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LAI FUNG HOLDINGS

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

REVISION OF ANNUAL CAP OF EXISTING CONTINUING CONNECTED TRANSACTIONS REGARDING LETTING AND/OR LICENSING OF PREMISES

REVISION OF ANNUAL CAP OF EXISTING CONTINUING CONNECTED TRANSACTIONS

Subsequent to the publication of the 2017 Joint Announcement, due to the business expansion of restaurant operation of the LSD Group resulting in certain new leases of premises of the Lai Fung Group in Mainland China at the prevailing market rates, the Company anticipated that the annual aggregate amount payable and/or receivable by the Lai Fung Group in respect of its Transactions with the LSG Group and the LSD Group for the financial year ending 31 July 2020 will increase more than originally estimated and may exceed the Original Cap Amount. The Board therefore proposed to revise the Original Cap Amount to the Revised Cap Amount.

LISTING RULES IMPLICATIONS

As each of LSG and LSD is the controlling shareholder of the Company, each of them is a connected person of the Company. Accordingly, the Transactions between the Lai Fung Group and the LSG Group/the LSD Group constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the Original Cap Amount in respect of the Transactions, the Company will have to re-comply with the applicable requirements under Chapter 14A of the Listing Rules.

As one or more of the relevant percentage ratios set out in the Listing Rules in respect of the Revised Cap Amount are more than 0.1% but less than 5%, the Existing Agreement is subject to the reporting, annual review and announcement requirements but exempt from circular and the independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the 2017 Joint Announcement. The Existing Agreement enables the LSG Group, the LSD Group and the Lai Fung Group to continue its on-going practice to lease and/or licence its properties to other members of the Lai Sun Group and maintain and/or increase the operational efficiency and the synergy for the entire Lai Sun Group's benefit. The annual cap amount adopted by the Company in respect of its Transactions with the LSG Group and the LSD Group for the financial years ended 31 July 2018 and 2019 and the financial year ending 31 July 2020 are HK\$4,100,000, HK\$4,400,000 and HK\$4,800,000, respectively.

Subsequent to the publication of the 2017 Joint Announcement, due to the business expansion of restaurant operation of the LSD Group resulting in certain new leases of premises of the Lai Fung Group in Mainland China at the prevailing market rates, the Company anticipated that the annual aggregate amount payable and/or receivable by the Lai Fung Group in respect of its Transactions with the LSG Group and the LSD Group for the financial year ending 31 July 2020 will increase more than originally estimated and may exceed the Original Cap Amount. The Board therefore proposed to revise the Original Cap Amount to the Revised Cap Amount.

Pursuant to the Existing Agreement, the rental or fees payable and/or receivable by the Company thereunder shall be fixed by reference to the prevailing market or comparable rental or fees, including property management fees.

REVISION OF ANNUAL CAP OF EXISTING CONTINUING CONNECTED TRANSACTIONS

On 31 July 2019, in view of the reasons mentioned above, the Board resolved to revise the Original Cap Amount of HK\$4,800,000 to the Revised Cap Amount of HK\$10,200,000 for the financial year ending 31 July 2020.

The Revised Cap Amount is determined by reference to the number of premises expected to be leased under the Existing Agreement for the financial year ending 31 July 2020 and the prevailing market rent and fees of such premises with inflation adjustments where applicable.

Save for the Revised Cap Amount, all other terms and conditions under the Existing Agreement remain unchanged.

The executive Directors (except for Mr. Cheng Shin How and Mr. Lee Tze Yan Ernest) have directorship in LSG and/or LSD. Mr. Lam Bing Kwan, an independent non-executive Director, is also an independent non-executive director of LSG and LSD. In view of good corporate practices, they have abstained from voting on the relevant board resolutions approving the Revised Cap Amount to avoid any potential conflict of interests. Save as disclosed above, no other Director has a material interest in the Existing Agreement and the Transactions contemplated thereunder.

The Directors (including the independent non-executive Directors but excluding those who have abstained from voting as stated above) are of the view that the Transactions pursuant to the Existing Agreement have been carried out and will continue to be carried out in the ordinary and usual course of business and on normal commercial terms, and that the terms of such Transactions and the Revised Cap Amount are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

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Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the Original Cap Amount in respect of the Transactions, the Company will have to re-comply with the applicable requirements under Chapter 14A of the Listing Rules.

As one or more of the relevant percentage ratios set out in the Listing Rules in respect of the Revised Cap Amount are more than 0.1% but less than 5%, the Existing Agreement is subject to the reporting, annual review and announcement requirements but exempt from circular and the independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

GENERAL

The Company

The Company 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 and property investment for rental purposes, and development and operation of and investment in cultural, leisure, entertainment and related facilities in the PRC.

LSD

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 and investment holding. As at the date of this announcement, LSD owns approximately 74.62% of the total issued shares of eSun, which in turn holds approximately 50.55% of the total issued shares of the Company.

LSG

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 and investment holding. As at the date of this announcement, LSG owns approximately 56.07% of the total issued shares of LSD.

DEFINITIONS

In this announcement, unless the context otherwise requires, the terms below have the following meanings:

“2017 Joint Announcement”	the joint announcement of LSG, LSD, eSun, the Company and MAGHL dated 31 July 2017 in relation to continuing connected transactions regarding letting and/or licensing of premises for a term of three years expiring on 31 July 2020;
“Board”	the board of Directors;
“Company”	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);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“eSun”	eSun Holdings Limited (豐德麗控股有限公司), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571);
“eSun Group”	eSun and its subsidiaries;
“Existing Agreement”	the memorandum of agreement dated 31 July 2017 entered into between LSG, LSD, eSun, the Company and MAGHL regarding, inter alia, the basis on which the Transactions may be concluded from time to time;
“GEM”	GEM of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Lai Fung Group”	the Company and its subsidiaries;

“Lai Sun Group”	LSG, LSD, eSun, the Company, MAGHL and their respective subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended and supplemented from time to time);
“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 Group”	LSD and its subsidiaries, excluding the eSun Group;
“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 Group”	LSG and its subsidiaries, including the LSD Group but excluding the eSun Group;
“Macau”	the Macau Special Administrative Region of the PRC;
“MAGHL”	Media Asia Group Holdings Limited (寰亞傳媒集團有限公司), an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed and traded on GEM (Stock Code: 8075);
“Original Cap Amount”	the original annual cap adopted by the Company for the financial year ending 31 July 2020 in respect of the Transactions with the LSG Group and the LSD Group as set out in the 2017 Announcement;
“PRC” or “Mainland China”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan;
“Revised Cap Amount”	the revised annual cap adopted by the Company for the financial year ending 31 July 2020 in respect of its Transactions with the LSG Group and the LSD Group as disclosed in this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules and the GEM Listing Rules;

“Transaction(s)” the transaction(s) involving the LSG Group, the LSD Group and the Lai Fung Group letting and/or licensing various premises to members of the Lai Sun Group as may be subsisting from time to time; and

“%” per cent.

By order of the Board
Lai Fung Holdings Limited
Chew Fook Aun
Chairman

Hong Kong, 31 July 2019

As at the date of this announcement, the Board comprises seven Executive Directors, namely Mr. Chew Fook Aun (Chairman), Dr. Lam Kin Ming (Deputy Chairman), Mr. Lam Kin Hong, Matthew (Executive Deputy Chairman), Mr. Lam Hau Yin, Lester (Chief Executive Officer), Madam U Po Chu, Mr. Cheng Shin How and Mr. Lee Tze Yan, Ernest; two Non-executive Directors, namely Mr. Lucas Ignatius Loh Jen Yuh and Mr. Puah Tze Shyang (also alternate to Mr. Lucas Ignatius Loh Jen Yuh); and five Independent Non-executive Directors, namely Messrs. Lam Bing Kwan, Ku Moon Lun, Law Kin Ho, Mak Wing Sum, Alvin and Shek Lai Him, Abraham.