
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, 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 Development Company Limited**, you should at once hand this circular with the accompanying form of proxy, to the purchaser(s) or the transferee(s) or to the licensed securities dealer, 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 DEVELOPMENT

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

(Stock Code: 488)

**(1) PROPOSED GENERAL MANDATES
TO BUY BACK SHARES AND TO ISSUE SHARES**
(2) RE-ELECTION OF THE RETIRING DIRECTORS
**(3) ADOPTION OF THE NEW SHARE OPTION SCHEME AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME**
**(4) ADOPTION OF A NEW SHARE OPTION SCHEME OF ESUN AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME OF ESUN**
(5) ADOPTION OF A NEW SHARE OPTION SCHEME OF LFH
(6) ADOPTION OF A NEW SHARE OPTION SCHEME OF MAGHL
(7) ADOPTION OF THE NEW ARTICLES OF ASSOCIATION
(8) NOTICE OF ANNUAL GENERAL MEETING

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 20 to 39 of this circular.

The notice convening the 2022 AGM to be held at the Grand Ballrooms 1 and 2, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Friday, 16 December 2022 at 11:00 a.m. is set out on pages 124 to 133 of this circular.

Shareholders are advised to read the Notice of 2022 AGM and if you are not able to attend the 2022 AGM or any adjournment thereof (as the case may be) in person but wish to exercise your right as a Shareholder, please complete, sign and return 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the 2022 AGM 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 at the 2022 AGM or any adjournment thereof (as the case may be) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

In light of the epidemic situation of the novel coronavirus (COVID-19), certain measures will be implemented at the 2022 AGM or its adjournment (as the case, may be) with a view to addressing the risk to attendees of infection, including the following:

- a) all attendees will be required to undergo body temperature check;
- b) all attendees will be required to scan the "LeaveHomeSafe" venue QR code at the entrance of the venue of the 2022 AGM, and comply with the requirements of the Vaccine Pass Direction under the Prevention and Control of Disease (Vaccine Pass) Regulation (Chapter 599L of the Laws of Hong Kong);
- c) any attendees who are subject to health quarantine prescribed by the Government of the HKSAR will not be admitted to the venue of the 2022 AGM;
- d) all attendees will be required to wear surgical face masks throughout the 2022 AGM;
- e) each attendee will be assigned a designated seat at the time of registration to ensure social distancing;
- f) any person who does not comply with the measures above may be denied entry into, or be required to leave, the venue of the 2022 AGM; and
- g) no refreshments or beverages will be provided, and there will be no corporate gifts.

The Company reminds Shareholders that they should carefully consider the risks of attending the 2022 AGM, taking into account their own personal circumstances. The Company would like to remind Shareholders that physical attendance in person at the 2022 AGM is not necessary for the purpose of exercising their voting rights and **strongly recommends that Shareholders appoint the Chairman of the 2022 AGM as their proxy** and submit their form of proxy as early as possible. In light of the risks posed by the COVID-19 pandemic, the Company **strongly encourages Shareholders NOT to attend the 2022 AGM in person**.

The Company will keep the evolving COVID-19 situation under review and may implement additional measures (which it will announce closer to the date of the 2022 AGM).

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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 Chinese version of the circular.

DEFINITIONS

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

“2022 AGM”	the AGM to be convened and held at Grand Ballrooms 1 and 2, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Friday, 16 December 2022 at 11:00 a.m. or at any adjournment thereof;
“Acceptance Date”	in relation to any Option, the day on which the offer to grant such Option is accepted by the relevant Eligible Participant in accordance with the provisions of the New Share Option Scheme;
“Adoption Date”	the date of approval and adoption of the New Share Option Scheme by the Shareholders and the LSG Shareholders respectively;
“AGM”	annual general meeting of the Company;
“Annual Report”	the 2021-2022 Annual Report of the Company;
“Articles of Association”	the Articles of Association of the Company;
“associate”	has the same meaning ascribed thereto in Rule 1.01 of the Listing Rules;
“Board”	the board of Directors, and for the purposes of the New Share Option Scheme shall include any committee of the Board duly constituted from time to time to administer the New Share Option Scheme and to which the functions and responsibilities of the Board under the New Share Option Scheme have been delegated;
“Buy-Back Mandate”	proposed general mandate to be granted at the 2022 AGM to the Directors to buy back Shares not exceeding 10% of the issued share capital of the Company as at the date of passing the resolution granting the general mandate;
“close associate(s)”	has the same meaning ascribed thereto in Rule 1.01 of the Listing Rules;

DEFINITIONS

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Company”	Lai Sun Development Company Limited (麗新發展有限公司), a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488);
“Consultation Conclusions”	Consultation Conclusions on Proposed Amendments to Listing Rules relating to Share Schemes of Listed Issuers and Housekeeping Rule Amendment published by the Stock Exchange in July 2022;
“control”	has the same meaning ascribe to it under the Takeovers Code;
“controlling shareholder”	has the same meaning ascribed thereto in Rule 1.01 of the Listing Rules;
“core connected person(s)”	has the same meaning ascribed thereto in Rule 1.01 of the Listing Rules;
“Date of Grant”	in relation to any Option, the day (which must be a trading day) on which the Directors resolve to make an offer of that Option to an Eligible Participant subject to the provisions of the New Share Option Scheme;
“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 of the Company;
“Effective Date”	the effective date of the New Share Option Scheme, the day on which the conditions referred to in paragraph 22 of Appendix II of this circular are fulfilled;
“Eligible Participant(s)”	the Employee Participants, the Service Providers and the Related Entity Participants;

DEFINITIONS

“Employee Participant(s)”	the directors, chief executive and employees of the Company or any of its subsidiaries (including persons who are granted options under the New Share Option Scheme as an inducement to enter into employment contracts with the Company or any of its subsidiaries), provided that the Board shall have absolute discretion to determine whether or not one falls within such category;
“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) which was held as to approximately 74.62% by the Company as at the Latest Practicable Date;
“eSun Acceptance Date”	in relation to any eSun Option, the day on which the offer to grant such eSun Option is accepted by the relevant eSun Eligible Participant in accordance with the provisions of the New eSun Scheme;
“eSun Adoption Date”	the date of approval and adoption of the New eSun Scheme by the eSun Shareholders, the Shareholders and the LSG Shareholders;
“eSun AGM”	the annual general meeting of eSun to be convened and held at Grand Ballrooms 1 and 2, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Friday, 16 December 2022 at 10:00 a.m. or any adjournment thereof;
“eSun Board”	the Board of eSun Directors, and for the purposes of the New eSun Scheme shall include any committee of the eSun Board duly constituted from time to time to administer the New eSun Scheme and to which the functions and responsibilities of the eSun Board under the New eSun Scheme have been delegated;
“eSun Circular”	the circular issued by eSun to its shareholders dated 17 November 2022 in relation to, among other matters, the proposed adoption of New eSun Scheme and termination of the Existing eSun Scheme;

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“eSun Date of Grant”	in relation to any eSun Option, the day (which must be a trading day) on which the eSun Directors resolve to make an offer of that eSun Option to an eSun Eligible Participant subject to the provisions of the New eSun Scheme;
“eSun Director(s)”	the director(s) of eSun;
“eSun Eligible Participant(s)”	the eSun Employee Participants, the eSun Service Providers and the eSun Related Entity Participants;
“eSun Employee Participant(s)”	the directors, chief executive and employees of eSun or any of its subsidiaries (including persons who are granted options under the New eSun Scheme as an inducement to enter into employment contracts with eSun or any of its subsidiaries), provided that the eSun Board shall have absolute discretion to determine whether or not one falls within such category;
“eSun Group”	eSun and its subsidiaries;
“eSun Individual Limit”	has the same meaning as defined in paragraph 4 of Appendix III of this circular;
“eSun Option”	an option to subscribe for eSun Shares pursuant to the New eSun Scheme;
“eSun Option Holder”	the holder of any outstanding eSun Option or (where the context so permits) any person who is entitled to such eSun Option in consequence of the death or disability of the original holder, or the legal personal representative of such holder;
“eSun Option Period”	in respect of any eSun Option, the period commencing on the eSun Acceptance Date of a eSun Option and expiring at the close of business on a day as determined by the eSun Directors (both days inclusive), which period may, if the eSun Directors so determine, be set at different length for different eSun Eligible Participants provided always that such period shall not be longer than ten (10) years from the date upon which any eSun Option is granted in accordance with the New eSun Scheme;

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“eSun Option Price”	the price per eSun Share payable on the exercise of an eSun Option (in whole or in part) as determined by the eSun Directors (which price may, if the eSun Directors so determine, be set at different levels for different periods during the eSun Option Period) provided always that it shall comply with the provisions of the New eSun Scheme;
“eSun Related Entity(ies)”	the holding companies, fellow subsidiaries or associated companies of eSun;
“eSun Related Entity Participant(s)”	the directors, chief executive and employees of the holding companies, fellow subsidiaries or associated companies of eSun, provided that the eSun Board shall have absolute discretion to determine whether or not one falls within such category;
“eSun Remuneration Committee”	the remuneration committee of eSun;

DEFINITIONS

“eSun Service Provider(s)”	means person(s) who provide services to the eSun Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interest of the long term growth of the eSun Group, including vendors, suppliers providing design and manufacturing, distribution services, production services, advisory services, consultancy services, sales and marketing services, technology services, administrative services, and/or other professional services to the eSun Group to support the eSun Group’s projects and business activities in the development, operation of and investment in media and entertainment, music production and distribution, the investment in and production and distribution of television programs, films and video format products and cinema operation, as well as its new initiatives from time to time such as new content digitisation, gaming and e-commerce and independent contractor, consultant and/or advisors providing advisory services, consultancy services and/or other professional services on research and development, product commercialisation, marketing, innovation upgrading, strategic/commercial planning on corporate image, investor relations in investment environment of eSun and other areas in relation to the eSun Group's business operation, financial and management advisory and consulting, but for the avoidance of doubt exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity, and provided that the eSun Board shall have absolute discretion to determine whether or not one falls within such category;
“eSun Service Provider Sublimit”	has the same meaning as defined in paragraph 3.2 of Appendix III of this circular;
“eSun Share(s)”	the ordinary share(s) of HK\$0.50 each in the share capital of eSun;
“eSun Shareholder(s)”	the duly registered holder(s) of the eSun Shares;

DEFINITIONS

“eSun SOS Effective Date”	the effective date of the New eSun Scheme, the day on which the conditions referred to in paragraph 22 of Appendix III of this circular are fulfilled;
“eSun Subscription Price”	in relation to an eSun Option, an amount equal to the eSun Option Price multiplied by the relevant number of eSun Shares in respect of which such eSun Option is exercised;
“Existing Articles of Association”	the existing articles of association of the Company that are currently in force;
“Existing eSun Scheme”	the share option scheme adopted by eSun at its annual general meeting held on 11 December 2015;
“Existing LFH Scheme”	the share option scheme adopted by LFH at its extraordinary general meeting held on 18 December 2012;
“Existing MAGHL Scheme”	the share option scheme adopted by MAGHL at its special general meeting held on 18 December 2012;
“Existing Share Option Scheme”	the share option scheme adopted by the Company at its annual general meeting held on 11 December 2015;
“GEM”	GEM operated by the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM (as amended, supplemented or otherwise modified from time to time);
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKEX”	Hong Kong Exchanges and Clearing Limited;
“Hong Kong” or “HKSAR”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Individual Limit”	has the same meaning as defined in paragraph 4 of Appendix II of this circular;

DEFINITIONS

“INED(s)”	the independent non-executive director(s) of the Company;
“Latest Practicable Date”	11 November 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“LFH”	Lai Fung Holdings Limited (麗豐控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1125) which was held as to approximately 55.08% by the Company as at the Latest Practicable Date;
“LFH Acceptance Date”	in relation to any LFH Option, the day on which the offer to grant such LFH Option is accepted by the relevant LFH Eligible Participant in accordance with the provisions of the New LFH Scheme;
“LFH Adoption Date”	the date of approval and adoption of the New LFH Scheme by the LFH Shareholders, the Shareholders and the LSG Shareholders;
“LFH AGM”	the annual general meeting of LFH to be convened and held at Grand Ballrooms 1 and 2, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Friday, 16 December 2022 at 9:00 a.m. or any adjournment thereof;
“LFH Board”	the Board of LFH Directors, and for the purposes of the New LFH Scheme shall include any committee of the LFH Board duly constituted from time to time to administer the New LFH Scheme and to which the functions and responsibilities of the LFH Board under the New LFH Scheme have been delegated;
“LFH Circular”	the circular issued by LFH to its shareholders dated 17 November 2022 in relation to, among other matters, the proposed adoption of New LFH Scheme;

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“LFH Date of Grant”	in relation to any LFH Option, the day (which must be a trading day) on which the LFH Directors resolve to make an offer of that LFH Option to a LFH Eligible Participant subject to the provisions of the New LFH Scheme;
“LFH Director(s)”	the director(s) of LFH;
“LFH Eligible Participant(s)”	the LFH Employee Participants, the LFH Service Providers and the LFH Related Entity Participants;
“LFH Employee Participant(s)”	the directors, chief executive and employees of LFH or any of its subsidiaries (including persons who are granted options under the New LFH Scheme as an inducement to enter into employment contracts with LFH or any of its subsidiaries), provided that the LFH Board shall have absolute discretion to determine whether or not one falls within such category;
“LFH Group”	LFH and its subsidiaries;
“LFH Individual Limit”	has the same meaning as defined in paragraph 4 of Appendix IV of this circular;
“LFH Option”	an option to subscribe for LFH Shares pursuant to the New LFH Scheme;
“LFH Option Holder”	the holder of any outstanding LFH Option or (where the context so permits) any person who is entitled to such LFH Option in consequence of the death or disability of the original holder, or the legal personal representative of such holder;
“LFH Option Period”	in respect of any LFH Option, the period commencing on the LFH Acceptance Date of a LFH Option and expiring at the close of business on a day as determined by the LFH Directors (both days inclusive), which period may, if the LFH Directors so determine, be set at different length for different LFH Eligible Participants provided always that such period shall not be longer than ten (10) years from the date upon which any LFH Option is granted in accordance with the New LFH Scheme;

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“LFH Option Price”	the price per LFH Share payable on the exercise of an LFH Option (in whole or in part) as determined by the LFH Directors (which price may, if the LFH Directors so determine, be set at different levels for different periods during the LFH Option Period) provided always that it shall comply with the provisions of the New LFH Scheme;
“LFH Related Entity(ies)”	the holding companies, fellow subsidiaries or associated companies of LFH;
“LFH Related Entity Participant(s)”	the directors, chief executive and employees of the holding companies, fellow subsidiaries or associated companies of LFH, provided that the LFH Board shall have absolute discretion to determine whether or not one falls within such category;
“LFH Remuneration Committee”	the remuneration committee of LFH;
“LFH Service Provider(s)”	<p>means person(s) who provide services to the LFH Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interest of the long term growth of the LFH Group, including any consultant, independent contractor or advisor:</p> <ul style="list-style-type: none">(i) where the continuity and frequency of their services are akin to those of employees; or(ii) after stepping down from an employment or director position with the LFH Group,

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who provides advisory services, consultancy services and/or other professional services to LFH on areas relating to the LFH Group's principal business activities in property development, property investment, and development and operation of and investment in cultural, leisure, entertainment and related facilities in China, or other areas that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the LFH Group, for example, offering specific-industry advice on the LFH Group's business and financial or commercial strategy, and provided that placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions and professional service providers, such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity are excluded from such category and the LFH Board shall have absolute discretion to determine whether or not one falls within such category;

“LFH Service Provider Sublimit”	has the same meaning as defined in paragraph 3.2 of Appendix IV of this circular;
“LFH Share(s)”	the ordinary share(s) of HK\$5.00 each in the share capital of LFH;
“LFH Shareholder(s)”	the duly registered holder(s) of the LFH Shares;
“LFH SOS Effective Date”	the effective date of the New LFH Scheme, the day on which the conditions referred to in paragraph 22 of Appendix IV of this circular are fulfilled;
“LFH Subscription Price”	in relation to an LFH Option, an amount equal to the LFH Option Price multiplied by the relevant number of LFH Shares in respect of which such LFH Option is exercised;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time);

DEFINITIONS

“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 under the Companies Ordinance, the issued 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 AGM”	the annual general meeting of LSG to be convened and held at Grand Ballrooms 1 and 2, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Friday, 16 December 2022 at 12:00 noon or any adjournment thereof;
“LSG Shareholder(s)”	the duly registered holder(s) of the shares of LSG;
“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 (Stock Code: 8075) which was held as to approximately 67.70% by eSun as at the Latest Practicable Date;
“MAGHL Acceptance Date”	in relation to any MAGHL Option, the day on which the offer to grant such MAGHL Option is accepted by the relevant MAGHL Eligible Participant in accordance with the provisions of the New MAGHL Scheme;
“MAGHL Adoption Date”	the date of approval and adoption of the New MAGHL Scheme by the MAGHL Shareholders, the eSun Shareholders, the Shareholders and the LSG Shareholders;
“MAGHL AGM”	the annual general meeting of MAGHL to be convened and held at Grand Ballroom 5, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Friday, 16 December 2022 at 9:15 a.m. or any adjournment thereof;

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“MAGHL Board”	the Board of MAGHL Directors, and for the purposes of the New MAGHL Scheme shall include any committee of the MAGHL Board duly constituted from time to time to administer the New MAGHL Scheme and to which the functions and responsibilities of the MAGHL Board under the New MAGHL Scheme have been delegated;
“MAGHL Circular”	the circular issued by MAGHL to its shareholders dated 31 October 2022 in relation to, among other matters, the proposed adoption of New MAGHL Scheme;
“MAGHL Date of Grant”	in relation to any MAGHL Option, the day (which must be a trading day) on which the MAGHL Directors resolve to make an offer of that MAGHL Option to an MAGHL Eligible Participant subject to the provisions of the New MAGHL Scheme;
“MAGHL Director(s)”	the director(s) of MAGHL;
“MAGHL Eligible Participant(s)”	the MAGHL Employee Participants, the MAGHL Service Providers and the MAGHL Related Entity Participants;
“MAGHL Employee Participant(s)”	the directors, chief executive and employees of MAGHL or any of its subsidiaries (including persons who are granted options under the New MAGHL Scheme as an inducement to enter into employment contracts with MAGHL or any of its subsidiaries), provided that the MAGHL Board shall have absolute discretion to determine whether or not one falls within such category;
“MAGHL Group”	MAGHL and its subsidiaries;
“MAGHL Individual Limit”	has the same meaning as defined in paragraph 4 of Appendix V of this circular;
“MAGHL Option”	an option to subscribe for MAGHL Shares pursuant to the New MAGHL Scheme;

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“MAGHL Option Holder”	the holder of any outstanding MAGHL Option or (where the context so permits) any person who is entitled to such MAGHL Option in consequence of the death or disability of the original holder, or the legal personal representative of such holder;
“MAGHL Option Period”	in respect of any MAGHL Option, the period commencing on the MAGHL Acceptance Date of a MAGHL Option and expiring at the close of business on a day as determined by the MAGHL Directors (both days inclusive), which period may, if the MAGHL Directors so determine, be set at different length for different MAGHL Eligible Participants provided always that such period shall not be longer than ten (10) years from the date upon which any MAGHL Option is granted in accordance with the New MAGHL Scheme;
“MAGHL Option Price”	the price per MAGHL Share payable on the exercise of an MAGHL Option (in whole or in part) as determined by the MAGHL Directors (which price may, if the MAGHL Directors so determine, be set at different levels for different periods during the MAGHL Option Period) provided always that it shall comply with the provisions of the New MAGHL Scheme;
“MAGHL Related Entity(ies)”	the holding companies, fellow subsidiaries or associated companies of MAGHL;
“MAGHL Related Entity Participant(s)”	the directors, chief executive and employees of the holding companies, fellow subsidiaries or associated companies of MAGHL, provided that the MAGHL Board shall have absolute discretion to determine whether or not one falls within such category;
“MAGHL Remuneration Committee”	the remuneration committee of MAGHL;

DEFINITIONS

“MAGHL Service Provider(s)”	means person(s) who provide services to the MAGHL Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interest of the long term growth of the MAGHL Group, including vendors, suppliers providing design and manufacturing, production services, advisory services, consultancy services, sales and marketing services, technology services, administrative services, and/or other professional services to the MAGHL Group to support the MAGHL Group’s projects and business activities in media and entertainment, film and TV program, concerts and music production, as well as its new initiatives from time to time such as new content digitisation, gaming and e-commerce and independent contractor, consultant and/or advisors providing advisory services, consultancy services and/or other professional services on research and development, product commercialisation, marketing, innovation upgrading, strategic/commercial planning on corporate image, investor relations in investment environment of MAGHL and other areas in relation to the MAGHL Group’s business operation, financial and management advisory and consulting, but for the avoidance of doubt exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity, and provided that the MAGHL Board shall have absolute discretion to determine whether or not one falls within such category;
“MAGHL Service Provider Sublimit”	has the same meaning as defined in paragraph 3.2 of Appendix V of this circular;
“MAGHL Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of MAGHL;
“MAGHL Shareholder(s)”	the duly registered holder(s) of the MAGHL Shares;
“MAGHL SOS Effective Date”	the effective date of the New MAGHL Scheme, the day on which the conditions referred to in paragraph 22 of Appendix V of this circular are fulfilled;

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“MAGHL Subscription Price”	in relation to an MAGHL Option, an amount equal to the MAGHL Option Price multiplied by the relevant number of MAGHL Shares in respect of which such MAGHL Option is exercised;
“New Articles of Association”	the new articles of association of the Company proposed to be adopted to replace the Existing Articles of Association with immediate effect after the close of the 2022 AGM following the passing of the relevant special resolution;
“New eSun Scheme”	the new share option scheme proposed to be adopted at eSun AGM, 2022 AGM and LSG AGM, a summary of the principal terms of which is set out in Appendix III to this circular;
“New LFH Scheme”	the new share option scheme proposed to be adopted at LFH AGM, 2022 AGM and LSG AGM, a summary of the principal terms of which is set out in Appendix IV to this circular;
“New MAGHL Scheme”	the new share option scheme proposed to be adopted at MAGHL AGM, eSun AGM, 2022 AGM and LSG AGM, a summary of the principal terms of which is set out in Appendix V to this circular;
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at 2022 AGM, a summary of the principal terms of which is set out in Appendix II to this circular;
“Notice of 2022 AGM”	the notice convening the 2022 AGM;
“Option(s)”	an option to subscribe for Shares pursuant to the New Share Option Scheme;
“Option Holder(s)”	the holder of any outstanding Option or (where the context so permits) any person who is entitled to such Option in consequence of the death or disability of the original holder, or the legal personal representative of such holder;

DEFINITIONS

“Option Period”	in respect of any Option, the period commencing on the Acceptance Date of an Option and expiring at the close of business on a day as determined by the Directors (both days inclusive), which period may, if the Directors so determine, be set at different length for different Eligible Participants provided always that such period shall not be longer than ten (10) years from the date upon which any Option is granted in accordance with the New Share Option Scheme;
“Option Price”	the price per Share payable on the exercise of an Option (in whole or in part) as determined by the Directors (which price may, if the Directors so determine, be set at different levels for different periods during the Option Period) provided always that it shall comply with the provisions of the New Share Option Scheme;
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the Notice of 2022 AGM;
“Principal Subsidiary”	has the meaning as defined under Rule 17.14 of the Listing Rules (effective from 1 January 2023);
“Related Entity(ies)”	the holding companies, fellow subsidiaries or associated companies of the Company;
“Related Entity Participant(s)”	the directors, chief executive and employees of the holding companies, fellow subsidiaries or associated companies of the Company, provided that the Board shall have absolute discretion to determine whether or not one falls within such category;
“Remuneration Committee”	the remuneration committee of the Company;

DEFINITIONS

“Service Provider(s)”	<p>means person(s) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interest of the long term growth of the Group, including any consultant, independent contractor or advisor:</p> <ul style="list-style-type: none">(i) where the continuity and frequency of their services are akin to those of employees; or(ii) after stepping down from an employment or director position with the Group, <p>who provides advisory services, consultancy services and/or other professional services to the Company on areas relating to the Group's principal business activities 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, or other areas that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group, for example, offering specific-industry advice on the Group's business and financial or commercial strategy, and provided that placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions and professional service providers, such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity are excluded from such category and the Board shall have absolute discretion to determine whether or not one falls within such category;</p>
“Service Provider Sublimit”	<p>has the same meaning as defined in paragraph 3.2 of Appendix II of this circular;</p>
“SFO”	<p>the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;</p>
“Share(s)”	<p>share(s) in the share capital of the Company;</p>

DEFINITIONS

“Shares Issue Mandate”	proposed general mandate to be granted at the 2022 AGM to the Directors to allot, issue and deal in shares not exceeding 20% of the issued share capital of the Company as at the date of passing the resolution granting the general mandate;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	in relation to an Option, an amount equal to the Option Price multiplied by the relevant number of Shares in respect of which such Option is exercised;
“subsidiary(ies)”	has the meaning ascribed to it under Rule 1.01 of the Listing Rules;
“substantial shareholder(s)”	has the meaning ascribed to it under Rule 1.01 of the Listing Rules;
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong (as amended, supplemented or otherwise modified from time to time); and
“%”	per cent.

LETTER FROM THE BOARD



LAI SUN DEVELOPMENT

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

(Stock Code: 488)

Executive Directors:

Dr. Lam Kin Ngok, Peter (*Chairman*)
Mr. Chew Fook Aun (*Deputy Chairman*)
Mr. Lau Shu Yan, Julius (*Chief Executive Officer*)
Mr. Lam Hau Yin, Lester
(*also alternate director to Madam U Po Chu*)
Mr. Lee Tze Yan, Ernest

Registered Office:

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

Non-executive Director:

Madam U Po Chu

Independent Non-executive Directors:

Mr. Ip Shu Kwan, Stephen
Mr. Lam Bing Kwan
Mr. Leung Shu Yin, William

17 November 2022

*To the Shareholders and for information only,
the Option Holders*

Dear Sir or Madam,

- (1) PROPOSED GENERAL MANDATES
TO BUY BACK SHARES AND TO ISSUE SHARES**
- (2) RE-ELECTION OF THE RETIRING DIRECTORS**
- (3) ADOPTION OF THE NEW SHARE OPTION SCHEME AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME**
- (4) ADOPTION OF A NEW SHARE OPTION SCHEME OF ESUN AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME OF ESUN**
- (5) ADOPTION OF A NEW SHARE OPTION SCHEME OF LFH**
- (6) ADOPTION OF A NEW SHARE OPTION SCHEME OF MAGHL**
- (7) ADOPTION OF THE NEW ARTICLES OF ASSOCIATION**
- (8) NOTICE OF ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

1. INTRODUCTION

At the last AGM held on 17 December 2021, general mandates were granted to the Directors to exercise the powers of the Company (1) to buy back Shares; and (2) to issue, allot and deal with new additional Shares up to (1) 10% and (2) 20%, respectively of the Company's issued shares as at the date of passing the resolutions. Pursuant to the provisions of the Listing Rules, such general mandates will lapse at the conclusion of the 2022 AGM.

The purpose of this circular is to provide you with information regarding, among others, (i) the proposed general mandates to be granted to the Directors to buy back its own Shares and to issue Shares and the extension of such mandate; (ii) the re-election of the Retiring Directors; (iii) the adoption of a new share option scheme and termination of existing share option scheme of the Company; (iv) the adoption of a new share option scheme of eSun and termination of existing share option scheme of eSun; (v) the adoption of a new share option scheme of LFH; (vi) the adoption of a new share option scheme of MAGHL; (vii) the adoption of new articles of association of the Company; and (viii) to seek your approval at the 2022 AGM in connection with such matters.

2. GENERAL MANDATE TO BUY BACK SHARES

At the last AGM held on 17 December 2021, a general mandate was granted to the Directors to exercise the powers of the Company to buy back Shares. This general mandate will lapse at the conclusion of the 2022 AGM.

At the 2022 AGM, an ordinary resolution will be proposed which, if passed, will grant the Directors a general and unconditional mandate to exercise all the powers of the Company to buy back not exceeding 10% of the aggregate number of shares of the Company in issue as at the date of passing the resolution ("**Buy-Back Mandate**") (i.e. the date of the 2022 AGM), for the period from the said date until the conclusion of the next AGM or such other period as stated in the ordinary resolution.

An explanatory statement, as required under the Listing Rules to be given to the Shareholders concerning the Buy-Back Mandate, is set out in the Appendix I to this circular and contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the ordinary resolution relating to the Buy-Back Mandate.

3. GENERAL MANDATE TO ISSUE SHARES

At the last AGM held on 17 December 2021, a general mandate was granted to the Directors to issue, allot and deal with additional Shares not exceeding 20% of the aggregate number of shares of the Company in issue. Such general mandate will lapse at the conclusion of the 2022 AGM.

LETTER FROM THE BOARD

It will be proposed at the 2022 AGM an ordinary resolution granting to the Directors a general and unconditional mandate to allot, issue and deal with additional Shares representing up to 20% of the aggregate number of shares of the Company in issue as at the date of passing the resolution (i.e. the date of the 2022 AGM), for the period from the said date until the conclusion of the next AGM or such other period as stated in the ordinary resolution contained in the Notice of 2022 AGM and adding to such mandate so granted to the Directors any Shares bought back by the Company under the Buy-Back Mandate (“**Shares Issue Mandate**”).

Subject to the passing of the ordinary resolutions granting the Shares Issue Mandate and on the basis that no further Shares are issued or bought back prior to the 2022 AGM, the Company would be allowed under the Shares Issue Mandate to issue a maximum of 193,777,177 Shares representing 20% of the aggregate number of shares of the Company in issue as at the date of passing the resolutions.

The Company has no immediate plans to allot and issue new additional Shares under the Shares Issue Mandate.

4. RE-ELECTION OF THE RETIRING DIRECTORS

In accordance with Article 102 of the Articles of Association of the Company, Madam U Po Chu and Mr. Ip Shu Kwan, Stephen will retire from office as Directors by rotation at the 2022 AGM (“**Retiring Directors**”). Being eligible, they offer themselves for re-election.

In accordance with Article 93 of the Articles of Association of the Company, Mr. Lee Tze Yan, Ernest will retire from office as Directors by rotation at the 2022 AGM (“**Retiring Director**”). Being eligible, he offers himself for re-election.

The Nomination Committee of the Company has reviewed the structure, size and composition of the Board and recommended the re-appointment of Mr. Lee Tze Yan, Ernest, Madam U Po Chu and Mr. Ip Shu Kwan, Stephen, who will retire and offer for re-election at the 2022 AGM.

Mr. Ip Shu Kwan, Stephen has served on the Board as INED for more than 13 years. Hence, his re-election will be subject to a separate resolution to be approved by the Shareholders pursuant to code provision B.2.3 of the Corporate Governance Code set out in Appendix 14 of the Listing Rules. He confirmed that he satisfies all the criteria for independence, as set out in Rule 3.13 of the Listing Rules. During the years of his appointment, he has not been involved in the daily operation of the Company nor in any relationship or circumstances which would affect his independent judgment and he has been able to provide independent and professional views to the Company’s affairs. Having considered his confirmation of independence skills, knowledge and experience, the Board believes that he will continue to provide independent, balanced and objective view to the affairs of the Company and bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

LETTER FROM THE BOARD

All INEDs have been serving more than nine years on the Board. The length of tenure of Messrs. Lam Bing Kwan, Leung Shu Yin, William and Ip Shu Kwan, Stephen with the Company as at the Latest Practicable Date was more than 20 years, 18 years and 13 years, respectively.

In accordance with Rule 13.74 of the Listing Rules, the biographical details of the Retiring Directors are set out below:

Mr. Lee Tze Yan, Ernest, aged 58, was appointed an Executive Director of the Company in January 2022. He is also an executive director of Lai Fung.

Mr. Lee joined the Company as Group Director — Project Development in June 2012. He has over 20 years of experience in the architectural and property development industries, holding senior positions. Prior to joining the Company, he was a senior project management executive of the Henderson Land Group for 18 years, supervising the execution and completion of numerous large-scale quality developments in both Hong Kong and the People's Republic of China (“PRC”).

Mr. Lee graduated from the Faculty of Architecture, the University of Hong Kong, with a Bachelor of Architecture degree and a Bachelor of Arts in Architectural Studies degree. He also holds a post-graduate degree in Master of Business Administration from the Southern Illinois University at Carbondale in the United States of America. Mr. Lee has been a member of both the Hong Kong Institute of Architects (HKIA) and the Royal Institute of British Architects (RIBA), as well as an Authorized Person (List of Architects) and a Registered Architect in Hong Kong for over 20 years. He attained the qualifications of PRC Class 1 Registered Architect Qualification and BEAM Pro.

The Company has entered into an employment contract with Mr. Lee with no fixed term but such contract is determinable by either the Company or Mr. Lee by serving the other party not less than 3 months' written notice or payment in lieu thereof. Mr. Lee receives a remuneration of HK\$4,260,840 per annum, a two months contractual bonus yearly and such discretionary bonus with reference to the results of the Group and his performance. He also receives an annual remuneration of HK\$1,418,280 from LFH.

Save as disclosed above, Mr. Lee does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, except for his personal interest in the share options comprising 969,854 shares in the Company and 640,000 shares in LFH, Mr. Lee does not hold any interest or short position in the shares, underlying shares and/or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

LETTER FROM THE BOARD

For the purpose of his re-election as a director of the Company at the 2022 AGM in accordance with Article 93 of the Articles of Association, save as disclosed above, there are no other matters which need to be brought to the attention of the Shareholders, and there is no information which is discloseable pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

Madam U Po Chu, aged 97, has been a Director of the Company since December 1993. She is also a non-executive director of eSun and an executive director of LSG and LFH. The issued shares of LSG, eSun, and LFH are listed and traded on the Main Board of the Stock Exchange. LSG is the ultimate holding company of the Company while the Company is the holding company of eSun which in turn is the holding company of LFH.

Madam U has over 55 years experience in the garment manufacturing business and had been involved in the printing business since the mid-1960s. She started to expand the business to fabric bleaching and dyeing in the early 1970s and became involved in property development and investment in the late 1980s.

Madam U is the mother of Dr. Peter Lam (Chairman and Executive Director of the Company) and the grandmother of Mr. Lam Hau Yin, Lester (an Executive Director of the Company).

Madam U does not have a service contract with the Company. However, in accordance with the provisions of the Articles of Association, she will be subject to retirement from office as director by rotation once every three years if re-elected at the 2022 AGM and will also be eligible for re-election at future AGMs. Madam U presently receives an annual director's fee of HK\$250,000 and is entitled to receive such other remuneration and discretionary bonus as may be determined by the Board from time to time with reference to the performance of the Company, her duties and responsibilities with the Company as well as prevailing market practice. She also receives an annual remuneration of HK\$3,600,000 and director's fee of HK\$48,000 from LSG as well as an annual remuneration of HK\$2,880,000 from LFH.

As at the Latest Practicable Date, Madam U is interested or deemed to be interested within the meaning of Part XV of the SFO in 1,238,287 shares in LSG and 40,378 Shares in the Company. Save as disclosed herein, Madam U does not hold any interest or short position in the shares, underlying shares and/or debentures of the Company or any of its associated corporations within the meaning or Part XV of the SFO.

For the purpose of her re-election as a director of the Company at the 2022 AGM in accordance with Article 102 of the Articles of Association, save as disclosed above, there are no other matters which need to be brought to the attention of the Shareholders, and there is no information which is discloseable pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

LETTER FROM THE BOARD

Mr. Ip Shu Kwan, Stephen, aged 71, was appointed an INED in December 2009. He was appointed as a member of the Audit Committee of the Company on 27 July 2022. Mr. Ip graduated from the University of Hong Kong with a Bachelor degree in Social Sciences in 1973. He joined the Hong Kong Government in November 1973 and was promoted to the rank of Director of Bureau in April 1997. He worked in the Government of the HKSAR as a Principal Official from July 1997 to June 2007. Senior positions held by Mr. Ip in the past included Commissioner of Insurance, Commissioner for Labour, Secretary for Economic Services and Secretary for Financial Services. Mr. Ip took up the position of Secretary for Economic Development and Labour on 1 July 2002. His portfolio in respect of economic development covered air and sea transport, logistics development, tourism, energy, postal services, meteorological services, competition and consumer protection. He was also responsible for labour policies including matters relating to employment services, labour relations and employees' rights. Mr. Ip retired from the Government of the HKSAR in July 2007. Mr. Ip received the Gold Bauhinia Star award from the Government of the HKSAR in 2001 and is an unofficial Justice of the Peace.

Mr. Ip is currently an independent non-executive director of six other publicly-listed companies, namely China Resources Cement Holdings Limited, Kingboard Laminates Holdings Limited, Luk Fook Holdings (International) Limited, Nameson Holdings Limited, Million Cities Holdings Limited and C-Mer Eye Care Holdings Limited. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the Stock Exchange. He was formerly an independent non-executive director of Time Infrastructure Holdings Limited (now known as Beijing Energy International Holding Co., Ltd.), Milan Station Holdings Limited, PICC Property and Casualty Company Limited, Viva China Holdings Limited, Yangtze China Investment Limited and Synergis Holdings Limited.

Mr. Ip does not have a service contract with the Company. However, in accordance with the provisions of the Articles of Association, he will be subject to retirement from office as director by rotation once every three years if re-elected at the 2022 AGM and will also be eligible for re-election at future AGMs. Mr. Ip presently receives an annual director's fee of HK\$350,000 and is entitled to receive such other remuneration and discretionary bonus as may be determined by the Board from time to time with reference to the performance of the Company, his duties and responsibilities with the Company as well as prevailing market practice.

Mr. Ip will have served on the Board for more than 13 years at the time of the 2022 AGM. The Board has received from Mr. Ip annual confirmation of his independence every year and taking into account the various factors as set out in Rule 3.13 of the Listing Rules and his actual contributions, his impartiality and independent judgement on various issues that he brings to the discussions during Board and Board committees meetings, the Board is satisfied with his independence and considers that Mr. Ip will continue to be independent and have the required character and experience to fulfill the role of an independent non-executive director of the Company and considers that the re-election of Mr. Ip as an independent non-executive director of the Company at the 2022 AGM is in the best interest of the Company and its shareholders as a whole.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Mr. Ip does not have any interests or short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

For the purpose of his re-election as a director of the Company at the 2022 AGM in accordance with Article 102 of the Articles of Association, save as disclosed above, there are no other matters which need to be brought to the attention of the Shareholders, and there is no information which is discloseable pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

5. ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted by the Company at its annual general meeting held on 11 December 2015. The Existing Share Option Scheme is valid and effective for a period of 10 years from the date of adoption. Pursuant to the Consultation Conclusions, Chapter 17 of the Listing Rules will be amended with effect from 1 January 2023. In light of the above, the Company proposes to terminate the Existing Share Option Scheme and adopt the New Share Option Scheme to replace the Existing Share Option Scheme.

As at the Latest Practicable Date, the Company has granted options relating to 706,329 Shares to its other employees under the Existing Share Option Scheme representing approximately 0.07% of the total issued Shares as at the Latest Practicable Date. Of these options, options relating to 706,329 Shares are valid and outstanding, and remain valid under the Existing Share Option Scheme after the Existing Share Option Scheme is terminated. In addition, as at the Latest Practicable Date, there are options relating to 10,256,358 Shares granted under the share option scheme of the Company adopted on 22 December 2006 and terminated on 23 December 2015 which are valid and outstanding. Save as aforesaid, the Company has no outstanding options, convertible securities or warrants which confer the right to subscribe for Shares as at the Latest Practicable Date. The Board has no intention of granting any further options under the Existing Share Option Scheme during the period from the Latest Practicable Date to the date of the 2022 AGM.

Upon termination of the Existing Share Option Scheme, no further options may be granted but in all other respects, the provisions of the Existing Share Option Scheme shall remain in full force and effect. Therefore, the termination of the Existing Share Option Scheme will not in any event affect the terms of the grant of such outstanding options that have already been granted under the Existing Share Option Scheme and the above outstanding options granted under the Existing Share Option Scheme shall continue to be subject to the provisions of the Existing Share Option Scheme.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the issued share capital of the Company comprised 968,885,887 Shares, of which 515,389,531 Shares (representing approximately 53.19%) is indirectly owned by LSG, a company listed on the Main Board of the Stock Exchange. Hence, the Company is a subsidiary of LSG.

Pursuant to Rule 17.01(4) of the Listing Rules (in force as of the Adoption Date), so long as the Company is a subsidiary of LSG which is also listed on the Stock Exchange, the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme by the Company is also subject to the passing of the necessary resolutions by the LSG Shareholders in its general meeting to approve the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme by the Company pursuant to the requirements of Rule 17.01(4) of the Listing Rules.

Further, pursuant to Rule 17.13 of the Listing Rules (effective from 1 January 2023), Rules 17.02 to 17.04 and Rules 17.06 to 17.09 (effective from 1 January 2023), with appropriate modifications, apply to share schemes of a Principal Subsidiary of a listed issuer as if they were share schemes of the issuer as described in Rule 17.01(1) (effective from 1 January 2023). As at the Latest Practicable Date, the Company is a Principal Subsidiary of LSG. Hence, after Rule 17.13 of the Listing Rules become effective, so long as LSG is a Principal Subsidiary of LSG, where the Listing Rules and/or the provisions of the New Share Option Scheme require the New Share Option Scheme or any related matters to be approved by the Board, the Remuneration Committee, the INEDs and/or the Shareholders, such New Share Option Scheme or matters must also be approved by the board, the remuneration committee, the independent non-executive directors and/or the shareholders (as the case may be) of LSG in accordance with the Listing Rules.

At the 2022 AGM, ordinary resolution no. 5 will be proposed for the Shareholders to consider, and if thought fit, to approve the termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme. The New Share Option Scheme complies with the latest requirements under Chapter 17 of the Listing Rules.

As at the Latest Practicable Date, to the best knowledge of the Directors and having made all reasonable enquiries, no Shareholder has any material interest in the proposed adoption of the New Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolution in relation thereto.

As at the Latest Practicable Date, the issued share capital of the Company comprised 968,885,887 Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the Adoption Date, the maximum number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option scheme(s) of the Company and the awards to be granted under any share award scheme(s) of the Company that involve(s) the issuance of new Shares (if any), in aggregate will be 96,888,588 Shares, representing 10% of the total issued Shares as at the Adoption Date.

LETTER FROM THE BOARD

The Service Provider Sublimit of the New Share Option Scheme will be 9,688,858 Shares, being 1% of the total number of issued Shares on the Adoption Date. The basis for determining the Service Provider Sublimit includes the potential dilution effect arising from grants to the Service Providers, and the importance of striking a balance between achieving the purpose of the New Share Option Scheme and protecting Shareholders from the dilution effect from granting a substantial amount of Options to the Service Providers, the actual or expected increase in the Group's revenue or profits which is attributable to the Service Providers, the extent of use of Service Provider in the Group's business, the current payment and/or settlement arrangement with the Service Providers, and the fact that the Company expects that a majority of Options will be granted to Employee Participants and as such there is a need to reserve a larger portion of the Scheme Mandate Limit for grants to the Employee Participants. Given the above, the Directors have made reference to the 1% Individual Limit and considered that a sublimit of 1% would not lead to an excessive dilution of existing Shareholders' holdings. Considering that there are no other share schemes involving grant of options over new Shares, the Group's hiring practice and organisational structures and that the Service Providers have contributed to the long-term growth of the Company's businesses, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable as it provides flexibility to grant Options to the Service Providers to achieve the purpose of the New Share Option Scheme and the relatively low threshold of 1% can provide adequate safeguard against excessive dilution. The Service Provider Sublimit is subject to separate approval by the Shareholders at the 2022 AGM.

None of the Directors is a trustee of the New Share Option Scheme or has any direct or indirect interest in the trustees of the New Share Option Scheme, if any. As at the Latest Practicable Date, the Company has no other share option schemes or share award schemes other than the Existing Share Option Scheme.

Conditions precedent of the New Share Option Scheme

The New Share Option Scheme will take effect upon satisfaction of the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders in the 2022 AGM to approve the adoption of the New Share Option Scheme and to authorise the Board to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the New Share Option Scheme;

LETTER FROM THE BOARD

- (ii) the passing of the necessary resolutions by the LSG Shareholders in its general meetings to approve the adoption of the New Share Option Scheme by the Company; and
- (iii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options granted under the New Share Option Scheme.

An application will be made to the Stock Exchange for the approval of the listing for, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

Explanation of the terms of the New Share Option Scheme

A summary of the principal terms of the rules of the New Share Option Scheme is set out in Appendix II hereto.

The purpose of the New Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants for their contribution to the Group by granting Options to them as incentives or rewards and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the Group and the Related Entities. The New Share Option Scheme shall strengthen the many long-term relationships that the Eligible Participants may have with the Group.

Eligible Participants

Eligible Participants include the Employee Participants, the Service Providers and the Related Entity Participants.

In determining the basis of eligibility of each Eligible Participant, the Board would mainly take into account of the experience of the Eligible Participant on the Group's businesses, the length of service of the Eligible Participant with the Group (if the Eligible Participant is an employee or a director of any member of the Group), the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Eligible Participant has established with the Group (if the Eligible Participant is a Service Provider of any member of the Group), and the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

LETTER FROM THE BOARD

Considering the Company's hiring practices and organisational structures and that Service Providers and Related Entity Participants have contributed to the long-term growth of the Company's businesses, the Board is of the view that it would be in the Company's interest to also have the flexibility to grant Options to the Service Providers and Related Entity Participants in recognition of their contribution to the Company. The Directors (including the INEDs) also consider that it is beneficial to include the Related Entity Participants and Service Providers since a sustainable and stable relationship with them is essential to the business development of the Group, and that the grant of Options to these non-employee participants will align their interests with the Group's, incentivising them to provide better services to, create more opportunities for and/or contribute to the success of the Group in the long run. More specifically, the Board (including the INEDs) is of the view that:

- (i) The Company and the Related Entity Participants have always had a close working relationship. Despite that Related Entity Participants may not be directly appointed and employed by the members of the Group, such Related Entity Participants are nonetheless valuable human resources to the Group given their close corporate and collaborative relationships, they may be involved in projects or other business engagements relating to or having connections with the Group's business. As such, certain Related Entity Participants have joint involvement in work projects from time to time. Given the mix of workload, the Company feels that it is important to recognise the contribution or future contribution of such Related Entity Participants by giving them incentive through their participation in the New Share Option Scheme. In particular, for those Related Entities in which the Group has significant interest, their growth and development would contribute to the financial performance of the Group, thereby allowing the Group to share and benefit from the positive results of these companies. It is therefore in the interest of the Company and the Shareholders, and is in line with the objectives of the New Share Option Scheme to include the Related Entity Participants, who the Company can incentivise with the grant of Options in order to strengthen their loyalty with the Group even though they may not be directly employed by the Group, and to in turn facilitate a higher degree of collaboration and closer business relationships and ties between the Related Entities and the Group; while the Related Entities may consider granting Options to those employees, given that the same employees may be utilised by the Company to assist with its projects, they would also provide service to the Company despite not being directly employed by the Group, and hence the Board is of the view that it would be in the Company's interest to also grant Options to those employees in recognition of such contribution to the Company.

LETTER FROM THE BOARD

- (ii) The Group has collaborated with independent contractors, consultants and advisors who have provided advisory services, consultancy services, and/or other professional services to the Group on areas relating to the Group's principal business activities 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, or on areas that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group (but for the avoidance of doubt exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity) and they have played significant roles in the Group's business development by contributing their specialised skills and knowledge in the fields of 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 etc. For example, they have offered specific-industry advice on the Group's business and financial or commercial strategy based on their many years' of experience in the industry and/or years of service with the Group. Such independent contractor, consultants and advisors may not be able to serve as full-time or part-time employees, directors or officers of the Group due to a variety of reasons. For example, these Service Providers may have stepped down from employment position with the Group, or they may be seasoned people in their own fields and professionals with many business connections which the Group may not be able to recruit them as employees, or they may prefer to be employed on self-employed basis, and the Board considers that it is in line with industry norm to co-operate with such former employees or former management or seasoned professionals by engaging them as service providers instead of employing them as full-time or part-time employees. As these Service Providers are either former management or former employees of the Group, or are personnel who have worked for the Group where the continuity and frequency of their services are akin to those of employees, the Group values their familiarity with the businesses and operation of the Group and the industry in general and their deep understanding of the Group, and considers that their contribution to the Group is similar to those of the employees of the Group. Hence, the Board is of the view that apart from the invaluable contributions from employees and directors of the Group, the success of the Group also requires the co-operation and contribution from these kind of independent contractor, consultants and advisors who provide or will provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business. The grant of Options to the Service Providers will incentivise such Service Providers to provide quality services and/or products to the Group on a long-term basis, strengthen their loyalty to the Group, such that its performance efficiency may be maximised.

LETTER FROM THE BOARD

- (iii) As mentioned above, the Board will take into account of numerous factors when assessing the eligibility of and contribution (or potential contribution) made or to be made by the different categories of non-employee Eligible Participants. As further explained below, the Board also has the discretion to impose different terms and conditions (including but not limited to performance targets and vesting conditions) on Options to be granted to these Eligible Participants, which allows the Board having great flexibility to impose appropriate conditions in light of the particular circumstances of each grant, which would then be a more meaningful reward for these non-employee Eligible Participants' contribution or potential contribution.
- (iv) It has always been the intention of the Company to include employee, director, officer or consultant of a Related Entity and any other group or classes of participants which the Directors consider to have contributed or will contribute, whether by way of business alliance or other business arrangement, to the development and growth of the Group as these classes of person were all eligible under the Existing Share Option Scheme. The Company has always opted a flexible approach when it comes to devising its own talent recruitment and retention strategies.

Having their contribution recognised and their interests aligned with the Group's, the Related Entity Participants and Service Providers will be better motivated to support the development of the Group in a sustainable manner.

Vesting period

The vesting period for Options under the New Share Option Scheme shall not be less than twelve (12) months. To ensure the practicability in fully attaining the purpose of the New Share Option Scheme, the Board and the Remuneration Committee are of the view that (a) there are certain instances where a strict twelve (12)-month vesting requirement would not work or would not be fair to the Option Holder, such as those set out in paragraphs 7.2(i) to (iii) of Appendix II to this circular; (b) there is a need for the Company to retain flexibility to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (c) the Company should be allowed discretions to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances.

Hence, the Board and the Remuneration Committee are of the view that the shorter vesting period prescribed in sub-paragraph 7.2 of Appendix II to this circular is in line with the market practice and is appropriate and aligns with the purpose of the New Share Option Scheme.

LETTER FROM THE BOARD

Performance targets and clawback mechanism

Unless otherwise imposed by the Directors and stated in the relevant offer letter, there is neither any performance targets required to be achieved by any Option Holder before an Option is capable of being exercised by the Option Holder nor any clawback mechanism under the New Share Option Scheme for the Company to recover or withhold any remuneration (which may include Options granted to any Option Holder) to any Eligible Participants in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances.

If performance targets are imposed on an Option Holder, the Board may assess such performance targets against common corporate-wide or subsidiary, division, operating unit, line of business, project, geographic or individual key performance indicators, which may include cash flow; earnings; earnings per share; market value added or economic value added; profits; return on assets; return on equity; return on investment; sales; revenue; Share price; total Shareholder return; customer satisfaction metrics and such other goals as the Board may determine from time to time.

If a clawback mechanism is imposed on an Option Holder, the Board will take into account individual circumstances when devising such mechanism such as the role of the Option Holder, the purpose of the grant (for example whether as recognition of past contribution or as incentive to motivate such Option Holder to contribute to the Group in the future on an ongoing basis), whether it would be particularly burdensome and complicated to implement the clawback mechanism, whether there are any tax implications etc.

The Board believes that it is in the best interests of the Company to retain the flexibility to impose appropriate conditions in light of the particular circumstances of each grant, which would then be a more meaningful reward for the Eligible Participants' contribution or potential contribution. Further, by allowing the Company to grant Options under the New Share Option Scheme at a Subscription Price which will be determined on a fair basis according to market value of the Shares and to impose such clawback mechanism and/or require the Eligible Participant to achieve such performance targets as may be stipulated in the offer letter on a case by case basis, the Company may be in a better position to retain such Eligible Participants to continue serving the Company whilst at the same time providing these Eligible Participants further incentive in achieving the goals of the Group, and therefore aligns with the purpose of the New Share Option Scheme.

Basis of Determination of the Option Price

Eligible Participants to whom Options shall be granted, are entitled to subscribe for the number of Shares at the Option Price as determined on the Date of Grant. The basis for determining the Option Price is also specified precisely in the rules of the New Share Option Scheme. The Directors consider that such basis will serve to preserve the value of the Company and encourage the Eligible Participants to acquire proprietary interests in the Company.

LETTER FROM THE BOARD

Value of the Options

The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the New Share Option Scheme as if they had been granted at the Latest Practicable Date, given that various factors (such as the Option Price and other terms and conditions to which an Option may be subject) crucial for valuation cannot be predicted or ascertained and may vary from case to case. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on assumptions would be speculative and not meaningful, and indeed might be misleading to the Shareholders.

6. ADOPTION OF A NEW ESUN SCHEME AND TERMINATION OF THE EXISTING ESUN SCHEME

The Existing eSun Scheme was adopted by eSun at the general meeting of eSun on 11 December 2015. The Existing eSun Scheme is valid and effective for a period of 10 years from 23 December 2015. Pursuant to the Consultation Conclusions, Chapter 17 of the Listing Rules will be amended with effect from 1 January 2023. In light of the above, eSun proposes to terminate the Existing eSun Scheme and adopt the New eSun Scheme to replace the Existing eSun Scheme.

As at the Latest Practicable Date, the issued share capital of eSun comprised 1,491,854,598 eSun Shares, of which 1,113,260,072 eSun Shares (representing approximately 74.62%) is owned by the Company. Pursuant to Rule 17.01(4) of the Listing Rules (in force as of the eSun Adoption Date), so long as eSun is a subsidiary of the Company, and the Company being a holding company of eSun are also listed on the Stock Exchange, the adoption of New eSun Scheme and termination of the Existing eSun Scheme are required to be simultaneously approved by the Shareholders.

In the circumstances, the adoption of the New eSun Scheme by eSun and termination of the Existing eSun Scheme are therefore also subject to the passing of the necessary resolutions by the Shareholders in the 2022 AGM pursuant to the requirements of Rule 17.01(4) of the Listing Rules.

Further, pursuant to Rule 17.13 of the Listing Rules (effective from 1 January 2023), Rules 17.02 to 17.04 and Rules 17.06 to 17.09 (effective from 1 January 2023), with appropriate modifications, apply to share schemes of a Principal Subsidiary of a listed issuer as if they were share schemes of the issuer as described in Rule 17.01(1) (effective from 1 January 2023). As at the Latest Practicable Date, eSun is not a Principal Subsidiary of the Company. Nevertheless, the Company will comply with the relevant requirements under Chapters 14 and 14A of the Listing Rules in relation to the New eSun Scheme if applicable. Based on the information available as at the Latest Practicable Date, as none of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules is more than 5%, the deemed disposal of interests in eSun by the Company under New eSun Scheme does not constitute a notifiable transaction of the Company under the revised Chapter 14 of the Listing Rules (effective from 1 January 2023).

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Details of the New eSun Scheme are out in the eSun Circular, which may be viewed and downloaded at the HKEX's website at www.hkexnews.hk and the eSun's website at www.esun.com. The eSun Circular and the rules of the New eSun Scheme are also published on the respective websites of HKEX and the Company for display at the time set out in paragraph 12 of this letter under the section headed "*Documents on Display*".

A summary of the principal terms of the New eSun Scheme is set out in Appendix III to this circular. This serves as a summary of the terms of the New eSun Scheme but does not constitute the full terms of the same. The terms of the New eSun Scheme are in line with the latest requirement under Chapter 17 of the Listing Rules.

7. ADOPTION OF A NEW LFH SCHEME

The Existing LFH Scheme was adopted by LFH at the general meeting of LFH on 18 December 2012. LFH proposes to adopt the New LFH Scheme to replace the Existing LFH Scheme which is due to expire on 17 December 2022.

As at the Latest Practicable Date, the issued share capital of LFH comprised 331,033,443 Shares, of which 182,318,266 Shares (representing approximately 55.08%) is indirectly owned by the Company. Pursuant to Rule 17.01(4) of the Listing Rules (in force as of the LFH Adoption Date), so long as LFH is a subsidiary of the Company, and the Company being a holding company of LFH is also listed on the Stock Exchange, the adoption of New LFH Scheme is required to be simultaneously approved by the Shareholders.

In the circumstances, the adoption of the New LFH Scheme by LFH is therefore also subject to the passing of the necessary resolutions by the Shareholders in general meeting pursuant to the requirements of Rule 17.01(4) of the Listing Rules.

Further, pursuant to Rule 17.13 of the Listing Rules (effective from 1 January 2023), Rules 17.02 to 17.04 and Rules 17.06 to 17.09 (effective from 1 January 2023), with appropriate modifications, apply to share schemes of a Principal Subsidiary of a listed issuer as if they were share schemes of the issuer as described in Rule 17.01(1) (effective from 1 January 2023). As at the Latest Practicable Date, LFH is not a Principal Subsidiary of the Company. Nevertheless, the Company will comply with the relevant requirements under Chapters 14 and 14A of the Listing Rules in relation to the New LFH Scheme if applicable. Based on the information available as at the Latest Practicable Date, as one or more of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules is more than 5% and below 25%, the deemed disposal of interests in LFH by the Company under New LFH Scheme will constitute a discloseable transaction of the Company under the revised Chapter 14 of the Listing Rules (effective from 1 January 2023).

LETTER FROM THE BOARD

Details of the New LFH Scheme are out in the LFH Circular, which may be viewed and downloaded at the HKEX's website at www.hkexnews.hk and the LFH's website at www.laifung.com. The LFH Circular and the rules of the New LFH Scheme are also published on the respective websites of HKEX and the Company for display at the time set out in paragraph 12 of this letter under the section headed "*Documents on Display*".

A summary of the principal terms of the New LFH Scheme is set out in Appendix IV to this circular. This serves as a summary of the terms of the New LFH Scheme but does not constitute the full terms of the same. The terms of the New LFH Scheme are in line with the provisions of Chapter 17 of the Listing Rules.

8. ADOPTION OF A NEW MAGHL SCHEME

The Existing MAGHL Scheme was adopted by MAGHL at the special general meeting of MAGHL on 18 December 2012. MAGHL proposes to adopt the New MAGHL Scheme to replace the Existing MAGHL Scheme which is due to expire on 17 December 2022.

As at the Latest Practicable Date, the issued share capital of MAGHL comprised 2,986,314,015 MAGHL Shares, of which 2,021,848,647 MAGHL Shares (representing approximately 67.70%) is indirectly owned by eSun, which is in turn held as to 74.62% by the Company. Pursuant to Rule 23.01(4) of the GEM Listing Rules (in force as of the MAGHL Adoption Date), so long as MAGHL is a subsidiary of the Company, and the Company being a holding company of MAGHL is also listed on the Stock Exchange, the adoption of New MAGHL Scheme is required to be simultaneously approved by the Shareholders.

In the circumstances, the adoption of the New MAGHL Scheme by MAGHL is therefore also subject to the passing of the necessary resolutions by the Shareholders in general meeting pursuant to the requirements of Rule 23.01(4) of the GEM Listing Rules.

Further, pursuant to Rule 17.13 of the Listing Rules (effective from 1 January 2023), Rules 17.02 to 17.04 and Rules 17.06 to 17.09 (effective from 1 January 2023), with appropriate modifications, apply to share schemes of a Principal Subsidiary of a listed issuer as if they were share schemes of the issuer as described in Rule 17.01(1) (effective from 1 January 2023). As at the Latest Practicable Date, MAGHL is not a Principal Subsidiary of the Company. Nevertheless, the Company will comply with the relevant requirements under Chapters 14 and 14A of the Listing Rules in relation to the New MAGHL Scheme if applicable. Based on the information available as at the Latest Practicable Date, as none of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules is more than 5%, the deemed disposal of interests in MAGHL by the Company under New MAGHL Scheme does not constitute a notifiable transaction of the Company under the revised Chapter 14 of the Listing Rules (effective from 1 January 2023).

LETTER FROM THE BOARD

Details of the New MAGHL Scheme are out in the MAGHL Circular, which may be viewed and downloaded at the HKEX's website at www.hkexnews.hk and the MAGHL's website at www.mediaasia.com. The MAGHL Circular and the rules of the New MAGHL Scheme are also published on the respective websites of HKEX and the Company for display at the time set out in paragraph 12 of this letter under the section headed "*Documents on Display*".

A summary of the principal terms of the New MAGHL Scheme is set out in Appendix V to this circular. This serves as a summary of the terms of the New MAGHL Scheme but does not constitute the full terms of the same. The terms of the New MAGHL Scheme are in line with the provisions of Chapter 23 of the GEM Listing Rules (effective from 1 January 2023), which govern the terms of the share option schemes of listed companies on GEM.

9. ADOPTION OF NEW ARTICLES OF ASSOCIATION

Pursuant to the Consultation Conclusions on Listing Regime for Overseas Issuers published by the Stock Exchange in November 2021, the Listing Rules have been amended with effect from 1 January 2022 which requires, among others, listed issuers to adopt a uniform set of 14 "Core Standards" for shareholder protections for issuers.

The Board proposes to amend and restate the Existing Articles of Association for the purposes of (i) providing greater flexibility to the Company in relation to the conduct of general meetings by allowing (but not requiring) general meetings to be held as an electronic meeting (to the extent permitted under the Companies Ordinance, the Listing Rules and any other applicable laws and regulations) and/or as a hybrid meeting where the Shareholders may attend by electronic means in addition to as a physical meeting where Shareholders attend in person; (ii) bringing the Existing Articles of Association in line with the amendments made to the Listing Rules (in particular to conform to the core shareholder protection standards as set out in Appendix 3 to the Listing Rules; and (iii) making certain minor housekeeping amendments to the Existing Articles of Association.

In view of the number of proposed changes involved, the Board proposes to amend the Existing Articles of Association by way of adopting a new set of articles of association of the Company (the "**New Articles of Association**") in substitution for and to the exclusion of the Existing Articles of Association.

Full terms of the proposed changes brought about by the adoption of the New Articles of Association when compared with the Existing Articles of Association are set out in Appendix VI to this circular.

The Chinese translation of the New Articles of Association set out in the Chinese version of this circular is for reference only. In the case of any discrepancy or inconsistency between the English and Chinese translation, the English version shall prevail.

LETTER FROM THE BOARD

The legal advisers to the Company have confirmed that the proposed amendments to the Existing Articles of Association as set out in Appendix VI to this circular conform with the requirements under the Listing Rules and the laws of the Hong Kong. The Company confirms that there is nothing unusual about the proposed amendments for a company listed in Hong Kong.

10. 2022 AGM

The resolutions in relation to the above proposed Buy-Back Mandate, Shares Issue Mandate, the re-election of the Retiring Directors, adoption of New Share Option Scheme and termination of the Existing Share Option Scheme, adoption of New eSun Scheme and termination of the Existing eSun Scheme, adoption of New LFH Scheme and adoption of New MAGHL Scheme as well as the adoption of the New Articles of Association are contained in the Notice of 2022 AGM. The Notice of 2022 AGM is set out on pages 124 to 133 of this circular.

Shareholders are advised to read the Notice of 2022 AGM and if you are not able to attend the 2022 AGM or its adjournment (as the case may be) in person but wish to exercise your right as a Shareholder, please complete, sign and return the form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the 2022 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the 2022 AGM or any adjournment thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the 2022 AGM.

11. VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, save for resolutions which relate purely to procedure or administrative matter to be voted by a show of hands, any vote of the Shareholders at a general meeting of the Company must be taken by way of a poll. Accordingly, each of the resolutions to be considered and, if thought fit, passed at the 2022 AGM will be voted by way of a poll by the Shareholders. Article 79 of the Articles of Association 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 2022 AGM and details will be conveyed to the Shareholders at the 2022 AGM. The Company will publish an announcement on the poll results of the resolutions on the respective websites of the Company at "www.laisun.com" and the HKEX at "www.hkexnews.hk" promptly after the conclusion of the 2022 AGM.

LETTER FROM THE BOARD

12. DOCUMENTS ON DISPLAY

Copies of the rules of New Share Option Scheme, New eSun Scheme, New LFH Scheme and New MAGHL Scheme will be published on the respective websites of the HKEX and the Company for display for a period of not less than fourteen (14) days before the date of 2022 AGM and the rules of the New Share Option Scheme, New eSun Scheme, New LFH Scheme and New MAGHL Scheme will be made available for inspection at 2022 AGM.

13. RECOMMENDATION

The Directors consider that the proposed Buy-Back Mandate, Shares Issue Mandate, the re-election of the Retiring Directors, the adoption of New Share Option Scheme, New eSun Scheme, New LFH Scheme and New MAGHL Scheme, the termination of the Existing Share Option Scheme and Existing eSun Scheme, as well as the adoption of the New Articles of Association as mentioned above are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolutions to be proposed at the 2022 AGM.

14. 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.

Yours faithfully,
For and on behalf of the Board of
Lai Sun Development Company Limited
Lam Kin Ngok, Peter
Chairman

This explanatory statement contains all the information required by Rule 10.06(1)(b) of the Listing Rules to be given to the Shareholders reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution(s) relating to the Buy-Back Mandate.

1. EXERCISE OF THE BUY-BACK MANDATE

As at the Latest Practicable Date, the issued share capital of the Company comprised 968,885,887 Shares and there were outstanding options granted under the Share Option Scheme to subscribe for 10,962,687 Shares.

Subject to the passing of the ordinary resolution granting the Buy-Back Mandate and on the basis that no further Shares will be issued (whether generally or pursuant to the exercise of the subscription rights attaching to the outstanding options) prior to the date of the 2022 AGM, exercise in full of the Buy-Back Mandate would result in up to a maximum of 96,888,588 Shares representing 10% of the existing issued share capital of the Company as at the Latest Practicable Date being bought back by the Company during the relevant period.

2. REASONS FOR BUY-BACK

Although the Directors have no present intention of buying back any Shares, they believe that the flexibility afforded by the Buy-Back Mandate will be in the best interests of the Company and the Shareholders as a whole. Such buy back may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net assets value and/or earnings per Share and will only be made when the Directors believe that such buy-back will benefit the Company and the Shareholders as a whole (e.g. if there are occasions in the future when depressed market conditions arise and the Shares are trading at a discount to their underlying value).

3. FUNDING OF BUY-BACK

Pursuant to the Buy-Back Mandate, the Company may only apply funds legally available for buy-back in accordance with the laws of Hong Kong in which the Company is incorporated and the existing Articles of Association. The finance for such buy-back may include the Company's available internal resources and/or the legally available funding facilities.

If the Buy Back Mandate is to be exercised in full at any time during the proposed buy-back period, there may be a material adverse effect on the working capital or gearing position of the Group (as compared with the position disclosed in the published audited consolidated financial statements of the Company for the year ended 31 July 2022). However, the Directors do not propose to exercise the Buy-Back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which are, in the opinion of the Directors, appropriate for the Company from time to time.

4. SHARE PRICES

The highest and lowest prices per Share at which the Shares had been traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2021		
November	4.16	3.84
December	4.39	3.61
2022		
January	4.47	4.02
February	4.29	4.03
March	4.25	3.30
April	3.77	3.42
May	3.97	3.50
June	4.61	3.51
July	4.50	3.93
August	4.65	4.14
September	4.35	3.65
October	3.88	2.88
November (up to the Latest Practicable Date)	3.67	2.27

5. BUY-BACK BY THE COMPANY

The Company had not made any buy-back of Shares (whether on the Stock Exchange or otherwise) during the six months immediately preceding the Latest Practicable Date.

6. INTENTION AND UNDERTAKING

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, any of their respective close associates have any present intention to sell any Shares held by them to the Company under the Buy-Back Mandate if such Buy-Back Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that so far as the same may be applicable, they will exercise the Buy-Back Mandate in accordance with the Listing Rules, the Articles of Association and the relevant laws in Hong Kong applicable to the Company.

No core connected person has notified the Company that he/she has a present intention to sell the Shares held by him/her to the Company, or has undertaken not to do so, in the event that the Buy-Back Mandate is approved by the Shareholders.

7. IMPLICATIONS OF THE TAKEOVERS CODE AND THE LISTING RULES

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of a share bought back by the Company, such increase will be treated as an acquisition of voting rights for the purpose of Rule 32 of the Takeovers Code and Rule 6 of the Code on Share Buy-Backs. Accordingly, a Shareholder or a group of Shareholders acting in concert could, depending on the level of increase in their shareholding interest(s), obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer for Shares in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the controlling shareholders of the Company named below were interested or were deemed to be interested under the SFO in the issued Shares and underlying Shares as follows:

Name	Capacity	Nature of Interests	Number of issued Shares and underlying Shares	Approximate percentage of total issued Shares
Lam Kin Ngok, Peter ("Dr. Peter Lam")	Beneficial owner/ Owner of controlled corporations	Personal and corporate	516,526,588	53.31% (Note)
LSG	Beneficial owner	Corporate	515,389,531	53.19%

Note:

LSG and two of its wholly-owned subsidiaries, namely Zimba International Limited and Joy Mind Limited, beneficially owned 515,389,531 Shares, representing approximately 53.19% of the issued share capital of the Company. Dr. Peter Lam was deemed to be interested in the same 515,389,531 Shares by virtue of, in aggregate, his personal (excluding underlying shares) and deemed interests of approximately 41.93% in the issued share capital of LSG. Dr. Peter Lam is the Chairman and an executive director of LSG.

In the event that the Company exercises the Buy-Back Mandate in full and taking no account of the issue of new Shares by the Company pursuant to any general or specific mandate given by the Shareholders at any general meeting and the Share Option Scheme adopted by the Company on 22 December 2006 and 11 December 2015, respectively or any other scheme or otherwise, the aggregate beneficial shareholding interests and deemed shareholding interests of Dr. Peter Lam and LSG in the Company will be (for illustration) as follows:

Name	Approximate percentage of issued share capital
Dr. Peter Lam	59.23%
LSG	59.10%

In the opinion of the Directors, the controlling shareholders of the Company would not be obliged to make a mandatory offer under Rule 26 and Rule 32 of the Takeovers Code as a result of such increase.

As at the Latest Practicable Date, the minimum public float requirement of 25% as set out in Rule 8.08(1)(a) of the Listing Rules was not held by public. Therefore, the Directors have no present intention to exercise the Buy-Back Mandate before the restoration of the Company's public float as required under the Listing Rules.

The following is a summary of the principal terms of the rules of the New Share Option Scheme. It does not form part of, nor is it intended to be part of the rules of the New Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the New Share Option Scheme. The Directors reserve the right at any time prior to the 2022 AGM to make such amendments to the New Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material aspects with the summary in this Appendix II.

1. PURPOSE OF THE NEW SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants for their contribution to the Group by granting Options to them as incentives or rewards and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the Group and the Related Entities. The New Share Option Scheme shall strengthen the many long-term relationships that the Eligible Participants may have with the Group.

2. ELIGIBLE PARTICIPANTS OF THE NEW SHARE OPTION SCHEME AND THE BASIS OF DETERMINING ELIGIBILITY OF ELIGIBLE PARTICIPANTS

Eligible Participants include the Employee Participants, the Service Providers and the Related Entity Participants.

In determining the basis of eligibility of each Eligible Participant, the Board would mainly take into account of the experience of the Eligible Participant on the Group's businesses, the length of service of the Eligible Participant with the Group (if the Eligible Participant is an employee or a director of any member of the Group), the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Eligible Participant has established with the Group (if the Eligible Participant is a Service Provider of any member of the Group), and the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

For Employee Participants, assessing factors include: the individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of engagement with the Group and the individual contribution or potential contribution to the development and growth of the Group.

For each category of Service Providers, assessing factors include: the individual performance of relevant Service Providers, the length of business relationship with the Group, the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties), track record in the quality of services provided to and/or cooperation with the Group and the scale of business dealings with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the Service Providers. In assessing whether the Service Provider provides services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board shall take into consideration the length and type of services provided and the recurrences and regularity of such services, the nature of the services provided to the Group by the Service Provider, and whether such services form part of or are directly ancillary to the businesses conducted by the Group, as disclosed in the Company's announcements, circulars, interim and annual reports.

3. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 3.1 The total number of Shares which may be issued upon the exercise of all Options to be granted under the New Share Option Scheme and all options and awards to be granted under any other share option scheme(s) and share award scheme(s) of the Company (the "**Other Schemes**") shall not in aggregate exceed 96,888,588 Shares, representing 10% of the total issued Shares on the Adoption Date (the "**Scheme Mandate Limit**") unless the Company obtains an approval from the Shareholders pursuant to paragraph 3.3 below. Options or awards cancelled or lapsed in accordance with the terms of the New Share Option Scheme or Other Schemes shall not be counted for the purposes of calculating whether the Scheme Mandate Limit and the Service Provider Sublimit (as defined below) have been exceeded. If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all Options to be granted under the New Share Option Scheme and options and awards to be granted under all Other Schemes under the Scheme Mandate Limit or the Service Provider Sublimit as a percentage of the number of the total issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.
- 3.2 Subject to paragraph 3.1 above, within the Scheme Mandate Limit, the total number of Shares which may be issued upon exercise of all options to be granted to the Service Providers shall not exceed 9,688,858 Shares, representing 1% of the total issued Shares on the Adoption Date (the "**Service Provider Sublimit**").

- 3.3 The Company may seek approval of the Shareholders in the general meeting for refreshing the Scheme Mandate Limit and the Service Provider Sublimit set out in paragraphs 3.1 and 3.2 above under the New Share Option Scheme after three (3) years from the date of approval by the Shareholders for the adoption of the New Share Option Scheme or the last refreshment.
- 3.4 Any refreshment within any three (3)-year period must be approved by Shareholders subject to that:
- (i) any controlling shareholders and their associates (or if there is no controlling shareholder, directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
 - (ii) the Company must comply with the requirements under Rules 13.39(6), 13.39(7), 13.40, 13.41 and 13.42 of the Listing Rules.
- 3.5 The requirements under paragraphs 3.4(i) and 3.4(ii) above do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share.
- 3.6 The total number of Shares which may be issued in respect of all Options to be granted under the New Share Option Scheme (in aggregate with any other options and awards to be granted under any Other Schemes that involve(s) the issuance of new Shares) under the Scheme Mandate Limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of approval of the refreshed Scheme Mandate Limit. The Company shall send to the Shareholders a circular containing all such information as may be required under the Listing Rules.

3.7 The Company may seek separate approval by the Shareholders in its general meeting for granting Options beyond the Scheme Mandate Limit provided the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Participants specifically identified by the Company before such approval is sought. In such a case, the Company shall send to the Shareholders a circular containing the name of each specified Eligible Participant who may be granted such Options, the number and terms of the Options to be granted to each Eligible Participant, and the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and all such information as may be required under the Listing Rules. The number and terms of Options to be granted to such Eligible Participants must be fixed before approval by the Shareholders. In respect of any Options to be granted, the date of Board meeting for proposing such grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price.

3.8 In addition to paragraph 3.3 above, if required under Rule 14.32A (effective from 1 January 2023) and other provisions under Chapter 14 of the Listing Rules, approval from the Shareholders and/or LSG Shareholders shall also be obtained if the Company proposes to increase or refresh the Scheme Mandate Limit.

4. MAXIMUM ENTITLEMENT OF SHARES OF EACH ELIGIBLE PARTICIPANT

Subject to paragraph 21 below, the total number of Shares issued and to be issued upon exercise of the options and awards granted to each Eligible Participant or grantee (including exercised and outstanding options but excluding any options and awards lapsed in accordance with the terms of such schemes) in any twelve (12)-month period up to the Date of Grant shall not exceed 1% of the number of the total issued Shares at the Date of Grant (the “**Individual Limit**”). Where it is proposed that any offer is to be made to an Eligible Participant (or where approximate, an existing grantee) which would result in the Shares issued and to be issued upon exercise of all options and awards granted and to be granted to such person (including exercised, cancelled and outstanding options and awards) in the twelve (12)-month period up to and including the relevant Date of Grant to exceed his, her or its Individual Limit, such offer and any acceptance thereof must be conditional upon approval by the Shareholders in the general meeting with such Eligible Participant (or where appropriate, an existing grantee) and his, her or its associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Eligible Participant or grantee, the number and terms of options to be granted (and options previously granted) to such Eligible Participant and the information required under the Listing Rules. The number and terms (including the Subscription Price) of options to be granted to such Eligible Participant must be fixed before the date on which approval of the Shareholders is sought and the date of the Board meeting for proposing such further grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price.

5. ACCEPTANCE OF OPTION

Offers to grant an Option shall be open for acceptance in writing. Such acceptance must be received by the company secretary of the Company (“**Company Secretary**”) within a period of thirty (30) days inclusive of, and from, the Date of Grant provided that no such offer shall be open for acceptance after the expiry of the period of the New Share Option Scheme or after the New Share Option Scheme has been terminated; or by a person who ceases to be an Eligible Participant after such offer has been made. An offer shall be deemed to have been accepted on the date when the duplicate comprising acceptance of the offer is duly signed by the Eligible Participant with the number of Shares in respect of which the offer is accepted clearly stated therein together with a remittance in favour of the Company of HK\$1.00 per Option by way of consideration for the grant thereof. Such consideration shall not be refundable.

Upon an offer of the grant of Options being accepted or deemed to have been accepted, each Option Holder gives the Company an unfettered right to publish an announcement relating to the terms of the offer in accordance with the Listing Rules.

6. PERIOD WITHIN WHICH THE OPTION MAY BE EXERCISED

Save as provided in paragraphs 7, 9 to 12 below, Options for the time being outstanding may be exercised in whole or in part at any time during the Option Period. In order for the exercise of an Option to be effective, the Company Secretary must, prior to the expiry of the Option Period, have received: (i) a written notice from the Option Holder exercising the Option, signed by or on behalf of the Option Holder and specifying the number of Shares in respect of which the Option is being exercised; and (ii) payment in full of the Subscription Price. Notwithstanding anything in provisions under the New Share Option Scheme to the contrary, the Option Period shall not be extended and, on the expiry of the Option Period, all rights in respect of an Option for the time being outstanding shall terminate, except in so far as there has been an effective exercise of that Option prior thereto and the Company has not discharged all its obligations under the New Share Option Scheme in relation to such exercise.

7. VESTING PERIOD OF OPTION

7.1 Save for the circumstances prescribed in paragraph 7.2 below, an Option must be held by the Option Holder for at least twelve (12) months before the Option can be exercised.

7.2 A shorter vesting period may be granted to the Employee Participants at the discretion of the Board or a committee or any other authorised agent(s) as deemed appropriate at the sole discretion of the Board in any of the following circumstances:

- (i) grants of “make-whole” Options to new joiners to replace the share awards or options they forfeited when leaving the previous employer;
- (ii) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
- (iii) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;
- (iv) grants with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of twelve (12) months;
- (v) grants with performance-based vesting conditions in lieu of time-based vesting criteria; and
- (vi) the Remuneration Committee is of the view that a shorter vesting period is appropriate and serves the purpose of the New Share Option Scheme.

8. OPTION PRICE

The Option Price (subject to adjustments in accordance with paragraph 15 below) shall be determined on the Date of Grant at the absolute discretion of the Directors as an amount per Share which shall be at least the highest of (a) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the Date of Grant, which must be a trading day; and (b) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five (5) trading days immediately preceding the Date of Grant, provided that the Option Price shall be subject to adjustment in accordance with the provisions of paragraph 15 below.

9. RIGHTS ON WINDING UP

If notice is given of a general meeting of the Company at which a resolution will be proposed for the members' voluntary winding-up of the Company, each Option Holder shall be entitled, at any time not later than two (2) business days prior to the proposed resolution being duly passed, to exercise his outstanding Options in whole or in part, but only so far as such Options shall be subsisting immediately prior to the passing of such a resolution. Subject thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up.

10. RIGHTS ON A GENERAL OFFER

If, in consequence of any general offer made to all the Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or connection with the offeror), any person shall have obtained control of the Company, each Option Holder shall be entitled to exercise at any time within a period of fourteen (14) days after such control has been obtained the Option in whole or in part, unless the Directors (excluding the relevant Option Holder who is a Director) in their discretion notwithstanding the terms of the relevant Option, vary the option exercise period of such Options granted.

11. RIGHTS ON A COMPROMISE OR ARRANGEMENT

If a compromise or an arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme of reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Option Holders on the same date as it despatches the notice to each member or creditor of the Company to consider such a compromise or an arrangement, and thereupon any Option Holder (or where permitted his personal representatives) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two (2) calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his Option but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. The Company may thereafter require each Option Holder to transfer or otherwise deal with the Shares issued as a result of such exercise of his Option so as to place the Option Holders in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

12. RIGHTS ON CEASING EMPLOYMENT, DEATH/DISABILITY OR DISMISSAL

- (i) in the event of the Option Holder ceases to be an Eligible Participant because the Related Entity (to which the Eligible Participant is employed, holds directorship in or is a consultant therewith) ceases to be a Related Entity, then he may exercise all his or her outstanding Options within twelve (12) months after he so ceases and any such Options not so exercised shall lapse and determine at the end of the said period of twelve (12) months;
- (ii) in the event the Option Holder ceases to be an Eligible Participant by reason of death before exercising the Option in full and none of the events which would be a ground for termination of the Option Holder's employment, directorship, office, appointment or engagement under sub-paragraph (iii) below arises prior to his or her death the legal personal representative(s) of the Option Holder shall be entitled within a period of twelve (12) months from the date of death, to exercise the Option up to the entitlement of such Option Holder as at the date of death in whole or in part (to the extent which has become exercisable and not already exercised);
- (iii) in the event that the Option Holder ceases to be an Eligible Participant by reason of the termination of his or her employment, directorship, office, appointment or engagement on the grounds that he or she has been guilty of misconduct, or has been in breach of material term of the relevant employment contract, service contract, agency contract or engagement contract (as the case may be), or appears either to be unable to pay or have no reasonable prospect to be able to pay debts within the meaning of any applicable legislation in relation to bankruptcy or insolvency, or has become bankrupt or insolvent, or has been served a petition for bankruptcy or winding up, or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board or the board of directors of the relevant company, as the case may be) on any other ground on which an employer, or an engaging party would be entitled to terminate his or her employment, directorship, office, appointment or engagement at common law or pursuant to any applicable laws or under the Option Holder's employment, service, agency or engagement contract (as the case may be) with the relevant company (as the case may be) or the employment, directorship, office, appointment or engagement of the Option Holder is terminated by the relevant company pursuant to the contract thereof without notice, and a resolution of the board of directors of the relevant member of the Group (as the case may be) to the effect that the employment, directorship, office, appointment or engagement of an Option Holder has or has not been terminated on one or more of the grounds specified in this sub-paragraph shall be conclusive and binding, then all his or her outstanding Options shall lapse and determine on the date he or she so ceases;

- (iv) in the event that the Option Holder ceases to be an Eligible Participant by reason of his retirement in accordance with his or her contract of employment or service, any outstanding Option(s) may be exercised during the Option Period subject to the criteria and conditions set out in the option letter; and
- (v) for any reason other than as described in sub-paragraphs (i) to (iv) above, then all Options of his or her which are exercisable at the date he or she ceases to be an Eligible Participant may be exercised to the extent then exercisable within three (3) months of the date he or she so ceases and unless so exercised shall then lapse and determine.

Provided always that in each case the Directors in their absolute discretion may decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may decide.

13. DURATION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme will remain in force for a period of ten (10) years commencing on the Effective Date (the “**Scheme Period**”).

14. LAPSE OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of: -

14.1 the expiry of the Option Period;

14.2 the expiry of any of the periods referred to in paragraphs 9, 10 (unless otherwise determined by the Directors), 11 and 12 above;

14.3 the date on which the Option Holder commits a breach of paragraph 18 below, if the Directors shall exercise the Company’s right to cancel any outstanding Option or part thereof granted; or

14.4 the date on which the Option is cancelled by the Directors as provided in paragraph 16 below.

The Company shall owe no liability to an Option Holder for the lapse of any Option under this paragraph 14.

15. ADJUSTMENT

In the event of any alternation in the capital structure of the Company which arises or may arise immediately following the commencement of the Scheme Period from any issue of shares in or other securities of the Company by way of reduction, subdivision or consolidation of the share capital of the Company or any capitalisation issue or rights issue which the Board considers an adjustment necessary under this paragraph 15, the Option Price, the Individual Limit in relation to any Option Holder and/or the amounts of multiples of Shares capable of being exercised pursuant to the New Share Option Scheme, may be adjusted in such manner as the Directors (having received a statement in writing from the independent auditors or independent financial adviser of the Company, that in their opinion the adjustments proposed are fair and reasonable and at the same time satisfy the requirements of the Listing Rules) may deem appropriate, provided always that no such adjustment shall have the effect of rendering:-

- (a) the aggregate Subscription Price relating to any Option being increased;
- (b) the proportion of equity capital, rounded to the nearest whole share of the Company to which the Option Holder is entitled after the adjustment(s) becoming effective not being the same as that to which he was entitled before;
- (c) the aggregate percentage of the issued share capital of the Company available for the grant of Options shall not be greater than the Scheme Mandate Limit (subject to adjustments); and
- (d) the intrinsic value of any Option to have increased to the advantage of the Option Holder.

In addition, in respect of any adjustments under this paragraph 15, other than any made on a capitalisation issue, the independent auditors or independent financial adviser of the Company must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

16. CANCELLATION OF OPTIONS GRANTED

Options granted and accepted but not exercised may not be cancelled without the consent of the relevant Option Holder thereof and any new Options (or any other options) issued in replacement of Options cancelled may only be issued under the New Share Option Scheme (or the Other Schemes) with available Scheme Mandate Limit and Service Provider Sublimit approved by the Shareholders as mentioned in paragraph 3 above. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and Service Provider Sublimit.

17. TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company by resolution in the general meeting may at any time terminate the operation of the New Share Option Scheme before the expiry of the Scheme Period and in such event, no further offer to grant an Option shall be made but in all other respects the provisions of the New Share Option Scheme shall remain in force. Upon such termination, details of the Options granted (including options exercised or outstanding) and (if applicable) Options that become void or non-exercisable as a result of the termination under the New Share Option Scheme are required under the Listing Rules to be disclosed in the circular to the Shareholders seeking their approval of the first new scheme established thereunder or refreshment of any scheme mandate limit under any existing Other Scheme after such termination. All Options granted and accepted prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of the New Share Option Scheme, and accordingly no relevant disclosure in relation to Options that become void or non-exercisable as a result of the termination will be included in the circular to the Shareholders as such disclosure is not applicable.

18. TRANSFERABILITY OF OPTIONS

An Option shall be personal to the Option Holder and shall not be transferable and no Option Holder shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option, unless a waiver is granted by the Stock Exchange. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Option Holder.

19. ALTERATION OF THE NEW SHARE OPTION SCHEME

- 19.1 The Directors may from time to time in their absolute discretion waive or amend such of the provisions of the New Share Option Scheme as they deem desirable, provided that, except with the prior sanction of the Shareholders in the general meeting, no alteration shall be made to the New Share Option Scheme altering to the advantage of Option Holders (present or future) any of the provisions of the New Share Option Scheme as to the definitions of “Eligible Participants”, “Option Period” and “Scheme Period” in sub-paragraph 1.1 of the New Share Option Scheme, the terms and conditions of the New Share Option Scheme which are of a material nature and all such other matters set out in Rule 17.03 of the Listing Rules.
- 19.2 No amendments to the New Share Option Scheme shall be made which would have the effect of abrogating or altering adversely any of the subsisting rights of Option Holders except with such consent on their part as would be required under the provisions of the Articles of Association as if the Options constituted a separate class of share capital and as if such provisions applied *mutatis mutandis* thereto.
- 19.3 Change to the terms of the Options granted to an Eligible Participant must be approved by the Board, the Remuneration Committee, the INEDs and/or Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the INEDs and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- 19.4 Save as otherwise provided in the terms of the New Share Option Scheme, an amendment of a material nature to the New Share Option Scheme may not be made by the Directors, without the prior approval of Shareholders in the general meeting.
- 19.5 The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of the Listing Rules.
- 19.6 Any change to the authority of the Directors or scheme administrators to alter the terms of the New Share Option Scheme must be approved by the Shareholders in the general meeting.

20. PERFORMANCE TARGETS AND CLAWBACK MECHANISM

Unless otherwise imposed by the Directors and stated in the relevant offer letter, there is neither any performance targets required to be achieved by any Option Holder before an Option is capable of being exercised by the Option Holder nor any clawback mechanism under the New Share Option Scheme for the Company to recover or withhold any remuneration (which may include Options granted to any Option Holder) to any Eligible Participants in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances.

21. GRANT OF OPTIONS TO CONNECTED PERSONS

21.1 In addition to paragraph 4 above, any grant of Options to an Eligible Participant who is a Director, chief executive or substantial shareholder of the Company or their respective associates must be approved by the INEDs (excluding any INED who is a proposed grantee of the relevant Options) and shall comply with the requirements of Rule 17.04 of the Listing Rules.

21.2 Where Options are proposed to be granted to an INED or a substantial Shareholder, or any of their respective associates and if such grant would result in the total number of Shares issued and to be issued in respect of all options and awards (excluding any options and awards lapsed in accordance with the terms of the New Share Option Scheme) granted to such person in the twelve (12)-month period up to and including the Date of Grant to such person representing in aggregate over 0.1% of the relevant class of Shares, then the proposed grant must be subject to the approval of the Shareholders taken on a poll in a general meeting.

21.3 In the circumstances described in paragraph 21.2 above, the Company must send a circular to the Shareholders setting out the details as required under Rule 17.04(5) of the Listing Rules. The relevant Option Holder, his or her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. The Company must comply with the requirements set out in Rules 13.40, 13.41 and 13.42 of the Listing Rules.

22. CONDITIONS OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall take effect upon satisfaction of the following conditions:-

22.1 the passing of the necessary resolutions by the Shareholders in a general meeting to adopt the New Share Option Scheme and to authorise the Directors to grant Options to subscribe for Shares hereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the New Share Option Scheme;

22.2 the passing of the necessary resolutions by the LSG Shareholders in its general meeting to approve the adoption of the New Share Option Scheme by the Company; and

22.3 the approval for the listing of, and permission to deal in, any Shares to be issued and allotted pursuant to the exercise of Options under the New Share Option Scheme, being granted by the Listing Committee. If such approval, listing or permission is not granted, then the New Share Option Scheme shall forthwith determine and any Option granted or agreed to be granted pursuant to provisions of the New Share Option Scheme and any offer of Options shall be of no effect after which, no person shall be entitled to any rights or benefits or be under any obligation under or in respect of the New Share Option Scheme or any Option.

23. RANKING OF SHARES

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made. The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the Option Holder (or any other person) as the holder of those Shares.

24. RESTRICTION ON THE TIME OF GRANT OF OPTIONS

No offer of an Option shall be made and no Option shall be granted to any Eligible Participant after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision or inside information has come to the Company's knowledge until such price sensitive information or inside information has been publicly disseminated in accordance with the Listing Rules or during any period of time which is prohibited from any such offer and/or grant under the Listing Rules or any applicable law.

The following is a summary of the principal terms of the rules of the New eSun Scheme. It does not form part of, nor is it intended to be part of the rules of the New eSun Scheme and it should not be taken as affecting the interpretation of the rules of the New eSun Scheme.

1. PURPOSE OF THE NEW ESUN SCHEME

The purpose of the New eSun Scheme is to recognise the contribution or future contribution of the eSun Eligible Participants for their contribution to the eSun Group by granting eSun Options to them as incentives or rewards and to attract, retain and motivate high-calibre eSun Eligible Participants in line with the performance goals of the eSun Group and the eSun Related Entities. The New eSun Scheme shall strengthen the many long-term relationships that the eSun Eligible Participants may have with the eSun Group.

2. ESUN ELIGIBLE PARTICIPANTS OF THE NEW ESUN SCHEME AND THE BASIS OF DETERMINING ELIGIBILITY OF ESUN ELIGIBLE PARTICIPANTS

eSun Eligible Participants include the eSun Employee Participants, the eSun Service Providers and the eSun Related Entity Participants.

In determining the basis of eligibility of each eSun Eligible Participant, the eSun Board would mainly take into account of the experience of the eSun Eligible Participant on the eSun Group's businesses, the length of service of the eSun Eligible Participant with the eSun Group (if the eSun Eligible Participant is an employee or a director of any member of the eSun Group), the actual degree of involvement in and/or cooperation with the eSun Group and length of collaborative relationship the eSun Eligible Participant has established with the eSun Group (if the eSun Eligible Participant is a eSun Service Provider of any member of the eSun Group), and the amount of support, assistance, guidance, advice, efforts and contributions the eSun Eligible Participant has exerted and given towards the success of the eSun Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the eSun Eligible Participant is likely to be able to give or make towards the success of the eSun Group in the future.

For eSun Employee Participants, assessing factors include: the individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of engagement with the eSun Group and the individual contribution or potential contribution to the development and growth of the eSun Group.

For each category of eSun Service Providers, assessing factors include: whether the nature of professional services provided by the eSun Service Provider is in line with eSun's business need and the industry norm, desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the eSun Group, having regard to the eSun Group's business segments and focuses from time to time, the individual performance of relevant eSun Service Providers, the length of business relationship with the eSun Group, the materiality and nature of the business relationship with the eSun Group (such as whether they relate to the core business of the eSun Group and whether such business dealings could be readily replaced by third parties), track record in the quality of services provided to and/or cooperation with the eSun Group and the scale of business dealings with the eSun Group with regard to factors such as the actual or expected change in the eSun Group's revenue or profits which is or may be attributable to the eSun Service Providers. In assessing whether the eSun Service Provider provides services to the eSun Group on a continuing and recurring basis and in its ordinary and usual course of business, the eSun Board shall take into consideration the length and type of services provided and the recurrences and regularity of such services, the nature of the services provided to the eSun Group by the eSun Service Provider, and whether such services form part of or are directly ancillary to the businesses conducted by the eSun Group, as disclosed in the eSun's announcements, circulars, interim and annual reports.

3. MAXIMUM NUMBER OF ESUN SHARES AVAILABLE FOR SUBSCRIPTION

3.1 The total number of eSun Shares which may be issued upon the exercise of all eSun Options to be granted under the New eSun Scheme and all options and awards to be granted under any other share option scheme(s) and share award scheme(s) of eSun (the "eSun Other Schemes") shall not in aggregate exceed 149,185,459, representing 10% of the total issued eSun Shares on the eSun Adoption Date (the "eSun Scheme Mandate Limit") unless eSun obtains an approval from the eSun Shareholders pursuant to sub-paragraph 3.3 below. eSun Options or awards cancelled or lapsed in accordance with the terms of the New eSun Scheme or eSun Other Schemes shall not be counted for the purposes of calculating whether the eSun Scheme Mandate Limit and the eSun Service Provider Sublimit (as defined below) have been exceeded. If eSun conducts a share consolidation or subdivision after the eSun Scheme Mandate Limit has been approved in general meeting, the maximum number of eSun Shares that may be issued in respect of all eSun Options to be granted under the New eSun Scheme and options and awards to be granted under all eSun Other Schemes under the eSun Scheme Mandate Limit or the eSun Service Provider Sublimit as a percentage of the total number of total issued eSun Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole eSun Share.

- 3.2 Subject to paragraph 3.1 above, within the eSun Scheme Mandate Limit, the total number of eSun Shares which may be issued upon exercise of all eSun Options to be granted to eSun Service Providers shall not exceed 14,918,545 eSun Shares, representing 1% of the number of the total issued eSun Shares on the eSun Adoption Date (the “**eSun Service Provider Sublimit**”).
- 3.3 eSun may seek approval of the eSun Shareholders in the general meeting for refreshing the eSun Scheme Mandate Limit and the eSun Service Provider Sublimit set out in paragraphs 3.1 and 3.2 above under the New eSun Scheme after three (3) years from the date of approval by the eSun Shareholders for the adoption of the New eSun Scheme or the last refreshment.
- 3.4 Any refreshment within any three (3)-year period must be approved by eSun Shareholders subject to that:
- (i) any controlling eSun shareholders and their associates (or if there is no controlling eSun shareholder, directors (excluding independent non-executive directors) and the chief executive of eSun and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
 - (ii) eSun must comply with the requirements under Rules 13.39(6), 13.39(7), 13.40, 13.41 and 13.42 of the Listing Rules.
- 3.5 The requirements under paragraphs 3.4(i) and 3.4(ii) above do not apply if the refreshment is made immediately after an issue of securities by eSun to the eSun Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the eSun Scheme Mandate Limit (as a percentage of total issued eSun Shares) upon refreshment is the same as the unused part of the eSun Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole eSun Share.
- 3.6 The total number of eSun Shares which may be issued in respect of all eSun Options to be granted under the New eSun Scheme (in aggregate with any other options and awards to be granted under any eSun Other Schemes that involve(s) the issuance of new eSun Shares) under the eSun Scheme Mandate Limit as refreshed shall not exceed 10% of the number of total issued eSun Shares in issue as at the date of approval of the refreshed eSun Scheme Mandate Limit. eSun shall send to the eSun Shareholders a circular containing all such information as may be required under the Listing Rules.

3.7 eSun may seek separate approval by the eSun Shareholders in its general meeting for granting eSun Options beyond the eSun Scheme Mandate Limit provided the eSun Options in excess of the eSun Scheme Mandate Limit are granted only to the eSun Eligible Participants specifically identified by eSun before such approval is sought. In such a case, eSun shall send to the eSun Shareholders a circular containing the name of each specified eSun Eligible Participant who may be granted such eSun Options, the number and terms of the eSun Options to be granted to each eSun Eligible Participant, and the purpose of granting eSun Options to the specified eSun Eligible Participants with an explanation as to how the terms of the eSun Options serve such purpose and all such information as may be required under the Listing Rules. The number and terms of eSun Options to be granted to such eSun Eligible Participants must be fixed before approval by the eSun Shareholders. In respect of any eSun Options to be granted, the date of eSun Board meeting for proposing such grant should be taken as the eSun Date of Grant for the purpose of calculating the eSun Subscription Price.

3.8 In addition to paragraph 3.3 above, if required under Rule 14.32A and other provisions under Chapter 14 of the Listing Rules, approval from the Shareholders and/or LSG Shareholders shall also be obtained if eSun proposes to increase or refresh the eSun Scheme Mandate Limit.

4. MAXIMUM ENTITLEMENT OF ESUN SHARES OF EACH ESUN ELIGIBLE PARTICIPANT

Subject to paragraph 21 below, the total number of eSun Shares issued and to be issued upon exercise of the options and awards granted to each eSun Eligible Participant or grantee (including exercised and outstanding options but excluding any options and awards lapsed in accordance with the terms of such schemes) in any twelve (12)-month period up to the eSun Date of Grant shall not exceed 1% of the number of the total issued eSun Shares at the eSun Date of Grant (the “**eSun Individual Limit**”). Where it is proposed that any offer is to be made to an eSun Eligible Participant (or where approximate, an existing grantee) which would result in the eSun Shares issued and to be issued upon exercise of all options and awards granted and to be granted to such person (including exercised, cancelled and outstanding options and awards) in the twelve (12)-month period up to and including the relevant eSun Date of Grant to exceed his, her or its eSun Individual Limit, such offer and any acceptance thereof must be conditional upon approval by the eSun Shareholders in the general meeting with such eSun Eligible Participant (or where appropriate, an existing grantee) and his, her or its associates abstaining from voting. eSun must send a circular to the eSun Shareholders disclosing the identity of the eSun Eligible Participant or grantee, the number and terms of options to be granted (and options previously granted) to such eSun Eligible Participant and the information required under the Listing Rules. The number and terms (including the eSun Subscription Price) of options to be granted to such eSun Eligible Participant must be fixed before the date on which approval of the eSun Shareholders is sought and the date of the eSun Board meeting for proposing such further grant should be taken as the eSun Date of Grant for the purpose of calculating the eSun Subscription Price.

5. ACCEPTANCE OF ESUN OPTION

Offers to grant an eSun Option shall be open for acceptance in writing. Such acceptance must be received by the company secretary of eSun (“**eSun Company Secretary**”) within a period of thirty (30) days inclusive of, and from, the eSun Date of Grant provided that no such offer shall be open for acceptance after the expiry of the period of the New eSun Scheme or after the New eSun Scheme has been terminated; or by a person who ceases to be an eSun Eligible Participant after such offer has been made. An offer shall be deemed to have been accepted on the date when the duplicate comprising acceptance of the offer is duly signed by the eSun Eligible Participant with the number of eSun Shares in respect of which the offer is accepted clearly stated therein together with a remittance in favour of eSun of HK\$1.00 per eSun Option by way of consideration for the grant thereof. Such consideration shall not be refundable.

Upon an offer of the grant of eSun Options being accepted or deemed to have been accepted, each eSun Option Holder gives eSun an unfettered right to publish an announcement relating to the terms of the offer in accordance with the Listing Rules.

6. PERIOD WITHIN WHICH THE ESUN OPTION MAY BE EXERCISED

Save as provided in paragraphs 7, 9 to 12 below, eSun Options for the time being outstanding may be exercised in whole or in part at any time during the eSun Option Period. In order for the exercise of an eSun Option to be effective, eSun Company Secretary must, prior to the expiry of the eSun Option Period, have received: (i) a written notice from the eSun Option Holder exercising the eSun Option, signed by or on behalf of the eSun Option Holder and specifying the number of eSun Shares in respect of which the eSun Option is being exercised; and (ii) payment in full of the eSun Subscription Price. Notwithstanding anything in provisions under the New eSun Scheme to the contrary, the eSun Option Period shall not be extended and, on the expiry of the eSun Option Period, all rights in respect of an eSun Option for the time being outstanding shall terminate, except in so far as there has been an effective exercise of that eSun Option prior thereto and eSun has not discharged all its obligations under the New eSun Scheme in relation to such exercise.

7. VESTING PERIOD OF ESUN OPTION

- 7.1 Save for the circumstances prescribed in paragraph 7.2 below, an eSun Option must be held by the eSun Option Holder for at least twelve (12) months before the eSun Option can be exercised.
- 7.2 A shorter vesting period may be granted to the eSun Employee Participants at the discretion of the eSun Board or a committee or any other authorised agent(s) as deemed appropriate at the sole discretion of the eSun Board in any of the following circumstances:
- (i) grants of “make-whole” eSun Options to new joiners to replace the share awards or options they forfeited when leaving the previous employer;
 - (ii) grants to an eSun Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
 - (iii) grants that are made in batches during a year for administrative and compliance reasons, which include eSun Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the eSun Option would have been granted;
 - (iv) grants with a mixed or accelerated vesting schedule such as where the eSun Option may vest evenly over a period of twelve (12) months;
 - (v) grants with performance-based vesting conditions in lieu of time-based vesting criteria; and
 - (vi) the eSun Remuneration Committee is of the view that a shorter vesting period is appropriate and serves the purpose of the New eSun Scheme.

8. ESUN OPTION PRICE

The eSun Option Price (subject to adjustments in accordance with paragraph 15 below) shall be determined on the eSun Date of Grant at the absolute discretion of the eSun Directors as an amount per eSun Share which shall be at least the highest of (a) the closing price of the eSun Shares as stated in the Stock Exchange’s daily quotations sheet on the eSun Date of Grant, which must be a trading day; (b) the average of the closing prices of the eSun Shares as stated in the Stock Exchange’s daily quotations sheets for the five (5) trading days immediately preceding the eSun Date of Grant; and (c) the nominal value of the eSun Shares on the eSun Date of Grant, provided that the eSun Option Price shall be subject to adjustment in accordance with the provisions of paragraph 15 below.

9. RIGHTS ON WINDING UP

If notice is given of a general meeting of eSun at which a resolution will be proposed for the members' voluntary winding-up of eSun, each eSun Option Holder shall be entitled, at any time not later than two (2) business days prior to the proposed resolution being duly passed, to exercise his outstanding eSun Options in whole or in part, but only so far as such eSun Options shall be subsisting immediately prior to the passing of such a resolution. Subject thereto, all eSun Options then outstanding shall lapse and determine on the commencement of the winding-up.

10. RIGHTS ON A GENERAL OFFER

If, in consequence of any general offer made to all the eSun Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or connection with the offeror), any person shall have obtained control of eSun, each eSun Option Holder shall be entitled to exercise at any time within a period of fourteen (14) days after such control has been obtained the eSun Option in whole or in part, unless the eSun Directors (excluding the relevant eSun Option Holder who is a eSun Director) in their discretion notwithstanding the terms of the relevant eSun Option, vary the option exercise period of such eSun Options granted.

11. RIGHTS ON A COMPROMISE OR ARRANGEMENT

If a compromise or an arrangement between eSun and its members or creditors is proposed for the purposes of or in connection with a scheme of reconstruction of eSun or its amalgamation with any other company or companies, eSun shall give notice thereof to all eSun Option Holders on the same date as it despatches the notice to each member or creditor of eSun to consider such a compromise or an arrangement, and thereupon any eSun Option Holder (or where permitted his personal representatives) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two (2) calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his eSun Option but the exercise of the eSun Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. eSun may thereafter require each eSun Option Holder to transfer or otherwise deal with the eSun Shares issued as a result of such exercise of his eSun Option so as to place the eSun Option Holders in the same position as nearly as would have been the case had such eSun Shares been subject to such compromise or arrangement.

12. RIGHTS ON CEASING EMPLOYMENT, DEATH/DISABILITY OR DISMISSAL

- (i) in the event of the eSun Option Holder ceases to be an eSun Eligible Participant because the eSun Related Entity (to which the eSun Eligible Participant is employed, holds directorship in or is a consultant therewith) ceases to be a eSun Related Entity, then he may exercise all his outstanding eSun Options within twelve (12) months after he so ceases and any such eSun Options not so exercised shall lapse and determine at the end of the said period of twelve (12) months;
- (ii) in the event the eSun Option Holder ceases to be an eSun Eligible Participant by reason of death before exercising the eSun Option in full and none of the events which would be a ground for termination of the eSun Option Holder's employment, directorship, office, appointment or engagement under sub-paragraph (iii) below arises prior to his or her death, the legal personal representative(s) of the eSun Option Holder shall be entitled within a period of twelve (12) months from the date of death, to exercise the eSun Option up to the entitlement of such eSun Option Holder as at the date of death in whole or in part (to the extent which has become exercisable and not already exercised);
- (iii) in the event that the eSun Option Holder ceases to be an eSun Eligible Participant by reason of the termination of his employment, directorship, office, appointment or engagement on the grounds that he has been guilty of misconduct, or has been in breach of material term of the relevant employment contract, service contract, agency contract or engagement contract (as the case may be), or appears either to be unable to pay or have no reasonable prospect to be able to pay debts within the meaning of any applicable legislation in relation to bankruptcy or insolvency, or has become bankrupt or insolvent, or has been served a petition for bankruptcy or winding up, or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the eSun Board or the board of directors of the relevant company, as the case may be) on any other ground on which an employer, or an engaging party would be entitled to terminate his or her employment, directorship, office, appointment or engagement at common law or pursuant to any applicable laws or under the eSun Option Holder's employment, service, agency or engagement contract (as the case may be) with the relevant company (as the case may be) or the employment, directorship, office, appointment or engagement of the eSun Option Holder is terminated by the relevant company pursuant to the contract thereof without notice, and a resolution of the board of directors of the relevant member of the eSun Group (as the case may be) to the effect that the employment, directorship, office, appointment or engagement of an eSun Option Holder has or has not been terminated on one or more of the grounds specified in this sub-paragraph shall be conclusive and binding, then all his outstanding eSun Options shall lapse and determine on the date he so ceases;

- (iv) in the event that the eSun Option Holder ceases to be an eSun Eligible Participant by reason of his retirement in accordance with his contract of employment or service, any outstanding eSun Option(s) may be exercised during the eSun Option Period subject to the criteria and conditions set out in the option letter; and
- (v) for any reason other than as described in sub-paragraphs (i) to (iv) above, then all eSun Options of his which are exercisable at the date he ceases to be an eSun Eligible Participant may be exercised to the extent then exercisable within three (3) months of the date he so ceases and unless so exercised shall then lapse and determine;

Provided always that in each case the eSun Directors in their absolute discretion may decide that such eSun Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may decide.

13. DURATION OF THE NEW ESUN SCHEME

The New eSun Scheme will remain in force for a period of ten (10) years commencing on the eSun SOS Effective Date (the “**eSun Scheme Period**”).

14. LAPSE OF ESUN OPTION

An eSun Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of: -

14.1 the expiry of the eSun Option Period;

14.2 the expiry of any of the periods referred to in paragraphs 9, 10 (unless otherwise determined by the eSun Directors), 11 and 12 above;

14.3 the date on which the eSun Option Holder commits a breach of paragraph 18 below, if the Directors shall exercise eSun’s right to cancel any outstanding eSun Option or part thereof granted; or

14.4 the date on which the eSun Option is cancelled by the eSun Directors as provided in paragraph 16 below.

eSun shall owe no liability to an eSun Option Holder for the lapse of any eSun Option under this paragraph 14.

15. ADJUSTMENT

In the event of any alternation in the capital structure of eSun which arises or may arise immediately following the commencement of the eSun Scheme Period from any issue of shares in or other securities of eSun by way of reduction, subdivision or consolidation of the share capital of eSun or any capitalisation issue or rights issue which the eSun Board considers an adjustment necessary under this paragraph 15, the number or nominal amount of eSun Shares comprised in each eSun Option for the time being outstanding, the eSun Option Price, the eSun Individual Limit in relation to any eSun Option Holder and/or the amounts of multiples of eSun Shares capable of being exercised pursuant to the New eSun Scheme, may be adjusted in such manner as the eSun Directors (having received a statement in writing from the independent auditors or independent financial adviser of eSun, that in their opinion the adjustments proposed are fair and reasonable and at the same time satisfy the requirements of the Listing Rules) may deem appropriate, provided always that no such adjustment shall have the effect of rendering:-

- (a) the eSun Option Price payable upon the exercise of any eSun Option becoming less than the nominal amount of the eSun Share;
- (b) the aggregate eSun Subscription Price relating to any eSun Option being increased;
- (c) the proportion of equity capital, rounded to the nearest whole share of eSun to which the eSun Option Holder is entitled after the adjustment(s) becoming effective not being the same as that to which he was entitled before;
- (d) the aggregate percentage of the issued share capital of eSun available for the grant of eSun Options shall not be greater than the eSun Scheme Mandate Limit (subject to adjustments); and
- (e) the intrinsic value of any eSun Option to have increased to the advantage of the eSun Option Holder.

In addition, in respect of any adjustments under this paragraph 15, other than any made on a capitalisation issue, the independent auditors or independent financial adviser of eSun must confirm to the eSun Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

16. CANCELLATION OF ESUN OPTIONS GRANTED

eSun Options granted and accepted but not exercised may not be cancelled without the consent of the relevant eSun Option Holder thereof and any new eSun Options (or any other options) issued in replacement of eSun Options cancelled may only be issued under the New eSun Scheme (or the eSun Other Schemes) with available eSun Scheme Mandate Limit and eSun Service Provider Sublimit approved by the eSun Shareholders as mentioned in paragraph 3 above. The eSun Options cancelled will be regarded as utilised for the purpose of calculating the eSun Scheme Mandate Limit and eSun Service Provider Sublimit.

17. TERMINATION OF THE NEW ESUN SCHEME

eSun by resolution in the general meeting may at any time terminate the operation of the New eSun Scheme before the expiry of the eSun Scheme Period and in such event, no further offer to grant an eSun Option shall be made but in all other respects the provisions of the New eSun Scheme shall remain in force. Upon such termination, details of the eSun Options granted (including options exercised or outstanding) and (if applicable) eSun Options that become void or non-exercisable as a result of the termination under the New eSun Scheme are required under the Listing Rules to be disclosed in the circular to the eSun Shareholders seeking their approval of the first new scheme established thereunder or refreshment of any scheme mandate limit under any existing eSun Other Scheme after such termination. All eSun Options granted and accepted prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of the New eSun Scheme, and accordingly no relevant disclosure in relation to eSun Options that become void or non-exercisable as a result of the termination will be included in the circular to the eSun Shareholders as such disclosure is not applicable.

18. TRANSFERABILITY OF ESUN OPTIONS

An eSun Option shall be personal to the eSun Option Holder and shall not be transferable and no eSun Option Holder shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any eSun Option, unless a waiver is granted by the Stock Exchange. Any breach of the foregoing shall entitle eSun to cancel any outstanding eSun Option or part thereof granted to such eSun Option Holder.

19. ALTERATION OF THE NEW ESUN SCHEME

- 19.1 The eSun Directors may from time to time in their absolute discretion waive or amend such of the provisions of the New eSun Scheme as they deem desirable, provided that, except with the prior sanction of the eSun Shareholders in the general meeting, no alteration shall be made to the New eSun Scheme altering to the advantage of eSun Option Holders (present or future) any of the provisions of the New eSun Scheme as to the definitions of “eSun Eligible Participants”, “eSun Option Period” and “eSun Scheme Period” in sub-paragraph 1.1 of the New eSun Scheme, the terms and conditions of the New eSun Scheme which are of a material nature and all such other matters set out in Rule 17.03 of the Listing Rules.
- 19.2 No amendments to the New eSun Scheme shall be made which would have the effect of abrogating or altering adversely any of the subsisting rights of eSun Option Holders except with such consent on their part as would be required under the provisions of the Bye-laws of eSun as if the eSun Options constituted a separate class of share capital and as if such provisions applied *mutatis mutandis* thereto.
- 19.3 Change to the terms of the eSun Options granted to an eSun Eligible Participant must be approved by the eSun Board, the eSun Remuneration Committee, the independent non-executive directors of eSun and/or eSun Shareholders (as the case may be) if the initial grant of the eSun Options was approved by the eSun Board, the eSun Remuneration Committee, the independent non-executive directors of eSun and/or the eSun Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the New eSun Scheme.
- 19.4 Save as otherwise provided in the terms of the New eSun Scheme, an amendment of a material nature to the New eSun Scheme may not be made by the eSun Directors, without the prior approval of eSun Shareholders in the general meeting.
- 19.5 The amended terms of the New eSun Scheme or the eSun Options must still comply with the relevant requirements of the Listing Rules.
- 19.6 Any change to the authority of the eSun Directors or scheme administrators in to alter the terms of the New eSun Scheme must be approved by the eSun Shareholders in the general meeting.

20. PERFORMANCE TARGETS AND CLAWBACK MECHANISM

Unless otherwise imposed by the eSun Directors and stated in the relevant offer letter, there is neither any performance targets required to be achieved by any eSun Option Holder before an eSun Option is capable of being exercised by the eSun Option Holder nor any clawback mechanism under the New eSun Scheme for eSun to recover or withhold any remuneration (which may include eSun Options granted to any eSun Option Holder) to any eSun Eligible Participants in the event of serious misconduct, a material misstatement in eSun's financial statements or other circumstances.

21. GRANT OF ESUN OPTIONS TO CONNECTED PERSONS

21.1 In addition to paragraph 4 above, any grant of eSun Options to an eSun Eligible Participant who is an eSun Director, chief executive or substantial shareholder of eSun or their respective associates must be approved by the independent non-executive directors of eSun (excluding any independent non-executive director of eSun who is a proposed grantee of the relevant eSun Options) and shall comply with the requirements of Rule 17.04 of the Listing Rules.

21.2 Where eSun Options are proposed to be granted to a an independent non-executive director or a substantial shareholder of eSun or any of their respective associates and if such grant would result in the total number of eSun Shares issued and to be issued in respect of all options and awards (excluding any options and awards lapsed in accordance with the terms of the New eSun Scheme) granted to such person in the twelve (12)-month period up to and including the eSun Date of Grant to such person representing in aggregate over 0.1% of the relevant class of eSun Shares, then the proposed grant must be subject to the approval of the eSun Shareholders taken on a poll in a general meeting.

21.3 In the circumstances described in paragraph 21.2 above, eSun must send a circular to the eSun Shareholders setting out the details as required under Rule 17.04(5) of the Listing Rules. The relevant eSun Option Holder, his or her associates and all core connected persons of eSun must abstain from voting in favour at such general meeting, eSun must comply with the requirements set out in Rules 13.40, 13.41 and 13.42 of the Listing Rules.

22. CONDITIONS OF THE NEW ESUN SCHEME

The New eSun Scheme shall take effect after the expiry of the Existing eSun Scheme and upon satisfaction of the following conditions: -

- 22.1 the passing of the necessary resolutions by the eSun Shareholders in a general meeting to adopt the New eSun Scheme and to authorise the eSun Directors to grant eSun Options to subscribe for eSun Shares hereunder and to allot, issue and deal with eSun Shares pursuant to the exercise of any eSun Options granted under the New eSun Scheme;
- 22.2 the passing of the necessary resolutions by the Shareholders and LSG Shareholders in their respective general meetings to approve the adoption of the New eSun Scheme by eSun; and
- 22.3 the approval for the listing of, and permission to deal in, any eSun Shares to be issued and allotted pursuant to the exercise of eSun Options under the New eSun Scheme, being granted by the Listing Committee. If such approval, listing or permission is not granted, then the New eSun Scheme shall forthwith determine and any eSun Option granted or agreed to be granted pursuant to provisions of the New eSun Scheme and any offer of eSun Options shall be of no effect after which, no person shall be entitled to any rights or benefits or be under any obligation under or in respect of the New eSun Scheme or any eSun Option.

23. RANKING OF ESUN SHARES

The eSun Shares to be allotted upon the exercise of an eSun Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank *pari passu* with the fully paid eSun Shares in issue on the date of allotment and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made. The eSun Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the eSun Option Holder (or any other person) as the holder of those eSun Shares.

24. RESTRICTION ON THE TIME OF GRANT OF ESUN OPTIONS

No offer of an eSun Option shall be made and no eSun Option shall be granted to any eSun Eligible Participant after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision or inside information has come to eSun's knowledge until such price sensitive information or inside information has been publicly disseminated in accordance with the Listing Rules or during any period of time which is prohibited from any such offer and/or grant under the Listing Rules or any applicable law.

The following is a summary of the principal terms of the rules of the New LFH Scheme. It does not form part of, nor is it intended to be part of the rules of the New LFH Scheme and it should not be taken as affecting the interpretation of the rules of the New LFH Scheme.

1. PURPOSE OF THE NEW LFH SCHEME

The purpose of the New LFH Scheme is to recognise the contribution or future contribution of the LFH Eligible Participants for their contribution to the LFH Group by granting LFH Options to them as incentives or rewards and to attract, retain and motivate high-calibre LFH Eligible Participants in line with the performance goals of the LFH Group and the LFH Related Entities. The New LFH Scheme shall strengthen the many long-term relationships that the LFH Eligible Participants may have with the LFH Group.

2. LFH ELIGIBLE PARTICIPANTS OF THE NEW LFH SCHEME AND THE BASIS OF DETERMINING ELIGIBILITY OF LFH ELIGIBLE PARTICIPANTS

LFH Eligible Participants include the LFH Employee Participants, the LFH Service Providers and the LFH Related Entity Participants.

In determining the basis of eligibility of each LFH Eligible Participant, the LFH Board would mainly take into account of the experience of the LFH Eligible Participant on the LFH Group's businesses, the length of service of the LFH Eligible Participant with the LFH Group (if the LFH Eligible Participant is an employee or a director of any member of the LFH Group), the actual degree of involvement in and/or cooperation with the LFH Group and length of collaborative relationship the LFH Eligible Participant has established with the LFH Group (if the LFH Eligible Participant is a LFH Service Provider of any member of the LFH Group), and the amount of support, assistance, guidance, advice, efforts and contributions the LFH Eligible Participant has exerted and given towards the success of the LFH Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the LFH Eligible Participant is likely to be able to give or make towards the success of the LFH Group in the future.

For LFH Employee Participants, assessing factors include: the individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of engagement with the LFH Group and the individual contribution or potential contribution to the development and growth of the LFH Group.

For each category of LFH Service Providers, assessing factors include: the individual performance of relevant LFH Service Providers, the length of business relationship with the LFH Group, the materiality and nature of the business relationship with the LFH Group (such as whether they relate to the core business of the LFH Group and whether such business dealings could be readily replaced by third parties), track record in the quality of services provided to and/or cooperation with the LFH Group and the scale of business dealings with the LFH Group with regard to factors such as the actual or expected change in the LFH Group's revenue or profits which is or may be attributable to the LFH Service Providers. In assessing whether the LFH Service Provider provides services to the LFH Group on a continuing and recurring basis and in its ordinary and usual course of business, the LFH Board shall take into consideration the length and type of services provided and the recurrences and regularity of such services, the nature of the services provided to the LFH Group by the LFH Service Provider, and whether such services form part of or are directly ancillary to the businesses conducted by the LFH Group, as disclosed in the LFH's announcements, circulars, interim and annual reports.

3. MAXIMUM NUMBER OF LFH SHARES AVAILABLE FOR SUBSCRIPTION

3.1 The total number of LFH Shares which may be issued upon the exercise of LFH Options to be granted under the New LFH Scheme and all options and awards to be granted under any other share option scheme(s) and share award scheme(s) of LFH (the "**LFH Other Schemes**") shall not in aggregate exceed 33,103,344, representing 10% of the total issued LFH Shares on the LFH Adoption Date (the "**LFH Scheme Mandate Limit**") unless LFH obtains an approval from the LFH Shareholders pursuant to sub-paragraph 3.3 below. LFH Options or awards cancelled or lapsed in accordance with the terms of the New LFH Scheme or LFH Other Schemes shall not be counted for the purposes of calculating whether the LFH Scheme Mandate Limit and the LFH Service Provider Sublimit (as defined below) have been exceeded. If LFH conducts a share consolidation or subdivision after the LFH Scheme Mandate Limit has been approved in general meeting, the maximum number of LFH Shares that may be issued in respect of all LFH Options to be granted under the LFH New Share Option Scheme and options and awards to be granted under all LFH Other Schemes under the LFH Scheme Mandate Limit or the LFH Service Provider Sublimit as a percentage of the number of total issued LFH Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole LFH Share.

3.2 Subject to paragraph 3.1 above, within the LFH Scheme Mandate Limit, the total number of LFH Shares which may be issued upon exercise of all options to be granted to LFH Service Providers shall not exceed 3,310,334 LFH Shares, representing 1% of the total number of total issued LFH Shares on the LFH Adoption Date (the "**LFH Service Provider Sublimit**").

- 3.3 LFH may seek approval of the LFH Shareholders in the general meeting for refreshing the LFH Scheme Mandate Limit and the LFH Service Provider Sublimit set out in paragraphs 3.1 and 3.2 above under the New LFH Scheme after three (3) years from the date of approval by the LFH Shareholders for the adoption of the New LFH Scheme or the last refreshment.
- 3.4 Any refreshment within any three (3)-year period must be approved by LFH Shareholders subject to that:
- (i) any controlling LFH shareholders and their associates (or if there is no controlling LFH shareholder, directors (excluding independent non-executive directors) and the chief executive of LFH and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
 - (ii) LFH must comply with the requirements under Rules 13.39(6), 13.39(7), 13.40, 13.41 and 13.42 of the Listing Rules.
- 3.5 The requirements under paragraphs 3.4(i) and 3.4(ii) above do not apply if the refreshment is made immediately after an issue of securities by LFH to the LFH Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the LFH Scheme Mandate Limit (as a percentage of the number of total issued LFH Shares) upon refreshment is the same as the unused part of the LFH Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole LFH Share.
- 3.6 The total number of LFH Shares which may be issued in respect of all LFH Options to be granted under the New LFH Scheme (in aggregate with any other options and awards to be granted under any LFH Other Schemes that involve(s) the issuance of new LFH Shares) under the LFH Scheme Mandate Limit as refreshed shall not exceed 10% of the number of total issued LFH Shares in issue as at the date of approval of the refreshed LFH Scheme Mandate Limit. LFH shall send to the LFH Shareholders a circular containing all such information as may be required under the Listing Rules.

3.7 LFH may seek separate approval by the LFH Shareholders in its general meeting for granting LFH Options beyond the LFH Scheme Mandate Limit provided the LFH Options in excess of the LFH Scheme Mandate Limit are granted only to the LFH Eligible Participants specifically identified by LFH before such approval is sought. In such a case, LFH shall send to the LFH Shareholders a circular containing the name of each specified LFH Eligible Participant who may be granted such LFH Options, the number and terms of the LFH Options to be granted to each LFH Eligible Participant, and the purpose of granting LFH Options to the specified LFH Eligible Participants with an explanation as to how the terms of the LFH Options serve such purpose and all such information as may be required under the Listing Rules. The number and terms of LFH Options to be granted to such LFH Eligible Participants must be fixed before approval by the LFH Shareholders. In respect of any LFH Options to be granted, the date of LFH Board meeting for proposing such grant should be taken as the LFH Date of Grant for the purpose of calculating the LFH Subscription Price.

3.8 In addition to paragraph 3.3 above, if required under Rule 14.32A (effective from 1 January 2023) and other provisions under Chapter 14 of the Listing Rules, approval from the Shareholders and/or LSG Shareholders shall also be obtained if LFH proposes to increase or refresh the LFH Scheme Mandate Limit.

4. MAXIMUM ENTITLEMENT OF LFH SHARES OF EACH LFH ELIGIBLE PARTICIPANT

Subject to paragraph 21 below, the total number of LFH Shares issued and to be issued upon exercise of the options and awards granted to each LFH Eligible Participant or grantee (including exercised and outstanding options but excluding any options and awards lapsed in accordance with the terms of such schemes) in any twelve (12)-month period up to the LFH Date of Grant shall not exceed 1% of the number of total issued LFH Shares at the LFH Date of Grant (the “**LFH Individual Limit**”). Where it is proposed that any offer is to be made to an LFH Eligible Participant (or where approximate, an existing grantee) which would result in the LFH Shares issued and to be issued upon exercise of all options and awards granted and to be granted to such person (including exercised, cancelled and outstanding options and awards) in the twelve (12)-month period up to and including the relevant LFH Date of Grant to exceed his, her or its LFH Individual Limit, such offer and any acceptance thereof must be conditional upon approval by the LFH Shareholders in the general meeting with such LFH Eligible Participant (or where appropriate, an existing grantee) and his, her or its associates abstaining from voting. LFH must send a circular to the LFH Shareholders disclosing the identity of the LFH Eligible Participant or grantee, the number and terms of options to be granted (and options previously granted) to such LFH Eligible Participant and the information required under the Listing Rules. The number and terms (including the LFH Subscription Price) of options to be granted to such LFH Eligible Participant must be fixed before the date on which approval of the LFH Shareholders is sought and the date of the LFH Board meeting for proposing such further grant should be taken as the LFH Date of Grant for the purpose of calculating the LFH Subscription Price.

5. ACCEPTANCE OF LFH OPTION

Offers to grant an LFH Option shall be open for acceptance in writing. Such acceptance must be received by the company secretary of LFH (“**LFH Company Secretary**”) within a period of 30 days inclusive of, and from, the LFH Date of Grant provided that no such offer shall be open for acceptance after the expiry of the period of the New LFH Scheme or after the New LFH Scheme has been terminated; or by a person who ceases to be an LFH Eligible Participant after such offer has been made. An offer shall be deemed to have been accepted on the date when the duplicate comprising acceptance of the offer is duly signed by the LFH Eligible Participant with the number of LFH Shares in respect of which the offer is accepted clearly stated therein together with a remittance in favour of LFH of HK\$1.00 per LFH Option by way of consideration for the grant thereof. Such consideration shall not be refundable.

Upon an offer of the grant of LFH Options being accepted or deemed to have been accepted, each LFH Option Holder gives LFH an unfettered right to publish an announcement relating to the terms of the offer in accordance with the Listing Rules.

6. PERIOD WITHIN WHICH THE LFH OPTION MAY BE EXERCISED

Save as provided in paragraphs 7, 9 to 12 below, LFH Options for the time being outstanding may be exercised in whole or in part at any time during the LFH Option Period. In order for the exercise of an LFH Option to be effective, LFH Company Secretary must, prior to the expiry of the LFH Option Period, have received: (i) a written notice from the LFH Option Holder exercising the LFH Option, signed by or on behalf of the LFH Option Holder and specifying the number of LFH Shares in respect of which the LFH Option is being exercised; and (ii) payment in full of the LFH Subscription Price. Notwithstanding anything in provisions under the New LFH Scheme to the contrary, the LFH Option Period shall not be extended and, on the expiry of the LFH Option Period, all rights in respect of an LFH Option for the time being outstanding shall terminate, except in so far as there has been an effective exercise of that LFH Option prior thereto and LFH has not discharged all its obligations under the New LFH Scheme in relation to such exercise.

7. VESTING PERIOD OF LFH OPTION

- 7.1 Save for the circumstances prescribed in paragraph 7.2 below, an LFH Option must be held by the LFH Option Holder for at least twelve (12) months before the LFH Option can be exercised.
- 7.2 A shorter vesting period may be granted to the LFH Employee Participants at the discretion of the LFH Board or a committee or any other authorised agent(s) as deemed appropriate at the sole discretion of the LFH Board in any of the following circumstances:
- (i) grants of “make-whole” LFH Options to new joiners to replace the share awards or options they forfeited when leaving the previous employer;
 - (ii) grants to an LFH Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
 - (iii) grants that are made in batches during a year for administrative and compliance reasons, which include LFH Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the LFH Option would have been granted;
 - (iv) grants with a mixed or accelerated vesting schedule such as where the LFH Option may vest evenly over a period of twelve (12) months;
 - (v) grants with performance-based vesting conditions in lieu of time-based vesting criteria; and
 - (vi) the LFH Remuneration Committee is of the view that a shorter vesting period is appropriate and serves the purpose of the New LFH Scheme.

8. LFH OPTION PRICE

The LFH Option Price (subject to adjustments in accordance with paragraph 15 below) shall be determined on the LFH Date of Grant at the absolute discretion of the Directors as an amount per LFH Share which shall be at least the highest of (a) the closing price of the LFH Shares as stated in the Stock Exchange’s daily quotations sheet on the LFH Date of Grant, which must be a trading day; (b) the average of the closing prices of the LFH Shares as stated in the Stock Exchange’s daily quotations sheets for the five (5) trading days immediately preceding the LFH Date of Grant; and (c) the nominal value of the LFH Shares on the LFH Date of Grant, provided that the LFH Option Price shall be subject to adjustment in accordance with the provisions of paragraph 15 below.

9. RIGHTS ON WINDING UP

If notice is given of a general meeting of LFH at which a resolution will be proposed for the members' voluntary winding-up of LFH, each LFH Option Holder shall be entitled, at any time not later than two (2) business days prior to the proposed resolution being duly passed, to exercise his outstanding LFH Options in whole or in part, but only so far as such LFH Options shall be subsisting immediately prior to the passing of such a resolution. Subject thereto, all LFH Options then outstanding shall lapse and determine on the commencement of the winding-up.

10. RIGHTS ON A GENERAL OFFER

If, in consequence of any general offer made to all the LFH Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or connection with the offeror), any person shall have obtained control of LFH, each LFH Option Holder shall be entitled to exercise at any time within a period of fourteen (14) days after such control has been obtained the LFH Option in whole or in part, unless the LFH Directors (excluding the relevant LFH Option Holder who is a LFH Director) in their discretion notwithstanding the terms of the relevant LFH Option, vary the option exercise period of such LFH Options granted.

11. RIGHTS ON A COMPROMISE OR ARRANGEMENT

If a compromise or an arrangement between LFH and its members or creditors is proposed for the purposes of or in connection with a scheme of reconstruction of LFH or its amalgamation with any other company or companies, LFH shall give notice thereof to all LFH Option Holders on the same date as it despatches the notice to each member or creditor of LFH to consider such a compromise or an arrangement, and thereupon any LFH Option Holder (or where permitted his personal representatives) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two (2) calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his LFH Option but the exercise of the LFH Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. LFH may thereafter require each LFH Option Holder to transfer or otherwise deal with the LFH Shares issued as a result of such exercise of his LFH Option so as to place the LFH Option Holders in the same position as nearly as would have been the case had such LFH Shares been subject to such compromise or arrangement.

12. RIGHTS ON CEASING EMPLOYMENT, DEATH/DISABILITY OR DISMISSAL

- (i) in the event of the LFH Option Holder ceases to be an LFH Eligible Participant because the LFH Related Entity (to which the LFH Eligible Participant is employed, holds directorship in or is a consultant therewith) ceases to be a LFH Related Entity, then he may exercise all his outstanding LFH Options within twelve (12) months after he so ceases and any such LFH Options not so exercised shall lapse and determine at the end of the said period of twelve (12) months;
- (ii) in the event the LFH Option Holder ceases to be an LFH Eligible Participant by reason of death before exercising the LFH Option in full and none of the events which would be a ground for termination of the LFH Option Holder's employment, directorship, office, appointment or engagement under sub-paragraph (iii) below arises prior to his or her death, the legal personal representative(s) of the LFH Option Holder shall be entitled within a period of twelve (12) months from the date of death, to exercise the LFH Option up to the entitlement of such LFH Option Holder as at the date of death in whole or in part (to the extent which has become exercisable and not already exercised);
- (iii) In the event that the LFH Option Holder ceases to be an LFH Eligible Participant by reason of the termination of his employment, directorship, office, appointment or engagement on the grounds that he has been guilty of misconduct, or has been in breach of material term of the relevant employment contract, service contract, agency contract or engagement contract (as the case may be), or appears either to be unable to pay or have no reasonable prospect to be able to pay debts within the meaning of any applicable legislation in relation to bankruptcy or insolvency, or has become bankrupt or insolvent, or has been served a petition for bankruptcy or winding up, or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the LFH Board or the board of directors of the relevant company, as the case may be) on any other ground on which an employer, or an engaging party would be entitled to terminate his employment, directorship, office, appointment or engagement at common law or pursuant to any applicable laws or under the LFH Option Holder's employment, service, agency or engagement contract (as the case may be) with the relevant company (as the case may be) or the employment, directorship, office, appointment or engagement of the LFH Option Holder is terminated by the relevant company pursuant to the contract thereof without notice, and a resolution of the board of directors of the relevant member of the LFH Group (as the case may be) to the effect that the employment, directorship, office, appointment or engagement of an LFH Option Holder has or has not been terminated on one or more of the grounds specified in this sub-paragraph shall be conclusive and binding, then all his outstanding LFH Options shall lapse and determine on the date he so ceases;

- (iv) in the event that the LFH Option Holder ceases to be an LFH Eligible Participant by reason of his retirement in accordance with his contract of employment or service, any outstanding LFH Option(s) may be exercised during the LFH Option Period subject to the criteria and conditions set out in the option letter; and
- (v) for any reason other than as described in sub-paragraphs (i) to (iv) above, then all LFH Options of his which are exercisable at the date he ceases to be an LFH Eligible Participant may be exercised to the extent then exercisable within three (3) months of the date he so ceases and unless so exercised shall then lapse and determine;

Provided always that in each case the LFH Directors in their absolute discretion may decide that such LFH Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may decide.

13. DURATION OF THE NEW LFH SCHEME

The New LFH Scheme will remain in force for a period of ten (10) years commencing on the LFH SOS Effective Date (the “**LFH Scheme Period**”).

14. LAPSE OF LFH OPTION

An LFH Option shall lapse automatically and not be exercisable (to the extent not already **exercised**) on the earliest of: -

14.1 the expiry of the LFH Option Period;

14.2 the expiry of any of the periods referred to in paragraphs 9, 10 (unless otherwise determined by the LFH Directors), 11 and 12 above;

14.3 the date on which the LFH Option Holder commits a breach of paragraph 18 below, if the LFH Directors shall exercise LFH’s right to cancel any outstanding LFH Option or part thereof granted; or

14.4 the date on which the LFH Option is cancelled by the LFH Directors as provided in paragraph 16 below.

LFH shall owe no liability to an LFH Option Holder for the lapse of any LFH Option under this paragraph 14.

15. ADJUSTMENT

In the event of alternation in the capital structure of LFH which arises or may arise immediately following the commencement of the LFH Scheme Period from any issue of shares in or other securities of LFH by way of reduction, subdivision or consolidation of the share capital of LFH or any capitalisation issue or rights issue which the LFH Board considers an adjustment necessary under this paragraph 15, the number or nominal amount of LFH Shares comprised in each LFH Option for the time being outstanding, the LFH Option Price, the LFH Individual Limit in relation to any LFH Option Holder and/or the amounts of multiples of LFH Shares capable of being exercised pursuant to the New LFH Scheme, may be adjusted in such manner as the LFH Directors (having received a statement in writing from the independent auditors or independent financial adviser of LFH, that in their opinion the adjustments proposed are fair and reasonable and at the same time satisfy the requirements of the Listing Rules) may deem appropriate, provided always that no such adjustment shall have the effect of rendering:-

- (a) the LFH Option Price payable upon the exercise of any LFH Option becoming less than the nominal amount of the LFH Share;
- (b) the aggregate LFH Subscription Price relating to any LFH Option being increased;
- (c) the proportion of equity capital, rounded to the nearest whole share of LFH to which the LFH Option Holder is entitled after the adjustment(s) becoming effective not being the same as that to which he was entitled before;
- (d) the aggregate percentage of the issued share capital of LFH available for the grant of LFH Options shall not be greater than the LFH Scheme Mandate Limit (subject to adjustments); and
- (e) the intrinsic value of any LFH Option to have increased to the advantage of the LFH Option Holder.

In addition, in respect of any adjustments under this paragraph 15, other than any made on a capitalisation issue, the independent auditors or independent financial adviser of LFH must confirm to the LFH Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

16. CANCELLATION OF LFH OPTIONS GRANTED

LFH Options granted and accepted but not exercised may not be cancelled without the consent of the relevant LFH Option Holder thereof and any new LFH Options (or any other options) issued in replacement of LFH Options cancelled may only be issued under the New LFH Scheme (or the LFH Other Schemes) with available LFH Scheme Mandate Limit and LFH Service Provider Sublimit approved by the LFH Shareholders as mentioned in paragraph 3 above. The LFH Options cancelled will be regarded as utilised for the purpose of calculating the LFH Scheme Mandate Limit and LFH Service Provider Sublimit.

17. TERMINATION OF THE NEW LFH SCHEME

LFH by resolution in the general meeting may at any time terminate the operation of the New LFH Scheme before the expiry of the LFH Scheme Period and in such event, no further offer to grant an LFH Option shall be made but in all other respects the provisions of the New LFH Scheme shall remain in force. Upon such termination, details of the LFH Options granted (including options exercised or outstanding) and (if applicable) LFH Options that become void or non-exercisable as a result of the termination under the New LFH Scheme are required under the Listing Rules to be disclosed in the circular to the LFH Shareholders seeking their approval of the first new scheme established thereunder or refreshment of any scheme mandate limit under any existing LFH Other Scheme after such termination. All LFH Options granted and accepted prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of the New LFH Scheme, and accordingly no relevant disclosure in relation to LFH Options that become void or non-exercisable as a result of the termination will be included in the circular to the LFH Shareholders as such disclosure is not applicable.

18. TRANSFERABILITY OF LFH OPTIONS

An LFH Option shall be personal to the LFH Option Holder and shall not be transferable and no LFH Option Holder shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any LFH Option, unless a waiver is granted by the Stock Exchange. Any breach of the foregoing shall entitle LFH to cancel any outstanding LFH Option or part thereof granted to such LFH Option Holder.

19. ALTERATION OF THE NEW LFH SCHEME

- 19.1 The LFH Directors may from time to time in their absolute discretion waive or amend such of the provisions of the New LFH Scheme as they deem desirable, provided that, except with the prior sanction of the LFH Shareholders in the general meeting, no alteration shall be made to the New LFH Scheme altering to the advantage of LFH Option Holders (present or future) any of the provisions of the New LFH Scheme as to the definitions of “LFH Eligible Participants”, “LFH Option Period” and “LFH Scheme Period” in paragraph 1.1 of the New LFH Scheme, the terms and conditions of the New LFH Scheme which are of a material nature and all such other matters set out in Rule 17.03 of the Listing Rules.
- 19.2 No amendments to the New LFH Scheme shall be made which would have the effect of abrogating or altering adversely any of the subsisting rights of LFH Option Holders except with such consent on their part as would be required under the provisions of the articles of association for the time being of LFH as if the LFH Options constituted a separate class of share capital and as if such provisions applied *mutatis mutandis* thereto.
- 19.3 Change to the terms of the LFH Options granted to an LFH Eligible Participant must be approved by the LFH Board, the LFH Remuneration Committee, the independent non-executive directors of LFH and/or LFH Shareholders (as the case may be) if the initial grant of the LFH Options was approved by the LFH Board, the LFH Remuneration Committee, the independent non-executive directors of LFH and/or the LFH Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the New LFH Scheme.
- 19.4 Save as otherwise provided in the terms of the New LFH Scheme, an amendment of a material nature to the New LFH Scheme may not be made by the LFH Directors, without the prior approval of LFH Shareholders in the general meeting.
- 19.5 The amended terms of the New LFH Scheme or the LFH Options must still comply with the relevant requirements of the Listing Rules.
- 19.6 Any change to the authority of the LFH Directors or scheme administrators to alter the terms of the New LFH Scheme must be approved by the LFH Shareholders in the general meeting.

20. PERFORMANCE TARGETS AND CLAWBACK MECHANISM

Unless otherwise imposed by the LFH Directors and stated in the relevant offer letter, there is neither any performance targets required to be achieved by any LFH Option Holder before an LFH Option is capable of being exercised by the LFH Option Holder nor any clawback mechanism under the New LFH Scheme for LFH to recover or withhold any remuneration (which may include LFH Options granted to any LFH Option Holder) to any LFH Eligible Participants in the event of serious misconduct, a material misstatement in LFH's financial statements or other circumstances.

21. GRANT OF LFH OPTIONS TO CONNECTED PERSONS

21.1 In addition to paragraph 4 above, any grant of LFH Options to an LFH Eligible Participant who is a LFH Director, chief executive or substantial shareholder of LFH or their respective associates must be approved by the independent non-executive directors of LFH (excluding any independent non-executive director of LFH who is a proposed grantee of the relevant LFH Options) and shall comply with the requirements of Rule 17.04 of the Listing Rules.

21.2 Where LFH Options are proposed to be granted to a an independent non-executive director or a substantial shareholder of LFH or any of their respective associates and if such grant would result in the total number of LFH Shares issued and to be issued in respect of all options and awards (excluding any options and awards lapsed in accordance with the terms of the New LFH Scheme) granted to such person in the twelve (12)-month period up to and including the LFH Date of Grant to such person representing in aggregate over 0.1% of the relevant class of LFH Shares, then the proposed grant must be subject to the approval of the LFH Shareholders taken on a poll in a general meeting.

21.3 In the circumstances described in paragraph 21.2 above, LFH must send a circular to the LFH Shareholders setting out the details as required under Rule 17.04(5). The relevant LFH Option Holder, his associates and all core connected persons of LFH must abstain from voting in favour at such general meeting, LFH must comply with the requirements set out in Rules 13.40, 13.41 and 13.42 of the Listing Rules.

22. CONDITIONS OF THE NEW LFH SCHEME

The New LFH Scheme shall take effect after the expiry of the Existing LFH Scheme and upon satisfaction of the following conditions: -

- 22.1 the passing of the necessary resolutions by the LFH Shareholders in a general meeting to adopt the New LFH Scheme and to authorise the LFH Directors to grant LFH Options to subscribe for LFH Shares hereunder and to allot, issue and deal with LFH Shares pursuant to the exercise of any LFH Options granted under the New LFH Scheme;
- 22.2 the passing of the necessary resolutions by the Shareholders and LSG Shareholders in their respective general meetings to approve the adoption of the New LFH Scheme by LFH; and
- 22.3 the approval for the listing of, and permission to deal in, any LFH Shares to be issued and allotted pursuant to the exercise of LFH Options under the New LFH Scheme, being granted by the Listing Committee. If such approval, listing or permission is not granted, then the New LFH Scheme shall forthwith determine and any LFH Option granted or agreed to be granted pursuant to provisions of the New LFH Scheme and any offer of LFH Options shall be of no effect after which, no person shall be entitled to any rights or benefits or be under any obligation under or in respect of the New LFH Scheme or any LFH Option.

23. RANKING OF LFH SHARES

The LFH Shares to be allotted upon the exercise of an LFH Option will be subject to all the provisions of the articles of association for the time being in force and will rank *pari passu* with the fully paid LFH Shares in issue on the date of allotment and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made. The LFH Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the LFH Option Holder (or any other person) as the holder of those LFH Shares.

24. RESTRICTION ON THE TIME OF GRANT OF LFH OPTIONS

No offer of a LFH Option shall be made and no LFH Option shall be granted to any LFH Eligible Participant after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision or inside information has come to LFH's knowledge until such price sensitive information or inside information has been publicly disseminated in accordance with the Listing Rules or during any period of time which is prohibited from any such offer and/or grant under the Listing Rules or any applicable law.

The following is a summary of the principal terms of the rules of the New MAGHL Scheme. It does not form part of, nor is it intended to be part of the rules of the New MAGHL Scheme and it should not be taken as affecting the interpretation of the rules of the New MAGHL Scheme.

1. PURPOSE OF THE NEW MAGHL SCHEME

The purpose of the New MAGHL Scheme is to recognise the contribution or future contribution of the MAGHL Eligible Participants for their contribution to the MAGHL Group by granting MAGHL Options to them as incentives or rewards and to attract, retain and motivate high-calibre MAGHL Eligible Participants in line with the performance goals of the MAGHL Group and the MAGHL Related Entities. The New MAGHL Scheme shall strengthen the many long-term relationships that the MAGHL Eligible Participants may have with the MAGHL Group.

2. MAGHL ELIGIBLE PARTICIPANTS OF THE NEW MAGHL SCHEME AND THE BASIS OF DETERMINING ELIGIBILITY OF MAGHL ELIGIBLE PARTICIPANTS

MAGHL Eligible Participants include the MAGHL Employee Participants, the MAGHL Service Providers and the MAGHL Related Entity Participants.

In determining the basis of eligibility of each MAGHL Eligible Participant, the MAGHL Board would mainly take into account of the experience of the MAGHL Eligible Participant on the MAGHL Group's businesses, the length of service of the MAGHL Eligible Participant with the MAGHL Group (if the MAGHL Eligible Participant is an employee or a director of any member of the MAGHL Group), the actual degree of involvement in and/or cooperation with the MAGHL Group and length of collaborative relationship the MAGHL Eligible Participant has established with the MAGHL Group (if the MAGHL Eligible Participant is a MAGHL Service Provider of any member of the MAGHL Group), and the amount of support, assistance, guidance, advice, efforts and contributions the MAGHL Eligible Participant has exerted and given towards the success of the MAGHL Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the MAGHL Eligible Participant is likely to be able to give or make towards the success of the MAGHL Group in the future.

For MAGHL Employee Participants, assessing factors include: the individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of engagement with the MAGHL Group and the individual contribution or potential contribution to the development and growth of the MAGHL Group.

For each category of MAGHL Service Providers, assessing factors include: whether the nature of professional services provided by the MAGHL Service Provider is in line with MAGHL's business need and the industry norm, desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the MAGHL Group, having regard to the MAGHL Group's business segments and focuses from time to time, the individual performance of relevant MAGHL Service Providers, the length of business relationship with the MAGHL Group, the materiality and nature of the business relationship with the MAGHL Group (such as whether they relate to the core business of the MAGHL Group and whether such business dealings could be readily replaced by third parties), track record in the quality of services provided to and/or cooperation with the MAGHL Group and the scale of business dealings with the MAGHL Group with regard to factors such as the actual or expected change in the MAGHL Group's revenue or profits which is or may be attributable to the MAGHL Service Providers. In assessing whether the MAGHL Service Provider provides services to the MAGHL Group on a continuing and recurring basis and in its ordinary and usual course of business, the MAGHL Board shall take into consideration the length and type of services provided and the recurrences and regularity of such services, the nature of the services provided to the MAGHL Group by the MAGHL Service Provider, and whether such services form part of or are directly ancillary to the businesses conducted by the MAGHL Group, as disclosed in the MAGHL's announcements, circulars, interim, quarterly and annual reports.

3. MAXIMUM NUMBER OF MAGHL SHARES AVAILABLE FOR SUBSCRIPTION

3.1 The total number of MAGHL Shares which may be issued upon the exercise of MAGHL Options to be granted under the New MAGHL Scheme and all options and awards to be granted under any other share option scheme(s) and share award scheme(s) of MAGHL (the "**MAGHL Other Schemes**") shall not in aggregate exceed 298,631,401, representing 10% of the issued MAGHL Shares on the MAGHL Adoption Date (the "**MAGHL Scheme Mandate Limit**") unless MAGHL obtains an approval from the MAGHL Shareholders pursuant to paragraph 3.3 below. MAGHL Options or awards cancelled or lapsed in accordance with the terms of the New MAGHL Scheme or MAGHL Other Schemes shall not be counted for the purposes of calculating whether the MAGHL Scheme Mandate Limit and the MAGHL Service Provider Sublimit (as defined below) have been exceeded. If MAGHL conducts a share consolidation or subdivision after the MAGHL Scheme Mandate Limit has been approved in general meeting, the maximum number of MAGHL Shares that may be issued in respect of all MAGHL Options to be granted under the MAGHL New Share Option Scheme and options and awards to be granted under all MAGHL Other Schemes under the MAGHL Scheme Mandate Limit or the MAGHL Service Provider Sublimit as a percentage of the number of total issued MAGHL Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole MAGHL Share.

- 3.2 Subject to paragraph 3.1 above, within the MAGHL Scheme Mandate Limit, the total number of MAGHL Shares which may be issued upon exercise of all options to be granted to the MAGHL Service Providers shall not exceed 29,863,140 MAGHL Shares, representing 1% of the number of the total issued MAGHL Shares on the MAGHL Adoption Date (the “**MAGHL Service Provider Sublimit**”).
- 3.3 MAGHL may seek approval of the MAGHL Shareholders in the general meeting for refreshing the MAGHL Scheme Mandate Limit and the MAGHL Service Provider Sublimit set out in paragraphs 3.1 and 3.2 above under the New MAGHL Scheme after three (3) years from the date of approval by the MAGHL Shareholders for the adoption of the New MAGHL Scheme or the last refreshment.
- 3.4 Any refreshment within any three (3)-year period must be approved by MAGHL Shareholders subject to that:
- (i) any controlling MAGHL shareholders and their associates (or if there is no controlling MAGHL shareholder, directors (excluding independent non-executive directors) and the chief executive of MAGHL and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
 - (ii) MAGHL must comply with the requirements under Rules 17.47(6), 17.47(7), 17.47A, 17.47B and 17.47C of the GEM Listing Rules.
- 3.5 The requirements under paragraphs 3.4(i) and 3.4(ii) above do not apply if the refreshment is made immediately after an issue of securities by MAGHL to the MAGHL Shareholders on a pro rata basis as set out in Rule 17.41(1) of the GEM Listing Rules such that the unused part of the MAGHL Scheme Mandate Limit (as a percentage of the number of the total MAGHL Shares) upon refreshment is the same as the unused part of the MAGHL Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole MAGHL Share.
- 3.6 The total number of MAGHL Shares which may be issued in respect of all MAGHL Options to be granted under the New MAGHL Scheme (in aggregate with any other options and awards to be granted under any MAGHL Other Schemes that involve(s) the issuance of new MAGHL Shares) under the MAGHL Scheme Mandate Limit as refreshed shall not exceed 10% of the number of the total issued MAGHL Shares in issue as at the date of approval of the refreshed MAGHL Scheme Mandate Limit. MAGHL shall send to the MAGHL Shareholders a circular containing all such information as may be required under the GEM Listing Rules.

3.7 MAGHL may seek separate approval by its the MAGHL Shareholders in its general meeting for granting MAGHL Options beyond the MAGHL Scheme Mandate Limit provided the MAGHL Options in excess of the MAGHL Scheme Mandate Limit are granted only to the MAGHL Eligible Participants specifically identified by MAGHL before such approval is sought. In such a case, MAGHL shall send to the MAGHL Shareholders a circular containing the name of each specified MAGHL Eligible Participant who may be granted such MAGHL Options, the number and terms of the MAGHL Options to be granted to each MAGHL Eligible Participant, and the purpose of granting MAGHL Options to the specified MAGHL Eligible Participants with an explanation as to how the terms of the MAGHL Options serve such purpose and all such information as may be required under the GEM Listing Rules. The number and terms of MAGHL Options to be granted to such MAGHL Eligible Participants must be fixed before approval by the MAGHL Shareholders. In respect of any MAGHL Options to be granted, the date of MAGHL Board meeting for proposing such grant should be taken as the MAGHL Date of Grant for the purpose of calculating the MAGHL Subscription Price.

3.8 In addition to paragraph 3.3 above, if required under Rule 14.32A and other provisions under Chapter 14 of the Listing Rules, approval from the eSun Shareholders, the Shareholders and/or LSG Shareholders shall also be obtained if MAGHL proposes to increase or refresh the MAGHL Scheme Mandate Limit.

4. MAXIMUM ENTITLEMENT OF MAGHL SHARES OF EACH MAGHL ELIGIBLE PARTICIPANT

Subject to paragraph 21 below, the total number of MAGHL Shares issued and to be issued upon exercise of the options and awards granted to each MAGHL Eligible Participant or grantee (including exercised and outstanding options but excluding any options and awards lapsed in accordance with the terms of such schemes) in any twelve (12)-month period up to the MAGHL Date of Grant shall not exceed 1% of the number of the total issued MAGHL Shares at the MAGHL Date of Grant (the “**MAGHL Individual Limit**”). Where it is proposed that any offer is to be made to an MAGHL Eligible Participant (or where approximate, an existing grantee) which would result in the MAGHL Shares issued and to be issued upon exercise of all options and awards granted and to be granted to such person (including exercised, cancelled and outstanding options and awards) in the twelve (12)-month period up to and including the relevant MAGHL Date of Grant to exceed his, her or its MAGHL Individual Limit, such offer and any acceptance thereof must be conditional upon approval by the MAGHL Shareholders in the general meeting with such MAGHL Eligible Participant (or where appropriate, an existing grantee) and his, her or its associates abstaining from voting. MAGHL must send a circular to the MAGHL Shareholders disclosing the identity of the MAGHL Eligible Participant or grantee, the number and terms of options to be granted (and options previously granted) to such MAGHL Eligible Participant and the information required under the GEM Listing Rules. The number and terms (including the MAGHL Subscription Price) of options to be granted to such MAGHL Eligible Participant must be fixed before the date on which approval of the MAGHL Shareholders is sought and the date of the MAGHL Board meeting for proposing such further grant should be taken as the MAGHL Date of Grant for the purpose of calculating the MAGHL Subscription Price.

5. ACCEPTANCE OF MAGHL OPTION

Offers to grant an MAGHL Option shall be open for acceptance in writing. Such acceptance must be received by the company secretary of MAGHL (“**MAGHL Company Secretary**”) within a period of thirty (30) days inclusive of, and from, the MAGHL Date of Grant provided that no such offer shall be open for acceptance after the expiry of the period of the New MAGHL Scheme or after the New MAGHL Scheme has been terminated; or by a person who ceases to be an MAGHL Eligible Participant after such offer has been made. An offer shall be deemed to have been accepted on the date when the duplicate comprising acceptance of the offer is duly signed by the MAGHL Eligible Participant with the number of MAGHL Shares in respect of which the offer is accepted clearly stated therein together with a remittance in favour of MAGHL of HK\$1.00 per MAGHL Option by way of consideration for the grant thereof. Such consideration shall not be refundable.

Upon an offer of the grant of MAGHL Options being accepted or deemed to have been accepted, each MAGHL Option Holder gives MAGHL an unfettered right to publish an announcement relating to the terms of the offer in accordance with the GEM Listing Rule.

6. PERIOD WITHIN WHICH THE MAGHL OPTION MAY BE EXERCISED

Save as provided in paragraphs 7, 9 to 12 below, MAGHL Options for the time being outstanding may be exercised in whole or in part at any time during the MAGHL Option Period. In order for the exercise of an MAGHL Option to be effective, MAGHL Company Secretary must, prior to the expiry of the MAGHL Option Period, have received: (i) a written notice from the MAGHL Option Holder exercising the MAGHL Option, signed by or on behalf of the MAGHL Option Holder and specifying the number of MAGHL Shares in respect of which the MAGHL Option is being exercised; and (ii) payment in full of the MAGHL Subscription Price. Notwithstanding anything in provisions under the New MAGHL Scheme to the contrary, the MAGHL Option Period shall not be extended and, on the expiry of the MAGHL Option Period, all rights in respect of an MAGHL Option for the time being outstanding shall terminate, except in so far as there has been an effective exercise of that MAGHL Option prior thereto and MAGHL has not discharged all its obligations under the New MAGHL Scheme in relation to such exercise.

7. VESTING PERIOD OF MAGHL OPTION

- 7.1 Save for the circumstances prescribed in paragraph 7.2 below, an MAGHL Option must be held by the MAGHL Option Holder for at least twelve (12) months before the MAGHL Option can be exercised.
- 7.2 A shorter vesting period may be granted to the MAGHL Employee Participants at the discretion of the MAGHL Board or a committee or any other authorised agent(s) as deemed appropriate at the sole discretion of the MAGHL Board in any of the following circumstances:
- (i) grants of “make-whole” MAGHL Options to new joiners to replace the share awards or options they forfeited when leaving the previous employer;
 - (ii) grants to an MAGHL Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
 - (iii) grants that are made in batches during a year for administrative and compliance reasons, which include MAGHL Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the MAGHL Option would have been granted;
 - (iv) grants with a mixed or accelerated vesting schedule such as where the MAGHL Option may vest evenly over a period of twelve (12) months;
 - (v) grants with performance-based vesting conditions in lieu of time-based vesting criteria; and
 - (vi) the MAGHL Remuneration Committee is of the view that a shorter vesting period is appropriate and serves the purpose of the New MAGHL Scheme.

8. MAGHL OPTION PRICE

The MAGHL Option Price (subject to adjustments in accordance with paragraph 15 below) shall be determined on the MAGHL Date of Grant at the absolute discretion of the MAGHL Directors as an amount per MAGHL Share which shall be at least the highest of (a) the closing price of the MAGHL Shares as stated in the Stock Exchange's daily quotations sheet on the MAGHL Date of Grant, which must be a trading day; (b) the average of the closing prices of the MAGHL Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) trading days immediately preceding the MAGHL Date of Grant; and (c) the nominal value of the MAGHL Shares on the MAGHL Date of Grant, provided that the MAGHL Option Price shall be subject to adjustment in accordance with the provisions of paragraph 15 below.

9. RIGHTS ON WINDING UP

If notice is given of a general meeting of MAGHL at which a resolution will be proposed for the members' voluntary winding-up of MAGHL, each MAGHL Option Holder shall be entitled, at any time not later than two (2) business days prior to the proposed resolution being duly passed, to exercise his outstanding MAGHL Options in whole or in part, but only so far as such MAGHL Options shall be subsisting immediately prior to the passing of such a resolution. Subject thereto, all MAGHL Options then outstanding shall lapse and determine on the commencement of the winding-up.

10. RIGHTS ON A GENERAL OFFER

If, in consequence of any general offer made to all the MAGHL Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or connection with the offeror), any person shall have obtained control of MAGHL, each MAGHL Option Holder shall be entitled to exercise at any time within a period of fourteen (14) days after such control has been obtained the MAGHL Option in whole or in part, unless the MAGHL Directors (excluding the relevant MAGHL Option Holder who is a MAGHL Director) in their discretion notwithstanding the terms of the relevant MAGHL Option, vary the option exercise period of such MAGHL Options granted.

11. RIGHTS ON A COMPROMISE OR ARRANGEMENT

If a compromise or an arrangement between MAGHL and its members or creditors is proposed for the purposes of or in connection with a scheme of reconstruction of MAGHL or its amalgamation with any other company or companies, MAGHL shall give notice thereof to all MAGHL Option Holders on the same date as it despatches the notice to each member or creditor of MAGHL to consider such a compromise or an arrangement, and thereupon any MAGHL Option Holder (or where permitted his personal representatives) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two (2) calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his MAGHL Option but the exercise of the MAGHL Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. MAGHL may thereafter require each MAGHL Option Holder to transfer or otherwise deal with the MAGHL Shares issued as a result of such exercise of his MAGHL Option so as to place the MAGHL Option Holders in the same position as nearly as would have been the case had such MAGHL Shares been subject to such compromise or arrangement.

12. RIGHTS ON CEASING EMPLOYMENT, DEATH/DISABILITY OR DISMISSAL

- (i) in the event of the MAGHL Option Holder ceases to be an MAGHL Eligible Participant because the MAGHL Related Entity (to which the MAGHL Eligible Participant is employed, holds directorship in or is a consultant therewith) ceases to be a MAGHL Related Entity, then he may exercise all his outstanding MAGHL Options within twelve (12) months after he so ceases and any such MAGHL Options not so exercised shall lapse and determine at the end of the said period of twelve (12) months;
- (ii) in the event the MAGHL Option Holder ceases to be an MAGHL Eligible Participant by reason of death before exercising the MAGHL Option in full and none of the events which would be a ground for termination of the MAGHL Option Holder's employment, directorship, office, appointment or engagement under sub-paragraph (iii) below arises prior to his or her death, the legal personal representative(s) of the MAGHL Option Holder shall be entitled within a period of twelve (12) months from the date of death, to exercise the MAGHL Option up to the entitlement of such MAGHL Option Holder as at the date of death in whole or in part (to the extent which has become exercisable and not already exercised);

- (iii) in the event that the MAGHL Option Holder ceases to be an MAGHL Eligible Participant by reason of the termination of his employment, directorship, office, appointment or engagement on the grounds that he has been guilty of misconduct, or has been in breach of material term of the relevant employment contract, service contract, agency contract or engagement contract (as the case may be), or appears either to be unable to pay or have no reasonable prospect to be able to pay debts within the meaning of any applicable legislation in relation to bankruptcy or insolvency, or has become bankrupt or insolvent, or has been served a petition for bankruptcy or winding up, or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the MAGHL Board or the board of directors of the relevant company, as the case may be) on any other ground on which an employer, or an engaging party would be entitled to terminate his employment, directorship, office, appointment or engagement at common law or pursuant to any applicable laws or under the MAGHL Option Holder's employment, service, agency or engagement contract (as the case may be) with the relevant company (as the case may be) or the employment, directorship, office, appointment or engagement of the MAGHL Option Holder is terminated by the relevant company pursuant to the contract thereof without notice, and a resolution of the board of directors of the relevant member of the MAGHL Group (as the case may be) to the effect that the employment, directorship, office, appointment or engagement of an MAGHL Option Holder has or has not been terminated on one or more of the grounds specified in this sub-paragraph shall be conclusive and binding, then all his outstanding MAGHL Options shall lapse and determine on the date he so ceases;
- (iv) in the event that the MAGHL Option Holder ceases to be an MAGHL Eligible Participant by reason of his retirement in accordance with his contract of employment or service, any outstanding MAGHL Option(s) may be exercised during the MAGHL Option Period subject to the criteria and conditions set out in the option letter; and
- (v) for any reason other than as described in sub-paragraphs (i) to (iv) above, then all MAGHL Options of his which are exercisable at the date he ceases to be an MAGHL Eligible Participant may be exercised to the extent then exercisable within three (3) months of the date he so ceases and unless so exercised shall then lapse and determine.

Provided always that in each case the MAGHL Directors in their absolute discretion may decide that such MAGHL Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may decide.

13. DURATION OF THE NEW MAGHL SCHEME

The New MAGHL Scheme will remain in force for a period of ten (10) years commencing on the MAGHL SOS Effective Date (the “**MAGHL Scheme Period**”).

14. LAPSE OF MAGHL OPTION

An MAGHL Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of: -

14.1 the expiry of the MAGHL Option Period;

14.2 the expiry of any of the periods referred to in paragraphs 9, 10 (unless otherwise determined by the MAGHL Directors), 11 and 12 above;

14.3 the date on which the MAGHL Option Holder commits a breach of paragraph 18 below, if the MAGHL Directors shall exercise MAGHL’s right to cancel any outstanding MAGHL Option or part thereof granted; or

14.4 the date on which the MAGHL Option is cancelled by the MAGHL Directors as provided in paragraph 16 below.

MAGHL shall owe no liability to an MAGHL Option Holder for the lapse of any MAGHL Option under this paragraph 14.

15. ADJUSTMENT

In the event of any alternation in the capital structure of MAGHL or the date of any previous adjustment(s) pursuant to this paragraph 15 (whichever is later) which arises or may arise immediately following the commencement of the MAGHL Scheme Period from any issue of shares in or other securities of MAGHL by way of reduction, subdivision or consolidation of the share capital of MAGHL or any capitalisation issue or rights issue which the MAGHL Board considers an adjustment necessary under this paragraph 15, the number or nominal amount of MAGHL Shares comprised in each MAGHL Option for the time being outstanding, the MAGHL Option Price, the MAGHL Individual Limit in relation to any MAGHL Option Holder and/or the amounts of multiples of MAGHL Shares capable of being exercised pursuant to the New MAGHL Scheme, may be adjusted in such manner as the Directors (having received a statement in writing from the independent auditors or independent financial adviser of MAGHL, that in their opinion the adjustments proposed are fair and reasonable and at the same time satisfy the requirements of the GEM Listing Rules) may deem appropriate, provided always that no such adjustment shall have the effect of rendering:-

(a) the MAGHL Option Price payable upon the exercise of any MAGHL Option becoming less than the nominal amount of the MAGHL Share;

- (b) the aggregate MAGHL Subscription Price relating to any MAGHL Option being increased;
- (c) the proportion of equity capital, rounded to the nearest whole share of MAGHL to which the MAGHL Option Holder is entitled after the adjustment(s) becoming effective not being the same as that to which he/she was entitled before;
- (d) the aggregate percentage of the issued share capital of MAGHL available for the grant of MAGHL Options shall not be greater than the MAGHL Scheme Mandate Limit (subject to adjustments); and
- (e) the intrinsic value of any MAGHL Option to have increased to the advantage of the MAGHL Option Holder.

In addition, in respect of any adjustments under this paragraph 15, other than any made on a capitalisation issue, the independent auditors or independent financial adviser of MAGHL must confirm to the MAGHL Directors in writing that the adjustments satisfy the requirements of the relevant provision of the GEM Listing Rules.

16. CANCELLATION OF MAGHL OPTIONS GRANTED

MAGHL Options granted and accepted but not exercised may not be cancelled without the consent of the relevant MAGHL Option Holder thereof and any new MAGHL Options (or any other options) issued in replacement of MAGHL Options cancelled may only be issued under the New MAGHL Scheme (or the MAGHL Other Schemes) with available MAGHL Scheme Mandate Limit and MAGHL Service Provider Sublimit approved by the MAGHL Shareholders as mentioned in paragraph 3 above. The MAGHL Options cancelled will be regarded as utilised for the purpose of calculating the MAGHL Scheme Mandate Limit and MAGHL Service Provider Sublimit.

17. TERMINATION OF THE NEW MAGHL SCHEME

MAGHL by resolution in the general meeting may at any time terminate the operation of the New MAGHL Scheme before the expiry of the MAGHL Scheme Period and in such event, no further offer to grant an MAGHL Option shall be made but in all other respects the provisions of the New MAGHL Scheme shall remain in force. Upon such termination, details of the options granted (including options exercised or outstanding) and (if applicable) MAGHL Options that become void or non-exercisable as a result of the termination under the New MAGHL Scheme are required under the GEM Listing Rules to be disclosed in the circular to the MAGHL Shareholders seeking their approval of the first new scheme established thereunder or refreshment of any scheme mandate limit under any existing MAGHL Other Scheme after such termination. All MAGHL Options granted and accepted prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of the New MAGHL Scheme, and accordingly no relevant disclosure in relation to MAGHL Options that become void or non-exercisable as a result of the termination will be included in the circular to the MAGHL Shareholders as such disclosure is not applicable.

18. TRANSFERABILITY OF MAGHL OPTIONS

An MAGHL Option shall be personal to the MAGHL Option Holder and shall not be transferable and no MAGHL Option Holder shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any MAGHL Option, unless a waiver is granted by the Stock Exchange. Any breach of the foregoing shall entitle MAGHL to cancel any outstanding MAGHL Option or part thereof granted to such MAGHL Option Holder.

19. ALTERATION OF THE NEW MAGHL SCHEME

19.1 The MAGHL Directors may from time to time in their absolute discretion waive or amend such of the provisions of the New MAGHL Scheme as they deem desirable, provided that, except with the prior sanction of the MAGHL Shareholders in the general meeting, no alteration shall be made to the New MAGHL Scheme altering to the advantage of MAGHL Option Holders (present or future) any of the provisions of the New MAGHL Scheme as to the definitions of “MAGHL Eligible Participants”, “MAGHL Option Period” and “MAGHL Scheme Period” in sub-paragraph 1.1 of the New MAGHL Scheme, the terms and conditions of the New MAGHL Scheme which are of a material nature and all such other matters set out in Rule 23.03 of the GEM Listing Rules.

19.2 No amendments to the New MAGHL Scheme shall be made which would have the effect of abrogating or altering adversely any of the subsisting rights of MAGHL Option Holders except with such consent on their part as would be required under the provisions of the Bye-laws of MAGHL as if the MAGHL Options constituted a separate class of share capital and as if such provisions applied *mutatis mutandis* thereto.

19.3 Change to the terms of the MAGHL Options granted to an MAGHL Eligible Participant must be approved by the MAGHL Board, the MAGHL Remuneration Committee, the independent non-executive directors of MAGHL and/or MAGHL Shareholders (as the case may be) if the initial grant of the MAGHL Options was approved by the MAGHL Board, the MAGHL Remuneration Committee, the independent non-executive directors of MAGHL and/or the MAGHL Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the New MAGHL Scheme.

19.4 Save as otherwise provided in the terms of the New MAGHL Scheme, an amendment of a material nature to the New MAGHL Scheme may not be made by the MAGHL Directors, without the prior approval of MAGHL Shareholders in the general meeting.

19.5 The amended terms of the New MAGHL Scheme or the MAGHL Options must still comply with the relevant requirements of the GEM Listing Rules.

19.6 Any change to the authority of the MAGHL Directors or scheme administrators to alter the terms of the New MAGHL Scheme must be approved by the MAGHL Shareholders in the general meeting.

20. PERFORMANCE TARGETS AND CLAWBACK MECHANISM

Unless otherwise imposed by the MAGHL Directors and stated in the relevant offer letter, there is neither any performance targets required to be achieved by any MAGHL Option Holder before an MAGHL Option is capable of being exercised by the MAGHL Option Holder nor any clawback mechanism under the New MAGHL Scheme for MAGHL to recover or withhold any remuneration (which may include MAGHL Options granted to any MAGHL Option Holder) to any MAGHL Eligible Participants in the event of serious misconduct, a material misstatement in MAGHL's financial statements or other circumstances.

21. GRANT OF MAGHL OPTIONS TO CONNECTED PERSONS

21.1 In addition to paragraph 4 above, any grant of MAGHL Options to an MAGHL Eligible Participant who is a MAGHL Director, chief executive or substantial shareholder of MAGHL or their respective associates must be approved by the independent non-executive directors of MAGHL (excluding any independent non-executive director of MAGHL who is a proposed grantee of the relevant MAGHL Options) and shall comply with the requirements of Rule 23.04 of the GEM Listing Rules.

21.2 Where MAGHL Options are proposed to be granted to a an independent non-executive director of MAGHL or a substantial MAGHL Shareholder, or any of their respective associates and if such grant would result in the total number of MAGHL Shares issued and to be issued in respect of all options and awards (excluding any options and awards lapsed in accordance with the terms of the New MAGHL Scheme) granted to such person in the twelve (12)-month period up to and including the MAGHL Date of Grant to such person representing in aggregate over 0.1% of the relevant class of MAGHL Shares, then the proposed grant must be subject to the approval of the MAGHL Shareholders taken on a poll in a general meeting.

21.3 In the circumstances described in paragraph 21.2 above, MAGHL must send a circular to the MAGHL Shareholders setting out the details as required under Rule 23.04(5) of the GEM Listing Rules. The relevant MAGHL Option Holder, his associates and all core connected persons of MAGHL must abstain from voting in favour at such general meeting, MAGHL must comply with the requirements set out in Rules 17.47A, 17.47B and 17.47C of the GEM Listing Rules.

22. CONDITIONS OF THE NEW MAGHL SCHEME

The New MAGHL Scheme shall take effect after the expiry of the Existing MAGHL Scheme and upon satisfaction of the following conditions: -

22.1 the passing of the necessary resolutions by the MAGHL Shareholders in a general meeting to adopt the New MAGHL Scheme and to authorise the MAGHL Directors to grant MAGHL Options to subscribe for MAGHL Shares hereunder and to allot, issue and deal with MAGHL Shares pursuant to the exercise of any MAGHL Options granted under the New MAGHL Scheme;

22.2 the passing of the necessary resolutions by the Shareholders and shareholders of eSun and LSG in their respective general meetings to approve the adoption of the New MAGHL Scheme by MAGHL; and

22.3 the approval for the listing of, and permission to deal in, any MAGHL Shares to be issued and allotted pursuant to the exercise of MAGHL Options under the New MAGHL Scheme, being granted by the Listing Committee. If such approval, listing or permission is not granted, then the New MAGHL Scheme shall forthwith determine and any MAGHL Option granted or agreed to be granted pursuant to provisions of the New MAGHL Scheme and any offer of MAGHL Options shall be of no effect after which, no person shall be entitled to any rights or benefits or be under any obligation under or in respect of the New MAGHL Scheme or any MAGHL Option.

23. RANKING OF MAGHL SHARES

The MAGHL Shares to be allotted upon the exercise of an MAGHL Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank *pari passu* with the fully paid MAGHL Shares in issue on the date of allotment and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made. The MAGHL Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the MAGHL Option Holder (or any other person) as the holder of those MAGHL Shares.

24. RESTRICTION ON THE TIME OF GRANT OF MAGHL OPTIONS

No offer of a MAGHL Option shall be made and no MAGHL Option shall be granted to any MAGHL Eligible Participant after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision or inside information has come to MAGHL's knowledge until such price sensitive information or inside information has been publicly disseminated in accordance with the GEM Listing Rules or during any period of time which is prohibited from any such offer and/or grant under the GEM Listing Rules or any applicable law.

This Appendix VI sets out the proposed amendments, as marked up for ease of reference, to the Existing Articles of Association, as follows:

Articles of Association

Proposed Amendments

- 2. “close associate” ~~in relation to a Director,~~ shall have the meaning given to it under the Listing Rules;
- “electronic communication” shall mean a communication sent, transmitted, conveyed and received by wire, by radio, by optical means or by other electron magnetic means in any form through any medium;
- “electronic facilities” shall mean video, video-conferencing, internet or online conferencing applications, telephone or tele-conferencing and/or any other video communication, internet or online conferencing application or telecommunications facilities by means of which all shareholders participating in a meeting are capable of hearing and being heard by each other;
- “electronic means” shall include sending or otherwise making available to the intended recipients of the communication in electronic format;
- “electronic meeting” shall mean a general meeting held and conducted wholly and exclusively by virtual attendance and participation by members and/or proxies (and any other permitted participants of such meeting, including, without limitation, the Chairman of such meeting and any Directors) by means of electronic facilities;

Articles of
Association

Proposed Amendments

- “hybrid meeting” shall mean a general meeting convened for the (i) physical attendance by members and/or proxies (and any other permitted participants of such meeting, including, without limitation, the Chairman of such meeting and any Directors) at the Principal Meeting Place and where applicable, one or more Meeting Locations and (ii) virtual attendance and participation by members and/or the proxies (and any other permitted participants of such meeting, including, without limitation, the Chairman of such meeting and any Directors) by means of electronic facilities;

- “Meeting Location(s)” shall have the meaning given to it in Article 72A(1);

- “physical meeting” shall mean a general meeting held and conducted by physical attendance and participation by members and/or proxies (and any other permitted participants of such meeting, including, without limitation, the Chairman of such meeting and any Directors) at the Principal Meeting Place and/or where applicable, one or more Meeting Locations;

- “Principal Meeting Place” shall have the meaning given to it in Article 66A;

- “special resolution” shall have the meaning given to it under Section 564 of the Companies Ordinance;

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“writing”, “written”
or “printing” shall—, unless the contrary intention appears, be construed as including handwriting, printing, lithography, photography and other modes of representing or reproducing words or figures in a legible and non-transitory form or, to the extent permitted by and in accordance with the Companies Ordinance and other applicable laws, rules and regulations, any visible substitute for writing (including electronic communication), or modes of representing or reproducing words or figures partly in one visible form and partly in another visible form, and including where the representation takes the form of electronic display, provided that both the mode of service of the relevant document or notice and the member’s election comply with the Companies Ordinance, the Listing Rules and other applicable laws, rules and regulations. ~~include writing, printing, lithography, photography, typewriting and every other mode of representing words or figures in a legible and non-transitory form including where the representation takes the form of electronic display;~~

15. (C) The register shall be open for inspection by members provided that the Company may be permitted to close the register in accordance with Section 632 of the Companies Ordinance.

63. The Company shall in each financial year hold an annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it in accordance with the requirements of the Statutes. The annual general meeting shall, subject to the Statutes and these Articles, be held within six months after the end of the Company's financial year and be held at such time and place (if applicable) as the Board shall appoint.

App 3 para 14(5)

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64. All general meetings (including annual general meeting, any adjourned meeting or postponed meeting) may be held in such a manner either (a) as a physical meeting in any part of the world and at two or more locations as provided in Article 64A, or (b) as a hybrid meeting, or (c) (only to the extent permitted by and subject to compliance with the Companies Ordinance, the Listing Rules and other applicable laws, rules and regulations) as an electronic meeting, as may be determined by the Board in its absolute discretion.

64A. Any general meeting may be held at more than one place provided that such technology is used which enables the members in different places to listen, speak and vote at the meeting. The meeting shall be deemed to take place at the meeting location which the Chairman is present at.

App 3 para
14(2)

65. The Board may, whenever it thinks fit, convene a general meeting other than an annual general meeting. The Board may also convene a general meeting upon any requisition from the members made in accordance with the Companies Ordinance, or, in default, a general meeting may be convened by requisitionists in accordance with the Companies Ordinance and the Board shall include the general nature of the business or resolution to be dealt with at the general meeting as per the requisitionists' request in the agenda of such meeting.

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66. An annual general meeting shall be called by 21 days' notice in writing at the least, and a meeting of the Company other than an annual general meeting shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which the meeting is convened, and shall ~~specify the place, the date and the hour of meeting and the general nature of the business to be dealt with in the meeting, and shall~~ be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these Articles, entitled to receive such notices from the Company, provided that subject to the provisions of the Companies Ordinance, a meeting of the Company shall notwithstanding that it is called by shorter notice than that specified in this Article be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representing not less than 95% of the total voting rights attaching to the shares of all the members having the right to vote at the meeting.

~~If the meeting is to be held at more than one place, the notice of meeting shall specify the principal place of the meeting and the other place or places of the meeting.~~

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66A.

The notice shall specify:

- (a) the date and time of the meeting;
- (b) in the case of a physical meeting or a hybrid meeting, the place of the meeting and where there is more than one Meeting Location as determined by the Board pursuant to Article 72A, the principal place of the meeting (“Principal Meeting Place”);
- (c) if the general meeting is to be a hybrid meeting, the notice shall include a statement to that effect and with details of the electronic facilities (which electronic facilities may vary from time to time and from meeting to meeting as the Board, in its absolute discretion, may see fit) for attendance and participation by electronic means at the meeting or where such details will be made available by the Company prior to the meeting;
- (d) if the general meeting is to be an electronic meeting (where permitted by the Companies Ordinance, the Listing Rules and other applicable laws, rules and regulations), the notice shall, subject to compliance with the Companies Ordinance, the Listing Rules and other applicable laws, rules and regulations in force from time to time with regard to electronic meetings, include a statement to that effect and with details of the electronic facilities for the meeting (which electronic facilities may vary from time to time and from meeting to meeting as the Board, in its absolute discretion, may see fit) or where such details will be made available by the Company prior to the meeting; and
- (e) particulars of resolutions to be considered at the meeting and the general nature of the business to be transacted at the meeting.

69.

For all purposes the quorum for a general meeting shall be 2 members present (including attendance by electronic means) in person or by proxy and entitled to vote. No business shall be transacted at any general meeting unless the requisite quorum shall be present at the commencement of the business.

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70. If within 15 minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved, but in any other case it shall be adjourned to the same day in the next week and at such time and (where applicable) such place and in such form and manner referred to in Article 64 as the Chairman of the meeting (or in default, the Board) may absolutely determine ~~as shall be decided by the Board~~, and if at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, the member or members present in person or (in the case of a member being a corporation) by its duly authorised representative or by proxy shall be a quorum and may transact the business for which the meeting was called.
71. (1) The Chairman (if any) of the Directors or, if he is absent or declines to take the chair at such meeting, the Deputy Chairman (if any) shall take the chair at every general meeting, or, if there be no such Chairman or Deputy Chairman, or, if at any general meeting neither of such Chairman or Deputy Chairman, is present within 15 minutes after the time fixed for holding such meeting, or both such persons decline to take the chair at such meeting, the members present shall choose another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair or if the Chairman chosen shall retire from the chair, then the members present shall choose one of them to be Chairman.:-
- (2) If the Chairman of a general meeting is participating in the general meeting using an electronic facility or facilities and becomes unable to participate in the general meeting using such electronic facility or facilities, another person (determined in accordance with 71(1) above) shall preside as a Chairman of the meeting unless and until the original Chairman of the meeting is able to participate in the general meeting using the electronic facility or facilities.

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72. Subject to Article 72C, tThe Chairman may at any time adjourn or postpone any meeting to another time (or indefinitely) and/or place and/or from one form to another (a physical meeting, a hybrid meeting or (where permitted by the Companies Ordinance, the Listing Rules and other applicable laws, rules and regulations) an electronic meeting) if he considers that it would facilitate the conduct of the business of the meeting. Whenever a meeting is adjourned or postponed for 14 days or more, at least 7 clear days’ notice, specifying the place, the day and the hour details as provided in Article 66A of the adjourned or postponed meeting shall be given in the same manner as in the case of an original meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned_ or postponed meeting. Save as aforesaid, no member shall be entitled to any notice of an adjournment or postponement or of the business to be transacted at any adjourned or postponed meeting. No business shall be transacted at any adjourned_ or postponed meeting other than the business which might have been transacted at the meeting from which the adjournment_ or postponement took place.

72A. (1) The Board may, at its absolute discretion, arrange for persons entitled to attend a general meeting to do so by simultaneous attendance and participation by means of electronic facilities at such location or locations (“Meeting Location(s)”) determined by the Board at its absolute discretion. Any member or (in the case of a member being a corporation) its duly authorised representative or any proxy attending and participating in such way or any member or proxy attending and participating in an electronic meeting or a hybrid meeting by means of electronic facilities is deemed to be present at and shall be counted in the quorum of the meeting, subject to compliance with the requirements in the Companies Ordinance, the Listing Rules and other applicable laws, rules and regulations in force from time to time with regard to the determination of the presence of a quorum for an electronic meeting.

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(2) All general meetings are subject to the following, provided that where reference is made to electronic meeting(s), the followings shall be subject to the provisions in the Companies Ordinance, the Listing Rules and other applicable laws, rules and regulations in force from time to time with regard to electronic meetings, and where appropriate, all references to a “member” or “members” in this sub-paragraph (2) shall include a duly authorised representative or duly authorised representatives or a proxy or proxies respectively:

- (a) where a member is attending a Meeting Location and/or in the case of a hybrid meeting, the meeting shall be treated as having commenced if it has commenced at the Principal Meeting Place;

- (b) members present in person or (in the case of a member being a corporation) by its duly authorised representative or by proxy at a Meeting Location and/or members attending and participating in an electronic meeting or a hybrid meeting by means of electronic facilities shall be counted in the quorum for and entitled to speak and vote at the meeting in question, and that meeting shall be duly constituted and its proceedings valid provided that the Chairman of the meeting is satisfied that adequate electronic facilities are available throughout the meeting to ensure that members at all Meeting Locations and members participating in an electronic meeting or a hybrid meeting by means of electronic facilities are able to participate in the business for which the meeting has been convened;

- (c) where members attend a meeting by being present at one of the Meeting Locations and/or where members participating in an electronic meeting or a hybrid meeting by means of electronic facilities, a failure (for any reason) of the electronic facilities or communication equipment, or any other failure in the arrangements for enabling those in a Meeting Location other than the Principal Meeting Place to participate in the business for which the meeting has been convened, or in the case of an electronic meeting or a hybrid meeting, the inability of one or more members or proxies to access, or continue to access, the electronic facilities despite adequate electronic facilities having been made available by the Company, shall not affect the validity of the meeting or the resolutions passed, or any business conducted there or any action taken pursuant to such business provided that there is a quorum present throughout the meeting; and

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(d) if any of the Meeting Location(s) is not in the same jurisdiction as the Principal Meeting Place and/or in the case of a hybrid meeting, the provisions of these Articles concerning the service and giving of notice for the meeting, and the time for lodging proxies, shall apply by reference to the Principal Meeting Place; and in the case of an electronic meeting, the time for lodging proxies shall be as stated in the notice for the meeting.

72B.

To the extent permitted by and subject to compliance with the provisions in the Companies Ordinance, the Listing Rules and other applicable laws, rules and regulations in force from time to time with regard to electronic meetings, the Board and/or, at any general meeting, the Chairman of the meeting may from time to time make arrangements for managing attendance and/or participation and/or voting at the Principal Meeting Place, any Meeting Location(s) and/or participation in an electronic meeting or a hybrid meeting by means of electronic facilities (whether involving the issue of tickets or some other means of identification, passcode, seat reservation, electronic voting or otherwise) as it shall in its absolute discretion consider appropriate, and may from time to time change any such arrangements, provided that a member who, pursuant to such arrangements, is not entitled to attend, in person or (in the case of a member being a corporation) by its duly authorised representative or by proxy, at any Meeting Location shall be entitled so to attend at one of the other Meeting Locations; and the entitlement of any member so to attend the meeting or adjourned meeting or postponed meeting at such Meeting Location or Meeting Locations shall be subject to any such arrangement as may be for the time being in force and by the notice of meeting or adjourned meeting or postponed meeting stated to apply to the meeting.

72C.

To the extent permitted by and subject to compliance with the provisions in the Companies Ordinance, the Listing Rules and other applicable laws, rules and regulations in force from time to time with regard to electronic meetings, if it appears to the Chairman of the general meeting that:

(a) the electronic facilities at the Principal Meeting Place or at such other Meeting Location(s) at which the meeting may be attended have become inadequate for the purposes referred to in Article 72A(1) or are otherwise not sufficient to allow the meeting to be conducted substantially in accordance with the provisions set out in the notice of the meeting and these Articles; or

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- (b) in the case of an electronic meeting or a hybrid meeting, electronic facilities being made available by the Company have become inadequate; or
- (c) it is not possible to ascertain the view of those present or to give all persons entitled to do so a reasonable opportunity to speak and/or vote at the meeting; or
- (d) there is violence or the threat of violence, unruly behaviour or other disruption occurring at the meeting or it is not possible to secure the proper and orderly conduct of the meeting

then, without prejudice to any other power which the Chairman of the meeting may have under these Articles or at common law, the Chairman may, at his/her absolute discretion, without the consent of the meeting, and before or after the meeting has started and irrespective of whether a quorum is present, interrupt or adjourn or postpone the meeting (including adjournment or postponement for an indefinite period). All business conducted at the meeting up to the time of such adjournment or postponement shall be valid.

72D.

The Board and, at any general meeting, the Chairman of the meeting may make any arrangement and impose any requirement or restriction the Board or the Chairman of the meeting, as the case may be, considers appropriate to ensure the security and orderly conduct of a meeting (including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place, determining the number and frequency of and the time allowed for questions that may be raised at a meeting). Members shall also comply with all requirements or restrictions imposed by the owner of the premises at which the meeting is held. Any decision made under this Article shall be final and conclusive and a person who refuses to comply with any such arrangements, requirements or restrictions may be refused entry to the meeting or ejected (physically or electronically) from the meeting.

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72E.

If, after the sending of notice of a general meeting (whether a physical meeting, a hybrid meeting or an electronic meeting) but before the meeting is held, or after the adjournment of a meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is inappropriate, impracticable, unreasonable or undesirable for any reason to hold the general meeting on the date or at the time and place and/or by means of electronic facilities specified in the notice calling the meeting, they may change or postpone the meeting to another date, time and/or place and/or change the electronic facilities and/or change the form of the meeting (a physical meeting, (to the extent permitted by and subject to compliance with the Companies Ordinance, the Listing Rules and other applicable laws, rules and regulations) an electronic meeting or a hybrid meeting) without approval from the members. Without prejudice to the generality of the foregoing but subject to compliance with the provisions in the Companies Ordinance, the Listing Rules and other applicable laws, rules and regulations in force from time to time with regard to electronic meetings, the Directors shall have the power to provide in every notice calling a general meeting the circumstances in which a postponement of the relevant general meeting may occur automatically without further notice, including without limitation where a number 8 or higher typhoon signal, black rainstorm warning or other similar event is in force at any time on the day of the meeting. This Article shall be subject to the followings, provided that where reference is made to the electronic meeting(s), the followings shall be subject to the provisions in the Companies Ordinance, the Listing Rules and other applicable laws, rules and regulations in force from time to time:

- (a) when a meeting is so postponed, the Company shall endeavour to post a notice of such postponement on the Company's website as soon as practicable (provided that failure to post such notice shall not affect the automatic postponement of a meeting);
- (b) when (to the extent permitted under the Companies Ordinance, the Listing Rules and other applicable laws, rules and regulations) only the form of the meeting or electronic facilities specified in the notice are changed, the Board shall notify the members of details of such change in such manner the Board may determine;

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- (c) when a meeting is postponed or (to the extent permitted under the Companies Ordinance, the Listing Rules and other applicable laws, rules and regulations) changed in accordance with this Article, subject to and without prejudice to Article 72A, unless already specified in the original notice of the meeting, the Board shall fix the date, time, place (if applicable) and electronic facilities (if applicable) for the postponed or changed meeting and shall notify the members of such details in such manner as the Board may determine; further all proxy forms shall be valid (unless revoked or replaced by a new proxy) if they are received as required by these Articles not less than 48 hours before the time of the postponed meeting; and

- (d) notice of the business to be transacted at the postponed or changed meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the postponed or changed meeting is the same as that set out in the original notice of general meeting circulated to the members.

72F. To the extent permitted by and subject to compliance with the provisions in the Companies Ordinance, the Listing Rules and other applicable laws, rules and regulations in force from time to time with regard to electronic meetings, all persons seeking to attend and participate in an electronic meeting or a hybrid meeting shall be responsible for maintaining adequate facilities to enable them to do so. Subject to Article 72C, any inability of a person or persons to attend or participate in a general meeting by way of electronic facilities shall not invalidate the proceedings of and/or resolutions passed at that meeting.

72G. Without prejudice to other provisions in Articles 72A to 72F, a physical meeting may also be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

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73. Save that a poll is required by the Listing Rules or the Companies Ordinance or any other applicable laws, other than a general meeting which is a hybrid or electronic meeting on which a resolution put to the vote of the meeting shall be decided by way of a poll, at any general meeting that is a physical meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:-

- (i) by the Chairman of the meeting; or
- (ii) by at least 5 members present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person or by proxy and representing not less than 5% of the total voting rights attaching to the shares of all the members having the right to vote at the meeting.

Provided that if the Chairman, before or on the declaration of the result of a show of hands, knows from the proxies received by the Company that the result on a show of hands will be different from that on a poll, the chairman shall demand a poll.

Unless a poll be so demanded and not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.

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- 74. If a poll is demanded as aforesaid, it shall (subject as provided in Article 75) be taken in such manner (including the use of ballot or voting papers or tickets or through electronic facilities) and at such time and place, not being more than 30 days from the date of the meeting or adjourned meeting or postponed meeting at which the poll was demanded, as the Chairman directs. No notice need be given of a poll not taken immediately. The result of the poll so demanded pursuant to these Articles or required by the Listing Rules or any other applicable laws shall be deemed to be the resolution of the meeting at which the poll was demanded or required. The demand for a poll may be withdrawn, with the consent of the Chairman, at any time before the close of the meeting or the taking of the poll, whichever is the earlier.

- 75. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment or postponement shall be taken at the meeting and without adjournment or postponement.

- 79.

(1) Subject to Article 90A and any special right, privileges or restrictions as to voting for the time being attached by or in accordance with any class or classes of shares, and subject to the provisions of the Statutes and Listing Rules, at any general meeting on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative duly authorised under Section 606 of the Companies Ordinance or by proxy shall have one vote and on a poll every member who is present in person or by proxy or (being a corporation) present by a representative duly authorised under Section 606 of the Companies Ordinance or by proxy shall have one vote for every fully paid share of which he is the holder but no amount paid or credited as paid up on a share in advance of calls shall be treated for the foregoing purposes as a qualifying share. If a member appoints more than one proxy, the proxies so appointed are not entitled to vote on a resolution on a show of hands. Votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Directors or the Chairman of the meeting may determine.

(2) Members present in person (or being a corporation, present by a duly authorized representative), or by proxy(ies) shall have the right to (a) speak at a general meeting; and (b) vote at a general meeting except where a member is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.

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80. Any person entitled to be registered as the holder of any shares under Article 45 may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least 48 hours before the time of the holding of the meeting or adjourned meeting or postponed meeting (as the case may be) at which he proposes to vote, he shall satisfy the Board of his right to be registered as the holder of such shares or the Board shall have previously admitted his right to vote at such meeting in respect thereof.
83. (B) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting or postponed meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman, whose decision shall be final and conclusive.
86. (1) The Company may, at its absolute discretion, provide an electronic address for the receipt of any document or information relating to proxies for a general meeting (including any instrument of proxy or invitation to appoint a proxy, any document necessary to show the validity of, or otherwise relating to, an appointment of proxy (whether or not required under these Articles) and notice of termination of the authority of a proxy). If such an electronic address is provided, the Company shall be deemed to have agreed that any such document or information (relating to proxies as aforesaid) may be sent by electronic means to that address, subject as hereafter provided and subject to any other limitations or conditions specified by the Company when providing the address. Without limitation, the Company may from time to time determine that any such electronic address may be used generally for such matters or specifically for particular meetings or purposes and, if so, the Company may provide different electronic addresses for different purposes. The Company may also impose any conditions on the transmission of and its receipt of such electronic communications including, for the avoidance of doubt, imposing any security or encryption arrangements as may be specified by the Company. If any document or information required to be sent to the Company under this Article is sent to the Company by electronic means, such document or information is not treated as validly delivered to or deposited with the Company if the same is not received by the Company at its designated electronic address provided in accordance with this Article or if no electronic address is so designated by the Company for the receipt of such document or information.

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(2) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be (i) deposited at the registered office of the Company or at such other place as is specified in the notice of meeting or in the instrument of proxy issued by the Company, or (ii) if the Company has provided an electronic address in accordance with the preceding paragraph, delivered by electronic means to the Company in the manner specified by the Company (if applicable), not less than 48 hours before the time for holding the meeting or adjourned meeting or postponed meeting at which the person named in such instrument proposes to vote, or in the case of a poll to be taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for taking the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after expiration of 12 months from the date of its execution, except at an adjourned meeting or postponed meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within 12 months from such date. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

88. The instrument appointing a proxy to vote at a general meeting shall: (i) be deemed to confer authority upon the proxy to demand or join in demanding a poll and to vote on any resolution (or amendment thereto) put to the meeting for which it is given as the proxy thinks fit provided that any form issued to a member for use by him for appointing a proxy to attend and vote at an ~~extraordinary general meeting or at an annual~~ general meeting at which any business is to be transacted shall be such as to enable the member, according to his intention, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business; and (ii) unless the contrary is stated therein, be valid as well for any adjournment or postponement of the meeting as for the meeting to which it relates.

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89. A vote given in accordance with the terms of an instrument of proxy or power of attorney or by the duly authorised representative of a corporation shall be valid notwithstanding the previous death or insanity of the principal or the previous termination or other revocation of the proxy or power of attorney or other authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its registered office, or at such other place as is referred to in Article 86, at least 2 hours before the commencement of the meeting or adjourned meeting or postponed meeting at which the proxy is used, or in the case of a poll taken more than 48 hours after it is demanded, before the time appointed for taking the poll.
90. (2) If a recognised clearing house (or its nominee) is a member of the Company, it may, by resolution of its directors or other governing body or by power of attorney, authorise such person or persons as it thinks fit to act as its proxy(ies) or representative or representative(s) at any meeting of the Company or at any meeting of any class of members of the Company (including but not limited to any general meeting and creditors meeting) provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. The person so authorised shall be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise in respect of such number and class of shares so specified, if it were an individual member of the Company, including the right to speak and vote, and where a show of hands is allowed, the right to vote individually on a show of hands.-
93. The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment, next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

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- 108. Members of the Company may, at any general meeting convened and held in accordance with these Articles, ~~The Company may~~ by ordinary resolution remove any Director (including a Managing Director or other Executive Director) before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim which such Director may have for damages for any breach of any contract of service between him and the Company) and may elect another person in his stead. Special notice is required of an ordinary resolution to remove a Director or to appoint a person in place of a Director so removed at the meeting at which the Director is removed. Any person so elected shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

- 124. The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings and the proceedings as it thinks fit. Two (2) Directors (or alternate Directors) present at the meeting shall form a quorum. For the purpose of this Article an alternate Director shall be counted in a quorum if his appointor is not present but, notwithstanding that an alternate Director is also a Director or is an alternate for more than one Director, he shall for quorum purposes count as only one Director. The Board or any committee of the Board may participate in a meeting of the Board or such committee by means of a conference telephone or other communications equipment or ~~electronic means~~ electronic facilities by which all persons participating in the meeting can hear and speak to each other throughout the meeting.

- 167. The appointment, removal and remuneration of Auditors shall be approved by a majority of the members ~~appointed~~ and their duties regulated in accordance with the provisions of the Companies Ordinance. Subject to the Statutes, all acts done by any person acting as an Auditor shall, as regards to all persons dealing in good faith with the Company, be valid notwithstanding that there was some defect in his appointment or he was at the time of appointment not qualified or subsequently became disqualified.

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168. Subject as otherwise provided by the Companies Ordinance the remuneration of the Auditors shall be fixed by the Company by ordinary resolution in general meeting provided always that in respect of any particular year the Company in general meeting may delegate the fixing of such remunerations to the Board.

170. Any notice or document (including any “corporate communication” within the meaning ascribed thereto under the Listing Rules) may, in accordance with these Articles and subject to the Statutes and the Listing Rules, be served or delivered or made available by the Company on or to any member:

- (i) personally; or
- (ii) by prepaid post addressed to such member at his registered address as appearing in the register; or
- (iii) by delivering or leaving it at such registered address as aforesaid; or
- (iv) (in the case of a notice) by advertisement in an English language newspaper and a Chinese language newspaper; or
- (v) by sending it in electronic form or by electronic means to such person at the address specified by him to the Company for such purpose; or
- (vi) by making it available on the Company’s website; or
- (vii) by any other means as permitted by the Statutes and the Listing Rules from time to time.

Provided that in case of paragraphs (v) and (vi) above, such member has consented or deemed to have consented in the manner permitted in the Statutes and the Listing Rules to the Company (if such consent or deemed consent is required under the relevant Statutes and/or the Listing Rules) communicating with him in such form or manner.

In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the register and notice so given shall be deemed to be a sufficient service on or delivery to all the joint holders.

**Articles of
Association****Proposed Amendments**

For the purposes of making available any notices or documents to a member on the Company’s website, the Company shall notify such member that the notice or document has been made available on the Company’s website in the manner prescribed by the Statutes and the Listing Rules (a “**notice of availability**”).

179A. If the Company shall be wound up, subject to the provisions of the Companies Ordinance, at least three-fourths of the total voting rights of the members present and voting in person or by proxy at the general meeting shall be required to approve a voluntary winding up of the Company.

182. Subject to the provisions of the Companies Ordinance, not less than 75% of the total voting rights of the members in a general meeting shall be required to approve changes to these Articles.

NOTICE OF ANNUAL GENERAL MEETING



LAI SUN DEVELOPMENT

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

(Stock Code: 488)

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (“AGM”) of the members (“Members”) of Lai Sun Development Company Limited (“Company”) will be held at the Grand Ballrooms 1 and 2, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Friday, 16 December 2022 at 11:00 a.m. for the following purposes:

1. To consider and adopt the audited financial statements of the Company for the year ended 31 July 2022 (“Year”) and the reports of the directors and the independent auditor of the Company thereon;
2. To re-elect, each as a separate ordinary resolution, three retiring directors of the Company (“Directors”) and to authorise the board of Directors (“Board”) to fix the Directors’ remuneration;
3. To re-appoint Ernst & Young, Certified Public Accountants (“Ernst & Young”), as the independent auditor of the Company for the ensuing year and to authorise the Board to fix their remuneration;
4. As special businesses, to consider and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

Ordinary Resolution (A)

“THAT:

- (a) subject to paragraph (b) of this Resolution, the exercise by the directors of the Company (“Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to buy back shares of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Code on Share Buy-Backs for this purpose, subject to and in accordance with all applicable laws in Hong Kong and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the aggregate number of the shares of the Company to be bought back by the Company pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10% of the total number of the shares of the Company in issue as at the date of passing this Resolution, and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next Annual General Meeting of the Company;
 - (ii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the members of the Company in general meeting; or
 - (iii) the expiration of the period within which the next Annual General Meeting of the Company is required by law or the Articles of Association of the Company to be held.”

Ordinary Resolution (B)

“**THAT:**

- (a) subject to paragraph (c) of this Resolution, the exercise by the directors of the Company (“**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to issue, allot and deal with additional shares in the Company and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for or are exchangeable or convertible into shares in the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for or are exchangeable or convertible into shares in the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate number of the shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined); or

NOTICE OF ANNUAL GENERAL MEETING

- (ii) an issue of shares in the Company upon the exercise of rights of subscription, exchange or conversion under the terms of any of the options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for or are exchangeable or convertible into shares in the Company); or
- (iii) an issue of shares in the Company as scrip dividends pursuant to the Articles of Association of the Company from time to time; or
- (iv) an issue of shares in the Company under any award or option scheme or similar arrangement for the grant or issue to eligible participants under such scheme or arrangement of shares in the Company or rights to acquire shares in the Company,

shall not exceed 20% of the total number of the shares of the Company in issue as at the date of passing this Resolution, and the said approval shall be limited accordingly; and

- (d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the Members of the Company in general meeting; or
- (iii) the expiration of the period within which the next Annual General Meeting of the Company is required by law or the Articles of Association of the Company to be held; and

“Rights Issue” means an offer of shares in the Company open for a period fixed by the Directors to the holders of shares, whose names appear on the Register of Members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

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Ordinary Resolution (C)

“THAT:

subject to the passing of the Ordinary Resolution (A) and Ordinary Resolution (B) set out in agenda item 4 contained in the notice convening this meeting, the general mandate granted to the directors of the Company (“**Directors**”) and for the time being in force to exercise the powers of the Company to allot shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby extended by the addition thereto of such number of shares of the Company which has been bought back by the Company since the granting of such general mandate pursuant to the exercise by the Directors of the powers of the Company to buy back such shares, provided that such number of shares shall not exceed 10% of the total number of the shares of the Company in issue as at the date of passing of this Resolution.”

5. As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

Ordinary Resolution (A)

“THAT:

- (a) subject to and conditional upon (i) the passing of an ordinary resolution by the shareholders of Lai Sun Garment (International) Limited (“**LSG**”, the ultimate holding company of the Company) at its general meeting approving the adoption of the share option scheme of the Company (the rules of which are contained in the document marked “A” produced to the AGM and signed by the chairman of the AGM for the purpose of identification) (“**New Share Option Scheme**”); and (ii) the Listing Committee of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) granting the approval for the listing of, and permission to deal in, the shares in the capital of the Company (“**Shares**”) which may fall to be issued and allotted pursuant to the exercise of any options that may be granted under the New Share Option Scheme, the New Share Option Scheme be and is hereby approved and adopted and the Directors be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme including without limitation:
- (i) to administer the New Share Option Scheme under which options will be granted to eligible participants under the New Share Option Scheme to subscribe for Shares;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment;
 - (iii) to issue and allot from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the New Share Option Scheme and subject to the Rules Governing the Listing of Securities on the Stock Exchange;
 - (iv) to make application at the appropriate time or times to the Stock Exchange; and any stock exchanges upon which the issued Shares may for the time being be listed, for listing of and permission to deal in any Shares which may thereafter from time to time be issued and allotted pursuant to the exercise of the options under the New Share Option Scheme;
 - (v) to consent, if they deem fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme;
- (b) subject to paragraph (a) hereinabove, the share option scheme adopted by the Company at its annual general meeting held on 11 December 2015 be and is hereby terminated (save with respect to any outstanding, issued and unexercised options thereof) with effect from the adoption of the New Share Option Scheme; and

Ordinary Resolution (B)

“THAT:

the Service Provider Sublimit (as defined in the New Share Option Scheme) on the total number of Shares that may be issued in respect of all options and awards to be granted to the service providers under all share schemes of the Company be and is hereby approved and adopted and the Directors be and are hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the Directors may consider necessary, desirable or expedient to effect and implement the Service Provider Sublimit.”

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6. As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

“THAT:

- (a) subject to and conditional upon (i) the Listing Committee granting the approval for the listing of, and permission to deal in, the ordinary shares of HK\$0.50 each in the capital of eSun Holdings Limited (“**eSun**”, which is held as to approximately 74.62% by the Company), which may fall to be allotted and issued pursuant to the exercise of any options that may be granted under the proposed new share option scheme of eSun (“**New eSun Scheme**”, a copy of which is tabled at the meeting and marked “B” and signed by the chairman of the meeting for identification purpose); (ii) the passing of an ordinary resolution by the shareholders of LSG at its general meeting approving the New eSun Scheme; (iii) the passing of an ordinary resolution by the shareholders of eSun at its annual general meeting approving the adoption of the New eSun Scheme, the New eSun Scheme be and is hereby approved and the Directors and the company secretary of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements and to take all actions as may be necessary or expedient in order to give full effect to the New eSun Scheme.
- (b) subject to paragraph (a) hereinabove, the share option scheme adopted by the eSun at its annual general meeting held on 11 December 2015 be and is hereby terminated (save with respect to any outstanding, issued and unexercised options thereof) with effect from the adoption of the New eSun Scheme.

7. As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

“THAT:

subject to and conditional upon (i) the Listing Committee granting the approval for the listing of, and permission to deal in, the ordinary shares of HK\$5.00 each in the capital of Lai Fung Holdings Limited (“**LFH**”, which is held as to approximately 55.08 % by the Company), which may fall to be allotted and issued pursuant to the exercise of any options that may be granted under the proposed new share option scheme of LFH (“**New LFH Scheme**”, a copy of which is tabled at the meeting and marked “C” and signed by the chairman of the meeting for identification purpose); (ii) the passing of an ordinary resolution by the shareholders of LSG at its general meeting approving the New LFH Scheme; (iii) the passing of an ordinary resolution by the shareholders of LFH at its annual general meeting approving the adoption of the New LFH Scheme, the New LFH Scheme be and is hereby approved and the Directors and the company secretary of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements and to take all actions as may be necessary or expedient in order to give full effect to the New LFH Scheme.”

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8. As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

“THAT:

subject to and conditional upon (i) the Listing Committee granting the approval for the listing of, and permission to deal in, the ordinary shares of HK\$0.10 each in the capital of Media Asia Group Holdings Limited (“**MAGHL**”, which is held as to approximately 67.70% by eSun), which may fall to be allotted and issued pursuant to the exercise of any options that may be granted under the proposed new share option scheme of MAGHL (“**New MAGHL Scheme**”, a copy of which is tabled at the meeting and marked “D” and signed by the chairman of the meeting for identification purpose); (ii) the passing of an ordinary resolution by the shareholders of eSun at its general meeting approving the New MAGHL Scheme; (iii) the passing of an ordinary resolution by the shareholders of LSG at its general meeting approving the New MAGHL Scheme; (iv) the passing of an ordinary resolution by the shareholders of MAGHL at its annual general meeting approving the adoption of the New MAGHL Scheme, the New MAGHL Scheme be and is hereby approved and the Directors and the company secretary of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements and to take all actions as may be necessary or expedient in order to give full effect to the New MAGHL Scheme.”

9. As special businesses, to consider and, if thought fit, pass with or without amendments, the following resolution as a Special Resolution:

“THAT:

the new articles of association in the form produced to the meeting and marked “E”, and initialled by the Chairman of the meeting for the purpose of identification, (“**New Articles of Association**”), be and are hereby approved and adopted as the articles of association of the Company in substitution for and to the exclusion of the articles of association of the Company in force immediately before the passing of this Special Resolution; and **THAT** any director, or the company secretary, of the Company be and is hereby authorised to do all such acts and execute all such documents as may be necessary or expedient to give full effect to the adoption of the New Articles of Association.”

By Order of the Board
Lai Sun Development Company Limited
Chow Kwok Wor
Company Secretary

Hong Kong, 17 November 2022

NOTICE OF ANNUAL GENERAL MEETING

Registered Office:

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

Notes:

1. A Member entitled to attend and vote at the AGM 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, more than one) proxy to attend and, on a poll, vote on his/her/its behalf in accordance with the Articles of Association of the Company (“**Articles of Association**”). A proxy need not be a Member.
2. A form of proxy for use at the AGM is enclosed with this Circular of the Company dated 17 November 2022 (“**Circular**”) and is also available at the respective websites of the Hong Kong Exchanges and Clearing Limited (“**HKEX**”) and the Company.
3. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company’s share registrar, Tricor Tengis Limited (“**Registrar**”), at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the AGM or its adjourned meeting (as the case may be) and in default, the form of proxy shall 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 AGM or at its adjourned meeting (as the case may be) should they so wish. In such case, 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 AGM, Members must lodge the relevant transfer document(s) and share certificate(s) at the office of the Registrar not later than 4:30 p.m. on Monday, 12 December 2022 for registration.
5. Where there are joint registered holders of any ordinary share of the Company (“**Share**”), any one of such joint holders may attend and vote at the AGM or its adjourned meeting (as the case may be), either personally or by proxy, in respect of such Share as if he/she/it were solely entitled thereto; but if more than one of such joint holders are present at the AGM or its adjourned meeting (as the case may be) personally or by proxy, that one of such holders so present whose name stands first in the Register of Members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.
6. Concerning agenda item 2 of this Notice,
 - (i) in accordance with Article 102 of the Articles of Association, Madam U Po Chu (“**Madam U**”) and Mr. Ip Shu Kwan, Stephen (“**Mr. Stephen Ip**”) will retire from office as Directors by rotation at the AGM. Being eligible, they offer themselves for re-election;
 - (ii) in accordance with Article 93 of the Articles of Association, Mr. Lee Tze Yan, Ernest (“**Mr. Ernest Lee**”) will retire from office as Director by rotation at the AGM. Being eligible, he offers himself for re-election; and
 - (iii) in accordance with Rule 13.74 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), the particulars of Madam U, Mr. Stephen Ip and Mr. Ernest Lee, are set out in the “Biographical Details of Directors” section of the Annual Report of the Company for the Year and the “Re-election of the Retiring Directors” section of the Circular, respectively.

NOTICE OF ANNUAL GENERAL MEETING

7. Concerning agenda item 3 of this Notice, the Board (which concurs with the Audit Committee) has recommended that subject to the approval of Members at the AGM, Ernst & Young be re-appointed independent auditor of the Company for the year ending 31 July 2023 (“Year 2023”). Members should note that in practice, independent auditor’s remuneration for Year 2023 cannot be fixed at the AGM because such remuneration varies by reference to the scope and extent of the audit and other works which the independent auditor are being called upon to undertake in any given year. To enable the Company to charge the amount of such independent auditor’s remuneration as operating expenses for the Year 2023, Members’ approval to delegate the authority to the Board to fix the independent auditor’s remuneration for the Year 2023 is required, and is hereby sought, at the AGM.

8. The proposed Ordinary Resolution (A) under agenda item 4 of this Notice relates to the granting of a general mandate to the Directors to buy back shares of up to a maximum of 10% of the total number of the shares of the Company in issue as at the date of passing the said Resolution. Members’ attention is also drawn to the explanatory statement on the proposed buy-back mandate contained in the Appendix to the Circular.

The proposed Ordinary Resolution (B) under agenda item 4 of this Notice relates to the granting of a general mandate to the Directors to issue new Shares of up to a maximum of 20% of the total number of the shares of the Company in issue as at the date of passing the said Resolution. The Company has no immediate plan to issue any new Shares under the general mandate.

The proposed Ordinary Resolution (C) under agenda item 4 of this Notice extends the general mandate to include the Shares bought back under the buy-back mandate.

The proposed Ordinary Resolution under agenda item 5 of this Notice relates to the termination of the Existing Share Option Scheme and the adoption of a New Share Option Scheme.

The proposed Ordinary Resolution under agenda item 6 of this Notice relates to the termination of the Existing eSun Scheme and the adoption of a New eSun Scheme.

The proposed Ordinary Resolution under agenda item 7 of this Notice relates to the adoption of a New LFH Scheme.

The proposed Ordinary Resolution under agenda item 8 of this Notice relates to the adoption of a New MAGHL Scheme.

9. Details regarding the Ordinary Resolutions (A), (B) and (C) under agenda item 4 and the Ordinary Resolutions under agenda items 5, 6, 7 and 8 of this Notice is set out in the Circular.

10. The proposed Special Resolution under agenda item 9 of this Notice relates to the adoption of the new Articles of Association of the Company.

11. In compliance with Rule 13.39(4) of the Listing Rules, voting on all resolutions proposed in this Notice will be taken by poll.

12. 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 7:00 a.m. on the date of the AGM, the AGM will be postponed and the Members will be informed of the date, time and venue of the postponed AGM by a supplementary notice, posted on the respective websites of the Company and the HKEX.

If a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is cancelled at or before 7:00 a.m. on the date of the AGM and where conditions permit, the AGM will be held as scheduled.

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

Members should decide whether they would attend the AGM under a bad weather condition after considering their own situations and if they do so, they are advised to exercise care and caution.

NOTICE OF ANNUAL GENERAL MEETING

13. *In light of the epidemic situation of the novel coronavirus (COVID-19), certain measures will be implemented at the AGM (or its adjourned meeting (as the case may be)) with a view to addressing the risk to attendees of infection, including the following:*
- a) *all attendees will be required to undergo body temperature check;*
 - b) *all attendees will be required to scan the “LeaveHomeSafe” venue QR code at the entrance of the venue of the AGM, and comply with the requirements of the Vaccine Pass Direction under the Prevention and Control of Disease (Vaccine Pass) Regulation (Chapter 599L of the Laws of Hong Kong);*
 - c) *any attendees who are subject to health quarantine prescribed by the Government of the Hong Kong Special Administrative Region of the People’s Republic of China will not be admitted to the venue of the AGM;*
 - d) *all attendees will be required to wear surgical face masks throughout the AGM;*
 - e) *each attendee will be assigned a designated seat at the time of registration to ensure social distancing;*
 - f) *any person who does not comply with the measures above may be denied entry into, or be required to leave, the venue of the AGM; and*
 - g) *no refreshments or beverages will be provided, and there will be no corporate gifts.*
14. *The Company reminds Shareholders that they should carefully consider the risks of attending the AGM, taking into account their own personal circumstances. The Company would like to remind Shareholders that physical attendance in person at the AGM is not necessary for the purpose of exercising their voting rights and **strongly recommends that Shareholders appoint the Chairman of the AGM as their proxy** and submit their form of proxy as early as possible. In light of the risks posed by the COVID-19 pandemic, the Company **strongly encourages Shareholders NOT to attend the AGM in person.***
15. *The Company will keep the evolving COVID-19 situation under review and may implement additional measures (which it will announce closer to the date of the AGM).*