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## LAI FUNG HOLDINGS

Lai Fung Holdings Limited  
(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 1125)

### **CONNECTED TRANSACTION Acquisition of Shareholding and Loan Interests in Favor Move**

On 21 December 2012, the Vendor and the Purchaser entered into the SPA, pursuant to which on the same date, the Vendor has sold, and the Purchaser has purchased, the Sale Share and all the rights attached thereto, together with the shareholder's loan advanced to Favor Move. The total consideration received by the Vendor was approximately HK\$120.2 million. The Vendor is an indirect wholly-owned subsidiary of eSun and the Purchaser is an indirect wholly-owned subsidiary of the Company. On Completion, Favor Move became an indirect wholly-owned subsidiary of the Company.

As the Company has been accounted for and consolidated in the consolidated financial statements of eSun as a subsidiary, Favor Move remains an indirect subsidiary of eSun, though non wholly-owned, as a result of the Transaction. Further, as eSun is the ultimate holding company of the Company, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As all of the applicable Percentage Ratios in respect of the Transaction for the Company are less than 5%, the Transaction is subject to the reporting and announcement requirements only.

The Board is pleased to announce that the SPA has been entered into and its principal terms are as follows:

#### **PRINCIPAL TERMS OF THE SPA**

Date: 21 December 2012

Parties:

- (a) Vendor: Eternal Glamorous Limited (an indirect wholly-owned subsidiary of eSun)
- (b) Purchaser: Goldthorpe Limited (an indirect wholly-owned subsidiary of the Company)

eSun is the ultimate holding company of the Company and indirectly beneficially owns 7,949,276,422 Shares, representing approximately 49.39% of the total issued Shares as at the date of this announcement. Therefore, eSun is a connected person of the Company under the Listing Rules.

## **The Transaction**

Pursuant to the SPA which was signed and completed on the same day, the Vendor has sold, and the Purchaser has purchased, the Sale Share and all the rights attached thereto, together with the shareholder's loan advanced to Favor Move. On Completion, Favor Move became an indirect wholly-owned subsidiary of the Company. As the Company has been accounted for and consolidated in the consolidated financial statements of eSun as a subsidiary, Favor Move remains an indirect subsidiary of eSun, though non-wholly owned, after completion of the Transaction.

## **Consideration**

The Consideration received by the Vendor under the SPA was approximately HK\$120.2 million. The Consideration was arrived at after arm's length negotiations between the parties with reference to the consolidated net assets of Favor Move as at 10 December 2012 (before deducting the shareholder's loan acquired by the Purchaser under the SPA), which comprised cash and bank balances, fixed assets, prepaid expenses and other receivables totalling approximately HK\$123.5 million, and has been adjusted by accruals and other payables of approximately HK\$3.3 million. Payment has been made by way of a cashier's order. The Consideration has been funded by the internal resources of the Group.

## **Completion**

As stated earlier, completion of the Transaction has taken place simultaneously with the execution of the SPA on 21 December 2012.

## **FINANCIAL INFORMATION OF FAVOR MOVE**

The consolidated net loss before taxation and after taxation of Favor Move attributable to the audited consolidated income statement of the eSun Group for the year ended 31 July 2012 was approximately HK\$7.7 million. The consolidated net profit before taxation and after taxation of Favor Move attributable to the audited consolidated income statement of the eSun Group for the seven months ended 31 July 2011 were approximately HK\$0.02 million and HK\$0.02 million, respectively.

The consolidated net liabilities of Favor Move attributable to the audited consolidated statement of financial position of the eSun Group after deducting the total amount owed by Favor Move to the eSun Group as at 31 July 2012 were approximately HK\$8.0 million. As at 31 July 2012, the total amount owed by Favor Move to the eSun Group was approximately HK\$128.5 million.

## **REASONS FOR AND BENEFITS OF THE SPA**

Reference is made to: (a) the joint announcement issued by eSun and the Company on 16 September 2011 describing the co-operation agreement entered into between eSun, the Company and the Hengqin New District Management Committee on 16 September 2011, pursuant to which eSun and the Company agreed to jointly invest in and develop the proposed project in the Hengqin Culture and Creative Zone ("**Hengqin Project**"); and (b) the approval of the Deed of Conditional Waiver which contains certain conditions, including without limitation, the condition that any waiver to be provided by the Company shall be subject to the Company being the lead manager and the largest stakeholder in any projects in the PRC to be co-developed with any other members of the Lai Sun Group.

Based on the above events and the rationale of the Deed of Conditional Waiver, the Directors are of the view that it would be more appropriate for the Company to take control of the corporate vehicles established in respect of the Hengqin Project; accordingly, the Company has reached agreement with eSun to acquire Favor Move from eSun. The proposed Hengqin Project, to be developed in phases, will be focused on cultural and creative elements. Therefore, the Company will, where appropriate, involve relevant members of the Lai Sun Group with the necessary business expertise to jointly participate in the proposed development of the Hengqin Project in accordance with the conditions set out in the Deed of Conditional Waiver.

As mentioned, eSun will continue to maintain an indirect interest in Favor Move through the Company.

The Directors (including the independent non-executive Directors but excluding Mr. Chew Fook Aun, Mr. Lam Hau Yin, Lester and Madam U Po Chu, who are also directors of eSun and had therefore abstained from voting on the relevant resolutions) are of the opinion that the terms and conditions of the SPA are on normal commercial terms, are fair and reasonable and are in the interests of the Company and its shareholders as a whole, and approved the relevant resolutions on 17 December 2012.

## **LISTING RULES IMPLICATIONS**

eSun is the ultimate holding company of the Company and is therefore a connected person of the Company. Accordingly, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As all of the applicable Percentage Ratios in respect of the SPA are less than 5%, the Transaction is subject to the reporting and announcement requirements only.

## **GENERAL**

The Company is an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activity of the Company is investment holdings. The principal activities of the Group include property development for sale and property investment for rental purposes in the PRC.

eSun is an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. eSun acts as an investment holding company and the principal activities of its subsidiaries include the development and operation of and investment in media, entertainment, music production and distribution, the investment in and production and distribution of television programs, film and video format products, the provision of advertising agency services, the sale of cosmetic products and property development and investment. As at the date of this announcement, eSun owns approximately 49.39% of the total issued Shares.

Favor Move is a company incorporated in the British Virgin Islands with limited liability on 6 June 2007. Its principal business activity is investment holding and its principal asset is its indirect interest in Hengqin Xinyi, which has a registered and paid up capital of RMB100 million.

## DEFINITIONS

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

“Board”	the board of Directors;
“BVI”	the British Virgin Islands;
“Company”	Lai Fung Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and registered in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance, Cap. 32 of the laws of Hong Kong, and the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1125);
“Completion”	completion of the SPA;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration of approximately HK\$120.2 million payable by the Purchaser to the Vendor or its nominee(s) under the SPA by way of a cashier’s order;
“Deed of Conditional Waiver”	the deed of conditional waiver executed by the Company on 30 October 2012, the details of which are summarised in the announcement of the Company dated 30 October 2012, and was approved by the independent shareholders of the Company at its extraordinary general meeting held on 18 December 2012;
“Directors”	the directors of the Company;
“eSun”	eSun Holdings Limited, an exempted company incorporated in Bermuda with limited liability and registered in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance, Cap. 32 of the laws of Hong Kong, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571);
“eSun Group”	eSun and its subsidiaries other than the Group;
“Favor Move”	Favor Move Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Vendor;
“Group”	the Company and its subsidiaries;
“Hengqin Xingyi”	橫琴星藝文創天地有限公司 (Hengqin Xingyi Wenchuang Tiandi Company Limited*), a limited company validly existing and established under the laws of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“holding company”	shall have the meaning ascribed to it under the Listing Rules;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Lai Sun Group”	the Lai Sun group of companies comprising eSun, Lai Sun Garment (International) Limited (Stock Code: 191, the issued shares of which are listed and traded on the Main Board of the Stock Exchange), Lai Sun Development Company Limited (Stock Code: 488, the issued shares of which are listed and traded on the Main Board of the Stock Exchange), Media Asia Group Holdings Limited (Stock Code: 8075, the issued shares of which are listed and traded on the Growth Enterprise Market of the Stock Exchange) and the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macau Special Administrative Region of the PRC;
“Percentage Ratios”	the percentage ratios as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong and Macau;
“Purchaser”	Goldthorpe Limited, an exempted company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Share”	the 1 ordinary share of US\$1, representing the entire issued share capital of Favor Move and all the rights attached thereto;
“Shares”	the ordinary shares of HK\$0.10 each in the share capital of the Company;
“SPA”	the agreement entered into between the Vendor and Purchaser on 21 December 2012 relating to the sale and purchase of the Sale Share and all the rights attached thereto and the shareholder’s loan;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to it under the Listing Rules or Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards and Interpretations), depending on the context;
“Transaction”	the transaction contemplated under the SPA;
“US\$”	United States Dollars, the lawful currency of the United States;
“Vendor”	Eternal Glamorous Limited, an exempted company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of eSun; and

“%” per cent.

*(\*Denotes an English translation of a Chinese name for identification purpose only.)*

By Order of the Board  
**Lai Fung Holdings Limited**  
**Kwok Siu Man**  
Company Secretary

Hong Kong, 21 December 2012

*As at the date of this announcement, the 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. Lau Shu Yan, Julius and Mr. Cheng Shin How; two Non-executive Directors, namely Mr. Leow Juan Thong, Jason and Mr. Lucas Ignatius Loh Jen Yuh (also alternate to Mr. Leow Juan Thong, Jason); 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.*