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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.

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LAI SUN DEVELOPMENT

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

MAJOR TRANSACTION
Disposal of Causeway Bay Plaza I

A letter from the board of directors of the Company is set out on pages 4 to 9 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at The Chater Room I, Function Room Level (B1), The Ritz-Carlton Hong Kong, 3 Connaught Road, Central, Hong Kong on Monday, 29th September, 2003 at 10:00 a.m. is set out on pages 25 and 26 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.

11th September, 2003

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DEFINITIONS

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

“ATV Transaction”	the sale by the LSD Group of a 32.75% shareholding interests in Asia Television Limited and a 50% shareholding interests in HKATV.com Limited, as contemplated by the DGI Agreement and the eSun Agreement;
“Bayshore”	Bayshore Development Group Limited, a company incorporated in the British Virgin Islands owned as to 90% (as to 70% before the completion of the Bayshore Transaction) by Grand Design and 10% (as to 30% before the completion of the Bayshore Transaction) by Peakflow;
“Bayshore Transaction”	the reduction of indebtedness owing by Peakflow to Grand Design under a HK\$625 million term loan facility by way of transfer of a 20% shareholding interest in Bayshore and an assignment of HK\$600 million worth of shareholders’ loans plus accrued interest owing by Bayshore;
“Completion”	completion of the Disposal pursuant to the Tender;
“Completion Date”	23rd October, 2003;
“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 Agreement”	the agreement dated 8th November, 2002 between Fordspace Development Limited, Infoway Limited, LSD and Dragon Goodwill International Limited relating to the sale and purchase of shares in Asia Television Limited and Houseman International Limited and where appropriate, as amended by the Supplemental DGI Agreement;
“Directors”	directors of LSD;
“Disposal”	the disposal of the Property pursuant to the Tender;
“EGM”	the extraordinary general meeting of the Company to be held at The Chater Room I, Function Room Level (B1), The Ritz-Carlton Hong Kong, 3 Connaught Road, Central, Hong Kong on Monday, 29th September, 2003 at 10:00 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 a shareholding interest of approximately 42.54% (or 49.99% before the allotment and issue of 100,000,002 eSun shares as consideration for acquiring 100% shareholding interest in Splendid Agents Limited);
“eSun Agreement”	the agreement dated 8th November, 2002 between eSun and LSD relating to the sale and purchase of the entire issued share capital of Houseman International Limited and where appropriate, as amended by the Supplemental eSun Agreement;
“eSun Group”	eSun and its subsidiaries;
“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;
“Grand Design”	Grand Design Development Limited, a company incorporated in the British Virgin Islands;
“HK\$”	Hong Kong dollars;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	5th September, 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;
“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 and which holds a shareholding interest of approximately 42.25% in LSD;

DEFINITIONS

“LSIL”	Lucky Strike Investment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of LSD;
“Peakflow”	Peakflow Profits Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of LSD;
“Property”	all those pieces or parcels of ground respectively registered in the Land Registry as The Remaining Portion of Subsection 10 of Section A of Inland Lot No. 2836, Inland Lot No. 8659 and Inland Lot No. 8683 Together with the messuages erections and buildings thereon now known as Causeway Bay Plaza I (formerly known as Causeway Bay Plaza);
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shares”	ordinary shares 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 Fordspace Development Limited, Infoway Limited, LSD and Dragon Goodwill International Limited relating to the DGI Agreement;
“Supplemental eSun Agreement”	the supplemental agreement dated 14th May, 2003 between eSun and LSD relating to the eSun Agreement;
“Tender”	the tender for the Property made by WOP;
“Vendor’s Solicitors”	Messrs. Lo & Lo, the solicitors acting for LSIL in the Disposal; and
“WOP”	The Wing On Properties and Securities Company Limited, a company incorporated in Hong Kong and a subsidiary of The Wing On (Holdings) 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*

11th September, 2003

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

Disposal of Causeway Bay Plaza I

INTRODUCTION

On 20th August, 2003 the Directors announced that on 18th August, 2003 LSIL, a wholly-owned subsidiary of LSD, accepted a tender made by WOP to purchase the Property at a cash consideration of HK\$1,200 million. The Disposal constitutes a major transaction for LSD under Chapter 14 of the Listing Rules.

The purpose of this circular is to give you further information regarding the Disposal and to give you notice of the EGM at which your approval of the Disposal will be sought.

LETTER FROM THE BOARD

THE TENDER

1. Acceptance Date

The Tender was accepted by LSIL on 18th August, 2003.

2. Parties

Vendor: LSIL

Purchaser: WOP

WOP and its holding company, The Wing On (Holdings) Limited, are independent third parties 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).

3. Nature of the Tender

The Tender provides for the sale by LSIL and purchase by WOP of the Property.

4. Assets to be disposed of

The Property

5. Conditions of the Tender

Completion of the Disposal is subject to the fulfilment of the condition subsequent, on or before the Completion Date, of the passing at an EGM of LSD of a resolution approving the Disposal in accordance with the terms of the Tender pursuant to the Listing Rules and/or other legislation or regulation and/or subsidiary legislation or regulation.

LSIL has irrevocably undertaken to the Purchaser to procure LSG, being a substantial shareholder of LSD holding an approximately 42.25% interest in LSD, to vote in favour of the resolution to be proposed at an EGM of LSD to approve the sale in accordance with the terms of the Tender, unless LSG is prohibited or is required to abstain from voting at the aforesaid EGM under the Listing Rules and/or other legislation or regulation and/or subsidiary legislation or regulation. The Directors consider that LSG and its associates are entitled to vote at the aforesaid EGM.

6. Consideration

The total cash consideration for the Disposal is HK\$1,200 million. The purchase price tendered by WOP in the Tender was the highest amongst the 11 tenders received by LSIL from tenderers (all being independent third parties not connected with any of 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)) in response to an invitation made by LSIL for the tender of the Property which closed on 18th August, 2003.

LETTER FROM THE BOARD

An initial deposit of HK\$30 million was paid in cash by WOP to the Vendor's Solicitors, and held by the Vendor's Solicitors as stakeholders in accordance with the Tender at the time when WOP submitted its tender on 18th August, 2003. A further deposit of HK\$90 million was paid to the Vendor's Solicitors and held by them as stakeholders in accordance with the Tender on 26th August, 2003. The balance of the cash consideration in the sum of HK\$1,080 million shall be paid by the Purchaser upon Completion.

The initial and further deposits shall be forfeited to LSIL if WOP shall fail to complete, but such deposits shall be refunded by LSIL to WOP without costs, interest or compensation if the condition subsequent set out above is not fulfilled on or before the Completion Date.

The Vendor's Solicitors shall hold the initial and further deposits as stakeholders and shall only release these to LSIL after it has been shown to the satisfaction of WOP that the balance of the purchase price is greater than or equal to the amount (if any) required for the release and discharge of the Property from the existing charge affecting the Property on the Completion Date.

7. Completion

Completion shall take place on 23rd October, 2003.

Should the Purchaser fail to pay the balance of the purchase price or to observe or comply with any terms and conditions of the Agreement, LSIL may forthwith determine the Agreement by notice in writing and shall be entitled to re-enter upon the Property and to repossess the same if possession has been given to the Purchaser, and forfeit any deposit paid.

In the event of LSIL failing to complete the sale of the Property in accordance with the Agreement, it shall not be necessary for the Purchaser to tender an assignment to LSIL for execution before taking proceedings to enforce specific performance of the Agreement.

FINANCIAL EFFECTS OF DISPOSAL

The net profit before and after tax attributable to the Property for the financial year ended 31st July, 2002 were HK\$85.2 million and HK\$72.2 million, respectively, and for the year ended 31st July, 2001 were HK\$82.5 million and HK\$69.3 million, respectively. The carrying value of the Property was HK\$1,455 million as included in the consolidated audited accounts of LSD Group for the financial year ended 31st July, 2002. Taking into account the revaluation deficit to be released to the profit and loss account upon completion of the Disposal amounting to approximately HK\$18.0 million, the loss before expenses (estimated to be around HK\$10 million on a preliminary basis) on the Disposal, calculated on a pro-forma basis, is approximately HK\$273 million.

LETTER FROM THE BOARD

Proforma net tangible assets of the LSD Group

Upon completion of the Disposal, the proforma net tangible assets of the LSD Group will be as follows:

	<i>HK\$'m</i>
Unaudited net asset value of the LSD Group as at 31st January, 2003 as per published interim report	657.5
Less: Goodwill on acquisition of associates, net of amortisation and impairment	<u>(296.0)</u>
Net tangible assets of the LSD Group as at 31st January, 2003	361.5
Add: The reduction of the amount of indebtedness (including the principal amount and the related loan repayment premium) due by the LSD Group to Grand Design in consideration for the transfer of the 20% shareholding interest in, and assignment of the HK\$600 million worth of shareholders' loan and accrued interest owing by, Bayshore upon completion of the Bayshore Transaction	463.3
Less: The carrying value of the 20% shareholding interest in and the HK\$600 million worth of shareholders' loan and accrued interest owing by Bayshore	<u>(458.6)</u>
	366.2
Less: Loss on deemed disposal of 7.45% interest in eSun arising on its allotment and issue of 100,000,002 eSun shares as consideration for acquiring 100% shareholding interest in Splendid Agents Limited	<u>(115.0)</u>
	251.2
Less: Consideration paid to eSun in respect of acquisition of 50% shareholding interest in HKATV.com Limited pursuant to the eSun Agreement	(33.58)
Add: The sale consideration in respect of the ATV Transaction	230.0
Add: The LSD Group's 42.54% share of eSun's gain on disposal of its 50% shareholding interest in HKATV.com Limited to LSD	<u>14.3</u>
	461.9
Add: The sale consideration in respect of the disposal of Lai Sun Yuen Long Centre ("LSYLC")	89.5
Less: The carrying value of LSYLC	<u>(156.0)</u>
	395.4
Add: The sale consideration in respect of the disposal of Omicron International Limited ("Omicron")	35.0
Less: The carrying value of Omicron	<u>(65.1)</u>
	365.3
Add: The sale consideration in respect of the Disposal	1,200.0
Less: The carrying value of Causeway Bay Plaza I	<u>(1,455.0)</u>
	<u>110.3</u>

LETTER FROM THE BOARD

INFORMATION ON THE PROPERTY

The Property comprises all those pieces or parcels of ground (as defined) and a composite commercial/office building erected thereon with a total gross floor area of approximately 255,464 square feet. The Property is held by LSIL under various Government Grants in respect of different parts of the Property which will expire on 29th September, 2127, 30th June, 2047 and 30th June, 2047.

REASONS FOR DISPOSAL

LSIL completed development of the Property in 1989 and has since held the Property as an investment property for rental purpose.

The Directors believe that the terms and conditions of, including the consideration for the Disposal are fair and reasonable in the current market conditions and with reference to the valuation of HK\$1,220 million as at 31st July, 2003 made by an independent professional valuer, Chesterton Petty Ltd. The Directors also consider that the Disposal is in the best interests of LSD and its shareholders as a whole as it represents a good opportunity for LSD to realise its investment in the Property so as to reduce its borrowings.

INTENDED APPLICATION OF PROCEEDS

The Property is charged to a bank (the “Lender”) under an all-monies mortgage to secure two term loan facilities granted to LSIL in the total amount of approximately HK\$840 million and all other amounts which are from time to time due or owing, actually or contingently (including but not limited to guarantees given to the Lender in respect of banking facilities granted by the Lender to certain associated companies of LSD), to the Lender by LSIL and LSD in respect of any other banking facilities provided by the Lender.

The net proceeds of the Disposal will be used for full repayment of the outstanding amounts due or owing to the Lender. The balance of the net proceeds is intended to be used mainly for partial repayment of the bond debts and/or general working capital purposes.

INFORMATION ON THE COMPANY

LSD is principally engaged in property development, property investment, hotel ownership and management mainly in Hong Kong.

REGULATORY IMPLICATIONS

Based on the latest audited net tangible assets of the LSD Group, the Disposal constitutes a major transaction for LSD under Chapter 14 of the Listing Rules and is therefore subject to the approval of LSD’s shareholders.

LETTER FROM THE BOARD

EXTRAORDINARY GENERAL MEETING

A notice of an extraordinary general meeting to be held at The Chater Room I, Function Room Level (B1), The Ritz-Carlton Hong Kong, 3 Connaught Road, Central, Hong Kong on Monday, 29th September, 2003 at 10:00 a.m. is set out on pages 25 and 26 of this circular. An ordinary resolution will be proposed at the EGM to approve the Disposal. Save for its shareholding interest in LSD, LSG, a substantial shareholder of LSD holding a 42.25% interest in LSD, does not have a material interest in the Disposal. LSG will, therefore, be entitled to vote at the aforesaid EGM. Based on current information available to LSD, no party will be required to abstain from voting at the aforesaid EGM in compliance with the Listing Rules.

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 will 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 the Appendices I, II and III 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 31st July, 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\$7,624 million comprising (i) secured bank loans and other borrowings of approximately HK\$3,957 million (of which a sum of HK\$2,075 million was guaranteed by the Company), (ii) an accrued loan repayment premium of approximately HK\$27 million under a loan facility guaranteed by the Company, (iii) an outstanding amount of approximately HK\$881 million payable under the Exchangeable Bonds guaranteed by the Company (principal of HK\$622 million and accrued bond redemption premium of HK\$259 million) and (iv) an outstanding amount of approximately HK\$1,259 million payable under the Convertible Bonds guaranteed by the Company (principal of HK\$906 million and accrued bond redemption premium of HK\$353 million) and (v) 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. Furthermore, the outstanding amounts payable under the Exchangeable Bonds and the Convertible Bonds as set out in paragraphs (iii) and (iv) above have taken into account the aggregate sum of approximately HK\$100 million paid to the relevant holders of the Exchangeable Bonds and Convertible Bonds as partial repayment of the outstanding principal amounts of the Exchangeable Bonds and the Convertible Bonds as at 30th April, 2003, out of the proceeds of sale of the Company's entire shareholding interest in Asia Television Limited which was completed on 25th July, 2003.

As at 31st July, 2003, certain investment properties and certain fixed assets with unaudited carrying amounts of approximately HK\$5,175 million and HK\$1,469 million respectively, and certain cash deposits with banks of approximately HK\$117 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 together with its 10% shareholding in and its advance to Bayshore, the joint venture company for the AIG Tower project, 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 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 31st July, 2003, the LSD Group had contingent liabilities of approximately HK\$195 million in respect of guarantees given by the LSD Group to banks in connection with the banking facilities granted to certain associates and an investee company. 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.

Save as disclosed above and the subsequent repayment of bank loans of HK\$69.9 million in total upon completion of the disposal of Lai Sun Yuen Long Centre on 6th August, 2003, the Directors are not aware of any material change in the indebtedness and contingent liability position of the LSD Group since 31st July, 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. 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 a technical events of default under the LSD Group’s principal banking facilities.

As at the date of this circular, the Company has yet to reach an agreement with the Exchangeable Bondholders and the Convertible 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 Exchangeable Bonds and the Convertible Bonds. The Directors believe that agreement on a comprehensive debt restructuring is capable of being achieved during the last quarter of 2003. In the meantime, the LSD Group has entered into a period of informal standstill, during which the Exchangeable Bondholders and the Convertible 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.

FINANCIAL AND TRADING PROSPECTS

As explained above, although the LSD Group has not finalised the form and structure of a comprehensive debt restructuring program, it is confident that an agreement would be reached amongst all parties in the last quarter of 2003. The future financial and trading prospects of the LSD Group would greatly depend on the successful implementation of such debt restructuring program and the continued support of the LSD Group's creditors.

The Directors are not aware of any material adverse change in the financial or trading position of the LSD Group since 31st January, 2003, being the date up to which the latest published unaudited consolidated accounts of the Company were made.

The following is the text of a letter together with the valuation certificate received from Chesterton Petty Limited, an independent professional valuer, in connection with its valuation as at 31st July, 2003 in respect of Causeway Bay Plaza I, Hennessy Road/Percival Street/Lockhart Road, Causeway Bay, Hong Kong.



International Property Consultants

Chesterton Petty Limited
16/F CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

The Directors
Lai Sun Development Company Limited
11th Floor
Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Kowloon

8th August, 2003

Dear Sirs

CAUSEWAY BAY PLAZA I, HENNESSY ROAD/PERCIVAL STREET/LOCKHART ROAD, CAUSEWAY BAY, HONG KONG

In accordance with your recent instructions to value captioned property, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the open market values of the property as at 31st July, 2003.

Our valuation is our opinion of the open market value which we would define as intended to mean “the best price at which the sale of an interest in a property would have been completed unconditionally for cash consideration on the date of valuation assuming:

- (a) a willing seller;

- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion”.

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property. In addition, no account has been taken of any options or right of pre-emption concerning or affecting the sale of the property and no forced sale situation in any manner is assumed in our valuation.

We have valued the property by reference to sales evidence as available on the market and where appropriate on the basis of capitalisation of the net income shown on schedules handed to us. We have allowed for outgoings and in appropriate cases made provisions for reversionary income potential.

We have not been provided with extracts from title documents relating to the properties but we have caused searches to be made at the relevant Land Registry. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any lease amendment which do not appear on the copies handed to us.

We have relied to a very considerable extent on information given by you and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, lettings, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents and tenancy schedules provided to us and are therefore only approximations.

We have inspected the exterior of the property valued and, where possible, we have also inspected the interior of the premises. In the course of our inspections, we did not note any serious defect. However, no structure survey has been made and we are therefore unable to report whether the property is free from rot, infestation or other structural defects. No test were carried out on any of the services.

No allowance has been made in our report for any charge, mortgage or amount owing on any property nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Chesterton Petty Limited
Charles C K Chan
MSc FRICS FHKIS MCIArb RPS(GP)
Executive Director

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Open market value in existing state as at 31st July, 2003
Causeway Bay Plaza I, Hennessy Road/ Percival Street/ Lockhart Road, Causeway Bay, Hong Kong	Causeway Bay Plaza I is a high-grade 26 storey commercial/ office building (plus a basement) over the Causeway Bay M.T.R. station complex completed in 1989.	Most of the commercial floors are let under various tenancies mostly for terms of two or three years with the latest expiry date in April 2006 at a total monthly rental income of about HK\$4,350,000 exclusive of rates and management fees and some with options to renew for further terms of one to three years.	HK\$1,220,000,000
The Remaining Portion of Sub-section 10 of Section A of Inland Lot No. 2836, and Inland Lots Nos. 8683 and 8659.	<p>The gross floor area of the development is approximately as follows:</p> <p>Retail Shopping: 4,973.15 sq m (53,531 sq ft) or thereabouts on the Basement, Ground, First, Second & Third Floors.</p> <p>Restaurants: 6,617.06 sq m (71,226 sq ft) or thereabouts on the 4th to 10th Floors.</p> <p>Offices: 12,140.65 sq m (130,682 sq ft) on 11th to 25th Floors.</p> <p>The total gross floor area of the development extends to 23,730.86 sq m (255,439 sq ft) or thereabouts.</p> <p>Inland Lot No. 2836 is held under a Government lease for a term of 99 years commencing from 30th September, 1929 renewable for a further term of 99 years.</p> <p>Inland Lots Nos. 8659 and 8683 are each held from the Government under their respective Conditions of Grant Nos. 11949 and 11952 both for a term of 60 years commencing from 18th June, 1987.</p>	<p>The signages and light boxes are let on monthly basis at a total monthly income of about HK\$36,000 inclusive of rates and service charges.</p> <p>The office units are let under various tenancies mostly for terms of two or three years with the latest expiry date in March 2006 at a total monthly rental income of about HK\$1,530,000 exclusive of rates and management fees and some with options to renew for further terms of one to two years.</p> <p>Portion of area on ground floor is let under a licence for two years expiring in May 2004 at a monthly licence fee of HK\$9,000 inclusive of rates and management fees.</p> <p>Portion of area on the 1st, 2nd and 3rd floors is let under a licence for two years expiring in March 2004 at a monthly licence fee of HK\$11,880 exclusive of rates but inclusive of management fees.</p> <p>Portion of area on the Ground Floor, 1st, 2nd, 3rd and 10th Floors is let under a licence for two years expiring in December 2004 at a monthly licence fee of HK\$11,070 inclusive of rates and management fees.</p> <p>The open counter on ground floor is let under a licence for two years expiring in August 2003 at a monthly licence fee of HK\$12,000 inclusive of rates and management fees.</p>	

Notes:

- (1) The registered owner of the property is Lucky Strike Investment Limited.
- (2) The property is subject to a mortgage and an assignment of rentals both in favour of The Hongkong and Shanghai Banking Corporation Limited.

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				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.

2. 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.
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.

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	42.54%
U Po Chu	Nil	285,512,791 (Note 2)	Nil	Beneficial owner	285,512,791	42.54%

Notes:

1. 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.
2. 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 LSD Group:

Long positions in the Shares

Name	Capacity	Nature <i>(Note 1)</i>	Number of Shares	Percentage
LSG	Beneficial owner	Corporate	1,582,869,192	42.25%
Lim Por Yen	Beneficial owner	Personal, Family and Corporate	1,781,362,142	47.55% <i>(Note 2)</i>
U Po Chu	Beneficial owner	Personal and Family	1,781,362,142	47.55% <i>(Note 3)</i>
Lai Yuen Fong	Beneficial owner	Family	1,781,362,142	47.55% <i>(Note 4)</i>
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% <i>(Note 5)</i>
Chen Din Hwa	Beneficial owner	Corporate	781,346,935	20.86% <i>(Notes 5 and 6)</i>
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 <i>(Note 1)</i>	Number of Shares (as enlarged)	Percentage
Chen Din Hwa	Beneficial owner	Corporate	861,784,435	22.52% <i>(Note 10)</i>
Chen Yang Foo Oi	Beneficial owner	Family	861,784,435	22.52% <i>(Note 11)</i>

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 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. DIRECTORS' AND EXPERT'S INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

None of the Directors is materially interested in any contract or arrangement entered into by any member of the LSD Group subsisting at the date of this circular which is significant in relation to the business of the LSD Group.

None of the Directors or Chesterton Petty Limited has any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the LSD Group or are proposed to be acquired or disposed of by or leased to any member of the LSD Group since 31st July, 2002, being the date up to which the latest published audited consolidated accounts of the Company were made.

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or its subsidiaries within two years preceding the date of this circular and which are or may be material:

- (a) tender document for the Property which had been accepted by LSIL;
- (b) an agreement for sale and purchase of 43.5% interest in Omicron International Limited and shareholder loan of approximately HK\$132 million, representing principal and interest owing by Omicron International Limited to LSD between LSD (as vendor), Far East Consortium Limited, E-Cash Ventures Limited, Zeal Goal International Limited and Hosar Investment Limited (collectively as purchasers), Cheung Kong (Holdings) Limited, Far East Consortium International Limited, Sun Hung Kai & Co. Limited, Stalybridge Investment Limited and Omicron International Limited; and a letter between the above parties, both executed on 8th August, 2003;

- (c) tender document for Lai Sun Yuen Long Centre which had been accepted by LSD;
- (d) a sale and purchase agreement dated 21st March, 2003 entered into between Peakflow (as vendor) and Grand Design (as purchaser) relating to the transfer and assignment of 20% interest in Bayshore together with HK\$600 million worth of shareholders' loan owing by Bayshore to Peakflow plus accrued interest;
- (e) the loan facility agreement dated 10th February, 2003 entered into between LSD and Onshine Finance Limited;
- (f) a fourth supplemental trust deed constituting the US\$150 million convertible bonds dated 21st January, 2003 entered into between Lai Sun International Finance (1997) Limited, LSD and The Law Debenture Trust Corporation p.l.c. to give effect to the extraordinary resolutions passed by the Convertible Bondholders at a meeting held on 17th December, 2002;
- (g) a second supplemental trust deed constituting the US\$115 million exchangeable bonds dated 21st January, 2003 entered into between Lai Sun International Finance (Cayman Islands) Limited, LSD and DB Trustees (Hong Kong) Limited to give effect to the extraordinary resolutions passed by the Exchangeable Bondholders at a meeting held on 17th December, 2002;
- (h) an agreement dated 8th November, 2002 between Fordspace Development Limited, a wholly-owned subsidiary of LSD, Infoway Limited, a wholly-owned subsidiary of LSD, LSD and Dragon Goodwill International Limited, relating to the sale and purchase of shares in Asia Television Limited and Houseman International Limited ("HIL", a wholly-owned subsidiary of eSun);
- (i) an agreement dated 8th November, 2002 between eSun and LSD relating to the sale and purchase of the 2 shares of US\$1.00 each in the issued share capital of HIL;
- (j) an agreement dated 6th November, 2002 between Furama Hotel Enterprises Limited and Transformation International Limited (collectively as vendors) and Indochina Infratech (S) Pte Limited (as purchaser) relating to the sale and purchase of shares in Furama International Hoteliers Limited; and
- (k) a sale and purchase agreement dated 7th December, 2001 entered into between Mr. Lim Por Yen, LSD and LSG relating to the reorganisation involving shares in the capital of Asia Television Limited and Lai Fung Holdings Limited pursuant to which LSD agreed to purchase the 125,450,000 shares of Asia Television Limited from Mr. Lim Por Yen for HK\$225,200,000 and LSD further agreed to sell certain shares in the capital of Lai Fung Holdings Limited to LSG for HK\$225,200,000.

7. 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.

8. QUALIFICATION OF EXPERT

The following is the qualification of the expert who has given an opinion or advice which is contained in this circular:

Chesterton Petty Limited property valuers

9. CONSENT

Chesterton Petty Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its opinion or letter and/or reference to its name, opinion or letter in the form and context in which it appears.

10. GENERAL

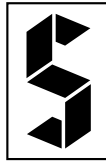
- (a) The secretary of the Company is Mr. Yeung Kam Hoi, who is an Associate Member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries and a member of Hong Kong Securities Institute.
- (b) The registered office of the Company is situated at 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.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are 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 the day of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in paragraph 6 above;
- (c) the audited consolidated accounts of the LSD Group for each of the two financial years ended 31st July, 2002;
- (d) the valuation report referred to in Appendix II of this circular; and
- (e) the circular(s) issued pursuant to the requirements set out in Chapter 14 of the Listing Rules in respect of each notifiable transaction since 31st July, 2002, the date of the latest published audited accounts.

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 I, Function Room Level (B1), The Ritz-Carlton Hong Kong, 3 Connaught Road, Central, Hong Kong on Monday, 29th September, 2003 at 10:00 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 Disposal of the Property (both as defined in the circular of the Company dated 11th September, 2003 (the “Circular”)) by Lucky Strike Investment Limited, a wholly-owned subsidiary of the Company, to The Wing On Properties and Securities Company Limited pursuant to the terms and conditions of the Tender (as defined in the Circular), a copy of which has been produced to this meeting marked “A” and signed by the chairman of the meeting for the purpose of identification, and the transactions contemplated thereunder as described in the Circular, a copy of which has been produced to this meeting marked “B” and signed by the chairman of the meeting for the purpose of identification, 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 Disposal and the transactions contemplated thereunder (including, without limitation, exercising or enforcing any right thereunder) and to make and agree such variations of a non-material nature to the terms of the Disposal 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, 11th September, 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.



LAI SUN DEVELOPMENT

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

Form of proxy for Extraordinary General Meeting on Monday, 29th September, 2003 at 10:00 a.m.

I/We ^(note 1) _____
of _____

being the registered holder(s) of ^(note 2) _____ 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 ^(note 3) _____

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 I, Function Room Level (B1), The Ritz-Carlton Hong Kong, 3 Connaught Road, Central, Hong Kong on Monday, 29th September, 2003 at 10:00 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 ^(note 4)	AGAINST ^(note 4)
Ordinary Resolution		

Dated this _____ day of _____ 2003 Signed ^(note 5) _____

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 INITIALED 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 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 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.**