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LAI SUN GARMENT

Lai Sun Garment (International) Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 191)



LAI FUNG HOLDINGS

Lai Fung Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1125)

JOINT ANNOUNCEMENT DISCLOSEABLE TRANSACTION

DISPOSAL OF BUSINESS PREMISES

THE DISPOSAL

On 20 June 2024, the Vendor (an indirect non-wholly-owned subsidiary of Lai Fung) entered into the SPAs with the Purchaser in relation to the disposal of the Business Premises for the consideration of RMB32,963,320 (equivalent to approximately HK\$35,400,000).

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions under each of SPA I and SPA II, on a standalone basis, is less than 5%, the disposals for each of Business Premises I and Business Premises II, on a standalone basis, does not constitute a discloseable transaction for each of LSG and Lai Fung under the Listing Rules.

As SPA I and SPA II have the same counterparty and are of similar transactional nature and structure, and the transactions thereunder are both completed within the same 12-month period, while they are not inter-conditional with each other, such transactions are aggregated pursuant to Rules 14.22 and 14.23 of the Listing Rules. As the highest of the applicable percentage ratios in respect of the transactions under SPA I and SPA II, when aggregated, is more than 5% but less than 25%, the disposals for Business Premises I and Business Premises II on an aggregated basis constitute a discloseable transaction for each of LSG and Lai Fung, and are subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

On 20 June 2024, the Vendor (an indirect non-wholly-owned subsidiary of Lai Fung) entered into the SPAs with the Purchaser in relation to the Disposal for the consideration of RMB32,963,320 (equivalent to approximately HK\$35,400,000).

THE DISPOSAL

The principal terms of SPA I are set out below:

- Date:** 20 June 2024
- Parties:** the Vendor as vendor; and
the Purchaser as purchaser
- Subject matter:** Pursuant to SPA I, the Vendor has agreed to dispose of and the Purchaser has agreed to acquire Business Premises I at Shop No. 90, Zhishui Road, Hengqin New Area, Zhuhai, PRC, with a total gross floor area of approximately 194.89 square meter. The price per square meter (based on the total gross floor area) is RMB53,000 (equivalent to approximately HK\$57,000).
- Consideration:** RMB10,329,170 (equivalent to approximately HK\$11,100,000)
- Terms of payment:**
- (a) Initial payment in the sum of RMB8,263,336 (equivalent to approximately HK\$8,900,000) shall be paid before 30 June 2024.
 - (b) Balance of the purchase price in the sum of RMB2,065,834 (equivalent to approximately HK\$2,200,000) shall be paid before 30 August 2024.
- Completion date:** Expected to take place before 30 August 2024
- Conditions:** The Vendor shall provide the Purchaser with the Construction Project Completion Acceptance Record Certificate and Property Survey Report.

The principal terms of SPA II are set out below:

- Date:** 20 June 2024
- Parties:** the Vendor as vendor; and
the Purchaser as purchaser
- Subject matter:** Pursuant to SPA II, the Vendor has agreed to dispose of and the Purchaser has agreed to acquire Business Premises II at Shop No. 92, Zhishui Road, Hengqin New Area, Zhuhai, PRC, with a total gross floor area of approximately 411.53 square meter. The price per square meter (based on the total gross floor area) is RMB55,000 (equivalent to approximately HK\$59,000).
- Consideration:** RMB22,634,150 (equivalent to approximately HK\$24,300,000)
- Terms of payment:**
- (a) Initial payment in the sum of RMB18,107,320 (equivalent to approximately HK\$19,400,000) shall be paid before 30 June 2024.
 - (b) Balance of the purchase price in the sum of RMB4,526,830 (equivalent to approximately HK\$4,900,000) shall be paid before 30 August 2024.
- Completion Date:** Expected to take place before 30 August 2024
- Conditions:** The Vendor shall provide the Purchaser with the Construction Project Completion Acceptance Record Certificate and Property Survey Report.

Consideration

Each of the considerations under SPA I and SPA II was determined after arm's length negotiation among the parties and having taken into account the prevailing market price of similar properties in comparable locations.

INFORMATION OF THE BUSINESS PREMISES

Business Premise I

Business Premises I is a non-residential property designated for business services. Business Premises I is an investment property. The total gross floor area is 194.89 square meter, of which the gross internal floor area is 166.16 square meter, and the shared building area is 28.73 square meter.

As at 31 May 2024, the unaudited carrying value of Business Premise I was approximately RMB9,880,000 (equivalent to approximately HK\$10,600,000). As the Business Premise I has been vacant and no rental income has been generated, there is no consolidated net profit before or after taxation attributable to Business Premises I in respect of each of the LSG Group and Lai Fung Group for the two financial years ended 31 July 2023.

Business Premise II

Business Premise II is a non-residential property designated for business services. Business Premise II is an investment property. The total gross floor area is 411.53 square meter, of which the gross internal floor area is 235.70 square meter, and the shared building area is 175.83 square meter.

As at 31 May 2024, the unaudited carrying value of Business Premise II was approximately RMB16,610,000 (equivalent to approximately HK\$17,800,000). As the Business Premise II has been vacant and no rental income has been generated, there is no consolidated net profit before or after taxation attributable to Business Premises II in respect of each of the LSG Group and Lai Fung Group for the two financial years ended 31 July 2023.

FINANCIAL EFFECT OF THE DISPOSAL

It is estimated that both the LSG Group and Lai Fung Group will record an estimated gain of approximately RMB3,750,000 (equivalent to approximately HK\$4,040,000) from the Disposal. The calculation of the estimated gain is arrived based on the difference between the consideration (excluding the value-added tax) of approximately RMB30,240,000 (equivalent to approximately HK\$32,440,000) and the unaudited carrying value of the Business Premises of approximately RMB26,490,000 (equivalent to approximately HK\$28,400,000) of both the LSG Group and Lai Fung Group, which is subject to final audit to be performed by the auditors of LSG and Lai Fung, respectively.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated under the laws of the PRC. Based on the information provided by the Purchaser, the Purchaser is the Zhuhai branch of Industrial and Commercial Bank of China Limited* (中國工商銀行股份有限公司) which is a leading financial institution and the A shares and H shares of which are listed on Shanghai Stock Exchange and the Stock Exchange, respectively.

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 from each of LSG and its connected persons.

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

INFORMATION OF LSG, LAI FUNG 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 indirectly owns approximately 30.62% of the total issued shares of Lai Fung through its ownership in LSD as at the date of this joint announcement.

Lai Fung is 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. The principal activities of the Lai Fung Group include property development for sale, property investment, and development and operation of and investment in cultural, leisure, entertainment and related facilities in the PRC.

The Vendor is a company incorporated in the PRC with limited liability and is an indirect non-wholly-owned subsidiary of Lai Fung. The Vendor is principally engaged in design, development and operation of Phase I of Novotown project in Hengqin, Zhuhai City, Guangdong Province of the PRC.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal enables the LSG Group and Lai Fung Group to reallocate more financial resources on capital structure enhancement and/or for general corporate purpose of the LSG Group and Lai Fung Group. The proceeds from the Disposal are intended to be applied towards debt repayments and the general working capital of the LSG Group and Lai Fung Group.

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

The Lai Fung Directors are of the view that the Disposal is in the interests of Lai Fung and its shareholders as a whole and the terms and consideration thereof are fair and reasonable.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transaction under each of SPA I and SPA II, on a standalone basis, is less than 5%, the disposals for each of Business Premises I and Business Premises II, on a standalone basis, does not constitute a discloseable transaction for each of LSG and Lai Fung under the Listing Rules.

As SPA I and SPA II have the same counterparty and are of similar transactional nature and structure, and the transactions thereunder are both completed within the same 12-month period, while they are not inter-conditional with each other, such transactions are aggregated pursuant to Rules 14.22 and 14.23 of the Listing Rules. As the highest of the applicable percentage ratios in respect of the transactions under SPA I and SPA II, when aggregated, is more than 5% but less than 25%, the disposals for Business Premises I and Business Premises II on an aggregated basis constitute a discloseable transaction for each of LSG and Lai Fung and are subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement 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:

“Business Premises”	Business Premises I and Business Premises II;
“Business Premises I”	the non-residential property situated at Shop No. 90, Zhishui Road, Hengqin New Area, Zhuhai, PRC;
“Business Premises II”	the non-residential property situated at Shop No. 92, Zhishui Road, Hengqin New Area, Zhuhai, PRC;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Disposal”	the disposal of the Business Premises by the Vendor to the Purchaser;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Lai Fung”	Lai Fung Holdings Limited (麗豐控股有限公司), 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);
“Lai Fung Board”	the board of Lai Fung Directors;
“Lai Fung Directors”	the directors of Lai Fung;
“Lai Fung Group”	Lai Fung and its subsidiaries;
“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);
“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;
“PRC”	the People’s Republic of China;
“Purchaser”	Industrial and Commercial Bank of China Limited, Zhuhai Branch* (中國工商銀行股份有限公司珠海分行), a company incorporated under the laws of the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“SPAs”	SPA I and SPA II;

“SPA I”	the sale and purchase agreement dated 20 June 2024 entered into between the Vendor and the Purchaser in relation to the disposal of Business Premises I;
“SPA II”	the sale and purchase agreement dated 20 June 2024 entered into between the Vendor and the Purchaser in relation to the disposal of Business Premises II;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Zhuhai Hengqin Laisun Creative Culture City Co., Ltd.* (珠海橫琴麗新文創天地有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly-owned subsidiary of Lai Fung; and
“%”	per cent.

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

By order of the board
Lai Fung Holdings Limited
Lam Kin Ngok, Peter
Chairman

Hong Kong, 20 June 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 Lai Fung Board comprises seven executive directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Lam Kin Hong, Matthew (Executive Deputy Chairman), Mr. Lam Hau Yin, Lester (Chief Executive Officer) (also alternate to Madam U Po Chu), Madam U Po Chu and Messrs. Cheng Shin How, Lee Tze Yan, Ernest and Cheung Sum, Sam; and six independent non-executive directors, namely Messrs. Lam Bing Kwan, Ku Moon Lun, Law Kin Ho, Mak Wing Sum, Alvin, Shek Lai Him, Abraham and Au Hoi Fung.*

* *All the English translation of certain Chinese names or words in this announcement are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

For the purposes of this joint announcement, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1 to HK\$1.0726 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.