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## LAI FUNG HOLDINGS

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

### **CONTINUING CONNECTED TRANSACTIONS**

#### **COST-SHARING AGREEMENTS**

Novotown Business Management and Laisun Creative Culture entered into the Laisun Creative Culture Cost-sharing Agreement I, and Novotown Business Management and Laisun Creative Culture Hotel entered into the Laisun Creative Culture Cost-sharing Agreement II, on 30 July 2021 respectively, pursuant to which the parties thereto 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 August 2021 to 30 April 2024.

Novotown Business Management and Novotown Creative Culture entered into the Novotown Creative Culture Cost-sharing Agreement on 30 July 2021, 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 August 2021 to 30 April 2024.

Novotown Business Management and Novotown Entertainment entered into the Novotown Entertainment Cost-sharing Agreement on 30 July 2021, 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 August 2021 to 30 April 2024.

#### **LISTING RULES IMPLICATIONS**

LSD is an intermediate holding company of the Company with an, approximately, 55.08% shareholding interest in the Company and hence a connected person of the Company at the issuer level. Therefore, each of Laisun Creative Culture, Novotown Creative Culture and Novotown Entertainment is a connected subsidiary of the Company pursuant to Rule 14A.16(2) by virtue of being an indirect subsidiary of Rosy Commerce, which is in turn a connected subsidiary of the Company controlled as to 20% by LSD indirectly. Accordingly, the Cost-sharing Agreements constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions under the Cost-sharing Agreements will be aggregated as a series of transactions.

As one or more of the applicable percentage ratios for the Company in respect of the annual caps under the Cost-sharing Agreements, on an aggregated basis, is higher than 0.1% but less than 5%, all of the Cost-sharing Agreements are subject to the reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **COST-SHARING AGREEMENTS**

### **(I) The Laisun Creative Culture Cost-sharing Agreements**

On 30 July 2021, (i) Novotown Business Management and Laisun Creative Culture entered into the Laisun Creative Culture Cost-sharing Agreement I, and (ii) Novotown Business Management and Laisun Creative Culture Hotel entered into the Laisun Creative Culture Cost-sharing Agreement II, pursuant to which the parties thereto 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 August 2021 to 30 April 2024, the principal terms of which are set out below.

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

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 Agreement.

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 I are in the ordinary and usual course of business of the Group.

Term: From 1 August 2021 to 30 April 2024

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 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 Agreement; 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 Agreement are considered by the Company 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

(ii) The Laisun Creative Culture Cost-sharing Agreement II

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

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 Agreement.

Subject matter: Novotown Business Management and Laisun Creative Culture Hotel will share the costs and expenses in connection with the use of the Head Lease Premises as staff quarter by Laisun Creative Culture Hotel 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 II are in the ordinary and usual course of business of the Group.

Term: From 1 August 2021 to 30 April 2024

Payment and cost allocation policy: Laisun Creative Culture Hotel 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 Hotel; 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 Hotel 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 Agreement; and (ii) the number of rooms and floors in the Head Lease Premises to be occupied by the staff of Laisun Creative Culture Hotel, and it is therefore fair and reasonable. The rent and fees to be charged by the independent third party landlord under the Head Lease Agreement are considered by the Company 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

(iii) Annual caps of the Laisun Creative Culture Cost-sharing Agreements

Annual caps: The maximum annual amount payable to Novotown Business Management under the Laisun Creative Culture Cost-sharing Agreements for the years ending 31 July 2022, 2023 and 2024 will not exceed the caps set out below:

	<b>Year ending 31 July</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>(in HK\$ million)</i>		
Total Fees	3.1	3.3	3.4

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 Agreement on an annual basis; (ii) the estimated total number of rooms to be occupied by the staff of Laisun Creative Culture and Laisun Creative Culture Hotel; and (iii) a reasonable buffer to cater for any unexpected repair and maintenance work.

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

On 30 July 2021, 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 August 2021 to 30 April 2024, 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 Agreement.

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 Group.

Term: From 1 August 2021 to 30 April 2024

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 Agreement; and (ii) the number of rooms and floors in 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 Agreement are considered by the Company 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 2022, 2023 and 2024 will not exceed the caps set out below:

	<b>Year ending 31 July</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>(in HK\$ million)</i>		
Total Fees	0.3	0.3	0.3

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 Agreement on an annual basis; (ii) the estimated number of rooms to be occupied by the staff of Novotown Creative Culture; and (iii) a reasonable buffer to cater for any unexpected repair and maintenance work.

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

On 30 July 2021, 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 August 2021 to 30 April 2024, 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 Agreement.
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 Group.
Term:	From 1 August 2021 to 30 April 2024
Payment and cost allocation policy:	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.

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 Agreement; and (ii) the number of rooms and floors in 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 Agreement are considered by the Company 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 Entertainment Cost-sharing Agreement for the years ending 31 July 2022, 2023 and 2024 will not exceed the caps set out below:

	<b>Year ending 31 July</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>(in HK\$ million)</i>		
Total Fees	2.0	2.1	2.2

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 Agreement on an annual basis; (ii) the estimated number of rooms to be occupied by the staff of Novotown Entertainment; and (iii) a reasonable buffer to cater for any unexpected repair and maintenance work.

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

The Directors are of the view that it is in the interest of the Group to enter into the Cost-sharing Agreements.

The co-sharing of the Head Lease Premises as staff quarter within the 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 Group.

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



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

### **The Group**

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

### **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.

### **Novotown Business Management**

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

### **Rosy Commerce, Laisun Creative Culture, Laisun Creative Culture Hotel, 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 the Company) and Bravo Heart 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. Laisun Creative Culture Hotel is a branch office of Laisun Creative Culture.

### **LISTING RULES IMPLICATIONS**

LSD is an intermediate holding company of the Company with an, approximately, 55.08% shareholding interest in the Company and hence a connected person of the Company at the issuer level. Therefore, each of Laisun Creative Culture, Novotown Creative Culture and Novotown Entertainment is a connected subsidiary of the Company pursuant to Rule 14A.16(2) by virtue of being an indirect subsidiary of Rosy Commerce, which is in turn a connected subsidiary of the Company controlled as to 20% by LSD indirectly. Accordingly, the Cost-sharing Agreements constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions under the Cost-sharing Agreements will be aggregated as a series of transactions.

As one or more of the applicable percentage ratios for the Company in respect of the annual caps under the Cost-sharing Agreements, on an aggregated basis, is higher than 0.1% but less than 5%, all of the Cost-sharing Agreements are subject to the reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Each of Mr. Chew Fook Aun, Mr. Lam Hau Yin, Lester, Madam U Po Chu, Mr. Tham Seng Yum, Ronald and Mr. Lam Bing Kwan had declared his/her interest in the Cost-sharing Agreements by virtue of his/her relationship with LSD and hence with Laisun Creative Culture, Novotown Creative Culture and Novotown Entertainment, and had abstained from voting on the relevant Board resolutions in respect of the Cost-sharing Agreements. Save as disclosed above, none of the Directors is considered to have a material interest in the Cost-sharing Agreements and therefore no other Director was required to abstain from voting on the resolutions of the Board approving the Cost-sharing Agreements and the transactions contemplated thereunder.

## **DEFINITIONS**

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

“Board”	the board of Directors;
“Bravo Heart”	Bravo Heart Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of LSD;
“Company”	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);
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules;
“Cost-sharing Agreements”	collectively, the Laisun Creative Culture Cost-sharing Agreements, the Novotown Creative Culture Cost-sharing Agreement, and the Novotown Entertainment Cost-sharing Agreement;
“Cost-sharing Annual Caps”	the proposed annual caps for the continuing connected transactions contemplated under the Cost-sharing Agreements;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;

“Head Lease Agreement”	the lease agreement dated 30 July 2021 entered into between an independent third party (as landlord) and Novotown Business Management (as tenant) in respect of the lease of the Head Lease Premises;
“Head Lease Premises”	a certain number of rooms at the 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);
“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 I”	the agreement entered into between Laisun Creative Culture and Novotown Business Management on 30 July 2021 in relation to the cost-sharing arrangement;
“Laisun Creative Culture Cost-sharing Agreement II”	the agreement entered into between Laisun Creative Culture Hotel and Novotown Business Management on 30 July 2021 in relation to the cost-sharing arrangement;
“Laisun Creative Culture Cost-sharing Agreements”	collectively, the Laisun Creative Culture Cost-sharing Agreement I and the Laisun Creative Culture Cost-sharing Agreement II;
“Laisun Creative Culture Hotel”	珠海橫琴麗新文創天地有限公司麗新酒店, a branch office of Laisun Creative Culture established in the PRC;
“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 the Company;

“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 Group”	LSD and its subsidiaries;
“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 the Company;
“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 indirectly holds 70% equity interest;
“Novotown Creative Culture Cost-sharing Agreement”	the agreement entered into between Novotown Creative Culture and Novotown Business Management on 30 July 2021 in relation to the cost-sharing arrangement;
“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 indirectly holds 70% equity interest;
“Novotown Entertainment Cost-sharing Agreement”	the agreement entered into between Novotown Entertainment and Novotown Business Management on 30 July 2021 in relation to the cost-sharing arrangement;
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

“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 as to 80% and 20%, respectively;
“Shareholder(s)”	holder(s) of the Share(s);
“Share(s)”	the ordinary share(s) of HK\$5.00 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules; and
“%”	per cent.

\* *All the English translations 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.*

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

Hong Kong, 30 July 2021

*As at the date of this announcement, the Board comprises seven Executive Directors, namely Mr. Chew Fook Aun (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 Tham Seng Yum, Ronald; 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.*