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**LAI SUN GARMENT**

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

**(Stock Code: 191)**



**LAI SUN DEVELOPMENT**

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

**(Stock Code: 488)**

**JOINT ANNOUNCEMENT  
VERY SUBSTANTIAL DISPOSAL**

**DISPOSAL OF EQUITY INTEREST IN  
THE ENTITY OWNING AIA CENTRAL**

**THE DISPOSAL**

On 8 April 2024 (after trading hours), the Vendor, a wholly-owned subsidiary of LSD, entered into the Sale and Purchase Agreement with the Purchaser for the sale of the Sale Shares, representing 10% equity interest in Bayshore Development. Bayshore Development holds the entire legal and beneficial interest of the Property. Upon Completion, each of the LSG Group and the LSD Group will cease to hold any interest in Bayshore Development.

**LISTING RULES IMPLICATIONS**

The Vendor is a wholly-owned subsidiary of LSD and an indirect non-wholly-owned subsidiary of LSG (through LSG's shareholding in LSD). As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes very substantial disposals for each of LSG and LSD pursuant to Rule 14.06(4) of the Listing Rules and are therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

**LSG**

The Disposal is subject to the approval of the LSG Shareholders at the LSG GM by way of poll. A circular containing, among other things, further details of the Disposal and other information as required under the Listing Rules, and the notice convening the LSG GM will be despatched by LSG to the LSG Shareholders.

## **LSD**

The Disposal is subject to the approval of the LSD Shareholders at the LSD GM by way of poll. A circular containing, among other things, further details of the Disposal and other information as required under the Listing Rules, and the notice convening the LSD GM will be despatched by LSD to the LSD Shareholders.

### **Expected time for despatch of circulars**

Taking into account the time anticipated for preparing the necessary information for inclusion in the circulars, it is expected that the circulars shall be despatched to the LSG Shareholders and the LSD Shareholders (as the case may be) on or before 10 May 2024. If there is any delay in despatch of the circulars beyond 10 May 2024, LSG and LSD will make further announcement(s) as appropriate in accordance with the requirements of the Listing Rules.

## **THE DISPOSAL**

On 8 April 2024 (after trading hours), the Vendor, a wholly-owned subsidiary of LSD, entered into the Sale and Purchase Agreement with the Purchaser for the sale of the Sale Shares, representing 10% equity interest in Bayshore Development. Bayshore Development holds the entire legal and beneficial interest of the Property. Upon Completion, each of the LSG Group and the LSD Group will cease to hold any interest in Bayshore Development.

### **Sale and Purchase Agreement**

The principal terms of the Sale and Purchase Agreement are summarised as follows:

- Date: 8 April 2024 (after trading hours)
- Parties: (i) the Vendor, a wholly-owned subsidiary of LSD, as vendor; and
- (ii) the Purchaser, as purchaser.
- Transaction structure: The Disposal comprises the sale of the Sale Shares (representing 10% equity interest in Bayshore Development) by the Vendor to the Purchaser.
- Bayshore Development holds the entire legal and beneficial interest of the Property.

Consideration:

The Consideration shall be based on the amount equivalent to 10% of the Net Asset Value based on the Audited Completion Account. Please refer to the paragraph headed “Calculation of Net Asset Value” below for the basis of calculating the Net Asset Value.

*Initial Consideration*

Subject to post-completion adjustment as described below, the initial consideration for the Sale Shares payable by the Purchaser to the Vendor upon Completion (the “**Initial Consideration**”) shall be HK\$1,421,626,325, which is an amount equivalent to 10% of the Net Asset Value based on the Proforma Completion Accounts.

*Final Consideration*

The Initial Consideration shall be adjusted based on the amount equivalent to 10% of the Net Asset Value based on the Audited Completion Accounts (the “**Final Consideration**”).

*Payment terms*

The Consideration shall be payable in the following manner:

- (i) the Initial Consideration shall be payable by the Purchaser to the Vendor upon Completion; and
- (ii) an amount equivalent to the difference between the Initial Consideration and the Final Consideration shall be payable within ten (10) Business Days after the date of issue of the Audited Completion Accounts by (x) the Purchaser to the Vendor (if the Final Consideration exceeds the Initial Consideration); or (y) the Vendor to the Purchaser (if the Initial Consideration exceeds the Final Consideration).

Calculation of Net Asset Value: The Net Asset Value shall be calculated as follows:

- (i) the Agreed Property Value (namely HK\$17,750,000,000, being the value of the Property as agreed between the Vendor and the Purchaser);
- (ii) plus, the amount of all assets of Bayshore Development (excluding the Agreed Property Value) as at the Completion Date as shown in the Proforma Completion Accounts, the Completion Accounts or the Audited Completion Accounts (as the case may be); and
- (iii) less, the amount of all liabilities and provisions as at the Completion Date as shown in the Proforma Completion Accounts, the Completion Accounts or the Audited Completion Accounts (as the case may be).

The Vendor and the Purchaser shall procure, after Completion, Bayshore Development to prepare the Completion Accounts within twenty (20) Business Days after the Completion Date, and to appoint the auditor and to deliver to the auditor the Completion Accounts for the auditor's review and comment. The auditor shall complete and deliver to the Vendor and the Purchaser the Audited Completion Accounts and certify the Net Asset Value in any event within forty (40) Business Days (or as otherwise agreed by the Vendor and the Purchaser in writing) after Completion.

Conditions precedent:

Completion shall be subject to and conditional upon the Purchaser being satisfied with the following (the “**Conditions**”):

- (a) Bayshore Development being and as at Completion remaining the sole legal and beneficial owner of the Property and the title to the Property (subject to otherwise provided in the Sale and Purchase Agreement), and being good and free from all encumbrances;
- (b) the Vendor being and as at Completion remaining the sole legal and beneficial owner of the Sale Shares and the title to the Sale Shares being good and free from all encumbrances;
- (c) there being no compulsory acquisition or notice, demand, direction or order of intended resumption and acquisition by the Relevant Authority affecting the Property or any part(s) thereof or otherwise materially and adversely affecting the Property or any part(s) thereof;
- (d) all the warranties given by the Vendor in the Sale and Purchase Agreement remaining true and accurate and not misleading as at Completion and there being no circumstance which results in a Material Adverse Change (or Effect) on (i) the Property; (ii) Bayshore Development; and/or (iii) the transactions contemplated under the Sale and Purchase Agreement;
- (e) there being no outstanding claims, proceedings or any other legal procedures having a Material Adverse Change (or Effect) on Bayshore Development and/or on the Property (or any part thereof); and

- (f) all necessary consents, confirmations, permits, approvals, licences and authorisations from all Relevant Authority or otherwise required from any third parties in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained.

The Purchaser may in its absolute discretion at any time waive in writing in whole or in part and conditionally or unconditionally any of the Conditions or any part thereof on such terms as it may decide (except Condition (f) above).

In addition, pursuant to the Listing Rules, the Completion shall be conditional upon compliance of all necessary requirements which each of LSG and LSD are required to comply with under the Listing Rules (the “**Requirements**”). The Vendor shall use its best endeavour to procure each of LSG and LSD to comply with the Requirements as soon as possible. If the Requirements are not complied with at least five (5) Business Days prior to the Completion Date, notwithstanding the Vendor having used its best endeavour to procure compliance by LSG and LSD, the parties shall terminate the Sale and Purchase Agreement and the parties shall not have any claim against the other except antecedent breaches, save that the Vendor shall pay for the legal costs of the Purchaser in connection with the preparation, negotiation and execution of the Sale and Purchase Agreement and the said termination agreement, and all legal costs incurred in connection with the transactions contemplated under the Sale and Purchase Agreement.

Subject to the provisions in relation to the Requirements as described above, if the Conditions are (notwithstanding the Vendor having used its best endeavours) not satisfied or (as applicable) waived by the Purchaser on or before the Completion Date, then either the Purchaser or the Vendor may terminate the Sale and Purchase Agreement and all rights and obligations of the parties thereunder shall cease and terminate, save and except for the surviving clauses which shall remain in full force and effect, and following such termination no party shall have any claim against the other under the Sale and Purchase Agreement save for any antecedent breach by any party or any claim arising from breach of confidentiality obligation contained in the Sale and Purchase Agreement.

As of the date of this joint announcement, the condition precedents under the Sale and Purchase Agreement have not yet been declared to be satisfied or waived.

Completion:

Completion shall take place on the Completion Date subject to the terms and conditions of the Sale and Purchase Agreement including satisfaction (or, where applicable, waiver) of the conditions precedent as mentioned in the paragraph headed “Conditions precedent” above.

The Deed of Taxation Indemnity will be entered into upon Completion. Pursuant to the Deed of Taxation Indemnity, the Vendor and LSD will jointly and severally agree to indemnify the Purchaser and Bayshore Development from and against, among other things, 10% of taxation liabilities made against Bayshore Development, save as otherwise provided in the Deed of Taxation Indemnity, up to the Completion Date.

## INFORMATION OF BAYSHORE DEVELOPMENT AND THE PROPERTY

### Information of Bayshore Development

Bayshore Development is a private company limited by shares incorporated in the British Virgin Islands.

Bayshore Development is the sole legal and beneficial owner of the Property. The Property is situated in the central business district of Hong Kong. It is a 38-storey office tower which provides office space with a total GFA of approximately 428,962 square feet (excluding car parking spaces).

As at the date of this joint announcement, Bayshore Development is owned as to 90% and 10%, by the Purchaser and the Vendor, respectively. Upon Completion, the Purchaser shall hold the entire equity interest in Bayshore Development.

### Financial Information of Bayshore Development

The table below sets out certain consolidated financial information of Bayshore Development for the years ended 31 December 2022 and 2023:

	<b>2023</b> <b>(unaudited)</b> <b>HK\$'000</b>	2022 (audited) HK\$'000
Net profit before taxation	<b>346,387</b>	415,432
Net profit after taxation	<b>288,420</b>	346,077

The unaudited consolidated net asset value of Bayshore Development as at 31 December 2023 was HK\$117,367,085.

The carrying amount of the Sale Shares as at 31 July 2023 and 31 January 2024 was approximately HK\$1,576,268,000 and approximately HK\$1,544,544,000, respectively.

### INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands with limited liability. The Purchaser is an indirect wholly-owned subsidiary of AIA Group Limited (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: 1299 (HKD Counter) and 81299 (RMB Counter))). The Purchaser is an investment holding company.

To the best of the LSG Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of LSG and its connected persons.

To the best of the LSD Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of LSD and its connected persons.



## **INFORMATION OF LSG, LSD AND THE VENDOR**

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

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

The Vendor is a company incorporated in the British Virgin Islands with limited liability. It is a wholly-owned subsidiary of LSD and an indirect non-wholly-owned subsidiary of LSG (through LSG's shareholding in LSD). The Vendor is an investment holding company.

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

Each of LSG and LSD undertakes strategic reviews of their assets from time to time with a view to maximising returns to their respective shareholders.

The Agreed Property Value and the basis of determining the Consideration were arrived after arm's length negotiations between the Purchaser and the Vendor. According to the valuation conducted by an independent valuer engaged by the Vendor based on income capitalisation approach, the valuation of the Property as at 29 February 2024 is HK\$20,300,000,000. While the Agreed Property Value of HK\$17,750,000,000 represents a discount to the property valuation, each of the LSG Board and the LSD Board has taken into account the prevailing and expected market dynamics under which deviations from property valuations are frequently observed. In light of these factors, each of the LSG Board and the LSD Board considers that the discount is both equitable and justifiable. The Disposal enables the Vendor to realise the value of property investment, thereby enhancing the cashflow and financial position of the LSG Group and the LSD Group as a whole. Although each of the LSG Group and the LSD Group is expected to record a loss on the Disposal (under the section headed "Financial Effects and Use of Proceeds of the Disposal" below), these losses are non-cash items and the Disposal will improve the cashflow position of the LSG Group and the LSD Group. Each of the LSG Board and the LSD Board therefore concludes that it would be prudent for the Vendor to conduct the Disposal, and that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and in the interests of their respective companies and shareholders as a whole. Each of the LSG Board and the LSD Board also considers the basis in arriving at the Initial Consideration to be fair and reasonable given that such amount is calculated based on the Agreed Property Value and the projected/estimated assets and liabilities of Bayshore Development on the Completion Date and that such amount will be adjusted based on the Audited Completion Accounts.

## **FINANCIAL EFFECTS AND USE OF PROCEEDS OF THE DISPOSAL**

Upon Completion, each of LSG and LSD will cease to hold any equity interest in Bayshore Development.

The 10% equity interest in Bayshore Development is recognised as unlisted investments under “Financial assets at fair value through other comprehensive income” on the consolidated statement of financial position of LSG and LSD. Any gains or losses on these financial assets are recognised under “Other Comprehensive Income/Expense” and will not be reclassified to profit or loss of LSG and LSD.

Solely for reference purpose, based on the Initial Consideration, each of the LSG Group and the LSD Group is expected to record a loss on the Disposal of approximately HK\$154,642,000, net of transaction costs and taxation under “Other Comprehensive Income/Expense”. The aforesaid amount is arrived at based on the difference between the Initial Consideration of approximately HK\$1,421,626,000 and the carrying amount of the Sale Shares as at 31 July 2023 of approximately HK\$1,576,268,000. The net effect to the “Other Comprehensive Income/Expense” attributable to the owners of the LSG Group is only expected to be approximately HK\$85,981,000. The definitive amount of any gain or loss shall be adjusted taking into account the Final Consideration and subject to audit, which is expected to be recorded in the financial statements of each of LSG and LSD for the financial year ending 31 July 2024.

The net proceeds from the Disposal are intended to be applied towards repayment of bank loans and/or as general working capital of the LSD Group.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes very substantial disposals for each of LSG and LSD pursuant to Rule 14.06(4) of the Listing Rules and are therefore subject to the reporting, announcement, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

### **LSG**

The Disposal is subject to the approval of the LSG Shareholders at the LSG GM by way of poll. To the best of the knowledge, information and belief of the LSG Directors having made all necessary enquiries, no LSG Shareholders or any of their respective associates have any material interest in the Disposal. Therefore, no LSG Shareholders would be required to abstain from voting under the Listing Rules in the LSG GM for obtaining shareholders’ approval for the Disposal.

## LSD

The Disposal is subject to the approval of the LSD Shareholders at the LSD GM by way of poll. To the best of the knowledge, information and belief of the LSD Directors having made all necessary enquiries, no LSD Shareholders or any of their respective associates have any material interest in the Disposal. Therefore, no LSD Shareholders would be required to abstain from voting under the Listing Rules in the LSD GM for obtaining shareholders' approval for the Disposal.

### **Expected time for despatch of circulars**

Each of LSG and LSD will despatch their respective circulars to the LSG Shareholders and the LSD Shareholders (as the case may be) containing, among other things, further details of the Disposal and other information as required under the Listing Rules, and the notice convening the LSG GM and LSD GM (as the case may be). Taking into account the time anticipated for preparing the necessary information for inclusion in the circulars, it is expected that the circulars shall be despatched to the LSG Shareholders and the LSD Shareholders (as the case may be) on or before 10 May 2024. If there is any delay in despatch of the circulars beyond 10 May 2024, LSG and LSD will make further announcement(s) as appropriate in accordance with the requirements of the Listing Rules.

**Completion of the Disposal is subject to fulfilment of various conditions precedent as set out under the section headed “The Disposal – Sale and Purchase Agreement – Conditions precedent” in this joint announcement. Accordingly, the Disposal may or may not proceed. The LSG Shareholders and the LSD Shareholders and potential investors of LSG and LSD are therefore advised to exercise caution when dealing in the securities of LSG and LSD.**

## DEFINITIONS

In this joint announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Agreed Property Value”	HK\$17,750,000,000 being the value of the Property as agreed between the Vendor and the Purchaser;
“Audited Completion Accounts”	the audited accounts of Bayshore Development as at the Completion Date;
“Bayshore Development”	Bayshore Development Group Limited, a private company limited by shares incorporated in the British Virgin Islands;
“Board”	the board of Directors;

“Business Day”	a day (excluding Saturdays, Sundays, public holidays and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business in Hong Kong;
“Completion”	the completion of the Disposal;
“Completion Accounts”	the unaudited management accounts of Bayshore Development as at the Completion Date;
“Completion Date”	31 May 2024 or any other later date which may be mutually agreed by the Vendor and the Purchaser in writing;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration to be paid by the Purchaser to the Vendor for the Sale Shares pursuant to the Sale and Purchase Agreement;
“Deed of Taxation Indemnity”	the deed of taxation indemnity to be entered into among the Vendor, LSD, the Purchaser and Bayshore Development upon Completion;
“Disposal”	the transaction contemplated under the Sale and Purchase Agreement, namely the disposal of the Sale Shares by the Vendor to the Purchaser;
“Final Consideration”	the final Consideration equivalent to 10% of the Net Asset Value of Bayshore Development based on the Audited Completion Accounts;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Initial Consideration”	the amount equivalent to 10% of the Net Asset Value of Bayshore Development based on the Proforma Completion Accounts;

“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 Board”	the board of LSD Directors;
“LSD Directors”	the directors of LSD;
“LSD GM”	a general meeting of LSD to be convened and held for considering, and, if thought fit, approving the Disposal;
“LSD Group”	LSD and its subsidiaries;
“LSD Shareholders”	the shareholders of LSD;
“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), the ultimate holding company of LSD;
“LSG Board”	the board of LSG Directors;
“LSG Directors”	the directors of LSG;
“LSG GM”	a general meeting of LSG to be convened and held for considering, and, if thought fit, approving the Disposal;
“LSG Group”	LSG and its subsidiaries, including the LSD Group;
“LSG Shareholders”	the shareholders of LSG;
“Material Adverse Change (or Effect)”	any change (or effect), the consequence of which is to materially and adversely affect the financial position, business, operation, prospect and/or asset of Bayshore Development and/or the Property;

“Net Asset Value”	the total assets less the total liabilities of Bayshore Development calculated in accordance with the Sale and Purchase Agreement;
“Proforma Completion Accounts”	the unaudited management accounts of Bayshore Development projected/forecasted on the Completion Date (which shows the total projected/forecasted assets and total liabilities of Bayshore Development of HK\$111,231,086 (excluding the Agreed Property Value) and HK\$3,644,967,838, respectively);
“Property”	all those pieces or parcels of land respectively registered in the Land Registry as Marine Lot No. 275, Section A of Marine Lot No. 278 and The Remaining Portion of Marine Lot No. 278 together with all messuages, erections and buildings thereon now known as “AIA Central”, No. 1 Connaught Road Central, Hong Kong;
“Purchaser”	Grand Design Development Limited, a company incorporated in the British Virgin Islands with limited liability;
“Relevant Authority”	any government, government department or governmental, quasi-governmental, supranational, federal, statutory, regulatory or investigative body, authority (including any national or supranational anti-trust or merger control authority), court, tribunal, stock exchange, trade agency, professional association or institution, environmental body or any other person or body whatsoever in any jurisdiction;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 8 April 2024 in relation to the Disposal entered into between the Vendor and the Purchaser;
“Sale Shares”	10 ordinary shares in the capital of Bayshore Development, representing 10% of the total issued shares of Bayshore Development;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Peakflow Profits Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of LSD; and
“%”	per cent.

<p>By Order of the Board  <b>Lai Sun Garment (International) Limited</b>  <b>Lam Kin Ngok, Peter</b>  <i>Chairman</i></p>	<p>By Order of the Board  <b>Lai Sun Development Company Limited</b>  <b>Lam Kin Ngok, Peter</b>  <i>Chairman</i></p>
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Hong Kong, 8 April 2024

*As at the date of this joint announcement,*

- (a) *the LSG Board comprises six executive directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Yang Yiu Chong, Ronald Jeffrey, Mr. Cheung Sum, Sam, Madam U Po Chu, Mr. Lam Kin Hong, Matthew and Mr. Lam Hau Yin, Lester (also alternate to Madam U Po Chu); and four independent non-executive directors, namely Messrs. Leung Shu Yin, William, Lam Bing Kwan, Chow Bing Chiu and Ng Chi Ho, Dennis; and*
- (b) *the LSD Board comprises five executive directors, namely Dr. Lam Kin Ngok, Peter (Chairman) and Messrs. Lau Shu Yan, Julius (Chief Executive Officer), Cheung Sum, Sam, Lam Hau Yin, Lester (also alternate to Madam U Po Chu) and Lee Tze Yan, Ernest; one non-executive director, namely Madam U Po Chu; and four independent non-executive directors, namely Messrs. Lam Bing Kwan, Leung Shu Yin, William, Ip Shu Kwan, Stephen and Luk Hon Man.*