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LAI SUN DEVELOPMENT

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

(Stock Code: 488)



LAI SUN GARMENT

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

(Stock Code: 191)

JOINT ANNOUNCEMENT

PROPOSED RIGHTS ISSUE OF 5,900,850,966

RIGHTS SHARES

AT THE SUBSCRIPTION PRICE OF

HK\$0.09 EACH ON

THE BASIS OF 5 RIGHTS SHARES

FOR EVERY 12 EXISTING SHARES

HELD ON THE RECORD DATE

AND

CLOSURE OF REGISTER OF MEMBERS

DISCLOSEABLE TRANSACTION

**FULL ACCEPTANCE OF PROVISIONAL
ALLOTMENT UNDER THE RIGHTS ISSUE**

Underwriter of the Rights Issue

HSBC 

PROPOSED RIGHTS ISSUE

LSD proposes to raise approximately HK\$531 million before expenses by way of a rights issue of 5,900,850,966 Rights Shares at the Subscription Price of HK\$0.09 per Rights Share.

Pursuant to the Rights Issue, the Qualifying Shareholders will be provisionally allotted 5 Rights Shares in nil-paid form for every 12 existing LSD Shares held on the Record Date. Fractional entitlements will not be allotted but will be aggregated and sold for the benefit of LSD.

The Rights Issue is not available to the Non-Qualifying Shareholders.

The estimated net proceeds of the Rights Issue will be approximately HK\$515 million. LSD intends to apply the net proceeds of the Rights Issue for general working capital purposes.

The Rights Issue (other than an aggregate of 2,834,570,321 Rights Shares to be provisionally allotted to the Undertaking Shareholders and the LSG Subsidiaries) will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

IRREVOCABLE UNDERTAKINGS OF THE UNDERTAKING SHAREHOLDERS

As at the date of this joint announcement, the Undertaking Shareholders (in the case of LSG, directly and indirectly through the LSG Subsidiaries) hold an aggregate of 6,802,968,777 LSD Shares, representing approximately 48.04% of the issued share capital of LSD. Each of LSG and the Irrevocable Undertaking Shareholder has, pursuant to the Underwriting Agreement and the Irrevocable Undertaking respectively, provided an irrevocable undertaking to LSD and the Underwriter, undertaking, among other things, subject to the Rights Issue not being terminated, that: (i) by no later than 4:00 p.m. on the third Business Day the Rights Issue is open for acceptance, it/he will accept and, in the case of LSG, will procure that the LSG Subsidiaries accept, the Rights Shares provisionally allotted to each of them under the Rights Issue and it/he shall and, in the case of LSG, shall procure that the LSG Subsidiaries shall, lodge and procure the lodgment of the PALs together with payment therefor in accordance with the terms of the Rights Issue Documents; and (ii) it/he shall not make and, in the case of LSG, shall procure that the LSG Subsidiaries shall not make, any excess application for the Rights Shares pursuant to the EAFs.

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

The Underwriting Agreement contains provisions granting the Underwriter a right to terminate its obligations on the occurrence of certain events. Please refer to the sub-section headed “Termination of the Underwriting Agreement” in this joint announcement for further details. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

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

The attention of LSD Shareholders and investors is drawn to the section headed “Warning of the risks of dealing in the LSD Shares and the nil-paid Rights Shares” below.

TRADING ARRANGEMENTS

The last day of dealings in the LSD Shares on a cum-rights basis is Thursday, 17 November 2011. The LSD Shares will be dealt with on an ex-rights basis from Friday, 18 November 2011. The Rights Shares are expected to be dealt with in their nil-paid form from Monday, 28 November 2011 to Monday, 5 December 2011 (both days inclusive).

To qualify for the Rights Issue, a LSD Shareholder must be registered as a member of LSD as at 5:00 p.m. on the Record Date, which is currently expected to be Wednesday, 23 November 2011. In order to be registered as members of LSD at 5:00 p.m. on the Record Date, all transfer documents of the LSD Shares (together with the relevant share certificates) must be lodged for registration with the Registrar at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by 4:30 p.m. on Monday, 21 November 2011. The register of members of LSD will be closed on Tuesday, 22 November 2011 and Wednesday, 23 November 2011.

The Latest Acceptance Date is expected to be on Thursday, 8 December 2011 or such other date as LSD and the Underwriter may agree in writing. LSD has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. For details of the trading arrangements, please refer to the section headed "Expected Timetable" below.

GENERAL

The Prospectus containing, among other things, further details of the Rights Issue is expected to be despatched by LSD to the Qualifying Shareholders and, for information only, to the extent reasonably practicable, to the Non-Qualifying Shareholders on the Posting Date. The PALs and the EAFs will also be sent to the Qualifying Shareholders on the same date.

DISCLOSEABLE TRANSACTION OF LSG

LSG, the controlling shareholder of LSD, has, directly and indirectly (through the LSG Subsidiaries) an aggregate shareholding of approximately 47.97% of the issued share capital of LSD as at the date of this joint announcement. LSG has irrevocably undertaken to subscribe, and procure each of the LSG Subsidiaries to subscribe, in full for each of its/their entitlement(s) under the Rights Issue, details of which are set out in the paragraph headed "Irrevocable Undertakings to Subscribe for Rights Shares" below.

As the highest applicable Percentage Ratio for the Proposed Subscription is more than 5% but less than 25%, the Proposed Subscription, therefore, constitutes a discloseable transaction of LSG and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

PROPOSED RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	5 Rights Shares for every 12 existing LSD Shares held at 5:00 p.m. on the Record Date
Subscription Price:	HK\$0.09 per Rights Share
Number of the existing LSD Shares in issue:	14,162,042,320
Number of Rights Shares:	5,900,850,966
Underwriter:	HSBC

Under the Rights Issue, the 5,900,850,966 nil-paid Rights Shares proposed to be provisionally allotted represent 41.67% of the existing issued share capital of LSD and 29.41% of the issued share capital of LSD as enlarged by the Rights Issue. As at the date of this joint announcement, LSD had no outstanding convertible securities, options or warrants in issue which would otherwise confer any right to subscribe for, convert or exchange into the existing LSD Shares.

Subscription Price

The Subscription Price of HK\$0.09 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or, where applicable, application for excess Rights Shares or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares. The Subscription Price represents:

- (a) a discount of approximately 43% to the closing price of HK\$0.158 per LSD Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 43% to the average of the closing prices per LSD Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of approximately HK\$0.159;
- (c) a discount of approximately 44% to the average of the closing prices per LSD Share as quoted on the Stock Exchange for the 10 previous consecutive trading days up to and including the Last Trading Day of approximately HK\$0.160;
- (d) a discount of approximately 35% to the theoretical ex-rights price of approximately HK\$0.138 per LSD Share based on the closing price of HK\$0.158 per LSD Share as quoted on the Stock Exchange on the Last Trading Day; and
- (e) a discount of approximately 89% to the audited consolidated net asset value attributable to the LSD Shareholders as at 31 July 2011 of approximately HK\$0.844 per LSD Share.

Each Rights Share has a par value of HK\$0.01.

The Subscription Price was determined by the Directors with reference to the market price of the LSD Shares prior to and including the Last Trading Day. Each Qualifying Shareholder will be entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its shareholding held at 5:00 p.m. on the Record Date.

The Directors consider the terms of the Rights Issue, including the Subscription Price (and the discounts to the relative values as indicated above), to be fair and reasonable and to be in the interests of LSD and the LSD Shareholders as a whole.

Basis of provisional allotment

5 Rights Shares (in nil-paid form) for every 12 existing LSD Shares held by the Qualifying Shareholders as at 5:00 p.m. on the Record Date. Application for all or any part of a LSD Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for.

Status of the Rights Shares

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

Certificates for the Rights Shares and Refund Cheques

Subject to the fulfilment of the conditions of the Rights Issue as set out below, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or before Friday, 16 December 2011 to those persons who have accepted and, where applicable, applied for, and paid for the Rights Shares, at their own risk.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be sent by ordinary post on or before Friday, 16 December 2011 to the applicants at their own risk.

Fractions of the Rights Shares

LSD will not provisionally allot and will not accept application for any fraction of the Rights Shares. No odd lot matching services will be provided. All fractions of the Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) to the Underwriter or its nominee, and will be sold in the market and the proceeds will be retained by LSD for its own benefit, if a premium (net of expenses) can be obtained. Any unsold Rights Shares arising from such aggregation will be made available for excess application by the Qualifying Shareholders (other than the Undertaking Shareholders and the LSG Subsidiaries).

Application for excess Rights Shares

The Qualifying Shareholders (other than the Undertaking Shareholders and the LSG Subsidiaries) shall be entitled to apply for (a) any unsold Rights Shares which would have been allotted to the Non-Qualifying Shareholders had they been the Qualifying Shareholders, (b) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise subscribed for by renounees or transferees of nil-paid Rights Shares, and (c) any unsold Rights Shares created by aggregating fractions of the Rights Shares. Application may be made only by the Qualifying Shareholders (other than the Undertaking Shareholders and the LSG Subsidiaries) and only by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by a time which is currently expected to be 4:00 p.m. on Thursday, 8 December 2011 or such later time as may be agreed between LSD and the Underwriter.

The LSD Board will, upon consultation with the Underwriter, allocate the excess Rights Shares being applied for at its discretion and on a fair and equitable basis and on the following principles:

- (1) subject to the availability of excess Rights Shares, preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings where it appears to the Directors that such applications are not made with the intention to abuse such mechanism; and

- (2) subject to the availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to the Qualifying Shareholders (other than the Undertaking Shareholders and the LSG Subsidiaries) based on a sliding scale with reference to the number of the excess Rights Shares applied for by them (i.e. the Qualifying Shareholders applying for a smaller number of Rights Shares will be allocated a higher percentage of the excess Rights Shares they have applied for; whereas the Qualifying Shareholders applying for a larger number of Rights Shares will be allocated a lower percentage of the excess Rights Shares they have applied for (although they will receive a greater number of Rights Shares than those applying for a smaller number)).

Investors whose LSD Shares are held by a nominee company (or which are held in CCASS) should note that the LSD Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of LSD. Accordingly, investors whose LSD Shares are registered in the name of a nominee (or which are held in CCASS) should note that the aforesaid arrangement for top-up of odd lots in relation to the allocation of the excess Rights Shares will not be extended to them individually. Beneficial owners with their LSD Shares held by a nominee company (or which are held in CCASS) are advised to consider whether they would like to arrange for the relevant LSD Shares to be registered in their own names prior to the Record Date.

Investors whose LSD Shares are held by nominee(s) (or which are held in CCASS) and who would like to have their name registered on the register of members of LSD must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on Monday, 21 November 2011.

Application for listing

LSD has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Nil-paid Rights Shares are expected to be traded in board lots of 1,000 (as the LSD Shares are currently traded on the Stock Exchange in board lots of 1,000). No part of the securities of LSD in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

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

Rights Shares will be eligible for admission into CCASS

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. LSD Shareholders should seek advice from their licensed securities dealer or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Qualifying Shareholders

To qualify for the Rights Issue, a LSD Shareholder must (a) be registered as a member of LSD as at 5:00 p.m. on the Record Date; and (b) not be a Non-Qualifying Shareholder. In order to be registered as members of LSD at 5:00 p.m. on the Record Date, all transfer documents of the LSD Shares must be lodged (together with the relevant share certificate(s)) with the Registrar by 4:30 p.m. (Hong Kong time) on Monday, 21 November 2011. The last day of dealings in the LSD Shares on a cum-rights basis is Thursday, 17 November 2011. The LSD Shares will be dealt with on an ex-rights basis from Friday, 18 November 2011. The particulars of the Registrar are as follows:

Tricor Tengis Limited

26/F., Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185

LSD will send the Rights Issue Documents to the Qualifying Shareholders on the Posting Date.

Non-Qualifying Shareholders

If there are Overseas Shareholders at 5:00 p.m. on the Record Date, the Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The LSD Board is making enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules as to the applicable securities legislation of the relevant overseas jurisdictions or the requirements of any relevant regulatory body or stock exchange for the issue of the Rights Shares to the Overseas Shareholders and the results of the enquiries will be included in the Prospectus. If, after making such enquiries, the LSD Board is of the opinion that it would be necessary or expedient, on account of either the legal restrictions under the laws of the relevant jurisdiction or any requirement of the relevant regulatory body or stock exchange in that jurisdiction, not to offer the Rights Shares to any of the Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to the Non-Qualifying Shareholders and no Rights Shares will be provisionally allotted to them. LSD will, to the extent reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for their information only on the Posting Date but will not send the PALs or the EAFs to them. The Rights Issue Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The basis of exclusion of the Non-Qualifying Shareholders, if any, from the Rights Issue will be disclosed in the Prospectus.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange but before the last date for dealings in nil-paid Rights Shares, if a premium (net of expenses) can be obtained. The proceeds of each sale, less expenses and stamp duty, of more than HK\$100 will be paid by LSD to the relevant Non-Qualifying Shareholder(s) pro rata to their shareholdings in LSD at 5:00 p.m. on the Record Date in Hong Kong dollars. LSD will retain individual amounts of HK\$100 or less for the benefit of LSD. Any unsold entitlements of the Non-Qualifying Shareholders will, as referred to above in this joint announcement, be made available to meet excess applications on EAFs by the Qualifying Shareholders.

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

Closure of the register of members

The register of members of LSD will be closed on Tuesday, 22 November 2011 and Wednesday, 23 November 2011 for determining the entitlement to the Rights Issue. No transfers of LSD Shares will be registered during this period.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date:	8 November 2011
Underwriter:	HSBC
Number of Rights Shares:	5,900,850,966
Number of Underwritten Shares:	3,066,280,645 Underwritten Shares (this figure excludes 2,834,570,321 Rights Shares to be provisionally allotted to the Undertaking Shareholders and the LSG Subsidiaries)
Commission:	3% of the aggregate Subscription Price of the total Underwritten Shares which amounts to approximately HK\$8.3 million

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Underwriter and its ultimate holding company are Independent Third Parties.

Subject to the fulfilment of the conditions (or any waiver, as the case may be, by the Underwriter) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter has agreed to subscribe or procure the subscription for all Underwritten Shares that are not taken up by the Qualifying Shareholders.

The LSD Board considers that the Underwriting Agreement is on normal commercial terms and is fair and reasonable so far as the LSD Shareholders are concerned.

Conditions of the Rights Issue and the Underwriting Agreement

The Rights Issue is conditional upon (i) the Underwriting Agreement becoming unconditional and not being terminated; and (ii) permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) being granted by the Stock Exchange and not being withdrawn or revoked prior to the Latest Time for Termination.

The Underwriting Agreement is conditional upon the following conditions being fulfilled:

- (a) permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) being granted (subject only to allotment and despatch of the appropriate documents of title) by the Stock Exchange by no later than the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms respectively) and such permission not being withdrawn or revoked prior to the Latest Time for Termination;

- (b) all necessary consents, approvals and waivers being obtained from all relevant governmental and regulatory authorities, including the Stock Exchange and the SFC, by LSD and LSG, as the case may require in connection with the Rights Issue and the entering into of the Underwriting Agreement, by the relevant time as set out in the Underwriting Agreement (where applicable) that each consent and approval is required;
- (c) compliance with and performance of the obligations of LSD taking place by the times specified in the Underwriting Agreement in connection with the making of the Rights Issue and the allotment and offer of the Rights Shares;
- (d) compliance with and performance of the obligations of LSG taking place by the times specified in the Underwriting Agreement in connection with its irrevocable undertaking under the Underwriting Agreement;
- (e) compliance with and performance of the obligations of the Irrevocable Undertaking Shareholder under the Irrevocable Undertaking by the times specified in the Irrevocable Undertaking;
- (f) receipt by the Underwriter (in a form and substance reasonably satisfactory to it) of all relevant documents by the times specified in the Underwriting Agreement provided that, where such document is specified to be delivered in draft or agreed form, no changes shall be made to it without the prior consent of the Underwriter; and
- (g) in respect of the warranties and the undertakings in the Underwriting Agreement, by the Latest Time for Termination: (i) no material breach of any of the warranties or the undertakings having come to the knowledge of the Underwriter; (ii) the Underwriter not having any cause to believe that any material breach of the warranties or the undertaking has occurred or may reasonably be expected to occur; and (iii) a matter not having arisen which might be expected to give rise to a material breach or a claim.

LSD shall use its reasonable endeavours to procure the fulfilment of the above conditions, and LSG shall use its reasonable endeavours to procure the fulfilment of the conditions set out in (d) above and, to the extent applicable to it, (b) and (g) above, by the due time and/or date referred to in each case (or if no date is specified, by the Latest Time for Termination) and to procure that each of such conditions is fulfilled in sufficient time so that the Latest Time for Termination falls on or before 4:00 p.m. on Tuesday, 13 December 2011 (or such later date as the Underwriter may agree) and in particular shall furnish such information, supply such documents, pay (in the case of LSD) such fees and do all such acts and things as may reasonably be required by the Stock Exchange in connection with the making of the Rights Issue and the listing of the Rights Shares.

If any of the above conditions shall not have been fulfilled or waived in accordance with the terms of the Underwriting Agreement by the Underwriter by the specified time and date, or if the Latest Time for Termination occurs, or will occur, after 4:00 p.m. on Tuesday, 13 December 2011 (or such later date as the Underwriter may agree), the Underwriting Agreement shall terminate (save in respect of certain rights and obligations under the Underwriting Agreement) and the Rights Issue will not proceed.

The Underwriter shall have the right, in its absolute discretion, by giving notice to LSD on or before the latest time at which, or the latest day on which, any of the above conditions may be fulfilled:

- (a) to extend the deadline for the fulfilment of any such condition by such time or number of days or in such manner as the Underwriter may determine;
- (b) to waive such condition (other than conditions (a) and (b) above), and such waiver may be made subject to such terms and conditions as the Underwriter may reasonably determine.

Lock up

Lock up provisions under the Underwriting Agreement

LSD has undertaken to the Underwriter that for the period from the date of the Underwriting Agreement and ending on the date which is 90 days from the Closing Date, except with the prior written consent of the Underwriter, LSD will not (except for the Rights Shares):

- (a) save for any options which have an exercise date falling after 5:00 p.m. on 20 December 2011 (or such later date as the Underwriter may agree) which LSD may grant pursuant to the share option scheme adopted by LSD on 22 December 2006, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any LSD Shares or any interests in LSD Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any LSD Shares or interest in LSD Shares;
- (b) buy back, cancel, retire, reduce, redeem, re-purchase, purchase or otherwise acquire any LSD Shares;
- (c) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (a) or (b) above; or
- (d) announce any intention to enter into or effect any such transaction described in (a), (b) and (c) above.

LSG has undertaken that it will not, and shall procure that the LSG Subsidiaries (and, as the case may be, the Nominee) shall not, without first having obtained the prior written consent of the Underwriter:

- (a) transfer or otherwise dispose of (including without limitation the agreement to dispose of, or the creation of any option or derivative) or acquire any LSD Share or any interest therein between the date of the Underwriting Agreement and the Record Date; or
- (b) transfer or otherwise dispose of (including without limitation the agreement to dispose of, or the creation of any option or derivative) or acquire (except by taking up Rights Shares provisionally allotted to them pursuant to the Rights Issue and pursuant to the Underwriting Agreement) any LSD Share or any interest therein between the Record Date and the latest time for acceptance.

LSG has undertaken to LSD and the Underwriter that from the latest time for acceptance until 90 days from the Closing Date, except with the prior written consent of the Underwriter, it will not and will procure that the LSG Subsidiaries (and, as the case may be, the Nominee), whether individually or together and whether directly or indirectly, will not:

- (a) in respect of any Lock Up Shares:
 - (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any of the Lock Up Shares or any interests therein beneficially owned or held by LSG or the LSG Subsidiaries or any of their controlled companies or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Lock Up Shares or interests;

- (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Lock Up Shares, whether any such transaction described in (a)(i) or (a)(ii) above is to be settled by delivery of LSD Shares or such other securities, in cash or otherwise; or
 - (iii) announce any intention to enter into or effect any such transaction described in (a)(i) or (a)(ii) above; and
- (b) in respect of the Other Shares, do anything mentioned in (a)(i), (a)(ii) and (a)(iii) above, save for pledging or otherwise encumbering the Other Shares or any interest therein as security for the purpose of obtaining bona fide borrowings from a bank or other financial institution.

LSG has undertaken that it shall not dispose of any interest whatsoever in the LSG Subsidiaries for the period from the date of the Underwriting Agreement and ending on the date which is 90 days from the Closing Date.

Lock up provisions under the Irrevocable Undertaking

The Irrevocable Undertaking Shareholder has undertaken that he will not, without first having obtained the prior written consent of the Underwriter:

- (a) transfer or otherwise dispose of (including without limitation, the agreement to dispose of, or the creation of any option or derivative) or acquire any LSD Share or any interest therein between the date of the Irrevocable Undertaking and the Record Date; or
- (b) transfer or otherwise dispose of (including without limitation, the agreement to dispose of, or the creation of any option or derivative) or acquire (except by taking up the 4,208,160 Rights Shares provisionally allotted to him pursuant to the Rights Issue and the Irrevocable Undertaking) any LSD Share or any interest therein between the Record Date and the latest time for acceptance.

The Irrevocable Undertaking Shareholder has undertaken that he will not (without first having obtained the prior written consent of the Underwriter, such consent not to be unreasonably withheld or delayed) dispose of any interest whatsoever in Wisdoman Limited and LSG for the period from the date of the Irrevocable Undertaking and ending on the date which is 90 days from the Closing Date.

Termination of the Underwriting Agreement

The Underwriter may, by notice in writing to LSD, served prior to the Latest Time for Termination, rescind or terminate the Underwriting Agreement if:

- (a) any material breach of any of the warranties or specified undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter, or there has been a material breach on the part of LSD or LSG of any other provision of the Underwriting Agreement, or the Underwriter has cause to believe that any such breach has occurred or that any matter has arisen which might be expected to give rise to such breach or a claim; or
- (b) there occurs an event or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which, if it had occurred or arisen before the date of the Underwriting Agreement, would have rendered any of the warranties untrue, incorrect, incomplete or misleading in any material respects; or

- (c) any statement contained in the Prospectus has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect, or matters have arisen or have been discovered which would, if the Prospectus was to be issued at the time, constitute a material omission therefrom; or
- (d) LSD is required to produce a supplementary prospectus pursuant to Rule 11.13 of the Listing Rules; or
- (e) there is any adverse change or prospective adverse change in the business, condition, results of operations, management, shareholders' equity or in the financial or trading position of the LSD Group which, in the sole opinion of the Underwriter acting in good faith, is or may be materially adverse in the context of the Rights Issue; or
- (f) permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Stock Exchange; or
- (g) any suspension of dealings in the LSD Shares for a period of three consecutive Business Days or longer (other than pending publication of announcements in respect of the Rights Issue); or
- (h) there has occurred, happened, come into effect or comes to the knowledge of the Underwriter any event, series of events or circumstances concerning or relating to (whether or not foreseeable):
 - (i) any change in, or any event or series of events likely to result in any change in, (whether or not permanent) local, national or international financial, political, military, industrial, economic, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls in or affecting the PRC, Hong Kong, the European Union (or any member thereof) or the United States; or
 - (ii) any event or circumstance in the nature of force majeure (including, without limitation, any act of government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in or affecting the PRC, Hong Kong, the European Union (or any member thereof) or the United States; or
 - (iii) the declaration of a banking moratorium by PRC, Hong Kong, the European Union (or any member thereof) or United States authorities; or
 - (iv) any moratorium, suspension or restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange, the Shanghai Stock Exchange, London Stock Exchange plc, the New York Stock Exchange, Inc. or NASDAQ, or any major disruption of any securities settlement or clearing services in Hong Kong; or
 - (v) any new law or regulation or any change, or any development involving a prospective change, in existing laws or regulations in Hong Kong or any other place in which any member of the LSD Group conducts or carries on business,

the effect of which events and circumstances referred to in this paragraph (h), individually or in the aggregate (in the sole opinion of the Underwriter acting in good faith): (1) is or may be materially adverse to, or prejudicially affects or may prejudicially affect, the LSD Group as a whole or the Rights Issue; or (2) makes or may make it inadvisable or inexpedient to proceed with the Rights Issue on the terms and in the manner contemplated in this joint announcement and the Rights Issue Documents.

If prior to the Latest Time for Termination any notice to rescind or terminate the Underwriting Agreement is given by the Underwriter, the obligations of all parties thereunder shall terminate forthwith and no party will have any claim against any other for costs, damages, compensation or otherwise (save in respect of certain rights or obligations under the Underwriting Agreement including rights of the parties thereto in respect of any antecedent breach). If the Underwriter exercises such right, the Rights Issue will not proceed.

IRREVOCABLE UNDERTAKINGS TO SUBSCRIBE FOR RIGHTS SHARES

As at the date of this joint announcement, the Undertaking Shareholders (in the case of LSG, directly and indirectly through the LSG Subsidiaries) hold an aggregate of 6,802,968,777 LSD Shares, representing approximately 48.04% of the issued share capital of LSD.

LSG

LSG has provided an irrevocable undertaking under the Underwriting Agreement to LSD and the Underwriter, undertaking, among other things:

- (a) to accept or procure the acceptance of the Rights Shares to be provisionally allotted to LSG (and, as the case may be, the Nominee) and each of the LSG Subsidiaries under the Rights Issue in proportion to the LSD Shares registered in their names (or, as the case may be, in the name of the Nominee) as at the date of the Underwriting Agreement (and which LSG undertakes to LSD and to the Underwriter will remain, and to procure that the LSG Subsidiaries (and, as the case may be, the Nominee) will remain, registered in the same names as at 5:00 p.m. on the Record Date) by no later than 4:00 p.m. on the third Business Day the Rights Issue becomes open for acceptance;
- (b) to lodge, and shall procure that each of the LSG Subsidiaries (and, as the case may be, the Nominee) shall lodge, PALs in respect of the Rights Shares provisionally allotted to them with the Registrar with payment therefor in accordance with the terms of the Rights Issue Documents by no later than 4:00 p.m. on the third Business Day after the Rights Issue becomes open for acceptance; and
- (c) that it shall not make, and shall procure that the LSG Subsidiaries (and, as the case may be, the Nominee) shall not make, any excess applications pursuant to the EAF.

The Irrevocable Undertaking Shareholder

The Irrevocable Undertaking Shareholder has provided an irrevocable undertaking under the Irrevocable Undertaking to LSD and the Underwriter, undertaking, among other things:

- (a) to accept the 4,208,160 Rights Shares to be provisionally allotted to the Irrevocable Undertaking Shareholder in respect of the 10,099,585 LSD Shares beneficially owned by the Irrevocable Undertaking Shareholder and registered in the name of HKSCC Nominees Limited pursuant to the terms of the Rights Issue by no later than 4:00 p.m. on the third Business Day the Rights Issue is open for acceptance;
- (b) to ensure the 10,099,585 LSD Shares registered in the name of HKSCC Nominees Limited will remain registered in the said name as at 5:00 p.m. on the Record Date as they are on the date of the Irrevocable Undertaking;
- (c) to procure the lodgment of the PALs in respect of the aforesaid 4,208,160 Rights Shares with the Registrar, with payment in full therefor in cash (whether by cheque, bank cashier's order, telegraphic transfer or such other form as LSD and the Underwriter may approve) by no later than 4:00 p.m. on the third Business Day the Rights Issue is open for acceptance; and
- (d) not to make any application for excess Rights Shares.

EFFECT OF RIGHTS ISSUE ON SHAREHOLDINGS IN LSD

Changes in the Shareholding Structure of LSD from the Rights Issue

The changes in the shareholding structure of LSD arising from the Rights Issue (assuming there is no change in the shareholding structure of LSD from the date of this joint announcement to completion of the Rights Issue and that there are no Non-Qualifying Shareholders) are as follows:

Name of the LSD Shareholders	As at the date of this joint announcement		Shareholding immediately after completion of the Rights Issue			
	No. of LSD Shares	Approximate % of the total issued LSD Shares	Assuming 0% taken up by the Qualifying Shareholders other than the Undertaking Shareholders		Assuming 100% taken up by all Qualifying Shareholders	
			No. of LSD Shares	Approximate % of the total issued LSD Shares	No. of LSD Shares	Approximate % of the total issued LSD Shares
Dr. Lam (Note 1)	10,099,585	0.07	14,307,745	0.07	14,307,745	0.07
LSG (Note 1)	6,792,869,192	47.97	9,623,231,353	47.97	9,623,231,353	47.97
The Directors (Note 2)	6,833,400	0.05	6,833,400	0.03	9,680,650	0.05
The Underwriter (Note 3)	0	0	3,066,280,645	15.28	0	0
Public Shareholders	7,352,240,143	51.91	7,352,240,143	36.65	10,415,673,538	51.91
Total	14,162,042,320	100.00	20,062,893,286	100.00	20,062,893,286	100.00

Notes:

- (1) LSG is approximately 8.07% directly beneficially owned by Dr. Lam and is approximately 29.99% owned by Wisdoman Limited which is in turn 50% owned by Dr. Lam. In addition, LSG, by itself and through the LSG Subsidiaries, namely Joy Mind Limited and Zimba International Limited holds an aggregate of 6,792,869,192 LSD Shares, representing approximately 47.97% of the issued share capital of LSD.
- (2) This represents the aggregate shareholding of the Directors other than Dr. Lam.
- (3) Pursuant to its underwriting obligations.

RIGHTS ISSUE TIMETABLE

Expected Timetable

Announcement	Tuesday, 8 November 2011
Last day for dealings in the LSD Shares on a cum-rights basis	Thursday, 17 November 2011
Commencement of dealings in the LSD Shares on an ex-rights basis	Friday, 18 November 2011
Latest time for lodging transfer documents of the LSD Shares in order to be qualified for the Rights Issue	4:30 p.m. on Monday, 21 November 2011
Closure of the register of members for determining entitlements under the Rights Issue	Tuesday, 22 November 2011 to Wednesday, 23 November 2011
Record Date for determining entitlements under the Rights Issue	Wednesday, 23 November 2011
Registration of the Prospectus	Thursday, 24 November 2011
Despatch of the Rights Issue Documents	Thursday, 24 November 2011
Re-opening of the register of members	Thursday, 24 November 2011
First day for dealings in nil-paid Rights Shares	Monday, 28 November 2011
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Wednesday, 30 November 2011
Last day for dealings in nil-paid Rights Shares	Monday, 5 December 2011
Latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Thursday, 8 December 2011
Rights Issue to become unconditional	5:00 p.m. on Tuesday, 13 December 2011
Announcement of results of the Rights Issue to be published on the respective websites of the Stock Exchange and the Company on or before	11:00 p.m. on Thursday, 15 December 2011
Certificates for the Rights Shares expected to be dispatched on or before	Friday, 16 December 2011

Refund cheques in respect of wholly or partially
unsuccessful applications for excess
Rights Shares expected to be posted on or before Friday, 16 December 2011

Commencement of dealings in fully-paid Rights Shares 9:00 a.m. on Tuesday,
20 December 2011

Note: All times and dates in this joint announcement refer to Hong Kong local times and dates. LSD Shareholders should note that the dates or deadlines specified in the expected timetable of the Rights Issue as set out above, and in other parts of this joint announcement, are indicative only and may be varied by agreement between LSD and the Underwriter. In the event that any special circumstances arise, the LSD Board may extend, or make adjustment to, the timetable if it considers appropriate. Any such extension or adjustment to the expected timetable will be published or notified to the LSD Shareholders and the Stock Exchange as and when appropriate.

Effect of bad weather on the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares

The latest time for acceptance of and payment for Rights Shares and for application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a 'black' rainstorm warning. If such circumstance is:

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

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the 'Expected Timetable' section may be affected. LSD will notify the LSD Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

Warning of the risks of dealing in the LSD Shares and the nil-paid Rights Shares

The LSD Shares are expected to be dealt in on an ex-rights basis from Friday, 18 November 2011. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 28 November 2011 to Monday, 5 December 2011 (both days inclusive). The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional. If the conditions of the Rights Issue are not fulfilled or waived, including the termination of the Underwriting Agreement by the Underwriter, the Rights Issue will not proceed.

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

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

Reasons for the Rights Issue

The Directors believe that it is in the best interest of LSD and the LSD Shareholders as a whole to enlarge the capital base of LSD through the Rights Issue in order to support the continuing development of the LSD Group's existing business activities and to replenish LSD's cash reserves following the acquisition of the Observatory Road Project. The Rights Issue enables LSD to carry out a fund raising exercise while the Qualifying Shareholders are given the opportunity to maintain their respective pro rata shareholding interests in LSD by participating in the Rights Issue. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in LSD will be diluted.**

Use of Proceeds

The estimated net proceeds of the Rights Issue will be approximately HK\$515 million. LSD intends to apply the net proceeds of the Rights Issue for general working purposes.

The estimated expenses of the Rights Issue (including the underwriting commission, printing, registration, translation, legal, accounting and documentation charges) are estimated to be approximately HK\$16 million and will be payable by LSD. The net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares is expected to be approximately HK\$0.087 per Rights Share.

EQUITY FUND RAISING OF LSD

Equity fund raising activities of LSD during the past 12 months

LSD has not engaged in or initiated any equity fund raising exercises or any rights issue exercise during the past 12 months immediately before the date of this joint announcement.

LSD SHAREHOLDERS' APPROVAL NOT REQUIRED

There is no requirement under the Listing Rules for the Rights Issue to be approved by the LSD Shareholders in general meeting.

DISCLOSEABLE TRANSACTION OF LSG

LSG, the controlling shareholder of LSD, is interested (directly and indirectly through the LSG Subsidiaries) in approximately 47.97% of the issued share capital of LSD as at the date of this joint announcement. On the date of the Underwriting Agreement, LSG has given the irrevocable undertaking under the Underwriting Agreement to subscribe, and to procure each of the LSG Subsidiaries to subscribe, in full for its pro rata entitlements under the Rights Issue. On completion of the Proposed Subscription, LSG will remain as the controlling shareholder of LSD.

Rights Shares to be subscribed

LSG proposes to subscribe for, and procure each of the LSG Subsidiaries to subscribe for, its pro rata entitlement to the Rights Shares pursuant to the Underwriting Agreement (amounting to in aggregate 2,830,362,161 Rights Shares in respect of the 6,792,869,192 LSD Shares beneficially owned by LSG and the LSG Subsidiaries). LSG will not, and shall procure that the LSG Subsidiaries will not, make any excess application for the Rights Shares under the Rights Issue.

Consideration

The Subscription Price is HK\$0.09 per Rights Share. The aggregate Subscription Price payable by LSG and the LSG Subsidiaries for their pro rata entitlements to the Rights Shares, being 2,830,362,161 Rights Shares, will be approximately HK\$254.7 million.

The consideration will be fully satisfied in cash and will be financed by internal resources of the LSG Group.

Completion

In the event that the conditions set out in the sub-section headed “Conditions of the Rights Issue and the Underwriting Agreement” above are not fulfilled (or waived, as the case may be, by the Underwriter), the Rights Issue will not proceed and the Proposed Subscription will accordingly also not proceed.

Completion by LSG and the LSG Subsidiaries of the subscription of the Rights Shares pursuant to the irrevocable undertaking of LSG under the Underwriting Agreement is expected to take place at 4:00 p.m. on Wednesday, 30 November 2011 according to the expected timetable for the Rights Issue. LSG shall not make and shall procure that the LSG Subsidiaries shall not make, any excess applications pursuant to the EAFs.

Reasons and benefits which are expected to accrue to LSG

The irrevocable undertaking under the Underwriting Agreement is given in order to support and maintain the value of LSG’s investment in LSD. The directors of LSG believe that the Proposed Subscription and LSG’s entering into such irrevocable undertaking are fair and reasonable and in the interests of LSG and its shareholders taken as a whole.

Financial information of LSD

The audited consolidated net profit before taxation and after taxation of LSD for the financial year ended 31 July 2011 was approximately HK\$2,610,530,000 and HK\$2,393,300,000, respectively. The audited consolidated net profit before taxation and after taxation of LSD for the financial year ended 31 July 2010 was approximately HK\$2,352,817,000 and HK\$2,108,061,000, respectively. The audited consolidated net assets of LSD as at 31 July 2011 amounted to HK\$11,959,041,000.

Implications under the Listing Rules

As the highest applicable Percentage Ratio for the Proposed Subscription is more than 5% but less than 25%, the Proposed Subscription, therefore, constitutes a discloseable transaction of LSG and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Information of LSD and LSG

The principal business activities of LSD and its subsidiaries are property development, property investment, investment in and operation of hotels in Vietnam and restaurants in Hong Kong and the Mainland of China, and investment holding. LSD, through one of its subsidiaries, owns an approximate 37.93% shareholding interest in eSun, which is an investment holding company and the principal business activities of the subsidiaries of eSun include the development and operation of and investment in media, entertainment as well as music production and distribution, the investment in and production and distribution of film and video format products, the provision of advertising agency services and the sale of cosmetic products. eSun also owns a 40.58% shareholding interest in LFH which is an investment holding company and the principal business activities of the subsidiaries of LFH are property investment and development in the PRC.

The principal business activities of LSG and its subsidiaries include property development and investment in Hong Kong and investment holding.

GENERAL

The Prospectus containing, among other things, further details of the Rights Issue is expected to be despatched by LSD to the Qualifying Shareholders and for information only, to the Non-Qualifying Shareholders on the Posting Date. The PALs and the EAFs will also be sent to the Qualifying Shareholders on the same date.

DEFINITIONS

Unless the context otherwise requires, terms used in this joint announcement shall have the following respective meanings:

“associate(s)”	has the same meaning ascribed to it under the Listing Rules;
“Business Day”	any weekday (other than a public holiday or a day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks generally are open for business in Hong Kong;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Closing Date”	such date falling on the third Business Day after the latest time for acceptance or such later date as LSD and the Underwriter may agree in writing;
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of LSD;
“Dr. Lam”	Dr. Lam Kin Ngok, Peter, the chairman of LSD and LFH, the deputy chairman of LSG and an executive director of eSun;

“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholders in respect of applications for excess Rights Shares;
“eSun”	eSun Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Stock Exchange (Stock Code: 571);
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HSBC” or “Underwriter”	The Hongkong and Shanghai Banking Corporation Limited, a registered institution under the SFO, registered to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong);
“Independent Third Party(ies)”	third party(ies) independent of LSD and any connected person(s) of LSD and not a connected person of LSD;
“Irrevocable Undertaking”	the irrevocable undertaking dated 8 November 2011 and given by the Irrevocable Undertaking Shareholder to LSD and the Underwriter as described in the paragraph headed “Irrevocable Undertakings to Subscribe for Rights Shares” in this joint announcement;
“Irrevocable Undertaking Shareholder”	Dr. Lam;
“Last Trading Day”	8 November 2011, being the last trading day of the LSD Shares on the Stock Exchange immediately prior to the publication of this joint announcement;
“Latest Acceptance Date”	Thursday, 8 December 2011, being the last day for acceptance and payment of the Rights Shares, or such other date as LSD and the Underwriter may agree in writing;
“latest time for acceptance”	4:00 p.m. on the Latest Acceptance Date;
“Latest Time for Termination”	4:00 p.m. on the third Business Day after the latest time for acceptance or such later date as LSD and the Underwriter may agree in writing;
“LFH”	Lai Fung Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on the Stock Exchange (Stock Code: 1125);
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Lock Up Shares”	any LSD Shares (including the Rights Shares) beneficially and/or legally owned by LSG and the LSG Subsidiaries in aggregate not exceeding 6,018,867,986 LSD Shares which represent approximately 30% of all the issued LSD Shares;
“LSD”	Lai Sun Development Company Limited, a company incorporated in Hong Kong with limited liability, the issued LSD Shares of which are listed and traded on the Stock Exchange (Stock Code: 488);
“LSD Board”	the board of Directors;
“LSD Group”	LSD and its subsidiaries;
“LSD Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the capital of LSD;
“LSD Shareholder(s)”	the holder(s) of the LSD Share(s);
“LSG”	Lai Sun Garment (International) Limited, a company incorporated in Hong Kong with limited liability, also the controlling shareholder of LSD, the issued shares of which are listed and trade on the Stock Exchange (Stock Code: 191);
“LSG Group”	LSG and its subsidiaries;
“LSG Subsidiaries”	Joy Mind Limited, a company incorporated in Hong Kong with limited liability, and Zimba International Limited, a company incorporated in the British Virgin Islands with limited liabilities, both being wholly-owned subsidiaries of LSG and holding 159,096,066 and 5,200,000,000 LSD Shares (respectively) as at the date of this joint announcement;
“Nominee”	Hang Seng (Nominee) Limited in its capacity as a nominee of 98,000,000 Shares held beneficially by LSG;
“Non-Qualifying Shareholders”	the Overseas Shareholders to whom the Directors, after making relevant enquiries, consider it necessary or expedient not to offer the Rights Shares on account of either the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction;
“Observatory Road Project”	all those pieces or parcels of ground registered in the Land Registry as Kowloon Inland Lot Nos. 10557, 10558, 10559, 10560, 10565 and 10570, together with the messuages, erections and buildings thereon known as Nos. 2, 4, 6, 8, 10 and 12, Observatory Road, Kowloon, Hong Kong;
“Other Shares”	the LSD Shares (including the Rights Shares) beneficially and/or legally owned by LSG and the LSG Subsidiaries (other than the Lock Up Shares) which represent approximately 18% of all the issued LSD Shares;
“Overseas Shareholder(s)”	the LSD Shareholder(s) whose name(s) appear(s) on the register of members of LSD as at 5:00 p.m. on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong;

“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Rights Issue;
“Percentage Ratio(s)”	the percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“Posting Date”	Thursday, 24 November 2011 or such other date as the Underwriter may agree in writing with LSD for the despatch of the Rights Issue Documents;
“PRC”	the People’s Republic of China which, for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Proposed Subscription”	the subscription by LSG and the LSG Subsidiaries, in each case on the terms of the Rights Issue, of its/their pro rata entitlement(s) of an aggregate of 2,830,362,161 Rights Shares, which LSG has undertaken to subscribe (or procure the LSG Subsidiaries to subscribe) pursuant to the irrevocable undertaking under the Underwriting Agreement;
“Prospectus”	the prospectus to be issued by LSD in relation to the Rights Issue;
“Qualifying Shareholders”	the LSD Shareholders whose names appear on the register of members of LSD as at 5:00 p.m. on the Record Date, other than the Non-Qualifying Shareholders;
“Record Date”	Wednesday, 23 November 2011, being the record date to determine entitlements to the Rights Issue (or such other date as the Underwriter may agree in writing with LSD);
“Registrar”	Tricor Tengis Limited, the share registrar of LSD at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong;
“Rights Issue”	the issue of 5,900,850,966 Rights Shares at the Subscription Price on the basis of 5 Rights Shares for every 12 existing LSD Shares held on the Record Date payable in full on acceptance;
“Rights Issue Documents”	the Prospectus, the PAL(s) and the EAF(s);
“Rights Share(s)”	the new LSD Share(s) to be allotted and issued in respect of the Rights Issue;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the subscription price of HK\$0.09 per Rights Share;

“subsidiary”	has the same meaning ascribed to it under the Listing Rules;
“Taken Up/take up/taking up”	those Rights Shares and/or the Underwritten Shares in respect of which the relevant PALs and/or EAFs have been lodged accompanied by cheques or other remittances for the full amount payable in respect thereof;
“Undertaking Shareholders”	LSG and the Irrevocable Undertaking Shareholder;
“Underwriting Agreement”	the underwriting agreement dated 8 November 2011 and entered into between LSD, the Underwriter and LSG in relation to the Rights Issue;
“Underwritten Shares”	the 3,066,280,645 Rights Shares (being the Rights Shares other than an aggregate of 2,834,570,321 Rights Shares to be provisionally allotted to the Undertaking Shareholders and the LSG Subsidiaries) underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement;
“United States” or “US”	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia);
“US Person(s)”	any person(s) or entity(ies) deemed to be a US Person for the purposes of Regulation S under the US Securities Act of 1933, as amended; and
“%”	per cent or percentage.

By order of the board of directors of
Lai Sun Development Company Limited
Kwok Siu Man
Company Secretary

By order of the board of directors of
Lai Sun Garment (International) Limited
Kwok Siu Man
Company Secretary

Hong Kong, 8 November 2011

As at the date of this joint announcement, the LSD Board comprises the following members:

Executive Directors: Dr. Lam Kin Ngok, Peter (Chairman) and Messrs. Lau Shu Yan, Julius (Chief Executive Officer), Tam Kin Man, Kraven, Cheung Wing Sum, Ambrose, Lui Siu Tsuen, Richard and Cheung Sum, Sam;

Non-Executive Directors: Dr. Lam Kin Ming, Madam U Po Chu and Mr. Wan Yee Hwa, Edward; and

Independent Non-Executive Directors: Messrs. Lam Bing Kwan, Leung Shu Yin, William and Ip Shu Kwan, Stephen.

As at the date of this joint announcement, the board of LSG comprises seven executive directors, namely Dr. Lam Kin Ming (Chairman), Dr. Lam Kin Ngok, Peter (Deputy Chairman) and Messrs. Shiu Kai Wah, Lam Kin Hong, Matthew, Tam Kin Man, Kraven, Lam Hau Yin, Lester (also alternate to Madam U Po Chu) and Lui Siu Tsuen, Richard; two non-executive directors, namely Madam U Po Chu and Mr. Wan Yee Hwa, Edward; and three independent non-executive directors, namely Messrs. Leung Shu Yin, William, Lam Bing Kwan and Chow Bing Chiu.