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le saunda holdings ltd.

萊爾斯丹控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0738)

DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY

THE DISPOSAL

On 13 August 2019, Gaoming Maior, an indirect wholly-owned subsidiary of the Company, entered into the Property Transfer Agreement with Foshan Xiqiao, pursuant to which Gaoming Maior agreed to sell and Foshan Xiqiao agreed to purchase the Property at the consideration of RMB63,000,000 (equivalent to approximately HK\$71,593,200[#]).

LISTING RULES IMPLICATIONS

Since one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 5% but all such percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 13 August 2019, Gaoming Maior, an indirect wholly-owned subsidiary of the Company, entered into the Property Transfer Agreement with Foshan Xiqiao, pursuant to which Gaoming Maior agreed to sell and Foshan Xiqiao agreed to purchase the Property at the consideration of RMB63,000,000 (equivalent to approximately HK\$71,593,200[#]).

THE PROPERTY TRANSFER AGREEMENT

Date

13 August 2019

Parties

Vendor: Gaoming Maior

Purchaser: Foshan Xiqiao

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Foshan Xiqiao and its ultimate beneficial owners are third parties independent of the Group and its connected persons (as defined under the Listing Rules).

The Disposal

Gaoming Maior agreed to sell and Foshan Xiqiao agreed to purchase the Property on an "as-is" basis subject to the terms and conditions of the Property Transfer Agreement.

Consideration and payment terms

The consideration payable by Foshan Xiqiao to Gaoming Maior in respect of the Disposal is RMB63,000,000 (equivalent to approximately HK\$71,593,200[#]) (inclusive of value added tax), which was determined after arm's length negotiations between Gaoming Maior and Foshan Xiqiao with reference to the fair value information provided by an independent property valuer.

The consideration shall be paid in three installments as follows:

- (1) upon the signing of the Property Transfer Agreement, Foshan Xiqiao shall pay 15% of the consideration (i.e. RMB9,450,000);
- (2) within seven days immediately after Gaoming Maior has obtained the approval of the Foshan Natural Resources Commission (Gaoming Branch) with respect to the Disposal, Foshan Xiqiao shall pay 52% of the consideration (i.e. RMB32,760,000); and
- (3) the remaining 33% of the consideration (i.e. RMB20,790,000) shall be paid before the date of completion of the ownership transfer procedures of the Property.

The consideration shall be paid by way of bank transfer to Gaoming Maior's designated bank account.

In the event of late payment of the consideration, Foshan Xiqiao shall pay a penalty in the amount of 0.05% of the consideration for each day the consideration (or any part thereof) is due but not paid.

All relevant taxes to be borne by Gaoming Maior or Foshan Xiqiao (as the case may be) under applicable laws shall be borne by that party itself.

Completion

Completion of the Disposal shall take place on the day immediately after the date of receipt of the consideration in full by Gaoming Maior, the completion of the registrations for transfer of ownership and land use rights respectively over the buildings and land comprising the Property, and the obtaining of the receipts issued by the relevant registration authorities.

INFORMATION ON THE PROPERTY

The Property comprises (a) a parcel of land which has a total area of 29,618.90 square meters and (b) the buildings erected on the said parcel of land, including guard rooms, a warehouse, general-purpose buildings, factory buildings and a utility room, all of which are for industrial use. The total gross floor area of such buildings is 28,485.41 square meters.

The Property was used for footwear production and storage and has been vacant since the end of 2016.

FINANCIAL IMPACT OF THE DISPOSAL

As a result of the Disposal, the Group is expected to record an estimated net accounting gain of approximately RMB460,000, being the consideration of RMB63,000,000 minus the carrying value of the Property of RMB54,000,000 as set out in the Annual Report of the Company for the year ended 28 February 2019 minus the estimated direct expenses and relevant transaction tax expenses to be incurred by Gaoming Maior in connection with the Disposal. The foregoing estimated net accounting gain may be different from the actual gain (or loss) in connection with the Disposal, depending on the actual amount of transaction tax as assessed by the relevant authorities in the PRC. The actual net accounting gain is also subject to the final audit by the Group's auditor.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Property was used for footwear production and storage and has been vacant since the end of 2016. The Directors are of the view that there are uncertainties in the current property market in the PRC due to the US-China trade war and recent continuous depreciation of RMB and consider that the present transaction is an opportunity for the Group to dispose of its idle assets. The Disposal can also enhance the cash flow position of the Group. Furthermore, the Property is a non-core asset of the Group and thus the Disposal is not expected to adversely impact the Group's operations.

The Company intends that the net proceeds from the Disposal will be used as general working capital of the Group.

In view of the above, the Directors consider that the terms of the Property Transfer Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Since one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 5% but all such percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

The Group is principally engaged in the manufacturing and sale of footwear in Mainland China, Hong Kong and Macau.

Gaoming Maior is principally engaged in property holding in the PRC.

Foshan Xiqiao is principally engaged in the processing and sales of packing materials.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Le Saunda Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange (Stock Code: 738)
“Director(s)”	the director(s) of the Company
“Disposal”	disposal of the Property by Gaoming Maior to Foshan Xiqiao pursuant to the Property Transfer Agreement
“Foshan Xiqiao”	佛山市南海區西樵恒勝精細包裝廠 (Foshan Nanhai Xiqiao Hengsheng Fine Packing Factory*), a company established in the PRC with unlimited liability
“Gaoming Maior”	佛山市高明區盈信達鞋業有限公司 (Foshan Gaoming Maior Limited*), an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Property”	the parcel of land located at No. 87, Gaofu First Road, Hecheng Sub-district, Gaoming District, Foshan, the PRC* (中國佛山市高明區荷城街道高富一路87號) and the industrial buildings erected thereon
“Property Transfer Agreement”	the land use rights and industrial buildings transfer agreement dated 13 August 2019 entered into between Gaoming Maior and Foshan Xiqiao in relation to the Disposal
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary shares of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Le Saunda Holdings Limited
James Ngai
Chairman

Hong Kong, 13 August 2019

As at the date of this announcement, the Company’s executive Directors are Mr. Cheng Wang, Gary, Ms. Chui Kwan Ho, Jacky and Ms. Liao Jian Yu; non-executive Directors are Mr. James Ngai and Mr. Lee Tze Bun, Marces; independent non-executive Directors are Mr. Lam Siu Lun, Simon, Mr. Leung Wai Ki, George and Mr. Hui Chi Kwan.

* *For identification purpose only.*

For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of RMB1=HK\$1.1364. No representation is made that any amounts in RMB has been or could be converted at such rate or any other rate.