



LAI SUN DEVELOPMENT

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

ANNOUNCEMENT MAJOR TRANSACTION Disposal of Causeway Bay Plaza I

The Directors of LSD announce that LSIL, a wholly-owned subsidiary of LSD, has accepted the tender by WOP to purchase the Property at a cash consideration of HK\$1,200 million. The Tender was accepted by LSIL on 18th August, 2003.

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

Trading in LSD's shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 19th August, 2003 at the request of LSD pending the release of this announcement. An application has been made by LSD for the resumption of trading in LSD's shares with effect from 9:30 a.m. on 21st August, 2003.

As the Disposal is subject to a condition subsequent, the Disposal may or may not proceed. Shareholders and other investors are therefore advised to exercise caution when dealing in LSD's shares. A circular containing details of the Disposal and a professional property valuation report will be sent to shareholders of LSD as soon as practicable.

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 extraordinary general meeting 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 extraordinary general meeting 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 extraordinary general meeting under the Listing Rules and/or other legislation or regulation and/or subsidiary legislation or regulation. The Directors of LSD consider that LSG and its associates are entitled to vote at the aforesaid extraordinary general meeting.

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.

An initial deposit of HK\$30 million has been paid in cash by WOP to the Vendor's Solicitors, to be 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 is payable to the Vendor's Solicitors and will be held by them as stakeholders in accordance with the Tender on or before 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 to WOP without costs, interest or compensation if LSIL shall fail to complete or 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 further deposit or balance of 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, 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.

8 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.

9 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.

10 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 of LSD 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., and is in the best interests of LSD and its shareholders as a whole. The Directors of LSD also consider that the Disposal represents a good opportunity for LSD to realise its investment in the Property so as to reduce its borrowings.

11 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.

12 Major transaction

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.

An extraordinary general meeting of LSD will be convened as soon as practicable at which an ordinary resolution will be proposed to approve the Disposal in accordance with the terms of the Tender and the transactions contemplated thereunder. 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 extraordinary general meeting. Based on current information available to LSD, no party will be required to abstain from voting at the aforesaid extraordinary general meeting in compliance with the Listing Rules.

A circular containing details of the Disposal and a professional property valuation report will be sent to shareholders of LSD as soon as practicable and in accordance with the provisions of the Listing Rules.

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

13 Trading in the shares of LSD

Trading in LSD's shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 19th August, 2003 at the request of LSD pending the release of this announcement. An application has been made by LSD for resumption of trading in LSD's shares with effect from 9:30 a.m. on 21st August, 2003.

As the Disposal is subject to a condition subsequent, the Disposal may or may not proceed. Shareholders and other investors are therefore advised to exercise caution when dealing in LSD's shares. Further announcements in relation to the progress of the Disposal will be released by LSD as appropriate.

Definitions

"Agreement"	the agreement constituted by the acceptance of the Tender by LSIL;
"Completion"	completion of the Disposal pursuant to the Tender;
"Completion Date"	23rd October, 2003;
"Disposal"	the disposal of the Property pursuant to the Tender;
"HK\$"	Hong Kong dollars;
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"LSD"	Lai Sun Development Company Limited, a company incorporated in Hong Kong the shares of which are listed on the Stock Exchange;
"LSG"	Lai Sun Garment (International) Limited, a company incorporated in Hong Kong and which holds a shareholding interest of approximately 42.25% in LSD;
"LSIL"	Lucky Strike Investment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of LSD;
"LSD Group"	LSD and its subsidiaries;
"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);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"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.

By Order of the Board
Lai Sun Development Company Limited
Yeung Kam Hoi
Company Secretary

Hong Kong, 20th August, 2003