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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
DISCLOSEABLE TRANSACTION**

**DISPOSAL OF SHAREHOLDINGS IN THE ENTITY HOLDING
GUANGZHOU INTERNATIONAL GOLF CLUB
AND
GRANT OF PUT OPTION**

THE DISPOSAL

On 14 May 2024 (after trading hours), the Vendors (including Kingswood and Bright Jewel, each being an indirect wholly-owned subsidiary of LSD) entered into the SPA with the Purchaser, pursuant to which, (i) each of the Vendors has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares (representing 95% of the issued and paid-up share capital of the Target Company held by the Vendors in aggregate); and (ii) each of the Vendors has agreed to sell and assign, and the Purchaser has agreed to purchase and accept the assignment from each Vendor the relevant Shareholder's Loans, at the Total Consideration of US\$14,787,084 (based on RMB107,000,000).

In particular, (i) the total number of ordinary shares to be sold by Kingswood and Bright Jewel to the Purchaser is 475,000 (representing in aggregate 47.5% of the issued and paid-up share capital of the Target Company); and (ii) the amount of shareholder's loans to be sold and assigned by Kingswood and Bright Jewel to the Purchaser is SGD12,006,635 in aggregate. Accordingly, the total amount to be received by the LSD Group (through Kingswood and Bright Jewel) from the Purchaser under the Total Consideration shall be US\$7,393,542 (based on RMB53,500,000).

At present and prior to Completion, the Target Company is held as to 25% by Kingswood, 25% by Bright Jewel, 10% by Feldmore and 40% by Ms. Huang Qing, respectively. Subject to and upon Completion, the Target Company will be held as to 1.25% by Kingswood, 1.25% by Bright Jewel, 0.5% by Feldmore, 2% by Ms. Huang Qing and 95% by the Purchaser, respectively.

The Target Company indirectly (through holding of interest in the CJV) holds a 90% interest in the Golf Club.

THE PUT OPTION

Under the SPA, subject to the occurrence of the Completion and in consideration of SGD1 paid by Kingswood to the Purchaser, the Purchaser has agreed to grant the Put Option to Kingswood, pursuant to which Kingswood shall be entitled to require the Purchaser to purchase from Kingswood all of the remaining shares of the Target Company held by Kingswood in accordance with the SPA at any time from the Completion Date and for so long as Kingswood remains a shareholder of the Target Company. Upon exercise of the Put Option and in consideration of SGD1 paid by Kingswood to each of the other Vendors and the Purchaser, Kingswood shall also exercise the Drag Option to direct the other Vendors to sell and transfer their remaining shares in the Target Company to the Purchaser.

LISTING RULES IMPLICATIONS

The Disposal

Kingswood and Bright Jewel are indirect wholly-owned subsidiaries of LSD and also indirect non-wholly-owned subsidiaries of LSG (through LSG's shareholding in LSD). As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal for LSG as well as LSD is more than 5% but less than 25%, the Disposal and the transactions contemplated under the SPA constitute a discloseable transaction for each of LSG and LSD and are subject to the reporting and announcement requirements but exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Put Option

The Put Option granted to Kingswood under the SPA constitutes an option under Rule 14.72 of the Listing Rules. As the exercise of the Put Option is at the discretion of Kingswood (an indirect subsidiary of LSD as well as LSG) and only SGD1 is payable as premium for the grant of the Put Option to Kingswood, all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the grant of the Put Option are below 5%. As such, pursuant to Rule 14.75(1) of the Listing Rules, such grant does not constitute a notifiable transaction for both LSG and LSD under Chapter 14 of the Listing Rules.

THE DISPOSAL

The principal terms of the SPA are summarised as follows:

Date: 14 May 2024

Parties: (a) Ms. Huang Qing;
(b) Kingswood (an indirect wholly-owned subsidiary of LSD);

- (c) Bright Jewel (an indirect wholly-owned subsidiary of LSD);
- (d) Feldmore; and
- (e) the Purchaser.

(Parties (a) to (d) above are together referred to as the “**Vendors**”)

Transaction structure: The Disposal comprises (i) the sale of a total of 475,000 ordinary shares in the capital of the Target Company by Kingswood and Bright Jewel to the Purchaser, representing in aggregate 47.5% of the issued and paid-up share capital of the Target Company; and (ii) the sale and assignment of shareholder’s loans amounting to SGD12,006,635 in aggregate by Kingswood and Bright Jewel to the Purchaser.

Consideration: The aggregate consideration for the purchase of the Sale Shares and the assignment of the Shareholder’s Loans is US\$14,787,084 (based on RMB107,000,000), which comprises:

- (a) the consideration for the purchase of the Sale Shares in the sum of US\$690,968 (based on RMB5,000,000) (the “**Share Consideration**”); and
- (b) the consideration for the assignment of the Shareholder’s Loans in the sum of US\$14,096,116 (based on RMB102,000,000) (the “**Loan Consideration**”, and together with the Share Consideration, the “**Total Consideration**”).

The Total Consideration was arrived at after arm’s length negotiations between the Vendors and the Purchaser, determined with reference to, among other things, (i) the unaudited consolidated net book value of the Target Company as at 31 December 2023; (ii) the business development needs and prospects of the CJV and the Golf Club; and (iii) the prospective return of the Disposal to the LSD Group.

Terms of payment: The Total Consideration shall be satisfied by the Purchaser in accordance with the following manners:

- (a) the first deposit in the sum of US\$690,684 (based on RMB5,000,000 and applying an exchange rate of RMB to US\$ of 7.2392:1) had been paid after the Parties' signing of a memorandum of understanding on the sale and purchase of the Sale Shares and the Shareholder's Loans (the "**First Deposit**");
- (b) the second deposit in the sum of US\$2,073,000 (based on RMB15,000,000 and applying the Agreed Exchange Rate) is payable on the date of the SPA (the "**Second Deposit**");
- (c) the third deposit in the sum of US\$4,146,000 (based on RMB30,000,000 and applying the Agreed Exchange Rate) shall be paid on the date falling 21 days after the date of the SPA (the "**Third Deposit**");
- (d) a sum of US\$6,219,000 (based on RMB45,000,000 and applying the Agreed Exchange Rate) shall be paid on the Completion Date (the "**Completion Payment**"); and
- (e) a sum of US\$1,658,400 (based on RMB12,000,000 and applying the Agreed Exchange Rate) shall be paid on the date falling no later than four months from the Completion Date (or such other date that the Vendors may agree in writing in their sole and absolute discretion, but in any event shall not be more than six months from the Completion Date) (the "**Deferred Consideration Payment**").

The total amount under the Total Consideration to which the LSD Group (through Kingswood and Bright Jewel) shall be entitled is US\$7,393,542 (based on RMB53,500,000), which comprises the amounts in US\$ based on RMB2,500,000, RMB7,500,000, RMB15,000,000, RMB22,500,000 and RMB6,000,000 under the First Deposit, the Second Deposit, the Third Deposit, the Completion Payment and the Deferred Consideration Payment, respectively.

Completion Date: The date falling 45 days after the date of the SPA or such other date as the Parties may mutually agree in writing.

- Other terms:**
- (a) On Completion, the Parties shall enter into a shareholders' agreement (the "**Shareholders' Agreement**") in respect of the Target Company to reflect the new shareholding structure of the Target Company upon Completion and to agree on certain administrative matters and restrictions relating to the holding of shares in the Target Company. Under the Shareholders' Agreement, the Vendors will waive their rights and entitlements to receive dividends in respect of their remaining shareholdings in the Target Company, and the Vendors shall not be required to make any additional contributions to the Target Company or provide loans or securities for finance to the Target Group or its businesses.
 - (b) The Parties acknowledge and agree that the sale of the Sale Shares and the Shareholder's Loans is on an "as is where is" basis, without any representation, warranty or whatsoever with respect to the Sale Shares, the Shareholder's Loans, the Target Group and/or the Golf Club, provided that the foregoing exclusion shall not exclude the Vendors' warranties in the SPA on their respective capacity to enter into and perform their obligations under the SPA.
 - (c) The Purchaser shall bear all stamp duty and other documentary taxes (if any) payable in connection with the transfer of the Sale Shares from the Vendors to the Purchaser.

THE PUT OPTION

Under the SPA, subject to the occurrence of the Completion and in consideration of SGD1 paid by Kingswood to the Purchaser, the Purchaser has agreed to grant the Put Option to Kingswood, pursuant to which Kingswood shall be entitled to require the Purchaser to purchase from Kingswood all of the remaining shares of the Target Company held by Kingswood (the "**Kingswood Option Shares**") in accordance with the SPA at any time from the Completion Date and for so long as Kingswood remains a shareholder of the Target Company.

Details of the Put Option are summarised as follows:

- Parties:**
- (a) the Purchaser (as grantor); and
 - (b) Kingswood (as grantee).

Exercise of the Put Option: In the event that Kingswood exercises the Put Option, and in consideration of SGD1 paid by Kingswood to each of the other Vendors (collectively, the “**Dragged Vendors**”) and the Purchaser, each of the other Vendors irrevocably grants to Kingswood an option (the “**Drag Option**”) to direct the Dragged Vendors to sell and transfer all of the remaining shares of the Target Company held by them to the Purchaser (the “**Dragged Vendors Option Shares**”, and collectively with the Kingswood Option Shares, the “**Option Shares**”).

The Put Option and the Drag Option may be exercised by Kingswood by serving the notice of exercise of the Put Option and the Drag Option in writing and in agreed form under the SPA (the “**Put Option Notice**”) on the Purchaser and the Dragged Vendors. Kingswood shall exercise the Put Option and the Drag Option concurrently and not separately.

Consideration: Each of the Put Option and the Drag Option is granted at a premium of SGD1 paid by Kingswood to the Purchaser, and paid by Kingswood to each of the other Vendors and the Purchaser, respectively.

The consideration for the purchase of all of the Option Shares pursuant to the exercise of the Put Option shall be the higher of:

- (a) the US\$ equivalent of RMB5,000,000 based on an exchange rate to be separately agreed by the Parties; or
- (b) the market value of the Option Shares determined pursuant to a valuation conducted by an independent third party valuer appointed by the Purchaser and the Vendors jointly after exercise of the Put Option, such amount to be capped at the US\$ equivalent of RMB50,000,000 based on an exchange rate to be separately agreed by the Parties,

or such other price as the Purchaser and the Vendors may otherwise agree in writing.

Completion:

Completion of the sale and purchase of the Option Shares pursuant to the exercise of the Put Option shall take place on the date specified in the Put Option Notice, which shall be a date falling not later than one month from the date of service of the Put Option Notice.

INFORMATION ON THE TARGET COMPANY

The Target Company is a private company limited by shares and incorporated in Singapore, which is a party to and holds a 90% interest in the CJV. The other party to the CJV holding 10% of its interests is a corporation established under the laws of the PRC which is an independent third party to each of LSG, LSD and their respective connected persons. The Target Company is owned as to 50% of its total issued shares by the LSD Group, and the Target Company and the CJV do not constitute subsidiaries of LSG or LSD. The principal activities of the Target Company include investment holding and provision of marketing services to the CJV.

Upon Completion and prior to the exercise of the Put Option and the Drag Option, the Target Company will be held by the LSD Group as to 2.5% of its total issued shares. Under the Shareholders' Agreement, the directors and legal representatives appointed by Ms. Huang Qing, Kingswood, Bright Jewel and Feldmore to the board of directors of the Target Company and/or in respect of the CJV and/or the Golf Club shall resign on Completion. Subsequent to Completion, all directors and any other officers or legal representatives in respect of the CJV and/or the Golf Club that the Target Company has the power to appoint shall be appointed by the Purchaser.

The CJV invests in and operates the Golf Club. The Golf Club is a 18-holes golf course situated in Xiancun Town, Zeng Cheng, Guangzhou, the PRC. The facilities in the Golf Club include a standard golf course, driving range, clubhouse with restaurant, golf shop and carparks.

Below is a summary of the unaudited consolidated financial information of the Target Group prepared in accordance with generally accepted accounting principles in Singapore for the two years ended 31 December 2022 and 2023:

	For the year ended 31 December 2023	For the year ended 31 December 2022
	(unaudited)	(unaudited)
	<i>SGD'000</i>	<i>SGD'000</i>
(Loss)/profit before taxation	(232)	3,102
(Loss)/profit after taxation	(249)	3,080

Based on the unaudited consolidated management accounts of the Target Group, the unaudited consolidated net asset value of the Target Group before deduction of the Shareholder's Loans as at 31 December 2023 was approximately SGD8,137,000.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE PUT OPTION

Given the continued business development needs and the complex operating environment and policy risks, the Disposal (and the Put Option upon its exercise by Kingswood) will enable the LSD Group to refocus management resources and reallocate financial resources. The proceeds of the Disposal will be applied to enhance its capital structure and/or for general corporate purpose, as well as, to enhance the cashflow and financial position of the LSG Group and the LSD Group as a whole.

The LSG Directors are of the view that the Disposal and the Put Option are in the interests of LSG and its shareholders as a whole and the terms and consideration thereof are fair and reasonable.

The LSD Directors are of the view that the Disposal and the Put Option are in the interests of LSD and its shareholders as a whole and the terms and consideration thereof are fair and reasonable.

FINANCIAL EFFECT OF THE DISPOSAL

At present and prior to Completion, the Target Company is held as to 25% by Kingswood, 25% by Bright Jewel, 10% by Feldmore and 40% by Ms. Huang Qing, respectively. Subject to and upon Completion, the Target Company will be held as to 1.25% by Kingswood, 1.25% by Bright Jewel, 0.5% by Feldmore, 2% by Ms. Huang Qing and 95% by the Purchaser, respectively.

It is estimated that the LSG Group and the LSD Group will record an estimated gain of approximately HK\$57,801,000 from the Disposal. The calculation of the estimated gain is arrived based on the difference between the aggregate consideration attributable to the LSD Group of RMB53,500,000 (approximately HK\$57,887,000) and the carrying value of the Target Group in the books of the LSD Group and the LSG Group of HK\$86,000 as at 31 January 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.

INFORMATION ON LSG, LSD AND THE PARTIES

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.

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

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

Feldmore is a company incorporated in the British Virgin Islands with limited liability, which is entirely owned by Mr. Lim Hwee Loong. The principal activity of Feldmore is investment holding.

Ms. Huang Qing is an individual investor.

The Purchaser is an exempt private company limited by shares and incorporated in Singapore, which is entirely owned by an individual who is an independent third party to each of LSG, LSD and their respective connected persons. The principal activities of the Purchaser include shipping management and operation.

To the best of the LSG Directors' knowledge, information and belief having made all reasonable enquiries, Feldmore, Ms. Huang Qing and the Purchaser and their ultimate beneficial owners (if applicable) are third parties independent of each of LSG and its connected persons.

To the best of the LSD Directors' knowledge, information and belief having made all reasonable enquiries, Feldmore, Ms. Huang Qing and the Purchaser and their ultimate beneficial owners (if applicable) are third parties independent of each of LSD and its connected persons.

LISTING RULES IMPLICATIONS

The Disposal

Kingswood and Bright Jewel are indirect wholly-owned subsidiaries of LSD and also indirect non-wholly-owned subsidiaries of LSG (through LSG's shareholding in LSD). As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal for LSG as well as LSD is more than 5% but less than 25%, the Disposal and the transactions contemplated under the SPA constitute a discloseable transaction for each of LSG and LSD and are subject to the reporting and announcement requirements but exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Put Option

The Put Option granted to Kingswood under the SPA constitutes an option under Rule 14.72 of the Listing Rules. As the exercise of the Put Option is at the discretion of Kingswood (an indirect subsidiary of LSD as well as LSG) and only SGD1 is payable as premium for the grant of the Put Option to Kingswood, all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the grant of the Put Option are below 5%. As such, pursuant to Rule 14.75(1) of the Listing Rules, such grant does not constitute a notifiable transaction for both LSG and LSD under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreed Exchange Rate”	the exchange rate of RMB to US\$ of 7.2359:1 as agreed by the Parties under the SPA;
“Bright Jewel”	Bright Jewel Investments Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of LSD and also an indirect non-wholly-owned subsidiary of LSG (through LSG's shareholding in LSD);

“CJV”	Guangzhou International Golf Club* (廣州仙村國際高爾夫球場), a company incorporated in the PRC and a Sino-Foreign Contractual Joint Venture (with no separate joint venture entity) in the PRC, which invests in and operates the Golf Club;
“Completion”	the completion of the sale and purchase of the Sale Shares and the Shareholder’s Loans pursuant to the SPA;
“Completion Date”	the date falling 45 days after the date of the SPA or such other date as the Parties may mutually agree in writing;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Disposal”	(i) the sale of a total of 475,000 ordinary shares in the capital of the Target Company by Kingswood and Bright Jewel to the Purchaser, representing in aggregate 47.5% of the issued and paid-up share capital of the Target Company; and (ii) the sale and assignment of shareholder’s loans amounting to SGD12,006,635 in aggregate by Kingswood and Bright Jewel to the Purchaser as contemplated under the SPA;
“Feldmore”	Feldmore Investments Limited, a company incorporated in the British Virgin Islands with limited liability;
“Golf Club”	Guangzhou International Golf Club* (廣州仙村國際高爾夫球場), a golf club in the PRC invested in and operated by the CJV;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Kingswood”	Kingswood Shine Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of LSD and also an indirect non-wholly-owned subsidiary of LSG (through LSG’s shareholding in LSD);
“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 Group”	LSD and its subsidiaries;
“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 Group”	LSG and its subsidiaries, including the LSD Group;
“Parties”	the Vendors and the Purchaser;
“PRC”	the People’s Republic of China, which for the purpose of this joint announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“Purchaser”	Weishan Shipping Pte. Ltd., an exempt private company limited by shares and incorporated in Singapore;
“Put Option”	the put option grants by the Purchaser to Kingswood subject to the occurrence of the Completion and in consideration of SGD1 paid by Kingswood to the Purchaser under the SPA;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	950,000 ordinary shares in the capital of the Target Company, representing 95% of the issued and paid-up share capital of the Target Company;
“SGD”	Singapore dollar(s), the lawful currency of Singapore;

“Shareholder’s Loans”	the loan of a sum of SGD24,013,270, being the aggregate amount of all loan monies due or owing to the Vendors by the Target Company as at the date of the SPA;
“SPA”	the sale and purchase and put option agreement dated 14 May 2024 entered into among the Parties in relation to, among others, the Disposal and the Put Option;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Target Company”	Orwell Investments Pte. Ltd. (新加坡廣成股份有限公司*), a private company limited by shares and incorporated in Singapore;
“Target Group”	the Target Company and the CJV;
“US\$”	United States dollar(s), the lawful currency of the United States of America;
“Vendors”	Kingswood, Bright Jewel, Feldmore and Ms. Huang Qing; and
“%”	per cent.

By order of the board
Lai Sun Garment (International) Limited
Lam Kin Ngok, Peter
Chairman

By order of the board
Lai Sun Development Company Limited
Lam Kin Ngok, Peter
Chairman

Hong Kong, 14 May 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.*

For the purposes of this joint announcement, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1 to HK\$1.082 for the purpose of illustration only. No representation is made that any amount of HK\$ or RMB could have been or could be converted at the above rate or at any other rates.

* *For identification purpose only*