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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in doubt** as to any aspect of this circular or as to action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

**If you have sold or transferred** all your shares in **Lai Sun Garment (International) Limited**, you should at once hand this circular with the accompanying form of proxy to the purchaser(s) or transferee(s), or to the licensed securities dealer or other registered institution in securities, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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### LAI SUN GARMENT

Lai Sun Garment (International) Limited  
(Incorporated in Hong Kong with limited liability)

(Stock Code: 191)

#### CONNECTED TRANSACTION

#### 2019 SUPPLEMENTAL DEED IN RELATION TO AMENDMENTS TO THE EXISTING NON-COMPETITION UNDERTAKINGS AND NOTICE OF GENERAL MEETING

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



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Capitalised terms used in the lower portion of this cover page shall have the respective meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 5 to 12 of this circular. A letter from the Independent Board Committee is set out on page 13 of this circular and a letter from Opus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 14 to 26 of this circular.

A notice convening the General Meeting to be held at Grand Ballroom 1, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Tuesday, 30 April 2019 at 11:45 a.m. is set out on pages 43 and 44 of this circular. Shareholders are advised to read the Notice of General Meeting and if you are not able to attend the General Meeting or any adjournment thereof (as the case may be) in person but wish to exercise your right as a Shareholder, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company’s share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the General Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the General Meeting or any adjournment thereof (as the case may be) should you so wish.

19 March 2019

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*This circular in both English and Chinese is available in printed form and published on the respective websites of the Company at “<http://www.laisun.com>” and Hong Kong Exchanges and Clearing Limited at “<http://www.hkexnews.hk>”. The English version will prevail in case of any inconsistency between the English and the Chinese versions of this circular.*

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## DEFINITIONS

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

“2019 Supplemental Deed”	the supplemental deed dated 8 March 2019 executed by Lai Fung in favour of LSD, the Company and the Lim Family in respect of the Proposed Amendments;
“associate(s)”	has the same meaning ascribed to it under the Listing Rules; for the avoidance of doubt, as the definition of “associate(s)” under the Listing Rules was amended on 1 July 2014, “associate(s)” in the context of the Existing Undertakings, the Deed of Conditional Waiver and the 2019 Supplemental Deed shall have the same meaning as ascribed to it under the Listing Rules in effect at the time the respective Undertaking Documents and the Deed of Conditional Waiver were executed, which was before the taking effect of the said amendment;
“Board”	the board of Directors;
“chief executive”	has the same meaning ascribed to it under the Listing Rules;
“Company”	Lai Sun Garment (International) Limited (麗新製衣國際有限公司), 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: 191);
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the same meaning ascribed to it under the Listing Rules;
“Deed of Conditional Waiver”	the deed of conditional waiver dated 30 October 2012 executed by Lai Fung in favour of the Company and LSD (as supplemented by the supplemental deed executed by Lai Fung on 19 November 2012);
“Director(s)”	the director(s) of the Company;
“Dr. KM Lam”	Dr. Lam Kin Ming, the chairman and an executive Director of the Company, a non-executive director of LSD as well as the deputy chairman and an executive director of Lai Fung;

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## DEFINITIONS

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“Dr. Peter Lam”	Dr. Lam Kin Ngok, Peter, the deputy chairman and an executive Director of the Company, the chairman and an executive director of both LSD and MAGHL as well as the ultimate controlling shareholder of the Company;
“eSun”	eSun Holdings Limited (豐德麗控股有限公司), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571);
“eSun Group”	eSun and its subsidiaries other than the Lai Fung Group and the MAGHL Group;
“Existing Undertakings”	the undertakings provided in the Undertaking Documents;
“General Meeting”	the general meeting of the Company to be convened and held at Grand Ballroom 1, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Tuesday, 30 April 2019 at 11:45 a.m., or any adjournment thereof;
“Group”	the Company and its subsidiaries; in the context of the Existing Undertakings, the Deed of Conditional Waiver and the 2019 Supplemental Deed, the “Group” also includes the associated companies of the Company but excludes the LSD Group and the Lai Fung Group;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors (except Mr. Lam Bing Kwan), established to advise the Independent Shareholders in respect of the 2019 Supplemental Deed;
“Independent Financial Adviser”	Opus Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the 2019 Supplemental Deed;
“Independent Shareholders”	Shareholders other than those who are required to abstain from voting on the resolution(s) in respect of the 2019 Supplemental Deed at the General Meeting pursuant to the Listing Rules;

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## DEFINITIONS

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“Lai Fung”	Lai Fung Holdings Limited (麗豐控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1125);
“Lai Fung Group”	Lai Fung and its subsidiaries;
“Lai Sun Group”	the Company, LSD, eSun, Lai Fung, MAGHL and their respective subsidiaries;
“Latest Practicable Date”	12 March 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Lim Family”	the late Mr. Lim Por Yen, Messrs. Lam and their respective associates;
“Listed Securities Exemption”	has the meaning ascribed to it in the section headed “ <b>Background — The Existing Undertakings</b> ” in the “Letter from the Board” of this circular;
“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 and associated companies (including the eSun Group and the MAGHL Group) other than the Lai Fung Group;
“MAGHL”	Media Asia Group Holdings Limited (寰亞傳媒集團有限公司), an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed and traded on GEM of the Stock Exchange (Stock Code: 8075);
“MAGHL Group”	MAGHL and its subsidiaries;
“Messrs. Lam”	Dr. KM Lam and Dr. Peter Lam;
“Notice of General Meeting”	the notice convening the General Meeting as set out on pages 43 and 44 of this circular;

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## DEFINITIONS

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“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan);
“PRC Infrastructure Projects”	infrastructure projects involving the development, ownership, operation and/or management of infrastructure operations/ business of all kinds in the PRC including container terminals, cargo handling and storage facilities, airports, power stations, toll roads, expressways, bridges, tunnels and water treatment plants;
“PRC Property Projects”	development, investment or management of property or land in the PRC (save for the interests of the Company, LSD and Messrs. Lam from time to time in the management of serviced apartments, club or resort operations and in financial, trading, manufacturing, hospitality, leisure and entertainment businesses, bonded areas and any property development, investment and management incidental and ancillary to such businesses);
“Proposed Amendments”	the proposed amendments to the Existing Undertakings pursuant to the 2019 Supplemental Deed, a summary of which is set out in the section headed “ <i>The 2019 Supplemental Deed</i> ” in the “Letter from the Board” of this circular;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Share(s)”	the ordinary share(s) in the issued share capital of the Company;
“Shareholder(s)”	the duly registered 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;
“Undertaking Documents”	has the meaning ascribed to it under the section headed “ <i>Background — The Existing Undertakings</i> ” in the “Letter from the Board” in this circular;
“USD”	the United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

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## LETTER FROM THE BOARD

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### LAI SUN GARMENT

Lai Sun Garment (International) Limited  
(Incorporated in Hong Kong with limited liability)

**(Stock Code: 191)**

*Executive Directors:*

Dr. Lam Kin Ming (*Chairman*)  
Dr. Lam Kin Ngok, Peter (*Deputy Chairman*)  
Mr. Chew Fook Aun (*Deputy Chairman*)  
Madam U Po Chu  
Mr. Lam Hau Yin, Lester  
(*also alternate to Madam U Po Chu*)  
Mr. Lam Kin Hong, Matthew

*Registered Office/Principal Office:*

11th Floor  
Lai Sun Commercial Centre  
680 Cheung Sha Wan Road  
Kowloon  
Hong Kong

*Independent Non-executive Directors:*

Mr. Leung Shu Yin, William  
Mr. Lam Bing Kwan  
Mr. Chow Bing Chiu

19 March 2019

*To the Shareholders*

Dear Sir or Madam,

### CONNECTED TRANSACTION

### 2019 SUPPLEMENTAL DEED IN RELATION TO AMENDMENTS TO THE EXISTING NON-COMPETITION UNDERTAKINGS AND NOTICE OF GENERAL MEETING

#### INTRODUCTION

Reference is made to the announcement jointly issued by the Company, LSD, eSun and Lai Fung dated 8 March 2019 in relation to, among others, the 2019 Supplemental Deed.

The purpose of this circular is to provide you with (i) information about the 2019 Supplemental Deed; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the 2019 Supplemental Deed; (iii) a letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the 2019 Supplemental Deed; and (iv) the Notice of General Meeting.

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## LETTER FROM THE BOARD

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### BACKGROUND

#### The Existing Undertakings

In connection with the listing of the shares of Lai Fung on the Stock Exchange back in 1997, LSD and Lai Fung executed a spin-off agreement on 12 November 1997 and, on the same date, LSD provided a deed of undertaking, under both of which LSD has effectively undertaken (and has undertaken to procure members of the LSD Group) not to have any direct or indirect interest or otherwise be engaged (other than through the Lai Fung Group and associated companies of Lai Fung) in any PRC Property Projects and PRC Infrastructure Projects, save for their own use or occupation.

On the same date, the Company and Lai Fung also entered into a non-compete agreement, together with Messrs. Lam and the late Mr. Lim Por Yen, the founder of the Lai Sun Group, under which the parties thereto agreed effectively that none of Messrs. Lam, the late Mr. Lim Por Yen and the Company (other than through the LSD Group, the Lai Fung Group and associated companies of Lai Fung) will (and will procure his/its respective subsidiaries, associated companies and associates, as the case may be) directly or indirectly participate in, hold any right or interest in or otherwise be involved in any PRC Property Projects or PRC Infrastructure Projects, save for their own use or occupation. However, there was no restriction on ownership of shares in any company whose shares are listed on the Stock Exchange or on any other stock exchange and which compete with Lai Fung, provided that such shares do not exceed 15% of such listed company's issued share capital and provided further that at no time shall the Group, Messrs. Lam, the late Mr. Lim Por Yen and their respective associates (whether individually or collectively) exercise control over the board of the relevant company and provided that there is at any time at least one other independent shareholder holding more shares in the relevant company than their aggregate shareholding ("**Listed Securities Exemption**") (The spin-off agreement, the deed of undertaking and the non-compete agreement above are collectively referred to as "**Undertaking Documents**").

Further details on the Existing Undertakings were set out in the listing document of Lai Fung dated 18 November 1997.

#### Deed of Conditional Waiver

On 30 October 2012, Lai Fung executed the Deed of Conditional Waiver in favour of LSD and the Company, pursuant to which Lai Fung conditionally waives any claim, action, proceedings, damages or equitable remedy that it may be entitled to under the Existing Undertakings in respect of the participation by any member of the affiliated groups (defined under the Deed of Conditional Waiver to mean the LSD Group and the Group) in any business opportunities which may otherwise be prohibited under the Existing Undertakings, subject to their compliance with the provisions of the Deed of Conditional Waiver.

The waiver will not apply to Messrs. Lam but will affect them only to the extent if any member of the above affiliated groups is allowed to participate in a business opportunity prohibited under the Existing Undertakings, and such member also constitutes an associate of any of Messrs. Lam, Messrs. Lam will not be regarded as being in breach of the Existing Undertakings.

Further details on the Deed of Conditional Waiver were set out in the circular of Lai Fung dated 1 December 2012 in relation to the Deed of Conditional Waiver.



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## LETTER FROM THE BOARD

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### THE 2019 SUPPLEMENTAL DEED

#### The Proposed Amendments

On 8 March 2019, Lai Fung executed the 2019 Supplemental Deed in favour of the Company, LSD and the Lim Family in relation to certain amendments to the Existing Undertakings to expand the scope and application of the Listed Securities Exemption.

Pursuant to the 2019 Supplemental Deed, notwithstanding anything contained in the Undertaking Documents and the Deed of Conditional Waiver, and to the extent not already exempted under the Undertaking Documents:

- (i) in respect of LSD, there will be no restriction on ownership of or participation in any business or entity (whether structured as a body corporate, partnership, trust or any unincorporated entity carrying on business) provided that such direct or indirect ownership or participation do not exceed the higher of, (a) 15% of such entity's capital (or equivalent total investment amount) or a 15% share of its annual dividends and distributions (if any); or (b) an investment value of USD30 million, provided further that (aa) at no time shall the LSD Group exercise control (i.e. being in a position to cast a majority of the voting rights, appoint or remove a majority of the directors or otherwise dictate or dominate the decision making) of the relevant entity; and (bb) there is at any time at least one other shareholder or investor independent of the LSD Group having a larger ownership or participating interest in the relevant entity than that of the LSD Group; and
- (ii) in respect of the Company and the Lim Family, there will be no restriction on ownership of or participation in any business or entity (whether structured as a body corporate, partnership, trust or any unincorporated entity carrying on business) provided that such direct or indirect ownership or participation do not exceed the higher of, (a) 15% of such entity's capital (or equivalent total investment amount) or a 15% share of its annual dividends and distributions (if any); or (b) an investment value of USD30 million, provided further that (aa) at no time shall the Group and the Lim Family (whether individually or collectively) exercise control (i.e. being in a position to cast a majority of the voting rights, appoint or remove a majority of the directors or otherwise dictate or dominate the decision making) of the relevant entity; and (bb) there is at any time at least one other shareholder or investor independent of the Group and the Lim Family having a larger ownership or participating interest in the relevant entity than that of the Group and or the Lim Family in aggregate.

The terms and conditions of the Existing Undertakings and the Deed of Conditional Waiver remain unchanged and in full force and effect save to the extent the 2019 Supplemental Deed applies.

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## LETTER FROM THE BOARD

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### Conditions precedent

The 2019 Supplemental Deed shall only become effective upon the following conditions precedent being fulfilled on or before 31 May 2019 (or such other date as Lai Fung may determine) and shall continue for so long as the Existing Undertakings are in effect:

- (a) the Independent Shareholders having approved the 2019 Supplemental Deed in accordance with the applicable requirements of the Listing Rules;
- (b) the independent shareholders of Lai Fung having approved the 2019 Supplemental Deed in accordance with the applicable requirements of the Listing Rules;
- (c) the independent shareholders of eSun having approved the 2019 Supplemental Deed in accordance with the applicable requirements of the Listing Rules;
- (d) the independent shareholders of LSD having approved the 2019 Supplemental Deed in accordance with the applicable requirements of the Listing Rules; and
- (e) any other consents, approvals or authorisations as may be required under the laws or applicable rules and regulations of governmental or regulatory authorities, including the Stock Exchange,

failing which the 2019 Supplemental Deed shall lapse.

Save as disclosed above, the Company confirms that no further consents, approvals or authorisations need to be obtained under condition precedent (e) above.

### REASONS FOR AND BENEFITS OF ENTERING INTO THE 2019 SUPPLEMENTAL DEED

Following the voluntary general cash offer in respect of eSun in August 2018 and the unconditional mandatory general cash offer in respect of Lai Fung in September 2018, eSun and Lai Fung have become full-fledged members of the Lai Sun Group, instead of associated companies thereof as they were at the time of the Deed of Conditional Waiver and before. The Existing Undertakings were devised well over two decades ago at a time when eSun and Lai Fung were only associated companies in the Lai Sun Group. The Company, LSD, eSun and Lai Fung recognise the ever-evolving PRC property market landscape and the archaic nature of the Listed Securities Exemption in the face of prevailing investment trends. It is hoped that the updating of the scope of such exemption through the 2019 Supplemental Deed to cover both listed and unlisted securities could contribute to a more pragmatic and flexible investment decisions to be made by the Lai Sun Group.

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## LETTER FROM THE BOARD

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The Proposed Amendments would impact Lai Fung by lifting the decades-old restrictions on the Lai Sun Group (excluding the Lai Fung Group) to participate in the opportunities permitted under the 2019 Supplemental Deed which are otherwise prohibited under the Existing Undertakings, and would affect the Lai Sun Group as a whole by evening the playing field with respect to such opportunities. Under the Deed of Conditional Waiver, if for whatever reason Lai Fung does not take up or participate at all in an opportunity restricted under the Existing Undertakings, the Group and the LSD Group, being bound by the Existing Undertakings, will be prohibited from pursuing the same, which will not help shore up the image of the Lai Sun Group standing by or stepping in for Lai Fung, but will promote an image of Lai Fung being isolated from the Lai Sun Group. On one hand, the Proposed Amendments contemplated under the 2019 Supplemental Deed will allow the Group to pursue investment opportunities which are otherwise prohibited under the Existing Undertakings. On the other hand, the Directors believe that a controlled and friendly participation in the relevant opportunities by the greater Lai Sun Group would present a strong unified front to Lai Fung's competitors to combat the fierce competition faced by Lai Fung in the PRC property market, which would be beneficial to the Group as a whole. The parties are vigilant in exploring new forms of participation for the benefit of the Company and the Lai Sun Group as a whole in an attempt to keep pace with the fast-changing market.

### LISTING RULES IMPLICATIONS

As each of the Company, LSD and the Lim Family is the controlling shareholder of Lai Fung, each of them is a connected person of Lai Fung. The execution of the 2019 Supplemental Deed constitutes a connected transaction of Lai Fung. As Lai Fung is an indirect non-wholly-owned subsidiary of the Company, the execution of the 2019 Supplemental Deed also constitutes a connected transaction of the Company and is therefore subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### GENERAL INFORMATION

The Company 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 principal activities of the Company and its subsidiaries include property investment, property development, investment in and operation of hotels and restaurants and investment holding. As at the Latest Practicable Date, the Company owns approximately 56.07% of the total issued shares of LSD.

As at the Latest Practicable Date, the Lim Family owns approximately 45.66% of the total issued Shares.

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 principal activities of LSD and its subsidiaries include property investment, property development, investment in and operation of hotels and restaurants and investment holding. As at the Latest Practicable Date, LSD owns approximately 74.62% of the total issued shares of eSun.

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## LETTER FROM THE BOARD

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eSun is an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. eSun acts as an investment holding company and the principal activities of its subsidiaries include the development, operation of and investment in media and entertainment, music production and distribution, the investment in and production and distribution of television programmes, films and video format products, cinema operation, property development for sale and property investment for rental purposes as well as the development, operation of and investment in cultural, leisure, entertainment and related facilities. As at the Latest Practicable Date, eSun owns approximately 50.55% of the total issued shares of Lai Fung and approximately 67.56% of the total issued shares of MAGHL.

Lai Fung is an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activity of Lai Fung is investment holding. The principal activities of the Lai Fung's subsidiaries include property development for sale and property investment for rental purposes, and development and operation of and investment in cultural, leisure, entertainment and related facilities in the PRC.

MAGHL is an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed and traded on GEM of the Stock Exchange. The principal activities of the MAGHL Group include film production and distribution; organisation, management and production of concerts and live performances; artiste management; production and distribution of television programs; music production and publishing; licensing of media contents; provision of consultancy services in planning and management of cultural, entertainment and live performance projects.

### GENERAL MEETING

The Notice of General Meeting is set out on pages 43 and 44 of this circular. The General Meeting will be held at Grand Ballroom 1, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Tuesday, 30 April 2019 at 11:45 a.m. to consider and, if thought fit, approve the 2019 Supplemental Deed.

A form of proxy for use at the General Meeting is enclosed with this circular. Shareholders are advised to read the Notice of General Meeting and if you are not able to attend the General Meeting or any adjournment thereof (as the case may be) in person but wish to exercise your right as a Shareholder, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the General Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the General Meeting or any adjournment thereof (as the case may be) should you so wish.

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## LETTER FROM THE BOARD

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Any connected person of the Company with a material interest in the 2019 Supplemental Deed, and any Shareholder with a material interest in such transaction and its associates, shall not vote on the resolution in relation thereto. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) Dr. Peter Lam (who was beneficially interested in approximately 41.99% of total issued Shares); (ii) Dr. KM Lam (who was beneficially interested in approximately 0.26% of total issued Shares); (iii) Madam U Po Chu (who was beneficially interested in approximately 0.21% of total issued Shares); and (iv) Mr. Lam Hau Yin, Lester (who was beneficially interested in approximately 3.20% of total issued Shares), who are parties under the 2019 Supplemental Deed or the associates thereof and their respective associates are required to abstain from voting on the relevant resolution at the General Meeting.

Pursuant to Rule 13.39(4) of the Listing Rules, save for resolutions which relate purely to a procedural or administrative matter to be voted by a show of hands, any vote of the shareholders at a general meeting must be taken by poll. Accordingly, the ordinary resolution to be proposed at the General Meeting will be voted by way of a poll by the Shareholders. Article 79 of the articles of association of the Company provides that on a poll, every Shareholder present in person or by proxy shall have one vote for every Share held by that Shareholder. An explanation of the procedures of conducting a poll is provided in the notes to the Notice of General Meeting and details will be conveyed to the Shareholders at the General Meeting. The Company will publish an announcement on the poll results of the resolution on the respective websites of the Company at "www.laisun.com" and the Stock Exchange at "www.hkexnews.hk" promptly after the conclusion of the General Meeting.

### RECOMMENDATION

Having taken into account the factors as disclosed in the section headed "**REASONS FOR AND BENEFITS OF ENTERING INTO THE 2019 SUPPLEMENTAL DEED**" above, the Directors (other than the excluded Directors as set out below) consider that the terms of the 2019 Supplemental Deed are fair and reasonable and are in the interests of the Group and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the General Meeting to approve the 2019 Supplemental Deed.

The excluded Directors are: (i) Dr. Peter Lam, (ii) Dr. KM Lam, (iii) Mr. Lam Kin Hong, Matthew, (iv) Mr. Lam Hau Yin, Lester and (v) Madam U Po Chu, all being parties under the 2019 Supplemental Deed or the associates thereof. The excluded Directors present at the relevant Board meeting abstained from voting on the Board resolution approving the 2019 Supplemental Deed to avoid any conflict of interests.

### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors (except Mr. Lam Bing Kwan) has been established to advise the Independent Shareholders in respect of the 2019 Supplemental Deed.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

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## LETTER FROM THE BOARD

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Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on page 13 of this circular and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which is set out on pages 14 to 26 of this circular containing their advice and recommendation to the Independent Board Committee and the Independent Shareholders regarding the terms of the 2019 Supplemental Deed as well as the principal factors and reasons taken into consideration in arriving at their advice.

### ADDITIONAL INFORMATION

Your attention is drawn to the general information as set out in the appendix to this circular.

Yours faithfully,  
For and on behalf of the Board of  
**Lai Sun Garment (International) Limited**  
**Lam Kin Ming**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### LAI SUN GARMENT

Lai Sun Garment (International) Limited  
(Incorporated in Hong Kong with limited liability)

(Stock Code: 191)

19 March 2019

*To the Independent Shareholders*

Dear Sir or Madam,

#### **CONNECTED TRANSACTION**

#### **2019 SUPPLEMENTAL DEED IN RELATION TO AMENDMENTS TO THE EXISTING NON-COMPETITION UNDERTAKINGS**

We refer to the circular of the Company dated 19 March 2019 (“**Circular**”) despatched to the Shareholders of which this letter forms part. Unless the context requires otherwise, terms and expressions defined or adopted in the Circular shall have the same respective meanings in this letter.

We have been appointed by the Board to advise the Independent Shareholders as to whether the 2019 Supplemental Deed was entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and whether its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Board Committee appointed Opus Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2019 Supplemental Deed.

We wish to draw your attention to the section headed “Letter from the Board” as set out on pages 5 to 12 of the Circular and the section headed “Letter from the Independent Financial Adviser” as set out on pages 14 to 26 of the Circular.

Having taken into account the principal factors and reasons considered by the Independent Financial Adviser, its conclusion and advice, we concur with the opinion of the Independent Financial Adviser that although the 2019 Supplemental Deed was not entered into in the ordinary and usual course of business of the Group, the terms of the 2019 Supplemental Deed are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution (the text of which is contained in the Notice of General Meeting) to be proposed at the General Meeting to approve the 2019 Supplemental Deed.

Yours faithfully,

Independent Board Committee

**Lai Sun Garment (International) Limited**

**Chow Bing Chiu**

**Leung Shu Yin, William**

*Independent Non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Set out below is the text of a letter received from Opus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2019 Supplemental Deed for the purpose of inclusion in this circular.



18th Floor, Fung House  
19-20 Connaught Road Central  
Central, Hong Kong

19 March 2019

To: *The Independent Board Committee and the Independent Shareholders of  
Lai Sun Garment (International) Limited*

Dear Sir or Madam,

### CONNECTED TRANSACTION 2019 SUPPLEMENTAL DEED IN RELATION TO AMENDMENTS TO THE EXISTING NON-COMPETITION UNDERTAKINGS

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the 2019 Supplemental Deed, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 19 March 2019 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 8 March 2019, Lai Fung, an indirect non-wholly-owned subsidiary of the Company, executed the 2019 Supplemental Deed in favour of the Company, LSD and the Lim Family in relation to certain amendments to the Existing Undertakings, pursuant to which Lai Fung proposed to expand the scope and application of the Listed Securities Exemption (as defined below) by making certain amendments to the Existing Undertakings set out in: (i) the spin-off agreement entered into between LSD and Lai Fung (the “**Spin-off Agreement**”); and (ii) the non-compete agreement entered into amongst the Company, Messrs. Lam, the late Mr. Lim Por Yen (“**late Mr. Lim**”) and Lai Fung (the “**Non-compete Agreement**”), all dated 12 November 1997.

As at the Latest Practicable Date, the Company owns approximately 56.07% equity interest in LSD, which in turn owns approximately 74.62% equity interest in eSun. eSun owns approximately 50.55% equity interest in Lai Fung. As each of the Company, LSD and the Lim Family is the controlling shareholder (as defined in the Listing Rules) of Lai Fung, each of them is a connected person of Lai Fung under Chapter 14A of the Listing Rules. Accordingly, the execution of the 2019 Supplemental Deed constitutes a connected transaction of Lai Fung. As Lai Fung is an indirect non-wholly-owned subsidiary of the Company, the execution of the 2019 Supplemental Deed also constitutes a connected transaction of the Company and therefore is subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.



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As at the Latest Practicable Date, Dr. KM Lam, being the chairman of the Company and an executive Director, is interested in approximately 0.26% equity interest in the Company, Dr. Peter Lam, being the deputy chairman of the Company, an executive Director and the younger brother of Dr. KM Lam, has a direct interest of approximately 12.53% equity interest in the Company and an indirect interest via Wisdoman Limited (a company which is wholly-owned by him) which owns approximately 29.46% equity interest in the Company. Mr. Lam Hau Yin, Lester, being an executive Director and the son of Dr. Peter Lam, is interested in approximately 3.20% equity interest in the Company. Madam U Po Chu, being an executive Director and the mother of Dr. Peter Lam, is interested in approximately 0.21% equity interest in the Company. In accordance with the Listing Rules, Dr. KM Lam, Dr. Peter Lam, Mr. Lam Hau Yin, Lester, Wisdoman Limited, Madam U Po Chu and their respective associates are required to abstain from voting on the relevant resolution to be proposed at the General Meeting relating to the 2019 Supplemental Deed.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no other Shareholder has a material interest in the 2019 Supplemental Deed and is required to abstain from voting at the General Meeting.

Dr. KM Lam, an executive Director, is the elder brother of Dr. Peter Lam and also an executive director of Lai Fung. Madam U Po Chu, an executive Director, is the mother of Dr. Peter Lam and grandmother of Mr. Lam Hau Yin, Lester. She is also a non-executive director of LSD and eSun and an executive director of Lai Fung. Mr. Lam Kin Hong, Matthew, an executive Director, is the younger brother of Messrs. Lam and also an executive director of Lai Fung. Mr. Lam Hau Yin, Lester, an alternate executive Director to Madam U Po Chu, is also an executive director of LSD and Lai Fung. Mr. Chew Fook Aun, an executive Director, is an executive director of LSD, eSun and Lai Fung. At the Board meeting held to approve the 2019 Supplemental Deed, save for Dr. Peter Lam, Mr. Lam Hau Yin, Lester, Dr. KM Lam, Madam U Po Chu and Mr. Lam Kin Hong, Matthew, who were considered to have material interest in the 2019 Supplemental Deed, and have abstained from voting on the relevant Board resolution relating to the 2019 Supplemental Deed, no other Director was required to abstain from voting at the Board meeting.

### THE INDEPENDENT BOARD COMMITTEE

As Mr. Lam Bing Kwan, an independent non-executive Director, is also an independent non-executive director of Lai Fung, he is not considered sufficiently independent to give advice or recommendation to the Independent Shareholders in relation to the 2019 Supplemental Deed. Accordingly, the Independent Board Committee comprising Mr. Chow Bing Chiu and Mr. Leung Shu Yin, William, being the remaining independent non-executive Directors, has been formed to advise and make recommendations to the Independent Shareholders in respect of the 2019 Supplemental Deed. Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders has been approved by the Independent Board Committee in this respect.

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Our role as the Independent Financial Adviser is to advise the Independent Board Committee and the Independent Shareholders as to: (i) whether the terms of the 2019 Supplemental Deed are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) whether the 2019 Supplemental Deed were entered into in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote on the resolution in relation to the 2019 Supplemental Deed at the General Meeting.

### OUR INDEPENDENCE

During the past two years, we were engaged by eSun, an indirect 74.62%-owned subsidiary of the Company, as an independent financial adviser in respect of the following transactions:

1. we acted as the independent financial adviser of eSun on 30 November 2017 in respect of a continuing connected transaction of a license arrangement for operating a cafe in MCL Telford Cinema. The engagement was completed on 6 December 2017; and
2. we acted as the independent financial adviser of eSun on 8 January 2018 in respect of a continuing connected transaction of a leasing arrangement for operating a cinema in Lai Sun Commercial Centre. The engagement was completed on 7 February 2018.

Save for the appointments mentioned above, we have not acted as an independent financial adviser to the Company or its subsidiaries or any parties involved in the 2019 Supplemental Deed in the last two years.

As at the Latest Practicable Date, we did not have any relationship with, or interest in, the LSG Group, the LSD Group, the Lai Fung Group or other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees paid to us in connection with the previous appointments as mentioned above and payable to us in connection with this appointment, no arrangement exists whereby we had received or will receive any fees or benefits from the Lai Sun Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

### BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Company's annual report for the year ended 31 July 2018 (the "2018 Annual Report");
- (ii) the Spin-off Agreement;

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- (iii) the Non-compete Agreement;
- (iv) the deed of undertaking provided by LSD in favour of Lai Fung dated 12 November 1997 (the “**LSD Undertaking Deed**”);
- (v) the Deed of Conditional Waiver;
- (vi) the 2019 Supplemental Deed; and
- (vii) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Company (collectively, the “**Management**”). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the General Meeting. We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

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This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the terms of the 2019 Supplemental Deed, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the 2019 Supplemental Deed, we have taken into consideration the following principal factors and reasons:

#### 1. Information of the Group

The Group is principally engaged in: (i) property development and property investment; (ii) investment in and operation of hotels and restaurants; and (iii) investment holding.

According to the 2018 Annual Report, after the implementation of the new rental focused strategy which was initiated in 2012, the Group secured eight property development and property investment projects with a total gross floor area (“GFA”) of approximately 1.5 million square feet (“sq. ft.”) as at 31 July 2018. Five development projects which comprise of hotel, residential and commercial are located in Hong Kong with GFA ranging from approximately 43,000 sq. ft. to approximately 580,000 sq. ft.. Three property investment projects that are office and commercial in nature are located in London, the United Kingdom with GFA ranging from approximately 20,000 sq. ft. to approximately 180,000 sq. ft..

#### 2. Information of Lai Fung

The Company owns an effective interest of approximately 21.15% in Lai Fung through two non-wholly owned subsidiaries, namely, LSD and eSun. Lai Fung was listed on the Main Board of the Stock Exchange in 1997. The principal activities of the Lai Fung Group are: (i) property development for sale and property investment for rental purposes, which comprise of serviced apartments, residential, office and commercial properties in the PRC; and (ii) development and operation of and investment in cultural, leisure, entertainment and related facilities in the PRC. It is essentially the PRC property investment and development arm of the Lai Sun Group.

As at 31 July 2018, Lai Fung maintained a rental portfolio of approximately 3.3 million sq. ft., primarily in Shanghai and Guangzhou, the PRC. Lai Fung also had an attributable GFA of approximately 495,000 sq. ft. for sale.

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### 3. Background of the Existing Undertakings and the Deed of Conditional Waiver

#### *The Existing Undertakings*

In connection with the listing of the shares of Lai Fung on the Stock Exchange in 1997, LSD and Lai Fung executed the Spin-off Agreement on 12 November 1997 and, on the same date, LSD provided the LSD Undertaking Deed, under both of which LSD has effectively undertaken (and has undertaken to procure members of the LSD Group) not to have any direct or indirect interest or otherwise be engaged (other than through the Lai Fung Group and associated companies of Lai Fung) in any PRC Property Projects and PRC Infrastructure Projects, save for their own use or occupation.

On 12 November 1997, the Company and Lai Fung also entered into the Non-compete Agreement together with Messrs. Lam and the late Mr. Lim, who was the founder of the Lai Sun Group. Pursuant to the Non-compete Agreement, the parties agreed effectively that none of Messrs. Lam, the late Mr. Lim and the Company (other than through the LSD Group, the Lai Fung Group and associated companies of Lai Fung) will (and will procure his/its respective subsidiaries, associated companies and associates, as the case may be) directly or indirectly participate in, hold any right or interest in or otherwise be involved in any PRC Property Projects or PRC Infrastructure Projects, save for their own use or occupation. However, there was no restriction on ownership of shares in any company whose shares are listed on the Stock Exchange or on any other stock exchange and which compete with Lai Fung, provided that: (i) such shares do not exceed 15% of such listed company's issued share capital; and (ii) provided further that at no time shall the Group, Messrs. Lam, the late Mr. Lim and their respective associates (whether individually or collectively) exercise control over the board of the relevant company and provided that there is at any time at least one other independent shareholder holding more shares in the relevant company than their aggregate shareholding (the "**Listed Securities Exemption**").

Please refer to the listing document of Lai Fung dated 18 November 1997 for further details on the Existing Undertakings.

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### *The Deed of Conditional Waiver*

On 30 October 2012, in order to enhance the business potential available to the Lai Fung Group which may otherwise be restricted by the Existing Undertakings, Lai Fung executed the Deed of Conditional Waiver in favour of LSD and the Company, pursuant to which Lai Fung conditionally waives any claim, action, proceedings, damages or equitable remedy that it may be entitled to under the Existing Undertakings in respect of the participation by any member company of the affiliated groups (defined under the Deed of Conditional Waiver to mean the Group and the LSD Group) in any business opportunities which may otherwise be prohibited under the Existing Undertakings, subject to their compliance with the provisions of the Deed of Conditional Waiver.

Please refer to the circular of Lai Fung dated 1 December 2012 for further details on the Deed of Conditional Waiver.

#### **4. The 2019 Supplemental Deed**

##### *The Proposed Amendments*

Pursuant to the 2019 Supplemental Deed, notwithstanding anything contained in the Undertaking Documents and the Deed of Conditional Waiver, and to the extent not already exempted under the Undertaking Documents:

- (i) in respect of LSD, there will be no restriction on ownership of or participation in any business or entity (whether structured as a body corporate, partnership, trust or any unincorporated entity carrying on business) provided that such direct or indirect ownership or participation do not exceed the higher of, (a) 15% of such entity's capital (or equivalent total investment amount) or a 15% share of its annual dividends and distributions (if any) (the "**Shareholding Threshold**"); or (b) an investment value of USD30 million (the "**Investment Value Threshold**"), provided further that: (aa) at no time shall the LSD Group exercise control (i.e. being in a position to cast a majority of the voting rights, appoint or remove a majority of the directors or otherwise dictate or dominate the decision making) of the relevant entity; and (bb) there is at any time at least one other shareholder or investor independent of the LSD Group having a larger ownership or participating interest in the relevant entity than that of the LSD Group; and

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- (ii) in respect of the Company and the Lim Family, there will be no restriction on ownership of or participation in any business or entity (whether structured as a body corporate, partnership, trust or any unincorporated entity carrying on business) provided that such direct or indirect ownership or participation do not exceed the higher of, (a) the Shareholding Threshold; or (b) the Investment Value Threshold, provided further that (aa) at no time shall the Group and the Lim Family (whether individually or collectively) exercise control (i.e. being in a position to cast a majority of the voting rights, appoint or remove a majority of the directors or otherwise dictate or dominate the decision making) of the relevant entity; and (bb) there is at any time at least one other shareholder or investor independent of the Group and the Lim Family having a larger ownership or participating interest in the relevant entity than that of the Group and/or the Lim Family in aggregate.

The terms and conditions of the Existing Undertakings and the Deed of Conditional Waiver remain unchanged and in full force and effect save to the extent the 2019 Supplemental Deed applies.

Under the 2019 Supplemental Deed, the Company will be allowed to invest in listed and non-listed companies whose businesses compete with Lai Fung as long as such investment does not exceed the higher of the Shareholding Threshold or the Investment Value Threshold and the conditions set out in 4(i) and 4(ii) are met.

### ***Conditions Precedent***

The 2019 Supplemental Deed shall only become effective upon the following conditions precedent being fulfilled on or before 31 May 2019 (or such other date as Lai Fung may determine) and shall continue for so long as the Existing Undertakings are in effect:

- (a) the independent shareholders of Lai Fung, eSun, LSD and the Company respectively having approved the 2019 Supplemental Deed in accordance with the applicable requirements of the Listing Rules; and
- (b) any other consents, approvals or authorisations as may be required under the laws or applicable rules and regulations of governmental or regulatory authorities, including the Stock Exchange, failing which the 2019 Supplemental Deed shall lapse.

Save as disclosed above, the Company confirms that no further consents, approvals or authorisations need to be obtained under condition precedent (b) above.

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### 5. Reasons for and benefits of entering into the 2019 Supplemental Deed

As stated in the Letter from the Board, eSun and Lai Fung became full-fledged members of the Lai Sun Group after the completion of the voluntary general cash offer in respect of eSun and the unconditional mandatory general cash offer in respect of Lai Fung in August and September 2018 respectively. The Existing Undertakings were devised over two decades ago when eSun and Lai Fung were only associated companies in the Lai Sun Group. The Management perceives that under the current economic environment and market condition, the Existing Undertakings can no longer fulfill its original intention to avoid undue competition between a Hong Kong listed issuer and its controlling shareholder. While Lai Fung has been the PRC property arm of the Lai Sun Group with expertise in the ever-evolving PRC property market landscape, the Company, LSD, eSun and Lai Fung recognise the archaic nature of the Listed Securities Exemption in the face of prevailing trends. The Management is exploring the possibility to update the scope of the Listed Securities Exemption through the Proposed Amendments contemplated under the 2019 Supplemental Deed to cover both listed and unlisted securities, in order to allow for more pragmatic and flexible investment decisions to be made by the Lai Sun Group.

The Proposed Amendments would impact Lai Fung by lifting the decades-old restrictions on the Lai Sun Group (excluding the Lai Fung Group) to participate in the opportunities permitted under the 2019 Supplemental Deed which are otherwise prohibited under the Existing Undertakings, and would affect the Lai Sun Group as a whole by evening the playing field with respect to such opportunities. Under the Deed of Conditional Waiver, if for whatever reason Lai Fung does not take up or participate at all in an opportunity restricted under the Existing Undertakings, the Group and the LSD Group, being bound by the Existing Undertakings, will be prohibited from pursuing the same, which will not help shore up the image of the Lai Sun Group standing by or stepping in for Lai Fung, but will promote an image of Lai Fung being isolated from the Lai Sun Group. It is expected that a controlled and friendly participation by the greater Lai Sun Group would equip the Lai Sun Group with a strong unified front to Lai Fung's competitors to combat the fierce competition faced by Lai Fung in the PRC property market, which would be beneficial to the Group as a whole. The scope and application of the 2019 Supplemental Deed are confined such as to only permit the Group, the LSD Group and the Lim Family to participate in the relevant entities for investment returns without gaining control thereof, and the Existing Undertakings, in conjunction with the Deed of Conditional Waiver, will continue to protect the Lai Fung Group. The parties are vigilant in exploring new forms of participation for the benefit of the Company and the Lai Sun Group as a whole in an attempt to keep pace with the fast-changing market.

We are of the view that the Proposed Amendments contemplated under the 2019 Supplemental Deed aim to strike a balance between restricting undue competition among the companies within the Lai Sun Group on one hand and providing flexibility in pursuing new business opportunities by the Lai Sun Group on the other hand. Accordingly, we concur with the Management on the rationale of the Proposed Amendments.



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### 6. Our views

#### *Facilitate business development*

As advised by the Management, the Company was compelled to abandon several potential business opportunities due to its strict compliance with the requirements under the Existing Undertakings and the Deed of Conditional Waiver. While Lai Fung has been focusing on property investment and property development in the PRC, the potential business opportunities relinquished by the Company in the past might not be taken up by Lai Fung but captured by the Lai Sun Group's competitors, which in turn would adversely affect the Lai Sun Group's competitive strength as well as its financial performance in future. We consider that the Proposed Amendments enable the Company to potentially strengthen its business development in allowing the Company to invest in both listed and non-listed companies with high growth potential, which in turn will potentially generate returns to the Shareholders. Furthermore, in the event that the investments gradually grow in size and require participation from other parties to contribute additional capital, technology or expertise, the Company can consider inviting other companies within the Lai Sun Group, such as LSD, eSun or Lai Fung, to jointly participate in the projects, resulting in sharing the financial benefits from the projects, that will improve the financial performance of the Lai Sun Group and is in the interest of the Company and the Shareholders as a whole.

#### *Pragmatic and additional investment flexibility*

The Proposed Amendments open up new opportunity to the Company to invest in non-listed companies which it was not allowed to under the Existing Undertakings. In addition to the Shareholding Threshold imposed, the Proposed Amendments allows the Company to comply with the Investment Value Threshold which provides greater flexibility for the Company to explore potential business opportunities, thereby allowing the Company to acquire more than 15% of the share capital of a target company provided that the investment value does not exceed USD30 million and the conditions set out in paragraphs 4(i) and 4(ii) under the section titled "4. The 2019 Supplemental Deed" are met. Accordingly, having a larger ownership in a target company with high growth potential allows the Company to generate higher return from the investment which will be beneficial to the Company and the Shareholders as a whole.

It should be noted that pursuant to the 2019 Supplemental Deed, in respect of any intended participation in or acquisition of rights or interest in PRC properties, the Company should consider whether it is allowed to invest under the revised exemption following the 2019 Supplemental Deed. If it does not fall under the revised exemption, the Company can still consider the investment provided it complies with the requirements under the Deed of Conditional Waiver. As a result, the 2019 Supplemental Deed affords an additional avenue for the Company to consider investments which it was not allowed under the Existing Undertakings.

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### *Potential return from its subsidiaries*

The Existing Undertakings also prohibit LSD and members of the LSD Group from having any direct or indirect interest or otherwise be engaged (other than through the Lai Fung Group) in any PRC Property Projects or PRC Infrastructure Projects. Pursuant to the 2019 Supplemental Deed, LSD and member companies of the LSD Group, being subsidiaries of the Company, will be provided with more flexibility in perusing new investment opportunities in both listed and non-listed companies which compete with Lai Fung as long as the investment does not exceed the higher of the Shareholding Threshold or the Investment Value Threshold and other conditions are met. It enables the LSD Group to potentially capture higher return from investing in new investment opportunities which they are not allowed to invest under the Existing Undertakings. As LSD is a subsidiary of the Company, the financial performance of LSD and its subsidiaries will be consolidated into the financial statements of the Company. Therefore we consider that the 2019 Supplemental Deed will facilitate LSD and its subsidiaries to potentially increase their earnings which in turn will enhance the financial performance of the Lai Sun Group as a whole.

### *Market practice*

As set out in the Letter from the Board, the Existing Undertakings was provided by the controlling shareholders over 20 years ago. The practice in Hong Kong in connection with managing competition between a Hong Kong listed issuer and its controlling shareholder(s) has been evolving ever since. At present, it is not uncommon that a controlling shareholder of a company whose shares are listed on the Stock Exchange is permitted, under the non-competition arrangement between itself and the listed issuer, to pursue potential business opportunities even in the competing business as that of the listed issuer after certain procedures are followed and certain conditions are satisfied.

Accordingly, we have, on a best effort basis, reviewed the terms of deed of non-competition as disclosed in the prospectuses of recent newly listed companies on the Stock Exchange for the past 6 months prior to and including the date of the announcement of the Company dated 8 March 2019 (the “**Comparison Period**”), to understand the latest trend of the market practice of allowing the controlling shareholders of listed issuers to invest in both listed and non-listed companies which compete with the listed issuer, so long as certain conditions and restriction are met. On this basis, we have identified 9 comparable companies (the

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“**Comparable Issues**”) which contain provisions that allow its controlling shareholders to invest in both listed and non-listed companies which compete with the listed issuer subject to certain threshold imposed. As the Comparable Issues reflect the latest market practice, we consider, to the best of our knowledge and ability, that the Comparable Issues are exhaustive, fair and indicative in assessing if the Proposed Amendments are in line with the latest market practice, details of which are set out below:

<b>Date of prospectus</b>	<b>Stock code</b>	<b>Company name</b>
27/2/2019	1891.HK	Heng Hup Holdings Limited
26/2/2019	1158.HK	Zhejiang New Cenury Hotel Management Co., Ltd.
14/2/2019	2019.HK	Dexin China Holdings Company Limited
14/12/2018	1759.HK	Sino Gas Holdings Group Limited
10/12/2018	2892.HK	Million Cities Holdings Limited
26/11/2018	2168.HK	Kaisa Property Holdings Limited
24/10/2018	1755.HK	Xinchengyue Holdings Limited
28/9/2018	3990.HK	Midea Real Estate Holdings Limited
28/9/2018	6111.HK	Dafa Properties Group Limited

From the above, we noted that it is not uncommon to have the mechanism similar to the Proposed Amendments for which the relevant controlling shareholders are allowed to invest in both listed and non-listed companies which compete with the listed issuer so long as certain conditions and restriction are met.

Based on the above analysis, we are of the view that the Proposed Amendments contemplated under the 2019 Supplemental Deed are on normal commercial terms, fair and reasonable as far as the Company and the Independent Shareholders are concerned.

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### RECOMMENDATION

In view of the above and having considered in particular that:

- (a) the 2019 Supplemental Deed allow the Company to invest in both private and listed companies which will facilitate the Company to expand its business;
- (b) the inclusion of the Investment Value Threshold in the Proposed Amendments enables the Company to invest in companies for more than 15% of the share capital (provided other conditions are met) which will potentially increases the Company's profit sharing in those companies;
- (c) the 2019 Supplemental Deed relax the investment restrictions for the listed subsidiaries of the Company to make their investments, which in turn may enhance the financial performance of the Lai Sun Group as a whole; and
- (d) it is not uncommon in the market to have the mechanism similar to the Proposed Amendments,

we are of the view that although the 2019 Supplemental Deed is not in the ordinary and usual course of business of the Group, the terms of the 2019 Supplemental Deed are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution approving the 2019 Supplemental Deed proposed at the General Meeting.

Yours faithfully,  
For and on behalf of  
**Opus Capital Limited**  
**Zhang Wenwen**  
*Director*

*Ms. Zhang Wenwen is the Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Ms. Zhang has participated in and completed various financial advisory and independent financial advisory transactions.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### **Directors' and chief executive's interests and short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO (“**Register of Directors and Chief Executive**”); or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Code of Practice for Securities Transactions by Directors and Designated Employees adopted by the Company (“**Securities Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of the Listed Issuers contained in Appendix 10 to the Listing Rules; or (d) as known by the Directors were as follows:

## (A) The Company

## Long positions in Shares and underlying Shares

Name of Director	Capacity	Personal interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued Shares
Dr. Peter Lam (Note 12)	Beneficial owner/ Owner of controlled corporations	48,441,476 (Note 9)	113,891,650 (Note 1)	708,575 (Notes 3,6&7)	163,041,701	42.17%
Dr. KM Lam	Beneficial owner	1,013,879 (Note 10)	Nil	Nil	1,013,879	0.26%
Mr. Chew Fook Aun	Beneficial owner/ Owner of controlled corporations	Nil	202,422 (Note 8)	3,819,204 (Notes 4,6&7)	4,021,626	1.04%
Madam U Po Chu (Note 12)	Beneficial owner	825,525	Nil	Nil	825,525	0.21%
Mr. Lam Hau Yin, Lester (Note 12)	Beneficial owner	12,366,937 (Note 11)	Nil	7,571,626 (Notes 5,6&7)	19,938,563	5.16%

## Notes:

1. On 15 August 2017, the Company implemented a share consolidation on the basis that every five (5) issued shares in the share capital of the Company were consolidated into one (1) consolidated share in the share capital of the Company (“**Share Consolidation**”).

On 21 December 2018, the Shareholders approved a final dividend of HK\$0.074 per Share payable in cash with a scrip dividend alternative (“**Scrip Dividend Scheme**”) for the year ended 31 July 2018.

On 13 February 2019, the Company allotted and issued 1,467,165 new ordinary shares (“**Scrip Shares**”) pursuant to its Scrip dividend Scheme in relation to the final dividend for the year ended 31 July 2018, increasing the total number of issued Shares from 385,137,657 to 386,604,822.

On 13 February 2019, Wisdoman Limited has elected to receive a total of 764,373 Scrip Shares in lieu of cash dividend pursuant to the Scrip Dividend Scheme of the Company, increasing Wisdoman Limited’s interests in the Company from 113,127,277 Shares to 113,891,650 Shares. As such, Dr. Peter Lam was deemed to be interested in 113,891,650 Shares (representing approximately 29.46% of the Company’s issued share capital) by virtue of his 100% interest in the issued share capital of Wisdoman Limited which directly owned 113,891,650 Shares.

2. At the annual general meeting of the Company held on 11 December 2015, the Shareholders approved the adoption of a new share option scheme (“**2015 Share Option Scheme**”) and termination of the share option scheme adopted by the Company on 22 December 2006 (“**2006 Share Option Scheme**”). Upon the termination of the 2006 Share Option Scheme, no further options can be granted thereunder but the subsisting options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the 2006 Share Option Scheme.

3. A share option comprising a total of 1,617,423 underlying Shares had been granted to Dr. Peter Lam under the 2006 Share Option Scheme at an exercise price of HK\$1.41 per Share on 18 January 2013 and is exercisable during the period from 18 January 2013 to 17 January 2023.

A share option comprising a total of 1,666,666 underlying Shares had been granted to Dr. Peter Lam under the 2015 Share Option Scheme at an exercise price of HK\$3.00 per Share on 19 June 2017 and is exercisable during the period from 19 June 2017 to 18 June 2027.

4. A share option comprising a total of 16,174,234 underlying Shares had been granted to Mr. Chew Fook Aun under the 2006 Share Option Scheme at an exercise price of HK\$0.582 per Share on 5 June 2012 and is exercisable during the period from 5 June 2012 to 4 June 2022.

Mr. Chew Fook Aun does not hold any share options in the Company under the 2006 Share Option Scheme after a share option comprising a total of 8,012,111 underlying Shares were exercised by him on 1 November 2016.

A share option comprising a total of 19,096,022 underlying Shares had been granted to Mr. Chew Fook Aun under the 2015 Share Option Scheme at an exercise price of HK\$3.00 per Share on 19 June 2017 and is exercisable during the period from 19 June 2017 to 18 June 2027.

5. A share option comprising a total of 16,174,234 underlying Shares had been granted to Mr. Lam Hau Yin, Lester under the 2006 Share Option Scheme at an exercise price of HK\$1.41 per Share on 18 January 2013 and is exercisable during the period from 18 January 2013 to 17 January 2023.

A share option comprising a total of 19,096,022 underlying Shares had been granted to Mr. Lam Hau Yin, Lester under the 2015 Share Option Scheme at an exercise price of HK\$3.00 per Share on 19 June 2017 and is exercisable during the period from 19 June 2017 to 18 June 2027.

6. On 7 February 2014, the exercise price of and the number of Shares entitled to be subscribed for under the outstanding share options have been adjusted in the following manner following the completion of rights issue of the Company:

<i>Name of Director</i>	<i>Number of underlying Shares comprised in share options before the rights issue</i>	<i>Exercise price per Share prior to the rights issue HK\$</i>	<i>Adjusted number of underlying Shares comprised in share options after the rights issue</i>	<i>Adjusted exercise price per Share after the rights issue HK\$</i>
Dr. Peter Lam	1,617,423	1.41	1,876,211	1.21
Mr. Chew Fook Aun	16,174,234	0.582	18,762,111	0.501
Mr. Lam Hau Yin, Lester	16,174,234	1.41	18,762,111	1.21

7. On 15 August 2017, the exercise price and the number of Shares entitled to be subscribed for under the outstanding share options have been adjusted in the following manner following the completion of the Share Consolidation:

<i>Name of Director</i>	<i>Number of underlying Shares comprised in share options before the Share Consolidation</i>	<i>Exercise price per Share prior to the Share Consolidation</i> HK\$	<i>Adjusted number of underlying Shares comprised in share options after the Share Consolidation</i>	<i>Adjusted exercise price per Share after the Share Consolidation</i> HK\$
<i>Dr. Peter Lam</i>	<i>1,876,211</i>	<i>1.21</i>	<i>375,242</i>	<i>6.05</i>
<i>Dr. Peter Lam</i>	<i>1,666,666</i>	<i>3.00</i>	<i>333,333</i>	<i>15.00</i>
<i>Mr. Chew Fook Aun</i>	<i>19,096,022</i>	<i>3.00</i>	<i>3,819,204</i>	<i>15.00</i>
<i>Mr. Lam Hau Yin, Lester</i>	<i>18,762,111</i>	<i>1.21</i>	<i>3,752,422</i>	<i>6.05</i>
<i>Mr. Lam Hau Yin, Lester</i>	<i>19,096,022</i>	<i>3.00</i>	<i>3,819,204</i>	<i>15.00</i>

8. *Mr. Chew Fook Aun was deemed to be interested in 202,422 Shares (representing 0.05% of the Company's issued share capital) by virtue of his 100% interest in the issued share capital of The Orchid Growers Association Limited which directly owned 202,422 Shares.*
9. *On 13 February 2019, Dr. Peter Lam has elected to receive a total of 325,110 Scrip Shares in lieu of cash dividend pursuant to the Scrip Dividend Scheme of the Company, increasing his interests in the Company from 48,116,366 Shares to 48,441,476 Shares.*
10. *On 13 February 2019, Dr. KM Lam has elected to receive a total of 6,804 Scrip Shares in lieu of cash dividend pursuant to the Scrip Dividend Scheme of the Company, increasing his interests in the Company from 1,007,075 Shares to 1,013,879 Shares.*
11. *On 13 February 2019, Mr. Lam Hau Yin, Lester has elected to receive a total of 82,999 Scrip Shares in lieu of cash dividend pursuant to the Scrip Dividend Scheme of the Company, increasing his interests in the Company from 12,283,938 Shares to 12,366,937 Shares.*
12. *Dr. Peter Lam, Madam U Po Chu and Mr. Lam Hau Yin, Lester are the directors of Wisdoman Limited.*



**(B) The Company's associated corporations****(i) LSD — a subsidiary of the Company****Long positions in the ordinary shares of LSD (“LSD Shares”) and underlying LSD Shares**

Name of Director	Capacity	Personal interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued LSD Shares
Dr. Peter Lam	Beneficial owner/ Owner of controlled corporations	429,232 (Note 1)	340,023,572 (Note 1)	417,308 (Notes 3,6&7)	340,870,112	56.21%
Mr. Chew Fook Aun	Beneficial owner/ Owner of controlled corporations	Nil	400,000 (Note 8)	3,773,081 (Notes 4,6&7)	4,173,081	0.69%
Madam U Po Chu (Note 9)	Beneficial owner	26,919 (Note 9)	Nil	Nil	26,919	0.01%
Mr. Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	4,173,081 (Notes 5,6&7)	4,173,081	0.69%

*Notes:*

- The Company and two of its wholly-owned subsidiaries, namely Joy Mind Limited and Zimba International Limited, beneficially owned in aggregate 340,023,572 LSD Shares, representing approximately 56.07% of the issued share capital of LSD. As such, Dr. Peter Lam was deemed to be interested in the same 340,023,572 LSD Shares (representing approximately 56.07% of the issued share capital of LSD) by virtue of, in aggregate, his personal (including underlying shares) and deemed interests of approximately 42.17% in the issued share capital of the Company.*

*On 15 August 2017, LSD implemented a share consolidation on the basis that every fifty (50) issued shares in the share capital of LSD were consolidated into one (1) consolidated share in the share capital of LSD (“LSD Share Consolidation”).*

*The interests of Dr. Peter Lam changed from 21,461,617 LSD Shares to 429,232 LSD Shares following the completion of the LSD Share Consolidation.*

*Out of 340,023,572 LSD Shares held by the Company, 208,513,987 LSD Shares (10,425,699,353 LSD Shares before the LSD Share Consolidation) were pledged as security by the Company pursuant to its 7.70% secured guaranteed notes due 2018 under a share charge dated 24 July 2014. The amount has been repaid in full.*

*The placing of up to 50,934,000 LSD Shares by the Company under the secondary block trade agreement dated 16 August 2017 was completed on 21 August 2017. Thereby, the number of shares held in LSD by the Company decreased from 373,536,572 LSD Shares to 322,602,572 LSD Shares.*

*The Company and Joy Mind Limited acquired in aggregate 102,000 LSD Shares on the market in November 2017, thereby increasing their shareholding interests in LSD from 322,602,572 LSD Shares to 322,704,572 LSD Shares.*

*The Company and Joy Mind Limited acquired in aggregate 17,319,000 LSD Shares on the market in May, June and July 2018, thereby increasing their shareholding interests in LSD from 322,704,572 LSD Shares to 340,023,572 LSD Shares.*

*On 13 February 2019, LSD allotted and issued 387,511 new ordinary shares pursuant to its Scrip Dividend Scheme in relation to the final dividend for the year ended 31 July 2018, increasing the total number of LSD Shares from 606,076,614 to 606,464,125.*

2. *A share option scheme was adopted by LSD on 22 December 2006 and commenced with effect from 29 December 2006 (“**LSD 2006 Share Option Scheme**”). The share options granted under the LSD 2006 Share Option Scheme remained valid and exercisable though the LSD 2006 Share Option Scheme was terminated on 23 December 2015 when a new share option scheme became effective after adoption by the shareholders of LSD at its annual general meeting held on 11 December 2015.*
3. *A share option comprising a total of 20,062,893 underlying LSD Shares had been granted to Dr. Peter Lam under the LSD 2006 Share Option Scheme at an exercise price of HK\$0.335 per LSD Share on 18 January 2013 and is exercisable during the period from 18 January 2013 to 17 January 2023.*
4. *A share option comprising a total of 200,628,932 underlying LSD Shares had been granted to Mr. Chew Fook Aun under the LSD 2006 Share Option Scheme at an exercise price of HK\$0.112 per LSD Share on 5 June 2012 and is exercisable during the period from 5 June 2012 to 4 June 2022.*

*A share option comprising a total of 20,000,000 underlying LSD Shares had been exercised by Mr. Chew Fook Aun under the LSD 2006 Share Option Scheme on 13 December 2016, thus, the total number of share options of Mr. Chew Fook Aun in LSD has been decreased to 188,654,089 underlying LSD Shares.*

5. *A share option comprising a total of 200,628,932 underlying LSD Shares had been granted to Mr. Lam Hau Yin, Lester under the LSD 2006 Share Option Scheme at an exercise price of HK\$0.335 per LSD Share on 18 January 2013 and is exercisable during the period from 18 January 2013 to 17 January 2023.*

6. On 17 February 2016, the exercise price of and the number of LSD Shares entitled to be subscribed for under the outstanding share options have been adjusted in the following manner following the completion of the rights issue of LSD:

<i>Name of Director</i>	<i>Number of underlying LSD Shares comprised in share options before the LSD rights issue</i>	<i>Exercise price per LSD Share prior to the LSD rights issue</i> HK\$	<i>Adjusted number of underlying LSD Shares comprised in share options after the LSD rights issue</i>	<i>Adjusted exercise price per LSD Share after the LSD rights issue</i> HK\$
<i>Dr. Peter Lam</i>	20,062,893	0.335	20,865,408	0.322
<i>Mr. Chew Fook Aun</i>	200,628,932	0.112	208,654,089*	0.107
<i>Mr. Lam Hau Yin, Lester</i>	200,628,932	0.335	208,654,089	0.322

\* A share option comprising a total of 20,000,000 underlying LSD Shares were exercised by Mr. Chew Fook Aun on 13 December 2016.

7. On 15 August 2017, the exercise price and the number of LSD Shares entitled to be subscribed for under the outstanding share options have been adjusted in the following manner following the completion of the LSD Share Consolidation:

<i>Name of Director</i>	<i>Number of underlying LSD Shares comprised in share options before the LSD Share Consolidation</i>	<i>Exercise price per LSD Share prior to the LSD Share Consolidation</i> HK\$	<i>Adjusted number of underlying LSD Shares comprised in share options after the LSD Share Consolidation</i>	<i>Adjusted exercise price per LSD Share after the LSD Share Consolidation</i> HK\$
<i>Dr. Peter Lam</i>	20,865,408	0.322	417,308	16.100
<i>Mr. Chew Fook Aun</i>	188,654,089	0.107	3,773,081	5.350
<i>Mr. Lam Hau Yin, Lester</i>	208,654,089	0.322	4,173,081	16.100

8. The 20,000,000 LSD Shares owned by The Orchid Growers Association Limited changed to 400,000 LSD Shares following the completion of the LSD Share Consolidation. Mr. Chew Fook Aun was deemed to be interested in 400,000 LSD Shares (representing approximately 0.07% of LSD's issued share capital) by virtue of his 100% interest in the issued share capital of The Orchid Growers Association Limited which directly owned 400,000 LSD Shares.
9. Madam U Po Chu is the widow of the late Mr. Lim Por Yen whose estate includes an interest of 3,957,189 LSD Shares (197,859,550 LSD Shares before the LSD Share Consolidation), representing approximately 0.65% of the issued share capital of LSD.

The interests of Madam U Po Chu changed from 1,345,974 LSD Shares to 26,919 LSD Shares following the completion of the LSD Share Consolidation.

(ii) *eSun — a subsidiary of LSD***Long positions in the ordinary shares of eSun (“eSun Shares”) and underlying eSun Shares**

Name of Director	Capacity	Personal interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued eSun Shares
Dr. Peter Lam (Note 6)	Beneficial owner/ Owner of controlled corporations	2,794,443	1,113,260,072 (Note 1)	Nil (Note 3)	1,116,054,515 (Note 1)	74.81%
Mr. Lam Hau Yin, Lester	Beneficial owner	2,794,443	Nil	Nil (Note 4)	2,794,443	0.19%

*Notes:*

- The Company was interested in 340,023,572 LSD Shares, representing approximately 56.07% of the issued share capital of LSD. Transtrend Holdings Limited (“Transtrend”), a wholly-owned subsidiary of LSD, was interested in 1,113,260,072 eSun Shares, representing approximately 74.62% of the issued share capital of eSun. As such, Dr. Peter Lam was deemed to be interested in the same 1,113,260,072 eSun Shares (representing approximately 74.62% of eSun’s issued share capital) by virtue of, in aggregate, his personal (including underlying shares) and deemed interests of approximately 42.17% and 56.21% in the issued share capital of the Company and LSD, respectively.*

*Transtrend received valid acceptances in respect of 603,369,886 eSun Shares in relation to its offer for eSun Shares (“eSun Offer”) from 23 July 2018 to 22 August 2018 which increased the total number of eSun Shares in which Dr. Peter Lam is interested or deemed to be interested to 1,157,204,515, representing approximately 77.57% of the issued share capital of eSun.*

*On 11 February 2019, Transtrend has completed the sale of an aggregate of 41,150,000 eSun Shares, which decreased the total number of eSun Shares in which Dr. Peter Lam is interested or deemed to be interested to 1,116,054,515, representing approximately 74.81% of the issued share capital of eSun.*

- A share option scheme was adopted by eSun on 23 December 2005 and commenced with effect from 5 January 2006 (“eSun 2006 Share Option Scheme”). The share options granted under the eSun 2006 Share Option Scheme remained valid and exercisable though the eSun 2006 Share Option Scheme was terminated on 23 December 2015 when a new share option scheme became effective after adoption by the shareholders of eSun at its annual general meeting held on 11 December 2015.*
- A share option comprising a total of 1,243,212 underlying eSun Shares had been granted to Dr. Peter Lam under the eSun 2006 Share Option Scheme at an exercise price of HK\$1.612 per eSun Share on 18 January 2013 and is exercisable during the period from 18 January 2013 to 17 January 2023.*

*Pursuant to the terms of the share option schemes of eSun, all share options of eSun (“eSun Options”) would lapse upon the close of the eSun Offer (“eSun Option Offer”) by Transtrend for eSun Shares. Therefore, a share option granted to Dr. Peter Lam comprising a total of 1,243,212 underlying eSun Shares have lapsed on 22 August 2018.*

4. *A share option comprising a total of 12,432,121 underlying eSun Shares had been granted to Mr. Lam Hau Yin, Lester under the eSun 2006 Share Option Scheme at an exercise price of HK\$1.612 per eSun Share on 18 January 2013 and is exercisable during the period from 18 January 2013 to 17 January 2023.*

*Pursuant to the terms of the share options schemes of eSun, all eSun Options would lapse upon the close of eSun Option Offer by Transtrend for eSun Shares. Therefore, a share option granted to Mr. Lam Hau Yin, Lester comprising a total of 12,432,121 underlying eSun Shares have lapsed on 22 August 2018.*

5. *A share option comprising a total of 6,216,060 underlying eSun Shares had been granted to Mr. Chew Fook Aun under the eSun 2006 Share Option Scheme at an exercise price of HK\$0.92 per eSun Share on 5 June 2012 and is exercisable during the period from 5 June 2012 to 4 June 2022.*

*On 27 July 2018, Mr. Chew Fook Aun tendered acceptances to the eSun Option Offer by Transtrend to cancel all the outstanding eSun Options in respect of his eSun Options relating to 6,216,060 underlying eSun Shares. The eSun Option Offer has become unconditional in all respects on 8 August 2018.*

6. *Dr. Peter Lam resigned as an executive director of eSun with effect from 14 February 2014.*

**(iii) Lai Fung — a subsidiary of eSun**

**Long positions in the ordinary shares of Lai Fung (“Lai Fung Shares”) and underlying Lai Fung Shares**

Name of Director	Capacity	Personal interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued Lai Fung Shares
Dr. Peter Lam (Note 8)	Beneficial owner/ Owner of controlled corporations	Nil	165,502,573 (Note 1)	321,918 (Notes 3&7)	165,824,491 (Note 1)	50.65%
Mr. Chew Fook Aun	Beneficial owner/ Owner of controlled corporations	Nil	600,000 (Note 6)	1,009,591 (Notes 4&7)	1,609,591	0.49%
Mr. Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	3,219,182 (Notes 5&7)	3,219,182	0.98%

## Notes:

1. On 15 August 2017, Lai Fung implemented the share consolidation on the basis that every fifty (50) issued shares in the share capital of Lai Fung were consolidated into one (1) consolidated share in the share capital of Lai Fung ("**Lai Fung Share Consolidation**").

The 8,274,270,422 Lai Fung Shares held by eSun changed to 165,485,406 Lai Fung Shares following the completion of the Lai Fung Share Consolidation. These interests in Lai Fung were the shares beneficially owned by Merit Worth Limited (87,704,633 Lai Fung Shares) and Silver Glory Securities Limited (77,780,773 Lai Fung Shares), the latter two companies being wholly-owned subsidiaries of eSun, representing approximately 50.55% of the issued share capital of Lai Fung. eSun is owned as to approximately 74.62% by LSD which in turn is owned as to approximately 56.07% by the Company. As such, Dr. Peter Lam was deemed to be interested in the same 165,485,406 Lai Fung Shares (representing approximately 50.55% of the issued share capital of Lai Fung) by virtue of, in aggregate, his personal (including underlying shares) and deemed interests of approximately 74.81% in eSun.

Transtrend received valid acceptances in respect of 17,167 Lai Fung Shares in relation to its offer for Lai Fung Shares from 15 August 2018 to 13 September 2018, which increased the total number of Lai Fung Shares in which Dr. Peter Lam is interested or deemed to be interested to 165,824,491, representing approximately 50.65% of the issued share capital of Lai Fung, by virtue of, in aggregate, his personal (including underlying shares) and deemed interests of approximately 42.17%, 56.21% and 74.81% in the issued share capital of the Company, LSD and eSun, respectively.

On 13 February 2019, Lai Fung allotted and issued 342,831 new ordinary shares pursuant to its Scrip Dividend Scheme in relation to the final dividend for the year ended 31 July 2018, increasing the total number of Lai Fung Shares from 327,044,134 to 327,386,965.

2. A share option scheme was adopted by Lai Fung on 21 August 2003 and commenced with effect from 28 August 2003 and remains in force for a period of 10 years ("**Lai Fung 2003 Share Option Scheme**"). A new share option scheme was adopted by Lai Fung on 18 December 2012 and commenced with effect from 20 December 2012 and remains in force for a period of 10 years ("**Lai Fung 2012 Share Option Scheme**").
3. A share option comprising a total of 16,095,912 underlying Lai Fung Shares had been granted to Dr. Peter Lam under the Lai Fung 2012 Share Option Scheme at an exercise price of HK\$0.228 per Lai Fung Share on 18 January 2013 and is exercisable during the period from 18 January 2013 to 17 January 2023.
4. A share option comprising a total of 80,479,564 underlying Lai Fung Shares had been granted to Mr. Chew Fook Aun under the Lai Fung 2003 Share Option Scheme at an exercise price of HK\$0.133 per Lai Fung Share on 12 June 2012 and is exercisable during the period from 12 June 2012 to 11 June 2020.

A share option comprising a total of 30,000,000 underlying Lai Fung Shares had been exercised by Mr. Chew Fook Aun in 2016. Thus the total number of share options of Mr. Chew Fook Aun decreased to 50,479,564 underlying Lai Fung Shares.

5. A share option comprising a total of 160,959,129 underlying Lai Fung Shares had been granted to Mr. Lam Hau Yin, Lester under the Lai Fung 2012 Share Option Scheme at an exercise price of HK\$0.228 per Lai Fung Share on 18 January 2013 and is exercisable during the period from 18 January 2013 to 17 January 2023.
6. The deemed interests of Mr. Chew Fook Aun changed from 30,000,000 Lai Fung Shares to 600,000 Lai Fung Shares following the completion of Lai Fung Share Consolidation. Mr. Chew Fook Aun was deemed to be interested in 600,000 Lai Fung Shares (representing approximately 0.18% of the issued share capital of Lai Fung) by virtue of his 100% interest in the issued share capital of The Orchid Growers Association Limited which directly owned 600,000 Lai Fung Shares.
7. On 15 August 2017, the exercise price and the number of Lai Fung Shares entitled to be subscribed for under the outstanding share options have been adjusted in the following manner following the completion of the Lai Fung Share Consolidation:

<i>Name of Director</i>	<i>Number of underlying Lai Fung Shares comprised in share options before the Lai Fung Share Consolidation</i>	<i>Exercise price per Lai Fung Share prior to the Lai Fung Share Consolidation</i> HK\$	<i>Adjusted number of underlying Lai Fung Shares comprised in share options after the Lai Fung Share Consolidation</i>	<i>Adjusted exercise price per Lai Fung Share after the Lai Fung Share Consolidation</i> HK\$
<i>Dr. Peter Lam</i>	<i>16,095,912</i>	<i>0.228</i>	<i>321,918</i>	<i>11.40</i>
<i>Mr. Chew Fook Aun</i>	<i>50,479,564</i>	<i>0.133</i>	<i>1,009,591</i>	<i>6.65</i>
<i>Mr. Lam Hau Yin, Lester</i>	<i>160,959,129</i>	<i>0.228</i>	<i>3,219,182</i>	<i>11.40</i>

8. Dr. Peter Lam stepped down as the chairman of the board of directors and an executive director of Lai Fung with effect from 1 November 2012.
9. On 25 April 2018, Lai Fung redeemed all of its outstanding CNY1,800,000,000 6.875% senior notes due 2018 (“**Senior Note**”). As such, Mr. Lam Kin Hong, Matthew ceased to have interest in the Senior Note.

*(iv) MAGHL — a subsidiary of eSun***Long positions in the ordinary shares of MAGHL (“MAGHL Shares”) and underlying MAGHL Shares**

Name of Director	Capacity	Number of MAGHL Shares held	Number of underlying MAGHL Shares held	Total number of issued MAGHL Shares and underlying MAGHL Shares	Approximate % of total interests to total issued MAGHL Shares
Dr. Peter Lam	Owner of controlled corporations	1,443,156,837 (Note 1)	Nil	1,443,156,837	67.56%

*Note:*

- As at the Latest Practicable Date, these interests in MAGHL represented the MAGHL Shares beneficially owned by Perfect Sky Holdings Limited, a wholly-owned subsidiary of eSun, representing approximately 67.56% of the issued share capital of MAGHL. eSun is owned as to approximately 74.62% by LSD which in turn is owned as to approximately 56.07% by the Company. As the Company is approximately 12.71% owned by Dr. Peter Lam and approximately 29.46% owned by Wisdom Limited which is in turn 100% beneficially owned by Dr. Peter Lam, he was deemed to be interested in the said 1,443,156,837 MAGHL Shares.*

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company and their respective close associates was interested, or was deemed to be interested in the long and short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or recorded in the Register of Directors and Chief Executive pursuant to section 352 of the SFO; or notified to the Company and the Stock Exchange under the Securities Code; or otherwise known by the Directors.



### Substantial Shareholders' and Other Persons' Interests

As at the Latest Practicable Date, so far as it is known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or individuals (are being a Director) who had 5% or more interests in the following long positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept under section 336 of the SFO (“**Register of Shareholders**”) or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (“**Voting Entitlements**”) (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

#### Long positions in the Shares and the underlying Shares of the Company

Name	Capacity	Nature of interests	Number of Shares and underlying Shares	Approximate % of Shares in issue
Dr. Peter Lam (Note 1)	Beneficial owner/ Owner of controlled corporation	Personal and corporate	163,041,701 (Note 2)	42.17%
Wisdoman Limited (Note 1)	Beneficial owner	Corporate	113,891,650 (Notes 1 & 2)	29.46%
Mr. Lam Hau Yin, Lester (Note 1)	Beneficial owner	Personal	19,938,563 (Notes 1 & 2)	5.16%
Mr. Yu Cheuk Yi	Beneficial owner	Personal	110,838,516 (Note 3)	29.02%
Ms. Yu Siu Yuk	Beneficial owner	Personal	110,838,516 (Note 3)	29.02%

Notes:

- (1) Dr. Peter Lam and Mr. Lam Hau Yin, Lester, Directors of the Company, are also directors of Wisdoman Limited.
- (2) Dr. Peter Lam was deemed to be interested in 113,891,650 Shares owned by Wisdoman Limited by virtue of his 100% interests in the issued share capital of Wisdoman Limited.
- (3) Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk jointly held 110,838,516 Shares (29.02%) according to shareholding shown in the last Individual Substantial Shareholder Notice (Form 1) filed for an event on 18 September 2017.

Save as disclosed above, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) who, as at the Latest Practicable Date, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares of the Company as recorded in the Register of Shareholders.

### 3. COMPETING INTERESTS

As at the Latest Practicable Date, the following Directors are considered to have interests in businesses which compete or may compete, either directly or indirectly, with the businesses of the Group (which would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling shareholder of the Company):

Dr. Peter Lam, Dr. KM Lam, Mr. Chew Fook Aun, Mr. Lam Kin Hong, Matthew, Madam U Po Chu and Mr. Lam Hau Yin, Lester (together, “**Interested Directors**”) held shareholding or other interests and/or directorships in companies/entities engaged in the businesses of property investment and development in Hong Kong and the PRC including LSD and Crocodile Garments Limited.

Dr. Peter Lam held shareholding or other interests and/or directorships in companies or entities engaged in the business of investment in and operation of restaurants in Hong Kong.

Dr. KM Lam held shareholding or other interests and/or directorships in companies or entities engaged in the production of pop concerts, music production and distribution and management of artistes.

The Directors do not consider the interests held by the Interested Directors to be competing in practice with the relevant business of the Group in view of:

- (1) different locations and different uses of the properties owned by the above companies and those of the Group; and
- (2) different target customers of the restaurant operations as well as the concerts and albums of the above companies and those of the Group.

The Board is independent from the boards of directors/governing committees of the aforesaid companies/entities and none of the Interested Directors can personally control the Board. Further, each of the Interested Directors is fully aware of, and has been discharging his/her fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and the Shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm’s length from, the businesses of such companies/entities.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in a business which competes or may compete with the businesses of the Group (which would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling shareholder of the Company).

**4. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS OF THE GROUP**

As at the Latest Practicable Date,

- (a) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at such date and which was significant in relation to the businesses of the Group; and
- (b) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by, or leased to the Company or any member of the Group, or were proposed to be acquired or disposed of by, or leased to the Company or any member of the Group since 31 July 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which will not expire or be determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

**6. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 July 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**7. EXPERT'S QUALIFICATION AND CONSENT**

The following is the qualification of the Independent Financial Adviser who has given opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Opus Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion and reference to its name in the form and context in which they appear in this circular.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 July 2018, being the date to which the latest published audited consolidated financial statements of the Company were made up.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

## **8. GENERAL**

In the event of any inconsistency, the English language text of this circular and the form of proxy shall prevail over the Chinese language text.

## **9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Shan Wan Road, Kowloon, Hong Kong during normal business hours (i.e. from 9:30 a.m. to 12:30 p.m. and from 2:30 p.m. to 5:30 p.m.) on any weekday (Saturdays, Sundays and public holidays excepted) unless (i) a tropical cyclone warning signal number 8 or above is hoisted; or (ii) a black rainstorm warning signal is issued, from the date of this circular up to and including the date of the General Meeting and at the General Meeting:

- (a) the Undertaking Documents;
- (b) the Deed of Conditional Waiver; and
- (c) the 2019 Supplemental Deed.

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## NOTICE OF GENERAL MEETING

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### LAI SUN GARMENT

Lai Sun Garment (International) Limited  
(Incorporated in Hong Kong with limited liability)

**(Stock Code: 191)**

### NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** a general meeting (“**General Meeting**”) of the members (“**Members**”) of Lai Sun Garment (International) Limited (“**Company**”) will be held at Grand Ballroom 1, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong, on Tuesday, 30 April 2019 at 11:45 a.m. for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT** the 2019 Supplemental Deed executed by Lai Fung Holdings Limited (an indirect non-wholly-owned subsidiary of the Company), in relation to certain amendments to the Existing Undertakings, a copy of which is tabled at the meeting and marked “**A**” and initialled by the chairman of the meeting for identification purpose, be and is hereby approved, confirmed and ratified.”

By order of the Board  
**Lai Sun Garment (International) Limited**  
**Tse Pik Ha**  
*Company Secretary*

Hong Kong, 19 March 2019

*Registered Office:*

11th Floor  
Lai Sun Commercial Centre  
680 Cheung Sha Wan Road  
Kowloon  
Hong Kong

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## NOTICE OF GENERAL MEETING

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*Notes:*

- (1) A Member entitled to attend and vote at the General Meeting convened by the above notice (“**Notice**”) or its adjourned meeting (as the case may be) is entitled to appoint one (or, if he/she/it holds two or more shares in the share capital of the Company (“**Shares**”), more than one) proxy to attend the General Meeting and, on a poll, vote on his/her/its behalf in accordance with the articles of association of the Company. A proxy need not be a Member.
- (2) A form of proxy for use at the General Meeting is enclosed with this Notice and is also available at the respective websites of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and the Company.
- (3) To be valid, a form of proxy, duly signed and completed together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof), must be lodged with Tricor Tengis Limited, the share registrar of the Company (“**Registrar**”), at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time appointed for holding the General Meeting or its adjourned meeting (as the case may be) and in default, the form of proxy will not be treated as valid. Completion and return of the form of proxy shall not preclude Members from attending in person and voting at the General Meeting or its adjourned meeting (as the case may be) should they so wish. In that event, the said form(s) of proxy shall be deemed to be revoked.

The contact phone number of the Registrar is (852) 2980 1333.

- (4) To ascertain the entitlements to attend and vote at the General Meeting, Members must lodge the relevant transfer document(s) and share certificate(s) at the office of the Registrar no later than 4:30 p.m. on Wednesday, 24 April 2019 for registration.
- (5) Where there are joint registered holders of any Shares, any one of such joint holders may attend and vote at the General Meeting or its adjourned meeting (as the case may be), either in person or by proxy, in respect of such Shares as if he/she/it were solely entitled thereto. However, if more than one of such joint holders are present at the General Meeting or its adjourned meeting (as the case may be) personally or by proxy, then one of such holders so present whose name stands first in the Register of Members in respect of such Shares shall alone be entitled to vote in respect thereof.
- (6) In compliance with Rule 13.39(4) of the Rules Governing in the Listing of Securities on the Stock Exchange, voting on the resolution proposed in the Notice will be taken by poll.
- (7) If a tropical cyclone warning signal No. 8 or above is expected to be hoisted or a black rainstorm warning signal is expected to be in force at any time after 7:30 a.m. on the date of the General Meeting, the General Meeting will be postponed. The Company will post a supplementary notice on the respective websites of the Company and the Stock Exchange to notify Members of the date, time and venue of the postponed General Meeting.

If a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is lowered or cancelled at or before 7:30 a.m. on the date of the General Meeting and where conditions permit, the General Meeting will be held as scheduled.

The General Meeting will be held as scheduled when an amber or red rainstorm warning signal is in force.

Having considered their own situations, Members should decide on their own whether they would attend the General Meeting under a bad weather condition and if they do so, they are advised to exercise care and caution.

- (8) Members are advised to read the circular of the Company dated 19 March 2019 which contains information concerning the resolution to be proposed at the General Meeting.