LASSETERS INTERNATIONAL HOLDINGS LIMITED
Company No: 200402223M

PROPOSED DISPOSAL OF FREEHOLD LAND AND BUILDINGS, AND IMPROVEMENTS AND THE BUSINESS AND BUSINESS ASSETS OF FORD DYNASTY PTY LTD AND LASSETERS HEALTH CLUB PTY LTD (THE "PROPOSED DISPOSAL")

Reference is made to the announcement released to the Singapore Exchange Securities Trading Limited on 19 April 2021 in relation to the Proposed Disposal of Freehold land and buildings, and improvements and the business and business assets of Ford Dynasty Pty Ltd and Lasseters Health Club Pty Ltd (the "**Previous Announcement**"). Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed to them in the Previous Announcement.

The Board of Directors of LIH wishes to announce the following in response to SGX-ST's queries:

1. Question:

The Group's casino and spa and wellness business in Australia contribute to almost 100% of the Group's revenue. While the Group has ventured into property and hospitality development in Malaysia, the revenue is still insignificant.

- Please provide updates to shareholders on its property and hospitality development business in Malaysia, such as status of current projects and when will the projects bring in revenue for the Group.
- Does the Group have other projects in the pipeline?
- What is the Group's plans going forward after it dispose its core business in Australia?

Answer:

The Group's property and hospitality development business in Malaysia, the 4-star Mercure hotel has received its Certificate of Practical Completion in mid-April 2021 and target to obtain its vacant possession by end April 2021. In conjunction with this, the management are in the midst of taking over physical possession of the hotel in stages and going through a defects rectification programme.

The hotel is also at the pre-opening stage, with recruitment of key personnel, staff training, marketing, procurement of hotel operational equipment and application of the relevant business and operating licences. Subject to market situation, opening of border travel restriction amongst others, the Group plans for a soft opening in July 2021 and expects the hotel to generate revenue thereon.

There are several proposals with potential parties on property development projects within Malaysia and discussion/ negotiations are currently on-going. Whilst business during pandemic is volatile, it also poses opportunities to the Group to acquire viable

projects on a lower entry point and maximise future potential post pandemic. The Group will make the relevant announcement in due course should any of the project currently in negotiation materialised.

After the Proposed Disposal, the Group will continue to leverage on its Board and management experience by managing its existing hospitality sector and expand on its other core businesses in property development.

2. Question:

It is stated in the announcement that the Group will retain ownership of the "Lasseters" Brand and has entered into a separate Lasseters Brand Licence Deed with Alice Springs Operations under which the Group agreed to grant Alice Springs Operations an exclusive, royalty free licence to use the Lasseters Brand in Australia.

- Please provide more details on this arrangement and the rationale.
- Does this imply that the Group intent to remain in the casino and hospitality business in Australia or elsewhere?

Answer:

The Purchasers had intended to purchase the assets and business together with the Lasseters Brand as the brand is synonymous with the casino that has been in operations since 1981. The Group has negotiated and agreed to alternatively grant the Purchaser the exclusive right to use the Lasseters Brand, whilst retaining ownership and goodwill of the brand within the Group.

This would avoid costs associated with name changes at the listed company level and yet maintain the intrinsic value of the brand within the Group.

The Group will maintain its hospitality business as one of our core businesses and is not adverse in getting involved in casino businesses again if opportunity arises in Australia or elsewhere.

3. Question:

The estimated Disposal consideration is about AUD105 million, which was arrived at after an arms' length negotiation on a willing-buyer willing-seller basis, and taking into consideration *inter alia* the tax cost base and the net tangible asset value of the Disposal Assets as at 31 December 2020 of AUD47.8 million and AUD121.0 million respectively, prevailing economic conditions affecting the Australia Businesses and the longer term direction and strategy of the Group.

- Please provide more information on how the Disposal consideration is derived.

Answer:

In arriving at the Consideration, the Group has taken into account the multiple on a normalised Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA), factoring the age and condition of the property and potential future capital expenditure requirements as well as the financial strength of the businesses.

4. Question:

The Company intends to use 60% of the Disposal proceeds from disposal to repay bank loans, and 28% for working capital and property investment and development business.

- Please provide a further breakdown on the use of proceeds on working capital and investments in the property management and development business, and provide reasons for such use taking into account of its current working capital position.

Answer:

The Group expects to allocate around 40% - 60% of the working capital for potential investments in the property development sector. This is only a preliminary allocation as the Board remains cautious on the need to preserve cash flows and is considering various options or alternative proposals in the potential projects for the benefit of the Group.

BY ORDER OF THE BOARD

DATO' JAYA J B TAN
Non-Executive Chairman
22 April 2021

This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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