



**LAI SUN GARMENT**  
Lai Sun Garment (International) Limited  
(Incorporated in Hong Kong with limited liability)

**DESPATCH OF CIRCULAR AND  
DISCLOSURE OF FINANCIAL INFORMATION**

The circular in relation to the discloseable and connected transactions of the Company containing, among other things, details of the Deed of Gift, the Sale and Purchase Agreement, the Asset Swap Agreement and the Supplemental Deed, a letter from the independent committee of the board of directors of the Company, a letter from AMS Corporate Finance Limited and a notice convening the Extraordinary General Meeting, was despatched to the Shareholders on 15th August, 2002.

Reference is made to the Company's announcement dated 25th July, 2002 (the "Announcement") in relation to the discloseable and connected transactions of the Company. Unless the context requires otherwise, terms used herein shall have the same meanings as those defined in the Announcement.

**DESPATCH OF CIRCULAR**

The circular containing, among other things, details of the Deed of Gift, the Sale and Purchase Agreement, the Asset Swap Agreement and the Supplemental Deed, a letter from the independent committee of the board of directors of the Company, a letter from AMS Corporate Finance Limited, the independent financial adviser to the independent board committee of the Company, and a notice convening the Extraordinary General Meeting to consider and, if thought fit, approve the Sale and Purchase Agreement and the Supplemental Deed and the transactions contemplated thereunder, was despatched to the Shareholders on 15th August, 2002.

**DISCLOSURE OF FINANCIAL INFORMATION**

Certain financial information on the Company and its subsidiaries (collectively the "LSG Group") contained in the above-mentioned circular (which was prepared on a pro forma basis and is subject to audit confirmation) regarding the financial effects of the disposals under the Sale and Purchase Agreement on the LSG Group has not been disclosed to the public and is set out below for the information of the public.

**Net tangible assets**

Upon the completion of the disposal of approximately 42.25% interest in Lai Sun Development Company Limited ("LSD"), the pro forma net tangible asset value of the LSG Group will, subject to audit confirmation, decrease by approximately HK\$718 million from HK\$3,633 million to HK\$2,915 million.

*HK\$ million*

Net assets of the LSG Group based on unaudited net assets of the LSG Group as at 31st January, 2002 shown in the interim report of the Company for the six months ended 31st January, 2002	3,043
Less: Goodwill on consolidation of subsidiaries	<u>(117)</u>
Net tangible asset value based on the unaudited consolidated balance sheet of LSG Group as at 31st January, 2002	2,926
Less: Changes in LSG Group's share of 42.25% of the net asset value of LSD and its subsidiaries (collectively the "LSD Group") immediately after the Lai Fung Transaction (as defined in the circular dated 16th January, 2002 issued to the shareholders of the Company)	(517)
Add: Attributable share of 25.4% of the net asset value of the Lai Fung Holdings Limited ("Lai Fung") and its subsidiaries (collectively the "Lai Fung Group") by the Company (calculated based on the unaudited net asset value of the Lai Fung Group as at 31st January, 2002) immediately after the Lai Fung Transaction	1,449
Less: Negative goodwill arising on the acquisition of 25.4% equity interest in the Lai Fung Group	(889)
Less: The amount of the Loan Note	<u>(225)</u>
Adjusted net tangible asset value of the LSG Group upon completion of the Lai Fung Transaction on 30th April, 2002 before adding back the negative goodwill	2,744
Add: Negative goodwill arising on acquisition of 25.4% equity interest in Lai Fung	<u>889</u>
Adjusted net tangible asset value of the LSG Group immediately before the disposal of 42.25% interest in LSD	3,633
Add: Consideration receivable for the disposal of 42.25% interest in LSD	200
Less: Attributable share of net assets of approximately 42.25% interest in LSD to be disposed of ( <i>Note</i> )	<u>(918)</u>
Unaudited adjusted net tangible asset value of the LSG Group immediately after the disposal of 42.25% interest in LSD	<u><u>2,915</u></u>

*Note:*

*HK\$ million*

Unaudited net assets of the LSD Group as at 31st January, 2002	3,397
Decrease in pro forma net assets upon completion of the Lai Fung Transaction on 30th April, 2002	<u>(1,223)</u>
Unaudited adjusted net assets of the LSD Group	<u><u>2,174</u></u>
Attributable share of net assets of approximately 42.25% interest in LSD to be disposed of	<u>918</u>

**Earnings**

Despite a decrease in the net asset value of the LSG Group which will occur upon the completion of the disposal of approximately 42.25% interest in LSD, a net profit of approximately HK\$2,634 million will be credited to the profit and loss account of the LSG Group due to the release upon such disposal of the various reserves attributed to the LSD Group.

By Order of the Board  
**Lai Sun Garment (International) Limited**  
Yeung Kam Hoi  
Company Secretary