
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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



LAI SUN DEVELOPMENT

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

(Stock Code: 488)

PROPOSALS INVOLVING GENERAL MANDATES TO BUY BACK SHARES AND TO ISSUE SHARES AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF A NEW SHARE OPTION SCHEME

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

A letter from the Board is set out on pages 6 to 12 of this circular.

The notice convening the annual general meeting of the Company (“AGM”) to be held at Harbour View Rooms I & II, 3rd Floor, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Friday, 11 December 2015 at 11:00 a.m. (“**2015 AGM**”) is contained in the 2014-2015 Annual Report of the Company (“**Annual Report**”).

Shareholders are advised to read the Notice of 2015 AGM and if you are not able to attend the 2015 AGM or any adjournment thereof but wish to exercise your right as a Shareholder, please complete, sign and return the form of proxy enclosed with the Annual Report in accordance with the instructions printed thereon and deposit the same with the Company’s share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the 2015 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the 2015 AGM or any adjournment thereof should you so wish.

Hong Kong, 12 November 2015

CONTENTS

	<i>Page</i>
Definitions	1
 Letter from the Board	
1. Introduction.....	6
2. General Mandate to Buy Back Shares.....	7
3. General Mandate to Issue Shares	7
4. Proposed Termination of the Existing Share Option Scheme and Adoption of a New Share Option Scheme.....	8
5. 2015 AGM	11
6. Voting by way of Poll	11
7. Document Available for Inspection	12
8. Recommendation	12
9. Responsibility Statement	12
 Appendix I – Explanatory Statement on Buy Back Mandate	 I-1
 Appendix II – Summary of the Principal Terms of the New Share Option Scheme	 II-1

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

DEFINITIONS

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

“2015 AGM”	the AGM to be convened and held at Harbour View Rooms I & II, 3rd Floor, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Friday, 11 December 2015 at 11:00 a.m. or at any adjournment thereof;
“Acceptance Date”	in relation to any Option, the day on which the offer to grant such Option is accepted by the relevant Eligible Participant in accordance with the provisions of the New Share Option Scheme;
“Adoption Date”	the date of approval and adoption of the New Share Option Scheme by the Shareholders;
“Affiliated Issuer(s)”	any of LSG, eSun, Lai Fung and MAGH, and the term “ Affiliated Group ” shall refer to an Affiliated Issuer together with its subsidiaries;
“AGM”	annual general meeting of the Company;
“Articles of Association”	the Articles of Association of the Company;
“associate”	has the same meaning ascribed thereto in Rule 1.01 of the Listing Rules;
“Board”	the board of Directors, and for the purposes of the New Share Option Scheme shall include (i) any committee of the Board duly constituted from time to time to administer the New Share Option Scheme and to which the functions and responsibilities of the Board under the New Share Option Scheme have been delegated and (ii) the independent non-executive directors of the Company vested with the responsibility of administering the New Share Option Scheme in the circumstances as set out in the Listing Rules and the New Share Option Scheme;
“Buy Back Mandate”	proposed general mandate to be granted at the 2015 AGM to the Directors to buyback Shares not exceeding 10% of the issued share capital of the Company as at the date of passing the resolution granting the general mandate;
“close associate(s)”	has the same meaning ascribed thereto in Rule 1.01 of the Listing Rules;

DEFINITIONS

“chief executive”	has the same meaning ascribed thereto in Rule 1.01 of the Listing Rules;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Company”	Lai Sun Development Company Limited (麗新發展有限公司), a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488);
“control”	has the same meaning ascribed to it under the Takeovers Code;
“controlling shareholder”	has the same meaning ascribed thereto in Rule 1.01 of the Listing Rules;
“core connected person(s)”	has the same meaning ascribed thereto in Rule 1.01 of the Listing Rules;
“Date of Grant”	in relation to any Option, the day (which must be a trading day) on which the Directors resolve to make an offer of that Option to an Eligible Participant subject to the provisions of the New Share Option Scheme;
“Director(s)”	the director(s) of the Company;
“Dr. Peter Lam”	Dr. Lam Kin Ngok, Peter, an executive Director and the Chairman of the Board of the Company;
“Eligible Participant”	any person falling within any of the following classes: <ul style="list-style-type: none">(a) any employee of a Relevant Company;(b) any director, officer or consultant of a Relevant Company; and(c) any other group or classes of participants which the Board, in its absolute discretion, considers to have contributed or will contribute, whether by way of business alliance or other business arrangement, to the development and growth of the Group;

DEFINITIONS

“eSun”	eSun Holdings Limited (豐德麗控股有限公司), an exempted company incorporated in Bermuda with limited liability as well as registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571), which was held as to approximately 41.92% by the Company as at the Latest Practicable Date;
“Existing Option Holder”	the holder of a share option granted under the Existing Share Option Scheme;
“Existing Share Option Scheme”	the share option scheme adopted by the Company at its annual general meeting held on 22 December 2006;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“holding company”	for the purposes of the New Share Option Scheme, it shall have the meaning ascribed to it under section 13 of the Companies Ordinance, otherwise, all other references to it shall have the meaning ascribed to it under the Listing Rules;
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China;
“Intrinsic Value”	the difference between the market price (or theoretical ex-entitlement price of the Shares under the Option) and the exercise price (or revised exercise price) of the Option;
“Lai Fung”	Lai Fung Holdings Limited (麗豐控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1125), which was held as to approximately 51.30% by eSun as at the Latest Practicable Date;
“Latest Practicable Date”	6 November 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;

DEFINITIONS

“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time);
“LSG”	Lai Sun Garment (International) Limited (麗新製衣國際有限公司), a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 191) which was held as to approximately 42.39% by Dr. Peter Lam as at the Latest Practicable Date, and is the ultimate holding company of the Company;
“MAGH”	Media Asia Group Holdings Limited (寰亞傳媒集團有限公司), a company incorporated in the Cayman Islands and continued as an exempted company in Bermuda with limited liability as well as registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance, the issued shares of which are listed and traded on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8075), which was held as to approximately 59.18% by eSun as at the Latest Practicable Date;
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the 2015 AGM;
“Notice of 2015 AGM”	the notice convening the 2015 AGM;
“Option”	an option to subscribe for Shares pursuant to the New Share Option Scheme;
“Option Holder”	the holder of any outstanding Option or (where the context so permits) any person who is entitled to such Option in consequence of death or disability of the original holder;
“Option Period”	in respect of any Option, the period commencing on the Acceptance Date of an Option and expiring at the close of business on a day as determined by the Directors (both days inclusive), which period may, if the Directors so determine, be set at different length for different Eligible Participants provided always that such period shall not be longer than ten (10) years from the date upon which any Option is granted in accordance with the New Share Option Scheme;

DEFINITIONS

“Option Price”	the price per Share payable on the exercise of an Option (in whole or in part) as determined by the Directors provided always it shall comply with the provisions of the New Share Option Scheme;
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the Notice of 2015 AGM;
“Relevant Company(ies)”	any member of the Group or of an Affiliated Group that is affiliated with the Company. For the purpose of the New Share Option Scheme, an Affiliated Group is considered to be affiliated with the Company, or vice versa, so long as the relevant Affiliated Issuer concerned and the Company is, pursuant to the provisions of the SFO, interested or deemed to be interested in not less than 30% of the issued share capital of the other, or a third entity is so interested or deemed to be interested in not less than 30% of the issued share capital of either of them);
“Shares Issue Mandate”	proposed general mandate to be granted at the 2015 AGM to the Directors to allot, issue and deal in shares not exceeding 20% of the issued share capital of the Company as at the date of passing the resolution granting the general mandate;
“SFC”	Securities and Futures Commission in Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	share(s) in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the same meaning ascribed to it under the Listing Rules;
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC;
“trading day”	a day on which the Stock Exchange is open for business of dealing in securities; and
“%”	per cent.

LETTER FROM THE BOARD



LAI SUN DEVELOPMENT

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

(Stock Code: 488)

Executive Directors:

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

Registered Office:

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

Non-executive Directors:

Dr. Lam Kin Ming
Madam U Po Chu

Independent Non-executive Directors:

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

12 November 2015

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

Dear Sir or Madam,

**PROPOSALS INVOLVING
GENERAL MANDATES TO BUY BACK SHARES AND TO ISSUE SHARES
AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME
AND ADOPTION OF A NEW SHARE OPTION SCHEME**

1. INTRODUCTION

At the last AGM held on 9 December 2014, general mandates were granted to the Directors to exercise the powers of the Company (1) to buy back Shares; and (2) to issue, allot and deal with new additional Shares up to (1) 10% and (2) 20%, respectively of the Company's issued shares as at the date of passing the resolutions. Pursuant to the provisions of the Listing Rules, such general mandates will lapse at the conclusion of the 2015 AGM.

LETTER FROM THE BOARD

The Existing Share Option Scheme was adopted by the Company at its AGM on 22 December 2006. The Existing Share Option Scheme is valid and effective for a period of 10 years from 29 December 2006 and will expire in December 2016. In view of the impending expiry of the Existing Share Option Scheme, the Company proposes to adopt the New Share Option Scheme and terminate the Existing Share Option Scheme after all conditions precedent as referred to under the paragraph “Conditions Precedent of the New Share Option Scheme” below have been fulfilled.

The adoption of the New Share Option Scheme by the Company is also subject to the passing of the necessary resolutions by the shareholders of LSG in general meeting to approve the adoption of the New Share Option Scheme by the Company pursuant to the requirements of Rule 17.01(4) of the Listing Rules.

The purpose of this circular is to provide you with information regarding, among others, (i) the proposed general mandates to be granted to the Directors to buy back its own Shares and to issue Shares and the extension of such mandate; (ii) the proposed termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme; and (iii) to seek your approval at the 2015 AGM in connection with such matters.

2. GENERAL MANDATE TO BUY BACK SHARES

At the last AGM held on 9 December 2014, a general mandate was granted to the Directors to exercise the powers of the Company to buy back Shares. This general mandate will lapse at the conclusion of the 2015 AGM.

At the 2015 AGM, an ordinary resolution will be proposed which, if passed, will grant the Directors a general and unconditional mandate to exercise all the powers of the Company to buy back not exceeding 10% of the aggregate number of shares of the Company in issue as at the date of passing the resolution (“**Buy Back Mandate**”), for the period from the said date until the conclusion of the next AGM or such other period as stated in the ordinary resolution.

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

3. GENERAL MANDATE TO ISSUE SHARES

At the last AGM held on 9 December 2014, a general mandate was granted to the Directors to issue, allot and deal with additional Shares not exceeding 20% of the aggregate number of shares of the Company in issue. Such general mandate will lapse at the conclusion of the 2015 AGM.

LETTER FROM THE BOARD

It will be proposed at the 2015 AGM an ordinary resolution granting to the Directors a general and unconditional mandate to allot, issue and deal with additional Shares representing up to 20% of the aggregate number of shares of the Company in issue as at the date of passing the resolution, for the period from the said date until the conclusion of the next AGM or such other period as stated in the ordinary resolution and adding to such mandate so granted to the Directors any Shares bought back by the Company under the Buy Back Mandate (“**Shares Issue Mandate**”).

Subject to the passing of the ordinary resolutions granting the Shares Issue Mandate and on the basis that no further Shares are issued or bought back prior to the 2015 AGM, the Company would be allowed under the Shares Issue Mandate to issue a maximum of 4,018,906,712 Shares representing 20% of the aggregate number of shares of the Company in issue as at the date of passing the resolutions.

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

4. **PROPOSED TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF A NEW SHARE OPTION SCHEME**

A. **The Existing Share Option Scheme and the New Share Option Scheme**

The operation of the New Share Option Scheme will commence after all the conditions precedent as referred to under the paragraph headed “Conditions Precedent of the New Share Option Scheme” below have been fulfilled. A summary of the principal terms of the New Share Option Scheme is set out in Appendix II to this circular. Details of the ordinary resolution to be proposed at the 2015 AGM relating to the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme are set out in Ordinary Resolution.

The purpose of the New Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants for their contribution to the Group by granting Options to them as incentives or rewards and to attract, retain or motivate Eligible Participants in line with the performance goals of the Relevant Companies. The Company considers the class of Eligible Participants should include the employee, director, officer or consultant of the Affiliated Group (“**Affiliated Participants**”). The inclusion of such Affiliated Participants in the class of Eligible Participants provides for more flexibility so that Options may be granted in appropriate cases where the Affiliated Participant also makes important contributions to the Group, such as for example where the Affiliated Participant is also utilised by the Group to assist its projects and where it would be in the Company’s interest to grant Options to the Affiliated Participant in recognition of such contribution to the Group.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company has granted options relating to 783,823,903 Shares under the Existing Share Option Scheme representing approximately 3.9% of the issued share capital of the Company as at the Latest Practicable Date. Of these options, options relating to 713,823,903 Shares are valid and outstanding and remain valid under the Existing Share Option Scheme after the Existing Share Option Scheme is terminated and options relating to 70,000,000 Shares have lapsed in accordance with the terms of the Existing Share Option Scheme. Save as aforesaid, the Company has no outstanding options, convertible securities or warrants which confer the right to subscribe for Shares as at the Latest Practicable Date. The Board has no intention of granting any further options under the Existing Share Option Scheme during the period from the Latest Practicable Date and the date of the 2015 AGM.

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

As at the Latest Practicable Date, the issued share capital of the Company comprised 20,094,533,563 Shares. Assuming that there is no change in the number of issued shares of the Company between the period from the Latest Practicable Date and the date of adoption of the New Share Option Scheme, and that no further option is granted under the Existing Share Option Scheme prior to its termination and any other share option schemes of the Company (if any), the maximum number of Shares issuable pursuant to the New Share Option Scheme and any other share option schemes of the Company (if any) will be 2,009,453,356 Shares, being 10% of the total number of Shares in issue on the date of approval of the New Share Option Scheme, unless the Company obtains a fresh approval from the Shareholders and the shareholders of LSG (so long as the Company is a subsidiary of LSG under the Listing Rules and LSG remains listed on the Stock Exchange) in respective general meetings to refresh the 10% limit on the basis that the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time (“**Overall Limit**”).

LETTER FROM THE BOARD

B. Conditions precedent of the New Share Option Scheme

The New Share Option Scheme will take effect subject to the following conditions:

- (a) the passing of the necessary resolutions by the Shareholders at the 2015 AGM to approve the adoption of the New Share Option Scheme and to authorise the Directors to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the New Share Option Scheme;
- (b) the passing of the necessary resolutions by the shareholders of any holding company of the Company listed on the Stock Exchange (that is to say, LSG) in a general meeting to approve the adoption of the New Share Option Scheme by the Company; and
- (c) the Listing Committee granting the approval for the listing of, and permission to deal in, any Shares to be issued and allotted pursuant to the exercise of Options under the New Share Option Scheme.

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

Once the New Share Option Scheme is adopted, any alterations to the terms and conditions thereof, which are of a material nature, must be approved by the Shareholders, and the shareholders of LSG (so long as the Company is a subsidiary of LSG under the Listing Rules and LSG remains listed on the Stock Exchange), except where the alterations take effect automatically pursuant to the terms originally provided in the New Share Option Scheme.

C. Value of the Options

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

LETTER FROM THE BOARD

D. Principal terms of the New Share Option Scheme

A summary of the principal terms of the New Share Option Scheme is set out in Appendix II to this circular. This serves as a summary of the terms of the New Share Option Scheme but does not constitute the full terms of the same. The terms of the New Share Option Scheme are in line with the provisions of Chapter 17 of the Listing Rules, which govern the terms of the share option schemes of listed companies.

5. 2015 AGM

The resolutions in relation to the above proposed Buy Back Mandate and Shares Issue Mandate as well as the termination of the Existing Share Option Scheme and adoption of a New Share Option Scheme are proposed in the Notice convening the 2015 AGM which is contained in the Annual Report. Shareholders are advised to read the Notice of 2015 AGM and if you are not able to attend the 2015 AGM but wish to exercise your right as a Shareholder, please complete, sign and return the form of proxy enclosed with the Annual Report in accordance with the instructions printed thereon and deposit the same with the Company's share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the 2015 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the 2015 AGM or any adjournment thereof should you so wish.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the 2015 AGM.

6. VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, save for resolutions which relate purely to procedure or administrative matter to be voted by a show of hands, any vote of the Shareholders at a general meeting of the Company must be taken by way of a poll. Accordingly, each of the resolutions to be considered and, if thought fit, passed at the 2015 AGM will be voted by way of a poll by the Shareholders. Article 79 of the Articles of Association provides that on a poll, every Shareholder present in person or by proxy shall have one vote for every Share held by that Shareholder. An explanation of the procedures of conducting a poll is provided in the notes to the Notice of the 2015 AGM and details will be conveyed to the Shareholders at the 2015 AGM. The Company will publish an announcement on the poll results of the resolutions on the respective websites of the Company at "www.laisun.com" and the Stock Exchange at "www.hkexnews.hk" promptly after the conclusion of the 2015 AGM.

LETTER FROM THE BOARD

7. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the rules of the New Share Option Scheme will be available for inspection at the registered office of the Company at 11/F., Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong during normal business hours between 9:00 a.m. to 6:00 p.m. (except 1:00 p.m. to 2:00 p.m.) on any weekday from the date of this circular up to and including the date of the 2015 AGM and at the 2015 AGM.

8. RECOMMENDATION

The Directors consider that the proposed Buy Back Mandate and the Shares Issue Mandate as well as the proposed termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme as mentioned above are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolutions to be proposed at the 2015 AGM.

9. RESPONSIBILITY STATEMENT

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

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

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

(I) EXERCISE OF THE BUY BACK MANDATE

As at the Latest Practicable Date, the issued share capital of the Company comprised 20,094,533,563 Shares and there were outstanding options granted under the Existing Share Option Scheme to subscribe for 713,823,903 Shares.

Subject to the passing of the ordinary resolution granting the Buy Back Mandate and on the basis that no further Shares will be issued (whether generally or pursuant to the exercise of the subscription rights attaching to the outstanding options) prior to the date of the 2015 AGM, exercise in full of the Buy Back Mandate would result in up to a maximum of 2,009,453,356 Shares representing 10% of the existing issued share capital of the Company as at the Latest Practicable Date being bought back by the Company during the relevant period.

(II) REASONS FOR BUY BACK

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

(III) FUNDING OF BUY BACK

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

If the Buy Back Mandate is to be exercised in full at any time during the proposed buy back period, there may be a material adverse effect on the working capital or gearing position of the Group (as compared with the position disclosed in the published audited consolidated financial statements of the Company for the year ended 31 July 2015). However, the Directors do not propose to exercise the Buy Back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which are, in the opinion of the Directors, appropriate for the Company from time to time.

(IV) SHARE PRICES

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

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2014		
November	0.202	0.191
December	0.194	0.170
2015		
January	0.187	0.169
February	0.190	0.170
March	0.177	0.166
April	0.215	0.169
May	0.225	0.198
June	0.215	0.175
July	0.190	0.145
August	0.174	0.127
September	0.144	0.121
October	0.157	0.120
November (up to the Latest Practicable Date)	0.141	0.137

(V) BUY BACK BY THE COMPANY

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

(VI) INTENTION AND UNDERTAKING

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

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

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

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

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

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

Name	Capacity	Nature of Interests	Number of issued Shares and underlying Shares	Approximate percentage of total issued Shares
Lam Kin Ngok, Peter ("Dr. Peter Lam")	Beneficial owner/ Owner of controlled corporations	Personal and corporate	10,460,069,991	52.05% (Note)
LSG	Beneficial owner	Corporate	10,425,699,353	51.88%

Note:

LSG and two of its wholly-owned subsidiaries, namely Zimba International Limited and Joy Mind Limited, beneficially owned 10,425,699,353 Shares, representing approximately 51.88% of the issued share capital of the Company. Dr. Lam was deemed to be interested in the same 10,425,699,353 Shares by virtue of, in aggregate, his personal and deemed interests of approximately 42.39% in the issued shares and underlying shares of LSG. Dr. Peter Lam is an executive director of LSG.

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

Name	Approximate percentage of issued share capital
Dr. Peter Lam	57.84%
LSG	57.65%

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

Assuming that there is no change in the issued Shares between the Latest Practicable Date and the date of buy back, the exercise of the Buy Back Mandate whether in whole or in part will not result in less than 25% of the total issued Shares being held by the public as required by Rule 8.08 of the Listing Rules. However, the Directors have no present intention to exercise the Buy Back Mandate to such an extent as would result in a public shareholding of less than such prescribed minimum percentage.

The following is a summary of the principal terms of the New Share Option Scheme to be approved at the 2015 AGM. It does not form part of, nor is it intended to be part of the rules of the New Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the New Share Option Scheme. The Directors reserve the rights at any time prior to the 2015 AGM to make such amendments to the New Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict with any material aspects of the summary.

(A) PURPOSE

The purpose of the New Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants for their contribution to the Group by granting Options to them as incentives or rewards and to attract, retain or motivate Eligible Participants in line with the performance goals of the Relevant Companies.

(B) WHO MAY JOIN

The Directors may at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit offer, at the consideration of HK\$1.00 per Option, to grant Options to the Eligible Participants to subscribe at the Option Price for such numbers of Shares as they may determine. In determining the basis of eligibility of each Eligible Participant, the Directors would take into account such factors as the Directors may at its discretion consider appropriate including the contribution or future contribution to the Group of each Eligible Participant and the need to attract, retain or motivate them for achieving the performance goals of the Relevant Companies. Any such terms, conditions, restrictions or limitations so imposed in relation to any Option shall be notified to the Eligible Participant to whom the offer to grant such Option has been made in the letter or document containing the offer of grant of the Option. In particular, the Directors may specify vesting periods or minimum performance targets (if any) that must be reached before an Option is capable of being exercised by the Option Holder.

(C) PRICE FOR THE SHARES

The Option Price (subject to adjustments in accordance with paragraph (J) below) shall be determined on the Date of Grant at the absolute discretion of the Directors as an amount per Share which shall be at least the highest of:

- (aa) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant, which must be a trading day; or
- (bb) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the Date of Grant.

(D) ACCEPTANCE OF OFFERS OF OPTIONS

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

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

(E) MAXIMUM NUMBER OF SHARES

- (aa) The maximum number of Shares which may be issued upon the exercise of all Options to be granted under the New Share Option Scheme and all Options to be granted under any other share option schemes of any member of the Group (“**Other Schemes**”) shall not in aggregate exceed 10% of the total number of Shares in issue on the Adoption Date (“**Scheme Limit**”) unless the Company obtains an approval from Shareholders pursuant to paragraph (cc) below. Options lapsed in accordance with the terms of the New Share Option Scheme shall not be counted for the purposes of calculating the Scheme Limit.
- (bb) Subject to (aa) above and the approval of the Shareholders in general meeting, the Company may refresh the Scheme Limit at any time, provided that such limit as refreshed shall not exceed 10% of the Shares in issue as at the date of approval of such refreshed limit. Options previously granted under the New Share Option Scheme and options granted under the Other Schemes (including those outstanding, cancelled or lapsed in accordance with such schemes or those exercised) prior to the date of such approval shall not be counted for the purpose of calculating the limit as refreshed. In such event, the Company shall send a circular to the Shareholders containing the information required under the Listing Rules.

- (cc) Subject to (aa) above and the approval of the Shareholders in general meeting, the Company may grant Options beyond the 10% limit, provided that the Options in excess of such limit are granted only to the Eligible Participants specifically identified by the Company before such shareholders' approval is sought. In such event, the Company shall send a circular to Shareholders containing, amongst other terms, a generic description of the specified Eligible Participant(s) who may be granted such Options, the number of Shares subject to the Options to be granted, the terms of the Options to be granted, the purpose of granting Options to the specified Eligible Participant(s), an explanation as to how the terms of these Options serve such purpose and such other information required under the Listing Rules.

(F) MAXIMUM NUMBERS OF OPTIONS TO ANY ONE INDIVIDUAL

No Option shall be granted to any one Eligible Participant such that the total number of Shares issued and to be issued upon the exercise of the Options granted and to be granted to such person under the New Share Option Scheme and the Other Schemes (including exercised, cancelled and outstanding Options) in any 12-month period up to and including the Date of Grant representing in aggregate over 1% of the total number of Shares in issue from time to time ("**Participant Limit**"), such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his associates abstaining from voting. Subject to the approval of the Shareholders in general meeting and in accordance with the requirements under the Listing Rules from time to time in force, the Directors may grant Options to an Eligible Participant such that the Participant Limit is exceeded. Any grant of further Options above the Participant Limit shall be subject to the approval of the shareholders of the Company in general meeting, with such Eligible Participant and his Close Associates (as defined in the Listing Rules) or his associates if such Eligible Participant is a Connected Person (as defined in the Listing Rules) of the Company abstaining from voting. A circular in relation to such proposal shall be despatched to shareholders in accordance with the Listing Rules.

The number and terms (including the Option Price) of Options to be granted to such Eligible Participant shall be fixed before the date on which approval of the Shareholders is sought and the date of the Directors' meeting for proposing such further grant of Options should be taken as the Date of Grant for the purpose of calculating the Option Price and for such other purposes as required by the New Share Option Scheme.

(G) TIME OF EXERCISE OF OPTIONS

Unless otherwise determined by the Directors and specified in the letter or document containing the offer of grant of the Option at the time of the offer, there is no minimum period for which an Option must be held before the Option can be exercised. Options for the time being outstanding may be exercised in whole or in part at any time during the Option Period. In order for the exercise of an Option to be effective, the Company Secretary must, prior to the expiry of the Option Period, have received:

- (i) a written notice from the Option Holder exercising the Option, signed by or on behalf of the Option Holder and specifying the number of Shares in respect of which the Option is being exercised; and
- (ii) payment in full of an amount equal to the option price multiplied by the relevant number of Shares in respect of which such option is exercised (“**Subscription Price**”).

No performance targets are required to be achieved by any Option Holder before an Option is capable of being exercised by the Option Holder except as otherwise imposed by the Directors and stated in the relevant letter of offer of the grant of an Option.

(H) RIGHTS ARE PERSONAL TO THE OPTION HOLDER

An Option may not be transferred or assigned and is personal to the Option Holder.

(I) RIGHTS ON CEASING EMPLOYMENT, DEATH/DISABILITY OR DISMISSAL

In the event the Option Holder ceases to be an Eligible Participant:

- (aa) by reason of death/disability or because the Relevant Company (to which the Eligible Participant is employed, holds directorship in or is a consultant therewith) ceases to be a Relevant Company, then he or (as the case may be) his personal representatives may exercise all his outstanding Options within 12 months of such cessation and any such Options not so exercised shall lapse and determine at the end of the said period of 12 months;
- (bb) by reason of termination of his employment on grounds that he has been guilty of misconduct or appears either to be unable to pay a debt immediately payable or to have no reasonable prospect of being able to pay a debt not immediately payable or has become bankrupt or has made any arrangements or composition with his creditors generally or he has been convicted of any criminal offence involving his integrity or honesty, then all his outstanding Options shall then lapse and determine on the date he so ceases; or

- (cc) by reason other than as described in the above sub-paragraphs (aa) and (bb) above, then all Options of his which are exercisable at the date he ceases to be an Eligible Participant may be exercised to the extent then exercisable within 3 months of the date he so ceases and unless so exercised shall lapse and determine.

(J) ADJUSTMENTS

In the event of any variation or potential variation in the issued share capital of the Company individually or in aggregate exceeding 5% of the issued Shares as at the Adoption Date or the date of any previous adjustment(s) (whichever is later) which arises or may arise immediately following the commencement of the period commencing on the Adoption Date and expiring at the close of business on the tenth anniversary thereof unless terminated pursuant to provisions of the New Share Option Scheme from any issue of Shares in or other securities of the Company by way of reduction, subdivision or consolidation of the share capital of the Company or any capitalisation issue or rights issue or any other event and the Board considers an adjustment necessary, the number of Shares comprised in each Option for the time being outstanding, the Option Price, the Participant Limit in relation to any Option Holder and/or the amounts of multiples of Shares capable of being exercised pursuant to the New Share Option Scheme, may be adjusted in such manner as the Directors (having received a statement in writing from the independent auditors or independent financial adviser of the Company, that in their opinion the adjustments proposed are fair and reasonable having regard to the supplementary guidance set out in the letter issued by the Stock Exchange dated 5 September 2005 and any further guidance/interpretation of Rule 17.03(13) of the Listing Rules) may deem appropriate, provided always that no such adjustment shall have the effect of rendering:–

- (aa) the aggregate Subscription Price relating to any Option being increased;
- (bb) the proportion of the equity capital of the Company to which the Option Holder is entitled after the adjustment(s) becoming effective not being the same as that to which he was entitled before solely as a result of such adjustment;
- (cc) the aggregate percentage of the issued share capital of the Company available for the grant of Options shall not be greater than the Scheme Limit or the Overall Limit (subject to adjustments); and
- (dd) the Intrinsic Value of any Option to have increased to the advantage of the Option Holder.

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

Issuance of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment.

(K) RIGHTS ON WINDING UP

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

(L) RIGHTS ON A GENERAL OFFER

If, in consequence of any general offer made to all the Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or connection with the offeror), and the offer has become unconditional, each Option Holder shall be entitled to exercise at any time the Option in whole or in part up to the close of the offer or any revised offer unless otherwise determined by the Board or in the case of a general offer involving a scheme, within such period as shall be notified by the Company to the Option Holders.

(M) RIGHTS ON A COMPROMISE OR ARRANGEMENT

If a compromise or an arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme of reconstruction of the Company or its amalgamation with any other company or companies (excluding any reorganisation schemes of arrangement contemplated in Rule 7.14(3) of the Listing Rules), the Company shall give notice thereof to all Option Holders on the same date as it despatches the notice to each member or creditor of the Company to consider such a compromise or an arrangement, and thereupon any Option Holder (or where permitted his personal representatives) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his Option but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. The Company may thereafter require each Option Holder to transfer or otherwise deal with the Shares issued as a result of such exercise of his Option so as to place the Option Holders in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(N) LAPSE OF OPTION

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

- (aa) the expiry of the Option Period (subject to the provisions of paragraphs (D) and (R));
- (bb) the expiry of any of the periods referred to in paragraphs (I), (K), (L) and (M) above; and

- (cc) the date on which the Option Holder commits a breach of paragraph (H) above, if the Directors shall exercise the Company's right to cancel any outstanding Option or part thereof granted.

(O) CANCELLATION OF OPTIONS GRANTED BUT NOT EXERCISED

Options granted and accepted but not exercised may not be cancelled without the consent of the relevant Option Holder and any new Options (or any other options) issued in replacement of Options cancelled may only be issued under the New Share Option Scheme (or the Other Schemes) to the extent unissued Options (or any other options) are available for issue (excluding the cancelled options), with the limits prescribed in paragraphs (E) and (F) above.

(P) GRANT OF OPTIONS TO CONNECTED PERSONS AND THEIR ASSOCIATES

The independent non-executive directors of the Company (not being the independent non-executive director who is or whose associate is, an Option Holder) will be required to approve each grant of Options to any director, chief executive or substantial shareholder of the Company or any of their respective associates.

If a grant of an Option to a substantial shareholder or an independent non-executive director of the Company or to any of their respective associates would result in the total number of Shares issued and to be issued upon the exercise of the Options granted and to be granted under the New Share Option Scheme and the Other Schemes (including options exercised, cancelled and outstanding) to such person in the 12- month period up to and including the Date of Grant of such Option:

- (1) representing in aggregate over 0.1% of the Shares in issue; and
- (2) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on each Date of Grant, in excess of HK\$5,000,000,

such further grant of Options shall be approved by the Shareholders in general meeting voting by way of a poll. The Company shall send a circular to their Shareholders containing the information required by the Listing Rules. The relevant Option Holder, his associates and all Core Connected Persons (as defined in the Listing Rules) of the Company must abstain from voting at such general meeting.

(Q) PERIOD OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme will remain in force for a period of 10 years commencing on the Adoption Date.

(R) AMENDMENTS AND TERMINATION OF THE NEW SHARE OPTION SCHEME

The Directors may from time to time in their absolute discretion waive or amend such provisions of the New Share Option Scheme as they deem desirable, provided that except with the prior approval of the Shareholders in general meeting, no alteration shall be made to the New Share Option Scheme relating to, among other things, the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Option Holders.

Save as otherwise provided in the terms of the New Share Option Scheme, neither an amendment of a material nature to the New Share Option Scheme nor any change to the terms of Options granted may be made by the Directors without the prior approval of the Shareholders in general meeting.

The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of the Listing Rules.

Any change to the authority of the Directors or scheme administrators in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.

The Company may by resolution in general meeting at any time terminate the operation of the New Share Option Scheme before the expiry of the period referred to in paragraph (Q) above and in such event, no further offer shall be made but in all other respects the provisions of the New Share Option Scheme shall remain in force. All Options granted and accepted prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of the New Share Option Scheme.

(S) RANKING OF SHARES

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

(T) ADMINISTRATION

The New Share Option Scheme shall be administered by the Board and the Board shall, subject to the provisions of the New Share Option Scheme, so administer it in such manner as it shall in its absolute discretion deem fit.

(U) CONDITIONS OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme will take effect subject to the following conditions:

- (a) the passing of the necessary resolutions by the Shareholders in a general meeting to approve the adoption of the New Share Option Scheme and to authorise the Directors to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the New Share Option Scheme;
- (b) the passing of the necessary resolutions by the shareholders of any holding company of the Company listed on the Stock Exchange (that is to say, LSG) in a general meeting to approve the adoption of the New Share Option Scheme by the Company; and
- (c) the Listing Committee granting the approval for the listing of, and permission to deal in, any Shares to be issued and allotted pursuant to the exercise of Options under the New Share Option Scheme.

(V) APPROVAL BY SHAREHOLDERS OR INDEPENDENT NON-EXECUTIVE DIRECTORS OF LSG

Rule 17.01(4) of the Listing Rules provides that where the Listing Rules require a share option scheme or any related matters to be approved by Shareholders or independent non-executive Directors of the Company, approval must also be obtained from the shareholders or independent non-executive directors of the holding company of the Company which is also listed on the Stock Exchange.

On account of this requirement, for any matter regarding the New Share Option Scheme as summarized above that requires approval from Shareholders or independent non-executive Directors of the Company, approval must also be obtained from the shareholders or independent non-executive directors of LSG as long as the Company remains as a subsidiary of LSG and LSG continues to be listed on the Stock Exchange.