HK\$1,226.5 million.

On the assumption that no further eSun Options will be granted and all of the eSun Options will be exercised before the close of the eSun Share Offer, eSun will have to issue 32,850,665 new eSun Shares, representing approximately 2.15% of the enlarged issued share capital of eSun, upon the exercise of the eSun Options. On this basis, there will be 973,665,077 eSun Offer Shares (including the new eSun Shares issued as a result of the exercise of the eSun Options) and the value of the eSun Share Offer will be approximately HK\$1,265.8 million. In this case, no amount will be payable by the Offeror under the eSun Option Offer.

8. Possible compulsory acquisition and withdrawal of listing of eSun Shares

Pursuant to Section 102(1) of the Companies Act, if the eSun Share Offer has, within four (4) months after the making of the eSun Share Offer (that is, the despatch of the eSun Composite Document), been approved (in this case, by way of accepting the eSun Share Offer) by the holders of not less than nine-tenths in value of the eSun Offer Shares, provided that such holders are not less than three-fourths in number of the holders of eSun Offer Shares, the Offeror may, at any time within two (2) months beginning with the date on which such approval is obtained, give notice of compulsory acquisition to any dissenting eSun Shareholder that it desires to acquire the eSun Shares held by such dissenting eSun Shareholder. If such notice of compulsory acquisition is given, the Offeror shall, unless the Supreme Court of Bermuda orders otherwise, be entitled and bound to acquire the eSun Shares held by the dissenting eSun Shareholders on the same terms as other eSun Shares are acquired under the eSun Share Offer. Any dissenting eSun Shareholder may apply to the Supreme Court of Bermuda to object to the proposed compulsory acquisition within one (1) month from the date on which the notice of compulsory acquisition is given.

For the avoidance of doubt, for the purposes of ascertaining whether the level of acceptances of the eSun Share Offer reaches the prescribed thresholds under Section 102(1) of the Companies Act described above, acceptances by the Offeror Concert Parties (other than LSD, the Offeror or their respective nominees or subsidiaries) will be included.

There is another right of compulsory acquisition under the Companies Act. Pursuant to Section 103(1) of the Companies Act, a holder of not less than 95% of the issued eSun Shares may give a notice of compulsory acquisition to the remaining eSun Shareholders of its intention to acquire their eSun Shares. When such notice of compulsory acquisition is given, such holder will be entitled and bound to acquire the eSun Shares from the remaining eSun Shareholders. If the Offeror acquires further eSun Shares (whether pursuant to the eSun Share Offer or otherwise) such that it holds not less than 95% of the issued eSun Shares, the Offeror will be entitled to give such notice of compulsory acquisition.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise eSun by means of the eSun Share Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirements imposed by the Companies Act, acceptances of the eSun Share Offer in respect of the Disinterested eSun Shares and purchases of the Disinterested eSun Shares made by the Offeror and the Offeror Concert Parties during the period of four (4) months after the posting of the eSun Composite Document total 90% of the Disinterested eSun Shares.

If the level of acceptances of the eSun Share Offer (or the Offeror's holding of eSun Shares) reaches the prescribed thresholds under Section 102(1) (or Section 103(1)) of the Companies Act and the Offeror is allowed to do so under Rule 2.11 of the Takeovers Code, the Offeror will exercise the powers of compulsory acquisition under Section 102(1) (or Section 103(1)) of the Companies Act.

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

If the level of acceptances of the eSun Share Offer (or the Offeror's holding of eSun Shares) reaches the prescribed thresholds under Section 102(1) (or Section 103(1)) of the Companies Act and Rule 2.11 of the Takeovers Code permits a compulsory acquisition, and if the Offeror proceeds with the exercise of such compulsory acquisition rights and the privatisation of eSun, eSun will apply for the withdrawal of listing of the eSun Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules and a suspension of dealings in the eSun Shares from the close of the eSun Share Offer up to the withdrawal of listing of eSun Shares from the Stock Exchange.

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

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

9. eSun Independent Board Committee and independent financial adviser

The eSun Board has established the eSun Independent Board Committee, comprising Mr. Andrew Y. Yan, Mr. Low Chee Keong, Mr. Lo Kwok Kwei, David, Mr. Alfred Donald Yap and Dr. Ng Lai Man, Carmen, to make a recommendation to the Disinterested eSun Shareholders and the eSun Optionholders as to whether the eSun Offers are, or are not, fair and reasonable and as to acceptance.

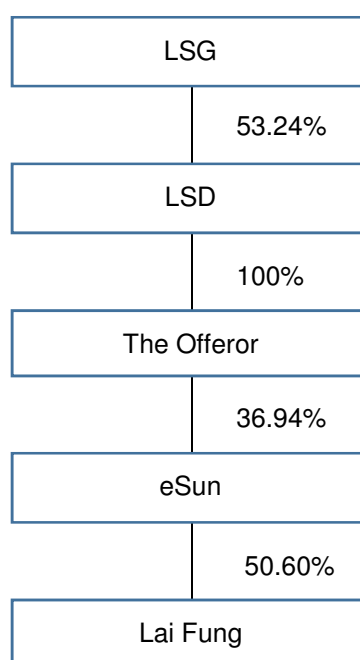
Pursuant to Rule 2.8 of the Takeovers Code, the eSun Independent Board Committee comprises all the non-executive eSun Directors who have no direct or indirect interest in the Offers other than as holders of the eSun Shares and/or the eSun Options. Madam U, a non-executive eSun Director, is also an executive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

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

10. Shareholding structure of eSun

As at the Announcement Date, the authorised share capital of eSun is HK\$1,250,000,000 divided into 2,500,000,000 eSun Shares and the issued share capital of eSun is HK\$745,927,299 divided into 1,491,854,598 eSun Shares. There are no other classes of shares of eSun in issue.

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



The table below sets out the shareholding structure of eSun (1) as at the Announcement Date and (2) immediately after completion of the eSun Offers and the Offeror's compulsory acquisition of the remaining eSun Offer Shares in the event that (a) the level of acceptances of the eSun Share Offer (or the Offeror's holding of eSun Shares) reaches the prescribed thresholds under Section 102(1) (or Section 103(1)) of the Companies Act and Rule 2.11 of the Takeovers Code and (b) the Offeror exercises rights of compulsory acquisition (on the assumption that there will be no change in the shareholding structure of eSun (whether by way of any exercise of the eSun Options or otherwise) before such completion):

	As at the Announcement Date		Immediately after completion of the eSun Offers and the Offeror's compulsory acquisition of the remaining eSun Offer Shares	
	<i>No. of eSun Shares</i>	<i>As a percentage of the issued share capital of eSun</i>	<i>No. of eSun Shares</i>	<i>As a percentage of the issued share capital of eSun</i>
Offeror	551,040,186	36.94%	1,491,854,598	100%
Offeror Concert Parties, whose eSun Shares form part of the eSun Offer Shares and do not form part of the Disinterested eSun Shares:				
- Dr. Peter Lam (<i>Note 1</i>)	2,794,443	0.19%	0	0%
- Mr. Lester Lam (<i>Note 2</i>)	2,794,443	0.19%	0	0%
- Mr. FA Chew (<i>Note 3</i>)	0	0%	0	0%
- HSBC (<i>Note 4</i>)	0	0%	0	0%
Aggregate number of eSun Shares held by the Offeror and the Offeror Concert Parties	<u>556,629,072</u>	<u>37.32%</u>	<u>1,491,854,598</u>	<u>100%</u>
Holders of Disinterested eSun Shares (<i>Note 5</i>)				
- Yu Shareholders	136,052,000	9.12%	0	0%
- SAIF Partners	150,000,000	10.05%	0	0%
- Other holders of Disinterested eSun Shares	649,173,526	43.51%	0	0%
Total number of eSun Shares	<u>1,491,854,598</u>	<u>100%</u>	<u>1,491,854,598</u>	<u>100%</u>
Total number of eSun Offer Shares	<u>940,814,412</u>	<u>63.06%</u>	=	=

Notes:

1. *Dr. Peter Lam, who is an Offeror Director, a deputy chairman and an executive director of LSG, the chairman and an executive director of LSD and the ultimate controlling shareholder of LSG, LSD and the Offeror, is acting in concert with the Offeror. As at the Announcement Date, Dr. Peter Lam is interested in 2,794,443 eSun Shares and is interested in 1,243,212 eSun Options (other than through his interests in LSG and LSD).*
2. *Mr. Lester Lam, who is an Offeror Director and an executive director of LSG and LSD, is acting in concert with the Offeror. As at the Announcement Date, Mr. Lester Lam is interested in 2,794,443 eSun Shares and is interested in 12,432,121 eSun Options (other than through his interests in LSG and LSD).*
3. *Mr. FA Chew, who is an Offeror Director, a deputy chairman and an executive director of LSG and the deputy chairman and an executive director of LSD, is acting in concert with the Offeror. As at the Announcement Date, Mr. FA Chew is interested in 6,216,060 eSun Options (other than through his interests in LSG and LSD).*
4. *HSBC is the financial adviser to LSD and the Offeror in respect of the Offers. Accordingly, HSBC and relevant members of the HSBC Group which hold eSun Shares on an own account or discretionary managed basis are presumed to be acting in concert with the Offeror in relation to eSun in accordance with class 5 of the definition of "acting in concert" under the Takeovers Code (except in respect of eSun Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code). Details of holdings or borrowings or lendings of, and dealings in, eSun Shares or derivatives in respect of them by other parts of the HSBC Group will be obtained as soon as possible after this joint announcement has been made in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made if the holdings, borrowings, lendings, or dealings of the other parts of the HSBC Group are significant. The statements in this joint announcement as to the holdings or borrowings or lendings of, or their dealings in, eSun Shares or derivatives in respect of eSun Shares by parties acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of the other parts of the HSBC Group.*
5. *Based on the relevant eSun Shareholders' disclosures of interests in eSun as at the Announcement Date.*

The table below sets out the shareholding structure of eSun (1) as at the Announcement Date; (2) as the Announcement Date had all the eSun Options been exercised on or before the Announcement Date; and (3) immediately after completion of the eSun Offers and the Offeror's compulsory acquisition of the remaining eSun Offer Shares in the event that (a) the level of acceptances of the eSun Share Offer (or the Offeror's holding of eSun Shares) reaches the prescribed thresholds under Section 102(1) (or Section 103(1)) of the Companies Act and Rule 2.11 of the Takeovers Code and (b) the Offeror exercises rights of compulsory acquisition (on the assumption that no further eSun Options will be granted after the Announcement Date, that all of the eSun Options will be exercised after the Announcement Date but before the close of the eSun Share Offer and that there will be no other change in the shareholding structure of eSun before such completion):

	As at the Announcement Date		As the Announcement Date had all the eSun Options been exercised on or before the Announcement Date		Immediately after completion of the eSun Offers and the Offeror's compulsory acquisition of the remaining eSun Offer Shares	
	<i>No. of eSun Shares</i>	<i>As a percentage of the issued share capital of eSun</i>	<i>No. of eSun Shares</i>	<i>As a percentage of the issued share capital of eSun</i>	<i>No. of eSun Shares</i>	<i>As a percentage of the issued share capital of eSun</i>
Offeror	551,040,186	36.94%	551,040,186	36.14%	1,524,705,263	100%
Offeror Concert Parties, whose eSun Shares form part of the eSun Offer Shares and do not form part of the Disinterested eSun Shares:						
- Dr. Peter Lam (Note 1)	2,794,443	0.19%	4,037,655	0.26%	0	0%
- Mr. Lester Lam (Note 2)	2,794,443	0.19%	15,226,564	1.00%	0	0%
- Mr. FA Chew (Note 3)	0	0%	6,216,060	0.41%	0	0%
- HSBC (Note 4)	0	0%	0	0%	0	0%
Aggregate number of eSun Shares held by the Offeror and the Offeror Concert Parties	<u>556,629,072</u>	<u>37.32%</u>	<u>576,520,465</u>	<u>37.81%</u>	<u>1,524,705,263</u>	<u>100%</u>
Holder of Disinterested eSun Shares (Note 5)						
- Yu Shareholders	136,052,000	9.12%	136,052,000	8.92%	0	0%
- SAIF Partners	150,000,000	10.05%	150,000,000	9.84%	0	0%
- Other holders of Disinterested eSun Shares	649,173,526	43.51%	662,132,798	43.43%	0	0%
Total number of eSun Shares	<u>1,491,854,598</u>	<u>100%</u>	<u>1,524,705,263</u>	<u>100%</u>	<u>1,524,705,263</u>	<u>100%</u>
Total number of eSun Offer Shares	<u>940,814,412</u>	<u>63.06%</u>	<u>973,665,077</u>	<u>63.86%</u>	-	-

Notes:

1. *Dr. Peter Lam, who is an Offeror Director, a deputy chairman and an executive director of LSG, the chairman and an executive director of LSD and the ultimate controlling shareholder of LSG, LSD and the Offeror, is acting in concert with the Offeror. As at the Announcement Date, Dr. Peter Lam is interested in 2,794,443 eSun Shares and is interested in 1,243,212 eSun Options (other than through his interests in LSG and LSD).*
2. *Mr. Lester Lam, who is an Offeror Director and an executive director of LSG and LSD, is acting in concert with the Offeror. As at the Announcement Date, Mr. Lester Lam is interested in 2,794,443 eSun Shares and is interested in 12,432,121 eSun Options (other than through his interests in LSG and LSD).*
3. *Mr. FA Chew, who is an Offeror Director, a deputy chairman and an executive director of LSG and the deputy chairman and an executive director of LSD, is acting in concert with the Offeror. As at the Announcement Date, Mr. FA Chew is interested in 6,216,060 eSun Options (other than through his interests in LSG and LSD).*
4. *HSBC is the financial adviser to LSD and the Offeror in respect of the Offers. Accordingly, HSBC and relevant members of the HSBC Group which hold eSun Shares on an own account or discretionary managed basis are presumed to be acting in concert with the Offeror in relation to eSun in accordance with class 5 of the definition of "acting in concert" under the Takeovers Code (except in respect of eSun Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code). Details of holdings or borrowings or lendings of, and dealings in, eSun Shares or derivatives in respect of them by other parts of the HSBC Group will be obtained as soon as possible after this joint announcement has been made in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made if the holdings, borrowings, lendings, or dealings of the other parts of the HSBC Group are significant. The statements in this joint announcement as to the holdings or borrowings or lendings of, or their dealings in, eSun Shares or derivatives in respect of eSun Shares by parties acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of the other parts of the HSBC Group.*
5. *Based on the relevant eSun Shareholders' disclosures of interests in eSun as at the Announcement Date.*

11. Effect of accepting the eSun Share Offer

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

12. Hong Kong stamp duty

Seller's ad valorem stamp duty at the rate of 0.1% of (i) the consideration in respect of the acceptances of the eSun Share Offer or (ii) if higher, the market value of the eSun Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) will be payable by the eSun Shareholders who accept the eSun Share Offer insofar as their eSun Offer Shares are registered on the Hong Kong branch register of eSun. The relevant amount of stamp duty payable by the relevant eSun Shareholders will be deducted from the consideration payable to such eSun Shareholders under the eSun Share Offer. The Offeror will bear its own portion of buyer's ad valorem stamp duty at the rate of 0.1% of (i) the consideration in respect of the acceptances of the eSun Share Offer or (ii) if higher, the market value of the eSun Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the eSun Shares which are validly tendered for acceptance under the eSun Share Offer.

No stamp duty is payable on the cancellation of any eSun Option.

13. Overseas eSun Shareholders and eSun Optionholders

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

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

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

14. Settlement of consideration

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

15. Dealings and interests in eSun Shares and derivatives of eSun

As at the Announcement Date, the Offeror and the Offeror Concert Parties hold 556,629,072 eSun Shares in aggregate, representing approximately 37.32% of the total issued share capital of eSun. (Please refer to section 10 "Shareholding structure of eSun".)

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

Name	Relationship with the Offeror	Number of eSun Options
Dr. Peter Lam	Offeror Director, a deputy chairman and an executive director of LSG, the chairman and an executive director of LSD and the ultimate controlling shareholder of LSG, LSD and the Offeror	1,243,212
Mr. Lester Lam	Offeror Director, an executive director of LSG and LSD and Dr. Peter Lam's son	12,432,121
Mr. FA Chew	Offeror Director, a deputy chairman and an executive director of LSG and the deputy chairman and an executive director of LSD	6,216,060

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

As at the Announcement Date:

- (a) save for the eSun Options, eSun does not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into eSun Shares;
- (b) neither the Offeror nor the Offeror Concert Parties have received any irrevocable commitment to accept or not to accept the eSun Offers;
- (c) save for the eSun Options, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the eSun Shares or other securities of eSun or the Offeror which might be material to any of the Offers;
- (d) neither the Offeror nor the Offeror Concert Parties have borrowed or lent any relevant securities of eSun (as defined in Note 4 to Rule 22 of the Takeovers Code) save for any which have been either on-lent or sold; and
- (e) there are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke any Condition.

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

16. eSun Composite Document

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

PART (2): POSSIBLE UNCONDITIONAL MANDATORY GENERAL CASH OFFER BY HSBC ON BEHALF OF THE OFFEROR, A WHOLLY-OWNED SUBSIDIARY OF LSD, TO ACQUIRE ALL OF THE ISSUED SHARES OF LAI FUNG (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY LSD, THE OFFEROR, eSUN OR THEIR RESPECTIVE SUBSIDIARIES) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF LAI FUNG

17. Introduction

As at the Announcement Date, the Offeror holds 36.94% of the voting rights in eSun, which holds 50.60% of the voting rights in Lai Fung. If the eSun Share Offer becomes or is declared unconditional in all respects, LSD, the Offeror and their respective subsidiaries will together hold more than 50% of the voting rights in eSun upon completion of the eSun Share Offer. Pursuant to the chain principle in Note 8 to Rule 26.1 of the Takeovers Code, the Offeror will then be required to make (or procure to be made on its behalf) an unconditional mandatory general cash offer to acquire all of the Lai Fung Shares not already owned or agreed to be acquired by LSD, the Offeror, eSun or their respective subsidiaries. For the avoidance of doubt, the Lai Fung Offer Shares include Lai Fung Shares which are owned by the Offeror Concert Parties (other than those already owned or agreed to be acquired by LSD, the Offeror, eSun or their respective subsidiaries).

18. The Lai Fung Share Offer

If the eSun Share Offer becomes or is declared unconditional in all respects, pursuant to the chain principle in Note 8 to Rule 26.1 of the Takeovers Code, the Offeror will make (or procure to be made on its behalf) the Lai Fung Share Offer in compliance with the Takeovers Code on the basis set out below.

For each Lai Fung Share HK\$5.22 in cash

The Lai Fung Share Offer Price of HK\$5.22 for each Lai Fung Share has been determined pursuant to the applicable rules and regulations under the Takeovers Code, after taking into consideration (i) the eSun Share Offer Price of HK\$1.30; (ii) the unaudited consolidated total net asset values of eSun and Lai Fung as at 31 January 2018, being approximately HK\$18,608.9 million and HK\$16,387.4 million, respectively; (iii) the total number of eSun Shares and Lai Fung Shares as at the Announcement Date, being 1,491,854,598 and 327,044,134, respectively; and (iv) the fact that eSun holds 165,485,406 Lai Fung Shares (representing a 50.60% interest in Lai Fung) as at the Announcement Date.

19. Lai Fung Share Offer Price

The Lai Fung Share Offer Price of HK\$5.22 per Lai Fung Share under the Lai Fung Share Offer represents:

- (a) a discount of approximately 58.2% to the closing price of HK\$12.50 per Lai Fung Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a discount of approximately 58.5% to the average closing price of HK\$12.58 per Lai Fung Share, being the average closing price of Lai Fung Shares as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Date;
- (c) a discount of approximately 57.9% to the average closing price of HK\$12.40 per Lai Fung Share, being the average closing price of Lai Fung Shares as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Date;
- (d) a discount of approximately 55.9% to the average closing price of HK\$11.85 per Lai Fung Share, being the average closing price of Lai Fung Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Date;
- (e) a discount of approximately 57.1% to the average closing price of HK\$12.17 per Lai Fung Share, being the average closing price of Lai Fung Shares as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Date;
- (f) a discount of approximately 58.9% to the average closing price of HK\$12.70 per Lai Fung Share, being the average closing price of Lai Fung Shares as quoted on the Stock Exchange for the 180 trading days immediately prior to and including the Last Trading Date;
- (g) a discount of approximately 88.3% to the audited consolidated net asset value attributable to owners per Lai Fung Share of approximately HK\$44.78 as at 31 July 2017, based on the total number of issued Lai Fung Shares as at 31 July 2017 (as adjusted for the share consolidation of Lai Fung Shares which took effect on 15 August 2017 (as disclosed in the announcements of Lai Fung dated 18 July 2017 and 14 August 2017)); and
- (h) a discount of approximately 89.4% to the unaudited consolidated net asset value attributable to owners per Lai Fung Share of approximately HK\$49.32 as at 31 January 2018, based on the total number of issued Lai Fung Shares as at 31 January 2018.

As shown in the audited consolidated financial statements as at 31 July 2017 and the unaudited consolidated financial statements as at 31 January 2018 of Lai Fung, a significant portion of Lai Fung's assets consisted of property, plant and equipment, properties under development, investment properties and completed properties for sale. The Lai Fung Composite Document will contain a property valuation report from an independent property valuer pursuant to Rule 11 of the Takeovers Code providing an updated valuation of the properties of the Lai Fung Group as at a date not more than three months prior to the date of the Lai Fung Composite Document. The value of these assets as stated in such consolidated financial statements or such property valuation report may or may not reflect their market value as at the date of the Lai Fung Composite Document.

20. Highest and lowest closing prices of Lai Fung Shares

During the six-month period ended the Last Trading Date, the highest closing price of Lai Fung Shares as quoted on the Stock Exchange was HK\$13.68 per Lai Fung Share on 26 January 2018, and the lowest closing price of Lai Fung Shares as quoted on the Stock Exchange was HK\$11.02 per Lai Fung Share on 24 April 2018 and 23 April 2018.

21. The Lai Fung Option Offer and the Lai Fung Option Offer Price

As at the Announcement Date, there are 10,234,117 Lai Fung Options (all of which vested on their respective dates of grant), each giving the Lai Fung Optionholder the right to subscribe for one new Lai Fung Share. The exercise of such Lai Fung Options in full would result in the issue of 10,234,117 new Lai Fung Shares, representing approximately 3.13% of the issued share capital of Lai Fung as at the Announcement Date and approximately 3.03% of the issued share capital of Lai Fung as enlarged by the issue of such new Lai Fung Shares.

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

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

Lai Fung Option exercise price per Lai Fung Share	Lai Fung Option Offer Price per Lai Fung Share (unless otherwise indicated)	Number of Lai Fung Options (each carrying the right to subscribe for one new Lai Fung Share)
<i>(HK\$)</i>	<i>(HK\$)</i>	
6.650	0.01 for every 100 Lai Fung Options (or, if lesser, any part thereof)	1,009,591
8.000	0.01 for every 100 Lai Fung Options (or, if lesser, any part thereof)	180,000
9.500	0.01 for every 100 Lai Fung Options (or, if lesser, any part thereof)	220,000
11.400	0.01 for every 100 Lai Fung Options (or, if lesser, any part thereof)	8,374,526
13.520	0.01 for every 100 Lai Fung Options (or, if lesser, any part thereof)	450,000

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

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

Pursuant to the terms of the Lai Fung Share Option Scheme adopted by Lai Fung on 21 August 2003, if any of the Lai Fung Options under that scheme (being the 1,009,591 Lai Fung Options with the exercise price of HK\$6.650 per Lai Fung Share) is not exercised within a period of 14 days after the eSun Share Offer becomes (or is declared) unconditional, it will lapse at the end of such period (following which the holder of such Lai Fung Option will not be able to accept the Lai Fung Option Offer in respect of such Lai Fung Option). The other Lai Fung Options, which are under the Lai Fung Share Option Scheme adopted by Lai Fung on 18 December 2012, shall remain valid and exercisable during their respective option periods in accordance with the terms of that Lai Fung Share Option Scheme notwithstanding the Lai Fung Share Offer.

22. Pre-condition to the Lai Fung Offers

The Lai Fung Offers will only be triggered upon the eSun Share Offer becoming unconditional or being declared unconditional in all respects. Accordingly, the Lai Fung Offers are subject to the pre-condition of the eSun Share Offer becoming or being declared unconditional in all respects.

WARNING: The Lai Fung Offers are subject to the pre-condition of the eSun Share Offer becoming or being declared unconditional in all respects. Accordingly, the Lai Fung Offers may or may not be made. Shareholders and holders of options and other securities of and potential investors in LSG, LSD, eSun and Lai Fung should therefore exercise caution when dealing in the securities of LSG, LSD, eSun and Lai Fung. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

23. Value of the Lai Fung Offers

As at the Announcement Date, there are (i) 327,044,134 Lai Fung Shares in issue, of which 165,485,406 Lai Fung Shares are held by eSun, (ii) 161,558,728 Lai Fung Offer Shares and (iii) 10,234,117 Lai Fung Options (all of which vested on their respective dates of grant) entitling the Lai Fung Optionholders to subscribe for an aggregate of 10,234,117 Lai Fung Shares at an exercise price ranging from HK\$6.650 to HK\$13.520 per Lai Fung Share.

On the assumption that the number of Lai Fung Shares will not change (whether by way of any exercise of the Lai Fung Options or otherwise) and the number of Lai Fung Options will not change, the value of the Lai Fung Share Offer is approximately HK\$843.3 million and the total amount required to satisfy the cancellation of all Lai Fung Options is approximately HK\$1,023.4. On this basis, in aggregate, the Lai Fung Offers are valued at approximately HK\$843.3 million.

On the assumption that no further Lai Fung Options will be granted and all of the Lai Fung Options will be exercised before the close of the Lai Fung Share Offer, Lai Fung will have to issue 10,234,117 new Lai Fung Shares, representing approximately 3.03% of the enlarged issued share capital of Lai Fung, upon the exercise of the Lai Fung Options. On this basis, there will be 171,792,845 Lai Fung Offer Shares (including the new Lai Fung Shares issued as a result of the exercise of the Lai Fung Options) and the value of the Lai Fung Share Offer will be approximately HK\$896.8 million. In this case, no amount will be payable by the Offeror under the Lai Fung Option Offer.

24. Public float of Lai Fung

There is a possibility that the public will hold less than 25% of the Lai Fung Shares upon closing of the Lai Fung Offers depending on the level of acceptances. In that case, the Offeror and Lai Fung intend to take appropriate steps to restore the public float in compliance with the Listing Rules.

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

25. Maintaining the listing status of Lai Fung

The Offeror intends to maintain the listing of the Lai Fung Shares on the Stock Exchange following closing of the Lai Fung Offers. The Offeror does not intend to exercise any rights to acquire any Lai Fung Shares in respect of which the Lai Fung Share Offer is not accepted.

26. Lai Fung Independent Board Committee and independent financial adviser

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

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

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

27. Shareholding structure of Lai Fung

As at the Announcement Date, the authorised share capital of Lai Fung is HK\$2,000,000,000 divided into 400,000,000 Lai Fung Shares and the issued share capital of Lai Fung is HK\$1,635,220,670 divided into 327,044,134 Lai Fung Shares. There are no other classes of shares of Lai Fung in issue.

The table below sets out the shareholding structure of Lai Fung as at the Announcement Date:

	No. of Lai Fung Shares	As a percentage of the issued share capital of Lai Fung
Offeror	0	0%
eSun	165,485,406	50.60%
Other Offeror Concert Parties, whose Lai Fung Shares form part of the Lai Fung Offer Shares and do not form part of the Disinterested Lai Fung Shares:		
- Dr. Peter Lam (Note 1)	0	0%
- Mr. Lester Lam (Note 2)	0	0%
- Mr. FA Chew (Note 3)	600,000	0.18%
- Mr. Julius Lau (Note 4)	235	0.00%
- HSBC (Note 5)	0	0%
Aggregate number of Lai Fung Shares held by the Offeror and the Offeror Concert Parties	<u>166,085,641</u>	<u>50.78%</u>
Holders of Disinterested Lai Fung Shares (Note 6)		
- Yu Shareholders	22,881,036	7.00%
- Other holders of Disinterested Lai Fung Shares	138,077,457	42.22%
Total number of Lai Fung Shares	<u>327,044,134</u>	<u>100%</u>
Total number of Lai Fung Offer Shares	<u>161,558,728</u>	<u>49.40%</u>

Notes:

1. Dr. Peter Lam, who is an Offeror Director, a deputy chairman and an executive director of LSG, the chairman and an executive director of LSD and the ultimate controlling shareholder of LSG, LSD and the Offeror, is acting in concert with the Offeror. As at the Announcement Date, Dr. Peter Lam is not interested in any Lai Fung Shares and is interested in 321,918 Lai Fung Options (other than through his interests in LSG, LSD and eSun).
2. Mr. Lester Lam, who is an Offeror Director and an executive director of LSG and LSD, is acting in concert with the Offeror. As at the Announcement Date, Mr. Lester Lam is not interested in any Lai Fung Shares and is interested in 3,219,182 Lai Fung Options (other than through his interests in LSG, LSD and eSun).
3. Mr. FA Chew, who is an Offeror Director, a deputy chairman and an executive director of LSG and the deputy chairman and an executive director of LSD, is acting in concert with the Offeror. As at the Announcement Date, Mr. FA Chew is interested in 600,000 Lai Fung Shares and 1,009,591 Lai Fung Options (other than through his interests in LSG, LSD and eSun).

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

28. Effect of accepting the Lai Fung Share Offer

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

29. Hong Kong stamp duty

Seller's ad valorem stamp duty at the rate of 0.1% of (i) the consideration in respect of the acceptances of the Lai Fung Share Offer or (ii) if higher, the market value of the Lai Fung Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) will be payable by the Lai Fung Shareholders who accept the Lai Fung Share Offer insofar as their Lai Fung Offer Shares are registered on the Hong Kong branch register of Lai Fung. The relevant amount of stamp duty payable by the relevant Lai Fung Shareholders will be deducted from the consideration payable to such Lai Fung Shareholders under the Lai Fung Share Offer. The Offeror will bear its own portion of buyer's ad valorem stamp duty at the rate of 0.1% of (i) the consideration in respect of the acceptances of the Lai Fung Share Offer or (ii) if higher, the market value of the Lai Fung Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the Lai Fung Shares which are validly tendered for acceptance under the Lai Fung Share Offer.

No stamp duty is payable on the cancellation of any Lai Fung Option.

30. Overseas Lai Fung Shareholders and Lai Fung Optionholders

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

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

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

31. Settlement of consideration

Settlement of the consideration in respect of an acceptance of the Lai Fung Offers will be made as soon as possible and in any event within seven (7) business days (as defined in the Takeovers Code) of the date of receipt of the complete and valid acceptance.

32. Dealings and interests in Lai Fung Shares and derivatives of Lai Fung

As at the Announcement Date, the Offeror and the Offeror Concert Parties hold 166,085,641 Lai Fung Shares in aggregate, representing approximately 50.78% of the total issued share capital of Lai Fung. (Please refer to section 27 “Shareholding structure of Lai Fung”.)

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

Name	Relationship with the Offeror	Number of Lai Fung Options
Dr. Peter Lam	Offeror Director, a deputy chairman and an executive director of LSG, the chairman and an executive director of LSD and the ultimate controlling shareholder of LSG, LSD and the Offeror	321,918
Mr. Lester Lam	Offeror Director, an executive director of LSG and LSD and Dr. Peter Lam’s son	3,219,182
Mr. FA Chew	Offeror Director, a deputy chairman and an executive director of LSG and the deputy chairman and an executive director of LSD	1,009,591
Mr. Julius Lau	Offeror Director and the chief executive officer and an executive director of LSD	965,754

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

As at the Announcement Date:

- (a) save for the Lai Fung Options, Lai Fung does not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into Lai Fung Shares;
- (b) neither the Offeror nor the Offeror Concert Parties have received any irrevocable commitment to accept or not to accept the Lai Fung Offers;
- (c) save for the Lai Fung Options, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Lai Fung Shares or other securities of Lai Fung or the Offeror which might be material to any of the Offers;
- (d) neither the Offeror nor the Offeror Concert Parties have borrowed or lent any relevant securities of Lai Fung (as defined in Note 4 to Rule 22 of the Takeovers Code) save for any which have been either on-lent or sold; and
- (e) there are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke any condition or pre-condition to the Lai Fung Offers.

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

33. Lai Fung Composite Document

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

PART (3): POSSIBLE VERY SUBSTANTIAL ACQUISITION, POSSIBLE CONNECTED TRANSACTIONS AND OTHER MATTERS OF LSD

34. Possible very substantial acquisition of LSD

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

35. Possible de minimis connected transactions of LSD

As at the Announcement Date, Dr. Peter Lam, the chairman, an executive director and the ultimate controlling shareholder of LSD, and Mr. Lester Lam, an executive director of LSD and an LR associate of Dr. Peter Lam, are interested in certain eSun Shares, eSun Options and Lai Fung Options (other than through their respective interests in LSG and LSD). The maximum aggregate consideration for such interests under the Offers is approximately HK\$43.5 million. The making of the Offers to Dr. Peter Lam and Mr. Lester Lam constitutes a connected transaction for LSD under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio for LSD is more than 0.1% but less than 5%, the making of the Offers to Dr. Peter Lam and Mr. Lester Lam is a de minimis connected transaction subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the Announcement Date, Mr. FA Chew, the deputy chairman and an executive director of LSD, is interested in certain eSun Options, Lai Fung Shares and Lai Fung Options (other than through his interests in LSG and LSD). The maximum aggregate consideration for such interests under the Offers is approximately HK\$16.5 million. The making of the Offers to Mr. FA Chew constitutes a connected transaction for LSD under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio for LSD is more than 0.1% but less than 5%, the making of the Offers to Mr. FA Chew is a de minimis connected transaction subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the Announcement Date, Mr. Julius Lau, the chief executive officer and an executive director of LSD, is interested in certain Lai Fung Shares and Lai Fung Options (other than through his interests in LSD). The maximum aggregate consideration for such interests under the Lai Fung Offers is approximately HK\$5.0 million. The making of the Lai Fung Offers to Mr. Julius Lau constitutes a connected transaction for LSD under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio for LSD is more than 0.1% but less than 5%, the making of the Lai Fung Offers to Mr. Julius Lau is a de minimis connected transaction subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

36. Possible connected transaction of LSD which is not de minimis

On the basis of the Yu Shareholders' disclosures of interests in eSun and Lai Fung as at the Announcement Date, the Yu Shareholders, being substantial shareholders of LSD, are interested in 136,052,000 eSun Shares (representing 9.12% of the total issued eSun Shares) and 22,881,036 Lai Fung Shares (representing 7.00% of the total issued Lai Fung Shares) (other than through their interests in LSG and LSD). The aggregate consideration for such interests under the Share Offers is approximately HK\$296.3 million. The making of the Share Offers to the Yu Shareholders constitutes a connected transaction for LSD under Chapter 14A of the Listing Rules. Based on the information available to LSD as at the Announcement Date, the highest applicable percentage ratio in respect of such connected transaction for LSD is more than 5%. On this basis, the making of the Share Offers to the Yu Shareholders is subject to the reporting, announcement and Non-Connected LSD Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

37. No other possible connected transaction of LSD

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

38. General meeting of LSD

A general meeting of LSD will be held to consider, and if thought fit, to approve (by way of separate resolutions) (a) the Offers as a very substantial acquisition and (b) the making of one or more of the Offers to any connected person of LSD which is a connected transaction subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. A circular containing, amongst other things, details of the Offers is expected to be despatched to the LSD Shareholders on or about 23 July 2018 (as additional time is required to prepare the information in the circular).

As at the Announcement Date, Dr. Peter Lam is the ultimate controlling shareholder of LSG, being interested in 161,243,643 LSG Shares (representing approximately 41.87% of the issued share capital of LSG). Dr. Peter Lam is also interested in 429,232 LSD Shares (representing approximately 0.07% of the issued share capital of LSD), other than through his interest in LSG. LSG, a holding company of LSD, is interested in 322,704,572 LSD Shares (representing approximately 53.24% of the issued share capital of LSD). As at the Announcement Date, other than through his interests in LSG and LSD, Dr. Peter Lam is interested in 2,794,443 eSun Shares (representing approximately 0.19% of the issued share capital of eSun), 1,243,212 eSun Options (giving him the right to subscribe for approximately 0.08% of the enlarged share capital of eSun) and (other than through his interest in eSun) 321,918 Lai Fung Options (giving him the right to subscribe for approximately 0.10% of the enlarged share capital of Lai Fung). Such interests in eSun and Lai Fung are immaterial compared to Dr. Peter Lam's interests in LSG and LSD and Dr. Peter Lam's interest in the Offers is in alignment with the interest of the other LSD Shareholders. Accordingly, Dr. Peter Lam does not have a material interest in the Offers and will not be required to abstain from voting on the resolutions to be proposed at the general meeting of LSD for the approval of the Offers as a very substantial acquisition and the making of the Share Offers to the Yu Shareholders as a connected transaction which is subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Dr. Peter Lam intends to exercise (or procure the exercise of) the voting rights attached to the LSD Shares in which he is interested (other than through LSG) in favour of such resolutions.

On the basis of the Yu Shareholders' disclosures of interests in LSG and LSD as at the Announcement Date, the Yu Shareholders are interested in 110,838,516 LSG Shares (representing approximately 28.78% of the issued share capital of LSG) and (other than through their interest in LSG) 91,061,010 LSD Shares (representing approximately 15.02% of the issued share capital of LSD). On the basis of the Yu Shareholders' disclosures of interests as at the Announcement Date, other than through their interests in LSG and LSD, the Yu Shareholders are interested in 136,052,000 eSun Shares (representing approximately 9.12% of the issued share capital of eSun) and (other than through their interest in eSun) 22,881,036 Lai Fung Shares (representing approximately 7.00% of the issued share capital of Lai Fung). On the basis of the Yu Shareholders' interests in LSG, LSD, eSun and Lai Fung referred to above, their interests in eSun and Lai Fung (excluding those held through their interests in LSG and LSD) are material. On this basis, the Yu Shareholders have a material interest in the Offers and will be required to abstain from voting on the relevant resolutions to be proposed at the general meeting of LSD for the approval of the Offers as a very substantial acquisition and the making of the Share Offers to the Yu Shareholders as a connected transaction which is subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As at the Announcement Date, Mr. FA Chew is interested in 202,422 LSG Shares (representing approximately 0.05% of the issued share capital of LSG) and (other than through his interest in LSG) 400,000 LSD Shares (representing approximately 0.07% of the issued share capital of LSD). As at the Announcement Date, other than through his interests in LSG and LSD, Mr. FA Chew is interested in 6,216,060 eSun Options (giving him the right to subscribe for approximately 0.41% of the enlarged share capital of eSun) and (other than through his interest in eSun) 600,000 Lai Fung Shares (representing approximately 0.18% of the issued share capital of Lai Fung) and 1,009,591 Lai Fung Options (giving him the right to subscribe for approximately 0.30% of the enlarged share capital of Lai Fung). On the basis of Mr. FA Chew's interests in LSG, LSD, eSun and Lai Fung referred to above, his interests in eSun and Lai Fung (excluding those held through his interests in LSG and LSD) are material. On this basis, Mr. FA Chew has a material interest in the Offers and will be required to abstain from voting on the relevant resolution to be proposed at the general meeting of LSD for the approval of the Offers as a very substantial acquisition. For the avoidance of doubt, on the basis that Mr. FA Chew has no interest in the making of the Share Offers to the Yu Shareholders, he will not be required to abstain from voting on the resolution to be proposed at the general meeting of LSD for the approval of the making of the Share Offers to the Yu Shareholders as a connected transaction which is subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As at the Announcement Date, Mr. Julius Lau is interested in 263,500 LSD Shares (representing approximately 0.04% of the issued share capital of LSD). Other than through his interests in LSD, as at the Announcement Date, Mr. Julius Lau is interested in 235 Lai Fung Shares (representing approximately 0.00007% of the issued share capital of Lai Fung) and 965,754 Lai Fung Options (giving him the right to subscribe for approximately 0.29% of the enlarged share capital of Lai Fung). On the basis of Mr. Julius Lau's interests in LSD and Lai Fung referred to above, his interests in Lai Fung (excluding those held through his interests in LSD) are material. On this basis, Mr. Julius Lau has a material interest in the Offers and will be required to abstain from voting on the relevant resolution to be proposed at the general meeting of LSD for the approval of the Offers as a very substantial acquisition. For the avoidance of doubt, on the basis that Mr. Julius Lau has no interest in the making of the Share Offers to the Yu Shareholders, he will not be required to abstain from voting on the resolution to be proposed at the general meeting of LSD for the approval of the making of the Share Offers to the Yu Shareholders as a connected transaction which is subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

39. LSD Directors' views and Red Sun's advice

As disclosed in section 38 "General meeting of LSD" above and section 44 "General meeting of LSG" below, the interests of each of Dr. Peter Lam and Mr. Lester Lam in eSun and Lai Fung (other than through their respective interests in LSG and LSD) are immaterial. Each of Dr. Peter Lam and Mr. Lester Lam has declared to the LSD Board such interests in accordance with the articles of association of LSD and the Listing Rules and was not required to abstain (and did not abstain) from voting on the board resolutions of LSD approving the Offers.

Save for (a) Mr. FA Chew and Mr. Julius Lau who were required to abstain from voting (and did abstain from voting) on the board resolutions of LSD approving the Offers because of their material interest in the Offers (disclosed in section 38 “General meeting of LSD”) and (b) the members of the LSD Independent Board Committee (who will express their views after having received Red Sun’s advice in writing on the making of one or more of the Offers to any connected person of LSD which is a connected transaction subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules), the LSD Directors are of the view that the terms of the Offers are on normal commercial terms and fair and reasonable to, and in the interests of, LSD and the LSD Shareholders as a whole.

Red Sun has been appointed as the independent financial adviser (a) to advise the LSD Board and the Offeror Board on the Offers in accordance with Rule 2.4 of the Takeovers Code and (b) to make a recommendation to the LSD Independent Board Committee and the Non-Connected LSD Shareholders on the making of the Offers to any connected person of LSD which is a connected transaction subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules in accordance with Rule 14A.45 of the Listing Rules. Red Sun has advised verbally that, having taken into account, among others, the terms of the Offers and the reasons for and benefits of the Offers from the perspective of LSD and the LSD Shareholders (as set out under the section 49 “Reasons for and benefits of the Offers” below), it considers that the Offers are in the interests of the respective shareholders of LSD and the Offeror. A letter from Red Sun containing its full advice and the LSD Independent Board Committee’s views will be included in the circular to be despatched to the LSD Shareholders.

PART (4): POSSIBLE VERY SUBSTANTIAL ACQUISITION, POSSIBLE CONNECTED TRANSACTIONS AND OTHER MATTERS OF LSG

40. Possible very substantial acquisition of LSG

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

41. Possible de minimis connected transactions of LSG

As at the Announcement Date, Dr. Peter Lam, a deputy chairman, an executive director and the ultimate controlling shareholder of LSG, and Mr. Lester Lam, an executive director of LSG and an LR associate of Dr. Peter Lam, are interested in certain eSun Shares, eSun Options and Lai Fung Options (other than through their respective interests in LSG and LSD). The maximum aggregate consideration for such interests under the Offers is approximately HK\$43.5 million. The making of the Offers to Dr. Peter Lam and Mr. Lester Lam constitutes a connected transaction for LSG under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio for LSG is more than 0.1% but less than 5%, the making of the Offers to Dr. Peter Lam and Mr. Lester Lam is a de minimis connected transaction subject to the reporting and announcement requirements but exempted from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As at the Announcement Date, Mr. FA Chew, a deputy chairman and an executive director of LSG, is interested in certain eSun Options, Lai Fung Shares and Lai Fung Options (other than through his interests in LSG and LSD). The maximum aggregate consideration for such interests under the Offers is approximately HK\$16.5 million. The making of the Offers to Mr. FA Chew constitutes a connected transaction for LSG under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio for LSG is more than 0.1% but less than 5%, the making of the Offers to Mr. FA Chew is a de minimis connected transaction subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

42. Possible connected transaction of LSG which is not de minimis

On the basis of the Yu Shareholders' disclosures of interests in eSun and Lai Fung as at the Announcement Date, the Yu Shareholders, being substantial shareholders of LSG, are interested in 136,052,000 eSun Shares (representing 9.12% of the total issued eSun Shares) and 22,881,036 Lai Fung Shares (representing 7.00% of the total issued Lai Fung Shares) (other than through their interests in LSG and LSD). The aggregate consideration for such interests under the Share Offers is approximately HK\$296.3 million. The making of the Share Offers to the Yu Shareholders constitutes a connected transaction for LSG under Chapter 14A of the Listing Rules. Based on the information available to LSG as at the Announcement Date, the highest applicable percentage ratio in respect of such connected transaction for LSG is more than 5%. On this basis, the making of the Share Offers to the Yu Shareholders is subject to the reporting, announcement and Non-Connected LSG Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

43. No other possible connected transaction of LSG

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

44. General meeting of LSG

A general meeting of LSG will be held to consider, and if thought fit, to approve (by way of separate resolutions) (a) the Offers as a very substantial acquisition and (b) the making of one or more of the Offers to any connected person of LSG which is a connected transaction subject to the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. A circular containing, amongst other things, details of the Offers is expected to be despatched to the LSG Shareholders on or about 23 July 2018 (as additional time is required to prepare the information in the circular).

As disclosed in section 38 "General meeting of LSD" above, Dr. Peter Lam's interests in eSun and Lai Fung are immaterial compared to Dr. Peter Lam's interests in LSG and LSD and Dr. Peter Lam's interest in the Offers is in alignment with the interest of the other LSG Shareholders. Accordingly, Dr. Peter Lam does not have a material interest in the Offers and will not be required to abstain from voting on the resolutions to be proposed at the general meeting of LSG for the approval of the Offers as a very substantial acquisition and the making of the Share Offers to the Yu Shareholders as a connected transaction which is subject to the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Dr. Peter Lam intends to exercise (or procure the exercise of) the voting rights attached to the LSG Shares in which he is interested in favour of such resolutions.

As at the Announcement Date, Mr. Lester Lam is interested in 12,283,938 LSG Shares (representing approximately 3.19% of the issued share capital of LSG). As at the Announcement Date, other than through his interests in LSG and LSD, Mr. Lester Lam is interested in 2,794,443 eSun Shares (representing approximately 0.19% of the issued share capital of eSun), 12,432,121 eSun Options (giving him the right to subscribe for approximately 0.82% of the enlarged share capital of eSun) and (other than through his interest in eSun) 3,219,182 Lai Fung Options (giving him the right to subscribe for approximately 0.95% of the enlarged share capital of Lai Fung). Such interests in eSun and Lai Fung are immaterial compared to Mr. Lester Lam's interests in LSG and LSD and Mr. Lester Lam's interest in the Offers is in alignment with the interest of the other LSG Shareholders. Accordingly, Mr. Lester Lam does not have a material interest in the Offers and will not be required to abstain from voting on the resolutions to be proposed at the general meeting of LSG for the approval of the Offers as a very substantial acquisition and the making of the Share Offers to the Yu Shareholders as a connected transaction which is subject to the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Lester Lam intends to exercise (or procure the exercise of) the voting rights attached to the LSG Shares in which he is interested in favour of such resolutions.

As disclosed in section 38 "General meeting of LSD" above, on the basis of the Yu Shareholders' interests in LSG, LSD, eSun and Lai Fung referred to above, their interests in eSun and Lai Fung (excluding those held through their interests in LSG and LSD) are material. On this basis, the Yu Shareholders have a material interest in the Offers and will be required to abstain from voting on the resolutions to be proposed at the general meeting of LSG for the approval of the Offers as a very substantial acquisition and the making of the Share Offers to the Yu Shareholders as a connected transaction which is subject to the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As disclosed in section 38 “General meeting of LSD” above, on the basis of Mr. FA Chew’s interests in LSG, LSD, eSun and Lai Fung referred to above, his interests in eSun and Lai Fung (excluding those held through his interests in LSG and LSD) are material. On this basis, Mr. FA Chew has a material interest in the Offers and will be required to abstain from voting on the resolution to be proposed at the general meeting of LSG for the approval of the Offers as a very substantial acquisition. For the avoidance of doubt, on the basis that Mr. FA Chew has no interest in the making of the Share Offers to the Yu Shareholders, he will not be required to abstain from voting on the resolution to be proposed at the general meeting of LSG for the approval of the making of the Share Offers to the Yu Shareholders as a connected transaction which is subject to the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

45. LSG Directors’ views

As disclosed in section 38 “General meeting of LSD” above and section 44 “General meeting of LSG” above, the interests of each of Dr. Peter Lam and Mr. Lester Lam in eSun and Lai Fung (other than through their respective interests in LSG and LSD) are immaterial. Each of Dr. Peter Lam and Mr. Lester Lam has declared such interests to the LSG Board in accordance with the articles of association of LSG and the Listing Rules and was not required to abstain (and did not abstain) from voting on the board resolutions of LSG approving the Offers.

Save for (a) Mr. FA Chew who was required to abstain from voting (and did abstain from voting) on the board resolutions of LSG approving the Offers because of his material interest in the Offers (disclosed in section 44 “General meeting of LSG”) and (b) members of the LSG Independent Board Committee (who will express their views after having received Red Sun’s advice in writing on the making of one or more of the Offers to any connected person of LSG which is a connected transaction subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules), the LSG Directors are of the view that the terms of the Offers are on normal commercial terms and fair and reasonable to, and in the interests of, LSG and the LSG Shareholders as a whole.

PART (5): GENERAL

46. Information on LSD, LSG and the Offeror

LSD was incorporated in Hong Kong with limited liability. The LSD Group is principally engaged in property investment, property development, investment in and operation of hotels and restaurants and investment holding.

LSG was incorporated in Hong Kong with limited liability. The LSG Group is principally engaged in property investment, property development, investment in and operation of hotels and restaurants and investment holding.

The Offeror was incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of LSD. The Offeror is engaged in investment holding.

As at the Announcement Date, (i) LSG is interested in 53.24% of the issued share capital of LSD and (ii) Dr. Peter Lam is interested in 41.87% of the issued share capital of LSG.

47. Information on the eSun Group

eSun is a company incorporated in Bermuda with limited liability. 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.

The unaudited consolidated net asset value attributable to owners of eSun as at 31 January 2018 was approximately HK\$9,780.7 million.

The consolidated audited net profit before and after taxation and tax indemnity of eSun for the two financial years ended 31 July 2017 and 2016 are as follows:

	For the financial year ended 31 July	
	2017 HK\$'000	2016 HK\$'000
Net profit before tax and tax indemnity	1,106,540	718,532
Net profit after tax and tax indemnity	1,027,214	313,006

48. Information on the Lai Fung Group

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

The unaudited consolidated net asset value attributable to owners of Lai Fung as at 31 January 2018 was approximately HK\$16,130.4 million.

The consolidated audited net profit before and after taxation and tax indemnity of Lai Fung for the last two financial years ended 31 July 2017 and 2016 are as follows:

	For the financial year ended 31 July	
	2017 HK\$'000	2016 HK\$'000
Net profit before tax and tax indemnity	1,652,804	1,285,585
Net profit after tax and tax indemnity	1,590,584	897,422

49. Reasons for and benefits of the Offers

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

For holders of the eSun Offer Shares

An opportunity to monetise eSun Shares without adversely affecting the market price

In light of the low liquidity of eSun Shares (an average of approximately 1.1 million shares or 0.07% of the total issued share capital of eSun per day during the one-year period ended on and including the Last Trading Date), it would be difficult for a significant number of the eSun Offer Shares to be sold in the market without adversely affecting the market price of eSun Shares. The eSun Share Offer affords the holders of eSun Offer Shares the opportunity to realise their investments in eSun without such difficulty.

For eSun

The making of the eSun Offers affirms LSD's confidence in and commitment to the eSun Group.

As disclosed above, if the Offeror is permitted to do so under the Companies Act and the Takeovers Code, the Offeror will exercise the powers of compulsory acquisition under Section 102(1) or Section 103(1) of the Companies Act, following which eSun will be delisted and become a wholly-owned subsidiary of LSD. This would enable eSun to enjoy cost savings through dispensing with the costs associated with compliance with eSun's obligations as a listed company and maintaining the listing of eSun and allow it to focus more of its resources on business operations.

For LSG and LSD

(a) An opportunity to increase shareholding in the eSun Group

LSG and LSD are confident in the long term prospects of the eSun Group's business, in particular, the Lai Fung Group's property business in the PRC, and intend to increase their interests in the eSun Group on terms they consider to be in the long term interests of their respective shareholders. The eSun Share Offer Price represents a discount of approximately 80.2% to the unaudited consolidated net asset value attributable to owners per eSun Share of approximately HK\$6.56 as at 31 January 2018, based on the total number of issued eSun Shares as at 31 January 2018. Save for certain directors who have abstained or have not yet expressed their views as disclosed in sections 39 and 45 above, the LSG Board and the LSD Board consider the eSun Share Offer Price to be on normal commercial term and fair and reasonable to, and in the interest of, LSG and LSD, respectively.

(b) Financial effect of the consolidation of the eSun Group on LSG and LSD

If the eSun Share Offer becomes unconditional, it will result in the consolidation of the financial results of eSun Group (which is currently accounted for in the financial statements of LSD as an associate) in the financial statements of LSD (which is already consolidated in the financial statements of LSG). Had the eSun Share Offer been completed on 1 August 2016 (being the commencement date of the most recently completed financial year of LSG and LSD), this would have resulted in a gain for each of LSG and LSD on a pro forma basis for the financial year ended 31 July 2017. Further details of the financial effect of the completion of the eSun Share Offer on LSG and LSD will be provided in the pro forma financial information to be included in the circular to be issued by LSG and LSD.

(c) Streamlined corporate structure in the event that eSun is delisted

As disclosed above, if the Offeror is permitted to do so under the Companies Act and the Takeovers Code, the Offeror will exercise the powers of compulsory acquisition under Section 102(1) or Section 103(1) of the Companies Act, following which eSun will be delisted and become a wholly-owned subsidiary of LSD. This would enable LSD and LSG to streamline their respective corporate structures further.

50. Intentions of LSD with regard to the eSun Group

LSD intends to continue with the existing businesses of the eSun Group upon completion of the Offers and, subject to market conditions, may potentially explore various opportunities to further develop the existing businesses of the eSun Group. LSD may also from time to time consider the need to fund such further development by debt and/or equity financing by the eSun Group, subject to the eSun Group's business needs and prevailing market conditions. It is also the current intention of LSD that the employment of the existing employees of the eSun Group and the directorship of the existing directors of the eSun Group will be continued following completion of the Offers except for changes which may occur in the ordinary course of business.

51. Confirmation of financial resources

Based on the assumptions set out in section 7 "Value of the eSun Offers" and section 23 "Value of the Lai Fung Offers" and taking into account the buyer's ad valorem stamp duty payable by the Offeror (on the basis of the market value of the relevant shares being their respective closing prices on 24 May 2018), the maximum amount of cash required to implement the Offers would be approximately HK\$2,166.0 million.

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

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

52. No chain principle offer for MAGHL

MAGHL, a company listed on the GEM of the Stock Exchange, is a subsidiary of eSun. If the eSun Offers become unconditional in all respects, the Offeror will acquire statutory control of MAGHL through its interest in eSun. The Offeror will not be obliged under the chain principle in Note 8 to Rule 26.1 of the Takeovers Code to make a general offer for MAGHL as a result of the eSun Share Offer because: (i) the holding of eSun in MAGHL is not significant in relation to eSun, given that the relative value of the holding in MAGHL as compared to eSun is less than 60% in terms of assets and profits; and (ii) the purposes of the Offers from the perspective of LSG and LSD, which are set out in the paragraphs headed “For LSG and LSD” in section 49 “Reasons for and benefits of the Offers” above, are not to secure control of MAGHL. Accordingly, the eSun Share Offer will not result in any offer for MAGHL.

53. Taxation and independent advice

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

54. Dealings disclosure

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

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

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

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

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

DEFINITIONS

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

“Announcement Date”	means 27 May 2018, being the date of this joint announcement;
“associate”	has the meaning ascribed to it under the Takeovers Code;
“close associates”	has the meaning ascribed to it under the Listing Rules;
“Companies Act”	means the Companies Act 1981 of Bermuda;
“Companies Ordinance”	means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Conditions”	means the conditions to the eSun Share Offer, as set out under the section 6 “Conditions to the eSun Offers”;
“disclosures of interests”	means disclosures of interests pursuant to Part XV of the SFO;
“Disinterested eSun Shareholders”	means the holders of the Disinterested eSun Shares. For the avoidance of doubt, the Disinterested eSun Shareholders include (1) any member of the HSBC Group in respect of eSun Shares of its non-discretionary investment clients where such client (a) has control over whether to tender acceptances to the eSun Share Offer in respect of those eSun Shares, (b) if acceptances of the eSun Share Offer in respect of those eSun Shares are to be tendered, gives instructions to tender them, and (c) is not the Offeror, LSD or any of the other Offeror Concert Parties, (2) the Yu Shareholders and (3) SAIF Partners;
“Disinterested eSun Shares”	means eSun Shares other than those owned by the Offeror or any of the Offeror Concert Parties;
“Disinterested Lai Fung Shareholders”	means the holders of the Disinterested Lai Fung Shares. For the avoidance of doubt, the Disinterested Lai Fung Shareholders include (1) any member of the HSBC Group in respect of Lai Fung Shares of its non-discretionary investment clients where such client (a) has control over whether to tender acceptances to the Lai Fung Share Offer in respect of those Lai Fung Shares, (b) if acceptances of the Lai Fung Share Offer in respect of those Lai Fung Shares are to be tendered, gives instructions to tender them, and (c) is not the Offeror, LSD or any of the other Offeror Concert Parties and (2) the Yu Shareholders;
“Disinterested Lai Fung Shares”	means Lai Fung Shares other than those owned by the Offeror or any of the Offeror Concert Parties;

“Dr. Peter Lam”	means Dr. Lam Kin Ngok, Peter, an Offeror Director, a deputy chairman and an executive director of LSG, the chairman and an executive director of LSD, the chairman and an executive director of MAGHL and the ultimate controlling shareholder of LSG, LSD and the Offeror;
“Encumbrance”	means any mortgage, charge, pledge, lien, equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase sale-and-leaseback arrangement, rights of pre-emption or any other third party rights of any nature or any agreement for any of the same;
“eSun”	means eSun Holdings Limited (豐德麗控股有限公司), a 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”	means the board of eSun Directors;
“eSun Composite Document”	means the composite offer and response document to be issued by or on behalf of the Offeror and eSun to the eSun Shareholders and the eSun Optionholders in accordance with the Takeovers Code in relation to the eSun Offers;
“eSun Directors”	means the directors of eSun;
“eSun Group”	means eSun and its subsidiaries (including, for the avoidance of doubt, the Lai Fung Group);
“eSun Independent Board Committee”	means the independent board committee of eSun established by the eSun Board to make a recommendation to the Disinterested eSun Shareholders and the eSun Optionholders in respect of the eSun Share Offer and eSun Option Offer, respectively;
“eSun Offer Shares”	means the eSun Shares which are subject to the eSun Share Offer;
“eSun Offers”	means the eSun Share Offer and the eSun Option Offer;
“eSun Option Offer Price”	means in relation to any eSun Option, the price at which the eSun Option Offer will be made;
“eSun Option Offer”	means the offer to be made by HSBC on behalf of the Offeror to the eSun Optionholders in compliance with Rule 13 of the Takeovers Code to cancel all the eSun Options;
“eSun Optionholders”	means the holders of the eSun Options;

“eSun Options”	means the share options, each relating to one eSun Share, granted and outstanding under the eSun Share Option Schemes from time to time, whether such options vested or not;
“eSun Share Offer Closing Date”	means the date to be stated in the eSun Composite Document as the first offer closing date of the eSun Share Offer or any subsequent offer closing date in the event that the eSun Share Offer is extended or revised in accordance with the Takeovers Code;
“eSun Share Offer Price”	means HK\$1.30 per eSun Share;
“eSun Share Offer”	means the conditional voluntary general cash offer to be made by HSBC on behalf of the Offeror to acquire all of the issued eSun Shares (other than those already owned or agreed to be acquired by LSD, the Offeror or their respective subsidiaries);
“eSun Share Option Schemes”	means the share option schemes adopted by eSun on 23 December 2005 and 11 December 2015, respectively;
“eSun Shareholders”	means the holders of the eSun Shares;
“eSun Shares”	means the shares in the capital of eSun;
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“HSBC”	means The Hongkong and Shanghai Banking Corporation Limited, being the financial adviser to LSD and the Offeror in relation to the Offers, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong);
“HSBC Group”	HSBC and persons controlling, controlled by or under the same control as HSBC;

“Independent LSD Shareholders”	means the LSD Shareholders other than (a) the Yu Shareholders, Mr. FA Chew and Mr. Julius Lau, who, on the basis of their disclosures of interests in LSG, LSD, eSun and Lai Fung as at the Announcement Date, will be required under the Listing Rules to abstain from voting on the resolution to be proposed at the general meeting of LSD to approve the Offers as a very substantial acquisition, and their respective close associates and (b) any other LSD Shareholder who has a material interest in such very substantial acquisition and will be required under the Listing Rules to abstain from voting on the same resolution and his close associates. As at the Announcement Date, the LSD Board is not aware of any LSD Shareholder falling within (b) of this definition. For the avoidance of doubt, the Independent LSD Shareholders include LSG, Dr. Peter Lam and Mr. Lester Lam;
“Independent LSG Shareholders”	means the LSG Shareholders other than (a) the Yu Shareholders and Mr. FA Chew, who, on the basis of their disclosures of interests in LSG, LSD, eSun and Lai Fung as at the Announcement Date, will be required under the Listing Rules to abstain from voting on the resolution to be approved at the general meeting of LSG to approve the Offers as a very substantial acquisition, and their respective close associates and (b) any other LSG Shareholders who will be required under the Listing Rules to abstain from voting on the same resolution and his close associates. As at the Announcement Date, the LSG Board is not aware of any LSG Shareholder falling within (b) of this definition. For the avoidance of doubt, the Independent LSG Shareholders include Dr. Peter Lam and Mr. Lester Lam;
“Lai Fung”	means Lai Fung Holdings Limited (麗豐控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1125);
“Lai Fung Board”	means the board of Lai Fung Directors;
“Lai Fung Composite Document”	means the composite offer and response document to be issued by or on behalf of the Offeror and Lai Fung to the Lai Fung Shareholders and the Lai Fung Optionholders in accordance with the Takeovers Code in relation to the Lai Fung Offers;
“Lai Fung Directors”	means the directors of Lai Fung;
“Lai Fung Group”	means Lai Fung and its subsidiaries;
“Lai Fung Independent Board Committee”	means the independent board committee of Lai Fung established by the Lai Fung Board to make a recommendation to the Disinterested Lai Fung Shareholders and the Lai Fung Optionholders in respect of the Lai Fung Share Offer and Lai Fung Option Offer, respectively;

“Lai Fung Offer Shares”	means the Lai Fung Shares which are subject to the Lai Fung Share Offer;
“Lai Fung Offers”	means the Lai Fung Share Offer and the Lai Fung Option Offer;
“Lai Fung Option Offer”	means the possible offer to be made by HSBC on behalf of the Offeror to the Lai Fung Optionholders in compliance with Rule 13 of the Takeovers Code to cancel all the Lai Fung Options;
“Lai Fung Option Offer Price”	means, in relation to any Lai Fung Option, the price at which the Lai Fung Option Offer will be made;
“Lai Fung Optionholders”	means the holders of the Lai Fung Options;
“Lai Fung Options”	means the share options, each relating to one Lai Fung Share, granted and outstanding under the Lai Fung Share Option Schemes from time to time, whether such options vested or not;
“Lai Fung Share Offer Closing Date”	means the date to be stated in the Lai Fung Composite Document as the first offer closing date of the Lai Fung Share Offer or any subsequent offer closing date in the event that the Lai Fung Share Offer is extended or revised in accordance with the Takeovers Code;
“Lai Fung Share Offer Price”	means HK\$5.22 per Lai Fung Share;
“Lai Fung Share Offer”	means the possible unconditional mandatory general cash offer to be made by HSBC on behalf of the Offeror to acquire all of the Lai Fung Shares (other than those already owned or agreed to be acquired by LSD, the Offeror, eSun or their respective subsidiaries);
“Lai Fung Share Option Schemes”	means the share option schemes adopted by Lai Fung on 21 August 2003 and 18 December 2012, respectively;
“Lai Fung Shareholders”	means the holders of the Lai Fung Shares;
“Lai Fung Shares”	means the shares in the capital of Lai Fung;
“Last Trading Date”	means 25 May 2018, being the last trading day prior to the publication of this joint announcement;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“LR associate”	has the meaning ascribed to “associate” under Chapter 14A of the Listing Rules;

“LSD”	means Lai Sun Development Company Limited (麗新發展有限公司), a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488);
“LSD Board”	means the board of LSD Directors;
“LSD Directors”	means the directors of LSD;
“LSD Group”	means LSD and its subsidiaries;
“LSD Independent Board Committee”	means the independent board committee of LSD established by the LSD Board pursuant to the Listing Rules to make a recommendation to the Non-Connected LSD Shareholders in respect of the making of one or more of the Offers to any connected person of LSD which is a connected transaction of LSD subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. Such independent board committee comprises all the independent non-executive LSD Directors;
“LSD Shareholders”	means the holders of the LSD Shares;
“LSD Shares”	means the shares in the capital of LSD;
“LSG”	means Lai Sun Garment (International) Limited (麗新製衣國際有限公司), a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 191);
“LSG Board”	means the board of LSG Directors;
“LSG Directors”	means the directors of LSG;
“LSG Group”	means LSG and its subsidiaries (including, for the avoidance of doubt, the LSD Group);
“LSG Independent Board Committee”	means the independent board committee of LSG established by the LSG Board pursuant to the Listing Rules to make a recommendation to the Non-Connected LSG Shareholders in respect of the making of one or more of the Offers to any connected person of LSG which is a connected transaction of LSG subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. Such independent board committee comprises all the independent non-executive LSG Directors;
“LSG Shareholders”	means the holders of the LSG Shares;
“LSG Shares”	means the shares in the capital of LSG;

- “Madam U”** means Madam U Po Chu, an executive director of LSG and Lai Fung, a non-executive director of LSD and eSun and Dr. Peter Lam’s mother;
- “MAGHL”** means Media Asia Group Holdings Limited (寰亞傳媒集團有限公司), an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed and traded on the GEM of the Stock Exchange (Stock Code: 8075);
- “Mr. FA Chew”** means Mr. Chew Fook Aun, an Offeror Director, a deputy chairman and an executive director of LSG, the deputy chairman and an executive director of LSD, an executive director of eSun and an executive director and the chairman of Lai Fung;
- “Mr. Julius Lau”** means Mr. Lau Shu Yan, Julius, an Offeror Director and the chief executive officer and an executive director of LSD;
- “Mr. Lam Bing Kwan”** means Mr. Lam Bing Kwan, an independent non-executive director of LSG, LSD and Lai Fung;
- “Mr. Lester Lam”** means Mr. Lam Hau Yin, Lester, an Offeror Director, an executive director of LSG, an executive director of LSD, an executive director of eSun and the chief executive officer and an executive director of Lai Fung;
- “Non-Connected LSD Shareholders”** means, in respect of the making of one or more of the Offers to any connected person of LSD which is a connected transaction of LSD subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules, the LSD Shareholders other than (a) such connected person and his LR associates and (b) any other LSD Shareholder who has a material interest in such connected transaction and will be required under the Listing Rules to abstain from voting on the resolution to be proposed at the general meeting of LSD to approve such connected transaction. On the basis of their disclosures of interests in LSG, LSD, eSun and Lai Fung as at the Announcement Date, the making of the Share Offers to the Yu Shareholders is such connected transaction and the Yu Shareholders and their LR associates fall within (a) of this definition in respect of such connected transaction. As at the Announcement Date, the LSD Board is not aware of any LSD Shareholder falling within (b) of this definition in respect of such connected transaction;

“Non-Connected LSG Shareholders”	means, in respect of the making of one or more of the Offers to any connected person of LSG which is a connected transaction of LSG subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules, the LSG Shareholders other than (a) such connected person and his LR associates and (b) any other LSG Shareholder who has a material interest in such connected transaction and will be required under the Listing Rules to abstain from voting on the resolution to be proposed at the general meeting of LSG to approve such connected transaction. On the basis of their disclosures of interests in LSG, the making of the Share Offers to the Yu Shareholders is such connected transaction and the Yu Shareholders and their LR associates fall within (a) of this definition in respect of such connected transaction. As at the Announcement Date, the LSG Board is not aware of any LSG Shareholder falling within (b) of this definition in respect of such connected transaction;
“notice of compulsory acquisition”	means any notice of compulsory acquisition given pursuant to Section 102(1) or Section 103(1) of the Companies Act;
“Offeror”	means Transtrend Holdings Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of LSD;
“Offeror Board”	means the board of directors of the Offeror;
“Offeror Concert Parties”	means the parties acting in concert with the Offeror, as determined in accordance with the Takeovers Code (except for members of the HSBC Group which are exempt principal traders and/or exempt fund managers in their capacity as such, in each case recognised by the Executive as such for the purposes of the Takeovers Code), including, from the avoidance of doubt, (a) LSD, being the sole shareholder of the Offeror, (b) LSG, being a holding company of LSD, and (c) Dr. Peter Lam, being their ultimate controlling shareholder;
“Offeror Directors”	means the directors of the Offeror;
“Offers”	means the eSun Offers and the Lai Fung Offers;
“PRC”	means the People’s Republic of China (for the purpose of this joint announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan);
“public”	has the meaning ascribed to it under the Listing Rules;
“Red Sun”	means Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO;
“SAIF Partners”	means SAIF Partners IV LP, which is indirectly controlled by Mr. Andrew Y. Yan, a non-executive director of eSun;

“SFC”	means the Securities and Futures Commission;
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“Share Offers”	means the eSun Share Offer and the Lai Fung Share Offer;
“statutory control”	has the meaning ascribed to it under the Takeovers Code;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to it under the Listing Rules;
“Takeovers Code”	means the Hong Kong Code on Takeovers and Mergers;
“United States”, “U.S.” or “USA”	means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
“U.S. Exchange Act”	means the U.S. Securities Exchange Act of 1934, as amended;
“Yu Shareholders”	means Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk; and
“%”	means per cent.

By order of the board

Lai Sun Garment (International) Limited

Chew Fook Aun

Executive Director and Deputy Chairman

By order of the board

eSun Holdings Limited

Lui Siu Tsuen, Richard

Executive Director and Chief Executive Officer

By order of the board

Lai Sun Development Company Limited

Lau Shu Yan, Julius

Executive Director and Chief Executive Officer

By order of the board

Lai Fung Holdings Limited

Chew Fook Aun

Chairman

By order of the board

Transtrend Holdings Limited

Chew Fook Aun

Director

Hong Kong, 27 May 2018

As at the Announcement Date:

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

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

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

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

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

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