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**le saunda holdings ltd.**  
**萊爾斯丹控股有限公司\***

*(incorporated in Bermuda with limited liability)*

(Stock Code: 00738)

## **MAJOR TRANSACTION RELOCATION COMPENSATION AGREEMENT**

### **THE RESUMPTION**

Reference is made to the announcement of the Company dated 22 June 2020 in respect of the possible disposal of the Property by way of surrender for relocation compensation.

On 30 November 2020 (after trading hours), Shunde Le Saunda, an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability, entered into the Relocation Compensation Agreement with Beijiao Land Development Centre, pursuant to which Shunde Le Saunda conditionally agreed to surrender and Beijiao Land Development Centre conditionally agreed to resume the Property in consideration of the Relocation Compensation of RMB195,317,510.

### **LISTING RULES IMPLICATIONS**

Since one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Relocation Compensation Agreement and the transactions contemplated thereunder exceed 25% but all such percentage ratios are less than 75%, the Relocation Compensation Agreement and the transactions contemplated thereunder constitute a major transaction of the Company and are therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the transactions; and (b) a written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the transactions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has any material interest in the Relocation Compensation Agreement and the transactions contemplated thereunder and hence, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Relocation Compensation Agreement and the transactions contemplated thereunder.

The Company has obtained a written Shareholders' approval of the Relocation Compensation Agreement and the transactions contemplated thereunder from a closely allied group of Shareholders who together held a total of 368,061,000 Shares, representing approximately 52.12% of the issued share capital of the Company as at the date of this announcement. Accordingly, no general meeting will be convened by the Company for the purpose of approving the Relocation Compensation Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

## **GENERAL**

A circular containing, among other things, (a) further information in relation to the Relocation Compensation Agreement and the Resumption; (b) an independent valuation report in relation to the Property; and (c) other information as required under the Listing Rules is expected to be despatched to the Shareholders in accordance with the Listing Rules for their information on or before 21 December 2020.

Reference is made to the announcement of the Company dated 22 June 2020 in respect of the possible disposal of the Property by way of surrender for relocation compensation. The Board announces that on 30 November 2020 (after trading hours), Shunde Le Saunda, an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability, entered into the Relocation Compensation Agreement with Beijiao Land Development Centre, pursuant to which Shunde Le Saunda conditionally agreed to surrender and Beijiao Land Development Centre conditionally agreed to resume the Property in consideration of the Relocation Compensation of RMB195,317,510.

## **THE RELOCATION COMPENSATION AGREEMENT**

### **Date**

30 November 2020 (after trading hours)

### **Parties**

- (1) Shunde Le Saunda
- (2) Beijiao Land Development Centre

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Beijiao Land Development Centre and its ultimate beneficial owner, Foshan Municipal Shunde District Beijiao Town People's Government\*(佛山市順德區北滘鎮人民政府), are third parties independent of the Group and its connected persons (as defined under the Listing Rules).

### **The Resumption**

Pursuant to the Relocation Compensation Agreement, Shunde Le Saunda conditionally agreed to surrender and Beijiao Land Development Centre conditionally agreed to resume the Property in consideration of the Relocation Compensation of RMB195,317,510 on an "as-is" basis subject to the terms and conditions of the Relocation Compensation Agreement.

### **Subject of Resumption**

The Property, being a parcel of land situated in Beijiao Town, Shunde District, Foshan Municipality, Guangdong Province, the PRC has an aggregate site area (自用面積) of approximately 38,646.63 square metres and the buildings (structures) constructed thereon have an aggregate gross floor area (建築面積) of approximately 48,033.64 square metres, all of which are for industrial use. A major part of the Property was previously used by the Group as its production plant in Shunde and has been left idle since May 2020 upon cessation of operation. The current use of the other parts of the Property as warehouses would also cease and be vacated before delivery of vacant possession of the Property to Beijiao Land Development Centre.

## **Consideration and payment terms**

Pursuant to the Relocation Compensation Agreement, the Relocation Compensation payable by Beijiao Land Development Centre to Shunde Le Saunda in respect of the Resumption is RMB195,317,510, which shall be payable by Beijiao Land Development Centre at such time and in such manner as follows:

- (1) a sum of RMB10,000,000 shall be paid to Shunde Le Saunda within fifteen (15) Business Days upon the signing of the Relocation Compensation Agreement (and receipt of an original by Beijiao Land Development Centre); and
- (2) the remaining balance in the amount of RMB185,317,510 shall be paid to Shunde Le Saunda within fifteen (15) Business Days from the date when (a) a written notice of Shunde Le Saunda confirming the obtaining of the requisite Shareholders' approval of the Relocation Compensation Agreement and the transactions contemplated thereunder having been received by Beijiao Land Development Centre and (b) Beijiao Land Development Centre having satisfied with the vacation of the Property by Shunde Le Saunda.

The Relocation Compensation shall be paid by way of bank transfer or cash deposit to a designated bank account of Shunde Le Saunda.

The amount of the Relocation Compensation was agreed following arm's length negotiations held between Shunde Le Saunda and Beijiao Land Development Centre and taking into account prevailing market conditions.

## **Condition Precedent**

All the transactions under the Relocation Compensation Agreement and the surrender and resumption of the Property contemplated thereunder are conditional on the Company having obtained the Shareholders' approval of the Relocation Compensation Agreement and the transactions contemplated thereunder in accordance with the Listing Rules and other applicable laws, which has been satisfied by the obtaining of a written Shareholder's approval from a closely allied group of Shareholders (for the reasons explained below) who together held a total of 368,061,000 Shares, representing approximately 52.12% of the issued share capital of the Company as at the date of this announcement.

## **Completion**

Within forty-five (45) days upon receipt of payment of the RMB10,000,000 by Shunde Le Saunda or within five (5) days upon the obtaining of the Shareholders' approval, whichever is the later, Shunde Le Saunda shall vacate the Property and notify Beijiao Land Development Centre in writing to conduct inspection on the Property. Within three (3) Business Days upon receipt of payment of the Relocation Compensation in full, Shunde Le Saunda shall deliver vacant possession of the Property together with original of the property ownership certificate (房地產權證) in respect of the Property to Beijiao Land Development Centre.

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

The negotiations for the Resumption which precipitated in the entering into of the Relocation Compensation Agreement were initiated and driven by the Foshan Municipal Shunde District Beijiao Town People's Government\*(佛山市順德區北滘鎮人民政府) as part of its land resumption efforts for the purpose of implementing local land planning requirements.

As a major part of the Property has been left idle since the cessation of operation of the Group's production plant in Shunde, the Directors consider that the Relocation Compensation for the Resumption will enable the Group to realise the value of the Property and free up working capital for its other business operations. The Directors are of the view that the inflow of the Relocation Compensation will further improve the Group's financial and cashflow position and benefit the future business development of the Group.

## **FINANCIAL EFFECTS OF THE RESUMPTION AND PROPOSED USE OF PROCEEDS**

Based on the latest unaudited financial statement of the Group as at 31 August 2020, the unaudited net book value of the Property as at 31 August 2020 was approximately RMB32,240,000. As a result of the Resumption, the Group is expected to record an unaudited net gain of approximately RMB162,678,000, taking into account the estimated direct expenses in connection with the Resumption. The actual amount of gain is subject to Group's auditor's review and audit, and accordingly it may be different from the amount above.

No net profits of the Group was attributable to the Property for the two financial years immediately preceding the date of the Relocation Compensation Agreement.

The net proceeds from the Relocation Compensation will be used as general working capital of the Group.

In view of the above, the Directors consider that the terms of the Relocation Compensation Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GENERAL INFORMATION**

The Group is principally engaged in, among other things, the retail and distribution of footwear in the PRC, Hong Kong and Macau.

Shunde Le Saunda is principally engaged in, among other things, property holding in the PRC.

Beijiao Land Development Centre is a public institution\* (事業單位) established by the Foshan Municipal Shunde District Beijiao Town People's Government\* (佛山市順德區北滘鎮人民政府) located in Beijiao Town, Shunde District, Foshan Municipality, Guangdong Province, the PRC, and is responsible for, among other things, the implementation of the resumption of the Property.

## **LISTING RULES IMPLICATIONS**

Since one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Relocation Compensation Agreement and the transactions contemplated thereunder exceed 25% but all such percentage ratios are less than 75%, the Relocation Compensation Agreement and the transactions contemplated thereunder constitute a major transaction of the Company and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, written shareholders' approval may be accepted in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the transactions; and (b) a written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the transactions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has any material interest in the Relocation Compensation Agreement and the transactions contemplated thereunder and hence, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Relocation Compensation Agreement and the transactions contemplated thereunder.

The Company has obtained a written Shareholders' approval of the Relocation Compensation Agreement and the transactions contemplated thereunder from a closely allied group of Shareholders who together held a total of 368,061,000 Shares, representing approximately 52.12% of the issued share capital of the Company as at the date of this announcement, particulars of which are as follows:

<b>Name of Shareholder</b>	<b>No. of issued shares directly held in the Company</b>	<b>Percentage shareholding (approx.)</b>
Lee Tze Bun, Marces	54,561,000	7.72%
Succex Limited	33,000,000	4.67%
Stable Gain Holdings Limited	225,500,000	31.94%
The Lee Keung Charitable Foundation, acting by its trustees	55,000,000	7.79%
<b>Total:</b>	<b>368,061,000</b>	<b>52.12%</b>

Mr. Lee Tze Bun, Marces is the controlling Shareholder and founder of the Group, who also controls and is the sole owner of Succex Limited. Stable Gain Holdings Limited is a corporation held by the trustee of a discretionary family trust of which Mr. Lee is the founder and an eligible beneficiary thereunder. The Lee Keung Charitable Foundation is also a discretionary trust established by Mr. Lee, of which the three incumbent trustees are family members of Mr. Lee.

Accordingly, no general meeting will be convened by the Company for the purpose of approving the Relocation Compensation Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, (a) further information in relation to the Relocation Compensation Agreement and the Resumption; (b) an independent valuation report in relation to the Property; and (c) other information as required under the Listing Rules is expected to be despatched to the Shareholders in accordance with the Listing Rules for their information on or before 21 December 2020.

## DEFINITIONS

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

“Beijiao Land Development Centre”	佛山市順德區北滘鎮土地發展中心 (transliterated as Foshan Municipal Shunde District Beijiao Town Land Development Centre), a public institution* (事業單位) established by the Foshan Municipal Shunde District Beijiao Town People’s Government* (佛山市順德區北滘鎮人民政府)
“Board”	the board of Directors
“Business Days”	a day (other than a Saturday, a Sunday or a public holiday in the PRC or Hong Kong) on which banks are open for business in the PRC and Hong Kong
“Company”	Le Saunda Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange (Stock Code: 00738)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan



“Property”	the parcel of land located at 佛山市順德區北滘鎮莘村村委會工業區 (transliterated as Foshan Municipal Shunde District Beijiao Town Xincun Villagers’ Committee Industrial Zone) in the PRC and the buildings (structures) and related ancillary facilities and attachments erected thereon
“Resumption”	the land resumption of the Property by Beijiao Land Development Centre pursuant to the terms and conditions of the Relocation Compensation Agreement
“Relocation Compensation Agreement”	拆遷補償協議書 (Relocation Compensation Agreement*) in respect of the Property dated 30 November 2020 entered into between Shunde Le Saunda and Beijiao Land Development Centre
“Relocation Compensation”	the aggregate amount of RMB195,317,510 payable to Shunde Le Saunda as relocation compensation under the Relocation Compensation Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary shares of HK\$0.1 each in the share capital of the Company

“Shunde Le Saunda”	佛山市順德區利信達鞋業有限公司 (transliterated as Foshan Shunde Le Saunda Footwear Co., Limited), an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board  
**Le Saunda Holdings Limited**  
**James Ngai**  
*Chairman*

Hong Kong, 30 November 2020

*As at the date of this announcement, the Company’s executive Directors are Ms. Chui Kwan Ho, Jacky, Ms. Liao Jian Yu and Mr. Li Wing Yeung, Peter; non-executive Director is Mr. James Ngai; independent non-executive Directors are Mr. Lam Siu Lun, Simon, Mr. Leung Wai Ki, George and Mr. Hui Chi Kwan.*

\* *For identification purpose only*