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## LAI FUNG HOLDINGS

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

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS PROPERTY MANAGEMENT SERVICES AGREEMENTS**

Reference is made to the Company's announcement dated 16 July 2019 in relation to, among other things, (i) the Previous Novotown Creative Culture Property Management Services Agreement; and (ii) the Previous Novotown Entertainment Property Management Services Agreement.

#### **PROPERTY MANAGEMENT SERVICES AGREEMENTS**

In contemplation of the expiry of the Previous Novotown Creative Culture Property Management Services Agreement on 31 August 2022, the Board announces that on 29 July 2022, Novotown Business Management and Novotown Creative Culture entered into the Novotown Creative Culture Property Management Services Agreement to renew the continuing connected transactions contemplated under the Previous Novotown Creative Culture Property Management Services Agreement for a term of 35 months commencing from 1 September 2022 to 31 July 2025.

In contemplation of the expiry of the Previous Novotown Entertainment Property Management Services Agreement on 31 July 2022, the Board announces that on 29 July 2022, Novotown Business Management and Novotown Entertainment entered into the Novotown Entertainment Property Management Services Agreement to renew the continuing connected transactions contemplated under the Previous Novotown Entertainment Property Management Services Agreement for a term of three years commencing from 1 August 2022 to 31 July 2025.

## **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 Novotown Creative Culture and Novotown Entertainment is a connected subsidiary of the Company pursuant to Rule 14A.16(2) of the Listing Rules 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, each of the Property Management Services Agreements constitutes 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 each of the Property Management Services Agreements will be aggregated as a series of transactions.

As one or more of the applicable percentage ratios in respect of the Annual Caps, on an aggregated basis, is higher than 0.1% but less than 5%, and all of the applicable percentage ratios are less than 5%, all of the Property Management Services 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.

## **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the Company's announcement dated 16 July 2019 in relation to, among other things, (i) the Previous Novotown Creative Culture Property Management Services Agreement; and (ii) the Previous Novotown Entertainment Property Management Services Agreement.

In contemplation of the expiry of the Previous Novotown Creative Culture Property Management Services Agreement on 31 August 2022, the Board announces that on 29 July 2022, Novotown Business Management and Novotown Creative Culture entered into the Novotown Creative Culture Property Management Services Agreement to renew the continuing connected transactions contemplated under the Previous Novotown Creative Culture Property Management Services Agreement for a term of 35 months commencing from 1 September 2022 to 31 July 2025.

In contemplation of the expiry of the Previous Novotown Entertainment Property Management Services Agreement on 31 July 2022, the Board announces that on 29 July 2022, Novotown Business Management and Novotown Entertainment entered into the Novotown Entertainment Property Management Services Agreement to renew the continuing connected transactions contemplated under the Previous Novotown Entertainment Property Management Services Agreement for a term of three years commencing from 1 August 2022 to 31 July 2025.

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

On 29 July 2022, 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, 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: 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 carparks management, security control and file management of construction drawings.

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

Term: From 1 September 2022 to 31 July 2025

Payment and pricing policy: Novotown Creative Culture will pay to Novotown Business Management a monthly service fee of RMB257,296 (value-added tax inclusive).

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 RMB52 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 the Company to be within a reasonable range of fees in the market for a similar scope of services.

Historical annual caps  
(value-added tax inclusive):

The historical annual caps for the amount payable to Novotown Business Management under the Previous Novotown Creative Culture Property Management Services Agreement for the years ended 31 July 2020, 2021 and for the year ending 31 July 2022 are set out below:

	<b>For the year ended 31 July 2020</b>	<b>For the year ended 31 July 2021</b>	<b>For the year ending 31 July 2022</b>
	<i>(in HK\$ millions)</i>		
Historical annual caps	4.8	5.2	5.2

Historical transaction amounts  
(value-added tax inclusive):

The historical transaction amounts under the Previous Novotown Creative Culture Property Management Services Agreement for the period from 1 September 2019 to 31 July 2020, for the year ended 31 July 2021 and for the period from 1 August 2021 to 30 June 2022 are set out below:

	<b>From 1 September 2019 to 31 July 2020</b>	<b>For the year ended 31 July 2021</b>	<b>From 1 August 2021 to 30 June 2022</b>
	<i>(in HK\$ millions)</i>		<i>(Note)</i>
Transaction amounts	1.7	3.8	4.1

*Note: 30 June 2022, the latest available date for the historical transaction amount as at the date of this announcement.*

Annual caps (value-added tax inclusive):

The maximum annual amount payable to Novotown Business Management under the Novotown Creative Culture Property Management Services Agreement for the period from 1 September 2022 to 31 July 2023, for the years ending 31 July 2024 and 2025 will not exceed the caps set out below:

	<b>From 1 September 2022 to 31 July 2023</b>	<b>For the year ending 31 July 2024</b>	<b>For the year ending 31 July 2025</b>
	<i>(in HK\$ millions)</i>		
Total Fees	3.7	4.0	4.0

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 and exchange rate fluctuations.

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

On 29 July 2022, 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, 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:	<p>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.</p> <p>The transactions under the Novotown Entertainment Property Management Services Agreement are in the ordinary and usual course of business of the Group.</p>
Term:	From 1 August 2022 to 31 July 2025
Payment and pricing policy:	<p>Novotown Entertainment will pay to Novotown Business Management a monthly service fee of RMB1,189,448 (value-added tax inclusive).</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 RMB52 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 the Company to be within a reasonable range of fees in the market for a similar scope of services.</p>



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 and exchange rate fluctuations.

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

The Directors are of the view that it is in the interest of the Group to enter into the Property Management Services Agreements since they together will provide the Company with stable revenue and are in line with the Group's business strategy in centralising the property management of its portfolio in Hengqin.

In view of the above, the Directors (including the independent non-executive Directors) consider that each of (i) the terms of each of the Property Management Services Agreements are on normal commercial terms that are fair and reasonable; (ii) the Annual Caps are fair and reasonable; and (iii) the continuing connected transactions contemplated under each of the Property Management Services Agreements are and will be conducted in the ordinary and usual course of business of the Group 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, 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, 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, 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 BHL (an indirect wholly-owned subsidiary of LSD) as to 80% and 20%, respectively. Rosy Commerce is principally engaged in (a) Project Development through Laisun Creative Culture, an indirect non wholly-owned 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**

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 Novotown Creative Culture and Novotown Entertainment is a connected subsidiary of the Company pursuant to Rule 14A.16(2) of the Listing Rules 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, each of the Property Management Services Agreements constitutes 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 each of the Property Management Services Agreements will be aggregated as a series of transactions.

## **Property Management Services Agreements**

As one or more of the applicable percentage ratios in respect of the Annual Caps, on an aggregated basis, is higher than 0.1% but less than 5%, and all of the applicable percentage ratios are less than 5%, all of the Property Management Services 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 and Mr. Lee Tze Yan, Ernest had declared his/her interest in the Property Management Services Agreements by virtue of his/her relationship with LSD and hence with Novotown Creative Culture and Novotown Entertainment, and had abstained from voting on the relevant Board resolutions in respect of the Property Management Services Agreements and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has an interest in the Property Management Services Agreements, and therefore no other Directors had abstained from voting on the relevant Board resolutions in respect of the Property Management Services Agreements and the transactions contemplated thereunder.

## DEFINITIONS

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

“Annual Caps”	the proposed annual caps for the continuing connected transactions contemplated under the Property Management Services Agreements;
“BHL”	Bravo Heart Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of LSD;
“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 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 meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“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;

“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 an indirect non wholly-owned subsidiary of Rosy Commerce;
“LSD”	Lai Sun Development Company Limited (麗新發展有限公司), a company incorporated in Hong Kong with limited liability and 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;
“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);
“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;
“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 and an indirect 70%-owned subsidiary of Rosy Commerce;
“Novotown Creative Culture Property Management Services Agreement”	the agreement entered into between Novotown Creative Culture (as the customer) and Novotown Business Management (as the service provider) on 29 July 2022 in relation to the provision of property management services for a term of 35 months from 1 September 2022 to 31 July 2025;
“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 and an indirect 70%-owned subsidiary of Rosy Commerce;
“Novotown Entertainment Property Management Services Agreement”	the agreement entered into between Novotown Entertainment (as the customer) and Novotown Business Management (as the service provider) on 29 July 2022 in relation to the provision of property management services for a term of three years from 1 August 2022 to 31 July 2025;
“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;
“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;

“Previous Novotown Creative Culture Property Management Services Agreement”	the agreement entered into between Novotown Creative Culture (as the customer) and Novotown Business Management (as the service provider) on 16 July 2019 in relation to the provision of property management services for a term of three years from 1 September 2019 to 31 August 2022, details of which were disclosed in the Company’s announcement dated 16 July 2019;
“Previous Novotown Entertainment Property Management Services Agreement”	the agreement entered into between Novotown Entertainment (as the customer) and Novotown Business Management (as the service provider) on 16 July 2019 in relation to the provision of property management services for a term of three years from 1 August 2019 to 31 July 2022, details of which were disclosed in the Company’s announcement dated 16 July 2019;
“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 Novotown Creative Culture Property Management Services Agreement and the Novotown Entertainment Property Management Services Agreement;
“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 BHL as to 80% and 20%, respectively;
“Share(s)”	the ordinary share(s) of HK\$5.00 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“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, 29 July 2022

*As at the date of this announcement, the Board comprises six 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, Mr. Cheng Shin How and Mr. Lee Tze Yan, Ernest; 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.*