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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser. Capitalised terms used herein shall have the same meanings as those defined in the section headed “Definitions” in this prospectus, unless otherwise stated.

If you have sold or transferred all your shares in Lai Sun Development Company Limited (the “Company”), you should at once hand the Prospectus Documents to the purchaser(s) or other transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “14. Documents delivered to the Registrar of Companies” in Appendix III to this prospectus, have been registered by the Registrar of Companies in Hong Kong as required by section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take no responsibility for the contents of any of the Prospectus Documents.

You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the paragraph headed “Warning of the Risks of Dealing in the Shares and Nil-paid Rights Shares” in the “Letter from the Board” in this prospectus.

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

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

The attention of Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or holding Shares on behalf of beneficial owners of Shares with such addresses is drawn to the paragraph headed “Rights of the Overseas Shareholders” in the “Letter from the Board” in this prospectus.

This prospectus is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdictions in which such offer, solicitation or sale would be unlawful. The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the laws of any state or jurisdiction of the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the Securities Act and applicable state laws. There is no intention to register any portion of the Rights Shares or any securities described herein in the United States or to conduct a public offering of securities in the United States.

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### LAI SUN DEVELOPMENT

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

(Stock Code: 488)

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

Sole Global Coordinator and Underwriter



Placing Agent



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**The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Friday, 23 December 2022.**

It should be noted that the Underwriter may, upon giving notice in writing to the Company, terminate the Underwriting Agreement at any time prior to the Latest Time for Termination, upon the occurrence of certain events. These events are set out in the section headed “Termination of the Underwriting Agreement” on pages 10 to 11 of this prospectus. If the Underwriter exercises such right, the Rights Issue will not proceed. Upon the giving of written notice of termination, all obligations of the Underwriter and the Company under the Underwriting Agreement shall cease and determine (save for any antecedent breaches thereof) and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement.

Shareholders should note that the Rights Issue will proceed on a fully-underwritten basis. Save for the Undertaken Shares and the Underwritten Shares, there is no requirement for a minimum level of subscription. Subject to the fulfilment or waiver (as applicable) of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

Shareholders should note that the existing Shares have been dealt in on an ex-rights basis from Wednesday, 30 November 2022. The nil-paid Rights Shares will be dealt in from Tuesday, 13 December 2022 to Tuesday, 20 December 2022 (both days inclusive). If, prior to the Latest Time for Termination, the Underwriter terminates the Underwriting Agreement or if the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue and the Underwriting Agreement” in the “Letter from the Board” in this prospectus are otherwise not fulfilled or waived (as applicable), the Rights Issue will not proceed.

Any dealings in the Shares from the date of this prospectus up to the date on which the conditions of the Rights Issue are fulfilled or waived (as applicable), and any dealings in the nil-paid Rights Shares from Tuesday, 13 December 2022 to Tuesday, 20 December 2022 (both days inclusive) are accordingly subject to the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

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## NOTICES

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The Rights Issue is conditional upon the fulfillment or waiver (as applicable) of the conditions as described in the paragraph headed “Conditions of the Rights Issue and the Underwriting Agreement” contained in the “Letter from the Board” in this prospectus, including the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with its terms. It should also be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate its obligations on the occurrence of certain events. Please refer to the section headed “Termination of the Underwriting Agreement” in this prospectus for further details. Accordingly, the Rights Issue may or may not proceed. If any of the conditions of the Rights Issue is not fulfilled or waived (as applicable), the Rights Issue will not proceed. It should be noted that existing Shares have been dealt in on an ex-rights basis from Wednesday, 30 November 2022. The Rights Shares in their nil-paid form are expected to be dealt in from Tuesday, 13 December 2022 to Tuesday, 20 December 2022 (both days inclusive). If the Underwriter terminates the Underwriting Agreement, or the conditions of the Rights Issue are not fulfilled or waived (as applicable), the Rights Issue will not proceed.

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Rights Shares in their nil-paid forms is advised to exercise caution when dealing in the Shares and/or Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (or waived (as applicable)) (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases), will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

**EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO SHAREHOLDERS WITH REGISTERED ADDRESSES IN JURISDICTIONS OUTSIDE HONG KONG AND NEITHER IS THE RIGHTS ISSUE BEING MADE TO INVESTORS WHO ARE LOCATED OR RESIDING IN ANY OF THE JURISDICTIONS OUTSIDE HONG KONG, UNLESS AN OFFER OF RIGHTS SHARES AND NIL-PAID RIGHTS SHARES INTO SUCH JURISDICTIONS COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER LEGAL OR REGULATORY REQUIREMENTS OR THE OFFER IS MADE IN RELIANCE ON ANY EXEMPTION OR WHERE COMPLIANCE IS NOT UNDULY BURDENSOME.**

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## NOTICES

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This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer, invitation or solicitation is unlawful. None of the nil-paid Rights Shares, the fully-paid Rights Shares, this prospectus and the PAL have been or will be registered or filed under the securities laws of any jurisdiction or with any securities commission or similar regulatory authority in any jurisdiction other than in Hong Kong and none of the nil-paid Rights Shares, the fully-paid Rights Shares, this prospectus and the PAL will qualify for distribution under any of the relevant securities laws of any of the jurisdictions outside Hong Kong (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the nil-paid Rights Shares and the fully-paid Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions other than in Hong Kong, or exemption from the registration or qualification requirements under applicable rules of such jurisdictions.

Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or who hold Shares on behalf of persons with such addresses should refer to the paragraph headed “Rights of the Overseas Shareholders” under “Letter from the Board” of this prospectus.

Each person acquiring the nil-paid Rights Shares and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by his acquisition of the nil-paid Rights Shares and/or Rights Shares to confirm, that he is aware of the restrictions on offers and sales of the nil-paid Rights Shares and/or Rights Shares described in this prospectus.

### **FORWARD-LOOKING STATEMENTS**

All statements in this prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustrate”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this prospectus include, without limitation, statements in respect of the Group’s business strategies, service offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

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## NOTICES

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The forward-looking statements in this prospectus are based on management's present expectations about future events. Management's present expectations reflect numerous assumptions regarding the Group's strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group's actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this prospectus, be it as a result of new information, future events or otherwise.

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## DEFINITIONS

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*In this prospectus, the following terms shall have the meanings respectively set opposite them unless the context requires otherwise:*

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement dated 10 November 2022 issued by the Company in relation to, among others, the Rights Issue
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business (other than a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which “extreme conditions” caused by a super typhoon or a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Clear”	China Securities Depository and Clearing Corporation Limited
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	Lai Sun Development Company Limited (麗新發展有限公司), a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488)
“Compensatory Arrangements”	the arrangement involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules

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## DEFINITIONS

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“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“CSRC Notice”	the notice of the CSRC “Filing Requirements for Hong Kong Listed Issuers Making Rights Issues to Mainland Shareholders through Mainland-Hong Kong Stock Connect” (Announcement [2016] No. 21)
“Director(s)”	the director(s) of the Company
“Dr. Peter Lam”	Dr. Lam Kin Ngok, Peter, an executive Director and the chairman of the Board, and a controlling shareholder of the Company
“Dr. Peter Lam’s Share Options”	the Share Options held by Dr. Peter Lam as at the Latest Practicable Date, comprising a total of 486,452 underlying Shares, for which he has undertaken not to exercise from the date of the Irrevocable Undertaking to the Record Date
“eSun”	eSun Holdings Limited (豐德麗控股有限公司), an exempted company incorporated in Bermuda with limited liability and the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571)
“eSun Group”	eSun and its subsidiaries
“Existing Share Option Scheme”	the existing share option scheme adopted by the Company on 11 December 2015
“Former Share Option Scheme”	the former share option scheme adopted by the Company on 22 December 2006 and terminated on 23 December 2015
“GO obligation”	the obligation to make a general offer under Rule 26 of the Takeovers Code
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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## DEFINITIONS

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“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any individual or company not being the connected persons of the Company, independent of the Company and its connected persons and not connected with any of them or their respective associates
“Irrevocable Undertaking”	the irrevocable undertaking dated 10 November 2022 given by Dr. Peter Lam and LSG in favour of the Company and the Underwriter
“Lai Fung”	Lai Fung Holdings Limited (麗豐控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1125)
“Lai Fung Group”	Lai Fung and its subsidiaries
“Latest Practicable Date”	5 December 2022, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained in this prospectus
“Last Trading Day”	10 November 2022, being the last trading day for the Shares on the Stock Exchange immediately before the publication of the Announcement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 23 December 2022, or such later time or date as may be agreed by the Company and the Underwriter in writing, being the latest time and date for acceptance of and payment for the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Wednesday, 4 January 2023, or such later time or date as may be agreed by the Company and the Underwriter in writing, being the latest time for termination of the Underwriting Agreement
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time



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## DEFINITIONS

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“LSG”	Lai Sun Garment (International) Limited (麗新製衣國際有限公司), a company incorporated in Hong Kong with limited liability, the issued LSG Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 191) and is the ultimate holding company of the Company
“LSG Group”	LSG and its subsidiaries (excluding, for the avoidance of doubt, the Group)
“LSG Share(s)”	ordinary share(s) in the share capital of LSG
“LSG Shareholder(s)”	holder(s) of the LSG Share(s)
“LSG Subsidiaries”	Joy Mind Limited, a company incorporated in Hong Kong with limited liability, and Zimba International Limited, a company incorporated in the British Virgin Islands with limited liability, both being wholly-owned subsidiaries of LSG and together with LSG beneficially owned an aggregate of 515,389,531 Shares as at the Latest Practicable Date
“Madam U”	Madam U Po Chu, a non-executive Director
“MAGHL”	Media Asia Group Holdings Limited (寰亞傳媒集團有限公司), an exempt company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed and traded on GEM of the Stock Exchange (Stock Code: 8075)
“No Action Shareholders”	those Qualifying Shareholders who do not subscribe for the Right Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Board, after making relevant enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Rights Shares”	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form

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## DEFINITIONS

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“Overseas Shareholder(s)”	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue
“Placee(s)”	professional, institutional or other investor(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and not acting in concert with the Underwriter and parties acting in concert with it and/or the connected persons of the Company, procured by the Placing Agent and/or its sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
“Placing”	the placing of a maximum of 231,660,994 Unsubscribed Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and conditions of the Placing Agreement
“Placing Agent”	Haitong International Securities Company Limited, a licensed corporation carrying out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, being the placing agent appointed by the Company pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement dated 10 November 2022 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Amount”	the total aggregate amount of money (total monetary value) derived from multiplying (a) the price at which the Unsubscribed Rights Shares are subscribed for by the Placees procured by the Placing Agent by (b) the actual number of Unsubscribed Rights Shares actually subscribed for by the Placees procured by the Placing Agent
“Placing Completion Date”	Wednesday, 4 January 2023 or such other date as the Company and the Placing Agent may agree
“Posting Date”	Friday, 9 December 2022, or such other date as the Company and the Underwriter may agree in writing for the despatch of the Prospectus Documents

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## DEFINITIONS

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“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this prospectus
“PRC Southbound Trading Investor(s)”	the PRC investor(s) who hold Shares through China Clear as nominee under the Shenzhen-Hong Kong Stock Connect and the Shanghai-Hong Kong Stock Connect
“Prospectus Documents”	this prospectus and the PAL to be issued by the Company
“Public Float”	the percentage of Shares held by the public
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Thursday, 8 December 2022, or such other date as the Company and the Underwriter may agree in writing, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
“Registrar”	Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, the Company’s share registrar and transfer office
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price, payable in full on acceptance and on the terms and subject to the conditions of the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	not less than 484,442,943 new Shares and not more than 489,681,061 new Shares to be allotted and issued pursuant to the Rights Issue
“Scaled-down PAL Shares”	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in either the triggering of a GO Obligation on the part of the applicant or the Public Float is further decreased from its current percentage as at the date of the Announcement
“SFC”	the Securities and Futures Commission of Hong Kong

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai-Hong Kong Stock Connect”	a securities trading and clearing links programme developed by the Stock Exchange, the Shanghai Stock Exchange, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shanghai
“Share(s)”	ordinary share(s) in the share capital of the Company
“Share Option(s)”	the total of 10,962,687 outstanding share options to subscribe for 10,962,687 Shares granted under the Share Option Schemes
“Share Option Schemes”	collectively, the Existing Share Option Scheme and the Former Share Option Scheme
“Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing links programme developed by the Stock Exchange, the Shenzhen Stock Exchange, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shenzhen
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$1.64 for each Rights Share under the Rights Issue
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs, as amended, supplemented or otherwise modified from time to time
“Undertaken Shares”	258,020,067 Rights Shares, being the aggregate number of Rights Shares which the Undertaking Covenantors have undertaken to subscribe or procure the subscription for pursuant to the Irrevocable Undertaking
“Undertaking Covenantors”	collectively, Dr. Peter Lam and LSG
“Underwriter”	Haitong International Securities Company Limited, a licensed corporation carrying out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities

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## DEFINITIONS

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“Underwriting Agreement”	the underwriting agreement dated 10 November 2022 entered into between the Company and the Underwriter in relation to the Rights Issue, as revised, supplemented or amended from time to time in accordance with its terms
“Underwritten Shares”	up to 226,422,876 Rights Shares, being the minimum total number of Rights Shares issuable (assuming no Shares being issued or bought back by the Company on or after the date of the Underwriting Agreement and on or before the Record Date), or up to 231,660,994 Rights Shares, being the maximum total number of Rights Shares issuable (assuming new Shares are allotted and issued on or before the Record Date pursuant to the full exercise of outstanding Share Options (except for Dr. Peter Lam’s Share Options) but otherwise no Shares being issued or bought back by the Company on or after the date of the Underwriting Agreement and on or before the Record Date), excluding the Undertaken Shares to be taken up by the Undertaking Covenantors, to be underwritten by the Underwriter pursuant to the terms and conditions under the Underwriting Agreement
“United States” or “US”	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia)
“Unsubscribed Rights Shares”	those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the paragraph headed “Arrangements for the NQS Rights Shares” in the Announcement
“Untaken Shares”	all the Unsubscribed Rights Shares that are not placed by the Placing Agent or they have been placed but the placees have not paid therefor at 4:00 p.m. on the Placing Completion Date
“US\$”	United States dollars, the lawful currency of the United States
“US Person(s)”	any person(s) or entity(ies) deemed to be a US Person for the purposes of Regulation S under the US Securities Act of 1933, as amended
“%”	per cent

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## SUMMARY OF THE RIGHTS ISSUE

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The following information is derived from, and should be read in conjunction with the full text of this prospectus:

### Issue statistics

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

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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

- (i) the occurrence of the following events have or will, or is likely to, in the reasonable opinion of the Underwriter, materially and adversely affect the business, financial or the success of the Rights Issue or dealings in the Rights Issue in the secondary market, or trading position or prospects of the Group as a whole or otherwise makes it impracticable, inexpedient or inadvisable for the Company or the Underwriter to proceed with the Rights Issue on the terms and manner contemplated in the Announcement and the Prospectus Documents:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever;
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic, industrial, legal, fiscal, regulatory or other nature (whether or not sui generis with any of the foregoing or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict);
  - (c) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the London Stock Exchange, the New York Stock Exchange or any major disruption of any securities settlement or clearing services in Hong Kong or on commercial banking activities in Hong Kong, due to exceptional financial circumstances or otherwise;
  - (d) the occurrence of any change in market conditions or combination of circumstances in Hong Kong, the United States, the European Union, the United Kingdom or the PRC (including without limitation, any change in fiscal policy or money policy, or foreign exchange or currency markets, suspension or material restrict or trading in securities) which in the reasonable opinion of the Underwriter materially prejudicially affects the Rights Issue and make it impracticable, inadvisable or inexpedient to proceed therein;
- (ii) the Company's application to the Main Board of the Stock Exchange for permission for the listing of the Rights Shares (nil-paid and fully-paid) and permission to deal in the Rights Shares (nil-paid and fully-paid) on the Stock Exchange is withdrawn by the Company and/or refused by the Stock Exchange;
- (iii) there is any material adverse change or prospective adverse change in the business or in the financial or trading position or prospects of any member of the Group which in the reasonable opinion of the Underwriter acting in good faith is material in the context of the Rights Issue;
- (iv) any matter arises or is discovered which would, if this prospectus was to be issued at the time, constitute material omission therefrom;

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (v) the Company commits any material breach of any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement;
- (vi) the Underwriter shall receive notification pursuant to the Underwriting Agreement or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate if repeated as provided in the Underwriting Agreement and the Underwriter shall in its reasonable opinion determine that any such untrue representation or warranty represents or is likely to represent a material and adverse change in the business, financial or trading position or prospects of the Group as a whole or is otherwise likely to have a material and adverse effect on the Rights Issue; or
- (vii) the Company shall, after any matter or event referred to in the Underwriting Agreement has occurred or come to the attention of the Underwriter, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company.

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



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## EXPECTED TIMETABLE

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

<b>Event</b>	<b>2022</b>
Last day of dealings in the Shares on a cum-rights basis.....	Tuesday, 29 November
Commencement of dealings in the Shares on an ex-rights basis.....	Wednesday, 30 November
Latest time for lodging transfer documents of the Shares in order to be qualified for the Rights Issue.....	4:30 p.m. on Thursday, 1 December
Closure of the register of members of the Company for determining entitlements under the Rights Issue .....	Friday, 2 December to Thursday, 8 December (both days inclusive)
Record Date for determining entitlements under the Rights Issue .....	Thursday, 8 December
Re-opening of the register of members of the Company.....	Friday, 9 December
Despatch of the Prospectus Documents (in the case of the Non-Qualifying Shareholders, this Prospectus only) .....	Friday, 9 December
First day for dealings in nil-paid Rights Shares .....	Tuesday, 13 December
Latest time for splitting of nil-paid Rights Shares.....	4:30 p.m. on Thursday, 15 December
Last day for dealings in nil-paid Rights Shares .....	Tuesday, 20 December
Latest time for lodging transfer documents of nil-paid Right Shares in order to qualify for the Compensatory Arrangements .....	4:00 p.m. on Friday, 23 December
Latest time for acceptance of and payment for the Rights Shares.....	4:00 p.m. on Friday, 23 December

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## EXPECTED TIMETABLE

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**Event** **2022**

Announcement of the number of Unsubscribed Rights Shares  
subject to the Compensatory Arrangements..... Thursday, 29 December

Commencement of placing of Unsubscribed  
Right Shares by the Placing Agent..... Friday, 30 December

**Event** **2023**

Latest time of placing of the Unsubscribed  
Rights Shares by the Placing Agent ..... Wednesday, 4 January

Latest time for terminating the Underwriting Agreement and  
for the Rights Issue to become unconditional ..... 4:00 p.m. on Wednesday,  
4 January

Announcement of results of the Rights Issue  
to be published on the respective websites of  
the Stock Exchange and the Company ..... Tuesday, 10 January

Despatch of Share certificates for fully-paid Rights Shares ..... Wednesday, 11 January

Despatch of refund cheques, if any,  
if the Rights Issue is terminated ..... Wednesday, 11 January

Commencement of dealings in fully-paid Rights Shares ..... 9:00 a.m. on Thursday,  
12 January

Payment of Net Gain to relevant No Action  
Shareholders and Non-Qualifying Shareholders  
and net proceeds from the sale of nil-pail  
Rights Shares to the relevant  
Non-Qualifying Shareholders (if any)..... 9:00 a.m. on Tuesday,  
31 January

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

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## **EXPECTED TIMETABLE**

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

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

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

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

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## LETTER FROM THE BOARD

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### 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  
Mr. Lam Hau Yin, Lester  
(*also alternate to Madam U Po Chu*)  
Mr. Lee Tze Yan, Ernest

*Registered Office/Principal 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. Lam Bing Kwan  
Mr. Leung Shu Yin, William  
Mr. Ip Shu Kwan, Stephen

9 December 2022

*To the Qualifying Shareholders and, for information purposes only,  
the Non-Qualifying Shareholders and the holders of the Share Options*

Dear Sir or Madam,

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

#### INTRODUCTION

Reference is made to the Announcement.

On Thursday, 10 November 2022 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which it is proposed that the Company will raise gross

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## LETTER FROM THE BOARD

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

The purpose of this prospectus is to provide you with, among other things, further information on the Rights Issue, including the procedures for acceptance of the Rights Shares provisionally allotted to you, together with the financial and other information of the Company.

### PROPOSED RIGHTS ISSUE

The Board proposes the Rights Issue, details of which are summarised below:

#### Issue statistics

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

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## LETTER FROM THE BOARD

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Amount to be raised before expenses : Not less than approximately HK\$794.5 million and not more than approximately HK\$803.1 million.

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

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

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

### **Qualifying Shareholders and Non-Qualifying Shareholders**

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

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

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

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## LETTER FROM THE BOARD

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

In order to be registered as a member of the Company by the Record Date, all transfer documents of the Shares (together with the relevant share certificates) must be lodged for registration with the Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:30 p.m. on Thursday, 1 December 2022. The last day for dealing in the Shares on a cum-rights basis is Tuesday, 29 November 2022.

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

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

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

### **Rights of PRC Southbound Trading Investors**

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

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

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## LETTER FROM THE BOARD

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

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

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

### Rights of the Overseas Shareholders

As at the Record Date, based on the register of members of the Company, the Overseas Shareholders were as follows:

<b>Jurisdiction of the registered address of the Overseas Shareholders</b>	<b>Number of Overseas Shareholders</b>	<b>Number of Shares held</b>	<b>Approximate % of issued share capital of the Company</b>
Canada	5	11,311	0.0012
The United Kingdom	4	625,480	0.0646
Japan	1	80	0.000008
Macau	2	220	0.000023
Malaysia	1	40	0.000004
Netherlands	1	1,600	0.0002
Singapore	2	616	0.0001
Switzerland	1	104	0.000011
Taiwan	1	3,345,443	0.3453
The United States	2	13	0.000001



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## LETTER FROM THE BOARD

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The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders on the Record Date, if any, may be ineligible to take part in the Rights Issue as explained below.

The Company has, in compliance with Rule 13.36(2)(a) of the Listing Rules, made reasonable enquiries of the legal requirements regarding the feasibility of extending the Rights Issue to the Overseas Shareholders.

The Company has obtained advice from legal advisers in the United Kingdom, Japan, Macau, the Netherlands, Singapore, Switzerland, and Taiwan, and has been advised that under the applicable legislations of these jurisdictions, either (i) there is no regulatory restriction or requirement of any regulatory body or stock exchange with respect to extending the Rights Issue to the Overseas Shareholders in the relevant jurisdictions; or (ii) making the Rights Issue to those Overseas Shareholders detailed above meets the relevant exemption requirements under the relevant jurisdictions so that it would be exempt from obtaining approval or recognition from and/or registration of the Prospectus Documents with the relevant regulatory authorities under the applicable laws and regulations of the relevant jurisdictions.

Accordingly, the Rights Issue will be extended to the Overseas Shareholders having registered addresses in the United Kingdom, Japan, Macau, the Netherlands, Singapore, Switzerland, and Taiwan and such Overseas Shareholders are Qualifying Shareholders.

The Company has also obtained advice from legal advisers in Canada, Malaysia, and the United States. Having considered the circumstances, the Directors are of the view that it is necessary or expedient not to offer the Rights Shares (in their nil-paid and fully paid forms) to Overseas Shareholders with registered addresses in Canada, Malaysia, and the United States due to the time and costs involved in the registration or filing of the Prospectus Documents and/or approval required by the relevant authorities in Canada, Malaysia, and the United States and/or additional steps the Company and/or Overseas Shareholders need to take to comply with the relevant legal or regulatory requirements in Canada, Malaysia, and the United States.

Thus, for the purposes of the Rights Issue, the Non-Qualifying Shareholders are any Shareholder(s) whose name(s) appeared in the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are in Canada, Malaysia, and the United States.

The Company would, to the extent permitted under the relevant laws and regulations and reasonably practicable send copies of this prospectus to the Non-Qualifying Shareholders for their information only, but would not send the PAL to them.

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## LETTER FROM THE BOARD

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Notwithstanding any other provision in this prospectus or any other Prospectus Documents, the Company reserves the right to permit any Shareholder (whether as a direct holder or beneficial owner) whose registered address is in, or who otherwise resides in, a jurisdiction other than Hong Kong to take up Rights Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations in that jurisdiction which would otherwise give rise to restrictions upon the offer or take-up of Rights Shares in that jurisdiction and treat as invalid any acceptances of or applications for the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction.

### **Arrangements for the NQS Rights Shares**

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

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

### **Closure of register of members of the Company**

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

### **Basis of provisional allotments**

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

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## LETTER FROM THE BOARD

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### Subscription Price

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

### The Subscription Price represents:

- (i) a discount of approximately 50.2% to the closing price of HK\$3.29 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 51.9% to the average closing price of approximately HK\$3.41 per Share for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a discount of approximately 50.5% to the average closing price of approximately HK\$3.31 per Share for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a discount of approximately 42.1% to the theoretical ex-rights price of approximately HK\$2.83 per Share. The Company would like to clarify that this is based on the average closing price in the five trading days immediately prior to the date of the Announcement, as opposed to the previous disclosure in the Announcement;
- (v) a discount of approximately 95.2% to the latest published consolidated net asset value per Share as at 31 July 2022 of approximately HK\$33.847 (as shown in the final results of the Company for the year ended 31 July 2022 published on 21 October 2022) is based on the total equity attributable to the owners of the Company as at 31 July 2022 of approximately HK\$32,794 million and 968,885,887 Shares in issue as at the Latest Practicable Date;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 17.4%, represented by the theoretical diluted price of approximately HK\$2.83 per Share to the benchmarked price (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$3.29 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of approximately HK\$3.43 per Share) of approximately HK\$3.43 per Share; and
- (vii) a discount of approximately 1.2% to the closing of HK\$1.66 price per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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## LETTER FROM THE BOARD

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

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

The Subscription Price was determined by the Company with reference to, among others, the following:

**1. *Recent market prices of the Shares***

The closing price of the Shares was on a general downward trend during the twelve months up to and including the Last Trading Day. After reaching a high of HK\$4.62 on 15 August 2022, being the day after the commencement date of the twelve months period preceding the Last Trading Day, then hit the lowest of HK\$3.06 on 31 October 2022. In addition, the trading volume of Shares had been low. In view of the forementioned general downward trend of the closing price of the Shares and low volume, and in order to enhance the attractiveness of the Rights Issue to Shareholders, the Directors set the Subscription Price at a material discount to the then market prices of the Shares as mentioned above. It is also noted that the Company has entered into the Placing Agreement with the Placing Agent and the Rights Issue is fully underwritten by the Underwriter, hence the Subscription Price would have to be attractive enough to Shareholders and investors, in order for the Placing Agent and the Underwriter to conclude that the proposed rights issue is commercially feasible to place and underwrite. Setting the Subscription Price materially higher might not have been commercially agreeable by the Placing Agent and the Underwriter, and the underwriting commission rate could also have been higher if the Placing Agent and the Underwriter were to factor in the likelihood of lower acceptance rate by Shareholders (other than the Undertaking Covenantors) if the Subscription Price was not attractive enough to Shareholders and potential investors.

Moreover, the Rights Issue is subject to a scaling-down mechanism which would not benefit the controlling shareholders over other shareholders by having a low Subscription Price as they are already capped in the number of Rights Shares they may take up. Essentially, the attractive Subscription Price is to benefit and encourage minority shareholders to take up their rights.

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## LETTER FROM THE BOARD

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### **2. *Prevailing market conditions and financial position of the Group***

The Directors have also considered the prevailing market conditions, in particular the recent volatility of the capital market in Hong Kong. During the three months up to and including the Last Trading Day, the Hang Seng Index fluctuated between a high of approximately 20,176 at closing on 12 August 2022 and approximately 14,687 at closing on 31 October 2022 and closed at approximately 16,081 on the Last Trading Day. The Directors considered that such volatility may affect investors' confidence in the market and therefore set the Subscription Price at a discount to the then market prices of the Shares to encourage Shareholders to participate in the Rights Issue.

The net debt to equity ratio as at 31 July 2022 of the Company was approximately 62%. Given that the net debt to equity ratio of the Company as at 31 July 2022 already reached approximately 62%, fund-raising activities in the form of equity are preferred over that of debt. For further details of the reasons of the Rights Issue, please refer to the section headed "Reasons for the Rights Issue and Use of proceeds of the Rights Issue" below.

### **3. *Amount of funds the Company intends to raise under the Rights Issue***

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

The Directors consider that the discount of the Subscription Price would encourage Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth and development of the Group. The Directors have noted the material discount to the net assets value per Share mentioned in paragraph (v) above. Nevertheless, taking into account the fact that (i) the Shares were traded at a discount to the net assets value per Share of approximately HK\$33.847 as at 31 July 2022 over the 3-month period from 11 August 2022 up to and including the Last Trading Day ranging from approximately 86.4% to 91.0%; (ii) the average share price of the Company for the period of three months ended on the Last Trading Day of approximately HK\$3.89, also represents a material discount of approximately 88.5% to the net assets value per Share of approximately HK\$33.847 as at 31 July 2022; (iii) each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its shareholding interest held on the Record Date on a fair and equal basis; and (iv) the proceeds from the Rights Issue can finance the potential investment of the Group and help improve the financial position of the Group, the Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and its shareholders as a whole. Further, after taking into consideration the reasons for the Rights Issue as stated in the section headed "Reasons for the Rights Issue and use of proceeds of the Rights Issue" below, the Directors consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### **Status of Rights Shares**

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

### **Stamp duty and other applicable fees and charges**

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

### **Share certificates and refund cheques for the Rights Issue**

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

### **Fractions of Rights Shares**

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

No odd lot matching services will be provided as the Directors are of the view that, having compared the fees to be charged by a designated securities broker and the market value of the odd lots of Shares, it will not be cost-effective for the Company to appoint such a securities broker to provide matching services for odd lots of Shares. As such, the Directors consider that it is in the interest of the Company and the Shareholders not to provide odd lot matching services for the Rights Issue.

### **Procedure for acceptance, payment, transfer and/or splitting of provisional allotment of the Rights Shares**

A PAL is enclosed with this prospectus which entitles the Qualifying Shareholder to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:00 p.m. on Friday, 23 December 2022 (or, under bad weather conditions, such later date as mentioned in the

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## LETTER FROM THE BOARD

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section headed “Expected Timetable — Effect of Bad Weather on the Latest Time For Acceptance of and Payment for the Rights Shares”). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker’s cashier orders which must be issued by, licensed banks in Hong Kong and made payable to “Lai Sun Development Company Limited — Provisional Allotment Account” and crossed “Account Payee Only”. It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Friday, 23 December 2022, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled after the Latest Time for Acceptance. The Company may, at its sole and absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions.

If the Qualifying Shareholders wish to accept only part of their provision allotment or transfer part of their rights to subscribe for the Rights Share provisionally allotted to them under the PALs or to transfer part of their rights to more than one person, the original PALs must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Thursday, 15 December 2022 to the Registrar, who will cancel the original PALs and issue new PALs in the denomination required which will be available for collection from the Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PALs. The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or banker’s cashier orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a banker’s cashier order, whether by a Qualifying Shareholder or by any nominated transferee, will constitute a warranty by the applicant that the cheque or the banker’s cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or banker’s cashier order is dishonoured on first presentation, and in that event, the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

### **Irrevocable Undertaking by the Undertaking Covenantors**

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

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

- (i) to subscribe or procure the subscription (as the case may be) for an aggregate of 257,694,765 Rights Shares and 325,302 Rights Shares to be provisionally allotted to LSG (or the LSG Subsidiaries, as the case may be) and Dr. Peter Lam, respectively; and

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## LETTER FROM THE BOARD

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- (ii) (a) not to sell, dispose of or transfer, or agree to sell, dispose of or transfer any of the Shares held by them or any one of them, and (b) LSG will procure the LSG Subsidiaries not to sell, dispose of or transfer, or agree to sell, dispose of or transfer any of the Shares held by any of the LSG Subsidiaries, from the date of the Irrevocable Undertaking to the date of completion of the Rights Issue.

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

Save for the Irrevocable Undertaking, the Company had not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the Latest Practicable Date.

### **Scale-down of subscriptions**

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

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

### **Application for listing**

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



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

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

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

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

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

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

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## LETTER FROM THE BOARD

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

### THE PLACING AGREEMENT

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

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

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

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

Placing fee payable to the Placing Agent : There is no placing commission payable by the Company to the Placing Agent in respect of the Placing. However, the Company shall be responsible for all costs and expenses reasonably incurred by the Placing Agent in connection with or arising out of the Placing.

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## LETTER FROM THE BOARD

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

The terms of the Placing Agreement (including the placing fee) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue and are on normal commercial terms. The Directors consider that the terms of the Placing Agreement are fair and reasonable. As the Placing Agent and the Underwriter are the same entity, it is in the best interest of the Company to not give any placing commission to the Placing Agent to avoid the overlapping of the payment of fees. The Company believes that this is on normal commercial terms as the Placing Agent and the Underwriter are the same entity. In addition, the Company believes that not paying placing commission is in the best interest of the Company and that this arrangement is therefore fair and reasonable.

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

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### THE UNDERWRITING AGREEMENT

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

#### Underwriting Agreement

Date : 10 November 2022 (after trading hours)

Issuer : The Company

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

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

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

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## LETTER FROM THE BOARD

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Underwriting commission : 2% of the aggregate Subscription Price in respect of the number of Underwritten Shares committed to be underwritten, subscribed for or procured to be subscribed for by the Underwriter in accordance with the Underwriting Agreement.

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

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

The terms of the Underwriting Agreement, including the underwriting commission rate, were determined after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the prevailing market conditions and the structure and size of the Rights Issue. The Company has approached two financial institutions (including the Underwriter) to explore their interest in underwriting the Rights Issue. The Company considers reaching out to two financial institutions is commercially appropriate, as reaching out to too many firms in a short period of time may be interpreted wrongly by the market and the risk of information leakage is high. Having provided the proposed indicative terms and structure of the Rights Issue to such financial institutions, only the Underwriter showed interest in underwriting the Rights Issue and further negotiated with the Company, while the other financial institution did not pursue further. Given that the Underwriter was able to meet the parameters, terms, conditions and pricing of the Rights Issue set by the Company in light of the current financial market conditions and also to act as the placing agent for the Placing, the Company believes that the terms set out in the Underwriting Agreement were the best available option to the Company. The underwriting commission was negotiated on an arm's length basis, taking into account the current market conditions, price performance and trading liquidity of the Shares, as well as the fact that the underwriter is taking up the role of both the placing agent and underwriter. The 2% commission rate is considered in line with general market practices and given the overall stock market volatility, weak market sentiment globally and relatively thinly traded nature of the Company's Shares, a higher commission fee is considered acceptable. It is also on similar terms to the 1-for-2 rights issue of the Company in 2021 ("**2021 Rights Issue**"). The final commission payable under the 7% commission rate will depend on the results of subscription of Rights Shares and placement of Unsubscribed Rights Shares. Having considered all of the above, the Directors consider that the terms of the Underwriting Agreement including the commission rate, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Underwriting Agreement.

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

### **Conditions of the Rights Issue and the Underwriting Agreement**

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

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

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## LETTER FROM THE BOARD

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- (ix) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong no later than the Posting Date of each of the Prospectus Documents and (where necessary) other documents in compliance with the Companies (WUMP) Ordinance and otherwise complying with the requirements of the Companies (WUMP) Ordinance, the Companies Ordinance and the Listing Rules;
- (x) the posting of the Prospectus Documents to Qualifying Shareholders on the Posting Date; and
- (xi) the Underwriting Agreement not having been terminated in accordance with its terms on or before the Latest Time for Termination.

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

As at the Latest Practicable Date, condition (iv) above has been fulfilled.

**The Underwriting Agreement contains detailed conditions and events which may cause the Underwriting Agreement to be terminated by the Underwriter. Please refer to the section headed “Termination of the Underwriting Agreement” in this prospectus for details of the grounds of termination of the Underwriting Agreement. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.**

### **Restriction on dealings**

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

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

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

## LETTER FROM THE BOARD

### EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

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

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

	As at the Latest Practicable Date <sup>(Note 1)</sup>		Immediately after completion of the Rights Issue					
			Assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full		Assuming none of the Qualifying Shareholders have taken up their respective entitlements of the Rights Shares other than the Undertaking Covenantors and the LSG Subsidiaries pursuant to the Irrevocable Undertaking and all of the Unsubscribed Rights Shares are placed to the Places under the Compensatory Arrangements		Assuming none of the Qualifying Shareholders have taken up their respective entitlements of the Rights Shares other than the Undertaking Covenantors and the LSG Subsidiaries pursuant to the Irrevocable Undertaking and none of the Unsubscribed Rights Shares are placed to the Places under the Compensatory Arrangements	
	No. of issued Shares	Approx %	No. of issued Shares	Approx %	No. of issued Shares	Approx %	No. of issued Shares	Approx %
<b>Non-public Shareholders</b>								
LSG <sup>(Note 2)</sup>	515,389,531	53.19	773,084,296	53.19	773,084,296	53.19	773,084,296	53.19
Dr. Peter Lam <sup>(Note 2)</sup>	650,605	0.07	975,907	0.07	975,907	0.07	975,907	0.07
Mr. Chew Fook Aun <sup>(Note 3)</sup>	1,831,500	0.19	2,747,250	0.19	1,831,500	0.13	1,831,500	0.13
Mr. Lau Shu Yan, Julius <sup>(Note 4)</sup>	395,250	0.04	592,875	0.04	395,250	0.03	395,250	0.03
Madam U <sup>(Note 5)</sup>	40,378	0.004	60,567	0.004	40,378	0.003	40,378	0.003
<b>Other Shareholders holding above 10%</b>								
Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk <sup>(Note 6)</sup>	271,740,000	28.05	407,610,000	28.05	271,740,000	18.70	271,740,000	18.70
<b>Public Shareholders</b>	178,838,623	18.46	268,257,935	18.46	178,838,623	12.31	178,838,623	12.31
<b>Places</b>	—	—	—	—	226,422,876	15.57	—	—
<b>Underwriter</b>	—	—	—	—	—	—	226,422,876	15.58
<b>Total</b>	<u>968,885,887</u>	<u>100.00</u>	<u>1,453,328,830</u>	<u>100.00</u>	<u>1,453,328,830</u>	<u>100.00</u>	<u>1,453,328,830</u>	<u>100.00</u>



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## LETTER FROM THE BOARD

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*Notes:*

- (1) The percentage has been compiled based on the total number of issued Shares as at the Latest Practicable Date (i.e. 968,885,887 Shares).*
- (2) The 515,389,531 Shares were directly held by LSG and the LSG Subsidiaries. Dr. Peter Lam was deemed to be interested in the 515,389,531 Shares by virtue of, in aggregate, his personal and deemed interests of approximately 41.93% in the issued share capital of LSG. LSG is approximately 12.70% owned by Dr. Peter Lam and is approximately 29.23% owned by Wisdoman Limited which in turn is 100% beneficially owned by Dr. Peter Lam.*
- (3) The 1,831,500 Shares were owned by The Orchid Growers Association Limited. By virtue of his 100% interest in the issued share capital of The Orchid Growers Association Limited, Mr. Chew Fook Aun was deemed to be interested in these 1,831,500 Shares. Mr. Chew Fook Aun is an executive Director.*
- (4) Mr. Lau Shu Yan, Julius is an executive Director.*
- (5) Madam U is the widow of the late Mr. Lim Por Yen whose estate includes an interest of 5,812,553 Shares, representing approximately 0.60% of the issued share capital of the Company.*
- (6) Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk jointly held 271,740,000 Shares (representing approximately 28.05% of the issued share capital of the Company) according to the Individual Substantial Shareholder Notice (Form 1) filed with the Stock Exchange on 26 July 2022.*

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

## LETTER FROM THE BOARD

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

	As at the		Immediately after completion of the Rights Issue							
	Lates Practicable Date <sup>(Note 1)</sup>		Upon full exercise of the outstanding Share Options (except for Dr. Peter Lam’s Share Options) on or before the Record Date		Assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full		Assuming none of the Qualifying Shareholders have taken up their respective entitlements of the Rights Shares other than the Undertaking Covenants and the LSG Subsidiaries pursuant to the Irrevocable Undertaking and all of the Unsubscribed Rights Shares are placed to the Places under the Compensatory Arrangements		Assuming none of the Qualifying Shareholders have taken up their respective entitlements of the Rights Shares other than the Undertaking Covenants and the LSG Subsidiaries pursuant to the Irrevocable Undertaking and none of the Unsubscribed Rights Shares are placed to the Places under the Compensatory Arrangements	
	No. of issued Shares	Approx. %	No. of issued Shares	Approx. %	No. of issued Shares	Approx. %	No. of issued Shares	Approx. %	No. of issued Shares	Approx. %
<b>Non-public Shareholders</b>										
LSG <sup>(Note 2)</sup>	515,389,531	53.19	515,389,531	52.63	773,084,296	52.63	773,084,296	52.63	773,084,296	52.63
Dr. Peter Lam <sup>(Note 2)</sup>	650,605	0.07	650,605	0.07	975,907	0.07	975,907	0.07	975,907	0.07
Mr. Chew Fook Aun <sup>(Note 3)</sup>	1,831,500	0.19	1,831,500	0.19	2,747,250	0.19	1,831,500	0.12	1,831,500	0.12
Mr. Lau Shu Yan, Julius <sup>(Note 4)</sup>	395,250	0.04	2,827,509	0.29	4,241,263	0.29	2,827,509	0.19	2,827,509	0.19
Madam Uj <sup>(Note 5)</sup>	40,378	0.004	40,378	0.004	60,567	0.004	40,378	0.003	40,378	0.003
Mr. Lam Hau Yin, Lester <sup>(Note 6)</sup>	—	—	4,864,519	0.50	7,296,778	0.50	4,864,519	0.33	4,864,519	0.33
Mr. Lee Tze Yan, Ernest <sup>(Note 7)</sup>	—	—	969,854	0.10	1,454,781	0.10	969,854	0.07	969,854	0.07
Other core connected persons of the Company	—	—	731,497	0.07	1,097,246	0.07	731,497	0.05	731,497	0.05
<b>Other Shareholders holding above 10%</b>										
Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk <sup>(Note 8)</sup>	271,740,000	28.05	271,740,000	27.75	407,610,000	27.75	271,740,000	18.50	271,740,000	18.50
<b>Public Shareholders</b>										
Holders of outstanding Share Options (other than the Directors)	—	—	1,478,106	0.15	2,217,159	0.15	1,478,106	0.10	1,478,106	0.10
Others	178,838,623	18.46	178,838,623	18.25	268,257,936	18.25	178,838,623	12.17	178,838,623	12.17
Places	—	—	—	—	—	—	231,660,994	15.77	—	—
Underwriter	—	—	—	—	—	—	—	—	231,660,994	15.77
<b>Total</b>	<b>968,885,887</b>	<b>100.00</b>	<b>979,362,122</b>	<b>100.00</b>	<b>1,469,043,183</b>	<b>100.00</b>	<b>1,469,043,183</b>	<b>100.00</b>	<b>1,469,043,183</b>	<b>100.00</b>

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## LETTER FROM THE BOARD

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Notes:

- (1) *The percentage has been compiled based on the total number of issued Shares as at the Latest Practicable Date (i.e. 968,885,887 Shares).*
- (2) *The 515,389,531 Shares were directly held by LSG and the LSG Subsidiaries. Dr. Peter Lam was deemed to be interested in the 515,389,531 Shares by virtue of, in aggregate, his personal and deemed interests of approximately 41.93% in the issued share capital of LSG. LSG is approximately 12.70% owned by Dr. Peter Lam and is approximately 29.23% owned by Wisdoman Limited which in turn is 100% beneficially owned by Dr. Peter Lam. Pursuant to the Irrevocable Undertaking, Dr. Peter Lam has undertaken not to exercise Dr. Peter Lam's Share Options from the date of the Irrevocable Undertaking to the Record Date.*
- (3) *The 1,831,500 Shares were owned by The Orchid Growers Association Limited. By virtue of his 100% interest in the issued share capital of The Orchid Growers Association Limited, Mr. Chew Fook Aun was deemed to be interested in these 1,831,500 Shares. Mr. Chew Fook Aun is an executive Director.*
- (4) *Mr. Lau Shu Yan, Julius is an executive Director.*
- (5) *Madam U is the widow of the late Mr. Lim Por Yen whose estate includes an interest of 5,812,553 Shares, representing approximately 0.60% of the issued share capital of the Company.*
- (6) *Mr. Lam Hau Yin, Lester, an executive Director, held 4,864,519 underlying Shares comprised in the Share Options.*
- (7) *Mr. Lee Tze Yan, Ernest, an executive Director, held 969,854 underlying Shares comprised in the Share Options.*
- (8) *Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk jointly held 271,740,000 Shares (representing approximately 28.05% of the issued share capital of the Company) according to the Individual Substantial Shareholder Notice (Form 1) filed with the Stock Exchange on 26 July 2022.*

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

As illustrated in the tables above, immediately after completion of the Rights Issue, the shareholding interest of the existing public Shareholders will be diluted from approximately 18.46% as at the Latest Practicable Date to (i) approximately 12.31% under Scenario I; and (ii) approximately 12.17% under Scenario II. The possible maximum dilution to the shareholdings of the existing public Shareholders if they elect not to subscribe for the Rights Shares under the Rights Issue will be approximately 6.15%.

The Company will ensure that the Company's Public Float will not further decrease upon the completion of the Rights Issue. In ensuring that the Company's Public Float will not further decrease, the Company has put in place the scaling-down mechanism, the Irrevocable Undertaking, the Placing and the Underwriting to ensure this. Furthermore, pursuant to the Placing Agreement, the Placing Agent shall only place the Unsubscribed Rights Shares to institution, corporate or individual investors who and whose ultimate beneficial owners shall be Independent Third Parties.

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## LETTER FROM THE BOARD

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

The Group is principally engaged in property investment, property development, investment in and operation of hotels and restaurants, media and entertainment, music production and distribution, films, video format products and television programmes production and distribution, cinema operation, cultural, leisure, entertainment and related facilities and investment holding.

As at 31 July 2022, the Group's consolidated cash and bank deposits amounted to approximately HK\$7,580.7 million and excluding Lai Fung Group and eSun Group, the standalone consolidated cash and bank balance of the Group amounted to approximately HK\$2,234.5 million. Undrawn facilities of the Group as at 31 July 2022 was approximately HK\$5,784.6 million and excluding Lai Fung Group and eSun Group, the standalone undrawn facilities was approximately HK\$3,773.3 million. The net debt to equity ratio, calculated as a percentage of the total outstanding net debt to consolidated net assets attributable to owners of the company, as at 31 July 2022 was 62%. Subsequent to the year end, the Group repaid in September 2022 the US\$400 million guaranteed notes issued by the Group in 2017 upon maturity. Whilst the Group has steady access to funds, the management also considered other fund-raising alternatives available to the Group that can optimize the Company's capital structure, while maintaining a reasonable level of gearing and interest expense.

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

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

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## LETTER FROM THE BOARD

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The Company intends to apply all of the net proceeds from the Rights Issue for the repayment of outstanding loan under the HK\$3,600 million 5-year secured banking facility (“**Facility**”) secured by Cheung Sha Wan Plaza located at 833 Cheung Sha Wan Road, Hong Kong. The Facility was signed on 5 October 2020 with 19 leading banks and the interest rate is 1.2% per annum over HIBOR. As at the date of this prospectus, the outstanding amount of the Facility is approximately HK\$3,480 million. Assuming HIBOR rate of 5.0% as at the Latest Practicable Date, the annual interest rate of the Facility is approximately 6.2%. With all of the net proceeds from the Rights Issue being applied to repay the Facility, the interests saved by the Company would be approximately HK\$49.3 million per annum. It is considered the Rights Issue will enable the Company to strengthen its financial position amid the market uncertainty and rising interest rates.

### **POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEMES**

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

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

### **FUND RAISING ACTIVITIES BY THE COMPANY DURING THE PAST 12 MONTHS**

During the past 12 months immediately preceding the Latest Practicable Date, the Company has not conducted any equity fund raising activities.

### **LISTING RULES IMPLICATION FOR THE COMPANY**

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

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

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## LETTER FROM THE BOARD

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

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

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

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

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

### TAXATION

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

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this prospectus.

Yours faithfully,  
On behalf of the Board  
**Lai Sun Development Company Limited**  
**Chew Fook Aun**  
*Executive Director and Deputy Chairman*

## 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Details of the consolidated financial information of the Group for the years ended 31 July 2020, 2021 and 2022 are disclosed in the following documents which have been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.laisun.com](http://www.laisun.com)). Set out below are links to the relevant reports of the Company:

- (i) The audited financial information of the Group for the year ended 31 July 2022 is disclosed in the annual report of the Company for the year ended 31 July 2022 published on 16 November 2022, from pages 165 to 352:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1116/2022111600666.pdf>
- (ii) The audited financial information of the Group for the year ended 31 July 2021 is disclosed in the annual report of the Company for the year ended 31 July 2021 published on 17 November 2021, from pages 149 to 336:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1117/2021111700842.pdf>
- (iii) The audited financial information of the Group for the year ended 31 July 2020 is disclosed in the annual report of the Company for the year ended 31 July 2020 published on 18 November 2020, from pages 125 to 308:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1118/2020111800728.pdf>

## 2. INDEBTEDNESS STATEMENT

As at 31 October 2022, being the latest practicable date for ascertaining certain information related to this indebtedness statement, the Group had outstanding consolidated total borrowings (after intragroup elimination) of approximately HK\$26,378 million, comprising secured bank borrowings of approximately HK\$17,941 million, unsecured and guaranteed bank borrowings of approximately HK\$1,094 million, unsecured guaranteed notes of approximately HK\$7,023 million, and unsecured and unguaranteed other borrowings of approximately HK\$320 million.

As at 31 October 2022, the Group, as lessees, had lease liabilities of approximately HK\$1,221 million.

As at 31 October 2022, certain investment properties, right-of-use assets, property, plant and equipment, completed properties for sale, properties under development, serviced apartments (including related leasehold improvements), construction in progress, and bank balances and time deposits were pledged to banks to secure banking facilities granted to the Group. In addition, certain shares in subsidiaries were pledged to banks to secure banking borrowing facilities granted to the Group. Shares in certain joint ventures were pledged to banks to secure banking facilities granted to the respective joint ventures of the Group. The Group's secured bank borrowings were also secured by floating charges over certain assets held by the Group.

The Group has provided guarantees to certain banks in respect of mortgage loan facilities granted by such banks to certain end-buyers of property units developed by the Group. Pursuant to the terms of the guarantees, upon default in mortgage payments by these end-buyers, the Group will be responsible to repay the outstanding mortgage loan principal amounts together with accrued interest owed by the end-buyers in default. The Group's obligation in relation to such guarantees has been gradually relinquished along with the settlement of the mortgage loans granted by the banks to the end-buyers. Such obligation will also be relinquished when the property ownership certificates for the relevant properties are issued and/or the end-buyers have fully repaid the mortgage loans. As at 31 October 2022, in respect of these guarantees, the contingent liabilities of the Group amounted to approximately HK\$768 million.

As at 31 October 2022, the Group has provided corporate guarantees to banks in connection with facilities granted to and utilised by joint ventures of approximately HK\$556 million. The Group has pledged certain time deposits to banks to secure banking facilities of the Group which were granted to the extent of approximately HK\$23 million and utilised to the extent of approximately HK\$2 million. The Group has also pledged a time deposit to a bank in connection with a bank guarantee for an associate of approximately HK\$14 million.

Save as aforesaid and apart from intra-group liabilities, the Group did not, as at 31 October 2022, have any material outstanding (i) debt securities, whether issued and outstanding, authorised or otherwise created but unissued, or term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Group or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured; (iii) mortgage or charges; or (iv) guarantees or other contingent liabilities.

### **3. WORKING CAPITAL STATEMENT**

The Directors are of the opinion that, in the absence of any unforeseen circumstances and after taking into account (i) the estimated net proceeds from the Rights Issue; (ii) the internal resources of the Group; (iii) the Group's presently available banking facilities and other borrowings; and (iv) the expected financing and refinancing of certain bank loans, the Group has sufficient working capital for its requirements for at least 12 months from the date of this prospectus.

The Company has obtained the relevant confirmation(s) as required under Rule 14.66(12) of the Listing Rules.

### **4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, save as disclosed in the section headed "Appendix I – 5. Financial and Trading Prospects of the Group" in this prospectus, the Directors were not aware of any material adverse change in the financial or trading position of the Group as a whole since 31 July 2022 (being the date to which the latest published audited financial statements of the Group were made up).



## 5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is a diversified conglomerate and its principal activities include property development and investment in Hong Kong, Mainland China and overseas as well as investment in and operation of hotels and restaurants, media and entertainment, music production and distribution, films, video format products and television programmes production and distribution, cinema operation, cultural, leisure, entertainment and related facilities and investment holding. The Company holds substantial interests in the listed companies of the Group.

The global economy experienced a gradual recovery in 2021, however, the momentum for growth, especially in most major economies has slowed considerably since the end of 2021. While central banks across the world have been raising interest rates aggressively over the course of 2022 to tame inflation, the recession risk across the globe has been rising in the midst of, amongst other factors, persistently high inflation, rising borrowing costs, ongoing geopolitical instabilities and conflicts, energy price volatility, as well as lingering supply-chain disruptions.

### **Hong Kong and Overseas Property Market**

Despite continued disruption, Hong Kong's economy showed signs of recovery in 2021 and recorded a strong year-on-year expansion of 6.4%, after contracting by 6.5% in 2020. However, a marked deterioration was seen in the first quarter of 2022 as the fifth-wave of COVID-19 infection cases hit in January. With the epidemic situation gradually stabilising in Hong Kong, social distancing measures were relaxed and various measures were launched by the government to assist the affected industries and the public, resulting in local economic activities seeing some revival. However, the consumer sentiment might be dampened by the worse-than-expected economic outlook amid tighter financial conditions and rising borrowing costs as well as deterioration of global economic prospects.

Office leasing activities regained momentum in mid-2022 when the fifth-wave of COVID-19 was brought under control. While affected by the weakening economic performance in the second half of 2022, tenants tend to be cautious and have slowed down their relocation or expansion plans in the face of mounting uncertainties. Given the worsening business sentiment and the lack of demand from multinational and Chinese enterprises, the leasing market is under pressure and higher vacancy rates and suppressed rents are expected to prevail in near term. The retail segment remained reliant on domestic consumption. Poor economic outlook, interest rate hike cycle and volatile stock market are expected to continue weighing on local consumption sentiment, therefore downward pressure on retail rents is expect to remain. Market activities have also slowed down in both the primary and secondary residential markets, amid the rising mortgage rates and weak purchase sentiment with home prices softening across different residential market segments.

During the year ended 31 July 2022, prolonged social distancing measures and travel restrictions in Hong Kong continued to impact many industries to varying degrees. Amid weak business sentiment, slowdown of retail leasing activities and soaring vacancies in the market, the Group's major Hong Kong properties performed relatively steadily at over 84% occupancy. The Group have been coping with changing market trends and the operating environment by continuing to optimise the tenant mix. Certain renovation and space optimisation works have been done during the year under review to improve the competitiveness of major rental properties of the Group. With the planning consent approved by the City of London's Planning and Transportation Committee and all leases being aligned to expire in 2023, the Group keeps monitoring the market conditions in London closely for the potential redevelopment of the three properties on Leadenhall Street in London, comprising 100, 106 and 107 Leadenhall Street ("**Leadenhall Properties**"). A revised proposal was submitted by the Group to the City of London's Planning and Transportation Committee in August 2022 for improving on the original design and repositioning the new building to provide higher sustainability standards and enhanced amenities within the building.

Despite the uncertain economic outlook in the near term, we remain confident of the long-term prospects of the residential property market in Hong Kong which has been demonstrating resilience supported by limited supply and solid pent-up demand driven by local end-users. During the year under review, the Group continued to source and evaluate suitable land acquisition opportunities to restock its development land bank and successfully secured 3 residential projects. In September 2021, the Group acquired a 3-storey building at No. 116 Waterloo Road in Ho Man Tin and the transaction was completed with vacant possession in March 2022. The Group intends to redevelop the site into residential units with total gross floor area ("**GFA**") of approximately 46,100 square feet, offering around 79 residential units. In October 2021, the Group successfully won the tender for the residential site of approximately 23,900 square feet at No. 79 Broadcast Drive, Kowloon Tong, formerly the Educational Television Centre of Radio Television Hong Kong. The Group plans to develop a high-quality luxury residential project offering around 46 medium-large sized units including 2 houses and the maximum permissible GFA is approximately 71,600 square feet. In January 2022, the Group acquired two adjacent buildings at 1&1A Kotewall Road in Mid-Levels, Hong Kong Island for redevelopment purposes and the transaction was completed with vacant possession in March 2022. The Group intends to redevelop the site into a luxury residential project with a total GFA of approximately 55,200 square feet, offering around 28 medium-large sized residential units.

Construction works of Bal Residence (formerly known as the Hang On Street Project) in Kwun Tong and the Tai Kei Leng Project in Yuen Long are on schedule and completions are expected in the fourth quarter of 2023 and the first quarter of 2024, respectively. Upon completion, these two residential projects are expected to add total GFA of approximately 71,800 square feet and 42,200 square feet, respectively, to the development portfolio of the Group. Presale of Bal Residence and the Tai Kei Leng Project are expected to be launched in the fourth quarter of 2022 and the first quarter of 2023 respectively. The planning and design work of the residential project at the Wong Chuk Hang Station Package Five Property Development is in progress. Construction is expected to be completed in 2025.

604 units, including 23 houses in Alto Residences have been sold, achieving an average selling price of approximately HK\$18,000 per square foot. The Group has released 86 car parking spaces of Alto Residences for sale since March 2019. Up to 14 October 2022, 75 car parking spaces have been sold and the total sales proceeds amounted to approximately HK\$204.1 million.

The sale and handover of all 209 residential units and 7 commercial units of 93 Pau Chung Street have been completed. Car parking spaces of 93 Pau Chung Street were launched for sale in July 2019. Up to 14 October 2022, 7 out of 20 car parking spaces and 4 out of 5 motor-parking spaces have been sold and the total sales proceeds amounted to approximately HK\$10.2 million.

Construction of Monti, the Sai Wan Ho Street project has been completed. Up to 14 October 2022, 140 out of 144 units in Monti has been sold with saleable area of approximately 44,378 square feet and the average selling price amounted to approximately HK\$21,300 per square foot. Handover of the sold residential units has been substantially completed.

The Group will continue its prudent and flexible approach and be prepared to capture new development opportunities as soon as the economy is on track for a recovery.

### **Mainland China Property Market**

People's Republic of China ("PRC" or "China") targeted slower economic growth of around 5.5% this year at the fifth session of the 13th National People's Congress held in March 2022 and has set stability as its top priority for economic achievement for the year, amid rising domestic constraints and uncertain global recovery. We believe that the Chinese government will forge ahead and deliver stable economic performance through a combination of more neutral fiscal policy and moderately supportive monetary policy. We remain optimistic about the long-term prospects and sustainability of the business environment in China in light of the dual circulation development model emphasising the rebalancing of domestic and overseas demand and are confident about future prospects of the cities in which the Group has exposure in, especially the Greater Bay Area in southern China, and continue to regard Hong Kong, where our headquarters is situated, as one of the major beneficiary cities.

The regional focus and rental-led strategy of Lai Fung Holdings Limited ("**Lai Fung**") and its subsidiaries (together, "**Lai Fung Group**"), the PRC property arm of the Group, has demonstrated resilience in recent years. The rental portfolio of approximately 4.5 million square feet in Shanghai, Guangzhou, Zhongshan and Hengqin, being Tier 1 cities in China and cities within the Greater Bay Area delivered steady performance in rental income for the year ended 31 July 2022. Top tier cities and the Greater Bay Area will remain as the primary drivers for Lai Fung Group's rental growth in coming years. The construction of Shanghai Skyline Tower, the grade A office tower located at Tian Mu Road West in the Jing'an District of Shanghai near the Shanghai Railway Terminal was completed in September 2022, adding approximately 727,200 square feet rental GFA (excluding car parking spaces) to the rental portfolio of Lai Fung Group. Leasing of Shanghai Skyline Tower is in progress. As at

16 November 2022, approximately 8% of commercial and office area have been pre-leased with letter of intent signed. Upon completion of construction works of remaining projects on hand, which include, Guangzhou Lai Fung International Center (the development of Guangzhou Haizhu Plaza Project) and Phase II (“**Novotown Phase II**”) of the Novotown Project in Hengqin (“**Novotown**”), Lai Fung Group will have a rental portfolio of approximately 6.8 million square feet. Construction of Guangzhou Lai Fung International Center is expected to complete by end of 2022 and pre-leasing is underway. As at 16 November 2022, approximately 20% of commercial and office area have been pre-leased. Leasing of the commercial area of Phase I of Novotown (“**Novotown Phase I**”) is underway with approximately 77% of the leasable area having been leased and key tenants include two themed indoor experience centres, namely “Lionsgate Entertainment World<sup>®</sup>” and “National Geographic Ultimate Explorer Hengqin”, Zhuhai Duty Free Group, BaoLian Retail Commerce, Adidas Outlet, Pokiddo Trampoline Park, an indoor gun shooting range, Starbucks, McDonald’s, Paulaner Wirtshaus Hengqin, Oyster King and Vanguard Life Superstore.

Construction of Novotown Phase II is in progress. This mixed-used development project is expected to be completed in phases by 2024, providing commercial and experiential entertainment facilities, office and serviced apartment spaces of 355,500 square feet, 1,585,000 square feet and 578,400 square feet, respectively. Parts of the office units and serviced apartment units have been designated as for-sale properties. During the year ended 31 July 2022, Novotown Phase II was awarded as a winner under the Retail & Leisure International (“**RLI**”) Best Placemaking Scheme category at the Global RLI Awards for 2021 and the 5 Star – Best Mixed-use Architecture for Guangdong Province, China at Asia Pacific Property Awards 2021-2022. Novotown Phase II is also the sole winner of “Annual Model Project of Cultural Tourism Real Estate” at the 17th China Commercial Real Estate Festival. Lai Fung Group remains confident that the deepening of cooperation between Hengqin and Macau, and the continuous development of the Guangdong-Macau In-Depth Cooperation Zone in Hengqin will encourage more businesses and population to reside in Hengqin which will further enhance the tourism market, making Novotown a new contributor to Lai Fung Group’s results in the long run. Shanghai Wuli Bridge Project, the high-end luxury residential project located by the Huangpu River in Huangpu District providing 28 residential units and 43 car parking spaces was launched for sale in September 2020 and has received an enthusiastic response from the market. As at 31 July 2022, one residential unit and 13 car parking spaces remain unsold. Construction of remaining phases of Zhongshan Palm Spring has been completed and handover of sold units is in progress. The residential units and the unsold serviced apartment units in Zhongshan Palm Spring, the cultural studios, cultural workshops and office of Hengqin Novotown Phase I, as well as office and the serviced apartment units of Hengqin Novotown Phase II are expected to contribute to the income of Lai Fung Group in coming financial years.

Lai Fung Group will consider replenishing its landbank as and when opportunities arise, and will take into account, amongst other factors, overall macroeconomic conditions, Lai Fung Group’s existing presence in the relevant cities and allocation of risks etc.

**Cinema Operation/Media and Entertainment/Film Production and Distribution**

The COVID-19 pandemic has had a drastic impact on every facet of the global economy, including the entertainment industry. With the epidemic situation gradually stabilising in Hong Kong, social and economic activities have seen some revival but consumer sentiment might be dampened by the worse-than-expected economic outlook in Hong Kong and the deterioration of global economic prospects.

Due to the relaxation of social distancing measures and the release of a number of local and international blockbuster movies, the cinema operation of eSun Holdings Limited (“eSun”) and its subsidiaries (together, “eSun Group”) recovered gradually from the worst of the COVID-19 pandemic. During the year under review, eSun Group’s cinemas in Hong Kong were allowed to operate at 85% capacity for all screens before the hit of the fifth-wave of COVID-19 in January 2022 resulting in us being requested to close from 7 January 2022 to 20 April 2022 as part of the government’s ramped up measures to contain the spread of COVID-19. When we reopened on 21 April 2022 under the first phase of recent relaxation of social distancing measures in Hong Kong, the maximum number of customers allowed in cinemas was limited to 50% of their normal capacity, which has been relaxed to 85% since 19 May 2022. Cinemas in Mainland China have capped their attendance at 75% of capacity in low-risk areas and operations got suspended when their neighborhoods or districts were categorised as medium or high-risk areas. The box office in Mainland China has also shown a recovery since 2021 driven by the success of patriotic blockbusters. The performance of cinema operations in Hong Kong and Mainland China are still suffering from the social distancing measures as well as the challenging operating environment amid the economic uncertainty, eSun Group remains cautiously optimistic about the fundamental demand for entertainment in the long run and continues to evaluate opportunities to maintain and enhance its market positioning as a leading multiplex cinema operator in Hong Kong.

In February 2022, eSun Group extended the tenancy agreement of the Festival Grand Cinema in Festival Walk for 3 years commencing on 1 February 2024. Festival Walk is one of the most popular shopping and leisure destinations in Hong Kong with direct connection to the Kowloon Tong MTR Station and eSun Group has been operating the cinema since June 2016. Given its strategic location, eSun Group considers that the continued use of the premise after the expiry of the existing tenancy will be beneficial to the cinema operation of eSun Group and will further enhance its market position as a leading multiplex cinema operator in Hong Kong. MCL Cinemas Plus+ Plaza Hollywood, the new cinema at Plaza Hollywood in Diamond Hill, Kowloon through a joint venture company with Emperor Cinemas Group opened in July 2022. Another new cinema of eSun Group in Kai Tak, Kowloon, is expected to commence business in the second quarter of 2023. eSun Group also secured the cinema site at The ONE in Tsim Sha Tsui, Kowloon and the operation is expected to commence in the third quarter of 2023. In view of the challenging market condition and economic uncertainty in Mainland China, the Guangzhou Mayflower Cinema City was closed in October 2022. eSun Group is closely monitoring the market conditions and will continue to improve its overall operating efficiency and take a prudent approach in evaluating opportunities for further expansion of its footprint.

The COVID-19 pandemic has changed the consumption behavior of the general public. To rise to this challenge, Media Asia Group Holdings Limited (“MAGHL”, a non-wholly-owned subsidiary of eSun, together with its subsidiaries, “MAGHL Group”), being the media and entertainment arm of eSun Group will continue to produce high quality and commercially viable products, and has also been directing its resources towards development of online content for streaming platforms and e-commerce to capture the related market opportunities. MAGHL Group continues to invest in original productions of quality films with Chinese themes. The current production pipeline includes “*Twilight of the Warriors: Walled In*”, an action film directed by Cheng Poi-Shui, featuring Louis Koo, Sammo Hung, Richie Jen and Raymond Lam and “*Tales from the Occult II & III*”, both are psychological thrillers each made up of three short stories produced by John Chong and Mathew Tang, and directed by Frank Hui, Daniel Chan and Doris Wong (*Tales from the Occult II*), and Li Chi Ngai, Peter Lee and Pater Wong (*Tales from the Occult III*).

“*Dead Ringer*”, a 24-episode modern-day TV drama series featuring Bosco Wong and Chrissie Chau, is in post-production stage. MAGHL Group is in discussion with various Chinese portals and video websites for new project development in TV drama production.

The distribution licence of music products with Tencent Music Entertainment (Shenzhen) Co., Ltd and Warner Music continue to provide stable income to eSun Group. MAGHL Group will keep looking for new talent in Greater China and further cooperation with Asian artistes with an aim to build up a strong artiste roster for eSun Group.

Upcoming events including long-awaited “*Re: Grasshopper In Concert 2022*”, “*Here & Now Ekin In Concert 2022*” and “*Super Junior World Tour – Super Show 9: Road in Hong Kong*” will be held in the coming months. MAGHL Group will continue to work with prominent local and Asian artistes for concert promotion and events scheduled for next year include concerts of Joyce Cheng, Jay Fung, Yoga Lin and Tsai Chin.

It is believed that MAGHL Group’s integrated media platform comprising movies, TV programs, music, new media, artiste management and live entertainment put it in a strong position to capture the opportunities of the entertainment market by a balanced and synergistic approach. eSun Group is monitoring market conditions closely and will take a prudent approach to explore cooperation and investment opportunities to enrich its portfolio and broaden its income stream.

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**APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE GROUP**

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**UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The unaudited pro forma statement of adjusted consolidated net tangible assets (the “**Unaudited Pro Forma Financial Information**”) of the Group has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 31 July 2022.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the audited consolidated net assets of the Group as at 31 July 2022, as extracted from the published annual report of the Group for the year ended 31 July 2022, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group following the Rights Issue as at the date to which it is made up or at any future date.

	<b>Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2022 HK\$ '000 (Note 1)</b>	<b>Estimated net proceeds from the Rights Issue HK\$ '000 (Note 2)</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after completion of the Rights Issue as at 31 July 2022 HK\$ '000</b>
Consolidated net tangible assets	32,421,964	775,982	33,197,946
Audited consolidated net tangible assets per Share attributable to owners of the Company, prior to the completion of the Rights Issue (Note 3)	HK\$33.463		
Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to owners of the Company, after the completion of the Rights Issue (Note 4)			HK\$22.843

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## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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*Notes:*

- (1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 July 2022 is extracted from the published annual report of the Group for the year ended 31 July 2022 and calculated as follows:

	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Audited consolidated net assets of the Group attributable to owners of the Company as at 31 July 2022		32,794,297
Less: Intangible assets attributable to owners of the Company		
Film rights	(19,162)	
Film and TV program products	(61,174)	
Music catalogs	(663)	
Goodwill	(207,792)	
Other intangible assets	(132,883)	
	(421,674)	
Less: Attributable to non-controlling interests	49,341	
		(372,333)
		32,421,964

- (2) The estimated net proceeds from the Rights Issue of approximately HK\$776.0 million are based on 484,442,943 Rights Shares to be issued (in the proportion of 1 Rights Share for every 2 existing Shares held on the Record Date which is 968,885,887 Shares at the subscription price of HK\$1.64 per Rights Share) and after the deduction of estimated related expenses of approximately HK\$18.5 million.
- (3) The calculation of audited consolidated net tangible assets per Share attributable to owners of the Company prior to the completion of the Rights Issue is based on 968,885,887 Shares in issue as at 31 July 2022.
- (4) The calculation of unaudited pro forma adjusted consolidated net tangible assets per Share attributable to owners of the Company after the completion of the Rights Issue is based on 1,453,328,830 Shares which comprise of 968,885,887 Shares in issue on the Record Date and 484,442,943 Rights Shares to be issued.
- (5) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 July 2022.



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## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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### INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION



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To the Directors of Lai Sun Development Company Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Lai Sun Development Company Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 31 July 2022, and related notes as set out in Appendix II of the prospectus dated 9 December 2022 (the “**Prospectus**”) issued by the Company (the “**Pro Forma Financial Information**”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue of the Company (the “**Proposed Rights Issue**”) on the Group’s financial position as at 31 July 2022 as if the Proposed Rights Issue had taken place at 31 July 2022. As part of this process, information about the Group’s consolidated net tangible assets has been extracted by the Directors from the consolidated statement of financial position of the Group as at 31 July 2022, on which an annual report has been published.

#### **Directors’ responsibility for the Pro Forma Financial Information**

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

#### **Our independence and quality control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting accountants' responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Proposed Rights Issue on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

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## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

9 December 2022

**1. RESPONSIBILITY STATEMENT**

This prospectus, 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 prospectus 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 prospectus misleading.

**2. SHARE CAPITAL**

The issued share capital of the Company as at the Latest Practicable Date were, and following completion of the Rights Issue, are expected to be as follows:

***Issued and fully paid or credited as fully paid:***

968,885,887 Shares (as at the Latest Practicable Date)

***Rights Shares to be issued upon completion of the Rights Issue:***

484,442,943 Shares (assuming no change in the number of Shares in issue on or before the Record Date)

489,681,061 Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of the outstanding Share Options (except for Dr. Peter Lam's Share Options))

***Issued share capital upon completion of the Rights Issue:***

1,453,328,830 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

1,469,043,183 Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of the outstanding Share Options (except for Dr. Peter Lam's Share Options) and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

All of the Rights Shares to be issued will rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and return of capital, and once issued and fully paid, with all the Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the Main Board of the Stock Exchange.

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No Share or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived. Save as disclosed below, the Company has no other outstanding convertible securities, options or warrants, which confer any right to subscribe for or convert or exchange into the Shares.

### 3. SHARE OPTION SCHEMES

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

### 4. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

#### (a) Business Address

The business address of all the Directors and senior management is the same as the address of the Company's registered office at 11/F., Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong.

#### (b) Biographical Details

Each of the current executive Directors ("**Executive Directors**") named below holds directorships in a number or certain of the subsidiaries of the Company and all of them hold directorships in all or certain of the Company's listed affiliates, namely LSG, eSun Holdings Limited ("**eSun**"), Lai Fung Holdings Limited ("**Lai Fung**") and Media Asia Group Holdings Limited ("**MAGHL**"). The issued shares of LSG, eSun and Lai Fung are listed and traded on the Main Board of the Stock Exchange and MAGHL's issued shares are listed and traded on the GEM of the Stock Exchange. Wisdoman Limited ("**Wisdoman**") is the controlling shareholder of LSG, LSG is the ultimate holding company of the Company which in turn is the intermediate holding company of eSun, Lai Fung and MAGHL while MAGHL is the subsidiary of eSun.

**Dr. Lam Kin Ngok, Peter***Executive Director and Chairman*

Dr. Peter Lam, aged 65, has been an Executive Director since June 1977 and is the Chairman of the Board, the chairman of the Nomination Committee and a member of the Executive Committee of the Company. Dr. Peter Lam is also a director of Wisdoman, the chairman and an executive director of LSG and MAGHL as well as an executive director of Crocodile Garments Limited (“CGL”), a company listed on the Main Board of the Stock Exchange. Dr. Peter Lam was an executive director of eSun from 15 October 1996 to 13 February 2014. Dr. Peter Lam was the chairman and an executive director of Lai Fung from 25 November 1993 to 31 October 2012. Dr. Peter Lam has extensive experience in the property development and investment business, hospitality as well as media and entertainment business. Dr. Peter Lam was conferred an Honorary Doctorate from the Hong Kong Academy for Performing Arts in June 2011. Dr. Peter Lam received the Gold Bauhinia Star awarded from the Government of the Hong Kong Special Administrative Region (“HKSAR”) on 1 July 2015. He also received the Grand Bauhinia Medal awarded from the Government of the HKSAR on 27 July 2022.

Currently, Dr. Peter Lam is the chairman of the Hong Kong Trade Development Council. He is also a Standing Committee member of the 13th National Committee of the Chinese People’s Political Consultative Conference. In addition, Dr. Peter Lam is the chairman of Hong Kong Chamber of Films Limited, a life honorable president of Hong Kong Motion Picture Industry Association Limited, a director of The Real Estate Developers Association of Hong Kong, a trustee of The Better Hong Kong Foundation, a vice chairman of Friends of Hong Kong Association Limited, a director of Hong Kong-Vietnam Chamber of Commerce Limited, an honorary chairman of Federation of HK Jiangsu Community Organisations, the president of Hong Kong Association of Cultural Industries Limited, the chairman of Hong Kong Cultural Development Research Institute Limited, a non-official member of the Trade and Industry Advisory Board, a member of each of the board of West Kowloon Cultural District Foundation Limited (a wholly-owned subsidiary of West Kowloon Cultural District Authority) and the general committee of the Hong Kong General Chamber of Commerce.

Dr. Peter Lam is the son of Madam U and the father of Mr. Lam Hau Yin, Lester.

**Mr. Chew Fook Aun***Executive Director and Deputy Chairman*

Mr. Chew Fook Aun, aged 60, was appointed the Deputy Chairman and an Executive Director of the Company on 5 June 2012. He is currently a member of the Executive Committee and Remuneration Committee, and has been appointed the alternate to Dr. Peter Lam, the chairman of the Nomination Committee of the Company. He is also the deputy chairman and an executive director of LSG, an executive director of eSun and the chairman and an executive director of Lai Fung.

Prior to joining the Lai Sun Group, Mr. Chew was an executive director and the group chief financial officer of Esprit Holdings Limited (“**Esprit**”) from 1 February 2009 to 1 May 2012, an executive director and the chief financial officer of The Link Management Limited (now known as Link Asset Management Limited), acting as manager of The Link Real Estate Investment Trust (now known as Link Real Estate Investment Trust (“**Link REIT**”)), from February 2007 to January 2009. He was also the chief financial officer of Kerry Properties Limited (“**Kerry Properties**”) from 1996 to 2004, a director of corporate finance for Kerry Holdings Limited from 1998 to 2004 and an executive director of Kyard Limited in charge of the property portfolio of a private family office from 2004 to 2007. The issued shares of Esprit and Kerry Properties and the issued units of Link REIT are listed and traded on the Main Board of the Stock Exchange.

Mr. Chew has over 30 years of experience in accounting, auditing and finance in the United Kingdom (“**UK**”) and Hong Kong. He graduated from the London School of Economics and Political Science of the University of London in the UK with a Bachelor of Science (Economics) Degree. Mr. Chew is a certified public accountant, a Fellow Member of The Institute of Chartered Accountants in England and Wales (ICAEW), the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and The Hong Kong Institute of Directors (HKIoD).

Mr. Chew was a council member of the HKICPA from 2003 to 2010 and its vice president in 2010. He was appointed a Council member of the Financial Reporting Council (“**FRC**”) in 2009 until 30 November 2015, a member of the Independent Audit Oversight Reform Committee for the FRC from 11 December 2015 to 30 September 2019 and a member of the Investigation and Compliance Committee of the FRC from 1 October 2019 to 30 September 2021. Mr. Chew was a member of the Advisory Committee of the Securities and Futures Commission (“**SFC**”) from 1 June 2007 to 31 May 2013, the Citizens Advisory Committee on Community Relations of the Independent Commission Against Corruption (“**ICAC**”) from 1 January 2007 to 31 December 2008, the Corruption Prevention Advisory Committee of the ICAC from 1 January 2009 to 31 December 2014 and the Operations Review Committee of the ICAC from 1 January 2015 to 31 December 2020. He was also appointed a member of the Standing Committee on Company Law Reform of the Companies Registry from 1 February 2009 to 31 January 2015.

Mr. Chew is presently a member of the Hong Kong Judiciary Barristers Disciplinary Tribunal Panel since 2015. He is a member of the Board of Directors of the Hong Kong Sports Institute Limited (HKSI) from 1 April 2017 and was appointed its Vice Chairman from 1 April 2021. He is also a member of the Board of Directors of The Asian Youth Orchestra since 2018. Mr. Chew was appointed as a member of the Council of The Hong Kong Polytechnic University for a term of three years with effect from 1 April 2022 and is a deputy chairman of The Malaysian Chamber of Commerce (Hong Kong and Macau) Limited since 13 June 2022. Mr. Chew was appointed a non-executive director of the SFC on 17 October 2022 for a term of two years with effect from 1 January 2023.

**Mr. Lau Shu Yan, Julius**

*Executive Director and Chief Executive Officer*

Mr. Lau Shu Yan, Julius, aged 66, joined the Company as an Executive Director in July 1991 and is a member of the Executive Committee of the Company. Mr. Lau was an executive director of Lai Fung from 22 April 2005 to 16 January 2015. Prior to joining the Lai Sun Group, he was a director of Jones Lang Wootton Limited and subsequently Jardine Fleming Broking Limited. Mr. Lau is a director and a member of the Executive Committee of The Real Estate Developers Association of Hong Kong. Mr. Lau graduated with an honour degree of Bachelor of Social Science from the University of Hong Kong in 1980.

**Mr. Lam Hau Yin, Lester**

*Executive Director (also alternate to Madam U)*

Mr. Lam Hau Yin, Lester, aged 41, was appointed as an Executive Director and a member of the Executive Committee of the Company with effect from 1 November 2012. He is also the alternate director to Madam U in her capacity as a non-executive director of the Company. Mr. Lam is an executive director of LSG and eSun as well as an executive director and the chief executive officer of Lai Fung. Further, Mr. Lam is an alternate director to Madam U in her capacity as an executive director of LSG and Lai Fung as well as non-executive director of eSun. He is also a director of Wisdoman.

Mr. Lam holds a Bachelor of Science in Business Administration degree from the Northeastern University in Boston of the United States. He completed the Kellogg-HKUST Executive MBA program in 2016. Mr. Lam has acquired working experience since 1999 in various companies engaged in securities investment, hotel operations, environmental products, entertainment and property development and investment. He is a member of the general committee of The Chamber of Hong Kong Listed Companies.

Mr. Lam is a son of Dr. Peter Lam and a grandson of Madam U.



**Mr. Lee Tze Yan, Ernest***Executive Director*

Mr. Lee Tze Yan, Ernest, aged 58, was appointed as 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. 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.

**Madam U Po Chu***Non-executive Director*

Madam U, aged 97, has been a Director of the Company since December 1993. She is also a non-executive director of eSun, as well as an executive director of LSG and Lai Fung, and a director of Wisdoman.

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

Madam U is the mother of Dr. Peter Lam and the grandmother of Mr. Lam Hau Yin, Lester.

**Mr. Lam Bing Kwan***Independent Non-executive Director*

Mr. Lam Bing Kwan, aged 73, was appointed as an Independent Non-executive Director in July 2002 and is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.

Mr. Lam graduated from the University of Oregon in the United States with a Bachelor of Business Administration degree in 1974. He has substantial experience in the property development and investment in China, having been actively involved in this industry since the mid-1980's. Mr. Lam has served on the boards of directors of a number of listed companies in Hong Kong for over 15 years and is currently a non-executive director of Sino-i Technology Limited and Nan Hai Corporation Limited and an independent non-executive director of LSG and Lai Fung. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the Stock Exchange.

**Mr. Leung Shu Yin, William***Independent Non-executive Director*

Mr. Leung Shu Yin, William, aged 73, was appointed as an Independent Non-executive Director in September 2004 and is the chairman of both the Remuneration Committee and the Audit Committee, as well as a member of the Nomination Committee of the Company. Mr. Leung is a certified public accountant, a member of the Hong Kong Securities and Investment Institute and a fellow of both the Association of Chartered Certified Accountants in the UK and the HKICPA. He is a practising director of two certified public accountants' firms in Hong Kong and is also an independent non-executive director of LSG and Mainland Headwear Holdings Limited. He is also an independent non-executive director and deputy chairman of CGL. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the Stock Exchange.

**Mr. Ip Shu Kwan, Stephen***Independent Non-executive Director*

Mr. Ip Shu Kwan, Stephen, aged 71, was appointed as an Independent Non-executive Director in December 2009 and is a member of the Audit Committee of the Company.

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 awarded 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.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had any interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## 5. DISCLOSURE OF INTERESTS

**Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations**

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

**(a) The Company****Long positions in the Shares and the underlying Shares**

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued Shares (Note 1)
Dr. Peter Lam	Beneficial owner/ Owner of controlled corporations	650,605	Nil	515,389,531 (Note 2)	486,452 (Note 5)	516,526,588	53.31%
Mr. Chew Fook Aun (“Mr. FA Chew”)	Beneficial owner/ Owner of controlled corporations	Nil	Nil	1,831,500 (Note 3)	Nil	1,831,500	0.19%
Mr. Lau Shu Yan, Julius	Beneficial owner	395,250	Nil	Nil	2,432,259 (Note 5)	2,827,509	0.29%
Mr. Lam Hau Yin, Lester (“Mr. Lester Lam”)	Beneficial owner	Nil	Nil	Nil	4,864,519 (Note 5)	4,864,519	0.50%
Mr. Lee Tze Yan, Ernest	Beneficial owner	Nil	Nil	Nil	969,854 (Note 5)	969,854	0.10%
Madam U (Note 4)	Beneficial owner	40,378	Nil	Nil	Nil	40,378	0.01%

## Notes:

1. The percentage has been compiled based on the total number of issued Shares as at the Latest Practicable Date (i.e. 968,885,887 Shares).
2. As at the Latest Practicable Date, LSG, Zimba International Limited (“**Zimba International**”) and Joy Mind Limited (“**Joy Mind**”) 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. LSG is approximately 12.70% owned by Dr. Peter Lam and is approximately 29.23% owned by Wisdoman which in turn is 100% beneficially owned by Dr. Peter Lam.
3. The 1,831,500 Shares were owned by The Orchid Growers Association Limited. By virtue of his 100% interest in the issued share capital of The Orchid Growers Association Limited, Mr. FA Chew was deemed to be interested in these 1,831,500 Shares, representing approximately 0.19% of the issued share capital of the Company.
4. Madam U is the widow of the late Mr. Lim Por Yen whose estate includes an interest of 5,812,553 Shares, representing approximately 0.60% of the issued share capital of the Company.
5. A share option was granted by the Company to each of Dr. Peter Lam, Mr. Lau Shu Yan, Julius, Mr. Lester Lam and Mr. Lee Tze Yan, Ernest, the particulars of which are set out below:

<i>Registered Name</i>	<i>Date of grant</i>	<i>Number of underlying Shares comprised in the share options</i>	<i>Exercise period of share options</i>	<i>Exercise price of share options HK\$ per Share</i>
<i>Dr. Peter Lam</i>	<i>18/01/2013</i>	<i>486,452</i>	<i>18/01/2013-17/01/2023</i>	<i>13.811</i>
<i>Mr. Lau Shu Yan, Julius</i>	<i>18/01/2013</i>	<i>2,432,259</i>	<i>18/01/2013-17/01/2023</i>	<i>13.811</i>
<i>Mr. Lester Lam</i>	<i>18/01/2013</i>	<i>4,864,519</i>	<i>18/01/2013-17/01/2023</i>	<i>13.811</i>
<i>Mr. Lee Tze Yan, Ernest</i>	<i>18/01/2013</i>	<i>969,854</i>	<i>18/01/2013-17/01/2023</i>	<i>13.811</i>

**(b) Associated Corporations****(i) LSG — the ultimate holding company of the Company****Long positions in the LSG Shares  
and the underlying LSG Shares**

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued LSG Shares (Note 1)
Dr. Peter Lam	Beneficial owner/ Owner of controlled corporations	74,807,359	Nil	172,112,124 (Note 2)	1,737,333 (Note 3)	248,656,816	42.22%
Mr. FA Chew	Beneficial owner	Nil	Nil	Nil	4,869,867 (Note 3)	4,869,867	0.83%
Mr. Lester Lam	Beneficial owner	18,688,812	Nil	Nil	6,182,167 (Note 3)	24,870,979	4.22%
Madam U	Beneficial owner	1,238,287	Nil	Nil	Nil	1,238,287	0.21%

*Notes:*

- The percentage has been compiled based on the total number of issued LSG Shares as at the Latest Practicable Date (i.e. 588,915,934 LSG Shares).*
- 172,112,124 LSG Shares were owned by Wisdoman. Dr. Peter Lam was deemed to be interested in the same 172,112,124 LSG Shares (representing approximately 29.23% of LSG's issued share capital) by virtue of his 100% interest in the issued share capital of Wisdoman.*

3. A share option was granted by LSG to each of Dr. Peter Lam, Mr. FA Chew and Mr. Lester Lam, the particulars of which are set out below:

<i>Name of Director</i>	<i>Date of grant</i>	<i>Number of underlying LSG Shares comprised in the LSG share options</i>	<i>Exercise period of LSG share options</i>	<i>Exercise price of LSG share options HK\$ per LSG Share</i>
<i>Dr. Peter Lam</i>	<i>19/06/2017</i>	<i>425,033</i>	<i>19/06/2017-18/06/2027</i>	<i>11.763</i>
<i>Mr. FA Chew</i>	<i>19/06/2017</i>	<i>4,869,867</i>	<i>19/06/2017-18/06/2027</i>	<i>11.763</i>
<i>Mr. Lester Lam</i>	<i>19/06/2017</i>	<i>4,869,867</i>	<i>19/06/2017-18/06/2027</i>	<i>11.763</i>

A share option was granted by LSG to each of Dr. Peter Lam and Mr. Lester Lam, the particulars of which are set out below:

<i>Name of Director</i>	<i>Date of grant</i>	<i>Number of underlying LSG Shares comprised in the LSG share options</i>	<i>Exercise period of LSG share options</i>	<i>Exercise price of LSG share options HK\$ per LSG Share</i>
<i>Dr. Peter Lam</i>	<i>25/01/2022</i>	<i>1,312,300</i>	<i>25/01/2022-24/01/2032</i>	<i>3.874</i>
<i>Mr. Lester Lam</i>	<i>25/01/2022</i>	<i>1,312,300</i>	<i>25/01/2022-24/01/2032</i>	<i>3.874</i>

## (ii) eSun — a subsidiary of the Company

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

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

*Notes:*

- The percentage has been compiled based on the total number of issued eSun Shares as at the Latest Practicable Date (i.e. 1,491,854,598 eSun Shares).*
- As at the Latest Practicable Date, LSG was interested in 515,389,531 Shares in the Company, representing approximately 53.19% of the issued share capital of the Company. Transtrend Holdings Limited (“Transtrend”), a wholly-owned subsidiary of the Company, was interested in 1,113,260,072 eSun Shares, representing approximately 74.62% of the issued share capital of eSun. As such, Dr. Peter Lam was deemed to be interested in the same 1,113,260,072 eSun Shares by virtue of, in aggregate, his personal (excluding underlying shares) and deemed interests of approximately 41.93% and 53.26% in the issued share capital of the LSG and the Company, respectively.*



## (iii) Lai Fung — a subsidiary of the Company

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

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued Lai Fung Shares (Note 1)
Dr. Peter Lam	Beneficial owner/ Owner of controlled corporations	Nil	Nil	182,318,266 (Note 2)	321,918 (Note 3)	182,640,184	55.17%
Mr. Lau Shu Yan, Julius	Beneficial owner	Nil	Nil	Nil	965,754 (Note 3)	965,754	0.29%
Mr. Lester Lam	Beneficial owner	Nil	Nil	Nil	3,219,182 (Note 3)	3,219,182	0.97%
Mr. Lee Tze Yan, Ernest	Beneficial owner	Nil	Nil	Nil	640,000 (Note 3)	640,000	0.19%

*Notes:*

- The percentage has been compiled based on the total number of issued Lai Fung Shares as at the Latest Practicable Date (i.e. 331,033,443 Lai Fung Shares).*
- As at the Latest Practicable Date, the Company was interested or deemed to be interested in 182,318,266 Lai Fung Shares, of which 180,600,756 Lai Fung Shares were beneficially owned by Holy Unicorn Limited, a wholly-owned subsidiary of the Company and 1,717,510 Lai Fung Shares were beneficially owned by Transtrend. As such, Dr. Peter Lam was deemed to be interested in the same 182,318,266 Lai Fung Shares (representing approximately 55.08% of the issued share capital of Lai Fung) by virtue of, in aggregate, his approximate 41.93% and 53.26% personal (excluding underlying shares) and deemed interests in the issued share capital of LSG and the Company, respectively.*

3. A share option was granted by Lai Fung to each of Dr. Peter Lam, Mr. Lau Shu Yan, Julius, Mr. Lester Lam and Mr. Lee Tze Yan, Ernest, the particulars of which are set out below:

Registered Name	Date of grant	Number of underlying Lai Fung Shares comprised in the Lai Fung share options	Exercise period of Lai Fung share options	Exercise price of Lai Fung share options HK\$ per Lai Fung Share
Dr. Peter Lam	18/01/2013	321,918	18/01/2013-17/01/2023	11.400
Mr. Lau Shu Yan,	18/01/2013	965,754	18/01/2013-17/01/2023	11.400
Julius				
Mr. Lester Lam	18/01/2013	3,219,182	18/01/2013-17/01/2023	11.400
Mr. Lee Tze Yan,	18/01/2013	640,000	18/01/2013-17/01/2023	11.400
Ernest				

(iv) **MAGHL — a subsidiary of eSun**

**Long position in the ordinary shares of MAGHL (“MAGHL Shares”) and the underlying MAGHL Shares**

Name of Director	Capacity	Number of MAGHL Shares held	Number of underlying MAGHL Shares held	Total number of MAGHL Shares and underlying MAGHL Shares held	Approximate % of total interests to total issued MAGHL Shares (Note 1)
Dr. Peter Lam	Owner of controlled corporations	2,021,848,647 (Note 2)	Nil	2,021,848,647	67.70%

Notes:

- The percentage has been compiled based on the total number of issued MAGHL Shares as at the Latest Practicable Date (i.e. 2,986,314,015 MAGHL Shares).
- As at the Latest Practicable Date, these interests in MAGHL represented the MAGHL Shares beneficially owned by Perfect Sky Holdings Limited, a wholly-owned subsidiary of eSun, representing approximately 67.70% of the issued share capital of MAGHL. eSun was owned as to approximately 74.62% by the Company which was in turn owned as to approximately 53.19% by LSG. As LSG was approximately 12.70% (excluding share options) owned by Dr. Peter Lam and approximately 29.23% owned by Wisdoman which was in turn 100% beneficially owned by Dr. Peter Lam, he was deemed to be interested in the said 2,021,848,647 MAGHL Shares.

(v) **Lai Sun MTN Limited — a subsidiary of the Company****Long positions in the 5% guaranteed medium term notes due 2026**

<b>Name of Director</b>	<b>Capacity</b>	<b>Nature of Interests</b>	<b>Principal amount</b>
Dr. Peter Lam	Beneficial owner	Personal	USD10,000,000

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

**Substantial shareholders' interests and short positions in the Shares and the underlying Shares**

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

**Long positions in the Shares and the underlying Shares**

<b>Name</b>	<b>Capacity</b>	<b>Nature of interests</b>	<b>Number of Shares and underlying Shares</b>	<b>Approximate % of Shares in issue</b> <i>(Note 1)</i>
LSG	Beneficial owner	Corporate	515,389,531 <i>(Note 2)</i>	53.19%
Dr. Peter Lam	Beneficial owner/ Owner of controlled corporations	Personal and corporate	516,526,588 <i>(Note 3)</i>	53.31%
Mr. Yu Cheuk Yi	Beneficial owner	Personal	271,740,000 <i>(Note 4)</i>	28.05%
Ms. Yu Siu Yuk	Beneficial owner	Personal	271,740,000 <i>(Note 4)</i>	28.05%

*Notes:*

1. *The percentage has been compiled based on the total number of issued Shares as at the Latest Practicable Date (i.e. 968,885,887 Shares).*
2. *LSG and two of its wholly-owned subsidiaries, namely Zimba International and Joy Mind beneficially owned 515,389,531 Shares, representing approximately 53.19% of the issued share capital of the Company.*
3. *Dr. Peter Lam was deemed to be interested in the same 515,389,531 Shares by virtue of, in aggregate, his personal and deemed interests (excluding underlying Shares) of approximately 41.93% in the issued share capital of LSG.*
4. *Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk jointly held 271,740,000 Shares (28.05%, based on the total number of issued Shares (i.e. 968,885,887 Shares)) according to shareholding shown in last Individual Substantial Shareholder Notice (Form 1) filed for an event on 26 July 2022.*

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

**Particulars of share options****(a) The Company**

Details of the Share Options held by certain Directors of the Group and other employees under the Existing Share Option Scheme and Former Share Option Scheme as at the Latest Practicable Date are set out below:

	Number of Share Options* outstanding at the Latest Practicable Date	Date of grant of Share Options	Exercise period of Share Options	Exercise price of Share Options* <i>HK\$ per Share</i>
<b>Directors</b>				
Dr. Peter Lam	486,452	18/01/2013	18/01/2013 - 17/01/2023	13.811
Mr. Lau Shu Yan, Julius	2,432,259	18/01/2013	18/01/2013 - 17/01/2023	13.811
Mr. Lester Lam	4,864,519	18/01/2013	18/01/2013 - 17/01/2023	13.811
Mr. Lee Tze Yan, Ernest	969,854	18/01/2013	18/01/2013 - 17/01/2023	13.811
<b>Other employees</b>				
In aggregate	1,212,318	18/01/2013	18/01/2013 - 17/01/2023	13.811
In aggregate	96,985	26/07/2013	26/07/2013 - 25/07/2023	9.650
In aggregate	193,971	21/01/2015	21/01/2015 - 20/01/2025	7.163
In aggregate	69,940	22/01/2016	22/01/2016 - 21/01/2026	4.032
In aggregate	69,940	20/01/2017	20/01/2017 - 19/01/2027	6.991
In aggregate	256,449	26/01/2021	26/01/2021 - 25/01/2031	5.455
In aggregate	310,000	25/01/2022	25/01/2022 - 24/01/2032	4.380
	<u>10,962,687</u>			

\* *The number and the exercise price of the share options are subject to adjustment in case of rights or bonus issues, share consolidation or other relevant changes in the share capital of the Company.*

**(b) Associated Corporations****(i) eSun — a subsidiary of the Company**

Details of the share options held by employees and other eligible participants under the share option scheme adopted by eSun on 11 December 2015 as at the Latest Practicable Date are set out below:

	Number of eSun share options* outstanding at the Latest Practicable Date	Date of grant of eSun share options	Exercise period of eSun share options	Exercise price of eSun share options* <i>HK\$ per eSun Share</i>
<b>Employees and other eligible participants</b>				
In aggregate	1,500,000	21/01/2022	21/01/2022 - 20/01/2032	0.50
	<u>1,500,000</u>			

\* *The number and the exercise price of the share options are subject to adjustment in case of rights or bonus issues, share consolidation or other relevant changes in the share capital of eSun.*

**(ii) Lai Fung — a subsidiary of the Company**

Details of the share options held by certain directors of Lai Fung Group and other employees under the share option scheme adopted by Lai Fung on 18 December 2012 as at the Latest Practicable Date are set out below:

	Number of Lai Fung share options* outstanding at the Latest Practicable Date	Date of grant of Lai Fung share options	Exercise period of Lai Fung share options	Exercise price of Lai Fung share options* <i>HK\$ per Lai Fung Share</i>
<b>Directors</b>				
Dr. Peter Lam	321,918	18/01/2013	18/01/2013 - 17/01/2023	11.40
Mr. Lau Shu Yan, Julius	965,754	18/01/2013	18/01/2013 - 17/01/2023	11.40
Mr. Lester Lam	3,219,182	18/01/2013	18/01/2013 - 17/01/2023	11.40
Mr. Lee Tze Yan, Ernest	640,000	18/01/2013	18/01/2013 - 17/01/2023	11.40
<b>Other employees</b>				
In aggregate	2,063,836	18/01/2013	18/01/2013 - 17/01/2023	11.40
In aggregate	160,000	26/07/2013	26/07/2013 - 25/07/2023	9.50
In aggregate	120,000	16/01/2015	16/01/2015 - 15/01/2025	8.00
In aggregate	190,000	19/01/2018	19/01/2018 - 18/01/2028	13.52
In aggregate	260,000	22/01/2019	22/01/2019 - 21/01/2029	10.18
In aggregate	60,000	22/01/2021	22/01/2021 - 21/01/2031	7.364
In aggregate	440,000	21/01/2022	21/01/2022 - 20/01/2032	5.75
	8,440,690			

\* *The number and the exercise price of the Lai Fung share options are subject to adjustment in case of rights or bonus issues, share consolidation or other relevant changes in the share capital of Lai Fung.*

**(iii) MAGHL — a subsidiary of eSun**

As at the Latest Practicable Date, there were no outstanding share options granted under the share option scheme adopted by MAGHL.

## 6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which will not expire or is not determinable by the relevant member of the Group within one year without payment of compensation other than statutory compensation.

## 7. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

Dr. Peter Lam, Mr. FA Chew, Madam U, Mr. Lester Lam and Mr. Lee Tze Yan, Ernest (together, "**Interested Directors**") held shareholding or other interests and/or directorships in companies/entities engaged in the businesses of property investment and development in Hong Kong and the PRC, including Lai Fung and CGL.

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

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

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

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

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



**8. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 July 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, subsisting at such date and which was significant in relation to the business of the Group.

**9. QUALIFICATION AND CONSENT OF EXPERT**

The following is the qualification of the expert who has given statement or opinion or advice for inclusion in this prospectus:

<b>Name</b>	<b>Qualification</b>
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor

Ernst & Young has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its letter, report and/or references to its name in the form and context in which they appear herein.

As at the Latest Practicable Date, Ernst & Young did not have any direct or indirect interest in any securities of any member of the Company and the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did they have any interest, either directly or indirectly, in any assets which had been, since 31 July 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

**10. CORPORATE INFORMATION AND THE PARTIES INVOLVED IN THE RIGHTS ISSUE**

Registered office/ Principal office	:	11th Floor Lai Sun Commercial Centre 680 Cheung Sha Wan Road Kowloon Hong Kong
Authorised representatives	:	Mr. Chew Fook Aun 11th Floor Lai Sun Commercial Centre 680 Cheung Sha Wan Road Kowloon Hong Kong  Mr. Chow Kwok Wor 11th Floor Lai Sun Commercial Centre 680 Cheung Sha Wan Road Kowloon Hong Kong
Company secretary	:	Mr. Chow Kwok Wor <i>(a fellow member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom, The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Hong Kong Institute of Certified Public Accountants)</i>
Legal advisers to the Company as to Hong Kong law in relation to the Rights Issue	:	Robertsons 57th Floor The Center 99 Queen's Road Central Hong Kong
Underwriter	:	Haitong International Securities Company Limited 22nd Floor, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong

Legal advisers to the Underwriter as to Hong Kong law in relation to the Rights Issue	:	King & Wood Mallesons 13/F., Gloucester Tower The Landmark 15 Queen's Road Central Central, Hong Kong
Auditor and reporting accountant	:	Ernst & Young <i>Certified Public Accountants</i> <i>Registered Public Interest Entity Auditor</i> 27/F., One Taikoo Place 979 King's Road, Quarry Bay Hong Kong
Principal bankers	:	Agricultural Bank of China Limited 25/F., Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong  Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road Central Hong Kong  Bank of Communications Co., Ltd. Hong Kong Branch 20 Pedder Street Central Hong Kong  The Bank of East Asia, Limited 10 Des Voeux Road Central Hong Kong  China Construction Bank (Asia) Corporation Limited 28/F., CCB Tower 3 Connaught Road Central Hong Kong  Chong Hing Bank Limited Ground Floor, Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong

DBS Bank Ltd.  
18/F., The Center  
99 Queen's Road Central  
Hong Kong

Hang Seng Bank Limited  
83 Des Voeux Road Central  
Hong Kong

The Hongkong and Shanghai Banking  
Corporation Limited  
1 Queen's Road Central  
Hong Kong

Industrial and Commercial Bank of China (Asia) Limited  
33/F., ICBC Tower  
3 Garden Road  
Central  
Hong Kong

Shanghai Pudong Development Bank Co., Ltd.  
30/F., SPD Bank Tower  
One Hennessy  
1 Hennessy Road  
Hong Kong

Standard Chartered Bank (Hong Kong) Limited  
32/F., 4-4A Des Voeux Road Central  
Hong Kong

United Overseas Bank Limited  
28/F., Champion Tower  
3 Garden Road  
Central  
Hong Kong

Share registrar and  
transfer office

: Tricor Tengis Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

**11. MATERIAL CONTRACTS**

As at the Latest Practicable Date, the following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group within two years immediately preceding the date of this prospectus which are or may be material:

- (a) a share subscription agreement dated 4 June 2021 entered into between MAGHL as the issuer and THL G Limited (“**THL**”) as the subscriber in relation to THL’s subscription of an aggregate of 83,333,333 subscription shares at a consideration of HK\$1.20 per share;
- (b) the subscription agreement dated 12 August 2021 entered into among the Company, Jinlong Road Limited and Argyle Street Management Limited in relation to the subscription of 33,834,900 Shares (as supplemented by a deed of variation dated 27 August 2021 and entered into between the same parties);
- (c) the irrevocable undertaking dated 12 August 2021 given by Dr. Peter Lam and the Company in favour of the Company and Haitong International Securities Company Limited in relation to the rights issue of the Company in 2021;
- (d) the underwriting agreement dated 12 August 2021 entered into between the Company and Haitong International Securities Company Limited in relation to the rights issue of the Company in 2021 (as supplemented by a supplemental agreement dated 7 September 2021 and entered into between the same parties);
- (e) the financial assistance framework agreement dated 9 September 2022 and entered into between the Company and eSun in relation to the provision of financial assistance in the form of unsecured bilateral loans by member(s) of the Group (as lender) to member(s) of the eSun Group (as borrower) from time to time during the term thereof;
- (f) the financial assistance framework agreement dated 9 September 2022 and entered into between the Company and Lai Fung in relation to the provision of financial assistance in the form of unsecured bilateral loans by member(s) of the Group (as lender) to member(s) of the Lai Fung Group (as borrower) from time to time during the term thereof;
- (g) the Irrevocable Undertaking;
- (h) the Placing Agreement; and
- (i) the Underwriting Agreement.

\* *All the English translations of certain Chinese names or words in this paragraph are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

**12. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claims of material importance and no litigation, arbitration or claims of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

**13. EXPENSES**

The expenses in connection with the Rights Issue and the application for listing, including underwriting commission, printing, registration, translation, legal and accounting charges are estimated to amount to approximately HK\$18.5 million and will be payable by the Company.

**14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents and the written consent referred to in the paragraph headed “9. Qualification and Consent of Expert” in this appendix have been delivered to the Registrar of Companies in Hong Kong for registration as required by section 38D of the Companies (WUMP) Ordinance.

**15. LEGAL EFFECT**

The Prospectus Documents and all acceptances of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of sections 44A and 44B of the Companies (WUMP) Ordinance, so far as applicable.

**16. DOCUMENTS ON DISPLAY**

Copies of the following documents are available on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.laisun.com](http://www.laisun.com)) for a period of 14 days from the date of this prospectus:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for the three years ended 31 July 2020, 2021 and 2022;
- (c) the report on the unaudited pro forma financial information of the Group issued by Ernst & Young, the text of which is set out in Appendix II to this prospectus;
- (d) the written consent as referred to in the paragraph headed “9. Qualification and Consent of Expert” in this appendix;

- (e) the material contracts of the Group listed in the paragraph headed “11. Material Contracts” in this appendix; and
- (f) this prospectus.

#### 17. MISCELLANEOUS

- (a) This prospectus is prepared in both English and Chinese. In the event of inconsistency, the English text of this prospectus shall prevail over the Chinese text unless otherwise specified.
- (b) The Company’s legal advisers in relation to the Rights Issue are (i) as to Hong Kong law, Robertsons of 57th Floor, The Center, 99 Queen’s Road Central, Hong Kong; (ii) as to Canadian law, DLA Piper (Canada) LLP of Suite 2800, Park Place, 666 Burrard St, Vancouver BC, V6C 2Z7; (iii) as to English law, Norton Rose Fulbright LLP of 3 More London Riverside, London, SE1 2AQ, United Kingdom; (iv) as to Japanese law, Anderson Mori & Tomotsune of Otemachi Park Building, 1-1-1 Otemachi, Chiyoda-Ku, Tokyo 100-8136, Japan; (v) as to Macau law, Rato Ling Lei & Cortes Advogados E Notarios of Av. da Amizade, Macau Landmark, Office Tower 23°, Macau; (vi) as to Malaysian law, Ben & Partners Advocates & Solicitors of 7-2, Level 2, Block D2, Dataran Prima, Jalan PJU 1/39, 47301 Petaling Jaya, Selangor, Malaysia; (vii) as to Netherlands law, Norton Rose Fulbright LLP of 2 Amsterdam, Eduard Van Beinumstraat 34 1077 CZ Amsterdam, PO Box 94142 1090 GC Amsterdam, The Netherlands; (viii) as to Singaporean law, Rajah & Tann Singapore LLP of 9 Straits View, Marina One West Tower, #06-07, Singapore 018937; (ix) as to Swiss law, Lex Partners Advokaten & Notare & Steuerexperten of Kirchplatz 16, Postfach 916, CH-4132 Muttenz 1, Switzerland; (x) as to Taiwanese law, Tsar & Tsai Law Firm of 11F., No. 100, Songren Rd., Xinyi Dist., Taipei, Taiwan, R.O.C.; and (xi) as to US law, King & Wood Mallesons LLP of 535 Middlefield Rd, Suite 245, Menlo Park, CA 94025, the United States.