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LAI SUN GARMENT LAI SUN DEVELOPMENT

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

(Stock Code: 191)



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

(Stock Code: 488)

JOINT ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS FINANCIAL ASSISTANCE FRAMEWORK AGREEMENTS

LSG FINANCIAL ASSISTANCE FRAMEWORK AGREEMENTS

On 9 September 2022, LSG entered into the LSG-LSD Framework Agreement, the LSG-eSun Framework Agreement and the LSG-LF Framework Agreement respectively with LSD, eSun and LF (each a connected subsidiary of LSG) in respect of financial assistance to be provided by LSG Lender Group Companies to LSD Borrower Group Companies, eSun Borrower Group Companies and LF Borrower Group Companies, respectively, from time to time. Each of the three LSG Financial Assistance Framework Agreements is for an initial term of three years commencing from 1 January 2023 and expiring on 31 December 2025.

LSD FINANCIAL ASSISTANCE FRAMEWORK AGREEMENTS

On 9 September 2022, LSD entered into the LSD-eSun Framework Agreement and the LSD-LF Framework Agreement respectively with eSun and LF (each a connected subsidiary of LSD) in respect of financial assistance to be provided by LSD Lender Group Companies to eSun Borrower Group Companies and LF Borrower Group Companies, respectively, from time to time. Each of the two LSD Financial Assistance Framework Agreements is for an initial term of three years commencing from 1 January 2023 and expiring on 31 December 2025.

LISTING RULES IMPLICATIONS FOR LSG

The three LSG Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder, as well as the two LSD Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder, will constitute continuing connected transactions of LSG under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios for each of the LSG Annual Caps is more than 5% for LSG and the total value of the financial assistance is more than HK\$10,000,000, the LSG Financial Assistance Framework Agreements, the Intercompany Loan Transactions contemplated thereunder and the LSG Annual Caps are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, as (i) the highest of the applicable percentage ratios for the LSD-eSun Annual Caps is more than 5% for LSG and the total value of the financial assistance is more than HK\$10,000,000, and (ii) the highest of the applicable percentage ratios for the LSD-LF Annual Caps is more than 25% for LSG, the LSD Financial Assistance Framework Agreements, the Intercompany Loan Transactions contemplated thereunder and the LSD Annual Caps are also subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS FOR LSD

The two LSD Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder will constitute continuing connected transactions of LSD under Chapter 14A of the Listing Rules.

As (i) the highest of the applicable percentage ratios for the LSD-eSun Annual Caps is more than 5% for LSD and the total value of the financial assistance is more than HK\$10,000,000, and (ii) the highest of the applicable percentage ratios for the LSD-LF Annual Caps is more than 25% for LSD, the LSD Financial Assistance Framework Agreements, the Intercompany Loan Transactions contemplated thereunder and the LSD Annual Caps are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS FOR THE BORROWERS

The provision of the Intercompany Loans by the Lenders to the Borrowers pursuant to each of the Financial Assistance Framework Agreements constitutes financial assistance to be received by the Borrowers from a connected person.

Pursuant to the terms of each Financial Assistance Framework Agreement, the Intercompany Loans will be provided to the relevant Borrower on normal commercial terms and will not be secured by the assets of any of the Borrower Group Companies. Pursuant to Rule 14A.90 of the Listing Rules, the Financial Assistance Framework Agreements entered into by LSD, eSun and/or LF in the capacity as borrower and the Intercompany Loan Transactions contemplated thereunder are fully exempt from the connected transactions requirements under Chapter 14A of the Listing Rules for each of LSD, eSun and LF.

LSG GM

LSG will convene a general meeting to seek approval from the LSG Independent Shareholders in respect of (i) the entering into of each LSG Financial Assistance Framework Agreement by LSG (as lender), (ii) the Intercompany Loan Transactions contemplated under the three LSG Financial Assistance Framework Agreements, (iii) the LSG Annual Caps, (iv) the entering into of each LSD Financial Assistance Framework Agreement by LSD (as lender), (v) the Intercompany Loan Transactions contemplated under the two LSD Financial Assistance Framework Agreements, and (vi) the LSD Annual Caps.

The LSG Independent Board Committee has been formed to advise the LSG Independent Shareholders on (1) whether the terms of each Financial Assistance Framework Agreement are fair and reasonable, (2) whether the Intercompany Loan Transactions contemplated thereunder are on normal commercial terms or better to the LSG Group, (3) whether the Intercompany Loan Transactions contemplated thereunder are in the interests of LSG and its shareholders as a whole, and (4) how to vote in the LSG GM.

LSG will appoint an independent financial adviser to advise the LSG Independent Board Committee and the LSG Independent Shareholders in this regard.

A circular of LSG containing, among other things, (i) information on the Financial Assistance Framework Agreements and the Intercompany Loan Transactions respectively contemplated thereunder, the proposed Annual Caps; (ii) a letter of recommendation from the LSG Independent Board Committee to the LSG Independent Shareholders; (iii) a letter of advice from the independent financial adviser of LSG to the LSG Independent Board Committee and the LSG Independent Shareholders; and (iv) a notice of the LSG GM is expected to be despatched to the LSG Shareholders on or before 31 October 2022.

LSD GM

LSD will convene a general meeting to seek approval from the LSD Independent Shareholders in respect of (i) the entering into of each LSD Financial Assistance Framework Agreement by LSD (as lender), (ii) the Intercompany Loan Transactions contemplated under the two LSD Financial Assistance Framework Agreements, and (iii) the LSD Annual Caps.

The LSD Independent Board Committee has been formed to advise the LSD Independent Shareholders on (1) whether the terms of each LSD Financial Assistance Framework Agreement are fair and reasonable, (2) whether the Intercompany Loan Transactions contemplated thereunder are on normal commercial terms or better to the LSD Group, (3) whether the Intercompany Loan Transactions contemplated thereunder are in the interests of LSD and its shareholders as a whole, and (4) how to vote in the LSD GM.

LSD will appoint an independent financial adviser to advise the LSD Independent Board Committee and the LSD Independent Shareholders in this regard.

A circular of LSD containing, among other things, (i) information on the LSD Financial Assistance Framework Agreements and the Intercompany Loan Transactions respectively contemplated thereunder, the proposed LSD Annual Caps; (ii) a letter of recommendation from the LSD Independent Board Committee to the LSD Independent Shareholders; (iii) a letter of advice from the independent financial adviser of LSD to the LSD Independent Board Committee and the LSD Independent Shareholders; and (iv) a notice of the LSD GM is expected to be despatched to the LSD Shareholders on or before 31 October 2022.

LSG FINANCIAL ASSISTANCE FRAMEWORK AGREEMENTS

On 9 September 2022, LSG entered into the LSG-LSD Framework Agreement, the LSG-eSun Framework Agreement and the LSG-LF Framework Agreement respectively with LSD, eSun and LF (each a connected subsidiary of LSG) in respect of financial assistance to be provided by LSG Lender Group Companies to LSD Borrower Group Companies, eSun Borrower Group Companies and LF Borrower Group Companies, respectively, from time to time. Each of the three LSG Financial Assistance Framework Agreements is for an initial term of three years commencing from 1 January 2023 and expiring on 31 December 2025.

(1) LSG-LSD Framework Agreement

Principal Terms of the LSG-LSD Framework Agreement

The principal terms of the LSG-LSD Framework Agreement are as follows:-

- Date:** 9 September 2022
- Parties:** LSG (as lender) and LSD (as borrower)
- Term:** Commencing from 1 January 2023 and expire on 31 December 2025 and thereafter to be automatically renewed for subsequent periods of three (3) years on the same terms and conditions unless terminated, provided always that the renewal of the term shall be conditional upon (i) LSG having determined new annual caps to apply for the renewed term and (ii) LSG’s due compliance with all applicable requirements of the Listing Rules (including the requirement to obtain independent shareholders’ approval, if applicable).
- LSG-LSD Loan Transactions:** At any time during the term, any LSG Lender Group Company (as lender) and any LSD Borrower Group Company (as borrower) may enter into LSG-LSD Loan Transaction(s) upon such terms and conditions as may be mutually agreed between the parties thereto, provided that each LSG-LSD Loan Transaction shall fully comply with the terms and conditions of the LSG-LSD Framework Agreement.
- General Terms:** See the section headed “General Terms of the Intercompany Loan Transactions” below for the General Terms agreed between the parties in respect of each LSG-LSD Loan Transaction to be entered into during the term.

- Termination:** The LSG-LSD Framework Agreement may be terminated, inter alia, at any time by either party giving not less than one (1) month's prior written notice to the other party; by either party if the other party commits a material breach of any of the provisions of the LSG-LSD Framework Agreement; or by either party if the other party has become insolvent or is subject to any winding-up, liquidation or analogous proceedings.
- In the event that LSD ceases to be a connected person of LSG, or the LSG-LSD Loan Transactions cease to be subject to the requirements of the Listing Rules in relation to continuing connected transactions, the parties may (but shall not be obliged to) terminate the LSG-LSD Framework Agreement by way of mutual agreement in writing.
- Other terms:** In addition to the General Terms, the parties have further agreed that the proceeds of each LSG-LSD Loan Transaction shall be used by the LSD Borrower Group for general corporate and working capital purposes and, for the avoidance of doubt, not for onward lending to the eSun Group and/or the LF Group.
- Conditions:** The LSG-LSD Framework Agreement is conditional upon LSG having obtained shareholders' approval in accordance with the applicable requirements of the Listing Rules in respect of (i) the entering into of the LSG-LSD Framework Agreement by LSG, (ii) the LSG-LSD Loan Transactions contemplated thereunder, and (iii) the LSG-LSD Annual Caps for the initial term.

LSG-LSD Annual Caps

At any time during the term of the LSG-LSD Framework Agreement, the aggregate amount of the Intercompany Loans provided by the LSG Lender Group Companies to the LSD Borrower Group Companies shall not exceed the LSG-LSD Annual Cap of the relevant financial year.

Set out below are the proposed LSG-LSD Annual Caps for the LSG-LSD Loan Transactions contemplated under the LSG-LSD Framework Agreement for each of the financial years during the initial term:-

| | For the financial year ending 31 July | | | |
|-------------|--|-------------------|-------------------|-------------------|
| | 2023 | 2024 | 2025 | 2026 |
| | <i>(HK\$'000)</i> | <i>(HK\$'000)</i> | <i>(HK\$'000)</i> | <i>(HK\$'000)</i> |
| LSG-LSD | | | | |
| Annual Caps | 450,000 | 450,000 | 450,000 | 450,000 |

Basis of the LSG-LSD Annual Caps

In arriving at the LSG-LSD Annual Caps set out above, the LSG Directors have considered the following factors: (i) the cash position, the estimated operating cash flow as well as financing capacity of the LSG Lender Group; (ii) the expected financing demands of the LSD Borrower Group in each of the financial years during the initial term; and (iii) buffer for additional financial assistance due to unanticipated operational and/or other funding needs of the LSD Borrower Group.

(2) LSG-eSun Framework Agreement

Principal Terms of the LSG-eSun Framework Agreement

The principal terms of the LSG-eSun Framework Agreement are as follows:-

| | |
|-----------------|--|
| Date: | 9 September 2022 |
| Parties: | LSG (as lender) and eSun (as borrower) |
| Term: | Commencing from 1 January 2023 and expiring on 31 December 2025 and thereafter to be automatically renewed for subsequent periods of three (3) years on the same terms and conditions unless terminated, provided always that the renewal of the term shall be conditional upon (i) LSG having determined new annual caps to apply for the renewed term and (ii) LSG's due compliance with all applicable requirements of the Listing Rules (including the requirement to obtain independent shareholders' approval, if applicable). |

LSG-eSun Loan Transactions:

At any time during the term, any LSG Lender Group Company (as lender) and any eSun Borrower Group Company (as borrower) may enter into LSG-eSun Loan Transaction(s) upon such terms and conditions as may be mutually agreed between the parties thereto, provided that each LSG-eSun Loan Transaction shall fully comply with the terms and conditions of the LSG-eSun Framework Agreement.

General Terms:

See the section headed “General Terms of the Intercompany Loan Transactions” below for the General Terms agreed between the parties in respect of each LSG-eSun Loan Transaction to be entered into during the term.

Termination:

The LSG-eSun Framework Agreement may be terminated, inter alia, at any time by either party giving not less than one (1) month’s prior written notice to the other party; by either party if the other party commits a material breach of any of the provisions of the LSG-eSun Framework Agreement; or by either party if the other party has become insolvent or is subject to any winding-up, liquidation or analogous proceedings.

In the event that eSun ceases to be a connected person of LSG, or the LSG-eSun Loan Transactions cease to be subject to the requirements of the Listing Rules in relation to continuing connected transactions, the parties may (but shall not be obliged to) terminate the LSG-eSun Framework Agreement by way of mutual agreement in writing.

Conditions:

The LSG-eSun Framework Agreement is conditional upon LSG having obtained shareholders’ approval in accordance with the applicable requirements of the Listing Rules in respect of (i) the entering into of the LSG-eSun Framework Agreement by LSG, (ii) the LSG-eSun Loan Transactions contemplated thereunder, and (iii) the LSG-eSun Annual Caps for the initial term.

LSG-eSun Annual Caps

At any time during the term of the LSG-eSun Framework Agreement, the aggregate amount of the Intercompany Loans provided by the LSG Lender Group Companies to the eSun Borrower Group Companies shall not exceed the LSG-eSun Annual Cap of the relevant financial year.

Set out below are the proposed LSG-eSun Annual Caps for the LSG-eSun Loan Transactions contemplated under the LSG-eSun Framework Agreement for each of the financial years during the initial term:-

| | For the financial year ending 31 July | | | |
|-------------|--|-------------------|-------------------|-------------------|
| | 2023 | 2024 | 2025 | 2026 |
| | <i>(HK\$'000)</i> | <i>(HK\$'000)</i> | <i>(HK\$'000)</i> | <i>(HK\$'000)</i> |
| LSG-eSun | | | | |
| Annual Caps | 90,000 | 190,000 | 360,000 | 450,000 |

Basis of the LSG-eSun Annual Caps

In arriving at the LSG-eSun Annual Caps set out above, the LSG Directors have considered the following factors: (i) the cash position, the estimated operating cash flow as well as financing capacity of the LSG Lender Group; (ii) the expected financing demands of the eSun Borrower Group in each of the financial years during the initial term; and (iii) buffer for additional financial assistance due to unanticipated operational and/or other funding needs of the eSun Borrower Group.

(3) LSG-LF Framework Agreement

Principal Terms of the LSG-LF Framework Agreement

The principal terms of the LSG-LF Framework Agreement are as follows:-

| | |
|-----------------|--|
| Date: | 9 September 2022 |
| Parties: | LSG (as lender) and LF (as borrower) |
| Term: | Commencing from 1 January 2023 and expiring on 31 December 2025 and thereafter to be automatically renewed for subsequent periods of three (3) years on the same terms and conditions unless terminated, provided always that the renewal of the term shall be conditional upon (i) LSG having determined new annual caps to apply for the renewed term and (ii) LSG's due compliance with all applicable requirements of the Listing Rules (including the requirement to obtain independent shareholders' approval, if applicable). |

| | |
|----------------------------------|--|
| LSG-LF Loan Transactions: | At any time during the term, any LSG Lender Group Company (as lender) and any LF Borrower Group Company (as borrower) may enter into LSG-LF Loan Transaction(s) upon such terms and conditions as may be mutually agreed between the parties thereto, provided that each LSG-LF Loan Transaction shall fully comply with the terms and conditions of the LSG-LF Framework Agreement. |
| General Terms: | See the section headed “General Terms of the Intercompany Loan Transactions” below for the General Terms agreed between the parties in respect of each LSG-LF Loan Transaction to be entered into during the term. |
| Termination: | <p>The LSG-LF Framework Agreement may be terminated, inter alia, at any time by either party giving not less than one (1) month’s prior written notice to the other party; by either party if the other party commits a material breach of any of the provisions of the LSG-LF Framework Agreement; or by either party if the other party has become insolvent or is subject to any winding-up, liquidation or analogous proceedings.</p> <p>In the event that LF ceases to be a connected person of LSG, or the LSG-LF Loan Transactions cease to be subject to the requirements of the Listing Rules in relation to continuing connected transactions, the parties may (but shall not be obliged to) terminate the LSG-LF Framework Agreement by way of mutual agreement in writing.</p> |
| Conditions: | The LSG-LF Framework Agreement is conditional upon LSG having obtained shareholders’ approval in accordance with the applicable requirements of the Listing Rules in respect of (i) the entering into of the LSG-LF Framework Agreement by LSG, (ii) the LSG-LF Loan Transactions contemplated thereunder, and (iii) the LSG-LF Annual Caps for the initial term. |

LSG-LF Annual Caps

At any time during the term of the LSG-LF Framework Agreement, the aggregate amount of the Intercompany Loans provided by the LSG Lender Group Companies to the LF Borrower Group Companies shall not exceed the LSG-LF Annual Cap of the relevant financial year.

Set out below are the proposed LSG-LF Annual Caps for the LSG-LF Loan Transactions contemplated under the LSG-LF Framework Agreement for each of the financial years during the initial term:-

| | For the financial year ending 31 July | | | |
|-------------|--|-------------------|-------------------|-------------------|
| | 2023 | 2024 | 2025 | 2026 |
| | <i>(HK\$'000)</i> | <i>(HK\$'000)</i> | <i>(HK\$'000)</i> | <i>(HK\$'000)</i> |
| LSG-LF | | | | |
| Annual Caps | 450,000 | 450,000 | 450,000 | 450,000 |

Basis of the LSG-LF Annual Caps

In arriving at the LSG-LF Annual Caps set out above, the LSG Directors have considered the following factors: (i) the cash position, the estimated operating cash flow as well as financing capacity of the LSG Lender Group; (ii) the expected financing demands of the LF Borrower Group in each of the financial years during the initial term; and (iii) buffer for additional financial assistance due to unanticipated operational and/or other funding needs of the LF Borrower Group.

LSD FINANCIAL ASSISTANCE FRAMEWORK AGREEMENTS

On 9 September 2022, LSD entered into the LSD-eSun Framework Agreement and the LSD-LF Framework Agreement respectively with eSun and LF (each a connected subsidiary of LSD) in respect of financial assistance to be provided by LSD Lender Group Companies to eSun Borrower Group Companies and LF Borrower Group Companies, respectively, from time to time. Each of the two LSD Financial Assistance Framework Agreements is for an initial term of three years commencing from 1 January 2023 and expiring on 31 December 2025.

(1) LSD-eSun Framework Agreement

Principal Terms of the LSD-eSun Framework Agreement

The principal terms of the LSD-eSun Framework Agreement are as follows:-

| | |
|------------------------------------|--|
| Date: | 9 September 2022 |
| Parties: | LSD (as lender) and eSun (as borrower) |
| Term: | Commencing from 1 January 2023 and expiring on 31 December 2025 and thereafter to be automatically renewed for subsequent periods of three (3) years on the same terms and conditions unless terminated, provided always that the renewal of the term shall be conditional upon (i) LSD having determined new annual caps to apply for the renewed term and (ii) LSD's and LSG's due compliance with all applicable requirements of the Listing Rules (including the requirement to obtain independent shareholders' approval, if applicable). |
| LSD-eSun Loan Transactions: | At any time during the term, any LSD Lender Group Company (as lender) and any eSun Borrower Group Company (as borrower) may enter into LSD-eSun Loan Transaction(s) upon such terms and conditions as may be mutually agreed between the parties thereto, provided that each LSD-eSun Loan Transaction shall fully comply with the terms and conditions of the LSD-eSun Framework Agreement. |
| General Terms: | See the section headed "General Terms of the Intercompany Loan Transactions" below for the General Terms agreed between the parties in respect of each LSD-eSun Loan Transaction to be entered into during the term. |
| Termination: | The LSD-eSun Framework Agreement may be terminated, inter alia, at any time by either party giving not less than one (1) month's prior written notice to the other party; by either party if the other party commits a material breach of any of the provisions of the LSD-eSun Framework Agreement; or by either party if the other party has become insolvent or is subject to any winding-up, liquidation or analogous proceedings. |

In the event that eSun ceases to be a connected person of LSD, or the LSD-eSun Loan Transactions cease to be subject to the requirements of the Listing Rules in relation to continuing connected transactions, the parties may (but shall not be obliged to) terminate the LSD-eSun Framework Agreement by way of mutual agreement in writing.

Conditions:

The LSD-eSun Framework Agreement is conditional upon both LSD and LSG having obtained shareholders' approval in accordance with the applicable requirements of the Listing Rules in respect of (i) the entering into of the LSD-eSun Framework Agreement by LSD, (ii) the LSD-eSun Loan Transactions contemplated thereunder, and (iii) the LSD-eSun Annual Caps for the initial term.

LSD-eSun Annual Caps

At any time during the term of the LSD-eSun Framework Agreement, the aggregate amount of the Intercompany Loans provided by the LSD Lender Group Companies to the eSun Borrower Group Companies shall not exceed the LSD-eSun Annual Cap of the relevant financial year.

Set out below are the proposed LSD-eSun Annual Caps for the LSD-eSun Loan Transactions contemplated under the LSD-eSun Framework Agreement for each of the financial years during the initial term:-

| | For the financial year ending 31 July | | | |
|-------------|--|-------------------|-------------------|-------------------|
| | 2023 | 2024 | 2025 | 2026 |
| | <i>(HK\$'000)</i> | <i>(HK\$'000)</i> | <i>(HK\$'000)</i> | <i>(HK\$'000)</i> |
| LSD-eSun | | | | |
| Annual Caps | 90,000 | 190,000 | 360,000 | 485,000 |

Basis of the LSD-eSun Annual Caps

In arriving at the LSD-eSun Annual Caps set out above, the LSD Directors have considered the following factors: (i) the cash position, the estimated operating cash flow as well as financing capacity of the LSD Lender Group; (ii) the expected financing demands of the eSun Borrower Group in each of the financial years during the initial term; and (iii) buffer for additional financial assistance due to unanticipated operational and/or other funding needs of the eSun Borrower Group.

(2) LSD-LF Framework Agreement

Principal Terms of the LSD-LF Framework Agreement

The principal terms of the LSD-LF Framework Agreement are as follows:-

| | |
|----------------------------------|--|
| Date: | 9 September 2022 |
| Parties: | LSD (as lender) and LF (as borrower) |
| Term: | Commencing from 1 January 2023 and expiring on 31 December 2025 and thereafter to be automatically renewed for subsequent periods of three (3) years on the same terms and conditions unless terminated, provided always that the renewal of the term shall be conditional upon (i) LSD having determined new annual caps to apply for the renewed term and (ii) LSD's and LSG's due compliance with all applicable requirements of the Listing Rules (including the requirement to obtain independent shareholders' approval, if applicable). |
| LSD-LF Loan Transactions: | At any time during the term, any LSD Lender Group Company (as lender) and any LF Borrower Group Company (as borrower) may enter into LSD-LF Loan Transaction(s) upon such terms and conditions as may be mutually agreed between the parties thereto, provided that each LSD-LF Loan Transaction shall fully comply with the terms and conditions of the LSD-LF Framework Agreement. |
| General Terms: | See the section headed "General Terms of the Intercompany Loan Transactions" below for the General Terms agreed between the parties in respect of each LSD-LF Loan Transaction to be entered into during the term. |
| Termination: | The LSD-LF Framework Agreement may be terminated, inter alia, at any time by either party giving not less than one (1) month's prior written notice to the other party; by either party if the other party commits a material breach of any of the provisions of the LSD-LF Framework Agreement; or by either party if the other party has become insolvent or is subject to any winding-up, liquidation or analogous proceedings. |

In the event that LF ceases to be a connected person of LSD, or the LSD-LF Loan Transactions cease to be subject to the requirements of the Listing Rules in relation to continuing connected transactions, the parties may (but shall not be obliged to) terminate the LSD-LF Framework Agreement by way of mutual agreement in writing.

Conditions:

The LSD-LF Framework Agreement is conditional upon both LSD and LSG having obtained shareholders' approval in accordance with the applicable requirements of the Listing Rules in respect of (i) the entering into of the LSD-LF Framework Agreement by LSD, (ii) the LSD-LF Loan Transactions contemplated thereunder, and (iii) the LSD-LF Annual Caps for the initial term.

LSD-LF Annual Caps

At any time during the term of the LSD-LF Framework Agreement, the aggregate amount of the Intercompany Loans provided by the LSD Lender Group Companies to the LF Borrower Group Companies shall not exceed the LSD-LF Annual Cap of the relevant financial year.

Set out below are the proposed LSD-LF Annual Caps for the LSD-LF Loan Transactions contemplated under the LSD-LF Framework Agreement for each of the financial years during the initial term:-

| | For the financial year ending 31 July | | | |
|-------------|--|-------------------|-------------------|-------------------|
| | 2023 | 2024 | 2025 | 2026 |
| | <i>(HK\$'000)</i> | <i>(HK\$'000)</i> | <i>(HK\$'000)</i> | <i>(HK\$'000)</i> |
| LSD-LF | | | | |
| Annual Caps | 1,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |

Basis of the LSD-LF Annual Caps

In arriving at the LSD-LF Annual Caps set out above, the LSD Directors have considered the following factors: (i) the cash position, the estimated operating cash flow as well as financing capacity of the LSD Lender Group; (ii) the expected financing demands of the LF Borrower Group in each of the financial years during the initial term; and (iii) buffer for additional financial assistance due to unanticipated operational and/or other funding needs of the LF Borrower Group.

GENERAL TERMS OF THE INTERCOMPANY LOAN TRANSACTIONS

(1) General Terms

The parties to each of the Financial Assistance Framework Agreements have agreed with each other as follows:-

- (a) each Intercompany Loan Transaction shall take the form of unsecured bilateral loan(s) to be granted by a Lender Group Company (as lender) to a Borrower Group Company (as borrower), and no mortgage, pledge or other security over the assets of or interest in any member of the relevant Borrower Group shall be granted;
- (b) the effective interest rate of each Intercompany Loan Transaction shall be the aggregate of HIBOR for the relevant interest period and an interest margin to be determined by the relevant lender on a case-by-case basis in accordance with the provisions set out in the sub-section headed “(2) Market comparison” below;
- (c) each Intercompany Loan Transaction shall be on normal commercial terms;
- (d) each Intercompany Loan Transaction shall be governed by a written loan agreement which shall clearly set out the terms and conditions upon which the Intercompany Loan Transaction shall be undertaken (including but not limited to any conditions precedent, the interest rate, the repayment schedule and any prepayment conditions);
- (e) the advance of each Intercompany Loan shall be conditional upon (amongst any other conditions precedent) the relevant Lender having sufficient available funds to finance the Intercompany Loan;
- (f) at any time during the term of the relevant Financial Assistance Framework Agreement, the aggregate amount of the Intercompany Loans provided by the Lenders to the Borrowers shall not exceed the relevant Annual Cap for the relevant financial year; and
- (g) each Intercompany Loan Transaction shall be in compliance with the provisions of the relevant Financial Assistance Framework Agreement, the constitutional documents of the Lenders and the Borrowers, and all applicable laws and regulations (including but not limited to the Listing Rules).

(2) Market comparison

The parties to each Financial Assistance Framework Agreement have further agreed with each other that, when a decision is to be made by a Lender Group Company on the terms and conditions of an Intercompany Loan Transaction to be offered to a Borrower Group Company, the Lender Group Company shall obtain the prevailing rates and terms at the time offered by not less than two (2) major independent commercial banks in Hong Kong for a similar loan (similar as to currency, term, type of interest rate and other factors deemed relevant by the Lender Group Company) for comparison; and without prejudice to paragraphs (b) and (c) set out in the sub-section headed “(1) General Terms” above, the interest margin to be offered by the Lender Group Company in an Intercompany Loan Transaction shall not be (i) lower than the lowest interest margin offered by the aforesaid commercial banks, or (ii) higher than the highest interest margin offered by the aforesaid commercial banks.

REASONS AND BENEFITS OF THE FINANCIAL ASSISTANCE FRAMEWORK AGREEMENTS

(1) Reasons and benefits of the LSG Financial Assistance Framework Agreements

As at 31 January 2022, the consolidated cash and bank balances and undrawn facilities of the LSG Group (excluding the LSD Group) amounted to approximately HK\$466.5 million and HK\$50 million, respectively.

The LSG Directors are of the view that the proposed provision of financial assistance by the LSG Lender Group to the LSD Borrower Group, the eSun Borrower Group and the LF Borrower Group respectively under the LSG-LSD Framework Agreement, the LSG-eSun Framework Agreement and the LSG-LF Framework Agreement will, on one hand, enable the LSG Lender Group to better utilise any excess cash at hand and generate interest income and, on the other hand, help members of the LSD Borrower Group, the eSun Borrower Group and the LF Borrower Group (which are also members of the LSG Group) meet their operational needs from time to time as necessary.

The availability of the Intercompany Loans from the LSG Lender Group (subject to the LSG Lender Group having sufficient available funds provide the requisite financial assistance) will provide members of the LSD Borrower Group, the eSun Borrower Group and the LF Borrower Group with an alternative source of financing other than obtaining external loans from third-party lenders and incurring third-party interest expenses. LSG, as the holding company of LSD, eSun and LF, will in turn benefit from the financial assistance received by the LSD Borrower Group, the eSun Borrower Group and the LF Borrower Group under the relevant Intercompany Loan Transactions.

By entering into the LSG Financial Assistance Framework Agreements, the LSG Directors are of the view that this will provide flexibility for the LSG Lender Group to enter into the LSG-LSD Loan Transactions with the LSD Borrower Group, the LSG-eSun Loan Transactions with the eSun Borrower Group and the LSG-LF Loan Transactions with the LF Borrower Group from time to time as necessary and, at the same time, regulate such Intercompany Loan Transactions within the confines of the Listing Rules.

The LSG Directors (excluding the independent non-executive LSG Directors) consider that the LSG Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of LSG, its subsidiaries and its shareholders as a whole.

(2) Reasons and benefits of the LSD Financial Assistance Framework Agreements

As at 31 January 2022, the consolidated cash and bank balances and undrawn facilities of the LSD Group (excluding the eSun Group and the LF Group) amounted to approximately HK\$2,786.6 million and HK\$3,097.3 million, respectively.

The LSG Directors and the LSD Directors are of the view that the proposed provision of financial assistance by the LSD Lender Group to the eSun Borrower Group and the LF Borrower Group respectively under the LSD-eSun Framework Agreement and the LSD-LF Framework Agreement will, on one hand, enable the LSD Lender Group to better utilise any excess cash at hand and generate interest income and, on the other hand, help members of the eSun Borrower Group and the LF Borrower Group (which are also members of the LSG Group and the LSD Group) meet their operational needs from time to time as necessary.

The availability of the Intercompany Loans from the LSD Lender Group (subject to the LSD Lender Group having sufficient available funds provide the requisite financial assistance) will provide members of the eSun Borrower Group and the LF Borrower Group with an alternative source of financing other than obtaining external loans from third-party lenders and incurring third-party interest expenses. LSG as the holding company of LSD, will in turn benefit from the interest income to be received by the LSD Lender Group under the relevant Intercompany Loan Transactions. LSG and LSD, as the holding companies of eSun and LF, will also in turn benefit from the financial assistance received by the eSun Borrower Group and the LF Borrower Group under the relevant Intercompany Loan Transactions.

By entering into the LSD Financial Assistance Framework Agreements, the LSG Directors and the LSD Directors are of the view that this will provide flexibility for the LSD Lender Group to enter into the LSD-eSun Loan Transactions with the eSun Borrower Group and the LSD-LF Loan Transactions with the LF Borrower Group from time to time and, at the same time, regulate such Intercompany Loan Transactions within the confines of the Listing Rules.

The LSG Directors (excluding the independent non-executive LSG Directors) consider that the LSD Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of LSG, its subsidiaries and its shareholders as a whole.

Similarly, the LSD Directors (excluding the independent non-executive LSD Directors) consider that the LSD Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of LSD, its subsidiaries and its shareholders as a whole.

INFORMATION OF THE PARTIES

(1) LSG

LSG is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activities of the LSG Group include property investment, property development, investment in and operation of hotels and restaurants, media and entertainment, music production and distribution, films, video format products and television programmes production and distribution, cinema operation, cultural, leisure, entertainment and related facilities and investment holding.

As at the date of this joint announcement, LSG owns approximately 53.19% of the total issued shares of LSD.

(2) LSD

LSD is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activities of the LSD Group include property investment, property development, investment in and operation of hotels and restaurants, media and entertainment, music production and distribution, films, video format products and television programmes production and distribution, cinema operation, cultural, leisure, entertainment and related facilities and investment holding.

As at the date of this joint announcement, LSD owns approximately 74.62% of the total issued shares of eSun and 55.08% of the total issued shares of LF.

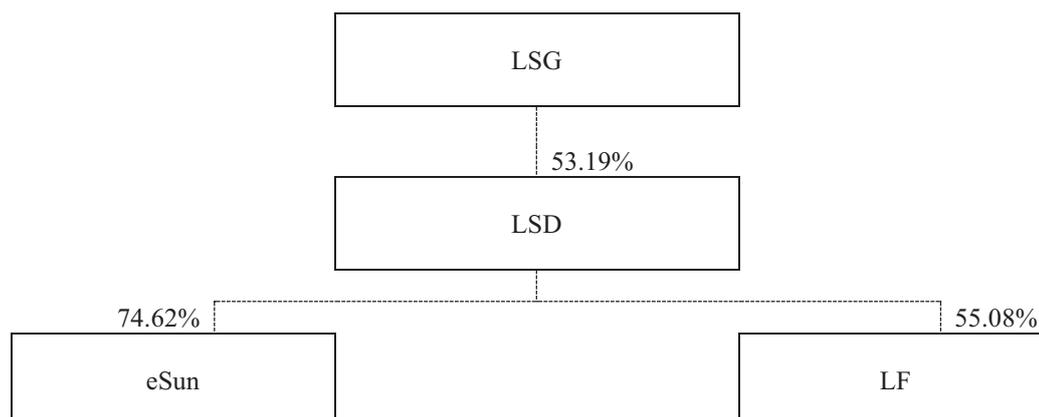
(3) eSun

eSun is an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. eSun acts as an investment holding company and the principal activities of its subsidiaries 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 and cinema operation.

(4) LF

LF 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 LF 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.

The following is a simplified structure chart summarising the shareholding relationship among LSG, LSD, eSun and LF as at the date of this joint announcement:



LISTING RULES IMPLICATIONS FOR LSG

The Listing Rules Implications for LSG in respect of the entering into by LSG or LSD of each Financial Assistance Framework Agreement (as lender) are as follows:-

(1) LSG-LSD Framework Agreement

On the basis of the latest information received by LSG from the Yu Shareholders, the Yu Shareholders are jointly interested in 173,208,420 LSG Shares (representing approximately 29.41% of the issued share capital of LSG) on the assumption that they have taken up their full entitlement of rights shares after the completion of LSG's rights issue in 2021. They are substantial shareholders of LSG and hence connected persons of LSG under Chapter 14A of the Listing Rules.

On the basis of the Yu Shareholders' latest disclosures of interests in LSD, the Yu Shareholders are jointly interested in 271,740,000 LSD Shares (representing approximately 28.05% of the issued share capital of LSD) other than their indirect interest in LSD held 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. Accordingly, the LSG-LSD Framework Agreement and the LSG-LSD Loan Transactions contemplated thereunder constitute continuing connected transactions of LSG under Chapter 14A of the Listing Rules.

(2) LSG-eSun Framework Agreement

On the basis of the Yu Shareholders' latest disclosures of interests in eSun, the Yu Shareholders are jointly interested in 149,864,000 eSun Shares (representing approximately 10.05% of the issued share capital of eSun) other than their indirect interest in eSun held through their interests in LSG and LSD.

eSun is therefore a connected subsidiary of LSG and hence a connected person of LSG under Chapter 14A of the Listing Rules. Accordingly, the LSG-eSun Framework Agreement and the LSG-eSun Loan Transactions contemplated thereunder constitute continuing connected transactions of LSG under Chapter 14A of the Listing Rules.

(3) LSG-LF Framework Agreement

On the basis of the Yu Shareholders' latest disclosures of interests in LF, the Yu Shareholders are jointly interested in 33,161,037 LF Shares (representing approximately 10.02% of the issued share capital of LF) other than their indirect interest in LF held through their interests in LSG and LSD.

LF is therefore a connected subsidiary of LSG and hence a connected person of LSG under Chapter 14A of the Listing Rules. Accordingly, the LSG-LF Framework Agreement and the LSG-LF Loan Transactions contemplated thereunder constitute continuing connected transactions of LSG under Chapter 14A of the Listing Rules.

(4) LSD-eSun Framework Agreement

As disclosed above, both LSD and eSun are connected subsidiaries of LSG and hence connected persons of LSG under Chapter 14A of the Listing Rules. Accordingly, the LSD-eSun Framework Agreement and the LSD-eSun Loan Transactions contemplated thereunder constitute continuing connected transactions of LSG under Chapter 14A of the Listing Rules.

(5) LSD-LF Framework Agreement

As disclosed above, both LSD and LF are connected subsidiaries of LSG and hence connected persons of LSG under Chapter 14A of the Listing Rules. Accordingly, the LSD-LF Framework Agreement and the LSD-LF Loan Transactions contemplated thereunder constitute continuing connected transactions of LSG under Chapter 14A of the Listing Rules.

The three LSG Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder, as well as the two LSD Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder, will constitute continuing connected transactions of LSG under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios for each of the LSG Annual Caps is more than 5% for LSG and the total value of the financial assistance is more than HK\$10,000,000, the LSG Financial Assistance Framework Agreements, the Intercompany Loan Transactions contemplated thereunder and the LSG Annual Caps are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, as (i) the highest of the applicable percentage ratios for the LSD-eSun Annual Caps is more than 5% for LSG and the total value of the financial assistance is more than HK\$10,000,000, and (ii) the highest of the applicable percentage ratios for the LSD-LF Annual Caps is more than 25% for LSG, the LSD Financial Assistance Framework Agreements, the Intercompany Loan Transactions contemplated thereunder and the LSD Annual Caps are also subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS FOR LSD

The Listing Rules Implications for LSD in respect of the entering into of each LSD Financial Assistance Framework Agreement (as lender) are as follows:-

(1) LSD-eSun Framework Agreement

On the basis of the Yu Shareholders' latest disclosures of interests in LSD and eSun mentioned above, eSun is a connected subsidiary of LSD and hence a connected person of LSD under Chapter 14A of the Listing Rules. Accordingly, the LSD-eSun Framework Agreement and the LSD-eSun Loan Transactions contemplated thereunder constitute continuing connected transactions of LSD under Chapter 14A of the Listing Rules.

(2) LSD-LF Framework Agreement

On the basis of the Yu Shareholders' latest disclosures of interests in LSD and LF mentioned above, LF is a connected subsidiary of LSD and hence a connected person of LSD under Chapter 14A of the Listing Rules. Accordingly, the LSD-LF Framework Agreement and the LSD-LF Loan Transactions contemplated thereunder constitute continuing connected transactions of LSD under Chapter 14A of the Listing Rules.

The two LSD Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder will constitute continuing connected transactions of LSD under Chapter 14A of the Listing Rules.

As (i) the highest of the applicable percentage ratios for the LSD-eSun Annual Caps is more than 5% for LSD and the total value of the financial assistance is more than HK\$10,000,000, and (ii) the highest of the applicable percentage ratios for the LSD-LF Annual Caps is more than 25% for LSD, the LSD Financial Assistance Framework Agreements, the Intercompany Loan Transactions contemplated thereunder and the LSD Annual Caps are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS FOR THE BORROWERS

The provision of the Intercompany Loans by the Lenders to the Borrowers pursuant to each of the Financial Assistance Framework Agreements constitutes financial assistance to be received by the Borrowers from a connected person.

Pursuant to the terms of each Financial Assistance Framework Agreement, the Intercompany Loans will be provided to the relevant Borrower on normal commercial terms and will not be secured by the assets of any of the Borrower Group Companies. Pursuant to Rule 14A.90 of the Listing Rules, the Financial Assistance Framework Agreements entered into by LSD, eSun and/or LF in the capacity as borrower and the Intercompany Loan Transactions contemplated thereunder are fully exempt from the connected transactions requirements under Chapter 14A of the Listing Rules for each of LSD, eSun and LF.

INTERNAL CONTROL MEASURES

(1) LSG

LSG will adopt the following internal control measures in respect of each Intercompany Loan Transaction to be entered into by a LSG Lender Group Company or a LSD Lender Group Company (as lender) pursuant to the Financial Assistance Framework Agreements:

- (i) before an Intercompany Loan Transaction is entered into, the finance department of LSG (in case the lender is a LSG Lender Group Company) or LSD (in case the lender is a LSD Lender Group Company) shall obtain the prevailing rates and terms at the time offered by not less than two (2) major independent commercial banks in Hong Kong for a similar loan (similar as to currency, term, type of interest rate and other factors deemed relevant by the lender) for comparison;
- (ii) the finance department and management of LSG will consider the proposed terms and conditions of the Intercompany Loan Transaction (including but not limited to the interest margin) and the terms offered by the aforesaid commercial banks and ensure that (a) the interest margin to be offered by the lender shall not be (i) lower than the lowest interest margin offered by the aforesaid commercial banks for a similar loan, or (ii) higher than the highest interest margin offered by the aforesaid commercial banks for a similar loan; (b) the terms and conditions of the Intercompany Loan Transaction are determined based on arm's length negotiations between the parties; and (c) the Intercompany Loan Transaction is on normal commercial terms and is fair and reasonable;

- (iii) the finance department of LSG will regularly (a) review whether the Intercompany Loan Transactions entered into by the LSG Lender Group and/or the LSD Lender Group (as lender) have been conducted in accordance with the terms of their respective loan agreements and the relevant Financial Assistance Framework Agreements; and (b) monitor the amounts under the Intercompany Loan Transactions to ensure that the relevant LSD Annual Caps are not exceeded; and
- (iv) LSG will comply with the applicable requirements under the connected transaction rules of the Listing Rules in respect of the Intercompany Loan Transactions entered into pursuant to the Financial Assistance Framework Agreements, including annual reporting and annual review by the independent non-executive LSG Directors and the auditors of LSG.

(2) LSD

LSD will adopt the following internal control measures in respect of each Intercompany Loan Transaction to be entered into by a LSD Lender Group Company (as lender) pursuant to the LSD Financial Assistance Framework Agreements:

- (i) before an Intercompany Loan Transaction is entered into, the finance department of LSD shall obtain the prevailing rates and terms at the time offered by not less than two (2) major independent commercial banks in Hong Kong for a similar loan (similar as to currency, term, type of interest rate and other factors deemed relevant by the lender) for comparison;
- (ii) the finance department and management of LSD will consider the proposed terms and conditions of the Intercompany Loan Transaction (including but not limited to the interest margin) and the terms offered by the aforesaid commercial banks and ensure that (a) the interest margin to be offered by the lender shall not be (i) lower than the lowest interest margin offered by the aforesaid commercial banks for a similar loan, or (ii) higher than the highest interest margin offered by the aforesaid commercial banks for a similar loan; (b) the terms and conditions of the Intercompany Loan Transaction are determined based on arm's length negotiations between the parties; and (c) the Intercompany Loan Transaction is on normal commercial terms and is fair and reasonable;
- (iii) the finance department of LSD will regularly (a) review whether the Intercompany Loan Transactions entered into by the LSD Lender Group (as lender) have been conducted in accordance with the terms of their respective loan agreements and the relevant LSD Financial Assistance Framework Agreements; and (b) monitor the amounts under the Intercompany Loan Transactions to ensure that the relevant LSD Annual Caps are not exceeded; and

- (iv) LSD will comply with the applicable requirements under the connected transaction rules of the Listing Rules in respect of the Intercompany Loan Transactions entered into pursuant to the LSD Financial Assistance Framework Agreements, including annual reporting and annual review by the independent non-executive LSD Directors and the auditors of LSD.

By implementing the above measures, the LSG Directors (excluding the independent non-executive LSG Directors) consider that LSG and LSD have appropriate internal control procedures in place to ensure that the Intercompany Loan Transactions under the Financial Assistance Framework Agreements will be conducted on normal commercial terms and in the interests of LSG, its subsidiaries and its shareholders as a whole.

Similarly, by implementing the above measures, the LSD Directors (excluding the independent non-executive LSD Directors) consider that LSD has appropriate internal control procedures in place to ensure that the Intercompany Loan Transactions under the LSD Financial Assistance Framework Agreements will be conducted on normal commercial terms and in the interests of LSD, its subsidiaries and its shareholders as a whole.

GENERAL MEETINGS

(1) LSG GM

LSG will convene a general meeting to seek approval from the LSG Independent Shareholders in respect of (i) the entering into of each LSG Financial Assistance Framework Agreement by LSG (as lender), (ii) the Intercompany Loan Transactions contemplated under the three LSG Financial Assistance Framework Agreements, (iii) the LSG Annual Caps, (iv) the entering into of each LSD Financial Assistance Framework Agreement by LSD (as lender), (v) the Intercompany Loan Transactions contemplated under the two LSD Financial Assistance Framework Agreements, and (vi) the LSD Annual Caps.

The LSG Independent Board Committee has been formed to advise the LSG Independent Shareholders on (1) whether the terms of each Financial Assistance Framework Agreement are fair and reasonable, (2) whether the Intercompany Loan Transactions contemplated thereunder are on normal commercial terms or better to the LSG Group, (3) whether the Intercompany Loan Transactions contemplated thereunder are in the interests of LSG and its shareholders as a whole, and (4) how to vote in the LSG GM.

LSG will appoint an independent financial adviser to advise the LSG Independent Board Committee and the LSG Independent Shareholders in this regard.

A circular of LSG containing, among other things, (i) information on the Financial Assistance Framework Agreements and the Intercompany Loan Transactions respectively contemplated thereunder, the proposed Annual Caps; (ii) a letter of recommendation from the LSG Independent Board Committee to the LSG Independent Shareholders; (iii) a letter of advice from the independent financial adviser of LSG to the LSG Independent Board Committee and the LSG Independent Shareholders; and (iv) a notice of the LSG GM is expected to be despatched to the LSG Shareholders on or before 31 October 2022.

(2) LSD GM

LSD will convene a general meeting to seek approval from the LSD Independent Shareholders in respect of (i) the entering into of each LSD Financial Assistance Framework Agreement by LSD (as lender), (ii) the Intercompany Loan Transactions contemplated under the two LSD Financial Assistance Framework Agreements, and (iii) the LSD Annual Caps.

The LSD Independent Board Committee has been formed to advise the LSD Independent Shareholders on (1) whether the terms of each LSD Financial Assistance Framework Agreement are fair and reasonable, (2) whether the Intercompany Loan Transactions contemplated thereunder are on normal commercial terms or better to the LSD Group, (3) whether the Intercompany Loan Transactions contemplated thereunder are in the interests of LSD and its shareholders as a whole, and (4) how to vote in the LSD GM.

LSD will appoint an independent financial adviser to advise the LSD Independent Board Committee and the LSD Independent Shareholders in this regard.

A circular of LSD containing, among other things, (i) information on the LSD Financial Assistance Framework Agreements and the Intercompany Loan Transactions respectively contemplated thereunder, the proposed LSD Annual Caps; (ii) a letter of recommendation from the LSD Independent Board Committee to the LSD Independent Shareholders; (iii) a letter of advice from the independent financial adviser of LSD to the LSD Independent Board Committee and the LSD Independent Shareholders; and (iv) a notice of the LSD GM is expected to be despatched to the LSD Shareholders on or before 31 October 2022.

INTERESTS OF VARIOUS SHAREHOLDERS

(1) Interests of various LSG Shareholders

Dr. Peter Lam and Wisdoman

As at the date of this joint announcement:–

- (i) Dr. Peter Lam is the ultimate controlling shareholder of LSG, being deemed to be interested in 246,919,483 LSG Shares (representing approximately 41.93% of the issued share capital of LSG) by virtue of, in aggregate, his personal interest of 74,807,359 LSG Shares (representing approximately 12.70% of the issued share capital of LSG) and 100% interest in the issued share capital of Wisdoman which directly owned 172,112,124 LSG Shares (representing approximately 29.23% of the issued share capital of LSG);
- (ii) LSG, a holding company of LSD, and two of its wholly-owned subsidiaries, Zimba and Joy Mind, beneficially owned 515,389,531 LSD Shares (representing approximately 53.19% of the issued share capital of LSD). Other than through his interests in LSG, Dr. Peter Lam is also interested in 650,605 LSD Shares (representing approximately 0.07% of the issued share capital of LSD);
- (iii) LSD, a holding company of eSun, is interested in 1,113,260,072 eSun Shares (representing approximately 74.62% of the issued share capital of eSun). 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); and
- (iv) LSD, a holding company of LF, is interested in 182,318,266 LF Shares (representing approximately 55.08% of the issued share capital of LF). Other than through his interests in LSG and LSD, Dr. Peter Lam does not have any interest in LF Shares.

As the personal interests of Dr. Peter Lam in LSD and eSun are immaterial compared to his interests held through LSG, and he has no personal interest in LF, his interest in each of the Financial Assistance Framework Agreements is in alignment with the interest of other LSG Shareholders. Accordingly, Dr. Peter Lam does not have a material interest in any of the Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder. Dr. Peter Lam and Wisdoman will not be required to abstain from voting on the resolutions to be proposed at the LSG GM.

Mr. Lester Lam

As at the date of this joint announcement:–

- (i) Mr. Lester Lam is interested in 18,688,812 LSG Shares (representing approximately 3.17% of the issued share capital of LSG);
- (ii) Mr. Lester Lam does not have any personal interest in LSD Shares;
- (iii) Mr. Lester Lam is personally interested in 2,794,443 eSun Shares (representing approximately 0.19% of the issued share capital of eSun); and
- (iv) Mr. Lester Lam does not have any personal interest in LF Shares.

As the personal interests of Mr. Lester Lam in eSun is immaterial compared to his interests held through LSG, and he has no personal interest in LSD and LF, his interest in each of the Financial Assistance Framework Agreements is in alignment with the interest of other LSG Shareholders. Accordingly, Mr. Lester Lam does not have a material interest in any of the Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder. Mr. Lester Lam will not be required to abstain from voting on the resolutions to be proposed at the LSG GM.

Madam U

As at the date of this joint announcement:–

- (i) Madam U is interested in 1,238,287 LSG Shares (representing approximately 0.21% of the issued share capital of LSG);
- (ii) Madam U is personally interested in 40,378 LSD Shares (representing approximately 0.004% of the issued share capital of LSD); and
- (iii) Madam U does not have any personal interest in eSun Shares and LF Shares.

As the personal interests of Madam U in LSD is immaterial compared to her interests held through LSG, and she has no personal interest in eSun and LF, her interest in each of the Financial Assistance Framework Agreements is in alignment with the interest of other LSG Shareholders. Accordingly, Madam U does not have a material interest in any of the Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder. Madam U will not be required to abstain from voting on the resolutions to be proposed at the LSG GM.

Yu Shareholders

On the basis of the latest information received by LSG from the Yu Shareholders and the Yu Shareholders' latest disclosures of interests in LSD, eSun and LF respectively:-

- (i) the Yu Shareholders are jointly interested in 173,208,420 LSG Shares (representing approximately 29.41% of the issued share capital of LSG) on the assumption that they have taken up their full entitlement of rights shares after the completion of LSG's rights issue in 2021;
- (ii) the Yu Shareholders are jointly interested in 271,740,000 LSD Shares (representing approximately 28.05% of the issued share capital of LSD);
- (iii) the Yu Shareholders are jointly interested in 149,864,000 eSun Shares (representing approximately 10.05% of the issued share capital of eSun); and
- (iv) the Yu Shareholders are jointly interested in 33,161,037 LF Shares (representing approximately 10.02% of the issued share capital of LF).

As the Yu Shareholders have significant personal interests in each of LSD, eSun and LF (other than interests held in LSG and/or LSD), the benefit to be conferred upon the Yu Shareholders from the financial assistance to be received by LSD, eSun and LF as borrowers pursuant to the Intercompany Loan Transactions contemplated under the Financial Assistance Framework Agreements will be relatively more than that conferred upon other LSG Shareholders who have no personal interest in LSD, eSun and/or LF. As the Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder will confer upon the Yu Shareholders a significant additional benefit compared to other LSG Shareholders, the Yu Shareholders are considered, for the purposes of the Listing Rules, to have a material interest in each of the Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder. As such, the Yu Shareholders will be required to abstain from voting on each of the resolutions to be proposed at the LSG GM.

(2) Interests of various LSD Shareholders

LSG, Zimba and Joy Mind

As at the date of this joint announcement, LSG and two of its wholly-owned subsidiaries, Zimba and Joy Mind, beneficially owned 515,389,531 LSD Shares (representing approximately 53.19% of the issued share capital of LSD).

Other than through its interests in LSD, LSG does not have any interest in eSun Shares and LF Shares. As such, its interest in each of the LSD Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder is in alignment with the interest of other LSD Shareholders. As such, LSG, Zimba and Joy Mind will not be required to abstain from voting on the resolutions to be proposed at the LSD GM.

Dr. Peter Lam

The interests of Dr. Peter Lam in the shares of LSD, eSun and LF as at the date of this joint announcement is disclosed in the sub-section headed “(1) Interests of various LSG Shareholders – Dr. Peter Lam and Wisdoman” above.

As the personal interests of Dr. Peter Lam in eSun is immaterial compared to his interests held through LSD, and he has no personal interest in LF, his interest in each of the LSD Financial Assistance Framework Agreements is in alignment with the interest of other LSD Shareholders. Accordingly, Dr. Peter Lam does not have a material interest in any of the LSD Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder. As such, Dr. Peter Lam will not be required to abstain from voting on the resolutions to be proposed at the LSD GM.

Yu Shareholders

The interests of the Yu Shareholders in the shares of LSD, eSun and LF based on their latest disclosures of interests is disclosed in the sub-section headed “(1) Interests of various LSG Shareholders – Yu Shareholders” above.

As the Yu Shareholders have significant personal interests in each of eSun and LF (other than interests held through LSD), the benefit to be conferred upon the Yu Shareholders from the financial assistance to be received by eSun and LF as borrowers pursuant to the Intercompany Loan Transactions contemplated under the LSD Financial Assistance Framework Agreements will be relatively more than that conferred upon other LSD Shareholders who have no personal interest in eSun and/or LF. As the LSD Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder will confer upon the Yu Shareholders a significant additional benefit compared to other LSD Shareholders, the Yu Shareholders are considered, for the purposes of the Listing Rules, to have a material interest in each of the LSD Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder. As such, the Yu Shareholders will be required to abstain from voting on each of the resolutions to be proposed at the LSD GM.

DIRECTORS’ INTERESTS

(1) LSG Directors’ Interests

None of the LSG Directors is regarded as having a material interest in the Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder. Hence, none of the LSG Directors is required to abstain from voting on the LSG Board resolutions to approve the transactions.

However, in view of his personal interests in LSG, LSD and eSun as set out above, Dr. Peter Lam has voluntarily abstained from voting on the relevant LSG Board resolutions in relation to the LSG-LSD Framework Agreement, the LSG-eSun Framework Agreement and the LSD-eSun Framework Agreement.

Similarly, in view of his personal interests in LSG and eSun as set out above, Mr. Lester Lam has voluntarily abstained from voting on the relevant LSG Board resolutions in relation to the LSG-eSun Framework Agreement and the LSD-eSun Framework Agreement.

As Madam U is not a member of the executive committee of the LSG Board, she did not vote on the relevant LSG Board resolutions in relation to the LSG-LSD Framework Agreement.

(2) LSD Directors' Interests

None of the LSD Directors is regarded as having a material interest in the LSD Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder. Hence, none of the LSD Directors is required to abstain from voting on the LSD Board resolutions to approve the transactions.

However, in view of his personal interests in LSD and eSun as set out above, Dr. Peter Lam has voluntarily abstained from voting on the relevant LSD Board resolutions in relation to the LSD-eSun Framework Agreement.

Similarly, in view of his personal interests in eSun as set out above, Mr. Lester Lam has voluntarily abstained from voting on the relevant LSD Board resolutions in relation to the LSD-eSun Framework Agreement.

DEFINITIONS

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

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| “ associate ” | has the meaning ascribed to it under the Listing Rules; |
| “ Annual Caps ” | the LSG Annual Caps and the LSD Annual Caps collectively; and an “ Annual Cap ” shall mean any one of them; |
| “ Borrower(s) ” | member(s) of the LSD Borrower Group, eSun Borrower Group or LF Borrower Group receiving financial assistance pursuant to the Financial Assistance Framework Agreements; |
| “ Borrower Group(s) ” | the LSD Borrower Group, the eSun Borrower Group and the LF Borrower Group, collectively; and a “ Borrower Group Company ” shall mean any member of the Borrower Groups; |
| “ close associate ” | has the meaning ascribed to it under the Listing Rules; |
| “ connected person(s) ” | has the meaning ascribed to it under the Listing Rules; |

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| “connected subsidiary” | has the meaning ascribed to it under the Listing Rules; |
| “controlling shareholder” | has the meaning ascribed to it under the Listing Rules; |
| “disclosures of interests” | the disclosures of interests pursuant to Part XV of the SFO or otherwise; |
| “Dr. Peter Lam” | Dr. Lam Kin Ngok, Peter, the ultimate controlling shareholder of LSG and LSD, the chairman and an executive director of both LSG and LSD; |
| “eSun” | eSun Holdings Limited (豐德麗控股有限公司), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571); |
| “eSun Borrower Group” | eSun Group in the capacity as borrower under the Intercompany Loan Transactions; and “eSun Borrower Group Company” shall mean any member of the eSun Borrower Group; |
| “eSun Group” | eSun and its subsidiaries; |
| “eSun Shares” | the shares in the issued share capital of eSun; |
| “Financial Assistance Framework Agreements” | the LSG Financial Assistance Framework Agreements and the LSD Financial Assistance Framework Agreements, collectively; |
| “General Terms” | general terms applicable to the Intercompany Loan Transactions as set out in the section headed “General Terms of the Intercompany Loan Transactions” in this joint announcement; |
| “HIBOR” | the Hong Kong interbank offered rate administered by the Treasury Markets Association (of any other person which takes over the administration of that rate) for HK\$ for the relevant period; |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “Intercompany Loan(s)” | loan(s) granted by a relevant Lender to a relevant Borrower under any Intercompany Loan Transaction; |

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|---|---|
| “Intercompany Loan Transaction(s)” | the LSG-LSD Loan Transactions, the LSG-eSun Loan Transactions, the LSG-LF Loan Transactions, the LSD-eSun Loan Transactions and the LSD-LF Loan Transactions, collectively; |
| “Joy Mind” | Joy Mind Limited (欣楚有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of LSG; |
| “Lender(s)” | member(s) of the LSG Lender Group or LSD Lender Group providing financial assistance pursuant to the Financial Assistance Framework Agreements; |
| “LF” | Lai Fung Holdings Limited (麗豐控股有限公司), 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 (Stock Code: 1125); |
| “LF Borrower Group” | LF Group in the capacity as borrower under the Intercompany Loan Transactions; and “LF Borrower Group Company” shall mean any member of the LF Borrower Group; |
| “LF Group” | LF and its subsidiaries; |
| “LF Shares” | the shares in the issued share capital of LF; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “LSD” | Lai Sun Development Company Limited (麗新發展有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488); |
| “LSD Annual Caps” | the LSD-eSun Annual Caps and the LSD-LF Annual Caps, collectively; |
| “LSD Board” | the board of LSD Directors; |
| “LSD Borrower Group” | LSD Group (excluding the eSun Group and the LF Group) in the capacity as borrower under the Intercompany Loan Transactions; and “LSD Borrower Group Company” shall mean any member of the LSD Borrower Group; |
| “LSD Directors” | the directors of LSD; |

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| “LSD-eSun Annual Caps” | the annual caps set in respect of the Intercompany Loan Transactions contemplated under the LSD-eSun Framework Agreement for each of the financial years during the initial term thereof; |
| “LSD-eSun Framework Agreement” | the financial assistance framework agreement dated 9 September 2022 and entered into between LSD and eSun in relation to the provision of financial assistance in the form of unsecured bilateral loans by member(s) of the LSD Lender Group (as lender) to member(s) of the eSun Borrower Group (as borrower) from time to time during the term thereof; |
| “LSD-eSun Loan Transaction(s)” | the financial assistance to be provided by a LSD Lender Group Company to a eSun Borrower Group Company from time to time pursuant to the terms of the LSD-eSun Framework Agreement; |
| “LSD Financial Assistance Framework Agreements” | the LSD-eSun Framework Agreement and the LSD-LF Framework Agreement, collectively; |
| “LSD GM” | the general meeting of LSD to be held to seek approval from the LSD Independent Shareholders in respect of (i) the entering into of each LSD Financial Assistance Framework Agreement by LSD (as lender), (ii) the Intercompany Loan Transactions contemplated under the two LSD Financial Assistance Framework Agreements, and (iii) the LSD Annual Caps; |
| “LSD Group” | LSD and its subsidiaries (including, for the avoidance of doubt, the eSun Group and the LF Group); |
| “LSD Independent Board Committee” | the independent board committee of LSD established by the LSD Board comprising all the independent non-executive LSD Directors; |

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| “LSD Independent Shareholders” | the LSD Shareholders other than (a) the Yu Shareholders, who, on the basis of their disclosures of interests in LSD, eSun and LF as at the date of this joint announcement, will be required under the Listing Rules to abstain from voting on the resolutions to be proposed at the LSD GM, and their close associates; and (b) any other LSD Shareholder who has a material interest in any of the LSD Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder, and will be required under the Listing Rules to abstain from voting on the relevant resolutions to be proposed at the LSD GM, and his close associates. For the avoidance of doubt, the LSD Independent Shareholders include LSG, Zimba, Joy Mind and Dr. Peter Lam; |
| “LSD Lender Group” | LSD Group (excluding the eSun Group and the LF Group) in the capacity as lender under the Intercompany Loan Transactions; and “LSD Lender Group Company” shall mean any member of the LSD Lender Group; |
| “LSD-LF Annual Caps” | the annual caps set in respect of the Intercompany Loan Transactions contemplated under the LSD-LF Framework Agreement for each of the financial years during the initial term thereof; |
| “LSD-LF Framework Agreement” | the financial assistance framework agreement dated 9 September 2022 and entered into between LSD and LF in relation to the provision of financial assistance in the form of unsecured bilateral loans by member(s) of the LSD Lender Group (as lender) to member(s) of the LF Borrower Group (as borrower) from time to time during the term thereof; |
| “LSD-LF Loan Transaction(s)” | the financial assistance to be provided by a LSD Lender Group Company to a LF Borrower Group Company from time to time pursuant to the terms of the LSD-LF Framework Agreement; |
| “LSD Shares” | the shares in the issued share capital of LSD; |
| “LSD Shareholders” | the holders of LSD Shares; |
| “LSG” | Lai Sun Garment (International) Limited (麗新製衣國際有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 191); |

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| “LSG Annual Caps” | the LSG-LSD Annual Caps, the LSG-eSun Annual Caps and the LSG-LF Annual Caps, collectively; |
| “LSG Board” | the board of LSG Directors; |
| “LSG Directors” | the directors of LSG; |
| “LSG-eSun Annual Caps” | the annual caps set in respect of the Intercompany Loan Transactions contemplated under the LSG-eSun Framework Agreement for each of the financial years during the initial term thereof; |
| “LSG-eSun Framework Agreement” | the financial assistance framework agreement dated 9 September 2022 and entered into between LSG and eSun in relation to the provision of financial assistance in the form of unsecured bilateral loans by member(s) of the LSG Lender Group (as lender) to member(s) of the eSun Borrower Group (as borrower) from time to time during the term thereof; |
| “LSG-eSun Loan Transaction(s)” | the financial assistance to be provided by a LSG Lender Group Company to a eSun Borrower Group Company from time to time pursuant to the terms of the LSG-eSun Framework Agreement; |
| “LSG Financial Assistance Framework Agreements” | the LSG-LSD Framework Agreement, the LSG-eSun Framework Agreement and the LSG-LF Framework Agreement, collectively; |
| “LSG GM” | the general meeting of LSG to be held to seek approval from the LSG Independent Shareholders in respect of (i) the entering into of each LSG Financial Assistance Framework Agreement by LSG (as lender), (ii) the Intercompany Loan Transactions contemplated under the three LSG Financial Assistance Framework Agreements, (iii) the LSG Annual Caps, (iv) the entering into of each LSD Financial Assistance Framework Agreement by LSD (as lender), (v) the Intercompany Loan Transactions contemplated under the two LSD Financial Assistance Framework Agreements, and (vi) the LSD Annual Caps; |
| “LSG Group” | LSG and its subsidiaries (including, for the avoidance of doubt, the LSD Group); |
| “LSG Independent Board Committee” | the independent board committee of LSG established by the LSG Board comprising all the independent non-executive LSG Directors; |

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| “LSG Independent Shareholders” | the LSG Shareholders other than (a) the Yu Shareholders, who, on the basis of the latest information received by LSG from the Yu Shareholders and their disclosures of interests in LSD, eSun and LF as at the date of this joint announcement, will be required under the Listing Rules to abstain from voting on the resolutions to be proposed at the LSG GM, and their close associates; and (b) any other LSG Shareholder who has a material interest in any of the Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder, and will be required under the Listing Rules to abstain from voting on the relevant resolutions to be proposed at the LSG GM, and his close associates. For the avoidance of doubt, the LSG Independent Shareholders include Dr. Peter Lam, Wisdoman, Mr. Lester Lam and Madam U; |
| “LSG Lender Group” | LSG Group (excluding the LSD Group) in the capacity as lender under the Intercompany Loan Transactions; and “LSG Lender Group Company” shall mean any member of the LSG Lender Group; |
| “LSG-LF Annual Caps” | the annual caps set in respect of the Intercompany Loan Transactions contemplated under the LSG-LF Framework Agreement for each of the financial years during the initial term thereof; |
| “LSG-LF Framework Agreement” | the financial assistance framework agreement dated 9 September 2022 and entered into between LSG and LF in relation to the provision of financial assistance in the form of unsecured bilateral loans by member(s) of the LSG Lender Group (as lender) to member(s) of the LF Borrower Group (as borrower) from time to time during the term thereof; |
| “LSG-LF Loan Transaction(s)” | the financial assistance to be provided by a LSG Lender Group Company to a LF Borrower Group Company from time to time pursuant to the terms of the LSG-LF Framework Agreement; |
| “LSG-LSD Annual Caps” | the annual caps set in respect of the Intercompany Loan Transactions contemplated under the LSG-LSD Framework Agreement for each of the financial years during the initial term thereof; |

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| “LSG-LSD Framework Agreement” | the financial assistance framework agreement dated 9 September 2022 and entered into between LSG and LSD in relation to the provision of financial assistance in the form of unsecured bilateral loans by member(s) of the LSG Lender Group (as lender) to member(s) of the LSD Borrower Group (as borrower) from time to time during the term thereof; |
| “LSG-LSD Loan Transactions” | the financial assistance to be provided by a LSG Lender Group Company to a LSD Borrower Group Company from time to time pursuant to the terms the LSG-LSD Framework Agreement; |
| “LSG Shares” | the shares in the issued share capital of LSG; |
| “LSG Shareholders” | the holders of LSG Shares; |
| “Madam U” | Madam U Po Chu, an executive director of LSG and LF, a non-executive director of LSD and eSun, and Dr. Peter Lam’s mother; |
| “Mr. Lester Lam” | Mr. Lam Hau Yin, Lester, an executive director of LSG (and an alternate to Madam U as an executive director of LSG), LSD (and an alternate to Madam U as a non-executive director of LSD) and eSun (and an alternate to Madam U as a non-executive director of eSun), the chief executive officer and an executive director of LF (and an alternate to Madam U as an executive director of LF), and Dr. Peter Lam’s son; |
| “PRC” | the People’s Republic of China and for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan; |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “subsidiary(ies)” | has the meaning ascribed to it under the Listing Rules; |
| “substantial shareholder” | has the meaning ascribed to it under the Listing Rules; |
| “Wisdoman” | Wisdoman Limited (善晴有限公司), a company incorporated in Hong Kong with limited liability and wholly-owned by Dr. Peter Lam, together with Dr. Peter Lam, are controlling shareholders of the Company; |

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| “Yu Shareholders” | Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk; |
| “Zimba” | Zimba International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of LSG; and |
| “%” | per cent. |

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| <p>By order of the Board</p> <p>Lai Sun Garment (International) Limited</p> <p>Chew Fook Aun</p> <p><i>Executive Director and Deputy Chairman</i></p> | <p>By order of the Board</p> <p>Lai Sun Development Company Limited</p> <p>Chew Fook Aun</p> <p><i>Executive Director and Deputy Chairman</i></p> |
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Hong Kong, 9 September 2022

As at the date of this joint announcement,

- (a) *the LSG Board comprises five executive directors, namely Dr. Lam Kin Ngok, Peter (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; and*
- (b) *the LSD Board comprises five executive directors, namely Dr. Lam Kin Ngok, Peter (Chairman) and Messrs. Chew Fook Aun (Deputy Chairman), Lau Shu Yan, Julius (Chief Executive Officer), 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 three independent non-executive directors, namely Messrs. Lam Bing Kwan, Leung Shu Yin, William and Ip Shu Kwan, Stephen.*