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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  
ACQUISITION OF SHARES IN  
CAMPER & NICHOLSONS INTERNATIONAL SA**

**THE TRANSACTIONS**

On 30 September 2016 (after trading hours), the Purchaser, a wholly-owned subsidiary of LSD, entered into the Sale and Purchase Agreement with the Vendor and the Guarantor, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing approximately 49.92% of the issued share capital of the Target Company, for the Consideration of EUR13,080,896 (equivalent to approximately HK\$113,804,000) subject to adjustments. After Completion, the Purchaser shall also: (a) subscribe for one new share of the Target Company at the price of EUR775 (equivalent to approximately HK\$7,000), which increases its shareholding interest in the Target Company to approximately 49.96%; and (b) advance to the Target Company a shareholder's loan in proportion to its shareholding interest (including the Allotment) in the amount of EUR499,565 (equivalent to approximately HK\$4,346,000).

Completion of the sale and purchase of the Sale Shares is conditional upon the Vendor, the Purchaser and Fincantieri entering into the Waiver and Consent Agreement, pursuant to which, among other things, (i) Fincantieri would waive and consent to the sale and purchase of the Sale Shares; (ii) the Vendor agreed to grant the Call Option to the Purchaser to acquire the Call Option Shares, representing approximately a further 32.35% of the issued share capital of the Target Company upon Completion and the Allotment for the Call Option Consideration of EUR8,853,472 (equivalent to approximately HK\$77,025,000); (iii) the Purchaser agreed to grant the Put Option to Fincantieri in respect of the Put Option Shares, representing approximately 17.61% of the issued share capital of the Target Company upon Completion and the Allotment for the Put Option Consideration of EUR4,820,975 (equivalent to approximately HK\$41,942,000); and (iv) two other options between Fincantieri and the Vendor. The exercise of the Call Option and the Put Option is subject to the exercise of the other options between Fincantieri and the Vendor. In the event both the Call Option and the Put Option are exercised in due course, the Purchaser will hold all but one share of the Target Company, representing approximately 99.92% of the issued share capital of the Target Company upon Completion and the Allotment.

## **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios as set out in the Listing Rules in respect of the Transactions exceeds 5% but all of the applicable percentage ratios are less than 25%, the Completion of the Sale and Purchase Agreement and the Transactions (including the exercise of both the Call Option and the Put Option) contemplated thereunder constitute a discloseable transaction for each of LSG and LSD, and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

On 30 September 2016 (after trading hours), the Purchaser entered into the Sale and Purchase Agreement with the Vendor and the Guarantor, the principal terms of which are summarised below:

## **THE SALE AND PURCHASE AGREEMENT**

Date: 30 September 2016 (after trading hours)

Parties: (i) 1782 Group, being the Vendor  
(ii) Action Charm Limited, a wholly-owned subsidiary of LSD, being the Purchaser  
(iii) the Guarantor

To the best of the LSG Directors' knowledge, information and belief having made reasonable enquiries, the Vendor and its ultimate beneficial owner(s) and the Guarantor are third parties independent of LSG and its connected persons.

To the best of the LSD Directors' knowledge, information and belief having made reasonable enquiries, the Vendor and its ultimate beneficial owner(s) and the Guarantor are third parties independent of LSD and its connected persons.

### **(A) The acquisition of the Sale Shares**

Pursuant to the Sale and Purchase Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing approximately 49.92% of the issued share capital of the Target Company as at the date of this joint announcement, for the Consideration.

## Consideration

The Consideration for the acquisition of the Sale Shares is EUR13,080,896 (equivalent to approximately HK\$113,804,000), subject to adjustments, and shall be payable by the Purchaser in the following manner on Completion:

- (i) EUR3,000,000 (equivalent to approximately HK\$26,100,000), by way of set off against the sum due by the Vendor to the Purchaser in respect of the Convertible Bonds; and
- (ii) EUR10,080,896 (equivalent to approximately HK\$87,704,000), in cash.

## Adjustment to the Consideration

The Consideration shall be adjusted as described below (“**Adjustment Amount**”) after Completion and the Purchaser and the Vendor shall procure the Target Company to provide to the Purchaser and the Vendor a statement showing the calculation of the Adjustment Amount (“**NAV Adjustment Statement**”) no later than 30 June 2017.

Adjustment Amount = [2016 Accounts NAV x Percentage of the Target Company’s (minus) 2016 Accounts shareholding interest held by the Purchaser Forecast NAV ]

After the receipt of the NAV Adjustment Statement, the Vendor and the Purchaser shall agree in good faith on the Adjustment Amount, failing which the Adjustment Amount shall be determined by an expert accountant pursuant to the terms of the Sale and Purchase Agreement.

If the final determination of the Consideration after taken into account the Adjustment Amount is lower than the Consideration, the Vendor shall pay to the Purchaser the Adjustment Amount in cash within five Business Days of the final determination of the Consideration. The Guarantor has guaranteed to the Purchaser the payment of the Adjustment Amount due by the Vendor to the Purchaser, as well as for any claims for breaches of the Vendor’s warranties and representations that may arise.

The Consideration, subject to adjustment, was arrived at after arm’s length negotiations between the Purchaser and the Vendor after taking into consideration of the financial position of the Target Company and independent valuation.

The Consideration will be funded by the internal resources of the LSD Group.

## **Condition Precedent**

Completion is subject to (or waiver by the Purchaser) the Vendor having obtained a waiver and consent from Fincantieri in relation to the sale of the Sale Shares by the Vendor by entering into the Waiver and Consent Agreement among the Vendor, the Purchaser and Fincantieri, on or before 3 October 2016 or such later date as the parties may agree in writing (“**Long Stop Date**”) (“**Condition**”). The principal terms of the Waiver and Consent Agreement are summarised in the paragraph headed “The Call Option and the Put Option” below.

## **Completion**

Completion shall take place on the fifth Business Day upon the satisfaction (or waiver) of the Condition or such other date as the parties may agree in writing. It is the intention of the parties that Completion shall take place on 3 October 2016.

Within 10 Business Days of Completion, Fincantieri and the Vendor agreed to procure the Target Company to complete the Allotment.

## **The Shareholder’s Loan**

The Vendor and Fincantieri have contributed a shareholder’s loan to the Target Company with an aggregate loan amount of EUR999,954 (equivalent to approximately HK\$8,700,000) and Mr. Rodriguez did not contribute. Whenever the Vendor or Fincantieri disposes of its interests in the Target Company, a relevant portion of its shareholder’s loan will be repaid by the Target Company

Upon Completion and the Allotment, the Purchaser shall make available a shareholder’s loan to the Target Company pro rata to the Purchaser’s 49.96% shareholding in the Target Company in the aggregate amount of EUR499,565 (equivalent to approximately HK\$4,346,000). If the Purchaser exercises the Call Option, the Purchaser shall contribute an additional shareholder’s loan in the amount of EUR323,442 (equivalent to approximately HK\$2,814,000) to corroborate with its increased shareholding interest.

After Completion and upon the Allotment, the Purchaser will hold 607 shares in the Target Company, representing approximately 49.96% of the issued share capital of the Target Company upon the Allotment (i.e. 1,215 shares). If the Call Option is exercised, the Purchaser will hold 1,000 shares in the Target Company, representing approximately 82.30% of the issued share capital of the Target Company. If the Put Option is exercised, the Purchaser will hold 1,214 shares, representing approximately 99.92% of the issued share capital of the Target Company.

## **Termination**

If the Condition is not satisfied (or waived) by the Long Stop Date, the Sale and Purchase Agreement shall be automatically terminated and neither party shall have any claim against the other.

## **(B) The Call Option and the Put Option**

Pursuant to the Waiver and Consent Agreement, Fincantieri agreed to give consent to the sale of the Sale Shares and waive its rights under the existing shareholders agreement of the Target Company that would otherwise restrict the sale of the Sale Shares by the Vendor to the Purchaser. The Waiver and Consent Agreement contain a number of conditions and undertakings between the Purchaser, the Vendor and Fincantieri, including the following:

- (i) the Vendor agreed to grant the Call Option to the Purchaser to acquire the Call Option Shares, representing approximately 32.35% of the issued share capital of the Target Company upon Completion and the Allotment, for the Call Option Consideration of EUR8,853,472 (equivalent to approximately HK\$77,025,000), exercisable by the Purchaser from 1 December to 8 December 2016;
- (ii) the Purchaser agreed to grant the Put Option to Fincantieri in respect of the Put Option Shares, representing approximately 17.61% of the issued share capital of the Target Company upon Completion and the Allotment, for the Put Option Consideration of EUR4,820,975 (equivalent to approximately HK\$41,942,000), exercisable by Fincantieri from 1 January to 31 December 2017;
- (iii) a further call option issued by the Vendor to Fincantieri; and
- (iv) a further put option issued by Fincantieri to the Vendor.

The exercise of the Call Option is subordinated to the call option between the Vendor and Fincantieri, but ranks in priority to the put option issued by Fincantieri to the Vendor. The exercise of the Put Option by Fincantieri is conditional upon all of the remaining options having expired without being exercised, or if the Purchaser exercises the Call Option. Once the pre-conditions are satisfied, the options are exercisable at the election of the option-holder.

The Shareholder's Loan, the Allotment Consideration, the Call Option Consideration and the Put Option Consideration were arrived at after arm's length negotiations between the Purchaser and the Vendor after taking into consideration of the financial position of the Target Company and an independent valuation, and will be funded by the internal resources of the LSD Group.

In the case either the Call Option or the Put Option is exercised after Completion, the Target Company will become a subsidiary of the Purchaser. If the Call Option and the Put Option are both exercised, the Purchaser will hold 1,214 shares in the Target Company, representing approximately 99.92% of the issued share capital of the Target Company.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company was established under the laws of Luxembourg with limited liability and is principally engaged in the business of brokerage, charter, marketing, management and construction of yachts. As at the date of this joint announcement, the Target Company is owned as to 82.29% by the Vendor, 17.63% by Fincantieri and 0.08% by Mr. Rodriguez.

The following table summarises the consolidated financial results of the Target Company for each of the two financial years ended 30 September 2014 and 30 September 2015 respectively:

|   | <b>For the year ended<br/>30 September 2014<br/>(unaudited)<br/>approximate</b> |             | <b>For the year ended<br/>30 September 2015<br/>(audited)<br/>approximate</b> |              |
|---|---|-------------|---|--------------|
|   | <i>EUR</i>  | <i>HK\$</i> | <i>EUR</i>  | <i>HK\$</i>  |
| Revenue   | 23,063,410  | 200,652,000 | 22,104,922  | 192,313,000  |
| Net profit/(loss) before<br>taxation and extraordinary<br>items | 1,043,011   | 9,074,000   | (4,315,336)   | (37,543,000) |
| Net profit/(loss) after<br>taxation and extraordinary<br>items  | 344,918   | 3,001,000   | (4,609,583)   | (40,103,000) |

Based on the audited accounts of the Target Company made up to 30 September 2015, the audited net assets of the Target Company as at 30 September 2015 was EUR3,154,513 (equivalent to approximately HK\$27,444,000).

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

The Target Company is a global leader in luxury yachting activities, specialising in the brokerage, charter, marketing, management and construction of the luxury yachts. It is a long established and internationally recognised brand associated with luxury lifestyle. The LSD Group believes that the investment will bolster LSD's offering of high-end food and beverage and hospitality services, and the LSD Group intends to rely upon the brand acquisition to create business opportunities in Asia.

The LSG Directors (including the independent non-executive LSG Directors) and the LSD Directors (including the independent non-executive LSD Directors) consider that the terms and conditions of the Sale and Purchase Agreement and the Waiver and Consent Agreement are fair and reasonable and on normal commercial terms and are in the interests of the LSG Group, the LSD Group and their respective shareholders as a whole.

## **INFORMATION OF LSG, LSD, THE PURCHASER, THE VENDOR, FINCANTIERI AND THE GUARANTOR**

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 development for sale, property investment, investment in and operation of hotels, investment in and operation of restaurants and investment holding. LSG owns approximately 61.93% 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 development for sale, property investment, investment in and operation of hotels, investment in and operation of restaurants and investment holding.

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of LSD. The principal activities of the Purchaser is investment holding.

The Vendor is a company incorporated in Switzerland with limited liability. Its principal activity is investment holding.

Fincantieri is a company incorporated in Italy with limited liability. It is a major shipbuilding group in the world, and operates in the design and construction of merchant and naval vessels, luxury cruise ships and mega yachts, as well as ship repairs and conversions.

The Guarantor is the owner of the Vendor, and the current chairman and director of the Target Company.

## **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios as set out in the Listing Rules in respect of the Transactions exceeds 5% but all of the applicable percentage ratios are less than 25%, the completion of the Sale and Purchase Agreement and the Transactions (including the exercise of the Call Option and the Put Option) contemplated thereunder constitute a discloseable transaction for each of LSG and LSD, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

The following terms have the following meanings in this joint announcement, unless the context otherwise requires:

|                                     |   |
|-------------------------------------|---|
| <b>“2016 Accounts Forecast NAV”</b> | the forecast of the consolidated net asset value of the Target Company as at 30 September 2016 provided by the Vendor to the Purchaser on or before the signing of the Sale and Purchase Agreement; |
| <b>“2016 Accounts NAV”</b>          | the consolidated net asset value of the Target Company as at 30 September 2016 as per the audited accounts of the Target Company as at 30 September 2016;   |
| <b>“Allotment”</b>                  | the allotment and issue of 1 share in the Target Company to the Purchaser for the Allotment Consideration;  |
| <b>“Allotment Consideration”</b>    | a consideration of EUR775 (equivalent to approximately HK\$7,000);  |
| <b>“Board”</b>                      | the board of directors;   |

|                                    |  |
|------------------------------------|--|
| <b>“Business Day(s)”</b>           | a day (excluding Saturdays and Sundays) on which banks are generally open in Hong Kong, Italy, Switzerland and Luxembourg, for the transaction of normal banking business;   |
| <b>“Call Option”</b>               | the call option to be granted by the Vendor to the Purchaser to acquire the Call Option Shares for the Call Option Consideration;  |
| <b>“Call Option Consideration”</b> | a consideration of EUR8,853,472 (equivalent to approximately HK\$77,025,000);  |
| <b>“Call Option Shares”</b>        | 393 shares in the Target Company, representing approximately 32.35% of the issued share capital of the Target Company upon Completion and the Allotment;   |
| <b>“Completion”</b>                | the completion of the acquisition of the Sale Shares by the Purchaser from the Vendor;   |
| <b>“connected person(s)”</b>       | has the same meaning as ascribed thereto in the Listing Rules;   |
| <b>“Consideration”</b>             | a consideration of EUR13,080,896 (equivalent to approximately HK\$113,804,000) subject to adjustments in accordance with the Sale and Purchase Agreement;  |
| <b>“Convertible Bonds”</b>         | the convertible bonds issued by the Vendor and subscribed by the Purchaser for a total amount of EUR3,000,000 (equivalent to approximately HK\$26,100,000), convertible into shares of the Target Company;                         |
| <b>“EUR”</b>                       | Euro, the lawful currency of Europe;   |
| <b>“Fincantieri”</b>               | Fincantieri S.p.A., an Italian state owned shipbuilding company listed on the Milan Stock Exchange and holder of approximately 17.63% of the issued share capital of the Target Company as at the date of this joint announcement; |
| <b>“Guarantor”</b>                 | Mr. Gualtiero Giori;   |
| <b>“Hong Kong”</b>                 | the Hong Kong Special Administrative Region of the People’s Republic of China;   |
| <b>“HK\$”</b>                      | Hong Kong Dollars, the lawful currency of Hong Kong;   |
| <b>“Listing Rules”</b>             | the Rules Governing the Listing of Securities on the Stock Exchange;   |

|                                      |  |
|--------------------------------------|--|
| <b>“LSD”</b>                         | 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);  |
| <b>“LSD Board”</b>                   | the board of LSD Directors;  |
| <b>“LSD Directors”</b>               | the directors of LSD;  |
| <b>“LSD Group”</b>                   | LSD and its subsidiaries;  |
| <b>“LSG”</b>                         | 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) and is the ultimate holding company of LSD; |
| <b>“LSG Board”</b>                   | the board of LSG Directors;  |
| <b>“LSG Directors”</b>               | the directors of LSG;  |
| <b>“LSG Group”</b>                   | LSG and its subsidiaries, including the LSD Group;   |
| <b>“Mr. Rodriguez”</b>               | Alexandre Rodriguez, holder of approximately 0.08% of the issued share capital of the Target Company as at the date of this joint announcement;  |
| <b>“percentage ratio(s)”</b>         | has the meaning given to it under the Listing Rules;   |
| <b>“Purchaser”</b>                   | Action Charm Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of LSD;   |
| <b>“Put Option”</b>                  | the put option to be granted by the Purchaser to Fincantieri in respect of the Put Option Shares for the Put Option Consideration;   |
| <b>“Put Option Shares”</b>           | 214 shares in the Target Company, representing approximately 17.61% of the issued share capital of the Target Company upon Completion and the Allotment;   |
| <b>“Put Option Consideration”</b>    | a consideration of EUR4,820,975 (equivalent to approximately HK\$41,942,000);  |
| <b>“Sale and Purchase Agreement”</b> | the sale and purchase agreement dated 30 September 2016 and entered into among the Purchaser, the Vendor and the Guarantor in relation to the Transactions;  |
| <b>“Sale Shares”</b>                 | 606 shares in the Target Company, representing approximately 49.92% of the issued share capital of the Target Company as at the date of this joint announcement;   |

|                                       |   |
|---------------------------------------|---|
| <b>“Shareholder’s Loan”</b>           | the granting of shareholder’s loan by the Purchaser as lender to the Target Company pro rata to its shareholding in the Target Company upon Completion, Allotment and exercise of the Call Option;  |
| <b>“Stock Exchange”</b>               | The Stock Exchange of Hong Kong Limited;  |
| <b>“Target Company”</b>               | Camper & Nicholsons International SA, a limited company incorporated under the laws of Luxembourg;  |
| <b>“Transactions”</b>                 | collectively, the acquisition of the Sale Shares, the Call Option, the Put Option, the Allotment and the Shareholder’s Loan;  |
| <b>“Vendor”</b>                       | 1782 Group, a limited company incorporated in Switzerland;  |
| <b>“Waiver and Consent Agreement”</b> | the waiver and consent agreement to be entered into among the Vendor, the Purchaser and Fincantieri on or before the Long Stop Date, in relation to, among others, the waiver and consent of Fincantieri to the sale of the Sale Shares by the Vendor to the Purchaser; and |
| <b>“%”</b>                            | per cent.   |

By Order of the Board  
**Lai Sun Garment (International) Limited**  
**Chew Fook Aun**  
*Executive Director and Deputy Chairman*

By Order of the Board  
**Lai Sun Development Company Limited**  
**Chew Fook Aun**  
*Executive Director and Deputy Chairman*

Hong Kong, 30 September 2016

*As at the date of this joint announcement,*

- (a) *the LSG Board comprises six executive directors, namely Dr. Lam Kin Ming (Chairman), Dr. Lam Kin Ngok, Peter (Deputy Chairman), Mr. Chew Fook Aun (Deputy Chairman), Madam U Po Chu, Mr. Lam Hau Yin, Lester (also alternate to Madam U Po Chu) and Mr. Lam Kin Hong, Matthew; and three independent non-executive directors, namely Messrs. Chow Bing Chiu, Lam Bing Kwan and Leung Shu Yin, William; and*
- (b) *the LSD Board comprises four executive directors, namely Dr. Lam Kin Ngok, Peter (Chairman) and Messrs. Chew Fook Aun (Deputy Chairman), Lau Shu Yan, Julius (Chief Executive Officer) and Lam Hau Yin, Lester; two non-executive directors, namely Dr. Lam Kin Ming and Madam U Po Chu; and three independent non-executive directors, namely Messrs. Lam Bing Kwan, Leung Shu Yin, William and Ip Shu Kwan, Stephen.*

*For the purposes of this joint announcement, conversions of EUR into HK\$ are based on the approximate exchange rate of EUR\$1 to HK\$8.7 for the purposes of illustration only. No representation is made that any amount of HK\$ or EUR could have been or could be converted at the above rate or at any other rates.*