

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Lai Sun Development Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

---



LAI SUN DEVELOPMENT

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

**MATERIAL CHANGES TO A MAJOR TRANSACTION**  
**Sale of a 32.75% shareholding interest in Asia Television Limited**  
**and a 50% shareholding interest in HKATV.com Limited**

**and**

**DISCLOSEABLE TRANSACTION**  
**Deemed disposal arising by virtue of the potential dilution**  
**of shareholding interest in eSun Holdings Limited**

---

A letter from the board of directors of the Company is set out on pages 5 to 14 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at The Chater Room II, Function Room Level (B1), The Ritz-Carlton Hong Kong, 3 Connaught Road, Central, Hong Kong on Monday, 30th June, 2003 at 9:30 a.m. is set out on pages 24 and 25 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Registrars, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting. Completion and return of the form of proxy shall not preclude you from attending and voting in person at such meeting or at any adjourned meeting should you so wish.

---

9th June, 2003

---

## CONTENTS

---

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
Introduction .....	5
Brief Details of the DGI Agreement .....	7
Supplemental Agreements .....	9
Consequences of the Supplemental Agreements .....	11
The Media Asia Agreement .....	12
Consequence for the Company as a result of the Media Asia Transaction .....	13
Information on ATV, HIL and HKATV.com .....	13
Extraordinary General Meeting .....	14
Additional Information .....	14
<b>Appendix I — Financial Information</b> .....	15
<b>Appendix II — General Information</b> .....	18
<b>Notice of Extraordinary General Meeting</b> .....	24

---

## DEFINITIONS

---

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

“ATV”	Asia Television Limited, a company incorporated in Hong Kong;
“ATV Shares”	shares of HK\$0.25 each in the issued share capital of ATV;
“ATV Transaction”	the proposed sale by the LSD Group of a 32.75% shareholding interests in ATV and a 50% shareholding interests in HKATV.com, as contemplated by the DGI Agreement and the eSun Agreement;
“Bonds Charge”	the mortgage of shares and security trust deed dated 19th January, 2001 entered into by LSD, amongst others, and pursuant to which security over the FDL Sale Shares has been given to certain trustees, on trust for the benefit of the Exchangeable Bondholders and the Convertible Bondholders;
“Chargee”	the mortgagee or chargee or security trustee or any other analogous person for the time being in whose favour any security interest has been conferred under and pursuant to the Bonds Charge and Share Charge and any agreements incidental or ancillary thereto;
“Convertible Bondholders”	holders of the Convertible Bonds;
“Convertible Bonds”	the US\$150 million convertible guaranteed bonds issued by Lai Sun International Finance (1997) Limited on 4th August, 1997 and guaranteed by LSD;
“DGI”	Dragon Goodwill International Limited, a company incorporated in the British Virgin Islands which is owned as to 80% by Mr. Chan Wing Kee, the chief executive officer of ATV;
“DGI Agreement”	the agreement dated 8th November, 2002 between FDL, IFL, LSD and DGI relating to the sale and purchase of shares in ATV and HIL and where appropriate, as amended by the Supplemental DGI Agreement;
“DGI Transaction”	the transactions contemplated under the DGI Agreement;
“Directors”	directors of LSD;
“EGM”	the extraordinary general meeting of the Company to be held at The Chater Room II, Function Room Level (B1), The Ritz-Carlton Hong Kong, 3 Connaught Road, Central, Hong Kong on Monday, 30th June, 2003 at 9:30 a.m.;

---

## DEFINITIONS

---

“eSun”	eSun Holdings Limited, a company incorporated in Bermuda the issued shares of which are listed on the Stock Exchange and a company in which LSD has an approximately 49.99% shareholding interest;
“eSun Agreement”	the agreement dated 8th November, 2002 between eSun and LSD relating to the sale and purchase of the HIL Sale Shares and where appropriate, as amended by the Supplemental eSun Agreement;
“eSun Consideration Shares”	100,000,002 new shares of HK\$0.50 each in the capital of eSun allotted and issued to the eSun Vendors pursuant to the Media Asia Agreement;
“eSun Vendors”	Double Classic Limited, Liu Wing Leung, Jerry and Chong Koon Nam in respect of the Media Asia Transaction;
“Exchangeable Bondholders”	holders of the Exchangeable Bonds;
“Exchangeable Bonds”	the US\$115 million exchangeable guaranteed bonds issued by Lai Sun International Finance (Cayman Islands) Limited on 28th February, 1997 and guaranteed by LSD;
“FDL”	Fordspace Development Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of LSD;
“FDL Sale Shares”	the 130,000,000 ATV Shares legally and beneficially owned by FDL;
“HIL”	Houseman International Limited, a company incorporated in the British Virgin Islands and as at the Latest Practicable Date, a wholly-owned subsidiary of eSun;
“HIL Sale Shares”	2 HIL Shares currently owned by eSun (representing the entire issued share capital of HIL);
“HIL Shares”	shares of US\$1.00 each in the issued share capital of HIL;
“HK\$”	Hong Kong dollars;
“HKATV.com”	HKATV.com Limited, a company incorporated in Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“IFL”	Infoway Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of LSD;

---

## DEFINITIONS

---

“IFL Lender”	World Cape Limited, a company whose registered office is at 22nd Floor, Central Tower, 28 Queen’s Road Central, Hong Kong;
“IFL Sale Shares”	the 125,450,000 ATV Shares legally and beneficially owned by IFL;
“Latest Practicable Date”	5th June, 2003, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular;
“Lim Family”	Mr. Lim Por Yen, Madam U Po Chu (being a spouse of Mr. Lim Por Yen) and Mr. Lam Kin Ngok, Peter (being a son of Mr. Lim Por Yen);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LSD” or the “Company”	Lai Sun Development Company Limited, a company incorporated in Hong Kong the shares of which are listed on the Stock Exchange;
“LSD Group”	LSD and its subsidiaries;
“LSG”	Lai Sun Garment (International) Limited, a company incorporated in Hong Kong the shares of which are listed on the Stock Exchange;
“Media Asia Agreement”	the agreement dated 15th May, 2003 entered into between eSun and the eSun Vendors in relation to the Media Asia Transaction;
“Media Asia Transaction”	the acquisition of the entire issued share capital of Splendid Agents Limited, a company which in turn holds an approximately 14.64% of the entire issued share capital of Media Asia Holdings Ltd. pursuant to the Media Asia Agreement;
“Previous Circular”	the Company’s circular to its shareholders dated 4th December, 2002 in relation to the ATV Transaction;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share Charge”	the share charge dated 4th September, 2002 entered into by LSD in favour of the IFL Lender and pursuant to which security over the entire issued share capital of IFL has been given to the IFL Lender thereunder;

---

## DEFINITIONS

---

“Shares”	ordinary share(s) of HK\$0.50 each in the ordinary share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental DGI Agreement”	the supplemental agreement dated 14th May, 2003 between the Vendors and DGI relating to the DGI Agreement;
“Supplemental eSun Agreement”	the supplemental agreement dated 14th May, 2003 between eSun and LSD relating to the eSun Agreement; and
“Vendors”	FDL, IFL and LSD.

---

## LETTER FROM THE BOARD

---



### LAI SUN DEVELOPMENT

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

*Directors:*

Lim Por Yen (*Honorary Chairman*)  
Lam Kin Ngok, Peter (*Chairman and President*)  
Lau Shu Yan, Julius  
Wu Shiu Kee, Keith  
Lam Kin Ming  
U Po Chu  
Chiu Wai  
Shiu Kai Wah  
David Tang\*  
Lam Bing Kwan\*

*Registered Office:*

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

\* *Independent Non-executive Directors*

9th June, 2003

*To the Shareholders*

Dear Sir or Madam,

**MATERIAL CHANGES TO A MAJOR TRANSACTION**  
**Sale of a 32.75% shareholding interest in Asia Television Limited**  
**and a 50% shareholding interest in HKATV.com Limited**

**and**

**DISCLOSEABLE TRANSACTION**  
**Deemed disposal arising by virtue of the potential dilution**  
**of shareholding interest in eSun Holdings Limited**

#### **INTRODUCTION**

Reference is made to the announcements of the Company dated 12th November, 3rd December, 17th December, 20th December, 2002 and 24th April, 2003 and the Previous Circular and to the Company's announcement dated 16th May, 2003 in relation to the Media Asia Transaction.

---

## LETTER FROM THE BOARD

---

The Directors wish to remind the Company's shareholders of the following:

- (1) on 12th November, 2002, the Directors announced that LSD had, on 8th November, 2002, entered into the DGI Agreement with FDL, IFL and DGI in relation to the sale and purchase of LSD's approximately 32.75% shareholding interest in ATV, and a 50% shareholding interest in HKATV.com (currently held by eSun), for an aggregate consideration of HK\$360 million;
- (2) the DGI Transaction constitutes a major transaction for LSD under Chapter 14 of the Listing Rules;
- (3) the Previous Circular sent to the Company's shareholders in relation to the extraordinary general meeting held by the Company on Friday, 20th December, 2002 whereby an ordinary resolution was passed by its shareholders approving the DGI Transaction; and
- (4) the principal agreements detailing the terms of the ATV Transaction are as follows:
  - (i) the DGI Agreement in respect of the DGI Transaction; and
  - (ii) the eSun Agreement dated 8th November, 2002 between eSun and LSD pursuant to which eSun has agreed to sell and LSD has agreed to purchase the above mentioned 50% shareholding interest in HKATV.com.

The Company's shareholders are further reminded that both the DGI Agreement and the eSun Agreement (and, hence, the ATV Transaction) were due to have been completed by 15th May, 2003. However, on 16th May, 2003, the Directors announced that LSD had, on 14th May, 2003, entered into the Supplemental DGI Agreement with FDL, IFL and DGI in relation to the DGI Transaction and that LSD had, on the same date, also entered into the Supplemental eSun Agreement in relation to the eSun Transaction. As a result of these two supplemental agreements entered into on 14th May, 2003, and described below, completion of the ATV Transaction has been deferred and is now anticipated to take place as soon as practicable but in any event, no later than 31st July, 2003. The Directors wish to draw the Company's shareholders' attention to the fact that the parties have agreed to reductions in the consideration applicable to both the DGI Agreement and the eSun Agreement, as described below.

On 16th May, 2003, the Directors announced that they have been informed by the board of eSun that, on 15th May, 2003, eSun entered into the Media Asia Agreement with the eSun Vendors pursuant to which eSun proposed to acquire the entire issued share capital of Splendid Agents Limited, a company which, in turn holds an interest of approximately 14.64% of Media Asia Holdings Ltd. The total consideration payable by eSun under the terms of the Media Asia Agreement is approximately HK\$50 million, which will be satisfied by the allotment and issue to the eSun Vendors of the eSun Consideration Shares at HK\$0.50 per share.

The purpose of this circular is to provide you with further information in relation to the changes made to the ATV Transaction as a result of the Company entering into the Supplemental DGI Agreement and the Supplemental eSun Agreement, to give you notice of the EGM at which your approval of the DGI Transaction will be sought and to provide you with further information in relation to the impact to the Company of the Media Asia Transaction.



---

## LETTER FROM THE BOARD

---

### Brief Details of the DGI Agreement

As a reminder to the Company's shareholders, brief details of the DGI Agreement are as follows:

#### *Parties to the DGI Agreement*

Vendors:           (1)       FDL  
                      (2)       IFL  
                      (3)       LSD

Purchaser:       DGI

DGI is an independent third party not connected with the Directors, chief executive or substantial shareholders of LSD or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules). DGI is owned by Mr. Chan Wing Kee (as to 80%), the chief executive officer of ATV, and Mr. Nan Fang Dong (as to 20%), an independent third party.

#### *Assets to be sold by LSD*

Under the DGI Agreement, LSD will procure the sale of and DGI will purchase:

- (1) 125,450,000 ATV Shares (representing approximately 16.08% of the total issued share capital of ATV) legally and beneficially owned by IFL (a wholly-owned subsidiary of LSD) (defined in this circular as the IFL Sale Shares);
- (2) 130,000,000 ATV Shares (representing approximately 16.67% of the total issued share capital of ATV) legally and beneficially owned by FDL (a wholly-owned subsidiary of LSD) (defined in this circular as the FDL Sale Shares); and
- (3) 2 HIL Shares (representing the entire issued share capital of HIL) (defined in this circular as the HIL Sale Shares) currently legally and beneficially owned by eSun.

The 130,000,000 ATV Shares held by FDL are currently mortgaged in favour of certain trustees, holding the same for the benefit of the Exchangeable Bondholders and the Convertible Bondholders. Accordingly, the sale of such ATV Shares would require the release of the mortgage such that the ATV Shares could be sold free from any encumbrances upon completion of the DGI Agreement. The pro-rata share of the consideration in respect of the sale of the FDL Sale Shares will be used to partially settle the outstanding amounts due under the Exchangeable Bonds and the Convertible Bonds.

Pursuant to the documentation in respect of a loan facility advanced by the IFL Lender to IFL (and guaranteed by LSD), the sale of the IFL Sale Shares requires the consent and approval of the IFL Lender. As at the Latest Practicable Date, the total amount outstanding under the loan facility is HK\$96 million and the proceeds from the sale of the IFL Sale Shares will be used to repay all outstanding amounts due to the IFL Lender under such facility at the time of repayment.

---

## LETTER FROM THE BOARD

---

As explained above, the DGI Agreement provides for the purchase by DGI of the entire issued share capital of HIL, a company with a 50% shareholding interest in HKATV.com. HIL is currently a wholly-owned subsidiary of eSun. Accordingly, the eSun Agreement was entered into by LSD and eSun on 8th November, 2002 pursuant to which eSun agreed to sell and LSD agreed to purchase, the entire issued share capital of HIL which did not constitute a notifiable transaction for LSD under Chapter 14 of the Listing Rules.

Completion of the eSun Agreement is subject to the fulfilment, among others, of the following conditions precedent:

- (1) the satisfaction or waiver (as the case may be) of all conditions precedent contained in the DGI Agreement, save for the condition relating to the fulfilment or waiver of all conditions precedent contained in the eSun Agreement;
- (2) the granting or waiver, as the case may be, of any and all consents, authorisations or other permissions required for the consummation of the transactions contemplated by the eSun Agreement (including, without limitation, consent pursuant to share transfer provisions under clause 11 of the shareholders agreement dated 10th March, 2000 made between HIL, ATV and HKATV.com in relation to HKATV.com); and
- (3) all authorisations, consents and approvals of all governmental or regulatory authorities, agencies or bodies which are necessary or required for the purposes of the transactions contemplated by the eSun Agreement having been obtained.

The eSun Agreement does not provide the parties with the ability to waive any of the conditions precedent.

### *Other major terms of the DGI Agreement*

The following are the other major terms of the DGI Agreement:

- (1) the Vendors have agreed to provide exclusivity to DGI for the period up to the earlier of the date of completion of the DGI Agreement and two months following the date on which the DGI Agreement is terminated in accordance with its terms and shall not during this period (a) negotiate or enter into any discussions or sign any agreement, understanding or arrangements (whether legally binding or not) with other third parties or (b) accept, solicit, entertain or consider any offer or offers, in each case in respect of their interest or investment in ATV, HIL and HKATV.com; and
- (2) under the DGI Agreement, the Vendors are required to pay to DGI liquidated damages in the amount of HK\$30 million in the event that, among other things, (a) the exclusivity provisions are breached by the Vendors; (b) the relevant consent or approval referred to in paragraphs (1) to (3) set out on page 10 below is revoked or withdrawn after having been granted; or (c) completion of the DGI Agreement does not occur on account of any failure on the part of LSD to comply with its obligations to proceed with completion notwithstanding the fulfilment of all conditions precedent.

---

## LETTER FROM THE BOARD

---

### *Terms of the DGI Agreement*

The terms of the DGI Agreement were arrived at after arm's length negotiations between the parties, and the board of Directors considers the terms of the DGI Agreement to be normal commercial terms that are fair and reasonable and in the best interests of all shareholders and bondholders of LSD.

#### **The Company's shareholders should note that:**

- (1) a copy of the Previous Circular is available for inspection at Room 903, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong during normal business hours on any business day from the date of this circular until Monday, 30th June, 2003;**
- (2) a copy of the Previous Circular may be downloaded from the Company's website at [www.laisun.com](http://www.laisun.com) or the Stock Exchange's website at [www.hkex.com.hk](http://www.hkex.com.hk); and**
- (3) the Company will forward a copy of the Previous Circular to any of its shareholders who requests such a copy from the Company's Registrars, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong prior to Monday, 30th June, 2003.**

### **Supplemental Agreements**

#### *The Supplemental DGI Agreement*

On 14th May, 2003 the Vendors and DGI entered into the Supplemental DGI Agreement, which provides for:

- (1) a reduction of the consideration from HK\$360,000,000 to HK\$230,000,000;
- (2) an extension of the long stop date for fulfilment of conditions precedent from 31st December, 2002 to 31st July, 2003 (with no express provision for further extension) (the "Long Stop Date");
- (3) completion to take place within 5 business days of fulfilment of the last condition precedent;
- (4) the deposit of HK\$10,000,000, together with all interest thereon, to be retained by the Vendors in the event that the conditions precedent are not fulfilled; and
- (5) the deposit of HK\$10,000,000, together with all interest thereon, to be repaid to DGI in the event that the conditions precedent are fulfilled but the Vendors refuse or are unable for any reason to complete their respective obligations at completion.

No apportionment of the consideration as between the amount attributable to the IFL Sale Shares, the FDL Sale Shares and the HIL Sale Shares is made in the DGI Agreement.

---

## LETTER FROM THE BOARD

---

The DGI Transaction will otherwise take place on the terms of the DGI Agreement as previously disclosed by the Company in its announcements dated 12th November, 3rd December, 17th December, 20th December, 2002 and 24th April, 2003 and the Previous Circular. In particular, the provisions in the DGI Agreement as set out below will remain effective:

- (1) the Vendors have agreed to use their best reasonable endeavours to ensure that the conditions referred to in paragraphs (1) to (5) below are fulfilled by the Long Stop Date;
- (2) the Vendors and DGI have agreed to use their best reasonable endeavours to ensure that the condition referred to in the DGI Agreement in respect of the grant of all relevant approvals and/or waivers from regulatory authorities in Hong Kong and other jurisdictions including, without limitation, the approval of the Broadcasting Authority and the Chief Executive in Council, if applicable, is fulfilled within 4 months from the earlier of the date on which the conditions referred to in paragraphs (1) to (4) below are fulfilled and the Long Stop Date; and
- (3) if any of the conditions are not fulfilled by the dates specified above, LSD will inform its shareholders and other investors by way of an announcement as appropriate.

All the conditions precedent under the DGI Agreement were fulfilled at the time of the signing of the Supplemental DGI Agreement. As the Supplemental DGI Agreement constitutes a material amendment of the terms of the DGI Transaction, various approvals which had previously been obtained will be required to be obtained again (see section headed “Consequences of the Supplemental Agreements” below). Accordingly, completion of the DGI Agreement remains subject to the fulfilment of the following conditions precedent:

- (1) the consent or approval of the Exchangeable Bondholders and the Chargee of the Bonds Charge to the release of the Bonds Charge over, and the sale of, the FDL Sale Shares pursuant to the DGI Agreement, at a meeting of the Exchangeable Bondholders duly convened and held in accordance with the terms of the Exchangeable Bonds;
- (2) the consent or approval of the Convertible Bondholders and the Chargee of the Bonds Charge to the release of the Bonds Charge over, and the sale of, the FDL Sale Shares pursuant to the DGI Agreement, at a meeting of the Convertible Bondholders duly convened and held in accordance with the terms of the Convertible Bonds;
- (3) the consent or approval of the IFL Lender to the sale of the IFL Sale Shares pursuant to the DGI Agreement;
- (4) if required, a simple majority of the shareholders of LSD having approved the transactions contemplated by the DGI Agreement in accordance with the requirements of the Stock Exchange and the Listing Rules; and
- (5) no action having been taken by any of the Chargees, the Exchangeable Bondholders, the Convertible Bondholders and the IFL Lender to sell, transfer or otherwise dispose of any of their respective interests in the IFL Sale Shares and the FDL Sale Shares (as the case may be) except as contemplated under the DGI Agreement.

---

## LETTER FROM THE BOARD

---

The terms of the Supplemental DGI Agreement (including the adjustment in consideration) were arrived at after arm's length negotiations between the parties with a discount of approximately 36% being applied on the original consideration which was determined by reference to the Directors' assessment of the prevailing market values attributed to such shareholding interests. No independent valuation on such shareholding interests was obtained by the Company. The board of directors of LSD considers the terms of the Supplemental DGI Agreement to be normal commercial terms that are fair and reasonable and in the best interests of all shareholders and bondholders of LSD.

### *The Supplemental eSun Agreement*

On 14th May, 2003 LSD and eSun entered into the Supplemental eSun Agreement, which provides for, amongst other things:

- (1) a reduction of the consideration from HK\$46,080,000 to HK\$33,580,000 being a reduction that was negotiated by reference to the reduction of the consideration in respect of the DGI Transaction; and
- (2) an extension of the long stop date for fulfilment of conditions precedent from 31st December, 2002 to 31st July, 2003 (with no express provision for further extension).

Completion of the eSun Agreement, as amended by the Supplemental eSun Agreement, is to take place simultaneously with (and conditional upon) completion of the DGI Agreement, as amended by the Supplemental DGI Agreement.

Save for the information disclosed herein and as disclosed by the Company since 4th December, 2002, being the date of the Previous Circular (including but not limited to the unaudited consolidated results of the LSD Group for the six months ended 31st January, 2003), there has been no material changes in respect of the DGI Transaction since the issue of the Previous Circular.

### **Consequences of the Supplemental Agreements**

#### *The Supplemental DGI Agreement*

The DGI Transaction was approved by the shareholders of LSD, at an extraordinary general meeting held on 20th December, 2002, as a major transaction pursuant to the Listing Rules. As the Supplemental DGI Agreement constitutes a material amendment of the DGI Agreement, various approvals previously obtained (including approval by LSD's shareholders and by the Exchangeable Bondholders and the Convertible Bondholders) will have to be obtained again.

Accordingly, a notice to convene the EGM is set out on pages 24 and 25 of this circular and an ordinary resolution will be proposed to approve the amendment of the DGI Agreement pursuant to the Supplemental DGI Agreement, and the transactions contemplated thereunder. As Rule 14.10 of the Listing Rules requires a shareholder with a material interest in a major transaction to abstain from

---

## LETTER FROM THE BOARD

---

voting, ATV, the subject matter of the Supplemental DGI Agreement and a shareholder with an approximately 5.34% interest in LSD, will abstain from voting at the EGM. Apart from the 32.75% shareholding interest in ATV held by LSD (namely the IFL Sale Shares and the FDL Sale Shares), the Lim Family does not have any shareholding interest in ATV.

### *The Supplemental eSun Agreement*

The eSun Agreement and the transactions contemplated thereby were not subject to the approval of shareholders of LSD pursuant to the Listing Rules as eSun is not a connected person of LSD for the purposes of the Listing Rules and the value of the transactions contemplated under the eSun Agreement does not constitute a discloseable transaction under Rule 14.12 (1) of the Listing Rules. The amendment of the eSun Agreement pursuant to the Supplemental eSun Agreement does not alter this fact and accordingly, LSD's shareholders' approval will not be sought.

### *Financial Effects and Intended Application of Proceeds*

Taking into account the cost of acquisition of the entire issued share capital of HIL of HK\$33.58 million, the loss before expenses on disposal of the IFL Sale Shares, the FDL Sale Shares and the HIL Sale Shares, calculated on a proforma basis, will be approximately HK\$99.58 million.

The Directors have been informed by eSun that a profit before expenses on the disposal of eSun's 50% shareholding interests in HKATV.com, calculated on a proforma basis, amounting to approximately HK\$33.58 million will be recorded by eSun. Accordingly, on the basis of the Company's existing shareholding interest in eSun of approximately 49.99%, the Company will, upon completion of the ATV Transaction, equity account for its attributable share of the profit to be recorded by eSun on disposal of eSun's interest in HKATV.com amounting to HK\$16.79 million. Such amount shall be subject to potential adjustments arising from the dilution of the Company's interest in eSun as a result of the Media Asia Transaction as described below.

As previously announced, the proceeds from the DGI Transaction will be applied to partially repay the outstanding amounts due to the Exchangeable Bondholders, the Convertible Bondholders and the IFL Lender with the balance (if any) to be used as working capital for LSD.

### **The Media Asia Agreement**

#### *Parties to the Media Asia Agreement*

Vendors:           (i)           Liu Wing Leung, Jerry  
                         (ii)           Chong Koon Nam  
                         (iii)          Double Classic Ltd.

Purchaser:        eSun

---

## LETTER FROM THE BOARD

---

The eSun Vendors (through Splendid Agents Limited and Skymaster International Inc. (a wholly-owned subsidiary of eSun)) own shares in Media Asia Holdings Ltd. Liu Wing Leung, Jerry and Chong Koon Nam together with Wellington Fung, the controlling shareholder of Double Classic Ltd. are founders of Media Asia Holdings Ltd. which is engaged in the investment, production and distribution of films and related products.

Completion of the Media Asia Transaction will take place within 3 business days of the Listing Committee of the Stock Exchange granting or agreeing to grant (either unconditionally or subject only to conditions to which eSun shall reasonably accept) listing of and permission to deal in the eSun Consideration Shares.

### **Consequence for the Company as a result of the Media Asia Transaction**

Although the Company is not a party to the Media Asia Agreement, the total consideration payable by eSun under such agreement by way of the allotment and issue by eSun of the eSun Consideration Shares pursuant to the terms of the Media Asia Agreement will result in the Company's interest in eSun being diluted from approximately 49.99% to approximately 42.54%.

For the purposes of the Listing Rules, such dilution is treated as a deemed disposal by the Company of an interest of approximately 7.45% in eSun. The Company will continue to hold 285,512,791 shares of HK\$0.50 each in the capital of eSun, which, after allotment and issue of the eSun Consideration Shares, will have issued a total number of 671,184,929 shares of HK\$0.50 each in the capital of eSun.

Based on eSun's latest audited consolidated accounts as at 31st December, 2002, eSun's net asset value was approximately HK\$1,822 million. Accordingly, the 7.45% interest in eSun which LSD is deemed to have disposed of upon completion of the Media Asia Transaction is valued, based on those accounts, at approximately HK\$135.7 million. On completion of the Media Asia Transaction by eSun, a loss on the deemed disposal of the Company's interest in eSun of approximately HK\$115 million, calculated on a proforma basis, will be recorded by the Company.

### **INFORMATION ON ATV, HIL AND HKATV.COM**

ATV is a private company incorporated in Hong Kong and is licensed by the Broadcasting Authority to broadcast television programmes. The principal businesses of the ATV group are the broadcasting, production and sale, licensing and distribution of television programmes.

HIL is an investment holding company and its sole asset is a 50% shareholding interest in HKATV.com.

HKATV.com is engaged in the business of developing and maintaining the "hkatv.com" website and exploiting certain programme rights principally from ATV and through or in connection with other internet content providers.

---

## LETTER FROM THE BOARD

---

Media Asia Holdings Ltd. is a company engaged in the investment, production and distribution of films and related products. It produced and owns a number of best selling film titles, is a major film distributor, marketing local films in overseas markets, and sourcing foreign films and is also engaged in the sales of video and digital discs of films and local concerts.

### EXTRAORDINARY GENERAL MEETING

A notice of an extraordinary general meeting to be held at The Chater Room II, Function Room Level (B1), The Ritz-Carlton Hong Kong, 3 Connaught Road, Central, Hong Kong on Monday, 30th June, 2003 at 9:30 a.m. is set out on pages 24 and 25 of this circular. An ordinary resolution will be proposed at the EGM to approve the DGI Agreement. ATV will abstain from voting on the resolution.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Registrars, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM should you so wish.

### ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in Appendices I and II to this circular.

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



**INDEBTEDNESS**

As at 30th April, 2003, being the latest practicable date prior to the printing of this circular for the purpose of this indebtedness statement, the LSD Group had outstanding borrowings of approximately HK\$7,840 million comprising secured bank loans and other borrowings of approximately HK\$4,075 million (of which a sum of HK\$2,178 million was guaranteed by the Company), an accrued loan repayment premium of approximately HK\$25 million under a loan facility guaranteed by the Company, an outstanding amount of approximately HK\$922 million payable under the Exchangeable Bonds guaranteed by the Company (principal of HK\$663 million and accrued bond redemption premium of HK\$259 million) and an outstanding amount of approximately HK\$1,318 million payable under the Convertible Bonds guaranteed by the Company (principal of HK\$965 million and accrued bond redemption premium of HK\$353 million) and an amount due to the eSun Group of approximately HK\$1,500 million. The outstanding amount payable under the Exchangeable Bonds, the Convertible Bonds and the amount due to the eSun Group are secured against a security package, further details of which are set out below.

As at 30th April, 2003, certain investment properties with carrying values of approximately HK\$5,175 million, and certain fixed assets with carrying values of approximately HK\$1,471 million were pledged to banks to secure banking facilities granted to the LSD Group. In addition, 285,512,791 ordinary shares of eSun, the entire holding of the shares of Peakflow Profits Limited together with its 10% shareholding in and its advance to Bayshore Development Group Limited, the joint venture company for the AIG Tower project, the entire holding of the shares of IFL, a company which holds 125,450,000 shares of ATV, and certain shares in other subsidiaries, associates and investee companies held by the LSD Group were also pledged to banks and other lenders to secure loan facilities granted to the LSD Group. In addition, pursuant to the terms and conditions of the Exchangeable Bonds and the Convertible Bonds, the Exchangeable Bondholders share on a pari passu and pro rata basis with the Convertible Bondholders the security charge over 130,000,000 shares of ATV beneficially owned by the Company through FDL (subject to the Exchangeable Bondholders' existing exchangeable rights) and a second charge over 285,512,791 shares of eSun beneficially owned by the Company. The Exchangeable Bondholders also share on a pari passu and pro rata basis with the Convertible Bondholders and eSun the security of a limited recourse second charge over 6,500 shares of Diamond String Limited (which owns The Ritz-Carlton Hong Kong) beneficially owned by the Company. The secured bank and other borrowings were also secured by floating charges over certain assets held by the LSD Group.

As at 30th April, 2003, the LSD Group had contingent liabilities of approximately HK\$241 million in respect of guarantees given by the LSD Group to banks in connection with the banking facilities granted to certain associates. In addition, pursuant to certain indemnity deeds dated 12th November, 1997 entered into between the Company and Lai Fung Holdings Limited ("Lai Fung"), the Company has undertaken to indemnify Lai Fung in respect of certain potential People's Republic of China ("PRC") income tax and land appreciation tax ("LAT") payable or shared by Lai Fung as a result of the disposal of any of the property interests attributable to Lai Fung through its subsidiaries and its associates as at 31st October, 1997 (the "Property Interests"). These tax indemnities given by the Company apply in so far as such tax is applicable to the difference between (i) the value of the Property Interests in the valuation thereon by Chesterton Petty Limited, independent chartered surveyors, as at 31st October, 1997 (the "Valuation"); and (ii) the aggregate costs of such Property

Interests incurred up to 31st October, 1997, together with the amount of unpaid land costs, unpaid land premium and unpaid costs of resettlement, demolition and public utilities and other deductible costs in respect of the Property Interests. The indemnity deeds assume that the Property Interests are disposed of at the values attributed to them in the Valuation, computed by reference to the rates and legislation governing PRC income tax and LAT prevailing at the time of the Valuation. The indemnities given by the Company do not cover (i) new properties acquired by Lai Fung subsequent to the listing of the shares of Lai Fung on the Stock Exchange (the “Listing”); (ii) any increase in the relevant tax which arises due to an increase in tax rates or changes to the legislation prevailing at the time of the Listing; and (iii) any claim to the extent that provision for deferred tax on the revaluation surplus has been made in the calculation of the adjusted net tangible asset value of Lai Fung as set out in Lai Fung’s prospectus dated 18th November, 1997.

The Directors are not aware of any material change in the indebtedness and contingent liability position of the LSD Group, as described above, since 30th April, 2003.

### **WORKING CAPITAL**

In view of the indebtedness position as stated in the section headed “Indebtedness” above, the LSD Group is currently having ongoing discussions with all of its creditors with the objective of placing the LSD Group in a better financial position. On 17th December, 2002, meetings of the Exchangeable Bondholders and the Convertible Bondholders were held at which, among other things, the resolutions to approve the deferral of the LSD Group’s repayment obligation under the Exchangeable Bonds and the Convertible Bonds to 31st March, 2003 were duly passed. The principal lending banks of the LSD Group had also agreed to reschedule the loan principal repayments of the LSD Group to not earlier than 31st March, 2003.

As at the Latest Practicable Date, the Company has yet to reach an agreement with the Bondholders and the LSD Group’s other creditors on the terms of a comprehensive restructuring of the LSD Group’s debt, including a restructuring of the Bonds.

As the Convertible Bonds were due to be redeemed on 31st March, 2003 but were not so redeemed and, in consequence of LSD failing to satisfy, on the same day, certain put rights exercised by certain of the Exchangeable Bondholders in respect of their holdings of Exchangeable Bonds, which in turn, has resulted in the Exchangeable Bonds becoming due for redemption in their entirety, the Company has defaulted on both the Convertible Bonds and the Exchangeable Bonds. These defaults, in turn, constitute technical events of default under the LSD Group’s principal banking facilities.

However, the Company is continuing its discussions with the Bondholders, banks and other creditors and the Directors are hopeful of reaching agreement on a comprehensive debt restructuring plan which is capable of being achieved as soon as possible. In the meantime, the Directors expect the LSD Group to remain in a period of informal standstill, during which the Bondholders and the LSD Group’s other creditors, whilst reserving all of their rights, will resist taking action to enforce their respective security pending the outcome of discussions with the Company on the comprehensive debt restructuring.

On the assumption that the LSD Group will be able to secure the agreement of all of its creditors to finalise the form and structure of a debt restructuring program and, at the same time, to continue the successful orderly disposals of the necessary assets of the LSD Group and to raise funds through other financing or refinancing arrangements to generate additional positive cashflow, the Directors believe that the LSD Group will have sufficient working capital for its requirements for the 12 months following the date of this circular. Otherwise, the Directors are of the opinion that the LSD Group would not have adequate funds to enable it to operate as a going concern in the foreseeable future.

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the following Directors and chief executive of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Code for Securities Transactions by Directors adopted by the Company to be notified to the Company and the Stock Exchange:

### (a) The Company

#### *Long positions in the Shares*

	Number of Shares Held					Total Percentage
	Personal Interests	Family Interests	Corporate Interests	Capacity		
Lim Por Yen	197,859,550	633,400 <i>(Note 1)</i>	1,582,869,192 <i>(Note 2)</i>	Beneficial owner	1,781,362,142	47.55%
Lam Kin Ngok, Peter	10,099,585	Nil	Nil	Beneficial owner	10,099,585	0.27%
U Po Chu	633,400	1,780,728,742 <i>(Note 3)</i>	Nil	Beneficial owner	1,781,362,142	47.55%
Lau Shu Yan, Julius	1,200,000	Nil	Nil	Beneficial owner	1,200,000	0.03%
Chiu Wai	195,500	Nil	Nil	Beneficial owner	195,500	0.01%
Wu Shiu Kee, Keith	200,000	Nil	Nil	Beneficial owner	200,000	0.01%

#### *Notes:*

- Mr. Lim Por Yen was deemed to be interested in 633,400 Shares by virtue of the interest in such Shares of his spouse, Madam U Po Chu.
- LSG and its wholly-owned subsidiary beneficially owned 1,582,869,192 Shares. Mr. Lim Por Yen was deemed to be interested in such Shares by virtue of his interest (including those of his spouses) of approximately 34.01% in the issued share capital of LSG. Mr. Lim Por Yen, Mr. Lam Kin Ngok, Peter, Mr. Lam Kin Ming, Madam U Po Chu and Madam Lai Yuen Fong were directors of LSG and held an interest of approximately 42% in aggregate in the issued share capital of LSG.
- Madam U Po Chu was deemed to be interested in 1,780,728,742 Shares by virtue of the interest in such Shares of her spouse, Mr. Lim Por Yen.

*Long positions in underlying Shares of equity derivatives*

None of the Directors nor the chief executive of the Company were interested or deemed to be interested in long positions in underlying Shares of equity derivatives.

*Short positions in underlying Shares of equity derivatives*

None of the Directors nor the chief executive of the Company were interested or deemed to be interested in short positions in underlying Shares of equity derivatives.

**(b) Associated corporation**

eSun

*Long positions in shares of eSun*

	Number of eSun Ordinary Shares Held					Total Percentage
	Personal Interests	Family Interests	Corporate Interests	Capacity		
Lim Por Yen	Nil	Nil	285,512,791 (Note 1)	Beneficial owner	285,512,791	49.99%
Wu Shiu Kee, Keith	40,000	Nil	Nil	Beneficial owner	40,000	0.01%
U Po Chu	Nil	285,512,791 (Note 2)	Nil	Beneficial owner	285,512,791	49.99%

*Notes:*

- eSun is an associated corporation of the Company as the Company and its wholly-owned subsidiaries beneficially owned 285,512,791 shares in eSun. LSG and its wholly-owned subsidiary held an interest of approximately 42.25% in the issued ordinary share capital of the Company. Mr. Lim Por Yen was deemed to be interested in such shares in eSun by virtue of his interest (including those of his spouses) of approximately 34.01% in the issued share capital of LSG. Mr. Lim Por Yen, Mr. Lam Kin Ngok, Peter, Mr. Lam Kin Ming, Madam U Po Chu and Madam Lai Yuen Fong were directors of LSG and held an interest of approximately 42% in aggregate in the issued share capital of LSG.
- Madam U Po Chu was deemed to be interested in 285,512,791 shares in eSun by virtue of the interest in such shares of her spouse, Mr. Lim Por Yen.

*Long positions in underlying shares of equity derivatives of eSun*

None of the Directors nor the chief executive of the Company were interested or deemed to be interested in long positions in underlying shares of equity derivatives of eSun.

*Short positions in underlying shares of equity derivatives of eSun*

None of the Directors nor the chief executive of the Company were interested or deemed to be interested in short positions in underlying shares of equity derivatives of eSun.

Save as disclosed in this circular, as at the Latest Practicable Date, none of Directors and chief executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Code for Securities Transactions by Directors adopted by the Company to be notified to the Company and the Stock Exchange.

**3. SUBSTANTIAL SHAREHOLDERS**

So far as is known to the Directors, as at the Latest Practicable Date, the following persons, some of whom are Directors or chief executive of the Company, had an interest in the following long positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the LSD Group:

*Long positions in the Shares*

Name	Capacity	Nature (Note A)	Number of	
			Shares	Percentage
LSG	Beneficial owner	Corporate	1,582,869,192	42.25%
Lim Por Yen	Beneficial owner	Personal, Family & Corporate	1,781,362,142	47.55% (Note 1)
U Po Chu	Beneficial owner	Personal & Family	1,781,362,142	47.55% (Note 2)
Lai Yuen Fong	Beneficial owner	Family	1,781,362,142	47.55% (Note 3)
Nice Cheer Investment Limited ("Nice Cheer")	Beneficial owner	Corporate	781,346,935	20.86%

Name	Capacity	Nature (Note A)	Number of Shares	Percentage
Xing Feng Investments Limited (“Xing Feng”)	Beneficial owner	Corporate	781,346,935	20.86% (Note 4)
Chen Din Hwa	Beneficial owner	Corporate	781,346,935	20.86% (Notes 4 and 5)
Chen Yang Foo Oi	Beneficial owner	Family	781,346,935	20.86% (Note 6)

*Note A:* Personal, family and corporate denote personal interest, family interest and corporate interest respectively.

*Notes:*

1. Mr. Lim Por Yen was deemed to be interested in 1,582,869,192 Shares by virtue of his interest (including those of his spouses) of approximately 34.01% in the issued share capital of LSG. Mr. Lim Por Yen was also deemed to be interested in the 633,400 Shares owned by his spouse, Madam U Po Chu.
2. Madam U Po Chu was deemed to be interested in 1,780,728,742 Shares by virtue of the interest in such Shares of her spouse, Mr. Lim Por Yen.
3. Madam Lai Yuen Fong was deemed to be interested in 1,781,362,142 Shares by virtue of the interest in such Shares of her spouse, Mr. Lim Por Yen.
4. Xing Feng was taken to be interested in 781,346,935 Shares beneficially owned by Nice Cheer due to its corporate interests therein.
5. Mr. Chen Din Hwa was taken to be interested in 781,346,935 Shares by virtue of his corporate interests in Nice Cheer.
6. Madam Chen Yang Foo Oi was deemed to be interested in 781,346,935 Shares by virtue of the interest in such Shares of her spouse, Mr. Chen Din Hwa.

*Long positions in underlying Shares of equity derivatives*

<b>Name</b>	<b>Capacity</b>	<b>Nature (Note A)</b>	<b>Number of Shares (as enlarged)</b>	<b>Percentage</b>
Chen Din Hwa	Beneficial owner	Corporate	861,784,435	22.52% (Note 7)
Chen Yang Foo Oi	Beneficial owner	Family	861,784,435	22.52% (Note 8)

*Note A:* Family and corporate denote family interest and corporate interest respectively.

*Notes:*

7. Please refer to note 4 above.

Mr. Chen Din Hwa was taken to be interested in 781,346,935 Shares by virtue of his corporate interests in Nice Cheer. The remaining balance represents 80,437,500 Shares to be issued by the Company to Absolute Gain Trading Ltd. upon its exercise of rights attaching to the convertible bonds issued by Lai Sun International Finance (1997) Limited and guaranteed by the Company. Mr. Chen Din Hwa was taken to be interested in such Shares by virtue of his corporate interests in Absolute Gain Trading Ltd. Mr. Chen Din Hwa's aggregate interest in 861,784,435 Shares represents 22.52% of the issued share capital of the Company as enlarged by the potential issue by the Company of 80,437,500 Shares in the event of Absolute Gain Trading Ltd. exercising its rights attaching to the said convertible bonds.

8. Madam Chen Yang Foo Oi was deemed to be interested in 861,784,435 Shares by virtue of the interest in such Shares of her spouse, Mr. Chen Din Hwa.

Save as disclosed in this circular, the Directors are not aware of any person as at the Latest Practicable Date who had an interest or short position in the Shares or equity derivatives which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the LSD Group.

#### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into, or was proposing to enter into any service contract with the Company or any subsidiary of the Company which does not expire or is not determinable by the employing company within one year without payment of compensation other than statutory compensation.

#### **5. LITIGATION**

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.



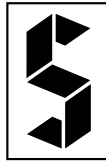
**6. GENERAL**

- (a) The secretary of the Company is Mr. Yeung Kam Hoi, who is an Associate Member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries and a member of Hong Kong Securities Institute.
- (b) The registered office of the Company is situated at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong.
- (c) The Registrars and transfer office of the Company are Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---



### LAI SUN DEVELOPMENT

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

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Lai Sun Development Company Limited (the “Company”) will be held at The Chater Room II, Function Room Level (B1), The Ritz-Carlton Hong Kong, 3 Connaught Road, Central, Hong Kong on Monday, 30th June, 2003 at 9:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an Ordinary Resolution:

“**THAT:**

- (a) the sale and purchase agreement dated 8th November, 2002 (the “Sale and Purchase Agreement”) entered into between Fordspace Development Limited, Infoway Limited, Lai Sun Development Company Limited (the “Company”) and Dragon Goodwill International Limited, as amended by a supplemental agreement dated 14th May, 2003 (the “Supplemental DGI Agreement”) entered into between Fordspace Development Limited, Infoway Limited, the Company and Dragon Goodwill International Limited, copies of which have been produced to this meeting marked “A” and signed by the chairman of this meeting for the purpose of identification, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) the directors of the Company be and are hereby authorised to execute (under hand or under seal), perfect and deliver all such documents and do all such acts and things as may be necessary or desirable to implement or give effect to the terms of the Sale and Purchase Agreement as amended by the Supplemental DGI Agreement and the transactions contemplated thereunder (including, without limitation, exercising or enforcing any right thereunder) and to make and agree such variations to the terms of the Sale and Purchase Agreement as amended by the Supplemental DGI Agreement as they may consider to be desirable and in the interests of the Company.”

By Order of the Board  
**Yeung Kam Hoi**  
*Company Secretary*

Hong Kong, 9th June, 2003

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

*Registered Office:*

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

**Notes:**

- (1) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
- (2) Where there are joint registered holders of any ordinary share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such ordinary share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such ordinary share shall alone be entitled to vote in respect thereof.
- (3) A form of proxy for use at the meeting is enclosed.
- (4) To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Registrars, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting should they so wish.
- (5) Asia Television Limited will abstain from voting on the Ordinary Resolution set out above.



# LAI SUN DEVELOPMENT

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

## Form of proxy for Extraordinary General Meeting on Monday, 30th June, 2003 at 9:30 a.m.

I/We <sup>(note 1)</sup> \_\_\_\_\_

of \_\_\_\_\_

being the registered holder(s) of <sup>(note 2)</sup> \_\_\_\_\_ ordinary shares of HK\$0.50 each in the ordinary share capital of Lai Sun Development Company Limited (the "Company") hereby appoint **THE CHAIRMAN OF THE MEETING** or <sup>(note 3)</sup> \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy to attend, vote and act for me/us at the Extraordinary General Meeting of the Company (the "Meeting") (and at any adjournment thereof) to be held at The Chater Room II, Function Room Level (B1), The Ritz-Carlton Hong Kong, 3 Connaught Road, Central, Hong Kong on Monday, 30th June, 2003 at 9:30 a.m. for the purposes of considering and, if thought fit, passing the resolution as set out in the notice convening the Meeting, in the manner indicated below or, if no such indication is given, as my/our proxy thinks fit:

	FOR <sup>(note 4)</sup>	AGAINST <sup>(note 4)</sup>
Ordinary Resolution		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2003                      Signed <sup>(note 5)</sup> \_\_\_\_\_

### Notes:

1. Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
2. Please insert the number of ordinary shares registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the ordinary shares in the Company registered in your name(s).
3. If any proxy other than the Chairman of the Meeting is preferred, please delete the words "**THE CHAIRMAN OF THE MEETING or**" and insert the full name and address of the proxy desired in the space provided. **ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALLED BY THE PERSON WHO SIGNS IT.**
4. **IMPORTANT: IF YOU WISH TO VOTE FOR THE RESOLUTION, TICK THE APPROPRIATE BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST THE RESOLUTION, TICK THE APPROPRIATE BOX MARKED "AGAINST".** Failure to complete any or all the boxes will entitle your proxy to cast his vote at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the Meeting other than that referred to in the notice convening the Meeting.
5. This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either executed under its common seal or under the hand of an officer or attorney duly authorised.
6. In the case of joint registered holders of any ordinary share, any one of such persons may attend and vote at the Meeting, either in person or by proxy in respect of such ordinary shares as if he were solely entitled thereto; but if more than one of the joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the Register of Members in respect of such ordinary shares shall alone be entitled to vote in respect thereof.
7. To be valid, this form of proxy, together with the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Company's Registrars, Tengis Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting.
8. The proxy need not be a member of the Company, but must attend the Meeting in person to represent you. The proxy may vote on your behalf on a poll.
9. **COMPLETION AND RETURN OF THIS FORM OF PROXY WILL NOT PRECLUDE YOU FROM ATTENDING AND VOTING AT THE MEETING (AND AT ANY ADJOURNMENT THEREOF) IF YOU SO WISH.**