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**LAI SUN GARMENT**

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

**(Stock Code: 191)**



**LAI SUN DEVELOPMENT**

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

**(Stock Code: 488)**



**eSun Holdings Limited**

(Incorporated in Bermuda with limited liability)

**(Stock Code: 571)**



**LAI FUNG HOLDINGS**

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

**(Stock Code: 1125)**

## **JOINT ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS**

### **TERMINATION OF THE ZHONGSHAN MAY FLOWER CINEMA LEASE**

References are made to:

- (i) the joint announcement issued by LSG, LSD, eSun and Lai Fung dated 31 July 2020 (“**2020 Joint Announcement**”) in connection with, inter alia, the Zhongshan May Flower Cinema Lease entered into between Zhongshan Baoli, an indirect wholly-owned subsidiary of Lai Fung, and Guangdong Cinema City, an indirect wholly-owned subsidiary of eSun, for the continuing connected transactions in connection with, inter alia, the lease of certain premises (“**Premises**”) in Zhongshan Palm Spring for operation of Zhongshan May Flower Cinema from 1 November 2015 to 31 October 2030 (both days inclusive) and the annual caps of the May Flower Cinema Leases; and
- (ii) the joint announcement issued by LSG, LSD, eSun and Lai Fung dated 15 September 2022 in connection with, inter alia, the revision of annual caps of each of Guangdong Cinema City and Zhongshan Baoli under the Zhongshan May Flower Cinema Lease.

Unless otherwise defined herein, capitalised terms used in this joint announcement shall have the same meanings as those defined in the 2020 Joint Announcement.

## **TERMINATION OF THE ZHONGSHAN MAY FLOWER CINEMA LEASE**

On 8 February 2024, Zhongshan Baoli and Guangdong Cinema City entered into a termination agreement (“**Termination Agreement**”) to terminate the Zhongshan May Flower Cinema Lease in advance with effect from 29 February 2024 (“**Termination Date**”).

Under the terms of the Termination Agreement, Guangdong Cinema City shall, inter alia, settle all arrears at an agreed amount on or before the Termination Date, and return to Zhongshan Baoli the Premises of Zhongshan May Flower Cinema on the Termination Date and the remainder of approximately 50 square meters office space on 30 June 2024. Guangdong Cinema City shall, inter alia, apply to the relevant government department(s) for the deregistration of the operating licences of the Zhongshan May Flower Cinema on or before 30 June 2024. Save for the above, neither Zhongshan Baoli nor Guangdong Cinema City is required to make any termination payment to each other.

In accordance with HKFRS 16, the eSun Group has recognised a right-of-use asset in respect of the Zhongshan May Flower Cinema Lease, which was measured at the present value of the total base rent payable in the remainder of the term of the Zhongshan May Flower Cinema Lease, discounted using an incremental borrowing rate and is depreciated over the remainder of the term less accumulated impairment loss. As at the date of this joint announcement, the carrying amount of right-of-use asset in respect of the Zhongshan May Flower Cinema Lease is nil. Thus, the entering into of the Termination Agreement will not result in any decrease in the carrying amount of right-of-use asset recognised by the eSun Group.

## **LISTING RULES IMPLICATIONS**

The Listing Rules implications of the Termination Agreement and the transactions contemplated under it are summarised below.

### **1. LSG**

The Yu Shareholders are substantial shareholders of LSG, and hence connected persons of LSG at the issuer level under Chapter 14A of the Listing Rules. On the basis of the Yu Shareholders’ latest disclosures of interests in LSD, the Yu Shareholders are interested in 276,926,400 LSD shares (representing approximately 19.05% of the total issued shares of LSD) (other than through their interests in LSG). LSD is therefore a connected subsidiary of LSG and hence a connected person of LSG under Chapter 14A of the Listing Rules.

On the basis of the Yu Shareholders’ latest disclosures of interests in Lai Fung, the Yu Shareholders are interested in 33,161,037 Lai Fung shares (representing approximately 10.02% of the total issued shares of Lai Fung) (other than through their interests in LSG and LSD). Lai Fung is therefore a connected subsidiary of LSG and hence a connected person of each of LSG and LSD under Chapter 14A of the Listing Rules.

eSun is a subsidiary of LSD (a connected subsidiary of LSG) and is therefore a connected subsidiary of LSG and hence a connected person of LSG under Chapter 14A of the Listing Rules.

## **2. LSD**

LSG is the holding company of LSD and hence a connected person of LSD under Chapter 14A of the Listing Rules.

The Yu Shareholders are substantial shareholders of LSD and hence connected persons of LSD under Chapter 14A of the Listing Rules. On the basis of the Yu Shareholders' latest disclosures of interests in Lai Fung, the Yu Shareholders are interested in 33,161,037 Lai Fung shares (representing approximately 10.02% of the total issued shares of Lai Fung) (other than through their interests in LSG and LSD). Lai Fung is therefore a connected subsidiary of LSD and hence a connected person of LSD under Chapter 14A of the Listing Rules.

## **3. eSun**

LSG and LSD are holding companies of eSun and hence connected persons of eSun under Chapter 14A of the Listing Rules. Lai Fung is a subsidiary of LSD (a controlling shareholder of eSun), and hence a connected person of eSun under Chapter 14A of the Listing Rules.

## **4. Lai Fung**

LSG and LSD are holding companies of Lai Fung and hence connected persons of Lai Fung under Chapter 14A of the Listing Rules. eSun is a subsidiary of LSD (a controlling shareholder of Lai Fung), and hence a connected person of Lai Fung under Chapter 14A of the Listing Rules.

As the transactions contemplated under the Zhongshan May Flower Cinema Lease constituted continuing connected transactions of each of LSG, LSD, eSun and Lai Fung under Chapter 14A of the Listing Rules, the termination of the Zhongshan May Flower Cinema Lease is subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TERMINATION AGREEMENT**

Zhongshan Palm Spring, where the Premises is located, is a residential-cum-commercial project developed by the Lai Fung Group. It is situated in Caihong Planning Area, Western District of Zhongshan. The project comprises high-rise residential towers, townhouses and commercial blocks. Zhongshan Palm Spring Rainbow Mall is the commercial portion of Zhongshan Palm Spring.

In view of the challenging market condition and economic uncertainty in Mainland China, the eSun Group has decided to discontinue its business and cinema operation in Zhongshan Palm Spring. The Lai Fung Group will take this opportunity to refine the tenant mix of its major rental property in Zhongshan to ensure stability of rental income. Therefore, Guangdong Cinema City and Zhongshan Baoli have agreed to enter into the Termination Agreement to early terminate the Zhongshan May Flower Cinema Lease.

The directors (including the independent non-executive directors) of each of LSG, LSD, eSun and Lai Fung believe that the Termination Agreement is (i) in the ordinary and usual course of business of its group; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interests of his/her company and its shareholders as a whole.

None of the directors of LSG, LSD, eSun or Lai Fung had any material interest in the Termination Agreement.

## **GENERAL**

LSG is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activities of the LSG Group include property investment, property development, investment in and operation of hotels and restaurants, production and distribution of films and TV programs, music production and publishing, management and production of concerts, artiste management, cinema operation, cultural, leisure, entertainment and related facilities and investment holding. LSG owns approximately 55.60% of the total issued shares of LSD as at the date of this joint announcement. LSG's ultimate controlling shareholder is Dr. Peter Lam.

LSD is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activities of the LSD Group include property investment, property development, investment in and operation of hotels and restaurants, production and distribution of films and TV programs, music production and publishing, management and production of concerts, artiste management, cinema operation, cultural, leisure, entertainment and related facilities and investment holding. LSD owns approximately 63.40% of the total issued shares of eSun and approximately 55.08% of the total issued shares of Lai Fung as at the date of this joint announcement. LSD's ultimate controlling shareholder is Dr. Peter Lam.

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 production and distribution of films and TV programs, music production and publishing, management and production of concerts, artiste management and cinema operation.

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

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

By order of the Board <b>Lai Sun Garment (International) Limited</b> <b>Lam Kin Ngok, Peter</b> <i>Chairman</i>	By order of the Board <b>Lai Sun Development Company Limited</b> <b>Lam Kin Ngok, Peter</b> <i>Chairman</i>
By order of the Board <b>eSun Holdings Limited</b> <b>Low Chee Keong</b> <i>Chairman</i>	By order of the Board <b>Lai Fung Holdings Limited</b> <b>Lam Kin Ngok, Peter</b> <i>Chairman</i>

Hong Kong, 8 February 2024

*As at the date of this joint announcement,*

- (a) *the Board of LSG comprises six executive directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Yang Yiu Chong, Ronald Jeffrey, Mr. Cheung Sum, Sam, Madam U Po Chu, Mr. Lam Kin Hong, Matthew and Mr. Lam Hau Yin, Lester (also alternate to Madam U Po Chu); and four independent non-executive directors, namely Messrs. Leung Shu Yin, William, Lam Bing Kwan, Chow Bing Chiu and Ng Chi Ho, Dennis;*
- (b) *the Board of LSD comprises five executive directors, namely Dr. Lam Kin Ngok, Peter (Chairman) and Messrs. Lau Shu Yan, Julius (Chief Executive Officer), Cheung Sum, Sam, Lam Hau Yin, Lester (also alternate to Madam U Po Chu) and Lee Tze Yan, Ernest; one non-executive director, namely Madam U Po Chu; and four independent non-executive directors, namely Messrs. Lam Bing Kwan, Leung Shu Yin, William, Ip Shu Kwan, Stephen and Luk Hon Man;*
- (c) *the Board of eSun comprises four executive directors, namely Messrs. Yang Yiu Chong, Ronald Jeffrey (Chief Executive Officer), Cheung Sum, Sam, Lam Hau Yin, Lester (also alternate to Madam U Po Chu) and Yip Chai Tuck; one non-executive director, namely Madam U Po Chu; and five independent non-executive directors, namely Messrs. Low Chee Keong (Chairman), Lo Kwok Kwei, David, Poon Kwok Hing, Albert and Alfred Donald Yap and Dr. Ng Lai Man, Carmen; and*
- (d) *the Board of Lai Fung comprises seven executive directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Lam Kin Hong, Matthew (Executive Deputy Chairman), Mr. Lam Hau Yin, Lester (Chief Executive Officer) (also alternate to Madam U Po Chu), Madam U Po Chu and Messrs. Cheng Shin How, Lee Tze Yan, Ernest and Cheung Sum, Sam; and six independent non-executive directors, namely Messrs. Lam Bing Kwan, Ku Moon Lun, Law Kin Ho, Mak Wing Sum, Alvin, Shek Lai Him, Abraham and Au Hoi Fung.*