
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 to the purchaser or transferee or to the bank or 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)

DISCLOSEABLE TRANSACTION

**Disposal of Shareholding and Loan Interest in
Omicron International Limited**

1st September, 2003

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	3
The Transaction	4
Financial effects of disposal	5
Reasons for disposal	5
Use of proceeds	5
Principal business activities of the Company	5
Additional information	5
Appendix — General information	6

DEFINITIONS

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

“Agreement”	two documents, comprising: (1) the Agreement for Sale and Purchase of the Sale Shares and Shareholder Loan between the Company as the Vendor, the Purchasers, the holding companies of the Purchasers, namely, Cheung Kong (Holdings) Limited, Far East Consortium International Limited, Sun Hung Kai & Co. Limited, and Stalybridge and Omicron, and (2) a letter between the Company as the Vendor and the Purchasers together with Cheung Kong (Holdings) Limited, Far East Consortium International Limited, Sun Hung Kai & Co. Limited, Stalybridge and Omicron, both executed on 8th August, 2003
“Company”	Lai Sun Development Company Limited
“Directors”	the directors, including the independent non-executive directors, of the Company
“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 the Company has a shareholding interest of approximately 42.54%
“Group”	means the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	26th August, 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LSG”	Lai Sun Garment (International) Limited, a company incorporated in Hong Kong the shares of which are listed on the Stock Exchange and which holds a shareholding interest of approximately 42.25% in the Company
“Mutual Luck”	Mutual Luck Investment Limited, a company incorporated in Hong Kong and beneficially owned as to 51.34% by certain subsidiaries of Cheung Kong (Holdings) Limited, 33.33% by Stalybridge and 15.33% by E-Cash Ventures Limited

DEFINITIONS

“Omicron”	Omicron International Limited, a company incorporated in the British Virgin Islands and beneficially owned as to 43.5% by the Company, 19% by Far East Consortium Limited and 37.5% by Sun Hung Kai & Co. Limited before the transaction
“Parties”	the Company, Far East Consortium Limited, E-Cash Ventures Limited, Zeal Goal International Limited, Hosar Investment Limited, Cheung Kong (Holdings) Limited, Far East Consortium International Limited, Sun Hung Kai & Co. Limited, Stalybridge and Omicron
“Property”	All that parcel of ground registered in the District Land Office, Yuen Long as The Remaining Portion of Lot no. 1457 in Demarcation District No. 123
“Purchasers”	Far East Consortium Limited and E-Cash Ventures Limited (wholly-owned subsidiaries of Far East Consortium International Limited), Zeal Goal International Limited (a wholly-owned subsidiary of Sun Hung Kai & Co. Limited) and Hosar Investment Limited (a wholly-owned subsidiary of Cheung Kong (Holdings) Limited)
“Sale Shares”	435 shares in Omicron of US\$1 each in par value
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder Loan”	the sum of approximately HK\$132 million, representing the principal of approximately HK\$68 million and interest of approximately HK\$64 million owing by Omicron to the Company as at the date of the Agreement and the completion date
“Shares”	ordinary share(s) of HK\$0.50 each in the ordinary share capital of the Company
“Stalybridge”	Stalybridge Investment Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Omicron
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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*

1st September, 2003

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

Disposal of Shareholding and Loan Interest in Omicron International Limited

INTRODUCTION

On 8th August, 2003 the Directors announced that on 8th August, 2003 the Company entered into the Agreement with the Purchasers to sell its entire shareholding and loan interest in Omicron for a total consideration of HK\$35,000,000. The transaction constitutes a discloseable transaction of the Company under the Listing Rules.

The purpose of this circular is to give you further information regarding the transaction.

LETTER FROM THE BOARD

THE TRANSACTION

Agreement Date

The Agreement was executed by the Parties on 8th August, 2003.

Parties

Vendor: Lai Sun Development Company Limited

Purchasers: (1) Far East Consortium Limited (“FEC”)
(2) E-Cash Ventures Limited (“E-Cash”)
(3) Zeal Goal International Limited (“Zeal Goal”)
(4) Hosar Investment Limited (“Hosar”)

Subject of Transaction

The Agreement is for the sale and purchase of the Sale Shares and the Shareholder Loan.

The Sale Shares represent 43.5% of the entire issued share capital of Omicron as at the date of the Agreement and the completion date. Omicron is the owner of the entire issued share capital of Stalybridge. Stalybridge owns a one-third interest in Mutual Luck. Mutual Luck is the owner of the Property.

FEC is an Omicron shareholder. Zeal Goal is a wholly-owned subsidiary of another Omicron shareholder, Sun Hung Kai & Co. Limited. E-Cash is a Mutual Luck shareholder. Hosar is a wholly-owned subsidiary of another Mutual Luck shareholder, Cheung Kong (Holdings) Limited. Therefore, the transaction represents the disposal by the Company of its effective interest in the Property to the other beneficial owners.

None of the Purchasers and their beneficial owners is connected with any of the directors, chief executive, or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules).

Consideration

The total consideration for the disposal is HK\$35,000,000. This has been arrived at after arm’s length negotiations between the Parties and the Directors consider the terms of the Agreement, including the consideration for the disposal, to be normal commercial terms that are fair and reasonable and in the best interests of the Company, taking into consideration the current market value of comparable land in Hong Kong. The Property is a plot of agricultural land in Yuen Long.

Payment Terms

The Purchasers shall pay the entire consideration in cash upon completion of the transaction.

LETTER FROM THE BOARD

Completion Date

Completion took place on 14th August, 2003.

FINANCIAL EFFECTS OF DISPOSAL

The net loss both before and after tax attributable to the Company's interest in Omicron for the financial years ended 31st July, 2002 and 31st July, 2001 were HK\$0.01 million and HK\$0.04 million, respectively.

The carrying value of the Company's interest in Omicron is approximately HK\$65.1 million. The loss on the disposal, calculated on a pro-forma basis, is approximately HK\$30.1 million.

REASONS FOR DISPOSAL

The Directors believe that the transaction is fair and reasonable under current market conditions for agricultural land requiring long-term investment and development, and that it is in the best interests of the Company and its shareholders as a whole. The Directors also consider that the transaction will provide additional cash flow towards the Company's general working capital.

USE OF PROCEEDS

The Company will use the entire proceeds of HK\$35,000,000 for general working capital purposes.

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The Company is principally engaged in property development, property investment, hotel ownership and management.

ADDITIONAL INFORMATION

Your attention is drawn to the general information on the Company set out in the Appendix 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

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

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			Capacity	Total	Percentage
	Personal Interests	Family Interests	Corporate Interests			
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 owns 1,582,869,192 Shares. Mr. Lim Por Yen was deemed to be interested in such Shares by virtue of his interest (including that of his spouse) of approximately 33.99% in the issued share capital of LSG. Mr. Lim Por Yen, Mr. Lam Kin Ngok, Peter, Mr. Lam Kin Ming and Madam U Po Chu 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				Capacity	Total	Percentage
	Personal Interests	Family Interests	Corporate Interests				
Lim Por Yen	Nil	Nil	285,512,791 (Note 1)	Beneficial owner	285,512,791	42.54%	
U Po Chu	Nil	285,512,791 (Note 2)	Nil	Beneficial owner	285,512,791	42.54%	

Notes:

- eSun is an associated corporation of the Company as the Company and its wholly-owned subsidiaries beneficially owns 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 that of his spouse) of approximately 33.99% in the issued share capital of LSG. Mr. Lim Por Yen, Mr. Lam Kin Ngok, Peter, Mr. Lam Kin Ming and Madam U Po Chu 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 the 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 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 meetings of any other member of the Group:

Long Positions in the Shares

Name	Capacity	Nature (Note 1)	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 2)
U Po Chu	Beneficial owner	Personal & Family	1,781,362,142	47.55% (Note 3)
Lai Yuen Fong	Beneficial owner	Family	1,781,362,142	47.55% (Note 4)
Nice Cheer Investment Limited ("Nice Cheer")	Beneficial owner	Corporate	781,346,935	20.86%
Xing Feng Investments Limited ("Xing Feng")	Beneficial owner	Corporate	781,346,935	20.86% (Note 5)
Chen Din Hwa	Beneficial owner	Corporate	781,346,935	20.86% (Notes 5 and 6)

Name	Capacity	Nature <i>(Note 1)</i>	Number of Shares	Percentage
Chen Yang Foo Oi	Beneficial owner	Family	781,346,935	20.86% <i>(Note 7)</i>
Asia Television Limited	Beneficial owner	Corporate	200,000,000	5.34%
Today's Asia Limited	Beneficial owner	Corporate	200,000,000	5.34% <i>(Note 8)</i>
Liu Changle	Beneficial owner	Corporate	200,000,000	5.34% <i>(Notes 8 and 9)</i>

Notes:

1. Personal, family and corporate denote personal interest, family interest and corporate interest respectively.
2. Mr. Lim Por Yen was deemed to be interested in 1,582,869,192 Shares by virtue of his interest (including that of his spouse) of approximately 33.99% 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.
3. 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.
4. 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.
5. Xing Feng was taken to be interested in 781,346,935 Shares beneficially owned by Nice Cheer due to its corporate interests therein.
6. Mr. Chen Din Hwa was taken to be interested in 781,346,935 Shares by virtue of his corporate interests in Nice Cheer.
7. 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.
8. Today's Asia Limited was taken to be interested in 200,000,000 Shares beneficially owned by Asia Television Limited due to its corporate interests therein.
9. Mr. Liu Changle was taken to be interested in 200,000,000 Shares by virtue of his corporate interests in Asia Television Limited.

Long positions in underlying Shares of equity derivatives

Name	Capacity	Nature (Note 1)	Number of Shares (as enlarged)	Percentage
Chen Din Hwa	Beneficial owner	Corporate	861,784,435	22.52% (Note 10)
Chen Yang Foo Oi	Beneficial owner	Family	861,784,435	22.52% (Note 11)

Notes:

10. Please refer to note 5 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.

11. 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 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.