
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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LAI SUN GARMENT

Lai Sun Garment (International) Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 191)

**MAJOR TRANSACTION
DISPOSAL OF A SUBSIDIARY
AND
NOTICE OF GENERAL MEETING**

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

A letter from the Board is set out on pages 6 to 16 of this circular.

The notice convening the general meeting of the Company (“**General Meeting**” or “**GM**”) to be held at Grand Ballrooms 1 and 2, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Friday, 12 July 2024 at 10:00 a.m. is set out on pages GM-1 to GM-3 of this circular.

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

No refreshments or corporate gifts will be provided at the General Meeting.

Hong Kong, 24 June 2024

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — VALUATION REPORT	II-1
APPENDIX III — GENERAL INFORMATION.....	III-1
NOTICE OF GENERAL MEETING	GM-1
ACCOMPANYING DOCUMENT: FORM OF PROXY	

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

DEFINITIONS

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

“Articles”	the articles of association of the Company;
“Balance”	the balance of Purchase Price;
“Board”	the board of Directors;
“Company”	Lai Sun Garment (International) Limited (麗新製衣國際有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 191), the ultimate holding company of LSD;
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Offer Letter;
“Completion Accounts”	the financial statements audited by certified public accountants (practising) of the Target Company for the period from the beginning of the current financial year of the Target Company to the Completion Date;
“Completion Date”	the date on which Completion takes place in accordance with the Offer Letter;
“Completion NTAV Adjustments”	the adjustments to the Purchase Price after the Completion pursuant to the Offer Letter, as further described in the Letter from the Board under the section headed “2. The Disposal — Offer Letter — Completion NTAV Adjustments” in this circular;
“Conditions Precedent”	the conditions precedent to the Completion pursuant to the Offer Letter, as further described in the Letter from the Board under the section headed “2. The Disposal — Offer Letter — Conditions Precedent” in this circular;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“CPO”	the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong);

DEFINITIONS

“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser and assignment the Sale Loan by LSD to the Purchaser pursuant to the terms and conditions of the Offer Letter;
“eSun”	eSun Holdings Limited (豐德麗控股有限公司), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571), which was held as to approximately 63.40% by LSD as at the Latest Practicable Date;
“eSun Group”	eSun and its subsidiaries;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKEX”	Hong Kong Exchanges and Clearing Limited;
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	a third party or third parties independent of and not connected with (within the meaning of the Listing Rules) any directors, chief executive, substantial shareholders of each of the Company and LSD, its subsidiaries or any of their respective associates;
“Independent Valuer”	Savills Valuation and Professional Services Limited;
“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), which was held as to approximately 55.08% by LSD as at the Latest Practicable Date;

DEFINITIONS

“Lai Fung Group”	Lai Fung and its subsidiaries;
“Latest Practicable Date”	18 June 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time);
“LSD”	Lai Sun Development Company Limited (麗新發展有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488), which was held as to approximately 55.60% by the Company as at the Latest Practicable Date;
“LSD Group”	LSD and its subsidiaries;
“NTAV”	the aggregate of all tangible assets of the Target Company which are readily convertible into cash or cash equivalents (excluding the Property, any intangible assets and other fixed assets and deferred tax), less the aggregate of all liabilities (actual, contingent or otherwise but excluding the Sale Loan) and provisions of the Target Company as at the Completion Date;
“Offer Letter”	the offer letter dated 3 May 2024 entered into between the Vendor, LSD and the Purchaser in relation to the Disposal;
“PRC”	the People’s Republic of China and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Proforma Accounts”	the unaudited proforma completion accounts of the Target Company for the period from the beginning of the current financial year to the Completion Date;

DEFINITIONS

“Proforma NTAV Adjustments”	the adjustments to the Balance of the Purchase Price pursuant to the Offer Letter, as further described in the Letter from the Board under the section headed “2. The Disposal — Offer Letter — Proforma NTAV Adjustments” in this circular;
“Property”	the residential property situated at Eighteenth Floor and Nineteenth Floor of May Tower II, May Road, Hong Kong and car parking spaces nos. 60 and 67 of May Tower I and May Tower II;
“Purchase Price”	the aggregate purchase price payable by the Purchaser to the Vendor and LSD for the Disposal, which amounts to HK\$215,800,000 and subject to Proforma NTAV Adjustments and the Completion NTAV Adjustments in accordance with the terms and conditions of the Offer Letter;
“Purchaser”	Star Gallery Limited, a company incorporated in the British Virgin Islands with limited liability;
“Sale Loan”	all such sum of money due and owing by the Target Company to LSD as at Completion;
“Sale Shares”	the entire issued share capital of the Target Company;
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time);
“SGD”	Singapore dollar(s), the lawful currency of Singapore;
“Share(s)”	share(s) in the issued share capital of the Company;
“Shareholder(s)”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Target Company”	Hong Kong Hill Limited (港嶽有限公司), a company incorporated in Hong Kong with limited liability;
“USD” or “US\$”	the lawful currency of the United States;
“Valuation”	the valuation of the Property based on the Valuation Report;
“Valuation Report”	valuation report dated 24 June 2024 in respect of the Property issued by the Independent Valuer to the Company, the full text of which is set out in Appendix II to this circular;
“Vendor”	Boom Goal Limited, a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of LSD; and
“%”	per cent.

LETTER FROM THE BOARD



LAI SUN GARMENT

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

(Stock Code: 191)

Executive Directors:

Dr. Lam Kin Ngok, Peter, *GBM, GBS (Chairman)*
Mr. Yang Yiu Chong, Ronald Jeffrey
Mr. Cheung Sum, Sam (*Group Chief Financial Officer*)
Mr. Lam Hau Yin, Lester
(*also alternate to Madam U Po Chu*)
Mr. Lam Kin Hong, Matthew
Madam U Po Chu

Registered office/Principal Office:

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

Independent Non-executive Directors:

Mr. Leung Shu Yin, William
Mr. Lam Bing Kwan
Mr. Chow Bing Chiu
Mr. Ng Chi Ho, Dennis

24 June 2024

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION DISPOSAL OF A SUBSIDIARY AND NOTICE OF GENERAL MEETING

1. INTRODUCTION

Reference is made to the joint announcement issued by the Company and LSD dated 3 May 2024 in which the Board announced that on 3 May 2024, the Vendor (a wholly-owned subsidiary of LSD) and LSD entered into the Offer Letter with the Purchaser, pursuant to which the Purchaser has conditionally agreed to acquire the Sale Shares and take up the assignment of the Sale Loan, and the Vendor has agreed to sell the Sale Shares and LSD has agreed to assign the Sale Loan to the Purchaser at the Purchase Price (subject to Proforma NTAV Adjustments and Completion NTAV Adjustments). As at the Latest Practicable Date, the Target Company is the sole legal and beneficial owner of the Property.

LETTER FROM THE BOARD

Upon Completion, the Target Company will cease to be a subsidiary of the Company and LSD, and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group and LSD Group.

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 25% but all of them are less than 75%, the Disposal and the transactions contemplated under the Offer Letter constitute a major transaction for the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal; (ii) financial information of the Group; (iii) Valuation Report; and (iv) a notice convening the GM, as well as other information as required under the Listing Rules.

2. THE DISPOSAL

Offer Letter

The principal terms of the Offer Letter are set out below:

- Date : 3 May 2024 (after trading hours)
- Parties : (i) the Vendor, a wholly-owned subsidiary of LSD, as vendor;
- (ii) LSD, as the assignor of the Sale Loan; and
- (iii) the Purchaser, as purchaser.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

- Transaction structure : The Disposal comprises the sale of the Sale Shares by the Vendor to the Purchaser and the assignment of Sale Loan by LSD to the Purchaser.

The Target Company is the sole legal and beneficial owner of the Property.

LETTER FROM THE BOARD

Property : Eighteenth Floor and Nineteenth Floor of May Tower II, May Road, Hong Kong and car parking spaces nos. 60 and 67 of May Tower I and May Tower II.

The Property shall be sold to the Purchaser on an “as is” basis.

Purchase Price : The aggregate Purchase Price for the Sale Shares and Sale Loan payable by the Purchaser to the Vendor in respect of the Disposal shall be HK\$215,800,000 (subject to Proforma NTAV Adjustments and Completion NTAV Adjustments), which shall be paid by the Purchaser to the Vendor and LSD in the manner as follows:

(i) an initial deposit of HK\$10,790,000 shall be paid upon the signing of the Offer Letter;

(ii) a further deposit of HK\$10,790,000 shall be paid on or before 16 May 2024;

(iii) a part payment of HK\$21,580,000 shall be paid on or before 1 August 2024; and

(iv) the balance of the Purchase Price in the sum of HK\$172,640,000 (the “**Balance**”) shall be paid upon Completion.

The consideration for the assignment of the Sale Loan shall be an amount equal to the Sale Loan on a dollar for dollar basis. The Purchase Price less the consideration for the Sale Loan shall be the consideration for the Sale Shares.

Calculation of NTAV : The NTAV shall be calculated as the aggregate of all tangible assets of the Target Company which are readily convertible into cash or cash equivalents (excluding the Property, any intangible assets and other fixed assets and deferred tax), less the aggregate of all liabilities (actual, contingent or otherwise but excluding the Sale Loan) and provisions of the Target Company as at the Completion Date.

LETTER FROM THE BOARD

- Proforma NTAV Adjustments : The Purchase Price shall be subject to adjustment by reference to the Proforma Accounts to be produced by the Vendor and LSD at least five (5) working days prior to the Completion Date. If the NTAV as shown in the Proforma Accounts is more or less than zero, the Balance shall be adjusted upwards or downwards (as the case may be) accordingly.
- Completion NTAV Adjustments : The Purchase Price shall be subject to further adjustment by reference to the Completion Accounts to be produced by the Vendor and LSD within sixty (60) days from the Completion Date. If the NTAV as shown in the Completion Accounts is more or less than the NTAV as shown in the Proforma Accounts, the Purchaser or the Vendor and the Assignor (as the case may be) shall pay the difference to the other party within five (5) working days.
- Completion Date : Expected to take place before 1:00 p.m. on 15 January 2025.
- Formal Agreement : The Vendor, LSD and the Purchaser shall negotiate in good faith and use all their reasonable endeavours to enter into a formal agreement in respect of the Disposal on or before 28 days from the date of the Offer Letter, which shall incorporate the terms of the Offer Letter. If the Vendor, LSD and the Purchaser do not reach an agreement on the terms of the formal agreement on or before the aforesaid date, the Offer Letter shall remain valid and of full force and effect.

As at the Latest Practicable Date, the Vendor, LSD and the Purchaser did not enter into a formal agreement in respect of the Disposal.

LETTER FROM THE BOARD

- Conditions Precedent : Completion is conditional upon fulfilment of all of the following conditions on or before the Completion Date:
- (a) compliance of all necessary requirements which each of the Company and LSD are required to comply with under the Listing Rules and/or other legislation or regulation and/or subsidiary legislation or regulation;
 - (b) the Purchaser having completed its due diligence investigation of the Target Company and be reasonably satisfied with the results thereof; and
 - (c) the Vendor and LSD shall, at their respective costs, procure the Target Company to show and prove title to the Property in accordance with Section 13 of the CPO and give title in accordance with Section 13A of the CPO.

As of the Latest Practicable Date, the Conditions Precedent under the Offer Letter have not yet been declared to be satisfied or waived.

3. PURCHASE PRICE

The Purchase Price of HK\$215,800,000 was determined after arm's length negotiation among the parties and calculated based on prevailing market price of similar properties in comparable locations and the valuation of the Property by the Independent Valuer.

Prior to the entering into of the Offer Letter, the Vendor engaged in preliminary discussions on the valuation of the Property, during which the Independent Valuer provided a preliminary valuation of the Property as at 30 April 2024 of approximately HK\$215,000,000, subject to the finalisation of the formal valuation report. Following the signing of the Offer Letter, the Independent Valuer further updated the valuation date of the Property to 31 May 2024 and confirms the valuation of the Property as at such valuation date to be HK\$215,000,000 as set out in the Valuation Report included in Appendix II to this circular.

LETTER FROM THE BOARD

Taking into the consideration of (i) the Purchase Price as determined above by the Purchaser, the Vendor and LSD with reference to the prevailing market price of similar properties in comparable locations and the valuation of the Property based on the Valuation Report by the Independent Valuer; and (ii) the reasons for and benefits of the Disposal as stated under the section headed “9. Reasons for and Benefits of the Disposal and Intended Use of Proceeds of the Disposal” below, the Directors consider that the Purchase Price is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

4. VALUATION

Based on the Valuation Report, the value of the Property is HK\$215,000,000 as at 31 May 2024. For details of the valuation of the Property, please refer to the Valuation Report in Appendix II to this circular.

Disclosure of the reconciliation of the net book value and the valuation as required under Rule 5.07 of the Listing Rules is set out below:

	<i>HK\$'000</i>
Net book value of the Property as at 31 January 2024	<u>115,451</u>
Valuation surplus as at 31 May 2024	<u>99,549</u>
Valuation of the Property as at 31 May 2024 as set out in the Valuation Report included in Appendix II to this circular	<u><u>215,000</u></u>

5. INFORMATION OF THE TARGET COMPANY AND THE PROPERTY

Information of the Target Company and the Property

The Target Company is a company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, the Target Company is a direct wholly-owned subsidiary of the Vendor, and is principally engaged in property investment and its sole asset is the Property.

The Target Company is the sole legal and beneficial owner of the Property. The Property is a residential property which comprises Eighteenth Floor and Nineteenth Floor of May Tower II, May Road, Hong Kong and car parking spaces nos. 60 and 67 of May Tower I and May Tower II. The total saleable area of the Property (excluding the car parking spaces) is approximately 5,338 square feet.

LETTER FROM THE BOARD

Financial Information of the Target Company

The table below sets out certain financial information of the Target Company as prepared in accordance with HKFRS for the two years ended 31 July 2022 and 2023:

	For the year ended 31 July 2023 (audited) HK\$'000	For the year ended 31 July 2022 (audited) HK\$'000
Net loss before taxation	1,042	668
Net loss after taxation	986	673

As at 31 January 2024, the unaudited net book value of the Target Company, before deduction of shareholder's loan of approximately HK\$69,300,000, was approximately HK\$45,300,000.

6. INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands with limited liability. Based on the information provided by the Purchaser, the Purchaser is principally engaged in investment holding.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of each of the Company and its connected persons.

7. INFORMATION OF THE COMPANY, LSD AND THE VENDOR

The Company

The Company is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activities of the Group include property investment, property development, investment in and operation of hotels and restaurants, production and distribution of films and TV programs, music production and publishing, management and production of concerts, artiste management, cinema operation, cultural, leisure, entertainment and related facilities and investment holding. The Company owns approximately 55.60% of the total issued shares of LSD as at the Latest Practicable Date.

LETTER FROM THE BOARD

LSD

LSD is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activities of the LSD Group include property investment, property development, investment in and operation of hotels and restaurants, production and distribution of films and TV programs, music production and publishing, management and production of concerts, artiste management, cinema operation, cultural, leisure, entertainment and related facilities and investment holding.

The Vendor

The Vendor is a company incorporated in British Virgin Islands with limited liability and is a wholly-owned subsidiary of LSD and an indirect non-wholly-owned subsidiary of the Company (through the Company's shareholding in LSD). The principal activity of the Vendor is property investment.

8. FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Target Company will cease to be a subsidiary of the Company and LSD, and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group and the LSD Group.

As at 31 January 2024, the unaudited net book value of the Target Company, before deduction of shareholder's loan, in respect of the Group was approximately HK\$115,400,000. Based on the Purchase Price of HK\$215,800,000, the Group is expected to recognise a net gain (after deducting relevant legal costs, commission and expenses) of approximately HK\$96,500,000 from the Disposal.

The aforesaid amount is arrived based on the difference between the Purchase Price and the unaudited net book value of the Target Company, before deduction of shareholder's loan, at 31 January 2024, and deduct the estimated relevant costs. The definitive amount of any gain or loss shall be adjusted taking into account the Purchase Price as adjusted by Proforma NTAV Adjustments and Completion NTAV Adjustments, and subject to audit to be performed by the auditors of the Company, which is expected to be recorded in the financial statements of the Company for the financial year ending 31 July 2025.

LETTER FROM THE BOARD

9. REASONS FOR AND BENEFITS OF THE DISPOSAL AND INTENDED USE OF PROCEEDS OF THE DISPOSAL

The Property was acquired by the LSD Group, and is currently used by members of the LSD Group for self-use. The Disposal enables the LSD Group to reallocate more financial resources on capital structure enhancement and/or for general corporate purpose of the LSD Group, as well as, to enhance the cashflow and financial position of the Group and the LSD Group as a whole.

The estimated gross proceeds from the Disposal amount to approximately HK\$215,800,000. The estimated net proceeds from the Disposal amount to approximately HK\$211,900,000 for the Group. The net proceeds from the Disposal are intended to be applied towards repayment of bank loans and/or as general working capital of the LSD Group. As at the date of the Latest Practicable Date, the Group is liaising with the banks to confirm the repayment amount pursuant to the outstanding bank loans. Subject to confirmation by the banks on the repayment amount, the Group intends that most of the net proceeds will be applied towards repayment of bank loans, and the remainder for general working capital of the Group.

The Directors are of the view that the Disposal is in the interests of the Company and its shareholders as a whole and the terms and consideration thereof are fair and reasonable.

10. IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 25% but all of them are less than 75%, the Disposal and the transactions contemplated under the Offer Letter constitute a major transaction for the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

11. GM

Set out on pages GM-1 to GM-3 of this circular is a notice convening the GM which will be held at Grand Ballrooms 1 and 2, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Friday, 12 July 2024 at 10:00 a.m. at which an ordinary resolution will be proposed to approve the Disposal.

LETTER FROM THE BOARD

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

Pursuant to Rule 13.39(4) of the Listing Rules, save for resolutions which relate purely to a procedural or administrative matter to be voted by a show of hands, any vote of the shareholders at a general meeting must be taken by poll. Accordingly, the ordinary resolution to be proposed at the GM will be voted by way of poll by the Shareholders. Article 79 of the Articles 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 detailed procedures of conducting a poll will be provided to the Shareholders at the GM. The Company will publish an announcement on the poll results of the resolution on the respective websites of the Company at "www.laisun.com" and HKEX at "www.hkexnews.hk" after the conclusion of the GM.

To the best knowledge, information and belief of the Directors, as at the Latest Practicable Date, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Disposal and the transactions contemplated under the Offer Letter. As such, no Shareholder is required to abstain from voting on the resolution approving the Disposal and the transactions contemplated under the Offer Letter at the GM.

Completion of the Disposal is subject to fulfilment of various Conditions Precedent as set out in the section headed "2. The Disposal — Offer Letter — Conditions Precedent" in this circular. Accordingly, the Disposal may or may not proceed. The Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.

LETTER FROM THE BOARD

12. RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the opinion that the Disposal and the terms of the Offer Letter (including the Purchase Price) are fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the ordinary resolution approving, confirming and ratifying the entering into of the Offer Letter and the Disposal and the transactions contemplated thereunder at the GM.

13. ADDITIONAL INFORMATION

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

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

1. SUMMARY OF FINANCIAL RESULTS AND CONDITIONS OF THE GROUP

The audited financial information of the Group for each of the three years ended 31 July 2021, 2022 and 2023 and the unaudited financial information of the Group for the six months ended 31 January 2024 are disclosed in the following documents which have been published on the respective websites of the HKEX at “<http://www.hkexnews.hk>” and the Company at “<http://www.laisun.com>”:

- annual report of the Company for the year ended 31 July 2021 published on 17 November 2021 (pages 153 to 344)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1117/2021111700749.pdf>)
- annual report of the Company for the year ended 31 July 2022 published on 16 November 2022 (pages 173 to 360)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1116/2022111600916.pdf>)
- annual report of the Company for the year ended 31 July 2023 published on 16 November 2023 (pages 177 to 368)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/1116/2023111600860.pdf>)
- interim report of the Company for the six months ended 31 January 2024 published on 18 April 2024 (pages 2 to 21)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0418/2024041801594.pdf>)

2. STATEMENT OF INDEBTEDNESS

As at 30 April 2024, 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\$27,738 million, comprising secured and guaranteed bank borrowings of approximately HK\$15,199 million, secured and unguaranteed bank borrowings of approximately HK\$7,169 million, unsecured and guaranteed bank borrowings of approximately HK\$333 million, unsecured guaranteed notes of approximately HK\$4,250 million, and unsecured and unguaranteed other borrowings of approximately HK\$787 million.

As at 30 April 2024, the Group, as lessees, had lease liabilities of approximately HK\$946 million.

As at 30 April 2024, certain investment properties, right-of-use assets, property, plant and equipment, completed properties for sale, properties under development, 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 30 April 2024, in respect of these guarantees, the contingent liabilities of the Group amounted to approximately HK\$615 million.

As at 30 April 2024, the Group has provided corporate guarantees to banks in connection with facilities granted to and utilised by joint ventures of approximately HK\$778 million. The Group has also pledged a time deposit to a bank in connection with a bank guarantee for an associate of approximately HK\$15 million.

Save as aforesaid and apart from intra-group liabilities, the Group did not, as at 30 April 2024, 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. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that, save as disclosed in the interim report of the Company for the six months ended 31 January 2024 or otherwise disclosed in this circular, there was no material adverse change in the financial or trading position or prospects of the Group since 31 July 2023, the date to which the latest published audited financial statements of the Group were made up.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Global economy encountered persistent challenges of inflation and subdued growth prospects. Despite a stronger-than-anticipated global GDP growth in 2023 largely due to post COVID-19 recovery, global GDP growth gradually slowed down due to geopolitical tensions, tighter financial conditions, weaker trade growth, and declining business and consumer confidence. The near-term outlook was unfavorable given heightened geopolitical tensions such as the ongoing Russia-Ukraine conflict, the recent conflict between Israel and Palestine, and significant tensions between major economies. These challenges, coupled with persistently high interest rates presented substantial obstacles to global recovery. The stronger than expected economic data in the United States, which led to a slower than expected interest rate cut surprised the market, implies a high interest rate environment is likely to persist for some time. Although China experienced limited direct impact, the enduring tensions with the United States, along with trade restrictions, resulted in the reduction of investor confidence and external demand. China sought to address this decline by implementing domestic initiatives and engaging in the belt and road initiative. Nevertheless, the repercussions of these challenges were felt across China, highlighting the widespread consequences on its economy.

Hong Kong and Overseas Property Market

Hong Kong continues to chart its course through challenging waters: geopolitical tensions, sustained high interest rates, underperforming stock market returns, and below-expectation GDP growth. These factors had a detrimental effect on investment sentiment and business confidence, leading to a fragile economic environment. Looking ahead, Hong Kong anticipates even greater volatility and geopolitical uncertainties. The government expects the GDP growth for 2024 to fall within the range of 2.5% to 3.5%. The weak consumption figure can be attributed to both high interest rates and subdued fundamental economic recovery.

Due to the uncertain economic recovery, tenants have remained cautious and delayed their relocation or expansion plans. The deteriorating business sentiment and reduced demand from multinational and Chinese enterprises have contributed to a subdued office leasing market. Consequently, the office leasing market is expected to experience ongoing challenges, including higher vacancy rates and suppressed rents in the near term. The reopening of borders and the return of tourists have provided some benefit to the retail segment, but domestic consumption remains the primary driving force. The poor economic outlook, interest rate hike cycle and underperforming 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, resulting in softening home prices across different residential market segments. However, the removal of residential properties purchase restrictions has provided a much needed boost to the residential market and the Group is hopeful that the momentum will carry through to the rest of 2024.

The office and retail leasing business in Hong Kong is expected to be challenging. The Group has been coping with changing market trends and the evolving operating environment by continuing to optimise the tenant mix. Additionally, certain renovation and space optimisation works have been completed 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, LSD 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 to the City of London's Planning and Transportation Committee in August 2022 for improving on the original design and repositioning the building to provide higher sustainability standards and enhanced amenities within the building. The revised proposal has been approved by the City of London Authority in May 2023. LSD Group is currently considering options and timing for the redevelopment of the Leadenhall Properties.

Construction work of Bal Residence in Kwun Tong was completed in October 2023, while fitting-out work was completed in late March 2024. Construction work of the Tai Kei Leng Project in Yuen Long was completed in late March 2024. These two residential projects added a total gross floor area ("**GFA**") of approximately 71,800 square feet and 42,200 square feet, respectively, to the development portfolio of the LSD Group. Presale of Bal Residence was launched in February 2023, followed by the official sale launch in late November 2023. Based on the latest available information, LSD Group has sold 47 units in Bal Residence with saleable area of approximately 16,024 square feet at an average selling price of approximately HK\$15,454 per square foot. The Tai Kei Leng Project is expected to be launched for pre-sale in the second quarter of 2024.

The pre-construction works of two residential projects secured by LSD Group in the past few years, namely the 116 Waterloo Road project and the 1&1A Kotewall Road project, are in progress. LSD Group intends to redevelop the 116 Waterloo Road project, which was acquired in September 2021 with vacant possession in March 2022, into a residential project offering around 85 residential units with total GFA of approximately 46,600 square feet. LSD Group also acquired the 1&1A Kotewall Road project in Mid-Levels, Hong Kong Island and the transaction was completed with vacant possession in March 2022. LSD Group plans to redevelop the site into a luxury residential project with a total GFA of approximately 55,200 square feet, offering around 27 medium-large sized residential units. Construction work of the residential project at the Wong Chuk Hang Station Package Five property development is in progress and is expected to be completed in the fourth quarter of 2025. The 79 Broadcast Drive project in Kowloon Tong will be developed into a high-quality luxury residential property with the maximum permissible GFA of approximately 71,600 square feet, offering around 46 medium-large sized units, including 2 houses. Project design and foundation works are in progress and the construction is expected to be completed in the first half of 2026.

All 605 units, including 23 houses in Alto Residences have been sold and 110 car parking spaces of Alto Residences have been released for sale. Based on the latest available information, 75 car parking spaces have been sold and the total sales proceeds amounted to approximately HK\$204.1 million.

All 209 residential units and 7 commercial units of 93 Pau Chung Street have been sold. The sale of car parking spaces of 93 Pau Chung Street is in progress. Based on the latest available information, 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.

All 144 residential units in Monti have been sold. The sale of car parking spaces of Monti is in progress. Based on the latest available information, 6 car parking spaces remained unsold.

The Group will continue its prudent and flexible approach and be prepared to capture new development opportunities.

Mainland China Property Market

China announced GDP growth target this year of around 5.0% at the National People's Congress held in March 2024, indicating the challenges posed by the economic slowdown. Despite the stimulus and support measures rolled out by the Chinese government to bolster economic growth, China has experienced a deceleration in economic conditions due to the weakened trade and a deepening downturn in the real estate sector. The Group believes that the Chinese government will continue to forge ahead and demonstrate more commitment to stimulate consumers activities. These can be seen through reducing initial down payments, extending mortgage duration, and lowering mortgage rates. The Group remains cautiously optimistic about the long-term prospects and sustainability of the business environment in China and is confident about future prospects of the cities in which the Group operates, especially the Greater Bay Area in southern China, and continue to regard Hong Kong, where the Group's headquarters is situated, as one of the major beneficiary cities.

Lai Fung Group, the PRC property arm of the Group, has adopted a regional focus and rental-led strategy. The rental portfolio, comprising approximately 5.9 million square feet in Shanghai, Guangzhou, Zhongshan and Hengqin, all of which are Tier 1 cities in China and cities within the Greater Bay Area, has been delivering steady rental income for Lai Fung Group. Notably, the completion of two new grade A office towers, Shanghai Skyline Tower and Guangzhou Lai Fung International Center, in September and November 2022 respectively, has significantly expanded Lai Fung Group's rental portfolio. These new properties have made a significant contribution to Lai Fung Group's rental operations. Nonetheless, Lai Fung Group is facing a challenging business environment in China due to the economic slowdown. This has resulted in a dampening effect on office leasing activities and therefore is expected to suppress rental rates and some increase in vacancy levels.

Construction of Phase II (“**Novotown Phase II**”) of the Novotown project in Hengqin (“**Novotown**”) is in progress. This mixed-use development project is expected to provide 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. Based on the latest available information, leasing of the commercial area of Phase I of Novotown (“**Novotown Phase I**”) is underway with approximately 83% of the leasable area being leased and key tenants include two themed indoor experience centers, namely “Lionsgate Entertainment World[®]” and “National Geographic Ultimate Explorer Hengqin”, Zhuhai Duty Free, Pokiddo Trampoline Park, Kumpeng Go-Kart Sports Centre, Snow Alarm, Da Yin Restaurant, Oyster King, Zhen Qi Ji, Ai Shang Niu Ding Ji, Vanguard Life Superstore and ULSC Hengqin. 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 position Hengqin as a prominent piece within the Guangdong-Hong Kong-Macau Greater Bay Area development. The integration between Macau and 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.

The sale of remaining phases of Zhongshan Palm Spring, the cultural studios and cultural workshop units of Hengqin Novotown Phase I are in progress. The residential units in Zhongshan Palm Spring, the cultural studios, cultural workshops and office of Hengqin Novotown Phase I, as well as elements 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, among other factors, overall macroeconomic conditions, Lai Fung Group’s existing presence in top tier cities and the Greater Bay Area and allocation of risks etc.

Cinema Operation/Media and Entertainment/Film Production and Distribution

Although there has been a revival of social and economic activities since the reopening of borders and the return of tourists, consumer sentiment dampened by Hong Kong’s worse-than-expected economic outlook and the deterioration of global economic prospects. The Hong Kong box office has experienced a decline due to factors such as citizens traveling abroad, unfavorable economic situation and a shift in consumer behavior towards streaming platforms. These challenges have contributed to the weakened performance of eSun Group’s cinema operation. Moreover, in view of the challenging market condition and economic uncertainty in Mainland China, the Zhongshan Mayflower Cinema City was closed in February 2024. eSun Group remains committed to creating best in class media and entertainment content.

eSun Group added two new cinemas in Hong Kong, namely The ONE in Tsim Sha Tsui, Kowloon and AIRSIDE in Kai Tak, Kowloon, both of which commenced operations in September 2023. These new cinemas further enhance eSun Group's cinema network and strengthen eSun Group's market presence. eSun Group is closely monitoring the market conditions and will continue to improve its overall operating efficiency, including but not limited to, negotiating with existing landlords for rental concession/reduction. eSun Group will take a prudent approach in evaluating opportunities for further expansion of its footprint.

Media Asia Group Holdings Limited (an indirect wholly-owned subsidiary of eSun), being the media and entertainment arm of eSun Group, will continue to produce high quality and commercially viable products.

eSun 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.

During the Hong Kong Filmart in March 2024, eSun Group has announced its strategic alliance with Alibaba Digital Media & Entertainment Group including Youku and Alibaba Pictures. The co-operation includes co-production and investment in film and TV drama and artiste management. The alliance enables eSun Group access to valuable channels securing investment and distribution of our production projects.

Project under production includes "*Heir to the Throne*", a 30-episode modern-drama series tailor-made for Alibaba's Youku streaming platform. eSun Group is also in discussion with various Chinese partners 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.

The recent "*Leon Lai Concert 2023 in Hong Kong*" and "*On Chan Live after Life Concert 2024*" have earned good reputation and public praises. eSun Group will continue to work with prominent local and Asian artistes for concert promotion and the upcoming events include concerts of Tsai Chin and Sammi Cheng.

Looking ahead, the Group believes that eSun Group's integrated media platform comprising movies, TV programs, music, artiste management and live entertainment put it in a strong position to capture the opportunities of entertainment market by a balanced and synergetic approach and will continue to explore cooperation and investment opportunities to enrich its portfolio, broaden its income stream and maximise value for its shareholders.

Other Business Updates

On 15 March 2024 (after trading hours), the LSD Group had entered into a provisional sale and purchase agreement with an Independent Third Party of the Group, in relation to the disposal of a non-residential property and car parking spaces situated at Wyler Centre Phase II (the “**Wyler Centre Phase II Disposal**”), for the consideration of HK\$80 million. The Wyler Centre Phase II Disposal enables the Group to reallocate more financial resources on capital structure enhancement and/or for general corporate purpose of the Group.

On 8 April 2024 (after trading hours), Peakflow Profits Limited (a wholly-owned subsidiary of LSD) as vendor and Grand Design Development Limited (an Independent Third Party) as purchaser had entered into a sale and purchase agreement in relation to the disposal of 10% equity interest in Bayshore Development Group Limited (“**Bayshore Development**”) at the consideration of 10% of the net asset value based on the audited completion account of Bayshore Development at the completion date.

On 14 May 2024 (after trading hours), Kingswood Shine Limited (“**Kingswood**”) (an indirect wholly-owned subsidiary of LSD), Bright Jewel Investments Limited (an indirect wholly-owned subsidiary of LSD), Feldmore Investments Limited (an Independent Third Party) and Ms. Huang Qing (an Independent Third Party) as the vendors, and Weishan Shipping Pte. Ltd. (“**Weishan**”) (an Independent Third Party) as the purchaser had entered into a sale and purchase and put option agreement in relation to a disposal of 95% of the equity interest in Orwell Investments Pte. Ltd. (“**Orwell**”) and the assignment of the shareholder’s loan owing to the vendors by Orwell at the total consideration of US\$14,787,084, and the put option grants by Weishan to Kingswood subject to the occurrence of the completion and in consideration of SGD1 paid by Kingswood to Weishan under the sale and purchase and put option agreement. Orwell indirectly holds a 90% interest in Guangzhou International Golf Club* (廣州仙村國際高爾夫球場), a golf club in the PRC invested in and operated by Guangzhou International Golf Club* (廣州仙村國際高爾夫球場).

Save as disclosed, since the publication of the Company’s annual report for the year ended 31 July 2023 and up to the Latest Practicable Date, there have been no other significant business updates.

* For identification purpose only

5. WORKING CAPITAL

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 Disposal; (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 circular.

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

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Savills Valuation and Professional Services Limited, an independent valuer, in connection with their valuation of the subject property as at 31 May 2024.

The Directors
Lai Sun Garment (International) Limited
11th Floor
Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Kowloon

Savills Valuation and
Professional Services Limited
Room 1208, 12/F
1111 King's Road
Taikoo Shing, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA LICENCE: C-023750
savills.com

24 June 2024

Dear Sirs

RE: 18TH FLOOR AND 19TH FLOOR, MAY TOWER II, 5 MAY ROAD AND CAR PARKING SPACES NOS. 60 AND 67 ON GROUND FLOOR OF MAY TOWER I & II, 5 AND 7 MAY ROAD, MID-LEVELS, HONG KONG (THE "PROPERTY")

In accordance with your instructions for us to value the Property held by Lai Sun Garment (International) Limited (the "**Company**") and its subsidiary (hereinafter together known as the "**Group**") for investment purposes, we confirm that we have carried out inspections, made relevant searches and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property on a 100% interest basis as at 31 May 2024 ("**Date of Valuation**") for the purposes of inclusion in a circular to be issued by the Company on 24 June 2024 in relation to a major transaction – disposal of a subsidiary.

Basis of Valuation

Our valuation is our opinion of the market value of the Property concerned which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation has been undertaken in accordance with the HKIS Valuation Standards 2020 of The Hong Kong Institute of Surveyors (“**HKIS**”), which incorporates the International Valuation Standards (“**IVS**”), and (where applicable) the relevant HKIS or jurisdictional supplement. Our valuation also complied with Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Identification and Status of the Valuer

The subject valuation exercise is handled by Mr. Charles Chan and Mr. Freddie Ling.

Mr. Charles Chan is the Managing Director of Savills Valuation and Professional Services Limited (“**SVPSL**”) and a Fellow of HKIS (General Practice Division) with over 39 years’ experience in valuation of properties in Hong Kong and has sufficient knowledge of the relevant market, skills and understanding to handle the subject valuation exercise competently.

Mr. Freddie Ling is the Senior Director of SVPSL and a Member of the HKIS (General Practice Division) with over 38 years’ experience in valuation of properties in Hong Kong and has sufficient knowledge of the relevant market, the skills and understanding to handle the subject valuation exercise competently.

Prior to your instructions for us to provide this valuation services in respect of the Property, SVPSL, Mr. Charles Chan and Mr. Freddie Ling had not been involved in valuation of the Property in the past 12 months.

We are independent of the Group. We are not aware of any instances which would give rise to potential conflict of interest from SVPSL, Mr. Charles Chan or Mr. Freddie Ling in the subject exercise. We confirm SVPSL, Mr. Charles Chan and Mr. Freddie Ling are in the position to provide objective and unbiased valuation for the Property.

Valuation Methodology

In preparing our valuation of the Property, we have adopted the sales comparison approach which is a preferable method of property valuation and made reference to sales of comparable properties as available in the market. In our valuation, we have considered the different attributes between the Property and the comparables in terms of date of transaction, location, floor level, size, building age and condition, view, flat type, and other relevant factors, and have made adjustments accordingly.

We have not considered the income approach as there is insufficient recent relevant and registered rental information and data for this valuation approach in the subject valuation.

Title Investigations

We have not been provided with any title documents relating to the Property but we have caused searches to be made at the Land Registry. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. As advised by the Company and to the best of their knowledge, there are no significant investigations, notices, pending litigations, breaches of law or title defects against the Property. In our valuation, we have assumed that the Property has good legal titles and is freely transferable in the market. We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of your legal advisers.

Valuation Consideration and Assumptions

We have relied to a very considerable extent on information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, floor areas, identification of the Property and all other relevant matters. We have no reason to doubt the truth and accuracy of the information provided to us by the Company. We have been advised by the Company that no material facts have been omitted from the information provided. We have not carried out on-site measurements to verify the correctness of the floor areas in respect of the Property. Dimensions, measurements and areas included in this report are based on information contained in the documents provided to us and are therefore only approximations.

According to the alteration and addition plan approved by the Building Authority on 14 March 2006, an internal staircase has been erected between the 19th Floor and the 20th Floor of the subject building. In accordance with your specific instruction, we shall value the Property assuming the said internal staircase has been demolished and the relevant parts of the Property have been reinstated as at the Date of Valuation without taking into account any related costs.

According to the alteration and addition plan approved by the Building Authority on 9 March 2001, an internal staircase has been erected between the 18th Floor and 19th Floor of the Property. In the course of our valuation, we shall value the Property as a duplex unit based on the said approved alteration and addition plan.

We have inspected the exterior of the Property. Our inspection was carried out by Mr. Alvin Ng, MHKIS, MRICS in June 2024. In undertaking our valuation, we have assumed that the interiors of the Property are finished and maintained in reasonable condition commensurate with its age and uses and in its layout based on the alteration and addition plan approved by the Building Authority on 9 March 2001 without any other unauthorized structures/extensions. We have also assumed in our valuation that the Property is provided with normal and satisfactory building services for its existing uses as at the Date of Valuation.

Moreover, no structural survey has been made but, in the course of our inspection, we did not note any serious defect. We are not, however, able to report that the Property is free from rot, infestation or any other structural defect. No tests were carried out to any of the services. No environmental study for the Property has been made.

As advised by the Company and to the best of their knowledge, there were no plans for substantial construction, renovation, improvement, development or change of uses of the Property as at the Date of Valuation.

No allowance has been made in our report for any charge, mortgage or amount owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Except for the purpose of disclosure in the public circular to be issued by the Company in connection with the major disposal, neither the whole nor any part of the valuation report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it may appear.

We enclose herewith our valuation report.

Yours faithfully

For and on behalf of

Savills Valuation and Professional Services Limited

Charles C K Chan
MSc FRICS FHKIS MCI Arb RPS(GP)
Managing Director

Freddie Ling
MRICS MHKIS RPS(GP)
Senior Director

Note: Mr Charles C K Chan is a professional surveyor who has over 39 years' experience in valuation of properties in Hong Kong. Mr Freddie Ling is a professional surveyor who has over 38 years' experience in valuation of properties in Hong Kong.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
<p>18th Floor and 19th Floor, May Tower II, 5 May Road and Car Parking Spaces Nos. 60 and 67 on Ground Floor of May Tower I & II, 5 and 7 May Road, Mid-Levels, Hong Kong</p> <p>70/2,480th shares of and in Inland Lot No. 1772 and the Extension thereto.</p>	<p>May Towers is a private residential development comprising two high-rise apartment blocks above a 3-level recreational/car parking podium completed in 1974 for May Tower I and in 1992 for May Tower II. May Tower II of the development is a 28-storey residential building of reinforced concrete construction with tiled/glazed external finishes.</p> <p>The building is situated on the south of May Road near its junction with Tregunter Path in Mid-Levels district of Hong Kong Island. This locality is a prestigious residential area where developments in the vicinity comprise mainly medium to high-rise residential developments with associated recreational and car parking facilities intermingled with a number of educational and religious establishments.</p>	<p>The Property is valued on vacant possession basis.</p>	<p>HK\$215,000,000 (Hong Kong Dollars Two Hundred and Fifteen Million) (100% interest)</p>
	<p>The Property comprises a duplex unit on the whole 18th and 19th Floors of May Tower II with a saleable area of approximately 5,338 sq ft (495.91 sq m).</p>		
	<p>The Property also comprises two covered private car parking spaces on the Ground Floor of the development.</p>		

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
	<p>Inland Lot No. 1772 and the Extension thereto are held from the Government under a Government Lease and a Conditions of Extension No. 6018 respectively for a term of 75 years commencing on 8 April 1907 renewable for 75 years at a total annual Government rent of HK\$140,400.</p>		

Notes:

- (1) Pursuant to the land register record obtained from the Land Registry, the current registered owner of the Property is Hong Kong Hill Limited.
- (2) The Property is subject to the following encumbrances:-
 - i. Occupation Permit dated 12 March 1992 vide Memorial No. UB5225592 (re: 18th Floor and 19th Floor);
 - ii. Deed of Mutual Covenant and Management Agreement in favour of Kerry Real Estate Agency Limited "the Manager" dated 30 March 1992 vide Memorial No. UB5247138;
 - iii. Debenture and Mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited dated 7 July 2023 vide Memorial No. 23072602150079;
 - iv. Supplement to Debenture and Mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited dated 7 December 2023 vide Memorial No. 23121401720054.
- (3) The Property lies within an area zoned "Residential (Group B)" under the Mid-levels West (HPA 11) Outline Zoning Plan No. S/H11/15 gazetted on 19 March 2010.
- (4) In undertaking our valuation of the Property, we have considered the sales of residential properties in Mid-Levels of Hong Kong Island. The comparables are primarily selected based on the following criteria: (i) the comparables are recent transactions, (ii) the comparables are located in the immediate locality of the Property, (iii) the comparables are located on the middle level of their respective buildings and (iv) the comparables have similar view as the Property.

As no transaction of duplex unit of large size is found according to the above selection criteria, transactions of simplex units with smaller saleable area are selected. The details of the selected comparables which are representative and exhaustive based on the aforesaid selection criteria are tabulated below with relevant adjustments:-

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Property	Unit B on 21/F, Tower 3 and Car Park Space No. 36 on Level LG5, Dynasty Court, 23 Old Peak Road, Mid-Levels, Hong Kong	Unit A on 19/F, Tower 3 and Car Park Space No. 12 on Level LG5, Dynasty Court, 23 Old Peak Road, Mid-Levels, Hong Kong	Unit 2 on 8/F, May Tower I, 7 May Road and Car Parking Space No. 34 on Lower Ground Floor, May Tower I & II, 5 and 7 May Road, Mid-Levels, Hong Kong	Unit A on 18/F, Block 1 and Car Parking Space No. 168 on Lower Ground Floor 3 & the Adjoining Spaces (if any), Clovelly Court, 12 May Road, Mid-Levels, Hong Kong
Year of Completion	1991	1991	1974	1994
Date of Instrument	8 May 2024	2 May 2024	3 Jan 2024	24 Nov 2023
Consideration (HK\$)	\$53,800,000	\$53,500,000	\$80,000,000	\$80,380,000
Saleable Area (SA)(sq ft)	1,513	1,530	2,218	2,348
Unit Rate (HK\$/sq ft SA)	\$35,558	\$34,967	\$36,069	\$34,233
Factor		Adjustment		
Time		-1.5% to 0%		
Floor level		-1.25% to +2%		
Size		-5% to -2%		
Building age and condition		0% to +12%		
View		0%		
Flat type (Simplex unit vs Duplex unit)		+15%		
Adjusted Unit Rate (HK\$/sq ft SA)	\$38,368	\$38,046	\$46,420	\$37,828
Adjusted Average Unit Rate (HK\$/sq ft SA)		\$40,166		

- (5) The unit rates of the comparables range from HK\$34,233 to HK\$36,069 per sq. ft. In our valuation, we have considered the different attributes between the Property and the comparables in terms of date of transaction, floor level, size, building age and condition, view, flat type, and have made adjustments accordingly.
- (6) In applying adjustments to the comparables, if a comparable is superior to the Property in terms of the abovementioned attributes, a downward adjustment would be made to adjust down the unit rate of that comparable, and vice versa. Having considered the above adjustments to the comparables, the adjusted average unit rate for the comparables is approximately HK\$40,200. Hence, we have adopted a unit rate of approximately HK\$40,200 per sq. ft. for the valuation of the Property.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which 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 C3 to the Listing Rules; or (iv) as known by the Directors were as follows:

(a) The Company

**Long positions in the ordinary shares of the Company (“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 <i>(Note 1)</i>
Lam Kin Ngok, Peter <i>(Note 5)</i>	Beneficial owner/ Owner of controlled corporations	112,211,038	Nil	258,168,186 <i>(Note 2)</i>	1,832,017 <i>(Notes 3&4)</i>	372,211,241	42.14%
U Po Chu <i>(Note 5)</i>	Beneficial owner	1,857,430	Nil	Nil	Nil	1,857,430	0.21%
Lam Hau Yin, Lester <i>(Note 5)</i>	Beneficial owner	28,033,218	Nil	Nil	6,519,095 <i>(Notes 3&4)</i>	34,552,313	3.91%

Notes:

1. *The percentage has been compiled based on the total number of issued Shares as at the Latest Practicable Date (i.e. 883,373,901 Shares).*
2. *As at the Latest Practicable Date, Dr. Lam Kin Ngok, Peter was deemed to be interested in 258,168,186 Shares (representing approximately 29.23% of the Company’s issued share capital) by virtue of his 100% interest in the issued share capital of Wisdoman Limited which directly owned 258,168,186 Shares.*

3. A share option was granted by the Company to each of Dr. Lam Kin Ngok, Peter and Mr. Lam Hau Yin, Lester, the particulars of which before the completion of 1-for-2 rights issue of the Company on 3 January 2023 (“2022 Rights Issue”) are set out below:

<i>Name of Director</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>Lam Kin Ngok, Peter</i>	<i>19/06/2017</i>	<i>425,033</i>	<i>19/06/2017-18/06/2027</i>	<i>11.763</i>
<i>Lam Kin Ngok, Peter</i>	<i>25/01/2022</i>	<i>1,312,300</i>	<i>25/01/2022-24/01/2032</i>	<i>3.874</i>
<i>Lam Hau Yin, Lester</i>	<i>19/06/2017</i>	<i>4,869,867</i>	<i>19/06/2017-18/06/2027</i>	<i>11.763</i>
<i>Lam Hau Yin, Lester</i>	<i>25/01/2022</i>	<i>1,312,300</i>	<i>25/01/2022-24/01/2032</i>	<i>3.874</i>

4. The exercise price of and the number of Shares entitled to be subscribed for under the outstanding share options have been adjusted on 3 January 2023 in the following manner following the completion of the 2022 Rights Issue:

<i>Name of Director</i>	<i>Number of underlying Shares comprised in share options before the 2022 Rights Issue</i>	<i>Exercise price of share options before the 2022 Rights Issue HK\$ per share</i>	<i>Adjusted number of underlying Shares comprised in share options after the 2022 Rights Issue</i>	<i>Adjusted exercise price of share options after the 2022 Rights Issue HK\$ per share</i>
<i>Lam Kin Ngok, Peter</i>	<i>425,033</i>	<i>11.763</i>	<i>448,197</i>	<i>11.155</i>
<i>Lam Kin Ngok, Peter</i>	<i>1,312,300</i>	<i>3.874</i>	<i>1,383,820</i>	<i>3.673</i>
<i>Lam Hau Yin, Lester</i>	<i>4,869,867</i>	<i>11.763</i>	<i>5,135,275</i>	<i>11.155</i>
<i>Lam Hau Yin, Lester</i>	<i>1,312,300</i>	<i>3.874</i>	<i>1,383,820</i>	<i>3.673</i>

5. Dr. Lam Kin Ngok, Peter, Madam U Po Chu and Mr. Lam Hau Yin, Lester are the directors of Wisdoman Limited.

(b) Associated Corporations

(i) LSD — a subsidiary of the Company

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

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate
							% of total interests to total issued LSD Shares (Note 1)
Lam Kin Ngok, Peter	Beneficial owner/ Owner of controlled corporations	975,907	Nil	808,084,296 (Note 2)	Nil	809,060,203	55.67%
U Po Chu (Note 3)	Beneficial owner	60,567	Nil	Nil	Nil	60,567	0.01%

Notes:

1. *The percentage has been compiled based on the total number of issued LSD Shares as at the Latest Practicable Date (i.e. 1,453,328,830 LSD Shares).*
2. *As at the Latest Practicable Date, the Company and two of its wholly-owned subsidiaries, namely Joy Mind Limited and Zimba International Limited, beneficially owned in aggregate 808,084,296 LSD Shares, representing approximately 55.60% of the issued share capital of LSD. As such, Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 808,084,296 LSD Shares (representing approximately 55.60% of the issued share capital of LSD) by virtue of, in aggregate, his personal (including underlying shares) and deemed interests of approximately 42.14% in the issued share capital of the Company.*

The Company pledged approximately 208,513,987 LSD Shares as security pursuant to its 7.70% secured guaranteed notes due 2018 under a share charge dated 24 July 2014. The amount has been repaid in full.

3. *Madam U Po Chu is the widow of the late Mr. Lim Por Yen whose estate includes an interest of 8,718,829 LSD Shares, representing approximately 0.60% of the issued share capital of LSD.*

(ii) eSun — a subsidiary of LSD

**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)
Lam Kin Ngok, Peter (Note 3)	Beneficial owner/ Owner of controlled corporations	2,794,443	Nil	1,113,260,072 (Note 2)	Nil	1,116,054,515	63.56%
Lam Hau Yin, Lester	Beneficial owner	2,794,443	Nil	Nil	Nil	2,794,443	0.16%

Notes:

- The percentage has been compiled based on the total number of issued eSun Shares as at the Latest Practicable Date (i.e. 1,755,876,866 eSun Shares).*
- As at the Latest Practicable Date, the Company was interested in 808,084,296 LSD Shares, representing approximately 55.60% of the issued share capital of LSD. Transtrend Holdings Limited (“Transtrend”), a wholly-owned subsidiary of LSD, was interested in 1,113,260,072 eSun Shares, representing approximately 63.40% of the issued share capital of eSun. As such, Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 1,113,260,072 eSun Shares (representing approximately 63.40% of the issued share capital of eSun) by virtue of, in aggregate, his personal (including underlying shares) and deemed interests of approximately 42.14% and 55.67% in the issued share capital of the Company and LSD, respectively.*
- Dr. Lam Kin Ngok, Peter resigned as an executive director of eSun with effect from 14 February 2014.*

(iii) Lai Fung — a subsidiary of LSD**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)
Lam Kin Ngok, Peter (Note 3)	Owner of controlled corporations	Nil	Nil	182,318,266 (Note 2)	Nil	182,318,266	55.08%

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, LSD 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 LSD and 1,717,510 Lai Fung Shares were beneficially owned by Transtrend, representing approximately 55.08% of the issued share capital of Lai Fung. As such, Dr. Lam Kin Ngok, Peter 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 42.14% and 55.67% personal (including underlying shares) and deemed interests in the issued share capital of the Company and LSD, respectively.*
- Dr. Lam Kin Ngok, Peter was appointed the chairman and an executive director of Lai Fung on 2 June 2023.*

(iv) Lai Sun MTN Limited – a subsidiary of LSD**Long position in the 5% guaranteed medium term notes due 2026**

Name of Director	Capacity	Nature of Interests	Principal Amount
Lam Kin Ngok, Peter	Beneficial owner	Personal	USD13,500,000

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

Save as otherwise disclosed in this circular, as at the Latest Practicable Date, none of the Company or its subsidiaries is a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or exercised any such right.

Substantial Shareholders' and Other Persons' Interests

As at the Latest Practicable Date, so far as it was 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 of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept under section 336 of the SFO (“**Register of Shareholders**”) or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (“**Voting Entitlements**”) (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

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

Name	Capacity	Number of Shares and underlying Shares	Approximate % of Shares in issue (Note 1)
Lam Kin Ngok, Peter (Note 2)	Beneficial owner/ Owner of controlled corporations	372,211,241	42.14%
Wisdoman Limited (Note 2)	Beneficial owner	258,168,186 (Note 3)	29.23%
Yu Cheuk Yi	Beneficial owner	185,690,000 (Note 4)	21.02% (Note 4)
Yu Siu Yuk	Beneficial owner	185,690,000 (Note 4)	21.02% (Note 4)

Notes:

1. The percentage has been compiled based on the total number of issued Shares as at the Latest Practicable Date (i.e. 883,373,901 Shares).
2. Dr. Lam Kin Ngok, Peter, a Director of the Company, is also a director of Wisdoman Limited.
3. Dr. Lam Kin Ngok, Peter was deemed to be interested in 258,168,186 Shares owned by Wisdoman Limited by virtue of his 100% interests in the issued share capital of Wisdoman Limited.
4. Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk jointly held 185,690,000 Shares (21.02%) according to shareholdings shown in the last Individual Substantial Shareholder Notice (Form 1) filed for an event on 22 May 2023.

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

3. DIRECTORS' SERVICE CONTRACTS

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

4. COMPETING INTERESTS

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

1. Dr. Lam Kin Ngok, Peter, Mr. Yang Yiu Chong, Ronald Jeffrey, Mr. Cheung Sum, Sam, Mr. Lam Kin Hong, Matthew, Mr. Lam Hau Yin, Lester and Madam U Po Chu (together, "**Interested Directors**") held shareholdings or other interests and/or directorships in companies/entities engaged in the businesses of property investment and development in Hong Kong and Mainland China, including LSD, Lai Fung and Crocodile Garments Limited.
2. Dr. Lam Kin Ngok, Peter held shareholdings or other interests and/or directorships in companies or entities engaged in the business of investment in and operation of hotels and restaurants, media and entertainment, film production and distribution and cinema operation.

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 if each of them was a controlling shareholder of the Company).

5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

As at the Latest Practicable Date, (a) none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 July 2023 (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 were proposed to be acquired or disposed of by or leased to any member of the Group; (b) 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.

6. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (being contracts entered into outside the ordinary course of business carried on by the Group) have been entered into by members of the Group within the two years immediately preceding the date of this circular:

- (a) the Offer Letter;
- (b) a sale and purchase and put option agreement entered into on 14 May 2024 between Kingswood Shine Limited (“**Kingswood**”) (an indirect wholly-owned subsidiary of LSD), Bright Jewel Investments Limited (an indirect wholly-owned subsidiary of LSD), Feldmore Investments Limited (an Independent Third Party) and Ms. Huang Qing (an Independent Third Party) as vendors, and Weishan Shipping Pte. Ltd. (“**Weishan**”) (an Independent Third Party) as purchaser in relation to a disposal of 95% of the equity interest in Orwell Investments Pte. Ltd. (“**Orwell**”) and the assignment of the shareholder’s loan owing to the vendors by Orwell at the total consideration of US\$14,787,084, and the put option grants by Weishan to Kingswood subject to the occurrence of the completion and in consideration of SGD1 paid by Kingswood to Weishan under the sale and purchase and put option agreement;
- (c) a sale and purchase agreement entered into on 8 April 2024 between Peakflow Profits Limited (a wholly-owned subsidiary of LSD) as vendor and Grand Design Development Limited (an Independent Third Party) as purchaser in relation to the disposal of 10% equity interest in Bayshore Development Group Limited (“**Bayshore Development**”) at the consideration of 10% of the net asset value based on the audited completion account of Bayshore Development at the completion date;
- (d) a provisional sale and purchase agreement entered into on 15 March 2024 between International Development and Services Limited (a wholly-owned subsidiary of LSD) as vendor and Wai Tung International Limited (an Independent Third Party) as purchaser in relation to the disposal of a property at the consideration of HK\$80,000,000;
- (e) a sale and purchase agreement entered into on 21 June 2023 between Rosy Commerce Holdings Limited (“**Rosy Commerce**”, a company owned by Lai Fung and LSD as to 80% and 20%, respectively) as purchaser, and China Cinda (HK) Asset Management Co., Limited (“**China Cinda**”) as vendor, whereby Rosy Commerce purchased certain shares in Glorious Stand Limited (“**Glorious Stand**”) and took assignment of certain shareholder’s loans owed by Glorious Stand to China Cinda at the consideration of US\$8,386,176.05 and US\$882,755.37, respectively; and

- (f) a call option deed entered into on 22 August 2022 amongst Happy Tycoon Holdings Limited (“**Happy Tycoon**”) (an Independent Third Party) as vendor, Early Harvest Assets Limited (“**Early Harvest**”) (a wholly-owned subsidiary of LSD) as purchaser, and Rainbow Estate International Limited (“**Rainbow Estate**”) as the target company (the “**Call Option Deed**”), whereby Early Harvest exercised the call option pursuant to the Call Option Deed and acquired 15% of the issued share capital of Rainbow Estate at a total consideration of approximately HK\$161.7 million on 3 March 2023. LSD Group therefore indirectly owns 15% of certain land interest where Tai Po Golf Club Limited (“**TP Golf Club**”) (a wholly-owned subsidiary of Rainbow Estate) is the registered owner upon completion of the Call Option Deed. Further, LSD executed a corporate guarantee (as guarantor) as required by an amended facility agreement (to which LSD is not a party) with TP Golf Club as the borrower, which is one of the completion conditions for the Call Option Deed.

8. EXPERT’S QUALIFICATIONS, INTERESTS AND CONSENT

The following are the qualifications of the expert which has given their opinion or advice which are contained in this circular:

Name	Qualification
Savills Valuation and Professional Services Limited	Independent property valuer

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the above expert is a third party independent of the Company and its connected persons.

As at the Latest Practicable Date, the above expert did not have:

- (a) any direct or indirect interest in any assets which have been, since 31 July 2023 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) any shareholding, direct or indirect, in any member of 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.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, report and the references to its name in the form and context in which they appear.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the respective websites of HKEX (www.hkexnews.hk) and the Company (www.laisun.com) for a period of 14 days from the date of this circular:

- (a) the Offer Letter;
- (b) the articles of association of the Company;
- (c) the valuation report prepared by the Independent Valuer, the full text of which is set out in Appendix II to this circular;
- (d) the written consent referred to in the paragraph headed “8. *EXPERT’S QUALIFICATIONS, INTERESTS AND CONSENT*” in this Appendix III;
- (e) the annual reports of the Company for the three financial years ended 31 July 2021, 31 July 2022, and 31 July 2023;
- (f) the interim report of the Company for the six months ended 31 January 2024;
- (g) the material contracts referred to under the paragraph headed “7. *MATERIAL CONTRACTS*” in this Appendix III; and
- (h) this circular.

10. GENERAL

- (a) the address of the registered office of the Company is 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong;
- (b) the company secretary of the Company is Ms. Tse Pik Ha, who is an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom;
- (c) the share registrar of the Company is Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong; and
- (d) in case of inconsistency, the English text of this circular shall prevail over the Chinese text.

NOTICE OF GENERAL MEETING



LAI SUN GARMENT

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

(Stock Code: 191)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a general meeting (“GM”) of the members (“Members”) of Lai Sun Garment (International) Limited (“Company”) will be held at Grand Ballrooms 1 and 2, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Friday, 12 July 2024 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the entering into of the Offer Letter (as defined in the circular of the Company dated 24 June 2024, the “Circular”), a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose by the Company be and is hereby approved, confirmed and ratified;
- (b) the Disposal (as defined in the Circular), all actions taken (or to be taken) by the Company (or any of its subsidiaries) in relation thereto and all other matters contemplated thereunder be and are hereby approved; and
- (c) any director or any two directors of the Company (if execution under the common seal of the Company (“Common Seal”) is required) be and is/are hereby authorised for and on behalf of the Company to sign and execute, under hand or under the Common Seal (as appropriate), perfect, perform and deliver all such agreements, instruments, documents and deeds, and do all such acts or things and take all such steps as he/she may in his/her absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or to give effect to the Offer Letter and all matters incidental thereto.”

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

Hong Kong, 24 June 2024

NOTICE OF GENERAL MEETING

Registered Office:

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

Notes:

- 1. A Member entitled to attend and vote at the GM convened by the above notice (“**Notice**”) or its adjourned meeting (as the case may be) is entitled to appoint one (or if he/she/it holds two or more shares in the share capital of the Company (“**Shares**”), more than one) proxy to attend and to speak at the GM and, on a poll, vote on his/her/its behalf in accordance with the articles of association of the Company. A proxy need not be a Member.*
- 2. A form of proxy for use at the GM is sent to the Members with the circular of the Company dated 24 June 2024 containing this Notice (“**Circular**”) and is also available at the respective websites of Hong Kong Exchanges and Clearing Limited (“**HKEX**”) and the Company.*
- 3. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company’s share registrar, Tricor Tengis Limited (“**Registrar**”), at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the GM or its adjourned meeting (as the case may be) and in default, the form of proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude Members from attending in person and voting at the GM or at its adjourned meeting (as the case may be) should they so wish. In such case, the said form(s) of proxy shall be deemed to be revoked.*

The contact phone number of the Registrar is (852) 2980 1333.
- 4. To ascertain the entitlements to attend and vote at the GM, Members must lodge the relevant transfer document(s) and share certificate(s) at the office of the Registrar not later than 4:30 p.m. on Monday, 8 July 2024 for registration.*
- 5. Where there are joint registered holders of any Share, any one of such joint holders may attend and vote at the GM or its adjourned meeting (as the case may be), either personally or by proxy, in respect of such Shares as if he/she/it was solely entitled thereto; but if more than one of such joint holders are present at the GM or its adjourned meeting (as the case may be) personally or by proxy, then one of such holders so present whose name stands first in the Register of Members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.*
- 6. In compliance with Rule 13.39(4) of the Rules Governing in the Listing of Securities on the Stock Exchange of Hong Kong Limited, voting on the resolution proposed in this Notice shall be decided by way of poll at the GM.*

NOTICE OF GENERAL MEETING

7. *If a tropical cyclone warning signal No. 8 or above is expected to be hoisted or a black rainstorm warning signal is expected to be in force at any time after 7:00 a.m. on the date of the GM, the GM will be postponed and Members will be informed of the date, time and venue of the postponed GM by a supplementary notice, posted on the respective websites of the Company and HKEX.*

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

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

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

8. *Members are advised to read the Circular which contains information concerning the resolution to be proposed at the GM.*
9. *No refreshments or corporate gifts will be provided at the GM.*