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L A I F U N G H O L D I N G S

Lai Fung Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1125)

**ISSUE OF US\$350,000,000 5.65% GUARANTEED NOTES DUE 2023**

The Company, the Issuer and LSD have, on 10 January 2018, entered into the Subscription Agreement with the Joint Lead Managers in relation to the issue and distribution of the Notes.

The Notes will be denominated in US dollars, will have a maturity of five years due in 2023 and will bear a fixed interest rate of 5.65% per annum during their term with interest payable semi-annually in arrear. The issue price of the Notes will be 100% of the aggregate principal amount of the Notes. The Notes are expected to be rated “BB-” by Fitch Ratings Ltd.

Upon completion of the Notes Issue, the net proceeds from the Offering are estimated to be approximately US\$346,900,000 after deducting underwriting fees and expenses. The net proceeds will be on-lent to the Company and/or its subsidiaries for the repayment of the CNY1,800,000,000 6.875% senior notes due 2018 issued on 25 April 2013, and general corporate purposes.

An application will be made to the Stock Exchange for the listing of, and permission to deal in the Notes by way of a debt issue to professional investors only. There is no guarantee that an approval of listing of the Notes on the Stock Exchange will be obtained. Approval of the listing of the Notes on the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

The listing and permission to deal in the Notes is expected to become effective on or about 19 January 2018.

**Completion of the Subscription Agreement is subject to the satisfaction, or waiver, of the conditions precedent therein. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the paragraph headed “The Subscription Agreement” below for further information. As the Subscription Agreement may or may not be completed, shareholders of the Company and prospective investors are reminded to exercise caution when dealing in the securities of the Company.**

## INTRODUCTION

The Board is pleased to announce that the Company, the Issuer and LSD have, on 10 January 2018 (after trading hours), entered into the Subscription Agreement with the Joint Lead Managers in relation to the issue and distribution of the Notes. Subject to completion of the Subscription Agreement on the Closing Date, the Issuer will issue the Notes and the Company will guarantee the Notes in the aggregate principal amount of US\$350,000,000. The Notes will be in registered form, in the denomination of US\$200,000 and integral multiples of US\$1,000 in excess thereof, will have a maturity of five years due in 2023 and will bear a fixed interest rate of 5.65% per annum during their term with interest payable semi-annually in arrear. The issue price of the Notes will be 100% of the aggregate principal amount of the Notes. The Notes are expected to be rated “BB-” by Fitch Ratings Ltd.

The Company will unconditionally and irrevocably guarantee the due and punctual payment of all sums expressed to be payable by the Issuer in respect of the Notes by entering into the Deed of Guarantee. The Notes also have the benefit of a Keepwell Deed and a Deed of Equity Interest Purchase Undertaking by LSD, the controlling shareholder of eSun which in turn is the ultimate holding company of the Company. As at the date of this announcement, eSun owns approximately 50.77% of the issued share capital of the Company. LSD will not be required to provide any form of support under or pursuant to the Keepwell Deed and or the Deed of Equity Interest Purchase Undertaking until an Event of Default shall have occurred.

An application will be made to the Stock Exchange for the listing of, and the permission to deal in the Notes by way of a debt issue to professional investors (as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) only. There is no guarantee that an approval of listing of the Notes on the Stock Exchange will be obtained. Approval of the listing of the Notes on the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

## **THE SUBSCRIPTION AGREEMENT**

The following is a brief summary of the Notes Issue:

### **Date**

10 January 2018

### **Parties**

- (i) the Issuer;
- (ii) the Company;
- (iii) LSD; and
- (iv) the Joint Lead Managers.

### **Notes Offered**

Pursuant to the Subscription Agreement, upon the satisfaction of certain conditions, the Joint Lead Managers have severally (and not jointly) agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Notes in an aggregate principal amount of US\$350,000,000. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Joint Lead Managers is a third party independent of the Company or its connected persons.

The Notes have not been and will not be registered under the Securities Act, and subject to certain exceptions, may not be offered or sold within the United States and are only being offered and sold outside the United States in compliance with Regulation S under the Securities Act. None of the Notes will be offered to the public in Hong Kong or elsewhere and none of the Notes will be placed to any connected persons of the Company.

### **Conditions to Completion of the Subscription Agreement**

The obligations of the Joint Lead Managers to subscribe and pay for the Notes (or to procure subscribers to subscribe and pay for the Notes) are conditional upon, among other things:

- (a) the Company procuring certain legal opinions, closing certificates, auditors' comfort letters and other relevant documents to be delivered to the Joint Lead Managers;
- (b) the execution and delivery (on or before the Closing Date) of the Issue Documents by the respective parties; and
- (c) the Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Joint Lead Managers, to list the Notes.

The Joint Lead Managers may, at their discretion and upon such terms as they think fit, waive satisfaction of any of the conditions precedent as stated in the Subscription Agreement.

## **Termination of the Subscription Agreement**

The Joint Lead Managers may, by notice to the Issuer and the Company given at any time prior to the payment of the net proceeds of the Notes Issue to the Issuer on the Closing Date, terminate the Subscription Agreement upon the occurrence of, among other things, certain circumstances summarised as follows:

- (a) any of the representations and warranties by the Issuer, the Company or LSD contained in the Subscription Agreement is breached or rendered untrue or incorrect in any respect; or
- (b) the Issuer, the Company or LSD fails to perform any of their respective obligations under the Subscription Agreement; or
- (c) any of the conditions precedent contained in the Subscription Agreement is not satisfied or waived by the Joint Lead Managers on the Closing Date; or
- (d) the occurrence of any event or series of events (including, but not limited to, the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) which would, in the view of the Joint Lead Managers, be likely to prejudice materially the success of the Offering or distribution of the Notes as described in the Offering Circulars; or
- (e) trading in the securities of the Company or LSD on the Stock Exchange and/or any other stock exchange on which the Company's or LSD's securities are traded has been suspended for dealings for more than one business day or materially limited.

The Subscription Agreement may also be terminated if any of the Joint Lead Managers fails to subscribe and make payment for any of the Notes agreed to be subscribed and paid for by such Joint Lead Manager (the “**Default Notes**”), and if the other Joint Lead Managers do not subscribe and pay for all of the Default Notes. The other Joint Lead Managers are not bound to subscribe for the Default Notes if the Default Notes exceed 10% of the aggregate principal amount of the Notes. Subject to the foregoing, the Notes are expected to be issued on or about 18 January 2018 and the listing and permission to deal in the Notes is expected to become effective on or about 19 January 2018.

## **Use of Proceeds and the Reason for the Notes Issue**

The net proceeds from the Offering are estimated to be approximately US\$346,900,000 after deducting underwriting fees and expenses. The net proceeds will be on-lent to the Company and/or its subsidiaries for repayment of the CNY1,800,000,000 6.875% senior notes due 2018 issued on 25 April 2013, and general corporate purposes.

**Completion of the Subscription Agreement is subject to the satisfaction, or waiver, of the conditions precedent therein. In addition, the Subscription Agreement may be terminated under certain circumstances. As the Subscription Agreement may or may not be completed, shareholders of the Company and prospective investors are reminded to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

“Board”	the board of directors of the Company
“Closing Date”	18 January 2018, or such later date, not being later than 1 February 2018, as the Issuer, the Company and the Joint Lead Managers may agree
“CNY”	Renminbi, the lawful currency of the PRC
“Company”	Lai Fung Holdings Limited, 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)
“connected persons”	has the meaning ascribed to it under the Rules Governing the Listing of Securities on the Stock Exchange
“Deed of Covenant”	the deed of covenant given by the Issuer in favour of the holders of the Notes
“Deed of Equity Interest Purchase Undertaking”	a deed of equity interest purchase undertaking to be dated on or about 18 January 2018 among the Issuer, the Company and LSD
“Deed of Guarantee”	the deed of guarantee given by the Company in favour of the holders of the Notes
“Director(s)”	director(s) of the Company
“eSun”	eSun Holdings Limited, 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)
“Event of Default”	an event of default as defined under the terms and conditions of the Notes
“Fiscal Agency Agreement”	the fiscal agency agreement to be dated on or about 18 January 2018 made among the Issuer, the Company and The Hongkong and Shanghai Banking Corporation Limited (as the registrar, fiscal agent, transfer agent and paying agent)
“Guarantee”	the unconditional and irrevocable guarantee given by the Company in respect of the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Documents”	collectively, the Subscription Agreement, the Fiscal Agency Agreement, the Deed of Guarantee, the Deed of Covenant, the Keepwell Deed and the Deed of Equity Interest Purchase Undertaking
“Issuer”	Lai Fung Bonds (2018) Limited, a limited liability company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company and established solely for the purpose of issuing the Notes
“Joint Lead Managers”	DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited and UBS AG Hong Kong Branch
“Keepwell Deed”	a keepwell deed to be dated on or about 18 January 2018 among the Issuer, the Company and LSD
“LSD”	Lai Sun Development Company Limited, a limited liability company incorporated in Hong Kong, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488)
“Notes”	the 5.65% guaranteed notes due 2023 in the principal amount of US\$350,000,000 to be issued by the Issuer
“Notes Issue”	the issue of the Notes by the Issuer
“Offering”	the offering of the Notes
“Offering Circulars”	the preliminary offering circular dated 8 January 2018 and the final offering circular dated 10 January 2018 issued by the Issuer and the Company in connection with the Offering
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Securities Act”	the United States Securities Act of 1933, as amended
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 10 January 2018 and entered into among the Issuer, the Company, LSD and the Joint Lead Managers in relation to the issue and distribution of the Notes
“United States” or “US”	United States of America

“US\$” United States dollars, the lawful currency of the United States

“%” per cent. or percentage

By order of the Board  
**Lai Fung Holdings Limited**  
**Chew Fook Aun**  
*Chairman*

Hong Kong, 10 January 2018

*As at the date of this announcement, the Board comprises seven Executive Directors, namely Mr. Chew Fook Aun (Chairman), Dr. Lam Kin Ming (Deputy Chairman), Mr. Lam Kin Hong, Matthew (Executive Deputy Chairman), Mr. Lam Hau Yin, Lester (Chief Executive Officer), Madam U Po Chu, Mr. Cheng Shin How and Mr. Lee Tze Yan, Ernest; two Non-executive Directors, namely Mr. Lucas Ignatius Loh Jen Yuh and Mr. Puah Tze Shyang (also alternate to Mr. Lucas Ignatius Loh Jen Yuh); and five Independent Non-executive Directors, namely Messrs. Lam Bing Kwan, Ku Moon Lun, Law Kin Ho, Mak Wing Sum, Alvin and Shek Lai Him, Abraham.*