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LAI SUN DEVELOPMENT

Lai Sun Development Company Limited
(Incorporated in Hong Kong with limited liability)

(Stock Code: 488)

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES
HELD ON THE RECORD DATE;
(2) CLOSURE OF REGISTER OF MEMBERS;
AND
(3) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS UNDER
THE SHARE OPTION SCHEMES**

Sole Global Coordinator and Underwriter



Placing Agent



PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of up to (i) approximately HK\$794.5 million by way of the issue of 484,442,943 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$803.1 million by way of the issue of 489,681,061 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of the outstanding Share Options (except for Dr. Peter Lam's Share Options)), at the Subscription Price of HK\$1.64 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

The net proceeds from the Rights Issue after deducting the expenses are estimated to be (i) approximately HK\$776.0 million (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$784.6 million (assuming no change in the number of Shares in issue on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of the outstanding Share Options (except for Dr. Peter Lam's Share Options)).

The Company intends to apply the net proceeds from the Rights Issue for the repayment of outstanding banking facilities of the Group.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, all transfer documents of the Shares (together with the relevant share certificate(s)) must be lodged for registration with the Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Thursday, 1 December 2022.

IRREVOCABLE UNDERTAKING BY THE UNDERTAKING COVENANTORS

As at the date of this announcement, LSG (together with the LSG Subsidiaries) and Dr. Peter Lam held an aggregate of 515,389,531 Shares and 650,605 Shares, respectively, representing approximately 53.19% and 0.07% of the total number of issued Shares, respectively.

Pursuant to the Irrevocable Undertaking, LSG and Dr. Peter Lam have provided a joint, several, irrevocable and unconditional undertaking to the Company and the Underwriter, pursuant to which LSG and Dr. Peter Lam have irrevocably and unconditionally undertaken and warranted to the Company and the Underwriter, among other things:

- (i) to subscribe or procure the subscription (as the case may be) for an aggregate of 257,694,765 Rights Shares and 325,302 Rights Shares, to be provisionally allotted to LSG (or the LSG Subsidiaries, as the case may be) and Dr. Peter Lam, respectively; and
- (ii) (a) not to sell, dispose of or transfer, or agree to sell, dispose of or transfer any of the Shares held by them or any one of them, and (b) LSG will procure the LSG Subsidiaries not to sell, dispose of or transfer, or agree to sell, dispose of or transfer any of the Shares held by any of the LSG Subsidiaries, from the date of the Irrevocable Undertaking to the date of completion of the Rights Issue.

Additionally, pursuant to the Irrevocable Undertaking, Dr. Peter Lam has irrevocably and unconditionally undertaken and warranted to the Company and the Underwriter that he will not exercise any of Dr. Peter Lam's Share Options from the date of the Irrevocable Undertaking to the Record Date.

THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT

The Company will make arrangements to dispose of the Unsubscribed Rights Shares, comprising the Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the paragraph headed "Arrangements for the NQS Rights Shares" in this announcement, by offering the Unsubscribed Rights Shares to independent placees for the benefit of the relevant No Action Shareholders and Non-Qualifying Shareholders. After the trading hours of the Stock Exchange on 10 November 2022, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price. The final price will be determined based on the demand for the Unsubscribed Rights Shares and market conditions at the time of placement.

THE UNDERWRITING AGREEMENT

On 10 November 2022 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement, pursuant to which the Underwriter has conditionally agreed to fully underwrite the Untaken Shares, being all the Unsubscribed Rights Shares that are not placed by the Placing Agent or they have been placed but the placees have not paid therefor at 4:00 p.m. on the Placing Completion Date, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment or waiver (as applicable) of the conditions contained therein. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed “The Underwriting Agreement” in this announcement.

The Company shall make an application to the Listing Committee for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue.

As the proposed Rights Issue is subject to conditions, it may or may not proceed. Investors are advised to exercise caution when dealing in the Shares.

LISTING RULES IMPLICATIONS FOR THE COMPANY

As the Rights Issue will not increase either the total number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of minority Shareholders in general meeting pursuant to Rule 7.19A of the Listing Rules.

The Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

The register of members of the Company will be closed from Friday, 2 December 2022 to Thursday, 8 December 2022 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

GENERAL

The Prospectus Documents containing information on the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Friday, 9 December 2022. The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL to them.

POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEMES

As at the date of this announcement, there are 10,962,687 outstanding Share Options granted by the Company exercisable into 10,962,687 Shares. Pursuant to the terms of the Share Option Schemes, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Schemes. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Schemes and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

Save for the foregoing, as at the date of this announcement, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sections headed “The Underwriting Agreement — Conditions of the Rights Issue and the Underwriting Agreement” and “The Underwriting Agreement — Termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.

Any Shareholder or other person dealing in the existing Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue are fulfilled or waived (as applicable) (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the existing Shares and/or the nil-paid Rights Shares. Any party (including Shareholders and potential investors of the Company) who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of up to (i) approximately HK\$794.5 million by way of the issue of 484,442,943 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$803.1 million by way of the issue of 489,681,061 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of the outstanding Share Options (except for Dr. Peter Lam's Share Options)), at the Subscription Price of HK\$1.64 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$1.64 per Rights Share
Number of Shares in issue as at the date of this announcement	:	968,885,887 Shares
Number of Rights Shares to be issued under the Rights Issue	:	Not less than 484,442,943 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 489,681,061 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of the outstanding Share Options (except for Dr. Peter Lam's Share Options)).
Number of issued Shares upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed)	:	Not less than 1,453,328,830 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue) and not more than 1,469,043,183 Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of the outstanding Share Options (except for Dr. Peter Lam's Share Options) and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue).
Amount to be raised before expenses	:	Not less than approximately HK\$794.5 million and not more than approximately HK\$803.1 million.

As at the date of this announcement, there are 10,962,687 outstanding Share Options granted by the Company exercisable into 10,962,687 Shares. Save for the foregoing, as at the date of this announcement, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 484,442,943 Rights Shares proposed to be issued pursuant to the Rights Issue represent approximately 33.3% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares.

Assuming no change in the number of Shares in issue on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of outstanding Share Options (except for Dr. Peter Lam's Share Options) and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 489,681,061 Rights Shares proposed to be issued pursuant to the Rights Issue represents approximately 33.3% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares.

Qualifying Shareholders and Non-Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders. The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL to them.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder. Shareholders having an address in Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will qualify for the Rights Issue.

Shareholders having an address outside Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will not qualify for the Rights Issue if the Board, after making relevant enquiries, considers that the exclusion of such Overseas Shareholders from the Rights Issue would be necessary or expedient on account either of legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place.

Shareholders with their Shares held by nominee(s) (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as a member of the Company by the Record Date, all transfer documents of the Shares (together with the relevant share certificates) must be lodged for registration with the Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Thursday, 1 December 2022. The last day for dealing in the Shares on a cum-rights basis is Tuesday, 29 November 2022.

Holders of Share Options who wish to participate in the Rights Issue should exercise their Share Options in accordance with the terms and conditions of the Share Option Schemes and be registered as holders of the Shares so allotted and issued to them pursuant to such exercise with the Company on or before the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a cheque or banker's cashier order for the Rights Shares being applied for with the Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong on or before the Latest Time for Acceptance.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Rights of PRC Southbound Trading Investors

According to the "Stock Connect Southbound Shareholding Search" available on the Stock Exchange's website, as at the date of this announcement, China Clear held 450 Shares, representing approximately 0.00005% of the total number of the issued Shares.

The PRC Southbound Trading Investors may participate in the Rights Issue through China Clear. China Clear will provide nominee services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their nil-paid Rights Shares through Shenzhen-Hong Kong Stock Connect and/or Shanghai-Hong Kong Stock Connect if such nil-paid Rights Shares are listed on the Stock Exchange; and/or (ii) subscribe (in full or in part) for their pro rata entitlement in respect of Shares held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations.

In addition, the PRC Southbound Trading Investors (or the relevant China Clear participants, as the case may be) whose stock accounts in China Clear are credited with nil-paid Rights Shares can only sell those nil-paid Rights Shares through Shenzhen-Hong Kong Stock Connect and/or Shanghai-Hong Kong Stock Connect if such nil-paid Rights Shares are listed on the Stock Exchange but cannot purchase any nil-paid Rights Shares nor transfer such nil-paid Rights Shares to other PRC Southbound Trading Investors until after the Company completes its filing with the CSRC in accordance with the CSRC Notice.

The PRC Southbound Trading Investors should consult their intermediary (including brokers, custodians, nominees or China Clear participants) and/or other professional advisers for details of the logistical arrangements as required by China Clear, and provide instructions to such intermediary in relation to the acceptance and/or sale of the nil-paid Rights Shares. Such instructions should be given in advance of the relevant dates stated in the section headed “Expected Timetable for the Rights Issue” of this announcement and otherwise in accordance with the requirements of the intermediary of the PRC Southbound Trading Investors and/or China Clear in order to allow sufficient time to ensure that such instructions are given effect.

The Board was advised that, as the Prospectus Documents will not be and are not intended to be filed with or approved by the CSRC other than in accordance with the CSRC Notice, the Rights Shares in nil-paid or fully-paid forms issued to the PRC Southbound Trading Investors shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless through Shenzhen-Hong Kong Stock Connect and/or Shanghai-Hong Kong Stock Connect, or such person or entity has otherwise been exempt by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

Rights of the Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder’s address on the Company’s register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. The Prospectus Documents to be despatched in connection with the Rights Issue will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong and the PRC in accordance with the notice issued by the CSRC of *Filing Requirements for Hong Kong Listed Issuers Making Rights Issues to Mainland Shareholders through Mainland-Hong Kong Stock Connect* (Announcement [2016] No. 21).

The Board notes the requirements specified in Rule 13.36(2)(a) of the Listing Rules and is in the process of making enquiries in the relevant jurisdictions as to the feasibility of extending the Rights Issue to the Overseas Shareholders. If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to the relevant Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, such Overseas Shareholders will become Non-Qualifying Shareholders and the Rights Issue will not be extended to them. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL to them.

Arrangements for the NQS Rights Shares

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before the last day for dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. Any net proceeds of sale thereof, after deduction of expenses, will be paid in Hong Kong dollars to the Non-Qualifying Shareholders pro rata to their respective entitlements as at the close of business on the Record Date, provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit. Any such unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders would otherwise have been entitled will be offered for subscription by the Placing Agent to the Placees under the Placing.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.

Closure of register of members of the Company

The register of members of the Company will be closed from Friday, 2 December 2022 to Thursday, 8 December 2022 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Subscription Price

The Subscription Price is HK\$1.64 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 50.2% to the closing price of HK\$3.29 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 51.9% to the average closing price of approximately HK\$3.41 per Share for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a discount of approximately 50.5% to the average closing price of approximately HK\$3.31 per Share for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a discount of approximately 42.1% to the theoretical ex-rights price of approximately HK\$2.83 per Share, based on the closing price of HK\$3.29 per Share as quoted on the Stock Exchange on the Last Trading Day and number of Shares in issue as at the date of this announcement;
- (v) a discount of approximately 95.2% to the latest published consolidated net asset value per Share as at 31 July 2022 of approximately HK\$33.847 (as shown in the announcement of the Company in respect of the final results for the year ended 31 July 2022 published on 21 October 2022); and
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 17.4%, represented by the theoretical diluted price of approximately HK\$2.83 per Share to the benchmarked price (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$3.29 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of this announcement of approximately HK\$3.43 per Share) of approximately HK\$3.43 per Share.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$1.60 (assuming no change in the number of Shares in issue on or before the Record Date) and approximately HK\$1.60 (assuming no change in the number of Shares in issue on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of the outstanding Share Options (except for Dr. Peter Lam's Share Options)). Since the Company is incorporated in Hong Kong, the Rights Shares have no nominal value.

The Subscription Price was determined by the Company with reference to, among others, (i) the recent closing prices of the Shares; (ii) prevailing market conditions and financial position of the Group; and (iii) the amount of funds the Company intends to raise under the Rights Issue.

The Directors consider that the discount of the Subscription Price would encourage Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth and development of the Group. After taking into consideration the reasons for the Rights Issue as stated in the section headed “Reasons for the Rights Issue and use of proceeds of the Rights Issue” below, the Directors consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of Rights Shares

The Rights Shares (when allotted, issued and fully-paid) will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid, the record dates of which are on or after the date of allotment and issue of the fully-paid Rights Shares.

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, and any other applicable fees and charges in Hong Kong.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment or waiver (as applicable) of the conditions of the Rights Issue as set out in the section headed “The Underwriting Agreement — Conditions of the Rights Issue and the Underwriting Agreement” in this announcement, share certificates for all fully-paid Rights Shares are expected to be posted on or about Wednesday, 11 January 2023 by ordinary post to the allottees, at their own risk, to their registered addresses. If the Underwriting Agreement is terminated or does not become unconditional, refund cheques will be posted on or before Wednesday, 11 January 2023 by ordinary post to the respective Shareholders, at their own risk, to their registered addresses.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved.

Irrevocable Undertaking by the Undertaking Covenantors

As at the date of this announcement, LSG (together with the LSG Subsidiaries) and Dr. Peter Lam held an aggregate of 515,389,531 Shares and 650,605 Shares, respectively, representing approximately 53.19% and 0.07% of the total number of issued Shares, respectively.

Pursuant to the Irrevocable Undertaking, LSG and Dr. Peter Lam have provided a joint, several, irrevocable and unconditional undertaking to the Company and the Underwriter, pursuant to which LSG and Dr. Peter Lam have irrevocably and unconditionally undertaken and warranted to the Company and the Underwriter, among other things:

- (i) to subscribe or procure the subscription (as the case may be) for an aggregate of 257,694,765 Rights Shares and 325,302 Rights Shares, to be provisionally allotted to LSG (or the LSG Subsidiaries, as the case may be) and Dr. Peter Lam, respectively; and
- (ii) (a) not to sell, dispose of or transfer, or agree to sell, dispose of or transfer any of the Shares held by them or any one of them, and (b) LSG will procure the LSG Subsidiaries not to sell, dispose of or transfer, or agree to sell, dispose of or transfer any of the Shares held by any of the LSG Subsidiaries, from the date of the Irrevocable Undertaking to the date of completion of the Rights Issue.

Additionally, pursuant to the Irrevocable Undertaking, Dr. Peter Lam has irrevocably and unconditionally undertaken and warranted to the Company and the Underwriter that he will not exercise any of Dr. Peter Lam's Share Options from the date of the Irrevocable Undertaking to the Record Date.

Scale-down of subscriptions

To avoid the unwitting triggering of any GO Obligation and/or the Company's Public Float to decrease from that as at the date of this announcement, all applications for the Rights Shares by the Qualifying Shareholders under the PAL(s), or by transferees of nil-paid Rights Shares, are subject to the scaling-down mechanism as determined by the Company and will be made on the basis that the applications are to be scaled-down by the Company (further details of which are set out below) to such level which does not result in (a) any GO Obligation being triggered by those affected applicant(s) and/or group of affected applicant(s) (together with parties respectively acting in concert with him/her/it/them); and/or (b) the Company's Public Float to decrease from that as at the date of this announcement. Any subscription monies for the Scaled-down PAL Shares will be refunded to the affected applicants, and the Scaled-down PAL Shares will be offered to independent placees by the Placing Agent under the Placing Agreement.

Such scaling-down of applications of Rights Shares shall operate on a fair and equitable basis under the following principles: (a) where the scale-down is necessitated by the exceeding of shareholding by a group of Qualifying Shareholders acting in concert (the “**Affected Group(s) of Shareholders**”) rather than an individual Qualifying Shareholder, the allocations of PAL(s) to members of the Affected Group of Shareholders should be made by reference to the number of Shares held by the affected applicants on the Record Date; and (b) the allocations of PAL(s) to different Affected Groups of Shareholders and/or affected individual Qualifying Shareholders should be made by reference to the number of Shares held by the affected applicant(s) and/or affected group(s) of applicant(s) on the Record Date.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Overseas Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. The nil-paid Rights Shares and fully-paid Rights Shares are expected to have the same board lot size as the Shares, i.e., 300 Shares in one board lot. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in on any stock exchange other than the Stock Exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements

Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the relevant No Action Shareholders and Non-Qualifying Shareholders. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue.

The Company appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing (the “**Net Gain**”) will be paid to the relevant No Action Shareholders and Non-Qualifying Shareholders in the manner set out below. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Wednesday, 4 January 2023, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares at a price not less than the Subscription Price. Any unsold Unsubscribed Rights Shares under the Compensatory Arrangements will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Net Gain (if any but rounded down to the nearest cent) will be paid on a pro-rata basis to the relevant No Action Shareholders and Non-Qualifying Shareholders as set out below:

- (i) for No Action Shareholders, the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for, and where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL and where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS; and
- (ii) for Non-Qualifying Shareholders, the relevant Non-Qualifying Shareholders whose name and address appeared on the register of members of the Company on the Record Date with reference to their shareholdings in the Company on the Record Date.

It is proposed that if the Net Gain to any of the No Action Shareholder(s) and Non-Qualifying Shareholder(s) mentioned above (i) is more than HK\$100, the entire amount will be paid to them; or (ii) is HK\$100 or less, such amount will be retained by the Company for its own benefit.

THE PLACING AGREEMENT

On 10 November 2022 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. Details of the Placing Agreement are as follows:

Date : 10 November 2022 (after trading hours of the Stock Exchange)

Placing agent : Haitong International Securities Company Limited was appointed as the placing agent to place, or procure the placing of, up to 226,422,876 Unsubscribed Rights Shares (assuming no Shares being issued or bought back by the Company on or after the date of the Placing Agreement and on or before the Record Date); or up to 231,660,994 Unsubscribed Rights Shares (assuming new Shares are allotted and issued on or before the Record Date pursuant to the full exercise of outstanding Share Options (except for Dr. Peter Lam's Share Options) but otherwise no Shares being issued or bought back by the Company on or after the date of the Placing Agreement and on or before the Record Date), on a best effort basis, to the Placee(s).

Haitong International Securities Company Limited and its ultimate beneficial owners are Independent Third Parties. The Placing Agent has also undertaken that before it engages sub-placing agent(s) to place the Unsubscribed Rights Shares, it will confirm with the Company and such sub-placing agent(s) that these sub-placing agent(s) and their ultimate beneficial owners are Independent Third Parties and that they are independent of and not acting in concert with the Underwriter and parties acting in concert with it.

Placing fee payable to the Placing Agent : The Company shall be responsible for all costs and expenses reasonably incurred in connection with or arising out of the Placing.

Placing price of the Unsubscribed Rights Shares : The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price.

The final price will be determined based on the demand for the Unsubscribed Rights Shares and market conditions at the time of placement.

Places	:	The Unsubscribed Rights Shares shall only be offered (i) to institutional, corporate or individual investor(s) who and whose ultimate beneficial owner(s) shall be Independent Third Parties; and (ii) such that the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.
Ranking of Unsubscribed Rights Shares	:	The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank <i>pari passu</i> in all respects among themselves and with the Shares then in issue.
Placing condition	:	The Placing is subject to and conditional upon, inter alia, (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares; (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.
Completion date of the Placing	:	Wednesday, 4 January 2023 or such other date as the Company and the Placing Agent may agree.

The terms of the Placing Agreement (including the placing fee) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue and are on normal commercial terms. The Directors consider that the terms of the Placing Agreement are fair and reasonable.

Given that the Compensatory Arrangements would provide a compensatory mechanism for the relevant No Action Shareholders and Non-Qualifying Shareholders, the Directors consider that the Compensatory Arrangements are in the interest of the minority Shareholders.

THE UNDERWRITING AGREEMENT

On 10 November 2022 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement in relation to the underwriting and respective arrangements in respect of the Rights Issue. Further details of the Underwriting Agreement are set out below:

Underwriting Agreement

Date	:	10 November 2022 (after trading hours)
Issuer	:	The Company
Underwriter	:	Haitong International Securities Company Limited, a licensed corporation carrying out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities.

As at the date of this announcement, the Underwriter does not hold any Shares. The Underwriter and its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Independent Third Parties. The Underwriter confirmed that it has complied with Rule 7.19(1)(a) of the Listing Rules.

Number of Rights Shares underwritten by the Underwriter	:	Up to 226,422,876 Rights Shares, being the minimum total number of Rights Shares issuable (assuming no Shares being issued or bought back by the Company on or after the date of the Underwriting Agreement and on or before the Record Date), or up to 231,660,994 Rights Shares, being the maximum total number of Rights Shares issuable (assuming new Shares are allotted and issued on or before the Record Date pursuant to the full exercise of outstanding Share Options (except for Dr. Peter Lam's Share Options) but otherwise no Shares being issued or bought back by the Company on or after the date of the Underwriting Agreement and on or before the Record Date), excluding the Undertaken Shares to be taken up by the Undertaking Covenantors.
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Underwriting commission : 2% of the aggregate Subscription Price in respect of the number of Underwritten Shares committed to be underwritten, subscribed for or procured to be subscribed for by the Underwriter in accordance with the Underwriting Agreement.

Additional commission at the rate of 7% of the aggregate Subscription Price in respect of the number of Untaken Shares to be subscribed or procure to be subscribed by the Underwriter in accordance with the provision in the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriter shall ensure that (i) each of the subscribers of the Untaken Shares procured by it shall be an Independent Third Party; (ii) none of the subscribers of the Untaken Shares shall own 10% or more of the total number of Shares in issue immediately upon completion of the Rights Issue and otherwise becoming a core connected person of the Company; and (iii) none of the subscribers, together with any party(ies) acting in concert with it/them, will hold 30% (or such percentage which will trigger any GO Obligation under the Takeovers Code) or more of the voting rights of the Company upon completion of the Rights Issue.

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter by reference to the market practice. The Directors consider that the terms of the Underwriting Agreement, including the commission rate, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Underwriting Agreement.

Subject to the fulfilment or waiver (as applicable) of all the conditions contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter shall subscribe for or procure the subscription for, pursuant to the terms of Underwriting Agreement and the Prospectus Documents (insofar as the same are applicable), the Untaken Shares (being any Unsubscribed Rights Shares that are not placed by the Placing Agent under the Placing Agreement).

Conditions of the Rights Issue and the Underwriting Agreement

The completion of the Rights Issue and the obligations of the Underwriter under the Underwriting Agreement are conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject only to allotment and despatch of the appropriate documents of title) and not having withdrawn or revoked the listing of and permission to deal in all the Rights Shares (in their nil-paid and fully- paid forms);
- (ii) the Rights Shares (in nil-paid form) having been provisionally allotted by a resolution of the Board (or a committee thereof) on the terms set out in the Prospectus Documents;
- (iii) each condition to enable the nil-paid Rights Shares and the fully-paid Rights Shares to be admitted as eligible securities for deposit, clearance and settlement in CCASS (other than the listing approval of the Rights Shares under the Rights Issue) having been satisfied not later than two Business Days after the Record Date/prior to the first day of dealings in the nil-paid Rights Shares as set out in the Prospectus and no notification having been received by the Company from HKSCC by such date that such admission or facility for holding and settlement has been or is to be refused;
- (iv) delivery of the duly executed counterparts of the Irrevocable Undertaking (in such form and substance to the reasonable satisfaction of the Underwriter) by the Undertaking Covenantors on the date of the Underwriting Agreement to the Company and the Underwriter;
- (v) compliance by the Undertaking Covenantors with all of their respective obligations under the Irrevocable Undertaking and the Irrevocable Undertaking not being terminated;
- (vi) receipt by the Underwriter of all relevant documents specified in the Underwriting Agreement (in the form and substance to the reasonable satisfaction of the Underwriter) to be provided by the Company by the times specified in the Underwriting Agreement;
- (vii) compliance by LSG and the Company with all of its obligations under the Underwriting Agreement or in relation to the publication of this announcement;
- (viii) the representations and warranties of the Company, referred to in the Underwriting Agreement remaining true and accurate in all material respects and none of the undertakings of the Company, referred to in the Underwriting Agreement having been breached;
- (ix) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong no later than the Posting Date of each of the Prospectus Documents and (where necessary) other documents in compliance with the Companies (WUMP) Ordinance and otherwise complying with the requirements of the Companies (WUMP) Ordinance, the Companies Ordinance and the Listing Rules;

- (x) the posting of the Prospectus Documents to Qualifying Shareholders on the Posting Date; and
- (xi) the Underwriting Agreement not having been terminated in accordance with its terms on or before the Latest Time for Termination.

Other than conditions (vi) and (viii) which can be waived in whole or in part by the Underwriter by notice in writing to the Company prior to the Latest Time for Termination, all other conditions precedent above cannot be waived. In the event that the above conditions precedent have not been satisfied or waived on or before the Latest Time for Termination, all liabilities of the Company and the Underwriter under the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breach of the Underwriting Agreement.

Termination of the Underwriting Agreement

The Underwriter shall have the right to terminate the Underwriting Agreement by notice in writing given to the Company at any time prior to the Latest Time for Termination, if

- (i) the occurrence of the following events have or will, or is likely to, in the reasonable opinion of the Underwriter, materially and adversely affect the business, financial or the success of the Rights Issue or dealings in the Rights Issue in the secondary market, or trading position or prospects of the Group as a whole or otherwise makes it impracticable, inexpedient or inadvisable for the Company or the Underwriter to proceed with the Rights Issue on the terms and manner contemplated in this announcement and the Prospectus Documents:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever;
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic, industrial, legal, fiscal, regulatory or other nature (whether or not sui generis with any of the foregoing or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict);
 - (c) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the London Stock Exchange, the New York Stock Exchange or any major disruption of any securities settlement or clearing services in Hong Kong or on commercial banking activities in Hong Kong, due to exceptional financial circumstances or otherwise;

- (d) the occurrence of any change in market conditions or combination of circumstances in Hong Kong, the United States, the European Union, the United Kingdom or the PRC (including without limitation, any change in fiscal policy or money policy, or foreign exchange or currency markets, suspension or material restrict or trading in securities) which in the reasonable opinion of the Underwriter materially prejudicially affects the Rights Issue and make it impracticable, inadvisable or inexpedient to proceed therein;
- (ii) the Company's application to the Main Board of the Stock Exchange for permission for the listing of the Rights Shares (nil-paid and fully-paid) and permission to deal in the Rights Shares (nil-paid and fully-paid) on the Stock Exchange is withdrawn by the Company and/or refused by the Stock Exchange;
- (iii) there is any material adverse change or prospective adverse change in the business or in the financial or trading position or prospects of any member of the Group which in the reasonable opinion of the Underwriter acting in good faith is material in the context of the Rights Issue;
- (iv) any matter arises or is discovered which would, if the Prospectus was to be issued at the time, constitute material omission therefrom;
- (v) the Company commits any material breach of any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement;
- (vi) the Underwriter shall receive notification pursuant to the Underwriting Agreement or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate if repeated as provided in the Underwriting Agreement and the Underwriter shall in its reasonable opinion determine that any such untrue representation or warranty represents or is likely to represent a material and adverse change in the business, financial or trading position or prospects of the Group as a whole or is otherwise likely to have a material and adverse effect on the Rights Issue; or
- (vii) the Company shall, after any matter or event referred to in the Underwriting Agreement has occurred or come to the attention of the Underwriter, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

Restriction on dealings

The Company has undertaken to the Underwriter that for the period from the date of the Underwriting Agreement and ending on the date which is 90 days from the Latest Time for Termination, the Company shall not (except for the Rights Shares):

- (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares (except for the allotment or issue of Shares upon exercise of the outstanding Share Options);
- (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in paragraph (i); or
- (iii) announce any intention to enter into or effect any such transaction described in paragraph (i) or (ii);

unless with the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed).

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

Set out below is the expected timetable for the Rights Issue, which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled or otherwise waived:

<u>Event</u>	<u>2022</u>
Last day of dealings in the Shares on a cum-rights basis.....	Tuesday, 29 November
Commencement of dealings in the Shares on an ex-rights basis.....	Wednesday, 30 November
Latest time for lodging transfer documents of the Shares in order to be qualified for the Rights Issue.....	4:30 p.m. on Thursday, 1 December
Closure of the register of members of the Company for determining entitlements under the Rights Issue	Friday, 2 December to Thursday, 8 December (both days inclusive)

Event**2022**

Record Date for determining entitlements under the Rights Issue	Thursday, 8 December
Re-opening of the register of members of the Company	Friday, 9 December
Despatch of the Prospectus Documents (in the case of the Non-Qualifying Shareholders, the Prospectus only)	Friday, 9 December
First day for dealings in nil-paid Rights Shares	Tuesday, 13 December
Latest time for splitting of nil-paid Rights Shares.....	4:30 p.m. on Thursday, 15 December
Last day for dealings in nil-paid Rights Shares.....	Tuesday, 20 December
Latest time for lodging transfer documents of nil-paid Right Shares in order to qualify for the Compensatory Arrangements	4:00 p.m. on Friday, 23 December
Latest time for acceptance of and payment for the Rights Shares.....	4:00 p.m. on Friday, 23 December
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements.....	Thursday, 29 December
Commencement of placing of Unsubscribed Right Shares by the Placing Agent	Friday, 30 December

Event**2023**

Latest time of placing of the Unsubscribed Rights Shares by the Placing Agent	Wednesday, 4 January
Latest time for terminating the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Wednesday, 4 January
Announcement of results of the Rights Issue to be published on the respective websites of the Stock Exchange and the Company	Tuesday, 10 January

Event**2023**

Despatch of Share certificates for fully-paid Rights Shares and completion of Placing to take place	Wednesday, 11 January
Despatch of refund cheques, if any, if the Rights Issue is terminated	Wednesday, 11 January
Commencement of dealings in fully-paid Rights Shares.....	9:00 a.m. on Thursday, 12 January
Payment of Net Gain to relevant No Action Shareholders and Non-Qualifying Shareholders and net proceeds from the sale of nil-pail Rights Shares to the relevant Non-Qualifying Shareholders (if any).....	9:00 a.m. on Tuesday, 31 January

All times and dates in this announcement refer to Hong Kong local times and dates. The dates or deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by the Company in agreement with the Underwriter in accordance with the Listing Rules. The Company will make an announcement to notify the Shareholders and the Stock Exchange in the event of any changes to the expected timetable as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning or “extreme conditions” caused by super typhoons as announced by the Government of Hong Kong:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 23 December 2022. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 23 December 2022. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on Friday, 23 December 2022, the dates mentioned in the section headed “Expected timetable for the Rights Issue” above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

For illustration purposes only, set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full; (iii) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Undertaking Covenantors and the LSG Subsidiaries pursuant to the Irrevocable Undertaking) have taken up any entitlements of the Rights Shares and all the Unsubscribed Right Shares are placed to the Placees under the Compensatory Arrangements; and (iv) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Undertaking Covenantors and the LSG Subsidiaries pursuant to the Irrevocable Undertaking) have taken up any entitlements of the Rights Shares and none of the Unsubscribed Right Shares are placed to the Placees under the Compensatory Arrangements:

- (a) assuming no outstanding Share Options being exercised and there is no other change in the shareholding structure of the Company before completion of the Rights Issue:

	Immediately after completion of the Rights Issue							
	As at the date of this announcement		Assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full		Assuming none of the Qualifying Shareholders have taken up their respective entitlements of the Rights Shares other than the Undertaking Covenantors and the LSG Subsidiaries pursuant to the Irrevocable Undertaking and all of the Unsubscribed Rights Shares are placed to the Places under the Compensatory Arrangements		Assuming none of the Qualifying Shareholders have taken up their respective entitlements of the Rights Shares other than the Undertaking Covenantors and the LSG Subsidiaries pursuant to the Irrevocable Undertaking and none of the Unsubscribed Rights Shares are placed to the Places under the Compensatory Arrangements	
	<i>No. of issued Shares</i>	<i>Approx. %⁽¹⁾</i>	<i>No. of issued Shares</i>	<i>Approx. %</i>	<i>No. of issued Shares</i>	<i>Approx. %</i>	<i>No. of issued Shares</i>	<i>Approx. %</i>
Non-public Shareholders								
LSG ⁽²⁾	515,389,531	53.19	773,084,296	53.19	773,084,296	53.19	773,084,296	53.19
Dr. Peter Lam ⁽²⁾	650,605	0.07	975,907	0.07	975,907	0.07	975,907	0.07
Mr. Chew Fook Aun ⁽³⁾	1,831,500	0.19	2,747,250	0.19	1,831,500	0.13	1,831,500	0.13
Mr. Lau Shu Yan, Julius ⁽⁴⁾	395,250	0.04	592,875	0.04	395,250	0.03	395,250	0.03
Madam U ⁽⁵⁾	40,378	0.004	60,567	0.004	40,378	0.003	40,378	0.003
Other Shareholders holding above 10%								
Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk ⁽⁶⁾	271,740,000	28.05	407,610,000	28.05	271,740,000	18.70	271,740,000	18.70
Public Shareholders	178,838,623	18.46	268,257,935	18.46	178,838,623	12.31	178,838,623	12.31
Places	—	—	—	—	226,422,876	15.57	—	—
Underwriter	—	—	—	—	—	—	226,422,876	15.57
Total	<u>968,885,887</u>	<u>100.00</u>	<u>1,453,328,830</u>	<u>100.00</u>	<u>1,453,328,830</u>	<u>100.00</u>	<u>1,453,328,830</u>	<u>100.00</u>

Notes:

- (1) The 515,389,531 Shares were directly held by LSG and the LSG Subsidiaries. Dr. Peter Lam was deemed to be interested in the 515,389,531 Shares by virtue of, in aggregate, his personal and deemed interests of approximately 41.93% in the issued share capital of LSG. LSG is approximately 12.70% owned by Dr. Peter Lam and is approximately 29.23% owned by Wisdoman Limited which in turn is 100% beneficially owned by Dr. Peter Lam.
- (2) The 1,831,500 Shares were owned by The Orchid Growers Association Limited. By virtue of his 100% interest in the issued share capital of The Orchid Growers Association Limited, Mr. Chew Fook Aun was deemed to be interested in these 1,831,500 Shares. Mr. Chew Fook Aun is an executive Director.
- (3) Mr. Lau Shu Yan, Julius is an executive Director.
- (4) Madam U is the widow of the late Mr. Lim Por Yen whose estate includes an interest of 5,812,553 Shares, representing approximately 0.60% of the issued share capital of the Company.
- (5) Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk jointly held 271,740,000 Shares (representing approximately 28.05% of the issued share capital of the Company) according to the Individual Substantial Shareholder Notice (Form 1) filed with the Stock Exchange on 26 July 2022.

Certain figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

- (b) assuming all the outstanding Share Options (except for Dr. Peter Lam's Share Options) being exercised on or before the Record Date and there is no other change in the shareholding structure of the Company before completion of the Rights Issue:

	As at the date of this announcement		Upon full exercise of the outstanding Share Options (except for Dr. Peter Lam's Share Options) on or before the Record Date		Assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full		Immediately after completion of the Rights Issue			
							Assuming none of the Qualifying Shareholders have taken up their respective entitlements of the Rights Shares other than the Undertaking Covenants and the LSG Subsidiaries pursuant to the Irrevocable Undertaking and all of the Unsubscribed Rights Shares are placed to the Places under the Compensatory Arrangements		Assuming none of the Qualifying Shareholders have taken up their respective entitlements of the Rights Shares other than the Undertaking Covenants and the LSG Subsidiaries pursuant to the Irrevocable Undertaking and none of the Unsubscribed Rights Shares are placed to the Places under the Compensatory Arrangements	
	No. of issued Shares	Approx %	No. of issued Shares	Approx %	No. of issued Shares	Approx %	No. of issued Shares	Approx %	No. of issued Shares	Approx %
Non-public Shareholders										
LSG ⁽¹⁾	515,389,531	53.19	515,389,531	52.63	773,084,296	52.63	773,084,296	52.63	773,084,296	52.63
Dr. Peter Lam ⁽¹⁾	650,605	0.07	650,605	0.07	975,907	0.07	975,907	0.07	975,907	0.07
Mr. Chew Fook Aun ⁽²⁾	1,831,500	0.19	1,831,500	0.19	2,747,250	0.19	1,831,500	0.12	1,831,500	0.12
Mr. Lau Shu Yan, Julius ⁽³⁾	395,250	0.04	2,827,509	0.29	4,241,263	0.29	2,827,509	0.19	2,827,509	0.19
Madam U ⁽⁴⁾	40,378	0.004	40,378	0.004	60,567	0.004	40,378	0.003	40,378	0.003
Mr. Lam Hau Yin, Lester ⁽⁵⁾	—	—	4,864,519	0.50	7,296,778	0.50	4,864,519	0.33	4,864,519	0.33
Mr. Lee Tze Yan, Ernest ⁽⁶⁾	—	—	969,854	0.10	1,454,781	0.10	969,854	0.07	969,854	0.07
Other core connected persons of the Company	—	—	731,497	0.07	1,097,246	0.07	731,497	0.05	731,497	0.05
Other Shareholders holding above 10%										
Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk ⁽⁷⁾	271,740,000	28.05	271,740,000	27.75	407,610,000	27.75	271,740,000	18.50	271,740,000	18.50
Public Shareholders										
Holders of outstanding Share Options (other than the Directors)	—	—	1,478,106	0.15	2,217,159	0.15	1,478,106	0.10	1,478,106	0.10
Others	178,838,623	18.46	178,838,623	18.25	268,257,936	18.25	178,838,623	12.17	178,838,623	12.17
Places	—	—	—	—	—	—	231,660,994	15.77	—	—
Underwriter	—	—	—	—	—	—	—	—	231,660,994	15.77
Total	968,885,887	100.00	979,362,122	100.00	1,469,043,183	100.00	1,469,043,183	100.00	1,469,043,183	100.00

Notes:

- (1) The 515,389,531 Shares were directly held by LSG and the LSG Subsidiaries. Dr. Peter Lam was deemed to be interested in the 515,389,531 Shares by virtue of, in aggregate, his personal and deemed interests of approximately 41.93% in the issued share capital of LSG. LSG is approximately 12.70% owned by Dr. Peter Lam and is approximately 29.23% owned by Wisdoman Limited which in turn is 100% beneficially owned by Dr. Peter Lam. Pursuant to the Irrevocable Undertaking, Dr. Peter Lam has undertaken not to exercise Dr. Peter Lam's Share Options from the date of the Irrevocable Undertaking to the Record Date.
- (2) The 1,831,500 Shares were owned by The Orchid Growers Association Limited. By virtue of his 100% interest in the issued share capital of The Orchid Growers Association Limited, Mr. Chew Fook Aun was deemed to be interested in these 1,831,500 Shares. Mr. Chew Fook Aun is an executive Director.
- (3) Mr. Lau Shu Yan, Julius is an executive Director.
- (4) Madam U is the widow of the late Mr. Lim Por Yen whose estate includes an interest of 5,812,553 Shares, representing approximately 0.60% of the issued share capital of the Company.
- (5) Mr. Lam Hau Yin, Lester, an executive Director, held 4,864,519 underlying Shares comprised in the Share Options.
- (6) Mr. Lee Tze Yan, Ernest, an executive Director, held 969,854 underlying Shares comprised in the Share Options.
- (7) Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk jointly held 271,740,000 Shares (representing approximately 28.05% of the issued share capital of the Company) according to the Individual Substantial Shareholder Notice (Form 1) filed with the Stock Exchange on 26 July 2022.

Certain figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS OF THE RIGHTS ISSUE

The Group is principally engaged in property investment, property development, investment in and operation of hotels and restaurants, media and entertainment, music production and distribution, films, video format products and television programmes production and distribution, cinema operation, cultural, leisure, entertainment and related facilities and investment holding. The Company has always been identifying suitable investment opportunities for its property investment and development businesses. For the year ended 31 July 2022, the Group has successfully secured 3 residential projects, which are 116 Waterloo Road project, 79 Broadcast Drive project and 1&1A Kotewall Road project. Whilst the Group has successfully completed the issuance of a US\$250 million guaranteed notes in July 2021 ("**LSD 2021 Notes**"), the US\$250 million tap issue in September 2021 (being consolidated with and forming a single series with the LSD 2021 Notes) as well as the HK\$180 million and HK\$205 million guaranteed notes issued under the MTN Programme in November 2021 through private placement and has steady access to funds, the management has also considered other fund-raising alternatives available to the Group that can optimise the Company's capital structure, while maintaining a reasonable level of gearing and interest expense.

It is considered that the Rights Issue would give the Qualifying Shareholders an equal opportunity to participate in the growth of the Group. Given it is pre-emptive in nature, it allows Qualifying Shareholders to maintain their proportional shareholdings in the Company through participation in the Rights Issue. The Rights Issue also allows the Qualifying Shareholders to (a) increase their respective shareholding interests in the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (b) reduce their respective shareholding interests in the Company by disposing of their rights entitlements in the open market (subject to the market demand). Further, the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs. Accordingly, the Board considers that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

The net proceeds from the Rights Issue after deducting the expenses are estimated to be (i) approximately HK\$776.0 million (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$784.6 million (assuming no change in the number of Shares in issue on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of the outstanding Share Options (except for Dr. Peter Lam's Share Options)).

The Company intends to apply the net proceeds from the Rights Issue for the repayment of outstanding banking facilities of the Group.

POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEMES

As at the date of this announcement, there are 10,962,687 outstanding Share Options granted by the Company exercisable into 10,962,687 Shares. Pursuant to the terms of the Share Option Schemes, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Schemes. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Schemes and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

Save for the foregoing, as at the date of this announcement, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

FUND RAISING ACTIVITIES BY THE COMPANY DURING THE PAST 12 MONTHS

During the past 12 months immediately preceding the date of this announcement, the Company has not conducted any equity fund raising activities.

LISTING RULES IMPLICATIONS FOR THE COMPANY

As the Rights Issue will not increase either the total number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of minority Shareholders in general meeting pursuant to Rule 7.19A of the Listing Rules.

The Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

GENERAL

The Prospectus Documents containing further details of the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Friday, 9 December 2022. The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL to them.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sections headed “The Underwriting Agreement — Conditions of the Rights Issue and the Underwriting Agreement” and “The Underwriting Agreement — Termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.

Any Shareholder or other person dealing in the existing Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue are fulfilled or waived (as applicable) (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the existing Shares and/or the nil-paid Rights Shares. Any party (including Shareholders and potential investors of the Company) who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business (other than a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which “extreme conditions” caused by a super typhoon or a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Clear”	China Securities Depository and Clearing Corporation Limited
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	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)
“Compensatory Arrangements”	the arrangement involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“CSRC Notice”	the notice of the CSRC “Filing Requirements for Hong Kong Listed Issuers Making Rights Issues to Mainland Shareholders through Mainland-Hong Kong Stock Connect” (Announcement [2016] No. 21)
“Director(s)”	the director(s) of the Company
“Dr. Peter Lam”	Dr. Lam Kin Ngok, Peter, an executive Director and the chairman of the Board, and a controlling shareholder of the Company
“Dr. Peter Lam’s Share Options”	the Share Options held by Dr. Peter Lam as at the date of this announcement, comprising a total of 486,452 underlying Shares, for which he has undertaken not to exercise from the date of the Irrevocable Undertaking to the Record Date
“Existing Share Option Scheme”	the existing share option scheme adopted by the Company on 11 December 2015
“Former Share Option Scheme”	the former share option scheme adopted by the Company on 22 December 2006 and terminated on 23 December 2015
“GO Obligation”	the obligation to make a general offer under Rule 26 of the Takeovers Code
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any individual or company not being the connected persons of the Company, independent of the Company and its connected persons and not connected with any of them or their respective associates

“Irrevocable Undertaking”	the irrevocable undertaking dated 10 November 2022 given by Dr. Peter Lam and LSG in favour of the Company and the Underwriter
“Last Trading Day”	10 November 2022, being the last trading day for the Shares on the Stock Exchange immediately before the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 23 December 2022, or such later time or date as may be agreed by the Company and the Underwriter in writing, being the latest time and date for acceptance of and payment for the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Wednesday, 4 January 2023, or such later time or date as may be agreed by the Company and the Underwriter in writing, being the latest time for termination of the Underwriting Agreement
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“LSG”	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 LSG Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 191) and is the ultimate holding company of the Company
“LSG Group”	LSG and its subsidiaries (excluding, for the avoidance of doubt, the Group)
“LSG Share(s)”	ordinary share(s) in the share capital of LSG
“LSG Shareholder(s)”	holder(s) of the LSG Share(s)
“LSG Subsidiaries”	Joy Mind Limited, a company incorporated in Hong Kong with limited liability, and Zimba International Limited, a company incorporated in the British Virgin Islands with limited liability, both being wholly-owned subsidiaries of LSG and together with LSG beneficially owned an aggregate of 515,389,531 Shares as at the date of this announcement

“Madam U”	Madam U Po Chu, a non-executive Director
“No Action Shareholders”	those Qualifying Shareholders who do not subscribe for the Right Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Board, after making relevant enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Rights Shares”	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form
“Overseas Shareholder(s)”	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	professional, institutional or other investor(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and not acting in concert with the Underwriter and parties acting in concert with it and/or the connected persons of the Company, procured by the Placing Agent and/or its sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
“Placing”	the placing of a maximum of 231,660,994 Unsubscribed Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and conditions of the Placing Agreement
“Placing Agent”	Haitong International Securities Company Limited, a licensed corporation carrying out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, being the placing agent appointed by the Company pursuant to the Placing Agreement

“Placing Agreement”	the placing agreement dated 10 November 2022 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Amount”	the total aggregate amount of money (total monetary value) derived from multiplying (a) the price at which the Unsubscribed Rights Shares are subscribed for by the Placees procured by the Placing Agent by (b) the actual number of Unsubscribed Rights Shares actually subscribed for by the Placees procured by the Placing Agent
“Placing Completion Date”	Wednesday, 4 January 2023 or such other date as the Company and the Placing Agent may agree
“Posting Date”	Friday, 9 December 2022, or such other date as the Company and the Underwriter may agree in writing for the despatch of the Prospectus Documents
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement
“PRC Southbound Trading Investor(s)”	the PRC investor(s) who hold Shares through China Clear as nominee under the Shenzhen-Hong Kong Stock Connect and the Shanghai-Hong Kong Stock Connect
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Public Float”	the percentage of Shares held by the public
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Thursday, 8 December 2022, or such other date as the Company and the Underwriter may agree in writing, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined

“Registrar”	Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, the Company’s share registrar and transfer office
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price, payable in full on acceptance and on the terms and subject to the conditions of the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	not less than 484,442,943 new Shares and not more than 489,681,061 new Shares to be allotted and issued pursuant to the Rights Issue
“Scaled-down PAL Shares”	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in either the triggering of a GO Obligation on the part of the applicant or the Public Float is further decreased from its current percentage as at the date of this announcement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai-Hong Kong Stock Connect”	a securities trading and clearing links programme developed by the Stock Exchange, the Shanghai Stock Exchange, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shanghai
“Share(s)”	ordinary share(s) in the share capital of the Company
“Share Option(s)”	the total of 10,962,687 outstanding share options to subscribe for 10,962,687 Shares granted under the Share Option Schemes
“Share Option Schemes”	collectively, the Existing Share Option Scheme and the Former Share Option Scheme
“Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing links programme developed by the Stock Exchange, the Shenzhen Stock Exchange, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shenzhen

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$1.64 for each Rights Share under the Rights Issue
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs, as amended, supplemented or otherwise modified from time to time
“Undertaken Shares”	258,020,067 Rights Shares, being the aggregate number of Rights Shares which the Undertaking Covenantors have undertaken to subscribe or procure the subscription for pursuant to the Irrevocable Undertaking
“Undertaking Covenantors”	collectively, Dr. Peter Lam and LSG
“Underwriter”	Haitong International Securities Company Limited, a licensed corporation carrying out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities
“Underwriting Agreement”	the underwriting agreement dated 10 November 2022 entered into between the Company and the Underwriter in relation to the Rights Issue, as revised, supplemented or amended from time to time in accordance with its terms
“Underwritten Shares”	up to 226,422,876 Rights Shares, being the minimum total number of Rights Shares issuable (assuming no Shares being issued or bought back by the Company on or after the date of the Underwriting Agreement and on or before the Record Date), or up to 231,660,994 Rights Shares, being the maximum total number of Rights Shares issuable (assuming new Shares are allotted and issued on or before the Record Date pursuant to the full exercise of outstanding Share Options (except for Dr. Peter Lam’s Share Options) but otherwise no Shares being issued or bought back by the Company on or after the date of the Underwriting Agreement and on or before the Record Date), excluding the Undertaken Shares to be taken up by the Undertaking Covenantors, to be underwritten by the Underwriter pursuant to the terms and conditions under the Underwriting Agreement

“United States” or “US”	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia)
“Unsubscribed Rights Shares”	those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the paragraph headed “Arrangements for the NQS Rights Shares” in this announcement
“Untaken Shares”	all the Unsubscribed Rights Shares that are not placed by the Placing Agent or they have been placed but the placees have not paid therefor at 4:00 p.m. on the Placing Completion Date
“US\$”	United States dollars, the lawful currency of the United States
“US Person(s)”	any person(s) or entity(ies) deemed to be a US Person for the purposes of Regulation S under the US Securities Act of 1933, as amended
“%”	per cent

By order of the Board
Lai Sun Development Company Limited
Chew Fook Aun
Executive Director and Deputy Chairman

Hong Kong, 10 November 2022

As at the date of this announcement, the Board comprises five executive Directors, namely Dr. Lam Kin Ngok, Peter (Chairman) and Messrs. Chew Fook Aun (Deputy Chairman), Lau Shu Yan, Julius (Chief Executive Officer), Lam Hau Yin, Lester (also alternate to Madam U Po Chu) and Lee Tze Yan, Ernest; one non-executive Director, namely Madam U Po Chu; and three independent non-executive Directors, namely Messrs. Lam Bing Kwan, Leung Shu Yin, William and Ip Shu Kwan, Stephen.