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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 your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all of your securities in Lai Sun Development Company Limited, you should at once hand this circular 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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L A I S U N D E V E L O P M E N T

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

**(Stock Code: 488)**

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF A 16.57% INTEREST IN THE ENTITY  
OWNING THE RITZ-CARLTON HONG KONG**

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## DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 7 November 2007 entered into between the Vendors and the Purchaser in relation to the Disposal;
“Board”	the board of Directors;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Completion”	completion of the sale and purchase of the Sale Shares and the assignment of the related shareholders’ loans plus the accrued interest in accordance with the terms and conditions of the Agreement;
“Diamond String”	Diamond String Limited, a company incorporated in Hong Kong, owned, as to 76.57%, indirectly, by LSD, and, as to the balance, by the Minority Shareholders;
“Director(s)”	the director(s) of LSD;
“Disposal”	the disposal of the Sale Shares and related shareholders’ loans plus the accrued interest as at Completion to the Purchaser pursuant to the terms of the Agreement;
“eSun”	eSun Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Honour Fair”	Honour Fair Inc, a company incorporated in the British Virgin Islands, which owns 5.72% of Diamond String (together, for the purposes of this definition, with Cheerline Company Limited, an affiliate of Honour Fair, being the party responsible for advancing 5.72% of the outstanding shareholders’ loans to Diamond String);

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## DEFINITIONS

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“Kailey”	Kailey Enterprises Limited, a company incorporated in Hong Kong, which owns 11.43% of Diamond String;
“Latest Practicable Date”	23 November 2007, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“LSD”	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;
“Minority Shareholders”	Kailey, Nian Sheng and Honour Fair, who, together, own 23.43% of Diamond String;
“Nian Sheng”	Nian Sheng Investments Limited, a company incorporated in British Virgin Islands, which owns 6.28% of Diamond String;
“PRC”	People’s Republic of China which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Purchaser”	CCB International Group Holdings Limited, a company incorporated in Hong Kong;
“Sale Shares”	4,000 shares in Diamond String owned by the Vendors;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time);
“Share(s)”	Share(s) of HK\$0.01 each in the share capital of LSD;
“Shareholder(s)”	shareholder(s) of LSD;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Surearn Sale Shares”	1,657 shares in Diamond String, representing 16.57% of its total issued share capital;

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## DEFINITIONS

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“Surearn-related Shareholder Loan”	16.57% of the total outstanding shareholders’ loan plus the accrued interest owing by Diamond String on Completion;
“Surearn”	Surearn Profits Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of LSD;
“Vendors”	Surearn, LSD and the Minority Shareholders; and
“%”	per cent.

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## LETTER FROM THE BOARD

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### LAI SUN DEVELOPMENT

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

**(Stock Code: 488)**

*Executive Directors:*

Mr. Lam Kin Ngok, Peter (*Chairman*)  
Mr. Lau Shu Yan, Julius (*Chief Executive Officer*)  
Mr. Tam Kin Man, Kraven  
Mr. Cheung Wing Sum, Ambrose  
Mr. Cheung Sum, Sam  
Ms. Leung Churk Yin, Jeanny

*Registered office:*

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

*Non-executive Directors:*

Mr. Lam Kin Ming  
Madam U Po Chu

*Independent non-executive Directors:*

Mr. David Tang  
Mr. Lam Bing Kwan  
Mr. Leung Shu Yin, William

29 November 2007

*To the Shareholders*

Dear Sir or Madam,

## DISCLOSEABLE TRANSACTION

### INTRODUCTION

Reference is made to the announcement dated 8 November 2007 issued by LSD. On 7 November 2007, LSD and Surearn, a wholly-owned subsidiary of LSD, have entered into an agreement with, among others, the Purchaser, pursuant to which Surearn has agreed to sell a 16.57% interest in Diamond String (and LSD has agreed to assign the related shareholder loan with the interest accrued thereon) for a total consideration of approximately HK\$567.1 million, subject to adjustment.

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## LETTER FROM THE BOARD

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The Disposal constitutes a discloseable transaction for LSD under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with details of the Disposal and other information in accordance with the requirements of the Listing Rules.

### BACKGROUND

LSD's wholly-owned subsidiary, Surearn, is the owner of a 76.57% interest in Diamond String, which itself owns No. 3 Connaught Road Central, currently "The Ritz-Carlton Hong Kong".

Pursuant to the Agreement, Surearn has agreed to sell a 16.57% interest in Diamond String to the Purchaser. In addition, the three minority shareholders of Diamond String who, collectively, hold the remaining 23.43% interest in Diamond String have agreed to sell their collective interest to the Purchaser.

The operating agreement, pursuant to which The Ritz-Carlton Limited operates and manages the hotel, will terminate on 31 January 2008, after which it is proposed that the hotel will be closed, and the property and site will be redeveloped.

The redevelopment will be undertaken by LSD and the Purchaser, together, with LSD owning 60% and the Purchaser owning 40% of Diamond String, respectively, upon completion of the Agreement.

On Completion, the Purchaser will become a connected person of LSD, as being the substantial shareholder of a subsidiary (Diamond String), in which regard future agreements entered into between members of the LSD Group and the Purchaser or its associates will constitute connected transactions for LSD, in respect of which LSD will need to comply with the Listing Rules at the relevant time(s).

### TERMS OF THE AGREEMENT

**Date:** 7 November 2007

#### Parties

- Surearn and LSD;
- the Minority Shareholders, comprising Kailey Enterprises Limited, Nian Sheng Investments Limited and Honour Fair Inc (and the latter's affiliate, Cheerline Company Limited); and
- the Purchaser.

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## LETTER FROM THE BOARD

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To the best of the knowledge, information and belief, having made all reasonable enquiries, the Purchaser and each of the Minority Shareholders (save as described below), and their respective ultimate beneficial owners, are third parties independent of LSD and the connected persons of LSD. Of the Minority Shareholders, Kailey owns 11.43% of Diamond String, and is therefore a substantial shareholder of LSD's subsidiary. On Completion, Kailey will cease to hold any interest in Diamond String and will cease to be connected to LSD. As described above, the Purchaser will, on completion, become a substantial shareholder of Diamond String and will become connected to LSD.

### **Assets to be disposed**

Surearn has agreed to sell, and the Purchaser has agreed to purchase, the Surearn Sale Shares, representing 16.57% of the issued share capital of Diamond String. In addition, LSD has agreed to assign, and the Purchaser has agreed to have assigned to it, the Surearn-related Shareholder Loan, representing 16.57% of the total outstanding shareholders' loans plus accrued interest owing by Diamond String on Completion.

Also pursuant to the Agreement, the Purchaser will acquire, from the Minority Shareholders, the remaining 23.43% interest in Diamond String and 23.43% of the total outstanding shareholders' loans plus accrued interest owing by Diamond String on Completion.

### **Consideration**

The consideration which LSD and Surearn will, together, receive for the Surearn Sale Shares and the Surearn-related Shareholder Loan is approximately HK\$567.1 million, subject to adjustment. The consideration represents LSD's and Surearn's pro-rata entitlement to the total aggregate consideration payable by the Purchaser under the Agreement.

The aggregate consideration was arrived at after arm's length negotiations between the parties to the Agreement and is the product of a formula comprising 40% of the sum of (i) the agreed value of The Ritz-Carlton Hong Kong property plus (ii) the net asset value of Diamond String (excluding, for these purposes, The Ritz-Carlton Hong Kong property on the assets side, and the outstanding bank loan referred to at (iii) below, the outstanding shareholders' loans plus accrued interest as at Completion and deferred tax on the liabilities side); and less (iii) the principal amount of the outstanding bank loan advanced to Diamond String.

The exact consideration payable will be determined by reference to audited completion accounts, from which the net asset value of Diamond String (the components of which are described above), as at the date to which completion accounts are drawn up, will be apparent.



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## LETTER FROM THE BOARD

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Depending on whether the consideration payable to Surearn as determined by reference to audited completion accounts is in excess of, or under, HK\$567.1 million, the consideration shall be adjusted up or down on a dollar for dollar basis. 41.425% of the aggregate excess consideration payable to all of the Vendors shall be added to the third installment payment to Surearn, or 41.425% of any shortfall shall be deducted from the third installment payment to Surearn, as the case may be.

The consideration shall be paid, in cash, by the Purchaser in three installments with (i) the initial payment by way of a deposit, being approximately HK\$56.7 million to Surearn, upon signing of the Agreement, (ii) a further part payment, being approximately HK\$482 million to Surearn, on Completion and (iii) the balance within seven days of the delivery of the completion accounts of Diamond String pursuant to terms of the Agreement. As at the Latest Practicable Date, the first installment of the consideration of HK\$56.7 million has been paid to Surearn.

The Directors expect that the audited completion accounts will be available on or before 30 June 2008.

The LSD Group intends to apply the sale proceeds from the Disposal as general working capital.

### **Conditions Precedent**

Unless waived by the Purchaser in writing, Completion is conditional upon fulfillment of the following conditions:

- (a) board approval of China Construction Bank Corporation, the parent company of the Purchaser; and
- (b) the obtaining of approvals, if necessary or required, by the Purchaser from the relevant authorities in the PRC including, but not limited to, approval from the Ministry of Foreign Trade and Economic Cooperation.

As at the Latest Practicable Date, none of the conditions precedent set out above have been satisfied or waived.

### **Completion**

Subject to fulfillment (or waiver by the Purchaser) of the conditions, Completion will take place on or before 17 December 2007. In the event that any Vendor fails to complete its obligations under the Agreement, the other Vendors and the Purchaser are not obliged to complete their respective obligations under the Agreement.

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## LETTER FROM THE BOARD

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Upon Completion, Diamond String will have two shareholders, namely Surearn and the Purchaser, holding 60% and 40% respectively. Diamond String will continue to be accounted for as a non-wholly owned subsidiary of LSD.

### **Treatment of the Bank Loan**

From Completion, absent any replacement bank loan arrangements, the Purchaser will assume its share of the guarantee obligations in respect of the existing bank loan advanced to Diamond String, on a several basis, pro-rata to its shareholding in Diamond String. Surearn has given a several proportionate debt servicing and deficiency guarantee of approximately HK\$39.8 million in its capacity as a 16.57% shareholder of Diamond String in relation to the existing bank loan. Should any replacement loan arrangements be agreed with affiliate(s) of the Purchaser, the Company will, as necessary, make a further announcement and comply with the applicable provisions of the Listing Rules in relation to such arrangements.

### **REASONS FOR THE DISPOSAL**

The Minority Shareholders have chosen, at this time, to exit from their investment in the property, affording LSD and the Purchaser the opportunity, in due course, to redevelop the property by way of a joint venture between them. As a part of the Disposal, LSD has agreed to sell the Surearn Sale Shares and Surearn-related Shareholder Loan, to facilitate the formation of a strategic alliance with the Purchaser, in shareholding proportions acceptable to both, with the intention that they will co-develop the property for long term investment purpose.

The Directors consider the Agreement has been entered into upon normal commercial terms and that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **FINANCIAL INFORMATION ON DIAMOND STRING AND FINANCIAL EFFECT ON THE TRANSACTION**

The audited net profits before taxation and after taxation of Diamond String for the year ended 31 December 2006 were approximately HK\$71.8 million and HK\$57.4 million, respectively. The audited net profits before taxation and after taxation of Diamond String for the year ended 31 December 2005 were approximately HK\$45.6 million and HK\$35.8 million, respectively.

The unaudited net liabilities of Diamond String after deducting the loans owing to shareholders together with interest accrued thereon as at 31 August 2007 were approximately HK\$34.8 million. As at 31 August 2007, the total amount of loans and interest accrued thereon owed by Diamond String to shareholders was approximately HK\$770.4 million.

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## LETTER FROM THE BOARD

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During the period from 1 January 2007 to the date of this circular, the LSD Group acquired an aggregate 11.57% equity interest in Diamond String, together with the related shareholder loans owed by Diamond String to the respective vendors, for a total consideration of approximately HK\$281.5 million. Following the completion of the abovementioned acquisitions, the LSD Group's interest in Diamond String increased from 65% to 76.57%. Goodwill of approximately HK\$198.3 million has arisen from the abovementioned acquisitions.

Taking into account the total consideration for the Disposal of approximately HK\$567.1 million, LSD's 16.57% share of the net liabilities of Diamond String as at 31 August 2007 of approximately HK\$5.8 million (being 16.57% of HK\$34.8 million), the Surearn-related Shareholder Loan in the amount expected as of Completion, of approximately HK\$127.7 million (being 16.57% of HK\$770.4 million), and the release of goodwill arising from acquisition of additional interests in Diamond String by the LSD Group of approximately HK\$42.9 million (being 16.57/76.57 of HK\$198.3 million), the gain arising from the disposal of LSD's 16.57% interest in Diamond String, to be recognised by the LSD Group in its consolidated income statement, has been estimated at approximately HK\$402.3 million (before expenses and the effect of the cross-holding of shares between LSD and eSun).

Since the LSD Group owns an equity interest of approximately 34.75% in eSun (which in turn owns an equity interest of approximately 36.72% in the LSD Group), an additional gain arising from this cross-holding effect of approximately HK\$58.8 million, before expenses, is expected to accrue to the LSD Group's share of profits and losses of associates of the consolidated income statement upon Completion. The total estimated gain expected to accrue to the LSD Group's consolidated income statement upon Completion as a result of the disposal of 16.57% interest in Diamond String by the LSD Group before expenses (after taking into account the cross-holding effect) is approximately HK\$461.1 million.

Following the completion of the transaction, the LSD Group's consolidated net assets will be increased by approximately HK\$461.1 million which comprises the increase in cash of approximately HK\$567.1 million, decrease in goodwill of approximately HK\$42.9 million, increase in minority interests of approximately HK\$121.9 million and increase in interests in associates of approximately HK\$58.8 million (due to the effect on cross-holding relationship with eSun).

The above calculation and accounting treatment are subject to review by the auditors of LSD. The actual financial impact to the LSD Group arising from the Disposal to be recorded in the LSD Group's consolidated accounts will be recalculated based on the net asset value of Diamond String as at the date to which completion accounts are drawn up.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

The Disposal constitutes a discloseable transaction for LSD under Chapter 14 of the Listing Rules.

### INFORMATION ON LSD GROUP AND THE TRANSACTION COUNTERPARTIES

LSD is an investment holding company. Members of the LSD Group are engaged principally in the development of and investment in property and investment in and operation of hotels and restaurants. LSD also owns an interest of approximately 34.75% in eSun, whose subsidiaries and associates are engaged in media, entertainment, music production and distribution, advertising agency services, satellite television operations and the development of the Cotai site into a multi-purpose complex comprising retail, entertainment and world-class hotels in the name of “Macao Studio City”.

Surearn is a wholly-owned investment holding company of LSD, which currently holds a 76.57% interest in Diamond String.

The Minority Shareholders are, so far as the Directors are aware, investment holding entities known to the Directors, over the years, for their co-investment, in Diamond String.

The Purchaser is a wholly-owned subsidiary of China Construction Bank Corporation (Stock Code: 939). China Construction Bank Corporation (formerly known as the China Construction Bank) is a PRC state-owned bank operating in a commercial capacity, principally engaged in the areas of corporate banking, personal banking and treasury operations.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

On behalf of the Board of  
**Lai Sun Development Company Limited**  
**Lam Kin Ngok, Peter**  
*Chairman*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to LSD. 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 not contained herein the omission of which would make any statement contained in this circular misleading.

## 2. DISCLOSURE OF INTERESTS OF DIRECTORS OR CHIEF EXECUTIVE OF THE COMPANY

As at the Latest Practicable Date, the following Directors and the chief executive of LSD were interested, or were deemed to be interested, in the following shares, underlying shares and debentures of LSD and its associated corporations (within the meaning of Part XV of the SFO which would be required to be (i) notified to LSD and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) entered into the register kept by LSD pursuant to Section 352 of the SFO (the “Register”); or (iii) notified to LSD and the Stock Exchange pursuant to the Code for Securities Transactions by Directors adopted by LSD:

### (a) LSD

Name of Director	Personal Interests	Long positions in the Shares			Capacity	Total	Percentage
		Family Interests	Corporate Interests	Other Interests			
Lam Kin Ngok, Peter	10,099,585	Nil	1,582,869,192 (Note 1)	Nil	Beneficial owner	1,592,968,777	11.25%
Lau Shu Yan, Julius	1,200,000	Nil	Nil	60,000,000 (Note 3)	Beneficial owner	61,200,000	0.43%
U Po Chu (Note 2)	633,400	Nil	Nil	Nil	Beneficial owner	633,400	0.004%

#### Notes:

- (1) Lai Sun Garment (International) Limited (“LSG”) and its wholly-owned subsidiary beneficially owned 1,582,869,192 Shares. Mr. Lam Kin Ngok, Peter was deemed to be interested in such Shares by virtue of his personal and deemed interest in approximately 37.69% of the issued share capital of LSG.
- (2) Madam U Po Chu is the widow of the late Mr. Lim Por Yen, whose estate includes an interest of 197,859,550 Shares.

- (3) A share option scheme was adopted by LSD on 22 December 2006, commenced with effect from 29 December 2006, and will remain in force for a period of 10 years. Options granted to the above Director as at the Latest Practicable Date are set out below:

Name	Date of Grant	Number of Share Option	Option Period	Subscription Price
Lau Shu Yan, Julius	19/1/2007	15,000,000	19/1/2007 — 31/12/2010	HK\$0.45
	19/1/2007	15,000,000	19/1/2007 — 31/12/2010	HK\$0.55
	19/1/2007	15,000,000	19/1/2007 — 31/12/2010	HK\$0.65
	19/1/2007	15,000,000	19/1/2007 — 31/12/2010	HK\$0.75

## (b) Associated Corporation

### *eSun*

Name of Director	Long positions in the Shares				Capacity	Total	Percentage
	Personal Interests	Family Interests	Corporate Interests	Other Interests			
Lam Kin Ngok, Peter	Nil	Nil	Nil	7,451,849 (Note)	Beneficial owner	7,451,849	0.91%
Cheung Wing Sum, Ambrose	Nil	Nil	Nil	7,451,849 (Note)	Beneficial owner	7,451,849	0.91%

*Note:* An employee share option scheme was adopted by eSun on 23 December 2005 and will remain in force for a period of 10 years. Options granted to the above Directors as at the Latest Practicable Date are set out below:

Name	Date of Grant	Number of Share Option	Option Period	Subscription Price per Share
Lam Kin Ngok, Peter	24/02/2006	1,862,962	01/01/2007 — 31/12/2007	HK\$4.00
	24/02/2006	1,862,962	01/01/2008 — 31/12/2008	HK\$4.25
	24/02/2006	1,862,962	01/01/2009 — 31/12/2009	HK\$4.50
	24/02/2006	1,862,963	01/01/2010 — 31/12/2010	HK\$4.75
Cheung Wing Sum, Ambrose	24/02/2006	1,862,962	01/01/2007 — 31/12/2007	HK\$4.00
	24/02/2006	1,862,962	01/01/2008 — 31/12/2008	HK\$4.25
	24/02/2006	1,862,962	01/01/2009 — 31/12/2009	HK\$4.50
	24/02/2006	1,862,963	01/01/2010 — 31/12/2010	HK\$4.75

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors and chief executive of LSD were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares of equity derivatives and debentures of LSD or any associated corporation which were required to be notified to LSD and the Stock Exchange or recorded in the Register as aforesaid.

## 3. SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTEREST

So far as is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, the following persons, one of whom is a Director, had an interest in the following long and short positions in the shares and underlying shares of equity derivatives of LSD which would fall to be disclosed to LSD under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity	Long positions in the Shares		
		Nature	Number of Shares	Percentage
eSun	Owner of controlled corporation	Corporate	5,200,000,000	36.72%
Lai Sun Garment (International) Limited ("LSG")	Beneficial owner	Corporate	1,582,869,192	11.18% <i>(Note 1)</i>
Lam Kin Ngok, Peter	Beneficial owner	Personal and corporate	1,592,968,777	11.25% <i>(Note 1)</i>
Nice Cheer Investment Limited ("Nice Cheer")	Beneficial owner	Corporate	781,346,935	5.52%
Xing Feng Investments Limited ("Xing Feng")	Owner of controlled corporation	Corporate	781,346,935	5.52% <i>(Note 2)</i>
Chen Din Hwa	Owner of controlled corporation	Corporate	1,047,079,435	7.39% <i>(Note 3)</i>
Chen Yang Foo Oi	Interest of spouse	Family	1,047,079,435	7.39% <i>(Note 4)</i>
IGM Financial Inc. ("IGM")	Owner of controlled corporation	Corporate	1,150,000,000	8.12%
Power Financial Corporation ("Power F")	Owner of controlled corporation	Corporate	1,150,000,000	8.12% <i>(Note 5)</i>
Power Corporation of Canada ("Power C")	Owner of controlled corporation	Corporate	1,150,000,000	8.12% <i>(Note 5)</i>

Name	Capacity	Long positions in the Shares		
		Nature	Number of Shares	Percentage
Gelco Enterprises Limited ("Gelco")	Owner of controlled corporation	Corporate	1,150,000,000	8.12% <i>(Note 5)</i>
Nordex Inc. ("Nordex")	Owner of controlled corporation	Corporate	1,150,000,000	8.12% <i>(Note 5)</i>
Paul G. Desmarais	Owner of controlled corporation	Corporate	1,150,000,000	8.12% <i>(Note 5)</i>
Peter Cundill & Associates (Bermuda) Limited	Investment Manager	Corporate	903,108,000	6.37%

*Notes:*

1. LSG and its wholly-owned subsidiary beneficially owned 1,582,869,192 Shares, and Mr. Lam Kin Ngok, Peter was deemed to be interested in such Shares by virtue of his personal and deemed interest in approximately 37.69% of the issued share capital of LSG.
2. Xing Feng was taken to be interested its 781,346,935 Shares beneficially owned by Nice Cheer due to its corporate interests therein.
3. Mr. Chen Din Hwa was taken to be interested in 781,346,935 Shares by virtue of his corporate interests in Nice Cheer. In addition, 265,732,500 Shares were allotted by LSD to Absolute Gain Trading Limited on 7 December 2004 as part of the Bonds Settlement (as defined in the company's circular to its shareholders dated 15 September 2004). Mr. Chen was taken to be interested in the 265,732,500 Shares owned by Absolute Gain Trading Limited by virtue of his controlling interest therein.
4. Madam Chen Yang Foo Oi was deemed to be interested in 1,047,079,435 Shares by virtue of the interest in such Shares of her spouse, Mr. Chen Din Hwa.
5. Power F was deemed to be interested in 1,150,000,000 Shares by virtue of its corporate interest in IGM.  
  
Power C was deemed to be interested in 1,150,000,000 Shares by virtue of its corporate interest in Power F.  
  
Gelco was deemed to be interested in 1,150,000,000 Shares by virtue of its corporate interest in Power C.  
  
Nordex was deemed to be interested in 1,150,000,000 Shares due to its corporate interest in Gelco.  
  
Mr. Paul G. Desmarais was taken to be interested in 1,150,000,000 Shares by virtue of his corporate interest in Nordex.



As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following party (other than Directors or chief executive of the Company) was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including any options in respect of such capital) carrying rights to vote in all circumstances at general meetings of any other member of the LSD Group:

<b>Name of member of the LSD Group</b>	<b>Name of the shareholder</b>	<b>Approximate percentage</b>
Chang Jet Realty Limited	Chien Tak Hsin, James	20%
Diamond String	Kailey	11.43%
Porchester Assets Limited	Keck Seng Investments (Hong Kong) Limited	49%
Star Winner Development Limited	Joyride Enterprise Limited	10%

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any other person who had an interest or short position in the shares or underlying shares of the Company 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 or had any options in respect of such capital.

#### **4. COMPETING INTEREST**

As at the Latest Practicable Date, the following Directors are considered to have interests in the businesses which compete or are likely to compete, either directly or indirectly, with the business of the LSD Group pursuant to the Listing Rules:

Mr. Lam Kin Ngok, Peter, Mr. Lam Kin Ming and Madam U Po Chu held interests and/or directorships in companies engaged in the businesses of property investment and development in Hong Kong.

Mr. Lam Kin Ngok, Peter and Madam U Po Chu held interests and/or directorships in companies engaged in the business of investment in and the operation of restaurants in Hong Kong.

In view of the different target customers, different locations and uses of the properties owned by the above companies and those of the LSD Group, the Directors do not consider the personal interests held by the abovementioned Directors to compete in practice with the relevant businesses of the LSD Group.

As the Board is independent from the boards of the aforesaid companies and none of the above Directors can control the Board, the LSD Group is capable of carrying on its businesses independent of, and at arm's length from, the businesses of such companies.

Save as disclosed above and as at the Latest Practicable Date, none of the Directors or their respective associates was interested in, apart from the LSD Group's businesses, any business which competes or is likely to compete, either directly or indirectly, with the businesses of the LSD Group.

## **5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the LSD Group which is not determinable by the relevant member of the LSD Group within one year without payment of compensation, other than statutory compensation.

## **6. LITIGATION**

No member of the LSD Group is engaged in any litigation or claim of material importance and, so far as the Board is aware, no litigation or claim of material importance is pending or threatened against any member of the LSD Group.

## **7. GENERAL**

- (a) The secretary of LSD is Mr. Yeung Kam Hoi, who is an Associate Member of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries and a member of Hong Kong Securities Institute.
- (b) The qualified accountant of LSD is Mr. Sze Ka Ming, who is a member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.
- (c) The share registrar and transfer office of LSD is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.