
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 institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in **Lai Sun Development Company Limited**, you should at once hand this circular with the accompanying form of proxy, to the purchaser(s) or 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 DEVELOPMENT

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

(Stock Code: 488)

CONTINUING CONNECTED TRANSACTIONS RENEWAL OF FINANCIAL ASSISTANCE FRAMEWORK AGREEMENT AND NOTICE OF GENERAL MEETING

**Independent Financial Adviser to
Independent Board Committee and Independent Shareholders**

ALTUS CAPITAL LIMITED

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 8 to 24 of this circular. The notice convening the General Meeting 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, 19 December 2025 at 10:40 a.m. (or as soon thereafter as the 2025 AGM convened at the same place and on the same date at 9:50 a.m. shall have been concluded or adjourned) 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 any adjournment thereof (as the case may be) in person but wish to exercise your right as a Shareholder, please complete, sign and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company’s share registrar, Tricor Investor Services 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, 4 December 2025

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This circular in both English and Chinese is available in printed form and published on the respective websites of the Company at <https://www.laisun.com> and Hong Kong Exchanges and Clearing Limited at <https://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, unless the context otherwise requires, the following expressions have the following respective meanings:

“2025 AGM”	the annual general meeting of the Company to be convened and held at Grand Ballrooms 1 and 2, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Friday, 19 December 2025 at 9:50 a.m. or at any adjournment thereof;
“Altus Capital” or “Independent Financial Adviser”	Altus Capital Limited (浩德融資有限公司), a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the automatic renewal of LSD Financial Assistance Framework Agreement, the Intercompany Loan Transactions contemplated thereunder and the LSD-LF Annual Caps;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Borrower”	member(s) of the LF Borrower Group receiving financial assistance pursuant to the LSD Financial Assistance Framework Agreement;
“close associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Company” or “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);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“connected subsidiary”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;

DEFINITIONS

“Director(s)”	the director(s) of the Company;
“disclosures of interests”	the disclosures of interests pursuant to Part XV of the SFO or otherwise;
“Dr. Peter Lam”	Dr. Lam Kin Ngok, Peter, the ultimate controlling shareholder of the Company and LSG, the chairman and an executive director of each of LSG, the Company and LF;
“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), and is indirectly owned as to approximately 63.40% by the Company as at the Latest Practicable Date;
“eSun Group”	eSun and its subsidiaries;
“Existing LSD-LF Annual Caps”	the annual caps set in respect of the Intercompany Loan Transactions contemplated under the LSD-LF Framework Agreement for each of the financial years during the Initial Term;
“Existing LSD-LF Loan Transaction(s)”	the financial assistance provided by a LSD Lender Group Company to a LF Borrower Group Company from time to time pursuant to the terms of the LSD-LF Framework Agreement during the Initial Term;
“Financial Assistance Framework Agreement”	the LSD Financial Assistance Framework Agreement;
“General Meeting”	a general meeting of the Company to be held to seek approval from the Independent Shareholders in respect of (i) the automatic renewal of the LSD Financial Assistance Framework Agreement by the Company (as lender); (ii) the Intercompany Loan Transactions contemplated under the LSD Financial Assistance Framework Agreement; and (iii) the LSD-LF Annual Caps;

DEFINITIONS

“General Terms”	general terms applicable to the Intercompany Loan Transactions as set out in the section headed “General Terms of the Intercompany Loan Transactions” in this circular;
“GFA”	gross floor area;
“Group”	the Company and its subsidiaries (including, for the avoidance of doubt, the LF Group);
“HIBOR”	the Hong Kong interbank offered rate administered by the Treasury Markets Association (or any other person which takes over the administration of that rate) for HK\$ for the relevant period;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKEX”	Hong Kong Exchanges and Clearing Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee of the Company established by the Board comprising all the independent non-executive Directors;
“Independent Shareholders”	the Shareholders other than (a) the Yu Shareholders, who, on the basis of their disclosures of interests in the Company and LF as at the Latest Practicable Date, will be required under the Listing Rules to abstain from voting on the resolution to be proposed at the General Meeting, and their close associates; and (b) any other Shareholder who has a material interest in the LSD Financial Assistance Framework Agreement and the Intercompany Loan Transactions contemplated thereunder, and will be required under the Listing Rules to abstain from voting on the relevant resolution to be proposed at the General Meeting, and their close associates. For the avoidance of doubt, the Independent Shareholders include LSG, Zimba, Joy Mind and Dr. Peter Lam;

DEFINITIONS

“Initial Term”	the initial term of the LSD Financial Assistance Framework Agreement commenced from 1 January 2023 and expiring on 31 December 2025;
“Intercompany Loan(s)”	loan(s) granted by a relevant Lender to a relevant Borrower under the Intercompany Loan Transaction;
“Intercompany Loan Transaction(s)”	the LSD-LF Loan Transactions;
“Joint Announcement”	the announcement dated 28 November 2025 jointly made by LSG and the Company in relation to, <i>inter alia</i> , the renewal of the Financial Assistance Framework Agreement;
“Joy Mind”	Joy Mind Limited (欣楚有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of LSG;
“Latest Practicable Date”	28 November 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular prior to its publication;
“Lender”	member(s) of the LSD Lender Group providing financial assistance pursuant to the LSD-LF Framework Agreement;
“LF”	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), and is indirectly owned as to approximately 55.08% by the Company as at the Latest Practicable Date;
“LF Borrower Group”	LF Group in the capacity as borrower under the Intercompany Loan Transactions; and “ LF Borrower Group Company(ies) ” shall mean any member of the LF Borrower Group;
“LF Group”	LF and its subsidiaries;

DEFINITIONS

“LF Shares”	the shares in the issued share capital of LF;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time);
“LSD Financial Assistance Framework Agreement”	the LSD-LF Framework Agreement;
“LSD Lender Group”	the Group (excluding the LF Group and the eSun Group) in the capacity as lender under the Intercompany Loan Transactions; and “ LSD Lender Group Company(ies) ” shall mean any member of the LSD Lender Group;
“LSD-LF Annual Caps”	the annual caps set in respect of the Intercompany Loan Transactions contemplated under the LSD-LF Framework Agreement for each of the financial years during the Renewed Term;
“LSD-LF Framework Agreement”	the financial assistance framework agreement dated 9 September 2022 and entered into between the Company and LF in relation to the provision of financial assistance in the form of unsecured bilateral loans by member(s) of the LSD Lender Group (as lender) to member(s) of the LF Borrower Group (as borrower) from time to time during the term thereof;
“LSD-LF Loan Transaction(s)”	the financial assistance to be provided by a LSD Lender Group Company to a LF Borrower Group Company from time to time pursuant to the terms of the LSD-LF Framework Agreement;
“LSG”	Lai Sun Garment (International) Limited (麗新製衣國際有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 191);
“LSG Group”	LSG and its subsidiaries (including, for the avoidance of doubt, the Group);
“LSG Shares”	the shares in the issued share capital of LSG;

DEFINITIONS

“Madam U”	Madam U Po Chu, an executive director of LSG and LF, a non-executive director of the Company, and Dr. Peter Lam’s mother;
“Mr. Lester Lam”	Mr. Lam Hau Yin, Lester, an executive director of the LSG (and an alternate director to Madam U as an executive director of LSG) and the Company (and an alternate director to Madam U as a non-executive director of the Company), the chief executive officer and an executive director of LF (and an alternate director to Madam U as an executive director of LF), and Dr. Peter Lam’s son;
“PRC”	the People’s Republic of China and for the purpose of this circular, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“Renewed Term”	the renewed term of the LSD-LF Framework Agreement commencing from 1 January 2026 and expiring on 31 December 2028;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time);
“Share(s)”	the share(s) in the issued share capital of the Company;
“Shareholder(s)”	the holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Wisdoman”	Wisdoman Limited (善晴有限公司), a company incorporated in Hong Kong with limited liability and wholly-owned by Dr. Peter Lam, together with Dr. Peter Lam, are controlling shareholders of LSG;
“Yu Shareholders”	Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk;

DEFINITIONS

“Zimba” Zimba International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of LSG; and

“%” per cent.

LETTER FROM THE BOARD



LAI SUN DEVELOPMENT

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

(Stock Code: 488)

Executive Directors:

Dr. Lam Kin Ngok, Peter, *GBM, GBS (Chairman)*
Mr. Cheung Sum, Sam (*Group Chief Financial Officer*
and Company Secretary)
Mr. Lam Hau Yin, Lester
(*also alternate director to Madam U Po Chu*)
Mr. Lee Tze Yan, Ernest

Registered Office:

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

Non-Executive Director:

Madam U Po Chu

Independent Non-executive Directors:

Mr. Lam Bing Kwan
Mr. Leung Shu Yin, William
Mr. Ip Shu Kwan, Stephen, *GBS, JP*
Mr. Luk Hon Man

4 December 2025

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF FINANCIAL ASSISTANCE FRAMEWORK AGREEMENT
AND
NOTICE OF GENERAL MEETING**

1. INTRODUCTION

Reference is made to the Joint Announcement. This circular contains (i) information on the LSD-LF Framework Agreement and the Intercompany Loan Transactions contemplated thereunder, the proposed LSD-LF Annual Caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Altus Capital to the Independent Board Committee and the Independent Shareholders; (iv) certain financial information of the Group; (v) a notice of the General Meeting; and (vi) other information as required under the Listing Rules.

LETTER FROM THE BOARD

2. LSD FINANCIAL ASSISTANCE FRAMEWORK AGREEMENT

On 9 September 2022, the Company entered into, among others, the LSD-LF Framework Agreement with LF (a connected subsidiary of the Company) in respect of financial assistance to be provided by LSD Lender Group Companies to LF Borrower Group Companies from time to time. The LSD-LF Framework Agreement was for an Initial Term of three years commenced from 1 January 2023 and expiring on 31 December 2025, which will be automatically renewed for subsequent periods of three years, subject to the determination of new annual caps for the Renewed Term and the Company's and LSG's due compliance with all applicable requirements of the Listing Rules.

On 28 November 2025, the Company and LF agreed to renew the LSD-LF Framework Agreement upon the expiry of the Initial Term on 31 December 2025 for a further term of three years, i.e. up to and including 31 December 2028. There has been no change to the terms of the LSD-LF Framework Agreement since it was entered into on 9 September 2022.

Principal Terms of the LSD-LF Framework Agreement

The principal terms of the LSD-LF Framework Agreement are as follows:

Date:	9 September 2022
Parties:	the Company (as lender) and LF (as borrower)
Term:	Commenced from 1 January 2023 and expiring on 31 December 2025 and thereafter to be automatically renewed for subsequent periods of three (3) years on the same terms and conditions unless terminated, provided always that the renewal of the term shall be conditional upon (i) the Company having determined new annual caps to apply for the Renewed Term; and (ii) the Company's and LSG's due compliance with all applicable requirements of the Listing Rules (including the requirement to obtain independent shareholders' approval, if applicable).

LETTER FROM THE BOARD

LSD-LF Loan Transactions:	At any time during the term, any LSD Lender Group Company (as lender) and any LF Borrower Group Company (as borrower) may enter into LSD-LF Loan Transaction(s) upon such terms and conditions as may be mutually agreed between the parties thereto, provided that each LSD-LF Loan Transaction shall fully comply with the terms and conditions of the LSD-LF Framework Agreement.
General Terms:	See the section headed “General Terms of the Intercompany Loan Transactions” below for the General Terms agreed between the parties in respect of each LSD-LF Loan Transaction to be entered into during the term.
Termination:	The LSD-LF Framework Agreement may be terminated, <i>inter alia</i>, at any time by either party giving not less than one (1) month’s prior written notice to the other party; by either party if the other party commits a material breach of any of the provisions of the LSD-LF Framework Agreement; or by either party if the other party has become insolvent or is subject to any winding-up, liquidation or analogous proceedings. In the event that LF ceases to be a connected person of the Company, or the LSD-LF Loan Transactions cease to be subject to the requirements of the Listing Rules in relation to continuing connected transactions, the parties may (but shall not be obliged to) terminate the LSD-LF Framework Agreement by way of mutual agreement in writing.
Renewal Conditions:	The renewal of the LSD-LF Framework Agreement is conditional upon both the Company and LSG having obtained independent shareholders’ approval in accordance with the applicable requirements of the Listing Rules in respect of (i) the automatic renewal of the LSD-LF Framework Agreement by the Company, (ii) the LSD-LF Loan Transactions contemplated thereunder, and (iii) the LSD-LF Annual Caps for the Renewed Term.

LETTER FROM THE BOARD

Historical Transaction Amounts and Existing LSD-LF Annual Caps under the LSD-LF Framework Agreement

The Existing LSD-LF Annual Caps for the Existing LSD-LF Loan Transactions pursuant to the LSD-LF Framework Agreement for each of the financial years during the Initial Term are as below:

	For the financial year ended/ending 31 July			
	2023	2024	2025	2026
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Existing LSD-LF Annual Caps	1,000,000	3,000,000	3,000,000	3,000,000

During the Initial Term, the aggregate amount of the Intercompany Loans provided by the LSD Lender Group Companies to the LF Borrower Group Companies for the financial years ended 31 July 2023, 2024 and 2025 were nil, nil and approximately HK\$565,000,000, respectively, under the LSD-LF Framework Agreement.

LSD-LF Annual Caps

At any time during the Renewed Term of the LSD-LF Framework Agreement, the aggregate amount of the Intercompany Loans provided by the LSD Lender Group Companies to the LF Borrower Group Companies shall not exceed the LSD-LF Annual Caps of the relevant financial year.

Set out below are the proposed LSD-LF Annual Caps for the LSD-LF Loan Transactions contemplated under the LSD-LF Framework Agreement for each of the financial years during the Renewed Term:

	For the financial year ending 31 July			
	2026	2027	2028	2029
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
LSD-LF Annual Caps	1,500,000	1,500,000	1,500,000	1,500,000

LETTER FROM THE BOARD

Basis of the LSD-LF Annual Caps

In arriving at the LSD-LF Annual Caps set out above, the Directors have considered the following factors: (i) the cash position, the estimated operating cash flow as well as financing capacity of the LSD Lender Group; (ii) the expected financing demands of the LF Borrower Group in each of the financial years during the Renewed Term; (iii) the historical transaction amounts during the Initial Term of the LSD-LF Framework Agreement; and (iv) the necessity for flexibility and a contingency buffer for additional financial assistance to accommodate unanticipated operational and/or other funding needs of the LF Borrower Group.

3. DETAILED BASIS OF LSD-LF ANNUAL CAPS

As disclosed above, the LSD-LF Annual Caps were set with reference to the expected financing demand of the LF Borrower Group in each of the financial years during the Renewed Term, estimated based on the latest cash position and projected cash flow of LF Borrower Group. Certain buffer has been provided in the projected cash flow of LF Borrower Group for any unanticipated operational and/or other funding needs.

As at 31 July 2025, the consolidated cash and bank balances and undrawn facilities of LF Group amounted to approximately HK\$1,840.8 million and HK\$2,591.8 million, respectively, and the total borrowings was approximately HK\$10,309.2 million. LF Group is the PRC property arm of the Group and principally engaged in property development for sale, property investment, and development and operation of and investment in cultural, leisure, entertainment and related facilities in the PRC. LF Group's rental portfolio of approximately 5.9 million square feet as at 31 July 2025 in Shanghai, Guangzhou, Zhongshan and Hengqin, being tier-1 cities in the PRC and cities within the Greater Bay Area, delivered relatively steady performance in rental income. For the year ended 31 July 2025, LF Group's properties held for rental recorded a turnover of HK\$721.8 million. The two recently completed grade A office towers, Shanghai Skyline Tower and Guangzhou Lai Fung International Center have been ramping up steadily and delivered additional rental income to the Group compared to last financial year. The under-development project of LF Group is Phase II ("**Novotown Phase II**") of the Novotown project ("**Novotown**") in Hengqin, Zhuhai. Phase I of the Novotown has transformed itself into "Hengqin-Macao Cross-border E-Commerce Industrial Park (Novotown)" with leading Chinese e-commerce and new technology industry companies located in Hengqin. The demand for accommodation and office space underpinned the progress of Novotown Phase II. Construction of Novotown Phase II is in progress and it comprises eleven towers, of which one is for office use and the other ten are for accommodation purpose. Towers four to eleven have been approved by the local government as accommodation for rental purpose. Construction work for Tower one, designated for serviced apartment use, was completed in late July 2025. Tower three, designated for serviced apartment use, will be completed by September 2026 and Tower two, designated for office use, is expected to complete by August 2026. The total development costs yet to be incurred in phases are expected to amount to approximately RMB700 million.

LETTER FROM THE BOARD

In determining the LSD-LF Annual Caps, the Directors have also considered the cash position and estimated operating cash flow of LSD Lender Group, as well as financing capacity of the LSD Lender Group. Excluding its interests in LF Group, the principal activities of the Group include property investment and property development in Hong Kong and overseas, investment in and operation of hotels and restaurants and investment holding. The Group's property investment business in Hong Kong includes its interests in commercial, office and industrial buildings, i.e. Cheung Sha Wan Plaza, Causeway Bay Plaza 2 and Lai Sun Commercial Centre. The Group also owns three investment properties in London, namely, 100, 106 and 107 Leadenhall Street (collectively, **"Leadenhall Properties"**), with a combined GFA of approximately 344,230 square feet. The Group is currently assessing options for Leadenhall Properties to optimise value for the Group. As at 31 July 2025, the attributable GFA of the Group's major completed properties held for rental in Hong Kong and London are approximately 1,149,248 square feet and 344,230 square feet, respectively. For the year ended 31 July 2025, turnover from rental properties (including the joint venture projects) in Hong Kong and London was approximately HK\$597.8 million in total. The Group currently has 4 residential projects in Hong Kong under development, including the joint venture project of Deep Water Pavilia in the Southern district of Hong Kong, 79 Broadcast Drive project in Kowloon Tong, 1 Kotewall Road project in Mid-levels and 116 Waterloo Road project in Ho Man Tin, and the attributable GFA for the above projects as at 31 July 2025 is approximately 268,838 square feet in total. Pre-sale of the joint venture project of Deep Water Pavilia has been launched in June 2025. The construction of these 4 projects is expected to complete in 2026 to 2028. Restaurant operation of the Group includes its interests in 23 restaurants in Hong Kong and Chinese Mainland, 1 restaurant in Dubai and 1 restaurant in Macau under management. The hotel segment of the Group (excluding LF Group) includes the its operation of the Ocean Park Marriott Hotel in Hong Kong and the Caravelle Hotel in Ho Chi Minh City, Vietnam, as well as the 50% interest in Fairmont St. Andrews resort in Scotland, United Kingdom. As at 31 July 2025, the consolidated cash and bank balances and undrawn facilities of the Group (excluding eSun Group and LF Group) amounted to approximately HK\$2,014.3 million and HK\$1,199.6 million, respectively. After taking into account the operational needs of the Group (excluding LF Group) going forward, it is considered financially flexible and feasible for the Group to provide the Intercompany Loans to the LF Borrower Group in each of the financial years during the Renewed Term.

LETTER FROM THE BOARD

4. GENERAL TERMS OF THE INTERCOMPANY LOAN TRANSACTIONS

(1) General Terms

The parties to the LSD-LF Framework Agreement have agreed with each other as follows:

- (a) each Intercompany Loan Transaction shall take the form of unsecured bilateral loan(s) to be granted by a LSD Lender Group Company (as lender) to a LF Borrower Group Company (as borrower), and no mortgage, pledge or other security over the assets of or interest in any member of the relevant LF Borrower Group shall be granted;
- (b) the effective interest rate of each Intercompany Loan Transaction shall be the aggregate of HIBOR for the relevant interest period and an interest margin to be determined by the relevant Lender on a case-by-case basis in accordance with the provisions set out in the sub-section headed “(2) Market comparison” below;
- (c) each Intercompany Loan Transaction shall be on normal commercial terms;
- (d) each Intercompany Loan Transaction shall be governed by a written loan agreement which shall clearly set out the terms and conditions upon which the Intercompany Loan Transaction shall be undertaken (including but not limited to any conditions precedent, the interest rate, the repayment schedule and any prepayment conditions);
- (e) the advance of each Intercompany Loan shall be conditional upon (amongst any other conditions precedent) the relevant Lender having sufficient available funds to finance the Intercompany Loan;
- (f) at any time during the term of the LSD-LF Framework Agreement, the aggregate amount of the Intercompany Loans provided by the Lender to the Borrower shall not exceed the relevant LSD-LF Annual Caps for the relevant financial year; and
- (g) each Intercompany Loan Transaction shall be in compliance with the provisions of the LSD-LF Framework Agreement, the constitutional documents of the Lender and the Borrower, and all applicable laws and regulations (including but not limited to the Listing Rules).

LETTER FROM THE BOARD

(2) Market comparison

The parties to the LSD Financial Assistance Framework Agreement have further agreed with each other that, when a decision is to be made by a LSD Lender Group Company on the terms and conditions of an Intercompany Loan Transaction to be offered to the LF Borrower Group Company, the LSD Lender Group Company shall obtain the prevailing rates and terms at the time offered by not less than two (2) major independent commercial banks in Hong Kong for a similar loan (similar as to currency, term, type of interest rate and other factors deemed relevant by the LSD Lender Group Company) for comparison; and without prejudice to paragraphs (b) and (c) set out in the sub-section headed “(1) General Terms” above, the interest margin to be offered by the LSD Lender Group Company in an Intercompany Loan Transaction shall not be (i) lower than the lowest interest margin offered by the aforesaid commercial banks, and (ii) higher than the highest interest margin offered by the aforesaid commercial banks.

5. REASONS AND BENEFITS OF THE LSD FINANCIAL ASSISTANCE FRAMEWORK AGREEMENT

As at 31 July 2025, the consolidated cash and bank balances and undrawn facilities of the Group (excluding eSun Group and LF Group) amounted to approximately HK\$2,014.3 million and HK\$1,199.6 million, respectively.

The Directors are of the view that the proposed provision of financial assistance by the LSD Lender Group to the LF Borrower Group under the LSD-LF Framework Agreement will, on one hand, enable the LSD Lender Group to better utilise any excess cash at hand and generate interest income and, on the other hand, enable members of the LF Borrower Group (which is also members of the LSG Group and the Group) to efficiently utilise its cash resources, such as to fulfill its financial obligation and meet their operational needs from time to time as necessary.

The availability of the Intercompany Loans from the LSD Lender Group (subject to the LSD Lender Group having sufficient available funds to provide the requisite financial assistance) will provide members of the LF Borrower Group with an alternative source of financing other than obtaining external loans from third-party lenders and incurring third-party interest expenses. The Company, as the holding company of LF, will also in turn benefit from the financial assistance received by the LF Borrower Group under the relevant Intercompany Loan Transactions.

LETTER FROM THE BOARD

By entering into the LSD-LF Framework Agreement, the Directors are of the view that this will provide flexibility for the LSD Lender Group to enter into the LSD-LF Loan Transactions with the LF Borrower Group from time to time and, at the same time, regulate such Intercompany Loan Transactions within the confines of the Listing Rules.

The Directors (including the independent non-executive Directors whose views have been set out in the letter of recommendation from the Independent Board Committee on pages IBC-1 to IBC-2 of this circular after taking into consideration the advice of Altus Capital) consider that the LSD Financial Assistance Framework Agreement and the Intercompany Loan Transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company, its subsidiaries and the Shareholders as a whole.

6. INFORMATION OF THE PARTIES

(1) 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, development and operation of and investment in cultural, leisure, entertainment and related facilities and investment holding.

As at the Latest Practicable Date, LSG owned approximately 55.60% of the total Shares.

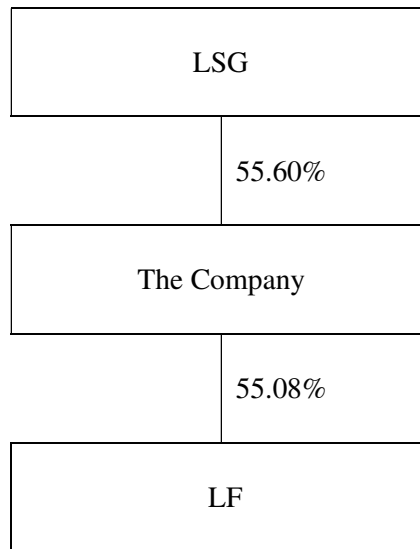
(2) LF

LF is 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. The principal activities of the LF Group include property development for sale, property investment, and development and operation of and investment in cultural, leisure, entertainment and related facilities in the PRC.

As at the Latest Practicable Date, the Company owned approximately 55.08% of the total LF Shares.

LETTER FROM THE BOARD

The following is a simplified structure chart summarising the shareholding relationship among LSG, the Company and LF as at the Latest Practicable Date:



7. LISTING RULES IMPLICATIONS FOR THE COMPANY

The Listing Rules Implications for the Company in respect of the automatic renewal of the LSD-LF Framework Agreement (as lender) are as follows:

On the basis of the Yu Shareholders' latest disclosures of interests in the Company, the Yu Shareholders are jointly interested in 276,926,400 Shares (representing approximately 19.05% of the total Shares) other than their indirect interest in the Company held through their interests in LSG.

On the basis of the Yu Shareholders' latest disclosures of interests in LF, the Yu Shareholders are jointly interested in 33,161,037 LF Shares (representing approximately 10.02% of the total LF Shares) other than their indirect interest in LF held through their interests in the Company.

Based on the above, LF is therefore a connected subsidiary of the Company and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the automatic renewal of the LSD-LF Framework Agreement and the LSD-LF Loan Transactions contemplated thereunder will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As the highest of the applicable percentage ratios for the LSD-LF Annual Caps is more than 25% for the Company, the automatic renewal of the LSD Financial Assistance Framework Agreement, the Intercompany Loan Transactions contemplated thereunder and the LSD-LF Annual Caps are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

8. LISTING RULES IMPLICATIONS FOR THE BORROWER

The provision of the Intercompany Loans by the Lender to the Borrower pursuant to the Financial Assistance Framework Agreement constitutes financial assistance to be received by the Borrower from a connected person.

Pursuant to the terms of the Financial Assistance Framework Agreement, the Intercompany Loans will be provided to the relevant Borrower on normal commercial terms and will not be secured by the assets of the LF Borrower Group Company. Pursuant to Rule 14A.90 of the Listing Rules, the automatic renewal of the Financial Assistance Framework Agreement entered into by LF in the capacity as borrower and the Intercompany Loan Transactions contemplated thereunder are fully exempt from the connected transactions requirements under Chapter 14A of the Listing Rules for LF.

9. INTERNAL CONTROL MEASURES

The Company will adopt the following internal control measures in respect of each Intercompany Loan Transaction to be entered into by the LSD Lender Group Company (as lender) pursuant to the LSD-LF Framework Agreement:

- i. the provision of the Intercompany Loans by the LSD Lender Group under the LSD-LF Framework Agreement must go through the Company's internal review and approval procedures as follows: (i) management will review cash flow projections of the LSD Lender Group and the LF Borrower Group and consider the Company's overall debt positions; (ii) the finance department will consider the financial impacts of the Intercompany Loan Transactions on the Group, as well as the LSD Lender Group and the LF Borrower Group; and (iii) taking into consideration the cash flow positions of the LSD Lender Group and the overall solvency positions of the Group, the executive Directors shall approve the Intercompany Loans with amounts that are considered sufficient and necessary for operational needs of the LF Borrower Group, and ensure the LSD Lender Group retain sufficient financial resources for its own operation and business development;

LETTER FROM THE BOARD

- ii. before an Intercompany Loan Transaction is entered into, the finance department of the Company shall obtain the prevailing rates and terms at the time offered by not less than two (2) major independent commercial banks in Hong Kong for a similar loan (similar as to currency, term, type of interest rate and other factors deemed relevant by the lender) for comparison;
- iii. the finance department and management of the Company will consider the proposed terms and conditions of the Intercompany Loan Transaction (including but not limited to the interest margin) and the terms offered by the aforesaid commercial banks and ensure that (a) the interest margin to be offered by the lender shall not be (i) lower than the lowest interest margin offered by the aforesaid commercial banks for a similar loan, and (ii) higher than the highest interest margin offered by the aforesaid commercial banks for a similar loan; (b) the terms and conditions of the Intercompany Loan Transaction are determined based on arm's length negotiations between the parties; and (c) the Intercompany Loan Transaction is on normal commercial terms and is fair and reasonable;
- iv. the finance department of the Company will regularly (a) review whether the Intercompany Loan Transactions entered into by the LSD Lender Group (as lender) have been conducted in accordance with the terms of their respective loan agreements and the relevant LSD Financial Assistance Framework Agreement; and (b) monitor the amounts under the Intercompany Loan Transactions to ensure that the relevant LSD-LF Annual Caps are not exceeded;
- v. the Company will comply with the applicable requirements under the connected transaction rules of the Listing Rules in respect of the Intercompany Loan Transactions entered into pursuant to the LSD-LF Framework Agreement, including annual reporting and annual review by the independent non-executive Directors and the auditors of the Company;
- vi. the independent non-executive Directors will review the continuing connected transactions of the Company on an annual basis and express their opinions on (i) whether the amounts of the continuing connected transactions exceed the relevant annual caps; (ii) whether the continuing connected transactions are conducted in accordance with the relevant agreements; and (iii) whether the terms of the continuing connected transactions are fair and reasonable, are on normal commercial terms or better terms in the usual and ordinary course of business of the Company and its subsidiaries and are in the interests of the Company and the Shareholders as a whole; and

LETTER FROM THE BOARD

- vii. the external auditor of the Company will issue opinions about the continuing connected transactions of the Company, on an annual basis and in accordance with the requirements of the Listing Rules, in respect of the pricing policies, the implementation of related agreement terms and whether the transaction amounts exceed the relevant annual caps in a given year. The external auditor will issue the relevant letter to the Board and submit the same to the Stock Exchange.

By implementing the above measures, the Directors (excluding the independent non-executive Directors) consider that the Company has appropriate internal control procedures in place to ensure that the Intercompany Loan Transactions under the LSD-LF Framework Agreement will be conducted on normal commercial terms and in the interests of the Company, its subsidiaries and the Shareholders as a whole.

10. GENERAL MEETING

(1) General Meeting

The General Meeting 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, 19 December 2025 at 10:40 a.m. (or as soon thereafter as the 2025 AGM convened at the same place and on the same date at 9:50 a.m. shall have been concluded or adjourned) to consider and, if thought fit, to approve (i) the automatic renewal of the LSD Financial Assistance Framework Agreement by the Company (as lender), (ii) the Intercompany Loan Transactions contemplated under the LSD Financial Assistance Framework Agreement, and (iii) the LSD-LF Annual Caps. The resolution will be put to the vote at the General Meeting by way of poll as required by the Listing Rules.

A notice of the General Meeting containing the resolution to be proposed is set out on pages GM-1 to GM-3 of this circular.

A form of proxy for use at the General Meeting is enclosed with 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 any adjournment thereof (as the case may be) in person but wish to exercise your right as a Shareholder, please complete, sign and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's share registrar, Tricor Investor Services Limited, 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 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.

LETTER FROM THE BOARD

Pursuant to Rule 13.39(4) of the Listing Rules, save for resolution which relates purely to a procedural or administrative matter to be voted by a show of hands, any vote of the Shareholders at a general meeting of the Company must be taken by way of a poll. Accordingly, the resolution to be considered and, if thought fit, passed at the General Meeting will be voted by way of a poll by the Shareholders. Article 79 of the articles of association of the Company 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 conveyed to the Shareholders at the General Meeting. 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 General Meeting.

(2) Interests of various Shareholders

LSG, Zimba and Joy Mind

As at the Latest Practicable Date:

- (i) LSG and two of its wholly-owned subsidiaries, Zimba and Joy Mind, beneficially owned 808,084,296 Shares (representing approximately 55.60% of the total Shares); and
- (ii) other than through its interests in the Company, LSG did not have any interest in LF Shares.

As such, its interest in the LSD-LF Framework Agreement and the Intercompany Loan Transactions contemplated thereunder is in alignment with the interest of other Shareholders. As such, LSG, Zimba and Joy Mind will not be required to abstain from voting on the resolution to be proposed at the General Meeting.

Dr. Peter Lam

As at the Latest Practicable Date:

- (i) Dr. Peter Lam is interested in approximately 44.05% of the total LSG Shares, and LSG and two of its wholly-owned subsidiaries, Zimba and Joy Mind, was interested in approximately 55.60% of the total Shares. Other than through his interests in LSG, Dr. Peter Lam was also interested in 975,907 Shares (representing approximately 0.07% of the total Shares); and

LETTER FROM THE BOARD

- (ii) the Company, a holding company of LF, is interested in 182,318,266 LF Shares (representing approximately 55.08% of the total LF Shares). Other than through his interests in LSG and the Company, Dr. Peter Lam does not have any interest in LF Shares.

As Dr. Peter Lam has no personal interest in LF, his interest in the LSD-LF Framework Agreement is in alignment with the interest of other Shareholders. Accordingly, Dr. Peter Lam does not have a material interest in the LSD-LF Framework Agreement and the Intercompany Loan Transactions contemplated thereunder. As such, Dr. Peter Lam will not be required to abstain from voting on the resolution to be proposed at the General Meeting.

Yu Shareholders

On the basis of the Yu Shareholders' latest disclosures of interests in the Company and LF respectively:

- (i) the Yu Shareholders are jointly interested in 276,926,400 Shares (representing approximately 19.05% of the total Shares); and
- (ii) the Yu Shareholders are jointly interested in 33,161,037 LF Shares (representing approximately 10.02% of the total LF Shares).

As the Yu Shareholders have significant personal interests in LF (other than interests held through the Company), the benefit to be conferred upon the Yu Shareholders from the financial assistance to be received by LF as borrower pursuant to the Intercompany Loan Transactions contemplated under the LSD-LF Framework Agreement will be relatively more than that conferred upon other Shareholders who have no personal interest in LF. As the LSD-LF Framework Agreement and the Intercompany Loan Transactions contemplated thereunder will confer upon the Yu Shareholders a significant additional benefit compared to other Shareholders, the Yu Shareholders are considered, for the purposes of the Listing Rules, to have a material interest in the LSD-LF Framework Agreement and the Intercompany Loan Transactions contemplated thereunder. As such, the Yu Shareholders will be required to abstain from voting on the resolution to be proposed at the General Meeting.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the LSD-LF Framework Agreement and the Intercompany Loan Transactions contemplated thereunder. Therefore, no other Shareholder is required to abstain from voting at the General Meeting for the resolution.

LETTER FROM THE BOARD

11. DIRECTORS' INTERESTS

None of the Directors is regarded as having a material interest in the LSD-LF Framework Agreement and the Intercompany Loan Transactions contemplated thereunder. Hence, none of the Directors is required to abstain from voting on the Board resolutions to approve the transactions.

12. RECOMMENDATION

The Independent Board Committee has been formed to advise the Independent Shareholders on (1) whether the terms of the LSD-LF Framework Agreement are fair and reasonable; (2) whether the Intercompany Loan Transactions contemplated thereunder are on normal commercial terms or better to the Group; (3) whether the Intercompany Loan Transactions contemplated thereunder (including the LSD-LF Annual Caps) are in the interests of the Company and the Shareholders as a whole; and (4) how to vote in the General Meeting.

The Company has further appointed Altus Capital to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages IBC-1 to IBC-2 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the LSD-LF Framework Agreement, the Intercompany Loan Transactions contemplated thereunder and the LSD-LF Annual Caps; (ii) the letter from Altus Capital set out on pages IFA-1 to IFA-24 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders; and (iii) the additional information set out in the appendix to this circular.

The Independent Board Committee, having taken into account the advice of Altus Capital, consider that (i) although the LSD-LF Framework Agreement and the Intercompany Loan Transactions contemplated thereunder are not conducted in the ordinary and usual course of business of the Group, they are on normal commercial terms, fair and reasonable and in the interests of the Company, its subsidiaries and the Shareholders as a whole; and (ii) the LSD-LF Annual Caps are fairly and reasonably determined and are in the interests of the Company, its subsidiaries and the Shareholders as a whole.

LETTER FROM THE BOARD

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the General Meeting to approve (i) the automatic renewal of the LSD Financial Assistance Framework Agreement by the Company (as lender); (ii) the Intercompany Loan Transactions contemplated under the LSD Financial Assistance Framework Agreement; and (iii) the LSD-LF Annual Caps.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee to the Independent Shareholders in relation to the automatic renewal of LSD Financial Assistance Framework Agreement, the Intercompany Loan Transactions contemplated thereunder and the LSD-LF Annual Caps for inclusion in this circular.



LAI SUN DEVELOPMENT

Lai Sun Development Company Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 488)

4 December 2025

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS RENEWAL OF FINANCIAL ASSISTANCE FRAMEWORK AGREEMENT

We refer to the circular of the Company dated 4 December 2025 (“**Circular**”) to the Shareholders, of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to consider and advise the Independent Shareholders on (1) whether the terms of the LSD-LF Framework Agreement are fair and reasonable; (2) whether the Intercompany Loan Transactions contemplated thereunder are on normal commercial terms or better to the Group; (3) whether the Intercompany Loan Transactions contemplated thereunder (including the LSD-LF Annual Caps) are in the interests of the Company and the Shareholders as a whole; and (4) how to vote in the General Meeting.

We wish to draw your attention to (i) the letter from Altus Capital containing details of the advice from Altus Capital, together with the principal factors and reasons it has taken into consideration, as set out on pages IFA-1 to IFA-24 of the Circular; and (ii) the letter from the Board as set out on pages 8 to 24 of the Circular and the additional information set out in the appendix to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the opinion of Altus Capital as set out in its letter, we consider (i) although the LSD-LF Framework Agreement and the Intercompany Loan Transactions respectively contemplated thereunder are not conducted in the ordinary and usual course of business of the Group, they are on normal commercial terms, fair and reasonable and in the interests of the Company, its subsidiaries and the Shareholders as a whole; and (ii) the LSD-LF Annual Caps are fairly and reasonably determined and are in the interests of the Company, its subsidiaries and the Shareholders as a whole.

Accordingly, we recommend that the Independent Shareholders to vote in favour of the resolution to be proposed at the General Meeting to approve (i) the automatic renewal of the LSD Financial Assistance Framework Agreement by the Company (as lender); (ii) the Intercompany Loan Transactions contemplated under the LSD Financial Assistance Framework Agreement; and (iii) the LSD-LF Annual Caps.

Yours faithfully,
For and on behalf of
the Independent Board Committee

Lam Bing Kwan Leung Shu Yin, William Ip Shu Kwan, Stephen Luk Hon Man

Independent Non-Executive Directors

LETTER FROM ALTUS CAPITAL

The following is the text of a letter of advice from Altus Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the automatic renewal of LSD Financial Assistance Framework Agreement and the Intercompany Loan Transactions contemplated thereunder (including the LSD-LF Annual Caps), which has been prepared for the purpose of incorporation in the Circular.

ALTUS.

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

4 December 2025

To the Independent Board Committee and the Independent Shareholders

Lai Sun Development Company Limited

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

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF FINANCIAL ASSISTANCE FRAMEWORK AGREEMENT**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the automatic renewal of LSD Financial Assistance Framework Agreement and the Intercompany Loan Transactions contemplated thereunder (including the LSD-LF Annual Caps), details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 4 December 2025 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

LETTER FROM ALTUS CAPITAL

On 9 September 2022, the Company entered into, among others, the LSD-LF Framework Agreement with LF (a connected subsidiary of the Company) in respect of financial assistance to be provided by LSD Lender Group Companies to LF Borrower Group Companies from time to time. The LSD Financial Assistance Framework Agreement was for an Initial Term of three years commenced from 1 January 2023 and expiring on 31 December 2025, which will be automatically renewed for subsequent periods of three years, subject to the determination of new annual caps for the Renewed Term and the Company's and LSG's due compliance with all applicable requirements of the Listing Rules.

On 28 November 2025, the Company and LF agreed to renew the LSD-LF Framework Agreement upon the expiry of the Initial Term on 31 December 2025 for a further term of three years, i.e. up to and including 31 December 2028. There has been no change to the terms of the LSD-LF Framework Agreement since it was entered into on 9 September 2022.

LISTING RULES IMPLICATIONS

LF is a connected subsidiary of the Company and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the automatic renewal of the LSD-LF Framework Agreement and the LSD-LF Loan Transactions contemplated thereunder will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios for the LSD-LF Annual Caps is more than 25% for the Company, the automatic renewal of the LSD Financial Assistance Framework Agreement, the Intercompany Loan Transactions contemplated thereunder and the LSD-LF Annual Caps are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee consisting of all the independent non-executive Directors, namely Messrs. Lam Bing Kwan, Leung Shu Yin, William, Ip Shu Kwan, Stephen and Luk Hon Man, has been established to advise the Independent Shareholders as to (i) whether the terms of the LSD-LF Framework Agreement are fair and reasonable; (ii) whether the Intercompany Loan Transactions contemplated thereunder are on normal commercial terms or better to the Group; (iii) whether the Intercompany Loan Transactions contemplated thereunder (including the LSD-LF Annual Caps) are in the interests of the Company and its Shareholders as a whole; and (iv) how to vote in the General Meeting after taking into account the recommendation from the Independent Financial Adviser.

LETTER FROM ALTUS CAPITAL

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the LSD-LF Framework Agreement are fair and reasonable; (ii) whether the Intercompany Loan Transactions contemplated thereunder are on normal commercial terms or better to the Group; (iii) whether the Intercompany Loan Transactions contemplated thereunder (including the LSD-LF Annual Caps) are in the interests of the Company and its Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the resolution to be proposed at the General Meeting.

We have not acted as the independent financial adviser or financial adviser in relation to any transaction of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the automatic renewal of LSD Financial Assistance Framework Agreement and the Intercompany Loan Transactions contemplated thereunder (including the LSD-LF Annual Caps) are at market level and not conditional upon successful passing of the resolution to be proposed at the General Meeting, and that our engagement is on normal commercial terms, we are independent of the Company.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the LSD Financial Assistance Framework Agreement; (ii) the annual report of the Company for the year ended 31 July 2024 (the “**LSD FY2024 Annual Report**”); (iii) the annual report of the Company for the year ended 31 July 2025 (the “**LSD FY2025 Annual Report**”); (iv) the annual report of LF for the year ended 31 July 2024 (the “**LF FY2024 Annual Report**”); (v) the annual report of LF for the year ended 31 July 2025 (the “**LF FY2025 Annual Report**”); and (vi) other information as set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and will continue to be so up to the date of the General Meeting. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

LETTER FROM ALTUS CAPITAL

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading.

We consider that we have been provided with, and have reviewed, sufficient information to reach an informed view and provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background information of the Group and the LF Group

1.1 Principal businesses of the Group

As at the Latest Practicable Date, the Company owned approximately 55.08% of the total LF Shares.

The principal businesses 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, development and operation of and investment in cultural, leisure, entertainment and related facilities and investment holding.

LETTER FROM ALTUS CAPITAL

1.2 Financial information of the Group

Set out below is a table summarising certain key financial information of the Group extracted from the LSD FY2024 Annual Report and the LSD FY2025 Annual Report.

Extract of consolidated income statement

	For the year ended 31 July		
	2025	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Turnover	4,898,615	5,998,861	4,901,537
– Property development and sales	885,015	1,529,479	946,639
– Property investment	1,201,228	1,264,152	1,160,587
– Hotel operation	1,243,773	1,191,418	977,696
– Restaurant and food & beverage (“ F&B ”) product sales operations	479,146	544,564	552,594
– Media and entertainment	287,897	387,082	372,458
– Film and TV program	46,566	340,950	113,116
– Cinema operation	445,145	439,506	525,066
– Theme park operation	7,422	15,065	18,877
– Others	302,423	286,645	234,504
Gross profit	990,177	1,529,929	727,728
Loss for the year	(3,129,347)	(4,124,618)	(3,434,712)

LETTER FROM ALTUS CAPITAL

Extract of consolidated statement of financial position

	As at 31 July		
	2025	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Total assets	64,228,301	67,421,570	73,970,016
– Pledged and restricted bank balances and time deposits ^(Note 1)	1,326,374	1,334,867	1,343,457
– Cash and cash equivalents	3,011,985	2,809,574	3,678,957
Total liabilities	34,841,864	35,113,990	37,108,190
Net assets	29,386,437	32,307,580	36,861,826

Capital adequacy ratio

	As at 31 July		
	2025	2024	2023
Gearing ratio ^(Note 2)	91%	82%	70%

Notes:

- Including non-current and current portions.*
- According to the LSD FY2024 Annual Report and the LSD FY2025 Annual Report, gearing ratio is calculated as a percentage of the total outstanding net debt (being the total borrowings less cash and bank balances) to consolidated net assets attributable to owners of the Company.*

LETTER FROM ALTUS CAPITAL

Year ended 31 July 2024 compared to year ended 31 July 2025

The Group recorded turnover of approximately HK\$4,898.6 million during the year ended 31 July 2025 (“FY2025”), representing a decrease of approximately 18.3% from approximately HK\$5,998.9 million during the year ended 31 July 2024 (“FY2024”). Such decrease was mainly attributable to (i) the decrease in revenue from property development and sales segment from approximately HK\$1,529.5 million in FY2024 to approximately HK\$885.0 million in FY2025, due to the LF Group’s reduction in property sales while partially offset by the increase in property sales in Hong Kong; and (ii) the decrease in revenue from film and TV program segment from approximately HK\$341.0 million in FY2024 to approximately HK\$46.6 million in FY2025 due to lack of new TV program releases during FY2025.

Gross profit of the Group decreased by a larger extent of approximately 35.3% from approximately HK\$1,529.9 million in FY2024 to approximately HK\$990.2 million in FY2025, due to a decrease in gross profit margin from approximately 25.5% in FY2024 to approximately 20.2% in FY2025.

Despite a decrease in gross profit, the Group recorded a lowered net loss for the year from approximately HK\$4,124.6 million in FY2024 to approximately HK\$3,129.3 million in FY2025 mainly due to (i) the decrease in impairment of property, plant and equipment and right-of-use assets from approximately HK\$465.5 million in FY2024 to approximately HK\$52.0 million in FY2025; (ii) the decrease in depreciation of property, plant and equipment and right-of-use assets from approximately HK\$727.1 million in FY2024 to approximately HK\$580.9 million in FY2025; (iii) the decrease in fair value losses on the investment properties from approximately HK\$817.3 million in FY2024 to approximately HK\$457.6 million in FY2025; and (iv) the reduction in finance costs from approximately HK\$1,354.7 million in FY2024 to approximately HK\$1,124.9 million in FY2025. This was partially offset by the increase in share of losses of joint ventures from approximately HK\$796.3 million in FY2024 to approximately HK\$1,130.1 million in FY2025.

LETTER FROM ALTUS CAPITAL

The Group's total assets decreased slightly by approximately 4.7% from approximately HK\$67,421.6 million as at 31 July 2024 to approximately HK\$64,228.3 million as at 31 July 2025. The Group's consolidated cash and bank deposits (being the sum of cash and cash equivalents and pledged and restricted bank balances and time deposits) amounted to approximately HK\$4,338.4 million (HK\$2,014.3 million if excluding the eSun Group and the LF Group) as at 31 July 2025, representing an increase compared to the consolidated cash and bank deposits of approximately HK\$4,144.4 million (HK\$1,932.5 million if excluding the eSun Group and the LF Group) as at 31 July 2024. The Group's total liabilities decreased slightly by approximately 0.8% from approximately HK\$35,114.0 million as at 31 July 2024 compared to approximately HK\$34,841.9 million as at 31 July 2025. As a result of the above, the Group's net assets decreased by approximately 9.0% from approximately HK\$32,307.6 million as at 31 July 2024 to approximately HK\$29,386.4 million as at 31 July 2025.

In terms of capital adequacy ratio, the gearing ratio of the Group as at 31 July 2025 was approximately 91% (58% if excluding the net debt of the eSun Group and the LF Group), representing an increase compared to the gearing ratio of the Group as at 31 July 2024 of approximately 82% (52% if excluding the net debt of the eSun Group and the LF Group).

Year ended 31 July 2023 compared to year ended 31 July 2024

The Group recorded turnover of approximately HK\$5,998.9 million during FY2024, representing an increase of approximately 22.4% from approximately HK\$4,901.5 million during the year ended 31 July 2023 ("FY2023"). Such increase was mainly attributable to (i) the increase in revenue from property development and sales segment from approximately HK\$946.6 million in FY2023 to approximately HK\$1,529.5 million in FY2024; (ii) the increase in revenue from hotel operation segment from approximately HK\$977.7 million in FY2023 to approximately HK\$1,191.4 million in FY2024, which was mainly driven by the relaxation of COVID-19 restrictions; and (iii) the increase in revenue from film and TV program segment from approximately HK\$113.1 million in FY2023 to approximately HK\$341.0 million in FY2024.

Gross profit of the Group increased by a larger extent of approximately 110.2% from approximately HK\$727.7 million in FY2023 to approximately HK\$1,529.9 million in FY2024, due to an increase in gross profit margin from approximately 14.8% in FY2023 to approximately 25.5% in FY2024.

LETTER FROM ALTUS CAPITAL

Despite an increase in gross profit, the Group recorded an increased net loss for the year from approximately HK\$3,434.7 million in FY2023 to approximately HK\$4,124.6 million in FY2024 mainly due to the increase in share of losses of joint ventures from approximately HK\$10.3 million in FY2023 to approximately HK\$796.3 million in FY2024.

The Group's total assets decreased by approximately 8.9% from approximately HK\$73,970.0 million as at 31 July 2023 to approximately HK\$67,421.6 million as at 31 July 2024. The Group's consolidated cash and bank deposits amounted to approximately HK\$4,144.4 million (HK\$1,932.5 million if excluding the eSun Group and the LF Group) as at 31 July 2024, representing a decrease compared to the consolidated cash and bank deposits of approximately HK\$5,022.4 million (HK\$1,889.3 million if excluding the eSun Group and the LF Group) as at 31 July 2023. The Group's total liabilities decreased by approximately 5.4% from approximately HK\$37,108.2 million as at 31 July 2023 compared to approximately HK\$35,114.0 million as at 31 July 2024. As a result of the above, the Group's net assets decreased by approximately 12.4% from approximately HK\$36,861.8 million as at 31 July 2023 to approximately HK\$32,307.6 million as at 31 July 2024.

In terms of capital adequacy ratio, the gearing ratio of the Group as at 31 July 2024 was approximately 82% (52% if excluding the net debt of the eSun Group and the LF Group), representing an increase compared to the gearing ratio of the Group as at 31 July 2023 of approximately 70% (46% if excluding the net debt of the eSun Group and the LF Group).

1.3 Principal businesses of the LF Group

The principal activities of the LF Group include property development for sale, property investment, and development and operation of and investment in cultural, leisure, entertainment and related facilities in the PRC.

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1.4 Financial information of the LF Group

Set out below is a table summarising certain key financial information of the LF Group extracted from the LF FY2024 Annual Report and the LF FY2025 Annual Report.

Extract of consolidated income statement

	For the year ended 31 July		
	2025	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Turnover	1,291,326	2,192,830	1,800,510
– Property development	289,126	1,182,350	887,025
– Property investment	721,744	715,687	644,374
– Hotel and serviced apartment operation	273,034	279,728	250,234
– Theme park operation	7,422	15,065	18,877
Gross profit	525,171	889,987	901,992
Loss for the year	(481,487)	(349,165)	(689,353)

Extract of consolidated statement of financial position

	As at 31 July		
	2025	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Total assets	28,593,658	28,466,883	30,117,758
– Pledged and restricted time deposits and bank balances	799,211	842,880	822,900
– Cash and cash equivalents	1,041,635	1,014,250	1,648,823
Total liabilities	16,239,448	15,763,659	17,608,568
Net assets	12,354,210	12,703,224	12,509,190

Capital adequacy ratio

	As at 31 July		
	2025	2024	2023
Gearing ratio ^(Note 1)	70%	65%	64%

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Note:

- I. According to the LF FY2024 Annual Report and the LF FY2025 Annual Report, gearing ratio is calculated as net debt (total borrowings less cash and bank balances) to net assets attributable to the owners of LF.*

Year ended 31 July 2025 compared to year ended 31 July 2024

The LF Group recorded turnover of approximately HK\$1,291.3 million in FY2025, representing a significant decrease of approximately 41.1% from approximately HK\$2,192.8 million in FY2024. Such decrease was mainly attributable to the decrease in revenue from property development segment from approximately HK\$1,182.3 million in FY2024 to approximately HK\$289.1 million in FY2025, primarily driven by the reduction in sales of residential units at Zhongshan Palm Spring as it was in the final phase of sale, as well as lowered sales in cultural studios and cultural workshop units in Hengqin Novotown Phase I.

Gross profit of the LF Group similarly decreased by approximately 41.0% from approximately HK\$890.0 million in FY2024 to approximately HK\$525.2 million in FY2025, corresponding to gross profit margins of approximately 40.6% and 40.7% respectively.

The LF Group recorded an increased net loss for the year from approximately HK\$349.2 million in FY2024 to approximately HK\$481.5 million in FY2025 mainly due to (i) the decrease in gross profit as aforementioned; and (ii) the fair value losses on investment properties of approximately HK\$37.8 million in FY2025 compared to fair value gains of approximately HK\$446.5 million in FY2024. This was partially offset by (i) the decrease in administrative expenses from approximately HK\$226.7 million in FY2024 to approximately HK\$203.0 million in FY2025; (ii) the decrease in other operating expenses from approximately HK\$209.1 million in FY2024 to approximately HK\$86.2 million in FY2025; and (iii) the reduction in finance costs from approximately HK\$634.1 million in FY2024 to approximately HK\$521.9 million in FY2025.

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The LF Group's total assets remained relatively stable at approximately HK\$28,593.7 million and HK\$28,466.9 million as at 31 July 2025 and 2024 respectively. The LF Group's total cash on hand (including cash and cash equivalents and pledged and restricted time deposits and bank balances) amounted to approximately HK\$1,840.8 million as at 31 July 2025, remaining relatively stable compared to the HK\$1,857.1 million as at 31 July 2024. The LF Group's total liabilities amounted to approximately HK\$16,239.4 million as at 31 July 2025, representing a slight increase of approximately 3.0% compared to approximately HK\$15,763.7 million as at 31 July 2024. As a result of the above, the LF Group's net assets decreased slightly by approximately 2.7% from approximately HK\$12,703.2 million as at 31 July 2024 to approximately HK\$12,354.2 million as at 31 July 2025.

In terms of capital adequacy ratio, the gearing ratio of the LF Group as at 31 July 2025 was approximately 70%, representing an increase compared to the gearing ratio of the LF Group as at 31 July 2024 of approximately 65%.

Year ended 31 July 2023 compared to year ended 31 July 2024

The LF Group recorded turnover of approximately HK\$2,192.8 million in FY2024, representing an increase of approximately 21.8% from approximately HK\$1,800.5 million in FY2023. Such increase was mainly due to the increase in revenue from property development segment from approximately HK\$887.0 million in FY2023 to approximately HK\$1,182.3 million in FY2024.

Despite an increase in revenue, gross profit of the LF Group decreased slightly by approximately 1.3% from approximately HK\$902.0 million in FY2023 to approximately HK\$890.0 million in FY2024, as gross profit margin decreased from approximately 50.1% in FY2023 to approximately 40.6% in FY2024.

The LF Group recorded a lowered net loss for the year from approximately HK\$689.4 million in FY2023 to approximately HK\$349.2 million in FY2024 mainly due to (i) fair value gains on investment properties of approximately HK\$446.5 million in FY2024 compared to fair value losses on investment properties of approximately HK\$68.8 million in FY2023, primarily driven by the actual construction costs incurred being lower than the budget for the LF Group's completed investment properties, being Shanghai Skyline Tower and Guangzhou Lai Fung International Center, as well as the revised budget for the two towers under construction in Novotown Phase II were lower than previously expected; (ii) the decrease in other operating expenses from approximately HK\$343.9 million in FY2023 to approximately HK\$209.1 million in FY2024; and (iii) the decrease in administrative expenses from approximately HK\$307.9 million in FY2023 to approximately HK\$226.7 million in FY2024.

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The LF Group's total assets decreased by approximately 5.5% from approximately HK\$30,117.8 million as at 31 July 2023 to approximately HK\$28,466.9 million as at 31 July 2024. The LF Group's total cash on hand amounted to approximately HK\$1,857.1 million as at 31 July 2024, representing a decrease compared to the total cash on hand of approximately HK\$2,471.7 million as at 31 July 2023. The LF Group's total liabilities amounted to approximately HK\$15,763.7 million as at 31 July 2024, representing a decrease of approximately 10.5% compared to approximately HK\$17,608.6 million as at 31 July 2023. As a result of the above, the LF Group's net assets increased slightly by approximately 1.6% from approximately HK\$12,509.2 million as at 31 July 2023 to approximately HK\$12,703.2 million as at 31 July 2024.

In terms of capital adequacy ratio, the gearing ratio of the LF Group as at 31 July 2024 was approximately 65%, remaining relatively stable compared to the 64% as at 31 July 2023.

2. Reasons and benefits of the LSD Financial Assistance Framework Agreement

As set out in the paragraph headed "5. Reasons and benefits of the LSD Financial Assistance Framework Agreement" in the "Letter from the Board" of the Circular, considering on one hand, the LSD Financial Assistance Framework Agreement enables the LSD Lender Group to better utilise any excess cash at hand and generate interest income and, on the other hand, enable members of the LF Borrower Group (which is also member of the Group) to efficiently utilise its cash resources, such as to fulfill its financial obligation and meet their operational needs from time to time as necessary, the Management believes that the entering into of the LSD Financial Assistance Framework Agreement is in the interests of the Company, its subsidiaries and its Shareholders as a whole.

In this regard, we note from the LSD FY2025 Annual Report that, as at 31 July 2025, the Group (excluding the eSun Group and the LF Group) had consolidated cash and bank deposits of approximately HK\$2,014.3 million with undrawn facilities of approximately HK\$1,199.6 million respectively.

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We also note that as stipulated under the General Terms applicable to the Intercompany Loan Transactions (which form part of the LSD Financial Assistance Framework Agreement), the advance of each Intercompany Loan shall be conditional upon the relevant Lender having sufficient available funds to finance the Intercompany Loan (for further details, please refer to the paragraph headed “3.1.2 General Terms of the Intercompany Loan Transactions” below). In this respect, we note that the Group has the relevant internal control measures to ensure sufficient funds are available before entering into any Intercompany Loan Transaction as elaborated in the paragraph headed “3.2 Internal control measures” below. Subject to the LSD Lender Group having sufficient available funds to provide the requisite financial assistance, we concur with the Management that it is beneficial for the LSD Lender Group to utilise any excess cash at hand at its discretion to generate interest income through the entering into of the LSD Financial Assistance Framework Agreement, which in substance serve as tools to allow the LSD Lender Group to better manage its resources. Meanwhile, the LSD Lender Group can also preserve its excess cash for any future development as and when opportunities arise.

As elaborated in the paragraph headed “1. Background information of the Group and the LF Group” above, the Group mainly conducted property related businesses in the Chinese Mainland through the LF Group, where the financial results of the LF Group are being consolidated into the financial statements of the Company. We consider that by enabling members of the LF Borrower Group to efficiently utilise its cash resources, such as to fulfill its financial obligation and meet their operational needs from time to time, this can in turn benefit the Company as the holding company of LF. In addition, by entering into the LSD Financial Assistance Framework Agreement, this will provide flexibility for members of the LF Borrower Group with an alternative source of financing other than obtaining external debt or equity financing, where the terms are subject to the prevailing market conditions and may incur third-party interest expenses for the Group or result in dilution of equity interests held by the Company in LF.

According to the LSD Financial Assistance Framework Agreement, the Intercompany Loan is unsecured. We note that certain Directors are also members of the board of directors of LF. With the above structure, the Company can actively monitor the operation and management decision of LF as well as to assess their credit risk from time to time after the advance of any Intercompany Loan. We also note that the Group has the relevant internal control measures in place to monitor the Intercompany Loan Transactions as further elaborated in the paragraph headed “3.2 Internal control measures” below. In light of the above, we concur with the Management that there are measures in place to safeguard the Company’s assets in light of the absence of a security.

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Overall, although the entering into of the LSD Financial Assistance Framework Agreement and the Intercompany Loan Transactions contemplated thereunder are not in the ordinary and usual course of business of the Company, the Management is of the view and we concur that they are in the interests of the Company, its subsidiaries and its Shareholders as a whole.

3. The LSD Financial Assistance Framework Agreement

To assess the fairness and reasonableness of the LSD Financial Assistance Framework Agreement, we have considered the followings:

3.1 *Principal terms of the LSD Financial Assistance Framework Agreement*

3.1.1 *The LSD-LF Framework Agreement*

The principal terms of the LSD-LF Framework Agreement are summarised below. For details, please refer to the paragraph headed “2. LSD Financial Assistance Framework Agreement” in the “Letter from the Board” of the Circular.

Term:	Commenced from 1 January 2023 and expiring on 31 December 2025 and thereafter to be automatically renewed for subsequent periods of three (3) years on the same terms and conditions unless terminated, provided always that the renewal of the term shall be conditional upon (i) LSD having determined new annual caps to apply for the Renewed Term; and (ii) LSD’s and LSG’s due compliance with all applicable requirements of the Listing Rules (including the requirement to obtain independent shareholders’ approval, if applicable).
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LSD-LF Loan Transactions:	At any time during the term, any LSD Lender Group Company (as lender) and any LF Borrower Group Company (as borrower) may enter into LSD-LF Loan Transaction(s) upon such terms and conditions as may be mutually agreed between the parties thereto, provided that each LSD-LF Loan Transaction shall fully comply with the terms and conditions of the LSD-LF Framework Agreement.
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General Terms: See the paragraph headed “3.1.2 General Terms of the Intercompany Loan Transactions” below for the General Terms agreed between the parties in respect of each LSD-LF Loan Transaction to be entered into during the term.

3.1.2 General Terms of the Intercompany Loan Transactions

Set out below are the summary of the General Terms. For details, please refer to the paragraph headed “4. General Terms of the Intercompany Loan Transactions” in the “Letter from the Board” of the Circular.

- (a) Each Intercompany Loan Transaction shall take the form of unsecured bilateral loan(s) to be granted by a LSD Lender Group Company (as lender) to a LF Borrower Group Company (as borrower) and no mortgage, pledge or other security over the assets of or interest in any member of the LF Borrower Group shall be granted.
- (b) The effective interest rate of each Intercompany Loan Transaction shall be the aggregate of HIBOR for the relevant interest period and an interest margin to be determined by the relevant lender on a case-by-case basis.

In this regard, when a decision is to be made by a LSD Lender Group Company on the terms and conditions of an Intercompany Loan Transaction to be offered to a LF Borrower Group Company, the LSD Lender Group Company shall obtain the prevailing rates and terms at the time offered by not less than two (2) major independent commercial banks in Hong Kong for a similar loan (similar as to currency, term, type of interest rate and other factors deemed relevant by the LSD Lender Group Company) for comparison; and without prejudice to the General Terms, the interest margin to be offered by the LSD Lender Group Company in an Intercompany Loan Transaction shall not be (i) lower than the lowest interest margin offered by the aforesaid commercial banks, and (ii) higher than the highest interest margin offered by the aforesaid commercial banks.

- (c) Each Intercompany Loan Transaction shall be on normal commercial terms.
- (d) Each Intercompany Loan Transaction shall be governed by a written loan agreement which shall clearly set out the terms and conditions.

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- (e) The advance of each Intercompany Loan shall be conditional upon (amongst any other conditions precedent) the relevant Lender having sufficient available funds to finance the Intercompany Loan.
- (f) At any time during the term of the LSD-LF Framework Agreement, the aggregate amount of the Intercompany Loans provided by the Lender to the Borrower shall not exceed the relevant LSD-LF Annual Caps for the relevant financial year.
- (g) Each Intercompany Loan Transaction shall be in compliance with the provisions of the LSD-LF Framework Agreement, the constitutional documents of the Lender and the Borrower, and all applicable laws and regulations (including but not limited to the Listing Rules).

Our views on the terms of the LSD Financial Assistance Framework Agreement

Sufficient available funds

We note that under the LSD Financial Assistance Framework Agreement, the advance of each Intercompany Loan shall be conditional upon (amongst any other conditions precedent) the LSD Lender Group having sufficient available funds to finance the Intercompany Loan. In this regard, we have obtained and reviewed the internal policy of the Company as well as discussed with the Management and noted that before deciding to enter into any Intercompany Loan Transaction, the Management will consider:

- (1) on the one hand, a number of factors, including but not limited to (i) the financial position; (ii) the working capital needs; (iii) the funding costs (for instance, as described in the LSD FY2025 Annual Report and the LSD FY2024 Annual Report, the interest rates of the Group's existing borrowings and guaranteed notes ranged from 2.2% to 8.8% per annum); and (iv) the development plan of the LSD Lender Group to assess (a) whether sufficient funds are available to support the LSD Lender Group's operation and business development; and (b) whether there is any excess cash at hand to finance the Intercompany Loan; and
- (2) on the other hand, a number of factors, including but not limited to (i) the financial position of the LF Borrower Group; (ii) the working capital needs of the LF Borrower Group; (iii) the aggregate outstanding borrowings of the LF Borrower Group; (iv) the intended use of proceeds of the LF Borrower Group; and (v) their repayment record and ability to assess the borrower's credit worthiness.

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We understand that control measures will be put in place (as further discussed in the paragraph headed “3.2 Internal control measures” below) to ensure that the Company will only enter into the Intercompany Loan Transaction when there is excess cash at hand to generate interest income for the LSD Lender Group, which in turn is in the interests of the Company, its subsidiaries and its Shareholders as a whole.

Effective interest rate

We note that under the LSD Financial Assistance Framework Agreement, the effective interest rate of each Intercompany Loan Transaction is determined by the aggregate of HIBOR for the relevant interest period and an interest margin determined within the range of interest margins offered by at least two (2) major independent commercial banks in Hong Kong at the prevailing time for similar loans. We have discussed with the Management and noted that majority of the Group’s existing bank borrowings are also being charged at the rate of HIBOR plus a fixed rate. In this regard, we consider the basis of determination of the effective interest rate, which makes reference to the market interest rates at the prevailing time for similar loans offered by independent commercial banks, as fair and reasonable.

As further discussed in the paragraph headed “3.3 Historical Transaction Amounts and Existing LSD-LF Annual Caps under the LSD-LF Framework Agreement” below, during the Initial Term, the LSD Lender Group Companies provided Intercompany Loans to the LF Borrower Group Companies only in FY2025. We understand from the Management that such FY2025 transaction relates to a loan agreement entered into between the parties. In this regard, we have obtained the relevant underlying documents of this loan transaction and noted that the effective interest rate was determined based on the aforementioned mechanism and the interest margin was within the range offered by two Hong Kong commercial banks at the prevailing time for similar loans. Accordingly, we believe that the Group’s internal control measures have been adhered to and that existing measures are in place to ensure that the effective interest rate for each Intercompany Loan Transaction will continue to be determined with reference to the aforementioned mechanism and accordingly, will be fair and reasonable.

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Mortgage, pledge or other security

Under the LSD Financial Assistance Framework Agreement, each Intercompany Loan Transaction is unsecured. We note that certain Directors are also members of the board of directors of LF. With the above structure, the Company can actively monitor the operation and management decision of LF and has the control power to monitor and secure the usage of the Intercompany Loan. As such, the Company can assess the credit risk of LF from time to time. We have also discussed with the Management and noted that the existing borrowings of the Group involved both unsecured and secured borrowings. In this regard, we consider the Intercompany Loan will be unsecured as acceptable.

Taking into account the above, we consider that the terms of the LSD Financial Assistance Framework Agreement are on normal commercial terms and fair and reasonable to the Company, its subsidiaries and its Shareholders as a whole.

3.2 Internal control measures

According to the “Letter from the Board” of the Circular, the Company will adopt, amongst others, the following internal control measures in respect of each Intercompany Loan Transaction to be entered into by a LSD Lender Group Company (as lender) pursuant to the LSD Financial Assistance Framework Agreement:

- (i) before an Intercompany Loan Transaction is entered into, the finance department of the Company shall obtain the prevailing rates and terms at the time offered by not less than two (2) major independent commercial banks in Hong Kong for a similar loan (similar as to currency, term, type of interest rate and other factors deemed relevant by the lender) for comparison;
- (ii) the finance department and management of the Company will consider the proposed terms and conditions of the Intercompany Loan Transaction (including but not limited to the interest margin) and the terms offered by the aforesaid commercial banks and ensure that (a) the interest margin to be offered by the lender shall not be (i) lower than the lowest interest margin offered by the aforesaid commercial banks for a similar loan, and (ii) higher than the highest interest margin offered by the aforesaid commercial banks for a similar loan; (b) the terms and conditions of the Intercompany Loan Transaction are determined based on arm’s length negotiations between the parties; and (c) the Intercompany Loan Transaction is on normal commercial terms and is fair and reasonable;

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- (iii) the finance department of the Company will regularly (a) review whether the Intercompany Loan Transactions entered into by the LSD Lender Group (as lender) have been conducted in accordance with the terms of their respective loan agreements and the relevant LSD Financial Assistance Framework Agreement; and (b) monitor the amounts under the Intercompany Loan Transactions to ensure that the relevant LSD-LF Annual Caps are not exceeded; and
- (iv) the Company will comply with the applicable requirements under the connected transaction rules of the Listing Rules in respect of the Intercompany Loan Transactions entered into pursuant to the LSD Financial Assistance Framework Agreement, including annual reporting and annual review by the independent non-executive Directors and the auditors of the Company.

As mentioned in the paragraph headed “Effective interest rate” above, we have reviewed the Intercompany Loan Transactions entered into during the Initial Term and noted that the effective interest rate was determined based on the mechanism stipulated under the LSD Financial Assistance Framework Agreement and the interest margin was within the range offered by two Hong Kong commercial banks at the prevailing time for similar loans.

In addition, we note that the external auditors of the Company and the independent non-executive Directors will conduct annual review of the Intercompany Loan Transactions pursuant to the requirements of Chapter 14A of the Listing Rules. In this regard, we note from the LSD FY2025 Annual Report that the external auditors of the Company and the independent non-executive Directors had conducted annual review of the continuing connected transactions contemplated under the LSD Financial Assistance Framework Agreement and there were no adverse findings under such annual review.

Based on the above, the Management is of the view, and we concur that the Group’s internal control measures in relation to the Intercompany Loan Transactions contemplated under the LSD Financial Assistance Framework Agreement are adequate and reasonable.

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3.3 Historical Transaction Amounts and Existing LSD-LF Annual Caps under the LSD-LF Framework Agreement

Set out below are the Existing LSD-LF Annual Caps for the Existing LSD-LF Loan Transactions pursuant to the LSD-LF Framework Agreement for each of the financial years during the Initial Term.

	For the financial year ended/ending 31 July			
	2023	2024	2025	2026
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Existing LSD-LF Annual Caps	1,000,000	3,000,000	3,000,000	3,000,000

During the Initial Term, the aggregate amount of the Intercompany Loans provided by the LSD Lender Group Companies to the LF Borrower Group Companies for the financial year ended 31 July 2023, 2024 and 2025 were nil, nil and approximately HK\$565,000,000 respectively, under the LSD-LF Framework Agreement.

We understand from the Management that the relatively low utilisation of the Existing LSD-LF Annual Caps was mainly due to the LSD-LF Framework Agreement does not create any obligation on the part of the Group to provide any loans to the LF Borrower Group Companies and any advance of the Intercompany Loan shall be subject to, amongst others, sufficient funds available from the LSD Lender Group Companies at the prevailing time to finance the Intercompany Loan.

3.4 LSD-LF Annual Caps

At any time during the Renewed Term of the LSD-LF Framework Agreement, the aggregate amount of the Intercompany Loans provided by the LSD Lender Group Companies to the LF Borrower Group Companies shall not exceed the LSD-LF Annual Caps of the relevant financial year.

Set out below are the proposed LSD-LF Annual Caps for the LSD-LF Loan Transactions contemplated under the LSD-LF Framework Agreement for each of the financial years during the Renewed Term.

	For the financial year ending 31 July			
	2026	2027	2028	2029
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
LSD-LF Annual Caps	1,500,000	1,500,000	1,500,000	1,500,000

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In determining the above LSD-LF Annual Caps, we understand that the following factors have been taken into consideration (i) the cash position, the estimated operating cash flow as well as financing capacity of the LSD Lender Group; (ii) the expected financing demands of the LF Borrower Group in each of the financial years during the Renewed Term; (iii) the historical transaction amounts during the Initial Term of the LSD-LF Framework Agreement; and (iv) the necessity for flexibility and a contingency buffer for additional financial assistance to accommodate unanticipated operational and/or other funding needs of the LF Borrower Group.

In assessing the fairness and reasonableness of the LSD-LF Annual Caps, we have discussed with the Management and obtained the relevant working for review, which shows amongst others, the cashflow requirements of property development projects and operational use of the LF Group for each of the financial years ending 31 July 2026, 2027, 2028 and 2029.

We understand from the Management that the LSD-LF Annual Caps are being proposed by the LF Borrower Group primarily based on their expected financing demands in each of the financial years during the Renewed Term. In this regard, based on our review of the relevant working of the LSD-LF Annual Caps, we noted that funding needs are mainly related to the LF Group's existing property projects, in particular, Phase II of the Novotown project in Hengqin, the PRC. We understand that Novotown is an integrated cultural, entertainment, tourism and hospitality project located in the heart of Hengqin, one of the major cities in the Guangdong Province within the Greater Bay Area, with close proximity to Macau and Hong Kong. According to the LF FY2025 Annual Report, construction of Phase II of the Novotown project is in progress, with a total site area of approximately 143,800 square meters and a maximum plot ratio of two times. It comprises eleven towers, of which one is for office use and the other ten are for accommodation purpose. According to the "Letter from the Board" of the Circular, tower one was completed in late July 2025, and towers two and three will be completed by August and September 2026 respectively. Towers four to eleven have been approved by the local government in September 2024 as accommodation for rental purpose. We understand from the Management that Novotown is one of the LF Group's landmark projects in the Greater Bay Area and expected to be a major contributor to the LF Group's results in the long run in view of the deepening of cooperation between Hengqin and Macau, and the continuous development of the Guangdong-Macau In-Depth Cooperation Zone in Hengqin, which will encourage more businesses and population to reside in Hengqin and further enhance its tourism market. In addition, the flexibility to obtain Intercompany Loan from the LSD Lender Group during the Renewed Term would also enable the LF Group to efficiently utilise its cash resources, such as to refinance certain of its external debts and reduce the interest costs for the LF Group. In light of the above, we consider there exist funding needs to support the LF Group's operation and development from time to time during the Renewed Term.

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In addition to the above, considering (i) the LSD Lender Group Companies are not obliged under the LSD-LF Framework Agreement to advance any Intercompany Loan to the LF Borrower Group Companies; (ii) the advance of each Intercompany Loan from any LSD Lender Group Company to any LF Borrower Group Company shall be conditional upon (amongst any other conditions precedent) the relevant Lender having sufficient available funds to finance the Intercompany Loan; (iii) the LSD Lender Group would benefit from generating interest income through utilising any excess cash at hand; and (iv) the LSD-LF Framework Agreement would provide flexibility for the LF Borrower Group an alternative source of financing other than external debt or equity financing to support their operational and development needs, which in turn benefit the Company as the holding company of LF, we are of the view that by determining the LSD-LF Annual Caps with reference to the expected funding needs of LF as fair and reasonable.

RECOMMENDATION

Having considered the above principal factors, we are of the view of that (i) although the LSD-LF Framework Agreement and the Intercompany Loan Transactions contemplated thereunder are not in the ordinary and usual course of business of the Company; (ii) the terms of the LSD-LF Framework Agreement and the Intercompany Loan Transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and the entering of the LSD-LF Framework Agreement and the Intercompany Loan Transactions contemplated thereunder are in the interests of the Company, its subsidiaries and its Shareholders as a whole; and (iii) the LSD-LF Annual Caps are fair and reasonable.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution to be proposed at the General Meeting to approve the automatic renewal of the LSD Financial Assistance Framework Agreement and the Intercompany Loan Transactions contemplated thereunder (including the LSD-LF Annual Caps).

Yours faithfully,
For and on behalf of
Altus Capital Limited

Jeanny Leung
Responsible Officer

Clement Lee
Responsible Officer

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*Ms. Jeanny Leung (“**Ms. Leung**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

*Mr. Clement Lee (“**Mr. Lee**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over nine years of experience in corporate finance and advisory in Hong Kong, in particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

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. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (ii) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO ("**Register of Directors and Chief Executive**"); or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Code of Practice for Securities Transactions by Directors and Designated Employees adopted by the Company ("**Securities Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of the Listed Issuers contained in Appendix C3 to the Listing Rules; or (iv) as known by the Directors were as follows:

(1) The Company

Long positions in the Shares and the underlying Shares

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued Shares (Note 1)
Dr. Peter Lam	Beneficial owner/Owner of controlled corporations	975,907	Nil	808,084,296 (Note 2)	Nil	809,060,203	55.67%
Madam U (Note 3)	Beneficial owner	60,567	Nil	Nil	Nil	60,567	0.01%
Luk Hon Man	Beneficial owner	3,300	Nil	Nil	Nil	3,300	0.01%

Notes:

(1) The percentage has been compiled based on the total number of issued Shares as at the Latest Practicable Date (i.e. 1,453,328,830 Shares).

(2) As at the Latest Practicable Date, LSG and two of its wholly-owned subsidiaries, namely Zimba and Joy Mind, beneficially owned in aggregate 808,084,296 Shares, representing approximately 55.60% of the issued share capital of the Company. As such, Dr. Peter Lam was deemed to be interested in the same 808,084,296 Shares by virtue of, in aggregate, his personal (excluding underlying Shares) and deemed interests of approximately 43.85% in the issued share capital of LSG. LSG is approximately 14.62% owned by Dr. Peter Lam and is approximately 29.23% owned by Wisdoman which in turn is 100% beneficially owned by Dr. Peter Lam.

LSG pledged approximately 208,513,987 Shares held by LSG, Zimba and Joy Mind 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 is the widow of the late Mr. Lim Por Yen whose estate includes an interest of 8,718,829 Shares, representing approximately 0.60% of the issued share capital of the Company.

(2) Associated Corporations

- (i) LSG – the ultimate holding company of the Company

Long positions in LSG Shares and the underlying LSG Shares

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued LSG Shares (Note 1)
Dr. Peter Lam	Beneficial owner/Owner of controlled corporations	129,149,733 (Note 2)	Nil	258,168,186	1,832,017 (Note 3)	389,149,936	44.05%
Mr. Lester Lam	Beneficial owner	28,033,218	Nil	Nil	6,519,095 (Note 3)	34,552,313	3.91%
Madam U	Beneficial owner	1,857,430	Nil	Nil	Nil	1,857,430	0.21%

Notes:

- (1) The percentage has been compiled based on the total number of issued LSG Shares as at the Latest Practicable Date (i.e. 883,373,901 LSG Shares).
- (2) Dr. Peter Lam purchased 16,938,695 LSG Shares on 14 February 2025, increasing his personal interests from 112,211,038 LSG Shares to 129,149,733 LSG Shares.

- (3) Share options were granted by LSG to Dr. Peter Lam and Mr. Lester Lam, the particulars of which are set out below:

Name of Director	Date of grant	Number of underlying LSG Shares comprised in share options	Exercise period	Exercise price HK\$ per LSG Share
Dr. Peter Lam	19/06/2017	448,197	19/06/2017 – 18/06/2027	11.155
	25/01/2022	1,383,820	25/01/2022 – 24/01/2032	3.673
Mr. Lester Lam	19/06/2017	5,135,275	19/06/2017 – 18/06/2027	11.155
	25/01/2022	1,383,820	25/01/2022 – 24/01/2032	3.673

- (ii) eSun – a subsidiary of the Company

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

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued eSun Shares (Note 1)
Dr. Peter Lam	Beneficial owner/Owner of controlled corporations	2,794,443	Nil	1,113,260,072 (Note 2)	Nil	1,116,054,515	63.56%
Mr. Lester Lam	Beneficial owner	2,794,443	Nil	Nil	Nil	2,794,443	0.16%

Notes:

- (1) 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).
- (2) As at the Latest Practicable Date, LSG was interested in 808,084,296 Shares in the Company, representing approximately 55.60% of the issued share capital of the Company. Transtrend Holdings Limited (“**Transtrend**”), a wholly-owned subsidiary of the Company, was interested in 1,113,260,072 eSun Shares, representing approximately 63.40% of the issued share capital of eSun. As such, Dr. Peter Lam was deemed to be interested in the same 1,113,260,072 eSun Shares by virtue of, in aggregate, his personal (excluding underlying shares) and deemed interests of approximately 43.85% and 55.67% in the issued share capital of LSG and the Company, respectively.

(iii) LF – a subsidiary of the Company

Long positions in the LF Shares and the underlying LF Shares

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued LF Shares (Note 1)
Dr. Peter Lam	Owner of controlled corporations	Nil	Nil	182,318,266 (Note 2)	Nil	182,318,266	55.08%

Notes:

- (1) The percentage has been compiled based on the total number of issued LF Shares as at the Latest Practicable Date (i.e. 331,033,443 LF Shares).
- (2) As at the Latest Practicable Date, the Company was interested or deemed to be interested in 182,318,266 LF Shares, of which 180,600,756 LF Shares were beneficially owned by Holy Unicorn Limited, a wholly-owned subsidiary of the Company and 1,717,510 LF Shares were beneficially owned by Transtrend. As such, Dr. Peter Lam was deemed to be interested in the same 182,318,266 LF Shares (representing approximately 55.08% of the issued share capital of LF) by virtue of, in aggregate, his personal (excluding underlying shares) and deemed interests approximate 43.85% and 55.67% in the issued share capital of LSG and the Company, respectively.

(iv) Lai Sun MTN Limited – a subsidiary of the Company

Long positions in the 5% guaranteed medium term notes due 2026

Name of Director	Capacity	Nature of interests	Principal amount
Dr. Peter Lam	Beneficial owner	Personal	USD13,500,000

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

3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARE CAPITAL OF THE COMPANY

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

Long positions in the Shares and the underlying Shares

Name	Capacity	Nature of interests	Number of Shares and underlying Shares	Approximate % of issued Shares (Note 1)
Substantial Shareholders				
LSG	Beneficial owner/ Owner of controlled corporations	Corporate	808,084,296 (Note 2)	55.60%
Dr. Peter Lam	Beneficial owner/ Owner of controlled corporations	Personal and corporate	809,060,203 (Note 2)	55.67%
Yu Cheuk Yi	Beneficial owner	Personal	276,926,400 (Note 3)	19.05%
Yu Siu Yuk	Beneficial owner	Personal	276,926,400 (Note 3)	19.05%
Other persons				
Chan Kin	Interest of controlled corporation	Corporate	145,187,400 (Note 4)	9.99%
Argyle Street Management Holdings Limited (“ASMH”)	Interest of controlled corporation	Corporate	145,187,400 (Note 4)	9.99%

Notes:

- (1) The percentage has been compiled based on the total number of issued Shares as at the Latest Practicable Date (i.e. 1,453,328,830 Shares).
- (2) LSG and two of its wholly-owned subsidiaries, namely Zimba and Joy Mind beneficially owned 808,084,296 Shares, representing approximately 55.60% of the issued share capital of the Company. Dr. Peter Lam was deemed to be interested in the same 808,084,296 Shares by virtue of, in aggregate, his personal and deemed interests of approximately 43.85% (excluding underlying shares) in the issued share capital of LSG.
- (3) Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk jointly held 276,926,400 Shares (19.05%), based on the total number of issued Shares (i.e. 1,453,328,830 Shares) according to shareholding shown in last Individual Substantial Shareholder Notice (Form 1) filed for an event on 23 March 2023.

- (4) *ASM Connaught House (Master) Fund III LP, ASM Co-Investment Term Trust I, Marzan Street Limited and Jinlong Road Limited holds 573,075 Shares, 10,800 Shares, 68,475,000 Shares and 76,128,525 Shares, respectively, which are held indirectly by ASMH through a number of controlled corporations. Mr. Chan Kin has over 50% controlling interests in ASMH. Therefore, Mr. Chan Kin and ASMH are respectively deemed to have an interest in the said Shares in which ASM Connaught House (Master) Fund III LP, ASM Co-Investment Term Trust I, Marzan Street Limited and Jinlong Road Limited are interested.*

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

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

- A. Dr. Peter Lam, Mr. Lester Lam and Madam U (together, “**Interested Directors**”) held shareholding or other interests and/or directorships in companies/entities engaged in the businesses of property investment and development in Hong Kong and the PRC, including LF.
- B. Dr. Peter Lam held shareholding or other interests and/or directorships in companies or entities engaged in the business of investment in and operation of 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:

- (a) different locations and different uses of the properties owned by the above companies and those of the Group; and
- (b) different target customers of the restaurant operations as well as 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 are likely to compete with the businesses of the Group (which would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder of the Company).

5. MATERIAL ADVERSE CHANGE

The Directors confirm that the Directors were not aware of any material adverse change in the financial or trading position of the Group as a whole since 31 July 2025 (being the date to which the latest published audited financial statements of the Group were made up).

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. 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).

8. 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 2025 (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.

9. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has made statement in this circular:

Name	Qualification
Altus Capital Limited	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

Altus Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, recommendation, opinion and/or references to its name in the form and context in which they are included.

10. EXPERT'S INTERESTS

As at the Latest Practicable Date, Altus Capital:

- (a) did not have any direct or indirect interest in any assets which have been, since 31 July 2025 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired, disposed of by, or leased to, any member of the Group, or were proposed to be acquired, disposed of by, or leased to, any member of the Group; and
- (b) did not have any shareholding 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.

11. DOCUMENTS ON DISPLAY

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

- (a) the LSD-LF Framework Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) the letter of advice from Altus Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this circular;
- (d) the written consent of Altus Capital referred to in this appendix; and
- (e) this circular.

12. 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) Mr. Cheung Sum, Sam is the company secretary of the Company. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and The Hong Kong Institute of Certified Public Accountants;
- (c) the share registrar of the Company is Tricor Investor Services 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 DEVELOPMENT

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

(Stock Code: 488)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a general meeting (“**General Meeting**”) of the members (“**Members**”) of Lai Sun Development Company 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, 19 December 2025 at 10:40 a.m. (or as soon thereafter as the annual general meeting of the Company convened at the same place and on the same date at 9:50 a.m. shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT**

- (a) the automatic renewal of the LSD-LF Framework Agreement (as defined in the circular of the Company dated 4 December 2025 (“**Circular**”), a copy of the LSD-LF Framework Agreement is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) by the Company (as lender) for a term of three years commencing from 1 January 2026 and expiring on 31 December 2028 be and is hereby approved, confirmed and ratified in all respects;
- (b) the LSD-LF Loan Transactions (as defined in the Circular) contemplated under the LSD-LF Framework Agreement be and are hereby approved, confirmed and ratified;
- (c) the LSD-LF Annual Caps (as defined in the Circular) be and are hereby approved and confirmed; and

NOTICE OF GENERAL MEETING

- (d) any director or two directors of the Company (if execution under the common seal of the Company (“**Common Seal**”)) be and is/are hereby authorised for and on behalf of the Company to do all things and acts, enter into all transactions, arrangements and agreements, and sign and execute all documents (under hand or under the Common Seal) which he/she may in his/her absolute discretion, consider desirable or expedient to implement and/or to give effect to the LSD-LF Framework Agreement and the LSD-LF Loan Transactions contemplated thereunder.”

By order of the Board
Lai Sun Development Company Limited
Cheung Sum, Sam
Executive Director and Company Secretary

Hong Kong, 4 December 2025

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 General Meeting 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 speak at the General Meeting 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 General Meeting is sent to the Members with the Circular containing this Notice available at the respective websites of Hong Kong Exchanges and Clearing Limited (“**HKEX**”) and the Company.
3. To be valid, a form of proxy, duly signed and completed 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 Investor Services 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 General Meeting 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 General Meeting 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. The record date for determining the Member’s entitlement to attend, speak and vote at the General Meeting is Monday, 15 December 2025. To ascertain the entitlement to attend, speak and vote at the General Meeting, 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, 15 December 2025 for registration.

NOTICE OF GENERAL MEETING

5. *Where there are joint registered holders of any Shares, any one of such joint holders may attend and vote at the General Meeting 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 General Meeting 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 the Listing of Securities on The Stock Exchange of Hong Kong Limited, voting on all the resolution proposed in this Notice shall be decided by way of poll at the General Meeting.*
7. *If a tropical cyclone warning signal No. 8 or above is expected to be hoisted or a black rainstorm warning signal or “extreme conditions” announced by the Government of the Hong Kong Special Administrative Region of the People’s Republic of China is/are expected to be in force at any time after 6:30 a.m. on the date of the General Meeting, the General Meeting will be postponed and the Members will be informed of the date, time and venue of the postponed General Meeting by a supplementary notice posted on the respective websites of HKEX and the Company.*

If a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal or “extreme conditions” is cancelled at or before 6:30 a.m. on the date of the General Meeting and where conditions permit, the General Meeting will be held as scheduled.

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

Having considered their own situations, Members should decide on their own whether or not they would attend the General Meeting under any bad weather condition 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 General Meeting.*
9. *No refreshments or corporate gifts will be provided at the General Meeting.*