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eSun Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 571)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF RIGHT-OF-USE ASSET
IN RELATION TO A LEASE AGREEMENT**

LEASE AGREEMENT

The Board announces that on 25 January 2021, the Lessee, an indirect wholly-owned subsidiary of the Company, entered into the Lease Agreement, with the Lessor, in respect of the lease of the Premises for a term of ten (10) years commencing on 8 April 2023 and expiring on 7 April 2033 (both days inclusive) for the cinema operation and related business of the Group.

LISTING RULES IMPLICATIONS

As the entering into of the Lease Agreement will be recognised as a right-of-use asset in the Group's consolidated financial statements in accordance with HKFRS 16, the entering into of the Lease Agreement and the transactions contemplated thereunder would be regarded as an acquisition of asset by the Company for the purposes of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Lease Agreement is more than 5% but less than 25%, the Lease Agreement constitutes a discloseable transaction of the Company, and is therefore subject to the reporting and announcement requirements but exempt from the circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

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PRINCIPAL TERMS OF THE LEASE AGREEMENT

The principal terms of the Lease Agreement are set out below:

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| Date: | 25 January 2021 |
| Parties: | (1) The One Property Limited, as the lessor; and (2) Fascinating Screens Limited, an indirect wholly-owned subsidiary of the Company, as the lessee |
| Premises: | Cinema (Portion of the Level 6, Level 7, Level 8, Level 9, Level 10 and Level 11) (also referred to as L6, L7, L8, L9, L10 and L11), The ONE, 100 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong |
| Term: | Ten (10) years commencing on 8 April 2023 and expiring on 7 April 2033 (both days inclusive) |
| Rent-free period: | Ninety (90) days from 8 April 2023 to 6 July 2023 (both days inclusive) |
| Use: | For the cinema operation and related business of the Group |
| Aggregated value of consideration payable: | <p>The total base rent payable during the term of the Lease Agreement is approximately HK\$122.5 million, which is subject to monthly turnover rent which may be imposed pursuant to the terms and conditions of the Lease Agreement.</p> <p>The amounts payable by the Lessee under the Lease Agreement comprise the base rent, turnover rent, service charges and other charges and outgoings and will be satisfied by internal resources of the Group. Such amounts were determined after arm's length negotiations between the Lessee and the Lessor, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises, as well as business development opportunity and future prospect of the cinema business in Hong Kong.</p> |
| Payment terms: | The base rent shall be payable monthly in advance on the first day of each calendar month. The monthly turnover rent (if applicable pursuant to the terms and conditions of the Lease Agreement) shall be payable in the following month. |
| Rates: | The Lessee shall be responsible for the rates during the term of the Lease Agreement. |
| Stamp duty: | The stamp duty shall be borne equally by the Lessor and the Lessee. |

RIGHT-OF-USE ASSET

Pursuant to HKFRS 16, the Group will recognise a right-of-use asset in respect of the Lease Agreement, which is measured at the present value of the total base rent payable during the term of the Lease Agreement, discounted using an incremental borrowing rate. The value of such right-of-use asset to be recognised by the Company upon commencement of the term of the Lease Agreement is expected to be approximately HK\$114 million.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE LEASE AGREEMENT

The Lessee is a fellow subsidiary of Intercontinental Group Holdings Limited, an indirect 95%-owned subsidiary of the Company and one of the leading multiplex cinema operators in Hong Kong. As at the date of this announcement, the Group operates eleven (11) cinemas in Hong Kong and three (3) cinemas in Mainland China. Despite the challenges presented by the outbreak of the novel coronavirus (COVID-19), the Group remains cautiously optimistic about the fundamental demand for entertainment and has been exploring opportunities to further expand its footprints in the cinema industry. The Group considers that the future use of the Premises will be beneficial to the cinema operation of the Group given the strategic location of the Premises and will further enhance its market positioning as a leading multiplex cinema operator in Hong Kong.

The terms of the Lease Agreement have been negotiated between the parties on an arm's length basis. The Directors considered that the transactions contemplated under the Lease Agreement were entered into in the ordinary and usual course of business of the Group on normal commercial terms, and the terms of the Lease Agreement were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY AND THE PARTIES

The Company

The Company 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. The Company 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 programs, films and video format products and cinema operation.

The Lessee

Fascinating Screens Limited is a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. The principal activity of the Lessee is cinema operation.

The Lessor

The One Property Limited is a limited liability company incorporated in Hong Kong. The principal activity of the Lessor is property investment. To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the Lessor and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

LISTING RULES IMPLICATIONS

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As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Lease Agreement is more than 5% but less than 25%, the Lease Agreement constitutes a discloseable transaction of the Company, and is therefore subject to the reporting and announcement requirements but exempt from the circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

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

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| “Board” | the board of Directors; |
| “Company” | eSun Holdings Limited (豐德麗控股有限公司), an exempted company incorporated in Bermuda with limited liability and the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571); |
| “connected persons(s)” | has the meaning ascribed to it under the Listing Rules; |
| “Directors” | the directors of the Company; |
| “Group” | the Company and its subsidiaries; |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong; |
| “HKFRS 16” | Hong Kong Financial Reporting Standard 16 “Leases” which includes standards and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |

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| “Lease Agreement” | the lease agreement dated 25 January 2021 entered into between the Lessee and the Lessor relating to the renting of the Premises; |
| “Lessee” | Fascinating Screens Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company; |
| “Lessor” | The One Property Limited, a company incorporated in Hong Kong with limited liability; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “PRC” or “Mainland China” | the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan; |
| “Premises” | Cinema (Portion of the Level 6, Level 7, Level 8, Level 9, Level 10 and Level 11) (also referred to as L6, L7, L8, L9, L10 and L11), The ONE, 100 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong; |
| “Shareholder(s)” | the duly registered holder(s) of the ordinary share(s) of HK\$0.5 each in the share capital of the Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “subsidiary(ies)” | has the meaning ascribed to it under the Listing Rules; and |
| “%” | per cent. |

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

Hong Kong, 25 January 2021

As at the date of this announcement, the Board comprises four Executive Directors, namely Messrs. Lui Siu Tsuen, Richard (Chief Executive Officer), Chew Fook Aun, 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 four Independent Non-executive Directors, namely Messrs. Low Chee Keong (Chairman), Lo Kwok Kwei, David and Alfred Donald Yap and Dr. Ng Lai Man, Carmen.