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**LAI SUN GARMENT LAI SUN DEVELOPMENT**

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

**(Stock Code: 191)**



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

**(Stock Code: 488)**

**JOINT ANNOUNCEMENT  
CONTINUING CONNECTED TRANSACTIONS PURSUANT TO  
RULE 14A.60(1) OF THE LISTING RULES**

Reference is made to the Lai Fung Announcements and the Lai Fung Circular regarding the transactions under the Property Management Services Agreements and the Cost-sharing Agreements.

**PROPERTY MANAGEMENT SERVICES AGREEMENTS**

On 16 July 2019, Novotown Business Management and Novotown Creative Culture entered into the Novotown Creative Culture Property Management Services Agreement, pursuant to which Novotown Business Management will provide property management services to Novotown Creative Culture from 1 September 2019 to 31 August 2022.

On 16 July 2019, Novotown Business Management and Novotown Entertainment entered into the Novotown Entertainment Property Management Services Agreement, pursuant to which Novotown Business Management will provide property management services to Novotown Entertainment from 1 August 2019 to 31 July 2022.

On 23 July 2019, Novotown Business Management and Laisun Creative Culture entered into the Laisun Creative Culture Property Management Services Agreement, pursuant to which Novotown Business Management will provide property management services to Laisun Creative Culture from 1 October 2019 to 30 September 2022.

**COST-SHARING AGREEMENTS**

On 16 July 2019, Novotown Business Management and Laisun Creative Culture entered into the Laisun Creative Culture Cost-sharing Agreement, pursuant to which Novotown Business Management and Laisun Creative Culture will share the costs and expenses in connection with the use of the Head Lease Premises as staff quarter on a cost basis from 1 September 2019 to 30 April 2021.

On 16 July 2019, Novotown Business Management and Novotown Creative Culture entered into the Novotown Creative Culture Cost-sharing Agreement, pursuant to which Novotown Business Management and Novotown Creative Culture will share the costs and expenses in connection with the use of the Head Lease Premises as staff quarter on a cost basis from 1 September 2019 to 30 April 2021.

On 16 July 2019, Novotown Business Management and Novotown Entertainment entered into the Novotown Entertainment Cost-sharing Agreement, pursuant to which Novotown Business Management and Novotown Entertainment will share the costs and expenses in connection with the use of the Head Lease Premises as staff quarter on a cost basis from 1 September 2019 to 30 April 2021.

### **LISTING RULES IMPLICATIONS**

Whilst the terms of the Property Management Services Agreements and the Cost-sharing Agreements remain unchanged, the transactions thereunder have become continuing connected transactions of LSD and LSG. Pursuant to Rule 14A.60(1) of the Listing Rules, LSD and LSG are required to comply with the requirements of annual review and disclosure (including publishing announcement and annual reporting). If the Property Management Services Agreements and the Cost-sharing Agreements are renewed or the terms thereunder are varied, LSD and LSG will further comply with all the applicable requirements under Chapter 14A of the Listing Rules.

Reference is made to the Lai Fung Announcements and the Lai Fung Circular regarding the transactions under the Property Management Services Agreements and the Cost-sharing Agreements. The details regarding the Property Management Services Agreements and the Cost-sharing Agreements set out below are extracted from the Lai Fung Announcements and the Lai Fung Circular.

### **PROPERTY MANAGEMENT SERVICES AGREEMENTS**

#### **(I) The Novotown Creative Culture Property Management Services Agreement**

On 16 July 2019, Novotown Business Management and Novotown Creative Culture entered into the Novotown Creative Culture Property Management Services Agreement, pursuant to which Novotown Business Management will provide property management services to Novotown Creative Culture from 1 September 2019 to 31 August 2022, the principal terms of which are set out below.

- Parties:
- (a) Novotown Business Management (as the service provider); and
  - (b) Novotown Creative Culture (as the customer).

Property to be managed:	Certain areas within Novotown Phase I with an approximate useable area of 4,948 square metres, where the NGUX Business operates, which were rented by Laisun Creative Culture to Novotown Creative Culture for a period of 10 years pursuant to a tenancy agreement dated 14 January 2019 entered into between them and as supplemented from time to time.
Subject matter:	<p>Novotown Business Management will provide to Novotown Creative Culture various property management services, the scope of which includes the repair and maintenance of common areas, operation and maintenance of common facilities, cleaning, greening and landscape maintenance, parking and car parks management, security control and file management of construction drawings.</p> <p>The transactions under the Novotown Creative Culture Property Management Services Agreement are in the ordinary and usual course of business of the LSD Group and the LSG Group.</p>
Term:	From 1 September 2019 to 31 August 2022
Payment and pricing policy:	<p>Novotown Creative Culture will pay to Novotown Business Management a monthly service fee of RMB321,620.</p> <p>The payment for the services to be provided by Novotown Business Management has been determined on an arm's length basis by reference to the useable area of RMB65 per square metre, the market price of services of comparable nature and scale. The fees to be charged by Novotown Business Management under the Novotown Creative Culture Property Management Services Agreement are considered by LSD and LSG to be within a reasonable range of fees in the market for a similar scope of services.</p>
Historical transaction amounts:	Nil

Annual caps: The maximum annual amount payable to Novotown Business Management under the Novotown Creative Culture Property Management Services Agreement for the years ending 31 July 2020, 2021 and 2022 will not exceed the caps set out below:

<b>Year ending 31 July</b>		
<b>2020</b>	<b>2021</b>	<b>2022</b>
<i>(in HK\$ million)</i>		

Total Fees	4.8	5.2	5.2
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Basis of determining annual caps: The above annual caps are determined with reference to (i) the useable area of Novotown Phase I occupied by Novotown Creative Culture requiring the relevant property management services; (ii) the total property management fees payable to Novotown Business Management by Novotown Creative Culture on an annual basis; and (iii) a reasonable buffer to cater for any unexpected property management work.

**(II) The Novotown Entertainment Property Management Services Agreement**

On 16 July 2019, Novotown Business Management and Novotown Entertainment entered into the Novotown Entertainment Property Management Services Agreement, pursuant to which Novotown Business Management will provide property management services to Novotown Entertainment from 1 August 2019 to 31 July 2022, the principal terms of which are set out below.

Parties: (a) Novotown Business Management (as the service provider); and  
(b) Novotown Entertainment (as the customer).

Property to be managed: Certain areas within Novotown Phase I with an approximate useable area of 22,874 square metres, where the LEW Business operates, which were rented by Laisun Creative Culture to Novotown Entertainment for a period of 10 years pursuant to a tenancy agreement dated 14 January 2019 entered into between them and as supplemented from time to time.

Subject matter: Novotown Business Management will provide to Novotown Entertainment various property management services, the scope of which includes the repair and maintenance of common areas, operation and maintenance of common facilities, cleaning, greening and landscape maintenance, parking and carparks management, security control and file management of construction drawings.

The transactions under the Novotown Entertainment Property Management Services Agreement are in the ordinary and usual course of business of the LSD Group and the LSG Group.

Term: From 1 August 2019 to 31 July 2022

Payment and pricing policy: Novotown Entertainment will pay to Novotown Business Management a monthly service fee of RMB1,486,810.

The payment for the services to be provided by Novotown Business Management has been determined on an arm's length basis by reference to the useable area of RMB65 per square metre, the market price of services of comparable nature and scale. The fees to be charged by Novotown Business Management under the Novotown Entertainment Property Management Services Agreement are considered by LSD and LSG to be within a reasonable range of fees in the market for a similar scope of services.

Historical transaction amounts: Nil

Annual caps: The maximum annual amount payable to Novotown Business Management under the Novotown Entertainment Property Management Services Agreement for the years ending 31 July 2020, 2021 and 2022 will not exceed the caps set out below:

<b>Year ending 31 July</b>		
<b>2020</b>	<b>2021</b>	<b>2022</b>
<i>(in HK\$ million)</i>		

Total Fees	23.8	23.8	23.8
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Basis of determining annual caps:

The above annual caps are determined with reference to (i) the useable area of Novotown Phase I occupied by Novotown Entertainment requiring the relevant property management services; (ii) the total property management fees payable to Novotown Business Management by Novotown Entertainment on an annual basis; and (iii) a reasonable buffer to cater for any unexpected property management work.

**(III) The Laisun Creative Culture Property Management Services Agreement**

On 23 July 2019, Novotown Business Management and Laisun Creative Culture entered into the Laisun Creative Culture Property Management Services Agreement, pursuant to which Novotown Business Management will provide property management services to Laisun Creative Culture from 1 October 2019 to 30 September 2022, the principal terms of which are set out below.

Parties: (a) Novotown Business Management (as the service provider); and  
(b) Laisun Creative Culture (as the customer).

Property to be managed: Office, cultural workshop, commercial area and cultural studios and 2,088 car-parking spaces of Novotown Phase I except the commercial areas which have been leased to Novotown Creative Culture and Novotown Entertainment, the total gross floor area of which excluding car-parking spaces and ancillary facilities is approximately 176,700 square metres. The gross floor area of office, cultural workshop, commercial area and cultural studios are approximately 50,400 square metres, 39,900 square metres, 63,600 square metres and 22,800 square metres, respectively.

Subject matter: Novotown Business Management was newly established to provide property management related services to Novotown Phase I. Novotown Business Management will provide to Laisun Creative Culture the following services, amongst others: (i) before the completion and delivery of Novotown Phase I – Novotown Business Management will need to perform property management costs estimation to prepare the costs analysis and budget planning for providing property management services to Laisun Creative Culture as described in (ii) below, recruit staff at all levels of seniority, including senior staff with relevant experience, to provide property management services to Laisun Creative Culture as described in (ii) below and provide induction and on-going staff trainings, and provide consultation services for facilities installation; and (ii) after the completion and delivery of Novotown Phase I – various property management services, the scope of which includes cleaning and maintenance of common areas, greening and landscape maintenance, security control, parking and carparks management, maintenance and management of common facilities and fire safety control.

Given Novotown Phase I comprises different types of properties which include, offices, cultural workshop, commercial area and cultural studios and car-parking spaces, the timing of completion and delivery of each type of properties may vary. It was expected that the completion and delivery of all properties in Novotown Phase I will take place on or around October 2019. Therefore, it is expected that the services to be provided before the completion and delivery of Novotown Phase I will be no more than one month and the property management services will be provided thereafter throughout the remaining term of the Laisun Creative Culture Property Management Services Agreement.

The transactions under the Laisun Creative Culture Property Management Services Agreement are in the ordinary and usual course of business of the LSD Group and the LSG Group.

Term:	From 1 October 2019 to 30 September 2022
Payment and pricing policy:	<p>Before the completion and delivery of Novotown Phase I – Laisun Creative Culture as the developer will pay to Novotown Business Management a fee, to be calculated based on the wages of the personnel, and other expenses incurred in providing the relevant services.</p> <p>After the completion and delivery of Novotown Phase I – Laisun Creative Culture will pay to Novotown Business Management a monthly property management fee, to be calculated based on the fixed charging rates which vary according to the types of properties and the gross floor area or usable area (whichever applicable) of the relevant properties.</p>

The payment for the services to be provided by Novotown Business Management before the completion and delivery of Novotown Phase I is one-off in nature and is to be determined based on the actual personnel cost and other necessary expenses incurred in providing the relevant services. Taking into account the prevailing market wages in Zhuhai City, Guangdong Province of the PRC, the seniority of personnel to be hired and the scope of services to be provided, the LSD Directors and the LSG Directors consider that the charging basis of the fees before the completion and delivery of Novotown Phase I is reasonable and on normal commercial terms.

The payment for the services to be provided by Novotown Business Management after the completion and delivery of Novotown Phase I has been determined on an arm's length basis by reference to the market price of services of comparable nature in Zhuhai City, Guangdong Province of the PRC and taking into account the operating costs and wages expected to be incurred in provision of property management services, the development status of Hengqin area as well as the tenants' and buyers' expectations. Details of the market rates of property management fee of comparable nature in Zhuhai City are set out below:

<b>Types of property</b>	<b>Monthly management fee at market rate (based on gross floor area) (RMB/square meter)</b>
Commercial area	18 – 65
Offices	16 – 45
Cultural workshop	2.5 – 25
Cultural studios	2.5 – 25
Car-parking spaces	180 – 200

Based on the estimated total gross floor area of the properties to be managed by Novotown Business Management and the prevailing market rates, the fees to be charged by Novotown Business Management under the Laisun Creative Culture Property Management Services Agreement are considered by LSD and LSG to be within a reasonable range of fees in the market for a similar scope of services.

Historical transaction amounts: Nil



Annual caps:

The maximum annual amount payable to Novotown Business Management under the Laisun Creative Culture Property Management Services Agreement in respect of the services to be provided before and after the completion and delivery of Novotown Phase I for the years ending 31 July 2020, 2021 and 2022 will not exceed the caps set out below:

	<b>Year ending 31 July</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>(in HK\$ million)</i>		
Total Fees	59.1	70.9	70.9

When calculating the above annual caps, the fact that the completion and delivery of all properties in Novotown Phase I will take place in early October 2019 and property management services may commence thereon have been taken into consideration. Therefore, the services to be provided before the completion and delivery of Novotown Phase I will be less than one month after the Laisun Creative Culture Property Management Services Agreement commences and the fees payable during such period, which has been included in the above annual caps, is expected to be less than the monthly fee payable for the services to be provided after the completion and delivery of Novotown Phase I.

On the assumption that the earliest time for completion and delivery of all properties in Novotown Phase I to take place is to be on or before 1 October 2019, the property management services will commence on 1 October 2019 the earliest, services to be provided before completion and delivery of Novotown Phase I will no longer be required and that no fees will be charged for services to be provided before completion and delivery of Novotown Phase I in such circumstances. Hence, in arriving at the above annual caps, it has been assumed that all properties in Novotown Phase I will be completed and delivered on 1 October 2019. Further, in respect of the year ending 31 July 2020, it is expected that the aggregate annual fees payable before and after the completion and delivery of Novotown Phase I will not exceed the above annual

caps. The monthly property management fees to be paid by Laisun Creative Culture to Novotown Business Management is calculated based on the charging rates fixed at different level according to different type of properties. Taking into account the development status of Hengqin area and the expected future trend of the market rate for property management services for different types of properties in the vicinity for the coming three years, the LSD Directors and the LSG Directors consider that the charging basis of a fixed rate throughout the term of the Laisun Creative Culture Property Management Services Agreement is reasonable.

The LSD Group and the LSG Group will monitor the monthly fees to be charged by Novotown Business Management under the Laisun Creative Culture Property Management Services Agreement and ensure it will be on normal commercial terms that are no less favourable to LSD and LSG than those available to independent third party customers and will not exceed the above annual caps. The independent non-executive directors of LSD, the independent non-executive directors of LSG and the independent auditor of LSD and LSG will also review the transactions contemplated under the Laisun Creative Culture Property Management Services Agreement annually pursuant to the requirements under the Listing Rules. If the fees exceed the above annual caps, LSD and LSG will re-comply with the requirements under Chapter 14A of the Listing Rules.

Basis of determining  
annual caps:

The above annual caps are determined with reference to (i) the expected construction timelines and milestones of Novotown Phase I; (ii) the gross floor area or useable area (whichever applicable) of different type of properties of Novotown Phase I requiring property management services; (iii) the rates chargeable by Novotown Business Management per square metre of each type of the properties of Novotown Phase I requiring property management services; and (iv) a reasonable buffer to cater for any unexpected property management work.

**COST-SHARING AGREEMENTS**

**(I) The Laisun Creative Culture Cost-sharing Agreement**

On 16 July 2019, Novotown Business Management and Laisun Creative Culture entered into the Laisun Creative Culture Cost-sharing Agreement, pursuant to which Novotown Business Management and Laisun Creative Culture will share the costs and expenses in connection with the use of the Head Lease Premises as staff quarter on a cost basis from 1 September 2019 to 30 April 2021, the principal terms of which are set out below.

- Parties: (a) Novotown Business Management; and  
(b) Laisun Creative Culture.
  
- Premises to be shared: Head Lease Premises, which is leased from an independent third party landlord to Novotown Business Management pursuant to the Head Lease Agreements.
  
- Subject matter: Novotown Business Management and Laisun Creative Culture will share the costs and expenses in connection with the use of the Head Lease Premises as staff quarter by Laisun Creative Culture on a cost basis. Details of the cost sharing arrangement are set out in the paragraph headed “Payment and cost allocation policy” below.  
  
The transactions under the Laisun Creative Culture Cost-sharing Agreement are in the ordinary and usual course of business of the LSD Group and the LSG Group.
  
- Term: From 1 September 2019 to 30 April 2021
  
- Payment and cost allocation policy: Laisun Creative Culture will pay to Novotown Business Management (i) the monthly rental and management fees, together with the applicable taxes and duties (if any), based on the number of rooms and floors occupied by the staff of Laisun Creative Culture; and (ii) other miscellaneous expenses including costs to be incurred for providing security control, pest control and cleaning of common areas, charges for maintenance and utilities in connection with the public facilities. The amount of such miscellaneous expenses shall be borne by Laisun Creative Culture in proportion to the number of rooms and floors to be occupied by their staff in the Head Lease Premises.

The basis for cost allocation has been determined on an arm's length basis by reference to (i) the actual rent and fees to be charged by the independent third party landlord under the Head Lease Agreements; and (ii) the number of rooms and floors of the Head Lease Premises to be occupied by the staff of Laisun Creative Culture, and it is therefore fair and reasonable. The rent and fees to be charged by the independent third party landlord under the Head Lease Agreements are considered by LSD and LSG to be within a reasonable range of rent and fees in the market for similar premises in the vicinity at the time.

Historical transaction amounts: Nil

Annual caps: The maximum annual amount payable to Novotown Business Management under the Laisun Creative Culture Cost-sharing Agreement for the years ending 31 July 2020 and 2021 will not exceed the caps set out below:

<u>Year ending 31 July</u>	
2020	2021
<i>(in HK\$ million)</i>	

Total Fees	3.1	3.3
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Basis of determining annual caps:

The above annual caps are determined with reference to (i) the estimated rent and fees to be charged by the independent third party landlord pursuant to the terms of the Head Lease Agreements on an annual basis; (ii) the potential expansion of staff of Laisun Creative Culture and the estimated number of staff to be accommodated at the staff quarter on an annual basis; and (iii) a reasonable buffer to cater for any unexpected repair and maintenance work.

## **(II) The Novotown Creative Culture Cost-sharing Agreement**

On 16 July 2019, Novotown Business Management and Novotown Creative Culture entered into the Novotown Creative Culture Cost-sharing Agreement, pursuant to which Novotown Business Management and Novotown Creative Culture will share the costs and expenses in connection with the use of the Head Lease Premises as staff quarter on a cost basis from 1 September 2019 to 30 April 2021, the principal terms of which are set out below.

Parties: (a) Novotown Business Management; and  
(b) Novotown Creative Culture.

Premises to be shared: Head Lease Premises, which is leased from an independent third party landlord to Novotown Business Management pursuant to the Head Lease Agreements.

Subject matter: Novotown Business Management and Novotown Creative Culture will share the costs and expenses in connection with the use of the Head Lease Premises as staff quarter by Novotown Creative Culture on a cost basis. Details of the cost sharing arrangement are set out in the paragraph headed “Payment and cost allocation policy” below.

The transactions under the Novotown Creative Culture Cost-sharing Agreement are in the ordinary and usual course of business of the LSD Group and the LSG Group.

Term: From 1 September 2019 to 30 April 2021

Payment and cost allocation policy: Novotown Creative Culture will pay to Novotown Business Management (i) the monthly rental and management fees, together with the applicable taxes and duties (if any), based on the number of rooms and floors occupied by the staff of Novotown Creative Culture; and (ii) other miscellaneous expenses including costs to be incurred for providing security control, pest control and cleaning of common areas, charges for maintenance and utilities in connection with the public facilities. The amount of such miscellaneous expenses shall be borne by Novotown Creative Culture in proportion to the number of rooms and floors occupied by their staff in the Head Lease Premises.

The basis for cost allocation has been determined on an arm’s length basis by reference to (i) the actual rent and fees to be charged by the independent third party landlord under the Head Lease Agreements; and (ii) the number of rooms and floors at the Head Lease Premises to be occupied by the staff of Novotown Creative Culture, and it is therefore fair and reasonable. The rent and fees to be charged by the independent third party landlord under the Head Lease Agreements are considered by LSD and LSG to be within a reasonable range of rent and fees in the market for similar premises in the vicinity at the time.

Historical transaction amounts: Nil

Annual caps: The maximum annual amount payable to Novotown Business Management under the Novotown Creative Culture Cost-sharing Agreement for the years ending 31 July 2020 and 2021 will not exceed the caps set out below:

<u>Year ending 31 July</u>	
<u>2020</u>	<u>2021</u>
<i>(in HK\$ million)</i>	

Total Fees	0.5	0.5
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Basis of determining annual caps: The above annual caps are determined with reference to (i) the estimated rent and fees to be charged by the independent third party landlord pursuant to the terms of the Head Lease Agreements on an annual basis; (ii) the potential expansion of staff of Novotown Creative Culture and estimated number of staff to be accommodated at the staff quarter on an annual basis; and (iii) a reasonable buffer to cater for any unexpected repair and maintenance work.

### **(III) The Novotown Entertainment Cost-sharing Agreement**

On 16 July 2019, Novotown Business Management and Novotown Entertainment entered into the Novotown Entertainment Cost-sharing Agreement, pursuant to which Novotown Business Management and Novotown Entertainment will share the costs and expenses in connection with the use of the Head Lease Premises as staff quarter on a cost basis from 1 September 2019 to 30 April 2021, the principal terms of which are set out below.

Parties: (a) Novotown Business Management; and  
(b) Novotown Entertainment.

Premises to be shared: Head Lease Premises, which is leased from an independent third party landlord to Novotown Business Management pursuant to the Head Lease Agreements.

Subject matter: Novotown Business Management and Novotown Entertainment will share the costs and expenses in connection with the use of the Head Lease Premises as staff quarter by Novotown Entertainment on a cost basis. Details of the cost sharing arrangement are set out in the paragraph headed "Payment and cost allocation policy" below.

The transactions under the Novotown Entertainment Cost-sharing Agreement are in the ordinary and usual course of business of the LSD Group and the LSG Group.

Term:	From 1 September 2019 to 30 April 2021
Payment and cost allocation policy:	<p>Novotown Entertainment will pay to Novotown Business Management (i) the monthly rental and management fees, together with the applicable taxes and duties (if any), based on the number of rooms and floors occupied by the staff of Novotown Entertainment; and (ii) other miscellaneous expenses including costs to be incurred for providing security control, pest control and cleaning of common areas, charges for maintenance and utilities in connection with the public facilities. The amount of such miscellaneous expenses shall be borne by Novotown Entertainment in proportion to the number of rooms and floors occupied by their staff in the Head Lease Premises.</p> <p>The basis for cost allocation has been determined on an arm's length basis by reference to (i) the actual rent and fees to be charged by the independent third party landlord under the Head Lease Agreements; and (ii) the number of rooms and floors of the Head Lease Premises to be occupied by the staff of Novotown Entertainment, and it is therefore fair and reasonable. The rent and fees to be charged by the independent third party landlord under the Head Lease Agreements are considered by LSD and LSG to be within a reasonable range of rents and fees in the market for similar premises in the vicinity at the time.</p>
Historical transaction amounts:	Nil
Annual caps:	The maximum annual amount payable to Novotown Business Management under the Novotown Entertainment Cost-sharing Agreement for the years ending 31 July 2020 and 2021 will not exceed the caps set out below:

	<b>Year ending 31 July</b>	
	<b>2020</b>	<b>2021</b>
	<i>(in HK\$ million)</i>	
Total Fees	2.5	2.8

Basis of determining  
annual caps:

The above annual caps are determined with reference to (i) the estimated rents and fees to be charged by the independent third party landlord pursuant to the terms of the Head Lease Agreements on an annual basis; (ii) the potential growth of personnel of Novotown Entertainment and estimated number of staff to be accommodated at the staff quarter on an annual basis; and (iii) a reasonable buffer to cater for any unexpected repair and maintenance work.

## **REASONS FOR, AND BENEFITS OF, ENTERING INTO THE AGREEMENTS**

The LSD Directors and the LSG Directors are of the view that it is in the interest of the LSD Group and the LSG Group to enter into the Property Management Services Agreements since they together will provide the LSD Group and the LSG Group with stable revenue as a whole and are in line with the LSD's Group and the LSG's Group business strategy in centralising the property management of its portfolio. In respect of the Cost-sharing Agreements, the co-sharing of the Head Lease Premises as staff quarter within the LSD Group and the LSG Group helps lower the rental costs and operating expenses of the staff quarter for all the parties, and facilitates the provision of housing benefits to staff within the LSD Group and the LSG Group.

In view of the above, the LSD Directors and the LSG Directors (including the independent non-executive directors of LSD and the independent non-executive directors of LSG) consider that each of the Property Management Services Agreements and the Cost-sharing Agreements and the respective Property Management Services Annual Caps and Cost-sharing Annual Caps are fair and reasonable, on normal commercial terms and in the interests of LSD and LSG and the Shareholders as a whole.

## **INFORMATION IN RELATION TO THE LSD GROUP, THE LSG GROUP, NOVOTOWN BUSINESS MANAGEMENT, ROSY COMMERCE, LAISUN CREATIVE CULTURE, NOVOTOWN CREATIVE CULTURE AND NOVOTOWN ENTERTAINMENT**

### **LSD Group**

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 LSD Group is principally engaged in property investment, property development, investment in and operation of hotels and restaurants, media and entertainment, music production and distribution, films, video format products and television programmes production and distribution, cinema operation, cultural, leisure, entertainment and related facilities and investment holding.



## **LSG Group**

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 LSG Group is principally engaged in property investment, property development, investment in and operation of hotels and restaurants, media and entertainment, music production and distribution, films, video format products and television programmes production and distribution, cinema operation, cultural, leisure, entertainment and related facilities and investment holding.

## **Novotown Business Management**

Novotown Business Management is a wholly-owned subsidiary of Lai Fung established in the PRC. It is principally engaged in provision of property management services for properties of the Lai Fung Group in Hengqin, Zhuhai City, Guangdong Province of the PRC.

## **Rosy Commerce, Laisun Creative Culture, Novotown Creative Culture and Novotown Entertainment**

Rosy Commerce is an investment holding company incorporated in the British Virgin Islands with limited liability and is directly owned by LFHQ (an indirect wholly-owned subsidiary of Lai Fung) and Bravo Heart Limited as to 80% and 20%, respectively. Rosy Commerce is principally engaged in (a) Project Development through Laisun Creative Culture, a subsidiary of Rosy Commerce; (b) the NGUX Business through Novotown Creative Culture; and (c) the LEW Business through Novotown Entertainment. Rosy Commerce holds 70% equity interest in each of Novotown Creative Culture and Novotown Entertainment.

## **LISTING RULES IMPLICATIONS**

On the basis of the Yu Shareholders' latest disclosures of interests in LSD, the Yu Shareholders were interested in 129,325,410 LSD Shares (representing approximately 21.17% of the issued share capital of LSD) (other than through their interests in LSG) and one of the Yu Shareholders, Mr. Yu Cheuk Yi, was also interested in 11,162,700 LSD Shares (representing approximately 1.83% of the issued share capital of LSD) (other than through his interests in LSG). For the purposes of the Listing Rules, the Yu Shareholders are considered to be substantial shareholders of LSD and therefore connected persons of LSD.

On the basis of the Yu Shareholders' latest disclosures of interests in LSG, the Yu Shareholders were interested in 115,472,280 LSG Shares (representing approximately 29.41% of the issued share capital of LSG). For the purposes of the Listing Rules, the Yu Shareholders are considered to be substantial shareholders of LSG and therefore connected persons of LSG.

On the basis of the Yu Shareholders' latest disclosures of interests in Lai Fung, the Yu Shareholders were interested in 34,729,037 LF Shares (representing approximately 10.49% of the issued share capital of Lai Fung) (other than through their interests in LSG and LSD). For the purposes of the Listing Rules, the Yu Shareholders are considered to be substantial shareholders of Lai Fung. Lai Fung is a non-wholly owned subsidiary of LSD and LSG. Lai Fung therefore became a connected subsidiary of LSD and LSG pursuant to Rule 14A.16(1) of the Listing Rules, and is a connected person of LSD and LSG.

Whilst the terms of the Property Management Services Agreements and the Cost-sharing Agreements remain unchanged, the transactions thereunder have become continuing connected transactions of LSD and LSG. Pursuant to Rule 14A.60(1) of the Listing Rules, LSD and LSG are required to comply with the requirements of annual review and disclosure (including publishing announcement and annual reporting). If the Property Management Services Agreements and the Cost-sharing Agreements are renewed or the terms thereunder are varied, LSD and LSG will further comply with all the applicable requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Board”	the board of directors;
“Bravo Heart Limited”	Bravo Heart Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of LSD;
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules;
“Cost-sharing Agreements”	collectively, the Laisun Creative Culture Cost-sharing Agreement, the Novotown Creative Culture Cost-sharing Agreement, and the Novotown Entertainment Cost-sharing Agreement, of which the details are set out in the announcement of Lai Fung dated 16 July 2019;
“Cost-sharing Annual Caps”	the proposed annual caps for the continuing connected transactions contemplated under the Cost-sharing Agreements;
“disclosures of interests”	disclosures of interests pursuant to Part XV of the SFO;
“Head Lease Agreement 1”	the lease agreement dated 22 April 2019 entered into between an independent third party (as landlord) and Novotown Business Management (as tenant) in respect of the lease of the Head Lease Portion 1, at a monthly fee of RMB97,200 (inclusive of rent and other management fees), for a period of two years commencing from 1 May 2019 and ending on 30 April 2021;
“Head Lease Agreement 2”	the lease agreement dated 10 January 2019 entered into between an independent third party (as landlord) and Novotown Business Management (as tenant) in respect of the lease of the Head Lease Portion 2, at a monthly fee of RMB131,520 (inclusive of rent and other management fees), for a period of two years and five months commencing from 1 December 2018 and ending on 30 April 2021;

“Head Lease Agreement 3”	the lease agreement dated 19 April 2019 entered into between an independent third party (as landlord) and Novotown Business Management (as tenant) in respect of the lease of the Head Lease Portion 3, at a monthly fee of RMB36,200 (inclusive of rent and other management fees), for a period of two years commencing from 1 May 2019 and ending on 30 April 2021;
“Head Lease Agreements”	collectively, the Head Lease Agreement 1, the Head Lease Agreement 2, the Head Lease Agreement 3 and the Potential Head Lease Agreements;
“Head Lease Portion 1”	108 rooms of Building 2, No. 2 Pinggong West Road, Nanping Science and Technology Industrial Park, Zhuhai City of the PRC* (中國珠海市南屏科技工業園屏工西路2號第2棟樓);
“Head Lease Portion 2”	186 rooms of Building 1, No. 2 Pinggong West Road, Nanping Science and Technology Industrial Park, Zhuhai City of the PRC* (中國珠海市南屏科技工業園屏工西路2號第1棟樓);
“Head Lease Portion 3”	52 rooms of Building 1, No. 2 Pinggong West Road, Nanping Science and Technology Industrial Park, Zhuhai City of the PRC* (中國珠海市南屏科技工業園屏工西路2號第1棟樓);
“Head Lease Premises”	collectively, Head Lease Portion 1, Head Lease Portion 2, Head Lease Portion 3 and the Potential Head Lease Portions;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Laisun Creative Culture”	珠海橫琴麗新文創天地有限公司 (Zhuhai Hengqin Laisun Creative Culture City Co., Ltd.*), a company established in the PRC with limited liability and a subsidiary of Rosy Commerce;
“Laisun Creative Culture Cost-sharing Agreement”	the agreement entered into between Laisun Creative Culture and Novotown Business Management on 16 July 2019 in relation to the cost-sharing arrangement, of which details are set out in the announcement of Lai Fung dated 16 July 2019;

“Laisun Creative Culture Property Management Services Agreement”	the agreement entered into between Laisun Creative Culture and Novotown Business Management on 23 July 2019 in relation to the provision of property management services, of which details are set out in the announcement of Lai Fung dated 23 July 2019;
“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 and the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1125);
“Lai Fung Announcements”	the announcements issued by Lai Fung dated 16 July 2019 and 23 July 2019 regarding the transactions under the Property Management Services Agreements and the Cost-sharing Agreements;
“Lai Fung Circular”	the circular issued by Lai Fung dated 21 August 2019 regarding the Laisun Creative Culture Property Management Services Agreement;
“Land”	the piece of land located at the east side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Road, Hengqin New Area, Zhuhai City, Guangdong Province of the PRC* (中國廣東省珠海市橫琴新區藝文二道東側、彩虹路南側、天羽道西側及橫琴大道北側);
“LF Shares”	the shares in the capital of Lai Fung;
“LEW Business”	the internal build-out, fitting, development and operation of themed indoor experience centres named Lionsgate Entertainment World™ using the intellectual property licenses granted by Lionsgate LBE, Inc.;
“LFHQ”	Lai Fung (Hengqin) Development Company Limited (麗豐(橫琴)發展有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Lai Fung;
“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;
“LSD Shares”	the shares in the capital 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);
“LSG Board”	the board of LSG Directors;
“LSG Directors”	the directors of LSG;
“LSG Group”	LSG and its subsidiaries;
“LSG Shares”	the shares in the capital of LSG;
“NGUX Business”	the internal build-out, fitting, development and operation of themed indoor experience centres named National Geographic Ultimate Explorer using the intellectual property licenses granted by National Geographic Partners, LLC;
“Novotown Business Management”	珠海橫琴創新方商業管理有限公司 (Zhuhai Hengqin Novotown Business Management Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Lai Fung;
“Novotown Creative Culture”	珠海橫琴創新方文化創意有限公司 (Zhuhai Hengqin Novotown Creative Culture Co., Ltd.*), a company established in the PRC with limited liability, of which Rosy Commerce holds 70% equity interest;
“Novotown Creative Culture Cost-sharing Agreement”	the agreement entered into between Novotown Creative Culture and Novotown Business Management on 16 July 2019 in relation to the cost-sharing arrangement, of which details are set out in the announcement of Lai Fung dated 16 July 2019;
“Novotown Creative Culture Property Management Services Agreement”	the agreement entered into between Novotown Creative Culture and Novotown Business Management on 16 July 2019 in relation to the provision of property management services, of which details are set out in the announcement of Lai Fung dated 16 July 2019;

“Novotown Entertainment”	珠海橫琴創新方娛樂有限公司 (Zhuhai Hengqin Novotown Entertainment Co., Ltd.*), a company established in the PRC with limited liability, of which Rosy Commerce holds 70% equity interest;
“Novotown Entertainment Cost-sharing Agreement”	the agreement entered into between Novotown Entertainment and Novotown Business Management on 16 July 2019 in relation to the provision of the cost-sharing arrangement, of which details are set out in the announcement of Lai Fung dated 16 July 2019;
“Novotown Entertainment Property Management Services Agreement”	the agreement entered into between Novotown Entertainment and Novotown Business Management on 16 July 2019 in relation to the provision of property management services, of which details are set out in the announcement of Lai Fung dated 16 July 2019;
“Novotown Phase I”	Zhuhai Hengqin Novotown Project (Phase I)* (珠海橫琴創新方項目一期), a property comprising cultural related facilities which was built on the Land;
“Potential Head Lease Agreements”	the lease agreement(s) to be entered into between an independent third party (as landlord) and Novotown Business Management (as tenant) in respect of the lease of the Potential Head Lease Portion;
“Potential Head Lease Portions”	additional rooms of buildings at No. 2 Pinggong West Road, Nanping Science and Technology Industrial Park, Zhuhai City of the PRC* (中國珠海市南屏科技工業園屏工西路2號);
“PRC”	the People’s Republic of China and for the purpose of this joint announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Project Development”	holding the Land and owning, undertaking the development of and operating the development project of Novotown Phase I;
“Property Management Services Agreements”	collectively, the Laisun Creative Culture Property Management Services Agreement, the Novotown Creative Culture Property Management Services Agreement and the Novotown Entertainment Property Management Services Agreement, of which the details are set out in the Lai Fung Announcements;
“Property Management Services Annual Caps”	the proposed annual caps for the continuing connected transactions contemplated under the Property Management Services Agreements;

“RMB”	Renminbi, the lawful currency of the PRC;
“Rosy Commerce”	Rosy Commerce Holdings Limited (業佳控股有限公司), a company incorporated in the British Virgin Islands with limited liability and directly owned by LFHQ and Bravo Heart Limited as to 80% and 20%, respectively;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Shareholders”	collectively holder(s) of LSD Shares and LSG Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules;
“Yu Shareholders”	Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk; and
“%”	per cent.

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

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, 16 July 2020

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