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LAI SUN GARMENT

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

(Stock Code: 191)

- (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES
HELD ON THE RECORD DATE;
(2) CLOSURE OF REGISTER OF MEMBERS;
AND
(3) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS UNDER
THE SHARE OPTION SCHEMES**

Underwriter of the Rights Issue



PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of up to (i) approximately HK\$439.7 million by way of the issue of 196,305,311 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$453.1 million by way of the issue of 202,282,216 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options), at the Subscription Price of HK\$2.24 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

The net proceeds from the Rights Issue after deducting the expenses are estimated to be (i) approximately HK\$433.2 million (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$446.6 million (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options).

The Company intends to apply the net proceeds from the Rights Issue for the following purposes: (i) to finance future investments in property investments and/or development projects, as at the date of this announcement, no specific investment target has been identified; (ii) to reduce the gearing of the Group by repayment of certain bank borrowings subject to the Group's operating needs; and (iii) for general corporate purposes of the Group.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, all transfer documents of the Shares (together with the relevant share certificate(s)) must be lodged for registration with the Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Monday, 28 June 2021.

IRREVOCABLE UNDERTAKING OF THE UNDERTAKING COVENANTORS

As at the date of this announcement, Dr. Peter Lam and Wisdoman held 48,802,906 Shares and 114,741,416 Shares, respectively, representing approximately 12.43% and 29.23% of the total issued Shares, respectively.

Pursuant to the Irrevocable Undertaking, Dr. Peter Lam and Wisdoman have provided a joint, several, irrevocable and unconditional undertaking to the Company and the Underwriter, pursuant to which Dr. Peter Lam and Wisdoman have irrevocably undertaken and warranted to the Company and the Underwriter, among other things:

- (i) to subscribe for 24,401,453 Rights Shares and 57,370,708 Rights Shares to be provisionally allotted to Dr. Peter Lam and Wisdoman, respectively; and
- (ii) not to sell, dispose of or transfer, or agree to sell, dispose of or transfer any of the Shares held by them or any one of them from the date of the Irrevocable Undertaking to the date of completion of the Rights Issue.

UNDERWRITING AGREEMENT

On 11 June 2021 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement, pursuant to which the Underwriter has conditionally agreed to fully underwrite the Underwritten Shares, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment or waiver (as applicable) of the conditions contained therein. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed “The Underwriting Agreement” in this announcement.

The Company shall make an application to the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue.

As the proposed Rights Issue is subject to conditions, it may or may not proceed. Investors are advised to exercise caution when dealing in the Shares.

LISTING RULES IMPLICATION

As the Rights Issue will not increase either the total number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of minority Shareholders in general meeting pursuant to Rule 7.19A of the Listing Rules.

The Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

The register of members of the Company will be closed from Tuesday, 29 June 2021 to Tuesday, 6 July 2021 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

GENERAL

The Prospectus Documents containing information on the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Friday, 9 July 2021. The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL or EAF to them.

POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEMES

As at the date of this announcement, there are 11,953,809 outstanding Share Options granted by the Company exercisable into 11,953,809 Shares. Pursuant to the terms of the Share Option Schemes, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Schemes. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Schemes and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

Save for the foregoing, as at the date of this announcement, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

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

Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sections headed “The Underwriting Agreement - Conditions of the Rights Issue and the Underwriting Agreement” and “The Underwriting Agreement - Termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.

Any Shareholder or other person dealing in the existing Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue are fulfilled or waived (as applicable) (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.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the existing Shares and/or the nil-paid Rights Shares. Any party (including Shareholders and potential investors of the Company) 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).

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of up to (i) approximately HK\$439.7 million by way of the issue of 196,305,311 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$453.1 million by way of the issue of 202,282,216 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options), at the Subscription Price of HK\$2.24 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$2.24 per Rights Share
Number of Shares in issue as at the date of this announcement	:	392,610,623 Shares
Number of Rights Shares to be issued under the Rights Issue	:	Not less than 196,305,311 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 202,282,216 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the outstanding Share Options)
Number of issued Shares upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed)	:	Not less than 588,915,934 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue) and not more than 606,846,648 Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the outstanding Share Options and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

- Amount to be raised : Not less than approximately HK\$439.7 million and not before expenses more than approximately HK\$453.1 million
- Rights of excess applications : Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

As at the date of this announcement, there are 11,953,809 outstanding Share Options granted by the Company exercisable into 11,953,809 Shares. Save for the foregoing, as at the date of this announcement, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 196,305,311 Rights Shares proposed to be issued pursuant to the Rights Issue represents approximately 33.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

The Company shall not from the date of the Underwriting Agreement until the Record Date issue any Shares or issue or grant any share options or other securities convertible into, exchangeable for or which carry rights to acquire Shares (other than the nil-paid Rights Shares) without the approval of the Underwriter.

Assuming no change in the number of issued Shares on or before the Record Date other than the full exercise of outstanding Share Options and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 202,282,216 Rights Shares proposed to be issued pursuant to the Rights Issue represents approximately 33.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Qualifying Shareholders and Non-Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders. The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL or EAF to them.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder. Shareholders having an address in Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will qualify for the Rights Issue.

Shareholders having an address outside Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will not qualify for the Rights Issue if the Board, after making relevant enquiries, considers that the exclusion of such Overseas Shareholders from the Rights Issue would be necessary or expedient on account either of legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place.

Shareholders with their Shares held by nominee(s) (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as a member of the Company by the Record Date, all transfer documents of the Shares (with the relevant share certificates) must be lodged for registration with the Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Monday, 28 June 2021. The last day for dealing in the Shares on a cum-rights basis is Thursday, 24 June 2021.

Holders of Share Options who wish to participate in the Rights Issue should exercise their Share Options in accordance with the terms and conditions of the Share Option Schemes and be registered as holders of the Shares so allotted and issued to them pursuant to such exercise with the Company on or before the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a cheque or banker's cashier order for the Rights Shares being applied for with the Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before the Latest Time for Acceptance.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Rights of the Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. The Prospectus Documents to be despatched in connection with the Rights Issue will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Board notes the requirements specified in Rule 13.36(2)(a) of the Listing Rules and is in the process of making enquiries in the relevant jurisdictions as to the feasibility of extending the Rights Issue to the Overseas Shareholders. If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to the relevant Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, such Overseas Shareholders will become Non-Qualifying Shareholders and the Rights Issue will not be extended to them. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL or EAF to them.

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 and before the last day for dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. Any net proceeds of sale thereof, after deduction of expenses, will be paid in Hong Kong dollars to the Non-Qualifying Shareholders pro rata to their respective entitlements as at the close of business on the Record Date, provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit. Any such unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders would otherwise have been entitled will be made available for excess application by the Qualifying Shareholders under the EAF(s). Should there be no excess application by the Qualifying Shareholders or such excess applications are for less than the total number of Underwritten Shares, those Rights Shares will be fully underwritten by the Underwriter.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of 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 Shares.

Closure of register of members of the Company

The register of members of the Company will be closed from Tuesday, 29 June 2021 to Tuesday, 6 July 2021 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of any issued Shares of the Company will be registered during this period.

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Subscription Price

The Subscription Price is HK\$2.24 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, application for Excess Rights Shares under the Rights Issue, or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 65.0% to the closing price of HK\$6.40 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 65.1% to the average closing price of approximately HK\$6.41 per Share for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a discount of approximately 64.3% to the average closing price of approximately HK\$6.27 per Share for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a discount of approximately 55.4% to the theoretical ex-rights price of approximately HK\$5.02 per Share, based on the closing price of HK\$6.40 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 95.9% to the latest published unaudited consolidated net asset value per Share as at 31 January 2021 of approximately HK\$55.274 based on the latest published unaudited total equity attributable to the owners of the Company as at 31 January 2021 of approximately HK\$21,701.0 million as extracted from the interim report of the Company for the six months ended 31 January 2021 and 392,610,623 Shares in issue as at the date of this announcement); and
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 21.7%, represented by the theoretical diluted price of approximately HK\$5.02 per Share to the benchmarked price (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$6.40 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of this announcement of approximately HK\$6.41 per Share) of approximately HK\$6.41 per Share.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$2.21 (assuming no change in the number of Shares in issue on or before the Record Date) and approximately HK\$2.21 (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options).

The Subscription Price was determined by the Company with reference to, among others, the following:

1. Recent market prices of the Shares

During the twelve months up to and including the Last Trading Day, the closing price of the Shares was on a general downward trend after reaching a high of HK\$8.32 per Share on 17 June 2020 decreasing to a low of HK\$5.50 per Share on 17 May 2021 and closed at HK\$6.40 per Share on the Last Trading Day. In view of the aforementioned general downward trend of the closing price of the Shares, and in order to enhance the attractiveness of the Rights Issue, the Directors set the Subscription Price at a discount to the then market prices of the Shares as mentioned above.

2. Current market conditions

The recent volatility of the capital market in Hong Kong since February 2021 was also referenced. During the three months up to and including the Last Trading Day, the Hang Seng Index fluctuated between a high of approximately 31,085 at closing on 17 February 2021 and approximately 27,900 at closing on 25 March 2021 and closed at approximately 28,842 on the Last Trading Day. The Directors considered that such volatility may affect investors' confidence in the market and therefore set the Subscription Price at a discount to the then market prices of the Shares to encourage Shareholders to participate in the Rights Issue.

3. Amount of funds the Company intends to raise under the Rights Issue

The net proceeds from the Rights Issue after deducting the expenses are estimated to be (i) approximately HK\$433.2 million (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$446.6 million (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options). The Company intends to apply the net proceeds from the Rights Issue for the purposes described in the section headed "Reasons for the Rights Issue and Use of Proceeds of the Rights Issue" below.

The Directors consider that setting the Subscription Price at a discount to the current market price of the Shares would enhance the attractiveness of the Rights Issue, and in turn encourage the Shareholders to participate in the Rights Issue, and accordingly allow them to maintain their shareholdings in the Company and participate in the future growth and development of the Group. After taking into consideration the reasons for the Rights Issue as stated in the section headed "Reasons for the Rights Issue and Use of Proceeds of the Rights Issue" below, the Directors consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the Shares then 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, the record dates of which are on or after the date of allotment and issue of the fully-paid Rights Shares.

Stamp duty and other applicable fees and charges

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

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment or waiver (as applicable) of the conditions of the Rights Issue as set out in the section headed “The Underwriting Agreement - Conditions of the Rights Issue and the Underwriting Agreement” in this announcement, share certificates for all fully-paid Rights Shares are expected to be posted on or about Monday, 2 August 2021 by ordinary post to the allottees, at their own risk, to their registered addresses. If the Underwriting Agreement is terminated or does not become unconditional, refund cheques will be posted on or before Monday, 2 August 2021 by ordinary post to the respective Shareholders, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for Excess Rights Shares (if any) are expected to be posted on or before Monday, 2 August 2021, by ordinary post to the applicants, at their own risk, to their registered addresses.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAF(s). Should there be no excess application by the Qualifying Shareholders or such excess applications are for less than the total number of Underwritten Shares, those Rights Shares created from the aggregation of fraction of the Rights Shares will be fully underwritten by the Underwriter. No odd lot matching services will be provided.

Application for Excess Rights Shares

Subject always to the scaling-down mechanism as described in the paragraph headed “Scale-down of subscriptions to avoid triggering the GO Obligation and non-compliance with Public Float Requirement” below, the Company shall make the Excess Rights Shares available for subscription by the Qualifying Shareholders by means of EAFs, and the Excess Rights Shares represent:

- (i) any Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (ii) any entitlements of the Non-Qualifying Shareholders provisionally allotted to a nominee of the Company which are left unsold;

- (iii) any of the Rights Shares created from the aggregation of fractions of the Rights Shares which are left unsold; and
- (iv) the Scaled-down PAL Shares (if any) and the Scaled-down EAF Shares (if any).

Subject to the requirements of Rule 7.21(3)(b) of the Listing Rules, the Company will, upon consultation with the Underwriter, allocate the Excess Rights Shares (if any) at their discretion on a fair and equitable basis on the following principles:

- (i) any Excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the Excess Rights Shares applied for;
- (ii) reference will only be made to the number of Excess Rights Shares being applied for but no reference will be made to the Rights Shares comprised in applications by the PALs or the existing number of Shares held by Qualifying Shareholders;
- (iii) if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs, the Company will allocate to each Qualifying Shareholder who applies for Excess Rights Shares in full application; and
- (iv) no preference will be given to applications for topping up odd lots to whole board lots.

Should there be no excess application by the Qualifying Shareholders or such excess applications are for less than the total number of Underwritten Shares, the Excess Rights Shares will be fully underwritten by the Underwriter.

Application for Excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the Excess Rights Shares being applied for with the Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:00 p.m. on Friday, 23 July 2021 or such later date as may be agreed by the Company and the Underwriter in writing.

Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the Excess Rights Shares will not be extended to beneficial owners individually save and except for the beneficial owner(s) which the Company may permit in its absolute discretion. Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names on or prior to the Record Date for the purpose of the Rights Issue. Shareholders should consult their

professional advisors if they are in any doubt as to their status. Shareholders who would like to have their names registered on the register of members of the Company on the Record Date, must lodge all necessary documents with the Registrar for registration by no later than 4:30 p.m. on Monday, 28 June 2021.

Irrevocable Undertaking by the Undertaking Covenantors

As at the date of this announcement, Dr. Peter Lam and Wisdoman held 48,802,906 Shares and 114,741,416 Shares, respectively, representing approximately 12.43% and 29.23% of the total issued Shares, respectively.

Pursuant to the Irrevocable Undertaking, Dr. Peter Lam and Wisdoman have provided a joint, several, irrevocable and unconditional undertaking to the Company and the Underwriter, pursuant to which Dr. Peter Lam and Wisdoman have irrevocably undertaken and warranted to the Company and the Underwriter, among other things:

- (i) to subscribe for 24,401,453 Rights Shares and 57,370,708 Rights Shares to be provisionally allotted to Dr. Peter Lam and Wisdoman, respectively; and
- (ii) not to sell, dispose of or transfer, or agree to sell, dispose of or transfer any of the Shares held by them or any one of them from the date of the Irrevocable Undertaking to the date of completion of the Rights Issue.

Scale-down of subscriptions to avoid triggering the GO Obligation and non-compliance with Public Float Requirement

To avoid the unwitting triggering of any GO Obligation and/or the Company's non-compliance with the Public Float Requirement, all applications for the Rights Shares by the Qualifying Shareholders whether under the PAL(s) or the EAF(s), or by transferees of nil-paid Rights Shares, are subject to the scaling-down mechanism as determined by the Company and will be made on the basis that the applications are to be scaled-down by the Company (further details of which are set out below) to such level which does not result in (a) any GO Obligation being triggered by those affected applicant(s) and/or group of affected applicant(s) (together with parties respectively acting in concert with him/her/it/them); and/or (b) the Company's non-compliance with the Public Float Requirement. Any subscription monies for the Scaled-down PAL Shares or the Scaled-down EAF Shares will be refunded to the affected applicants, and the Scaled-down PAL Shares and the Scaled-down EAF Shares will be made available for subscription by other Qualifying Shareholders through the EAF(s). Should there be no excess application by the Qualifying Shareholders or such excess applications are for less than the total number of Underwritten Shares, the Scaled-down PAL Shares and the Scaled-down EAF Shares not being applied (whether validly or otherwise) and/or fully paid for under the EAFs will be fully underwritten by the Underwriter.

Such scaling-down of applications of Rights Shares shall operate on a fair and equitable basis under the following principles: (a) EAF(s) should be scaled down before PAL(s); (b) where the scale-down is necessitated by the exceeding of shareholding by a group of Qualifying Shareholders acting in concert (the “**Affected Group(s) of Shareholders**”) rather than an individual Qualifying Shareholder, the allocations of EAF(s) and PAL(s) to members of the Affected Group of Shareholders should be made by reference to the number of Shares held by the affected applicants on the Record Date; and (c) the allocations of EAF(s) and PAL(s) to different Affected Groups of Shareholders and/or affected individual Qualifying Shareholders should be made by reference to the number of Shares held by the affected applicant(s) and/or affected group(s) of applicant(s) on the Record Date.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Overseas Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. The nil-paid Rights Shares and fully-paid Rights Shares are expected to have the same board lot size as the Shares, i.e. 1,000 Shares in one board lot. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in on any stock exchange other than the Stock Exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their 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 respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

THE UNDERWRITING AGREEMENT

On 11 June 2021 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement in relation to the underwriting and respective arrangements in respect of the Rights Issue. Further details of the Underwriting Agreement are set out below:

Underwriting Agreement

Date : 11 June 2021 (after trading hours)

Issuer : The Company

Underwriter : Haitong International Securities Company Limited, a licensed corporation carrying out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities.

As at the date of this announcement, the Underwriter does not hold any Shares. The Underwriter and its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Independent Third Parties. The Underwriter confirmed that it has complied with Rule 7.19(1)(a) of the Listing Rules.

Number of Rights Shares underwritten by the Underwriter : Up to 120,510,055 Rights Shares, being the maximum number of the Rights Shares less the Undertaken Shares, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date, other than the new Shares that are allotted and issued pursuant to the exercise of all Share Options on or before the Record Date.

Underwriting Commission : 1% of the aggregate Subscription Price in respect of such number of the Rights Shares actually subscribed for by the Underwriter or procured for subscription by the Underwriter pursuant to the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriter shall ensure that (i) each of the subscribers of the Untaken Shares procured by it shall be an Independent Third Party; (ii) none of the subscribers of the Untaken Shares shall own 10% or more of the total number of Shares in issue immediately upon completion of the Rights Issue and otherwise being a core connected person of the Company; (iii) none of the subscribers, together with any party(ies) acting in concert with it/them, will hold 30% (or such percentage which will trigger any GO Obligation under the Takeovers Code) or more of the voting rights of the Company upon completion of the Rights Issue; and (iv) the Public Float Requirement remains to be fulfilled by the Company upon completion of the Rights Issue.

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter by reference to the market practice. The Directors consider that the terms of the Underwriting Agreement including the commission rate, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Underwriting Agreement.

Subject to the fulfilment or waiver (as applicable) of all the conditions 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 shall subscribe for or procure the subscription for, pursuant to the terms of Underwriting Agreement and the Prospectus Documents (insofar as the same are applicable), the Untaken Shares.

Conditions of the Rights Issue and the Underwriting Agreement

The completion of the Rights Issue and the obligations of the Underwriter under the Underwriting Agreement are conditional upon:

- (i) the Listing Committee granting or agreeing to grant (subject only to allotment and despatch of the appropriate documents of title) and not having withdrawn or revoked the listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms);
- (ii) the Rights Shares (in nil-paid form) having been provisionally allotted by a resolution of the Board (or a committee thereof) on the terms set out in the Prospectus Documents;
- (iii) each condition to enable the nil-paid Rights Shares and the fully-paid Rights Shares to be admitted as eligible securities for deposit, clearance and settlement in CCASS (other than the listing approval of the Rights Shares under the Rights Issue) having been satisfied not later than two business days after the Record Date/prior to the first day of dealings in the nil-paid Rights Shares as set out in the Prospectus and no notification having been received by the Company from HKSCC by such date that such admission or facility for holding and settlement has been or is to be refused;

- (iv) delivery of the duly executed counterparts of the Irrevocable Undertaking (in such form and substance to the reasonable satisfaction of the Underwriter) by the Undertaking Covenantors on the date of the Underwriting Agreement to the Company and the Underwriter;
- (v) compliance by the Undertaking Covenantors with all of their respective obligations under the Irrevocable Undertaking and the Irrevocable Undertaking not being terminated;
- (vi) receipt by the Underwriter of all relevant documents specified in the Underwriting Agreement (in the form and substance to the reasonable satisfaction of the Underwriter) to be provided by the Company by the times specified in the Underwriting Agreement;
- (vii) compliance by the Company with all of its obligations under the Underwriting Agreement or in relation to the publication of this announcement;
- (viii) the representations and warranties of the Company, referred to in the Underwriting Agreement remaining true and accurate in all material respects and none of the undertakings of the Company, referred to in the Underwriting Agreement having been breached;
- (ix) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong no later than the Posting Date of each of the Prospectus Documents and (where necessary) other documents in compliance with the Companies (WUMP) Ordinance and otherwise complying with the requirements of the Companies (WUMP) Ordinance, the Companies Ordinance and the Listing Rules;
- (x) the posting of the Prospectus Documents to Qualifying Shareholders on the Posting Date; and
- (xi) the Underwriting Agreement not having been terminated in accordance with its terms on or before the Latest Time for Termination.

Other than conditions (vi) and (viii) which can be waived in whole or in part by the Underwriter by notice in writing to the Company prior to the Latest Time for Termination, all other conditions precedent above cannot be waived. In the event that the above conditions precedent have not been satisfied or waived by the Latest Time for Termination, all liabilities of the Company and the Underwriter under the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breach of the Underwriting Agreement.

Termination of the Underwriting Agreement

The Underwriter shall have the right to terminate the Underwriting Agreement by notice in writing given to the Company at any time prior to the Latest Time for Termination, if

- (i) the occurrence of the following events have or will, or is likely to, in the reasonable opinion of the Underwriter, materially and adversely affect the business, financial or the success of the Rights Issue or dealings in the Rights Issue in the secondary market, or trading position or prospects of the Group as a whole or otherwise makes it impracticable, inexpedient or inadvisable for the Company or the Underwriter to proceed with the Rights Issue on the terms and manner contemplated in this announcement and the Prospectus Documents:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever;
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic, industrial, legal, fiscal, regulatory or other nature (whether or not sui generis with any of the foregoing or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict);
 - (c) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the London Stock Exchange, the New York Stock Exchange or any major disruption of any securities settlement or clearing services in Hong Kong or on commercial banking activities in Hong Kong, due to exceptional financial circumstances or otherwise;
 - (d) the occurrence of any change in market conditions or combination of circumstances in Hong Kong, the United States, the European Union, the United Kingdom or the PRC (including without limitation, any change in fiscal policy or money policy, or foreign exchange or currency markets, suspension or material restrict or trading in securities) which in the reasonable opinion of the Underwriter materially prejudicially affects the Rights Issue and make it impracticable, inadvisable or inexpedient to proceed therein;
- (ii) the Company's application to the Main Board of the Stock Exchange for permission for the listing of the Rights Shares (nil-paid and fully-paid) and permission to deal in the Rights Shares (nil-paid and fully-paid) on the Stock Exchange is withdrawn by the Company and/or refused by the Stock Exchange;
- (iii) there is any material adverse change or prospective adverse change in the business or in the financial or trading position or prospects of any member of the Group which in the reasonable opinion of the Underwriter acting in good faith is material in the context of the Rights Issue;

- (iv) any matter arises or is discovered which would, if the Prospectus was to be issued at the time, constitute material omission therefrom;
- (v) the Company commits any material breach of any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement;
- (vi) the Underwriter shall receive notification pursuant to the Underwriting Agreement or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate if repeated as provided in the Underwriting Agreement and the Underwriter shall in its reasonable opinion determine that any such untrue representation or warranty represents or is likely to represent a material and adverse change in the business, financial or trading position or prospects of the Group as a whole or is otherwise likely to have a material and adverse effect on the Rights Issue; or
- (vii) the Company shall, after any matter or event referred to in the Underwriting Agreement has occurred or come to the attention of the Underwriter, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

Restriction on dealings

The Company 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 Latest Time for Termination, the Company shall not (except for the Rights Shares):

- (i) 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 Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares (except for the allotment or issue of Shares upon exercise of the outstanding Share Options);
- (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in paragraph (i); or
- (iii) announce any intention to enter into or effect any such transaction described in paragraph (i) or (ii),

unless with the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed).

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

Set out below is the expected timetable for the Rights Issue, which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled or otherwise waived:

Event

Last day of dealings in the Shares on a cum-rights basis Thursday, 24 June 2021

Commencement of dealings in the Shares on
an ex-rights basis..... Friday, 25 June 2021

Latest time for lodging transfer documents of the Shares
in order to be qualified for the Rights Issue..... 4:30 p.m. on Monday,
28 June 2021

Closure of the register of members of the Company for
determining entitlements under the Rights Issue Tuesday, 29 June 2021 to
Tuesday, 6 July 2021
(both days inclusive)

Record Date for determining entitlements
under the Rights Issue Tuesday, 6 July 2021

Re-opening of the register of members of the Company Wednesday, 7 July 2021

Despatch of the Prospectus Documents
(in the case of the Non-Qualifying Shareholders,
the Prospectus only) Friday, 9 July 2021

First day for dealings in nil-paid Rights Shares Tuesday, 13 July 2021

Latest time for splitting of nil-paid Rights Shares..... 4:30 p.m. on Thursday,
15 July 2021

Last day for dealings in nil-paid Rights Shares Tuesday, 20 July 2021

Latest time for acceptance of and payment for
the Rights Shares and for application and
payment for Excess Rights Shares 4:00 p.m. on Friday,
23 July 2021

Latest time for terminating the Underwriting
Agreement and for the Rights Issue to
become unconditional 4:00 p.m. on Monday,
26 July 2021

Announcement of results of the Rights Issue
to be published on the respective websites of
the Stock Exchange and the Company Friday, 30 July 2021

Despatch of Share certificates for fully-paid Rights Shares Monday, 2 August 2021

Despatch of refund cheques, if any, for wholly or
partially unsuccessful excess applications or
if the Rights Issue is terminated Monday, 2 August 2021

Commencement of dealings in fully-paid Rights Shares 9:00 a.m. on Tuesday,
3 August 2021

All times and dates in this announcement refer to Hong Kong local times and dates. The dates or deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by the Company in agreement with the Underwriter in accordance with the Listing Rules. The Company will make an announcement to notify the Shareholders and the Stock Exchange in the event of any changes to the expected timetable 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 application and payment for Excess Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning or “extreme conditions” caused by super typhoons as announced by the Government of Hong Kong:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 23 July 2021. 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; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 23 July 2021. Instead, the latest time for 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 Friday, 23 July 2021, the dates mentioned in the section headed “Expected Timetable for the Rights Issue” above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

For illustration purposes only, set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full; and (iii) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Undertaking Covenantors pursuant to the Irrevocable Undertaking) have taken up any entitlements of the Rights Shares:

- (a) assuming no outstanding Share Options being exercised and there is no other change in the shareholding structure of the Company before completion of the Rights Issue:

	As at the date of this announcement		Immediately after completion of the Rights Issue			
	<i>No. of issued Shares</i>	<i>Approx. %</i>	Assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full		Assuming none of the Qualifying Shareholders have taken up their respective entitlements of the Rights Issue other than the Undertaking Covenantors pursuant to the Irrevocable Undertaking and all Untaken Shares were subscribed for by or through the Underwriter	
	<i>No. of issued Shares</i>	<i>Approx. %</i>	<i>No. of issued Shares</i>	<i>Approx. %</i>	<i>No. of issued Shares</i>	<i>Approx. %</i>
Non-public Shareholders						
Wisdoman (<i>Notes 1 and 2</i>)	114,741,416	29.23	172,112,124	29.23	172,112,124	29.23
Dr. Peter Lam (<i>Notes 1 and 2</i>)	48,802,906	12.43	73,204,359	12.43	73,204,359	12.43
Madam U (<i>Note 2</i>)	825,525	0.21	1,238,287	0.21	825,525	0.14
Estate of Dr. Lam Kin Ming	1,021,443	0.26	1,532,164	0.26	1,021,443	0.17
Mr. Lester Lam (<i>Note 2</i>)	12,459,208	3.17	18,688,812	3.17	12,459,208	2.12
Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk (<i>Note 3</i>)	115,472,280	29.41	173,208,420	29.41	115,472,280	19.61
Other core connected persons of the Company	211,402	0.05	317,103	0.05	211,402	0.04
Public Shareholders	99,076,443	25.24	148,614,664	25.24	99,076,443	16.82
Underwriter	—	—	—	—	114,533,150	19.45
Total	<u>392,610,623</u>	<u>100.00</u>	<u>588,915,934</u>	<u>100.00</u>	<u>588,915,934</u>	<u>100.00</u>

Notes:

1. Dr. Peter Lam is the sole beneficial owner of Wisdoman. As such, Dr. Peter Lam is deemed to be interested in all the Shares held by Wisdoman by virtue of the SFO. Dr. Peter Lam and Wisdoman are controlling shareholders of the Company and Dr. Peter Lam is an executive Director.
2. Dr. Peter Lam, Wisdoman, Madam U and Mr. Lester Lam are parties presumed to be acting in concert under the class (8) presumption under the definition of “acting in concert” under the Takeovers Code. Madam U and Mr. Lester Lam are executive Directors.
3. Based on the information received by the Company from Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk, as at 5 May 2020, Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk jointly held 115,472,280 Shares.

Certain figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

- (b) assuming all the outstanding Share Options being exercised on or before the Record Date and there is no other change in the shareholding structure of the Company before completion of the Rights Issue:

	As at the date of this announcement		Upon full exercise of the outstanding Share Options on or before the Record Date		Assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full		Immediately after completion of the Rights Issue Assuming none of the Qualifying Shareholders have taken up their respective entitlements of the Rights Issue other than the Undertaking Covenants pursuant to the Irrevocable Undertaking and all Untaken Shares were subscribed for by or through the Underwriter	
	No. of issued Shares	Approx. %	No. of issued Shares	Approx. %	No. of issued Shares	Approx. %	No. of issued Shares	Approx. %
Non-public Shareholders								
Wisdoman (Notes 1 and 2)	114,741,416	29.23	114,741,416	28.36	172,112,124	28.36	172,112,124	28.36
Dr. Peter Lam (Notes 1 and 2)	48,802,906	12.43	49,136,239	12.15	73,704,358	12.15	73,537,692	12.12
Madam U (Note 2)	825,525	0.21	825,525	0.20	1,238,287	0.20	825,525	0.14
Estate of Dr. Lam Kin Ming	1,021,443	0.26	1,021,443	0.25	1,532,164	0.25	1,021,443	0.17
Mr. Lester Lam (Note 2)	12,459,208	3.17	16,278,412	4.02	24,417,618	4.02	16,278,412	2.68
Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk (Note 3)	115,472,280	29.41	115,472,280	28.54	173,208,420	28.54	115,472,280	19.03
Mr. Chew Fook Aun (Note 4)	—	—	3,819,204	0.94	5,728,806	0.94	3,819,204	0.63
Other core connected persons of the Company	211,402	0.05	211,402	0.05	317,103	0.05	211,402	0.03
Public Shareholders	99,076,443	25.24	99,076,443	24.49	148,614,664	24.49	99,076,443	16.33
Holders of outstanding Share Options	—	—	3,982,068	0.98	5,973,102	0.98	3,982,068	0.66
Underwriter	—	—	—	—	—	—	120,510,055	19.86
Total	<u>392,610,623</u>	<u>100.00</u>	<u>404,564,432</u>	<u>100.00</u>	<u>606,846,648</u>	<u>100.00</u>	<u>606,846,648</u>	<u>100.00</u>

Notes:

1. Dr. Peter Lam is the sole beneficial owner of Wisdoman. As such, Dr. Peter Lam is deemed to be interested in all the Shares held by Wisdoman by virtue of the SFO. Dr. Peter Lam and Wisdoman are controlling shareholders of the Company and Dr. Peter Lam is an executive Director.
2. Dr. Peter Lam, Wisdoman, Madam U and Mr. Lester Lam are parties presumed to be acting in concert under the class (8) presumption under the definition of “acting in concert” under the Takeovers Code. Madam U and Mr. Lester Lam are executive Directors.
3. Based on the information received by the Company from Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk, as at 5 May 2020, Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk jointly held 115,472,280 Shares.
4. Mr. Chew Fook Aun is an executive Director.

Certain figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS OF THE RIGHTS ISSUE

The Group is a diversified conglomerate and its principal activities include property development and investment in Hong Kong, Mainland China and overseas as well as investment in and operation of hotels and restaurants, media and entertainment, music production and distribution, films, video format products and television programmes production and distribution, cinema operation, cultural, leisure, entertainment and related facilities and investment holding. The Company holds substantial interests in the listed companies of the Group.

The net proceeds from the Rights Issue after deducting the expenses are estimated to be (i) approximately HK\$433.2 million (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$446.6 million (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options).

The Company intends to apply the net proceeds from the Rights Issue for the following purposes: (i) to finance future investments in property investments and/or development projects, as at the date of this announcement, no specific investment target has been identified; (ii) to reduce the gearing of the Group by repayment of certain bank borrowings subject to the Group’s operating needs; and (iii) for general corporate purposes of the Group.

The Company had considered other fund-raising alternatives available to the Group, including debt financing and other equity financing such as placing or subscription of new Shares.

The Board considers that to finance the funding needs of the Group in the form of equity is a better alternative than debt as it would not result in additional interest burden and will improve the gearing of the Group. Amongst the equity financing methods, placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate. On the contrary, the Rights Issue is pre-emptive in nature, as it allows Qualifying Shareholders to maintain their proportional shareholdings in the Company through participation in the Rights Issue. The Rights Issue also allows the Qualifying Shareholders to (a) increase their respective shareholding interests in the Company by acquiring additional rights entitlement in the open market (subject to the availability) and through excess applications; or (b) reduce their respective shareholding interests in the Company by disposing of their rights entitlements in the open market (subject to the market demand). As an open offer does not allow the trading of rights entitlements, a rights issue is preferred. Further, the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs. The proceeds from the Rights Issue will replenish the Company's financial resources and strengthen its financial position so as that it can mobilise funds immediately when an investment opportunity arises. As at the date of this announcement, no specific investment target has been identified. Accordingly, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEMES

As at the date of this announcement, there are 11,953,809 outstanding Share Options granted by the Company exercisable into 11,953,809 Shares. Pursuant to the terms of the Share Option Schemes, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Schemes. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Schemes and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

Save for the foregoing, as at the date of this announcement, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

FUND RAISING ACTIVITIES BY THE COMPANY DURING THE PAST 12 MONTHS

The Company did not raise any funds by issue of equity securities during the 12 months immediately preceding the date of this announcement.

LISTING RULES IMPLICATION

As the Rights Issue will not increase either the total number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of minority Shareholders in general meeting pursuant to Rule 7.19A of the Listing Rules.

The Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

GENERAL

The Prospectus Documents containing further details of the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Friday, 9 July 2021. The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL or EAF to them.

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

Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sections headed “The Underwriting Agreement – Conditions of the Rights Issue and the Underwriting Agreement” and “The Underwriting Agreement – Termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.

Any Shareholder or other person dealing in the existing Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue are fulfilled or waived (as applicable) (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.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the existing Shares and/or the nil-paid Rights Shares. Any party (including Shareholders and potential investors of the Company) 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).

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by a super typhoon or a “black” rainstorm warning signal is hoisted or in effect between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which commercial banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	Lai Sun Garment (International) Limited (麗新製衣國際有限公司), a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 191)
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

“Dr. Peter Lam”	Dr. Lam Kin Ngok, Peter, an executive Director and the chairman of the Board and, together with Wisdoman, are controlling shareholders of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for the Excess Rights Shares
“Excess Rights Shares”	any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance, any entitlements of the Non-Qualifying Shareholders provisionally allotted to a nominee of the Company which are left unsold, the Scaled-down PAL Shares (if any), the Scaled-down EAF Shares (if any) and shall (for avoidance of any doubt) include any of the Rights Shares created from the aggregation of fractions of the Rights Shares which are left unsold
“Existing Share Option Scheme”	the existing share option scheme adopted by the Company on 11 December 2015
“Former Share Option Scheme”	the former share option scheme adopted by the Company on 22 December 2006 and terminated on 11 December 2015
“GO Obligation”	the obligation to make a general offer under Rule 26 of the Takeovers Code
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any individual or company not being the connected persons (as defined under the Listing Rules) of the Company, independent of the Company and its connected persons and not connected with any of them or their respective associates

“Irrevocable Undertaking”	the irrevocable undertaking dated 11 June 2021 given by Dr. Peter Lam and Wisdoman in favour of the Company and the Underwriter
“Last Trading Day”	11 June 2021, being the last trading day for the Shares on the Stock Exchange immediately before the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on 23 July 2021, or such later time or date as may be agreed by the Company and the Underwriter in writing, being the latest time and date for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on 26 July 2021, or such later time or date as may be agreed by the Company and the Underwriter in writing, being the latest time for termination of the Underwriting Agreement
“Listing Committee”	has the 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
“Madam U”	Madam U Po Chu, an executive Director
“Mr. Lester Lam”	Mr. Lam Hau Yin, Lester, an executive Director
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Board, after making relevant enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong

“PAL(s)”	the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue
“Posting Date”	Friday, 9 July 2021, or such other date as the Company and the Underwriter may agree in writing for the despatch of the Prospectus Documents
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company to the Qualifying Shareholders in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF to be issued by the Company
“Public Float Requirement”	the public float requirement under Rules 8.08(1)(a) and 13.32(1) of the Listing Rules
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Tuesday, 6 July 2021, or such other date as the Company and the Underwriter may agree in writing, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
“Registrar”	Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Company’s share registrar and transfer office
“Rights Issue”	the proposed issue by way of rights of the Rights Shares to the Qualifying Shareholders on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price, payable in full on acceptance and on the terms and subject to the conditions of the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	not less than 196,305,311 new Shares and not more than 202,282,216 new Shares proposed to be offered to the Qualifying Shareholders for subscription by way of the Rights Issue

“Scaled-down EAF Shares”	such number of Rights Shares applied for as excess application under the EAF(s) which would, if allotted by the Company, result in either the triggering of a GO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company
“Scaled-down PAL Shares”	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in either the triggering of a GO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share Option(s)”	the total of 11,953,809 outstanding share options to subscribe for 11,953,809 Shares granted under the Share Option Schemes
“Share Option Schemes”	collectively, the Existing Share Option Scheme and the Former Share Option Scheme
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$2.24 for each Rights Share under the Rights Issue
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs, as amended, supplemented or otherwise modified from time to time
“Undertaken Shares”	81,772,161 Rights Shares, being the aggregate number of Rights Shares for which the Undertaking Covenantors have undertaken to subscribe pursuant to the Irrevocable Undertaking

“Undertaking Covenantors”	collectively, Dr. Peter Lam and Wisdoman
“Underwriter”	Haitong International Securities Company Limited, a licensed corporation carrying out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities
“Underwriting Agreement”	the underwriting agreement dated 11 June 2021 entered into between the Company and the Underwriter in relation to the Rights Issue, as revised, supplemented or amended from time to time in accordance with its terms
“Underwritten Shares”	up to 120,510,055 Rights Shares, being the maximum number of the Rights Shares less the Undertaken Shares, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date, other than the new Shares that are allotted and issued pursuant to the exercise of all the Share Options on or before the Record Date
“United States” or “US”	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia)
“Untaken Shares”	such number of Rights Shares in respect of which duly completed PAL(s) or EAF(s) have not been lodged for acceptance or not fully paid or otherwise rejected by the Latest Time for Acceptance, including any Rights Shares to which the Non-Qualifying Shareholders would otherwise have been entitled under the Rights Issue if they were to be Qualifying Shareholders, together with the Scaled-down PAL Shares and the Scaled-down EAF Shares not being applied (whether validly or otherwise) and/or fully paid for under the EAFs, and unsold aggregation of fractions of Rights Shares
“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

“Wisdoman”

Wisdoman Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Dr. Peter Lam, together with Dr. Peter Lam, are controlling shareholders of the Company

“%”

per cent

By Order of the Board
Lai Sun Garment (International) Limited
Chew Fook Aun
Executive Director and Deputy Chairman

Hong Kong, 11 June 2021

As at the date of this announcement, the Board comprises five executive directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Chew Fook Aun (Deputy Chairman), Madam U Po Chu, Mr. Lam Kin Hong, Matthew and Mr. Lam Hau Yin, Lester (also alternate to Madam U Po Chu); and three independent non-executive directors, namely Messrs. Leung Shu Yin, William, Lam Bing Kwan and Chow Bing Chiu.