

MEMORANDUM OF UNDERSTANDING BETWEEN LBS BINA GROUP BERHAD AND ZHUHAI JIUZHOU HOLDINGS GROUP CO., LTD. IN RESPECT OF THE INTENTION TO DISPOSE OF 60% RIGHTS AND INTERESTS IN ZHUHAI INTERNATIONAL CIRCUIT LIMITED

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1. INTRODUCTION

The Board of LBS Bina Group Berhad (“**LBS**” or “**Company**”) wishes to inform that the Company has on today signed a Memorandum of Understanding (“**MOU**”) with Zhuhai Jiuzhou Holdings Group Co., Ltd. (“**JZ**”) expressing JZ’s intention to acquire LBS’ entire 60% rights and interests in Zhuhai International Circuit Limited (“**ZIC**”), a subsidiary of Lamdeal Investments Limited (“**LIL**”), which in turn is an indirect wholly-owned subsidiary of LBS.

2. INFORMATION ON ZIC

Formed in 1992 in Zhuhai, The People’s Republic of China, ZIC is a sino-foreign joint venture between LIL and Zhuhai Special Economic Zone Long Yi Enterprises Company Limited (“**Long Yi**”), a wholly-owned subsidiary of JZ. Under this joint venture, LIL is entitled to 60% rights and interests in ZIC.

ZIC owns and operates the first permanent racing circuit of China which was completed and had organised China’s first international car race in 1996. For the past 14 years, ZIC has attracted over 5,000 racing drivers and more than 900 thousand audience to the events.

ZIC has embarked its “ZIC Upgrade and Transformation Plan” in 2015 with target to transform the racing circuit into an integrated platform combining motor sports, tourism and cultural elements. The transformation plan is in line with the 21st Century Maritime Silk Road strategy introduced by China President Xi Jinping and is also leveraging on the establishment of “Friendly State and Province” between Malacca State and Guangdong Province to promote tourism and cultural exchange between the two states. The Plan has been duly approved by the local authority.

3. INFORMATION ON LIL

LIL was incorporated in Hong Kong on 13 November 1990 under the Companies Ordinance (Chapter 32). Its present authorised share capital is HKD2,200,000 comprising 2,200,000 ordinary shares of HKD1.00 each, all of which have been issued and fully paid-up. LIL is an investment holding company.

4. INFORMATION ON JZ

JZ, the holding company of Long Yi, is a Zhuhai Government’s authorised operator in the tourism and convention sector, centralising Zhuhai City’s state owned core assets in transportation and tourism industries. Its trades spread over three main sectors, namely transportation, tourism and public amenities, with business activities encompassing port harbour, maritime passenger transport, tourist transportation, island marine tourism and related services, tourist attractions, hotel, golf course, racing circuit, leisure services, hospitality estate, cultural assets, commercial assets, healthcare and retirement, finance and investment. As at the end of year 2019, it has a Total Assets of RMB22.2 billion with Net Assets of RMB6.2 billion.

5. SALIENT TERMS OF MOU

The salient terms of the MOU include, amongst others, the following:

- JZ intends to acquire LBS' entire 60% rights and interests in ZIC.
- The MOU is not legally binding except for the clauses on Confidentiality and the Expiry Date. The structure, arrangement, terms and conditions of the proposed acquisition by JZ shall be subjected to the definitive agreement legally executed upon negotiation.
- Both JZ and LBS should form their respective working group to expedite the negotiation after the MOU is signed.
- The MOU will expire six (6) months from the date of the MOU or such extended time as may be agreed between the parties.

6. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders of LBS and/or persons connected with them, as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, have any interest, direct or indirect, in the MOU.

This announcement is dated 4 September 2020.

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