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LAI SUN DEVELOPMENT

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

(Stock Code: 488)

**PROPOSED GENERAL MANDATES
TO BUY BACK SHARES AND TO ISSUE SHARES**

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

A letter from the Board is set out on pages 3 to 6 of this circular.

The notice convening the annual general meeting of the Company (“AGM”) to be held at Grand Ballroom 1, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Friday, 20 December 2019 at 11:00 a.m. (“2019 AGM”) is contained in the 2018-2019 Annual Report of the Company (“Annual Report”).

Shareholders are advised to read the Notice of 2019 AGM and if you are not able to attend the 2019 AGM or any adjournment thereof but wish to exercise your right as a Shareholder, please complete, sign and return the form of proxy enclosed with the Annual Report in accordance with the instructions printed thereon and deposit the same with the Company’s share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the 2019 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the 2019 AGM or any adjournment thereof should you so wish.

Hong Kong, 21 November 2019

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

DEFINITIONS

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

“2019 AGM”	the AGM to be convened and held at Grand Ballroom 1, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Friday, 20 December 2019 at 11:00 a.m. or at any adjournment thereof;
“AGM”	annual general meeting of the Company;
“Annual Report”	the 2018-2019 Annual Report of the Company;
“Articles of Association”	the Articles of Association of the Company;
“associate”	has the same meaning ascribed thereto in Rule 1.01 of the Listing Rules;
“Board”	the board of Directors;
“Buy Back Mandate”	proposed general mandate to be granted at the 2019 AGM to the Directors to buy back Shares not exceeding 10% of the issued share capital of the Company as at the date of passing the resolution granting the general mandate;
“close associate(s)”	has the same meaning ascribed thereto in Rule 1.01 of the Listing Rules;
“Company”	Lai Sun Development Company Limited (麗新發展有限公司), a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488);
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“controlling shareholder”	has the same meaning ascribed thereto in Rule 1.01 of the Listing Rules;
“core connected person(s)”	has the same meaning ascribed thereto in Rule 1.01 of the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Dr. Peter Lam”	Dr. Lam Kin Ngok, Peter, an executive Director and the Chairman of the Board of the Company;

DEFINITIONS

“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	14 November 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time);
“LSG”	Lai Sun Garment (International) Limited (麗新製衣國際有限公司), a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 191) and is the ultimate holding company of the Company;
“Notice of 2019 AGM”	the notice convening the 2019 AGM;
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the Notice of 2019 AGM;
“SFC”	Securities and Futures Commission in Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	share(s) in the share capital of the Company;
“Shares Issue Mandate”	proposed general mandate to be granted at the 2019 AGM to the Directors to allot, issue and deal in shares not exceeding 20% of the issued share capital of the Company as at the date of passing the resolution granting the general mandate;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC; and
“%”	per cent.

LETTER FROM THE BOARD



LAI SUN DEVELOPMENT

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

(Stock Code: 488)

Executive Directors:

Dr. Lam Kin Ngok, Peter (*Chairman*)
Mr. Chew Fook Aun (*Deputy Chairman*)
Mr. Lau Shu Yan, Julius (*Chief Executive Officer*)
Mr. Lam Hau Yin, Lester
Mr. Tham Seng Yum, Ronald

Registered Office:

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

Non-executive Directors:

Dr. Lam Kin Ming
Madam U Po Chu

Independent Non-executive Directors:

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

21 November 2019

To the Shareholders

Dear Sir or Madam,

PROPOSED GENERAL MANDATES TO BUY BACK SHARES AND TO ISSUE SHARES

1. INTRODUCTION

At the last AGM held on 21 December 2018, general mandates were granted to the Directors to exercise the powers of the Company (1) to buy back Shares; and (2) to issue, allot and deal with new additional Shares up to (1) 10% and (2) 20%, respectively of the Company's issued shares as at the date of passing the resolutions. Pursuant to the provisions of the Listing Rules, such general mandates will lapse at the conclusion of the 2019 AGM.

The purpose of this circular is to provide you with information regarding, among others, (i) the proposed general mandates to be granted to the Directors to buy back its own Shares and to issue Shares and the extension of such mandate; and (ii) to seek your approval at the 2019 AGM in connection with such matters.

LETTER FROM THE BOARD

2. GENERAL MANDATE TO BUY BACK SHARES

At the last AGM held on 21 December 2018, a general mandate was granted to the Directors to exercise the powers of the Company to buy back Shares. This general mandate will lapse at the conclusion of the 2019 AGM.

At the 2019 AGM, an ordinary resolution will be proposed which, if passed, will grant the Directors a general and unconditional mandate to exercise all the powers of the Company to buy back not exceeding 10% of the aggregate number of shares of the Company in issue as at the date of passing the resolution (“**Buy Back Mandate**”), for the period from the said date until the conclusion of the next AGM or such other period as stated in the ordinary resolution.

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

3. GENERAL MANDATE TO ISSUE SHARES

At the last AGM held on 21 December 2018, a general mandate was granted to the Directors to issue, allot and deal with additional Shares not exceeding 20% of the aggregate number of shares of the Company in issue. Such general mandate will lapse at the conclusion of the 2019 AGM.

It will be proposed at the 2019 AGM an ordinary resolution granting to the Directors a general and unconditional mandate to allot, issue and deal with additional Shares representing up to 20% of the aggregate number of shares of the Company in issue as at the date of passing the resolution, for the period from the said date until the conclusion of the next AGM or such other period as stated in the ordinary resolution contained in the Notice of 2019 AGM and adding to such mandate so granted to the Directors any Shares bought back by the Company under the Buy Back Mandate (“**Shares Issue Mandate**”).

Subject to the passing of the ordinary resolutions granting the Shares Issue Mandate and on the basis that no further Shares are issued or bought back prior to the 2019 AGM, the Company would be allowed under the Shares Issue Mandate to issue a maximum of 121,292,825 Shares representing 20% of the aggregate number of shares of the Company in issue as at the date of passing the resolutions.

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

LETTER FROM THE BOARD

4. 2019 AGM

The resolutions in relation to the above proposed Buy Back Mandate and Shares Issue Mandate are proposed in the Notice of 2019 AGM which is contained in the Annual Report. Shareholders are advised to read the Notice of 2019 AGM and if you are not able to attend the 2019 AGM but wish to exercise your right as a Shareholder, please complete, sign and return the form of proxy enclosed with the Annual Report in accordance with the instructions printed thereon and deposit the same with the Company's share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the 2019 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the 2019 AGM or any adjournment thereof should you so wish.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the 2019 AGM.

5. VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, save for resolutions which relate purely to procedure or administrative matter to be voted by a show of hands, any vote of the Shareholders at a general meeting of the Company must be taken by way of a poll. Accordingly, each of the resolutions to be considered and, if thought fit, passed at the 2019 AGM will be voted by way of a poll by the Shareholders. Article 79 of the Articles of Association provides that on a poll, every Shareholder present in person or by proxy shall have one vote for every Share held by that Shareholder. An explanation of the procedures of conducting a poll is provided in the notes to the Notice of 2019 AGM and details will be conveyed to the Shareholders at the 2019 AGM. The Company will publish an announcement on the poll results of the resolutions on the respective websites of the Company at "www.laisun.com" and the Stock Exchange at "www.hkexnews.hk" promptly after the conclusion of the 2019 AGM.

6. RECOMMENDATION

The Directors consider that the proposed Buy Back Mandate and the Shares Issue Mandate as mentioned above are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolutions to be proposed at the 2019 AGM.

LETTER FROM THE BOARD

7. RESPONSIBILITY STATEMENT

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

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

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

(I) EXERCISE OF THE BUY BACK MANDATE

As at the Latest Practicable Date, the issued share capital of the Company comprised 606,464,125 Shares and there were outstanding options granted under the Share Option Scheme to subscribe for 14,993,134 Shares.

Subject to the passing of the ordinary resolution granting the Buy Back Mandate and on the basis that no further Shares will be issued (whether generally or pursuant to the exercise of the subscription rights attaching to the outstanding options) prior to the date of the 2019 AGM, exercise in full of the Buy Back Mandate would result in up to a maximum of 60,646,412 Shares representing 10% of the existing issued share capital of the Company as at the Latest Practicable Date being bought back by the Company during the relevant period.

(II) REASONS FOR BUY BACK

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

(III) FUNDING OF BUY BACK

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

If the Buy Back Mandate is to be exercised in full at any time during the proposed buy back period, there may be a material adverse effect on the working capital or gearing position of the Group (as compared with the position disclosed in the published audited consolidated financial statements of the Company for the year ended 31 July 2019). However, the Directors do not propose to exercise the Buy Back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which are, in the opinion of the Directors, appropriate for the Company from time to time.

(IV) SHARE PRICES

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

Month	Highest HK\$	Lowest HK\$
2018		
November	13.200	11.000
December	13.360	11.600
2019		
January	13.380	12.000
February	13.480	12.520
March	13.460	12.400
April	13.400	12.120
May	13.200	11.100
June	12.040	11.140
July	11.920	10.960
August	11.080	9.010
September	9.800	9.030
October	9.970	8.300
November (up to the Latest Practicable Date)	10.700	9.240

(V) BUY BACK BY THE COMPANY

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

(VI) INTENTION AND UNDERTAKING

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

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

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

(VII) IMPLICATIONS OF THE TAKEOVERS CODE AND THE LISTING RULES

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

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

Name	Capacity	Nature of Interests	Number of issued Shares and underlying Shares	Approximate percentage of total issued Shares
Lam Kin Ngok, Peter ("Dr. Peter Lam")	Beneficial owner/ Owner of controlled corporations	Personal and corporate	340,870,112	56.21% (Note)
LSG	Beneficial owner	Corporate	340,023,572	56.07%

Note:

LSG and two of its wholly-owned subsidiaries, namely Zimba International Limited and Joy Mind Limited, beneficially owned 340,023,572 Shares, representing approximately 56.07% of the issued share capital of the Company. Dr. Peter Lam was deemed to be interested in the same 340,023,572 Shares by virtue of, in aggregate, his personal and deemed interests of approximately 41.96% in the issued share capital of LSG. Dr. Peter Lam is the deputy Chairman and an executive director of LSG.

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

Name	Approximate percentage of issued share capital
Dr. Peter Lam	62.45%
LSG	62.30%

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

As disclosed in the Company's announcement dated 18 September 2019, the minimum public float requirement of 25% as set out in Rule 8.08(1)(a) of the Listing Rules was not held by the public. Therefore, the Directors have no present intention to exercise the Buy Back Mandate before the restoration of the Company's public float as required under the Listing Rules.