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## LAI SUN DEVELOPMENT

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



## LAI FUNG HOLDINGS

Lai Fung Holdings Limited  
(Incorporated in the Cayman Islands with limited liability)

### CONNECTED TRANSACTION

The directors of LSD and LFH jointly announce that Basingstoke entered into the Agreement on 24th June, 2003 to dispose of the Sale Shares at the aggregate consideration of HK\$2,300,000 to LFC. The sole asset of Preparis is 30 units of the debentures issued by the Club. As LSG holds a 42.25% interest in LSD and a 46.04% interest in LFH, the Agreement constitutes a connected transaction for both LSD and LFH under the Listing Rules. However, as the consideration falls within the de minimus rule as stipulated in Rule 14.25(1) of the Listing Rules for both companies, shareholders' approval of the transaction is not required. Further details of the transaction will be included in the next published annual report and accounts of LSD and LFH respectively.

#### THE AGREEMENT DATED 24TH JUNE, 2003

##### Parties

Vendor: Basingstoke  
Purchaser: LFC

##### Asset to be Transferred

The Sale Shares represent the entire issued share capital of Preparis. The sole asset of Preparis is 30 units of the corporate debentures issued by the Club.

##### Consideration

HK\$2,300,000 payable in cash on Completion which shall take place immediately following execution of the Agreement. It is intended that the proceeds will be used by LSD as general working capital. The consideration is financed by LFH's internal resources. Completion of the Agreement took place on 25th June, 2003.

##### Basis for Determining the Consideration

The consideration has been arrived at after arm's length negotiation and on normal commercial terms between the Vendor and the Purchaser and was determined by reference to the recent market value of 15 units of corporate debentures ranging from HK\$1.15 million to HK\$1.25 million for one membership. The aforesaid 30 units of corporate debentures entitle the registered holder to nominate two members to the Club.

Preparis is a single-purpose company and its sole asset is the 30 units of the corporate debentures issued by the Club. The principal sum of the aforesaid debentures is HK\$1,750,000. The carrying value of the net assets of Preparis in the audited consolidated balance sheet of LSD as at 31st July, 2002, the date to which the latest published annual report and accounts of LSD were made up, was HK\$2,480,000. The loss on disposal of the Sale Shares recorded by LSD on completion of the transaction is approximately HK\$180,000. The audited loss of Preparis for each of the years ended 31st March, 2002 and 2001 was HK\$5,000.

After considering the basis for determining the consideration as set out above and the reason for the Agreement set out below, the respective directors of LSD and LFH, including the independent non-executive directors, consider the terms and conditions of the Agreement to be fair and reasonable and in the interest of LSD and LFH and their respective shareholders as a whole.

##### REASON FOR THE AGREEMENT

The directors of LSD are of the opinion that the disposal of Preparis, being a non-core asset of the LSD Group, is in line with the LSD Group's continuing policy of disposing of non-core assets.

The directors of LFH consider the acquisition of Preparis, which will provide two memberships to one of the few golf and country clubs in Hong Kong, will be advantageous to the business development activities of LFH Group as guests and business associates of the LFH Group can be entertained at a suitable venue.

##### CONNECTED TRANSACTION

As LSG holds a 42.25% interest in LSD and a 46.04% interest in LFH, LFH is an associate of LSG, the substantial shareholder of LSD under the Listing Rules and vice versa. The Agreement, therefore, constitutes a connected transaction for both LSD and LFH under the Listing Rules. However, as the consideration falls within the de minimus rule as stipulated in Rule 14.25(1) of the Listing Rules for both LSD and LFH, shareholders' approval of the transaction is not required. Further details of the transaction will be included in the next published annual report and accounts of LSD and LFH respectively.

##### GENERAL

LSD Group is principally engaged in property development, property investment, hotel ownership and management.

LFH Group is principally engaged in property development and investment in the Mainland of China.

##### DEFINITIONS

"Agreement"	the sale and purchase agreement dated 24th June, 2003 and entered into between Basingstoke and LFC
"Basingstoke"	Basingstoke International Limited, whose principal business is investment holding, is a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of LSD
"Club"	The Clearwater Bay Golf & Country Club situated at Clearwater Bay, Hong Kong
"Completion"	completion of the sale and purchase pursuant to the terms of the Agreement
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"LFC"	Lai Fung Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of LFH
"LFH"	Lai Fung Holdings Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange
"LFH Group"	LFH and its subsidiaries
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"LSD"	Lai Sun Development Company Limited, a company incorporated in Hong Kong, whose shares are listed on the Stock Exchange
"LSD Group"	LSD and its subsidiaries
"LSG"	Lai Sun Garment (International) Limited, a company incorporated in Hong Kong, whose shares are listed on the Stock Exchange
"PRC"	the People's Republic of China
"Preparis"	Preparis Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Basingstoke and LSD
"Sale Shares"	2 shares of HK\$10 each in the issued share capital of Preparis, representing the entire issued share capital of Preparis and beneficially owned by Basingstoke
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong

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

By Order of the Board  
Lai Fung Holdings Limited  
Yeung Kam Hoi  
Company Secretary

Hong Kong, 25th June, 2003