LAI SUN DEVELOPMENT

Lai Sun Development Company Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 488)

MAJOR TRANSACTION ACQUISITION OF 50% INTEREST IN A PROPERTY HOLDING COMPANY AND AN OPTION TO ACQUIRE AN ADDITIONAL 10% INTEREST

THE ACQUISITION

The Board is pleased to announce that on 12 July 2011 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company), the Vendors, the Company, the Vendors' Guarantors and Cypress Trustee entered into the Acquisition Agreement, pursuant to which:

(a) the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell the Sale Shares and the Sale Loans at the total consideration of HK$845,635,574 (subject to adjustment in accordance with the terms and conditions of the Acquisition Agreement); and

(b) the Vendors granted an option to the Purchaser to purchase the Remaining Shares and the Remaining Loans for the consideration of HK$169,127,115 (subject to adjustment in accordance with the terms and conditions of the Acquisition Agreement), exercisable by the Purchaser during the First Option Period or the Second Option Period, as appropriate.

The Sale Shares represent 50% of the entire issued share capital of the Target, and the Sale Loans represent 50% of all the shareholders' loans owing by the Target to its shareholders, and 5/6th of the entire amount of shareholders' loans owing by the Target to the Vendors, as at the date of the Acquisition Agreement and on the Completion Date. As at the date of the Acquisition Agreement, the Target was indebted to the Vendors in the aggregate amount of HK$399,106,863, and was indebted to all shareholders of the Target (including the Vendors) in the aggregate amount of HK$665,182,105.

The Remaining Shares represent 10% of the entire issued share capital of the Target as at the date of the Acquisition Agreement. The Remaining Loans represent 1/6th of the entire amount of shareholders' loans owing by the Target to Focal, Keyfull and Cypress Trustee (on behalf of Cypress), being in aggregate HK$66,517,809 as at the date of the Acquisition Agreement and immediately prior to Completion.

Immediately upon Completion, and assuming the Option is not or cannot be exercised by the Purchaser, the Target will be owned on a 50:50 basis by the Purchaser and the Other Shareholder. If the Purchaser exercises the Option and acquires the Remaining Shares and the Remaining Loans, the Target will be owned on a 60:40 basis by the Purchaser and the Other Shareholder. The Group and the Other Shareholder are currently in the course of negotiation for a shareholders' agreement to be entered into between, among others, the Purchaser and the Other Shareholder in relation to the Target and the joint development of the Land, and it is currently expected that the shareholders' agreement will be entered into after the Completion Date. Further announcement will be made if and when appropriate.

The principal assets of the Target Group comprise the Properties, which represent parcels of ground on Observatory Road, Kowloon, Hong Kong with the buildings erected thereon (now known as Nos. 2, 4, 6, 8, 10 and 12, Observatory Road, Kowloon, Hong Kong). The Properties are currently not vacant and are currently expected to become vacant in or about August 2011. The Target Group has entered into the Demolition Contract with a contractor for the demolition works and erection of hoarding for the existing buildings erected on the Properties.

It is currently intended by the Board that a multi-storey commercial complex with a maximum developable gross floor area of approximately 165,000 sq. ft. will be developed by the Target Group on the Land. Subject to further studies (including the receipt of surveying and other professional reports) on the Properties, and further subject to the discussions and agreements with the Other Shareholder, the total development and related costs for the Land, including the acquisition costs of the Properties, are budgeted at approximately HK$2.3 billion, and the development is expected to be completed within 36 months after Completion. The Company currently intends to hold its interests in the re-developed properties as the Company's long term investments.

LISTING RULES IMPLICATIONS

The Transactions together constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are, therefore, subject to the approval of the Shareholders by way of poll.

As no Shareholder would have a material interest in the Acquisition which is different from the interests of the other Shareholders, no Shareholder would be required to abstain from voting. Pursuant to the Acquisition Agreement, the Company shall within three Business Days after the date of the Acquisition Agreement deliver to the Vendors an undertaking by Lai Sun Garment, the controlling shareholder of the Company, under which Lai Sun Garment will undertake to the Vendors, among others, that Lai Sun Garment will and will procure its subsidiaries to exercise all their voting rights in the Company to vote in favour of the resolutions to be proposed at the EGM to approve the Acquisition Agreement and the transactions under the Acquisition Agreement or otherwise in relation to fulfillment of Condition (a) set out in the paragraph headed "Conditions Precedent" below. Lai Sun Garment, together with its subsidiaries, is interested in 6,792,869,192 Shares, representing approximately 47.97% of the issued share capital of the Company as at the date of this announcement.

Pursuant to Rule 14.41(b) of the Listing Rules, a circular containing, among other things, details of the Acquisition Agreement, the accountants' report of the Target Group, the financial information of the Group, the valuation report on the Properties, the notice of EGM and other information as required under the Listing Rules shall be dispatched to the Shareholders. As additional time is expected to be required for the Company to obtain and prepare the relevant information (in particular the financial information of the Target) for inclusion in the circular, it is currently expected that the circular will be dispatched on or about 15 September 2011. Further announcement will be made if and when appropriate.

THE ACQUISITION AGREEMENT

The principal particulars of the Acquisition Agreement are set out below.

Date

12 July 2011

Parties

Purchaser:	Luck Reach Limited, a wholly-owned subsidiary of the Company
Guarantor for the Purchaser:	(a) Lai Sun Development Company Limited
Vendors:	(a) Focal Point Services Limited
	(b) Keyfull Investment Limited
	(c) Cypress Vine Corporation
Trustee for Cypress:	The sole registered and legal owner and trustee of Cypress in respect of the Cypress Sale Share, the Cypress Sale Loan and such number of the Remaining Shares and such amount of the Remaining Loans registered in its name.
Guarantors for the Vendors:	(a) Yeung Hoi Sing, Sonny (the Focal Guarantor), the ultimate beneficial owner of Focal
	(b) Chien Tak Hsin, James (the Keyfull Guarantor), the indirect major shareholder of the entire issued share capital of Keyfull
	(c) Cheung Hon Kit (the Cypress Guarantor), the ultimate beneficial owner of Cypress and Cypress Trustee

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, each of the Vendors and Cypress Trustee is principally engaged in investment holdings.

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, each of the Vendors, Cypress Trustee, the Vendors' Guarantors and the ultimate beneficial owners of the Vendors is an Independent Third Party.

The obligations of each of the Vendors under the Acquisition Agreement are several.

Pursuant to the Acquisition Agreement, the Company has agreed to guarantee the obligations and liabilities of the Purchaser under the Acquisition Agreement.

Pursuant to the Acquisition Agreement, each of the Vendors' Guarantors has agreed to guarantee the obligations and liabilities of the relevant Vendor under the Acquisition Agreement.

ASSETS TO BE ACQUIRED

Pursuant to the Acquisition Agreement:

(a) the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell the Sale Shares and the Sale Loans; and

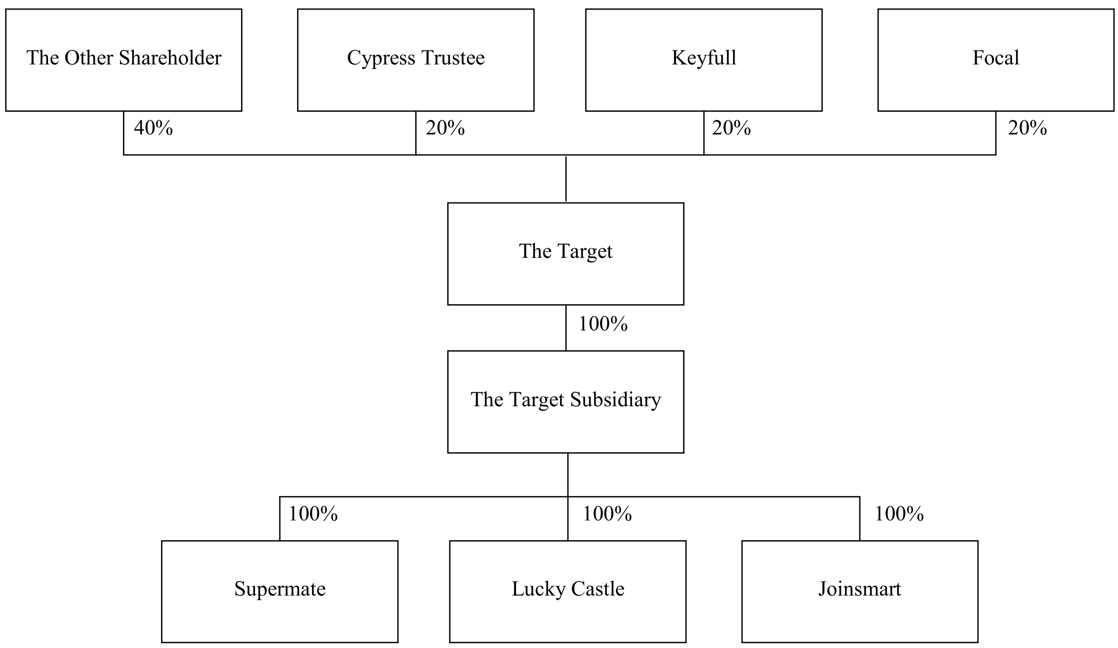
(b) the Vendors granted an option to the Purchaser to purchase the Remaining Shares and the Remaining Loans, exercisable by the Purchaser during the First Option Period or the Second Option Period, as appropriate.

Share Capital of the Target

As at the date of the Acquisition Agreement, the entire issued share capital of Target was owned by the Vendors and the Other Shareholder as follows:

Registered shareholders of the Target	Number of issued shares in the Target	Percentage of issued share capital of the Target
The Other Shareholder	4,000	40%
Focal	2,000	20%
Keyfull	2,000	20%
Cypress Trustee, on behalf of Cypress	2,000	20%

The following chart shows the shareholding structure of the Target Group as at the date of the Acquisition Agreement:



Sale Shares and Sale Loans

The Sale Shares represent 50% of the entire issued share capital of the Target and the Sale Loans represent 50% of all the shareholders' loans owing by the Target to its shareholders, and 5/6th of the entire amount of shareholders' loans owing by the Target to the Vendors, as at the date of the Acquisition Agreement and on the Completion Date. As at the date of the Acquisition Agreement, the Target was indebted to the Vendors in the aggregate amount of HK$399,106,863, and was indebted to all shareholders of the Target (including the Vendors) in the aggregate amount of HK$665,182,105.

The Sale Shares and the Sale Loans shall be sold free from all encumbrances, together with all rights and benefits accruing or attaching thereto, including the right to dividends or distributions made or declared on or after the Completion Date.

The Sale Shares are currently subject to the Focal Share Charge, the Cypress Share Charge and the Keyfull Share Charge. Pursuant to the Acquisition Agreement, the Vendors have agreed that upon Completion, they will deliver to the Purchaser, among others, a certified copy of the release and/or discharge of the Focal Share Charge, the Cypress Share Charge and the Keyfull Share Charge.

Subject to and upon the terms and conditions of the Acquisition Agreement, no Party shall be obliged to complete the sale or purchase of the Sale Shares or the assignment of the Sale Loans unless the sale and purchase of all the Sale Shares (but not part thereof) and the assignment of all the Sale Loans (but not part thereof) are completed simultaneously.

Remaining Shares and Remaining Loans

The Remaining Shares represent 10% of the entire issued share capital of Target as at the date of the Acquisition Agreement. The Remaining Loans represent, collectively, 1/6th of the entire amount of shareholders' loans owing by the Target to Focal, Keyfull and Cypress Trustee (on behalf of Cypress), being in aggregate HK$66,517,809 as at the date of the Acquisition Agreement and immediately prior to Completion.

Principal Underlying Assets

The principal assets of the Target Group comprise the Properties, which represent parcels of ground on Observatory Road, Kowloon, Hong Kong with the buildings erected thereon (now known as Nos. 2, 4, 6, 8, 10 and 12, Observatory Road, Kowloon, Hong Kong). The Properties are currently not vacant and are currently expected to become vacant in or about August 2011. The Target Group has entered into the Demolition Contract with a contractor for the demolition works and erection of hoarding for the existing buildings erected on the Properties.

The Other Shareholder of the Target

Immediately upon Completion, and assuming the Option is not or cannot be exercised by the Purchaser, the Target will be owned on a 50:50 basis by the Purchaser and the Other Shareholder. If the Purchaser exercises the Option and acquires the Remaining Shares and the Remaining Loans, the Target will be owned on a 60:40 basis by the Purchaser and the Other Shareholder. The Group and the Other Shareholder are currently in the course of negotiation for a shareholders' agreement to be entered into between, among others, the Purchaser and the Other Shareholder in relation to the Target and the joint development of the Land, and it is currently expected that the shareholders' agreement will be entered into after the Completion Date. Further announcement will be made if and when appropriate.

The Other Shareholder is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. To the best of the Directors' knowledge, information and belief after making reasonable enquiries, the Other Shareholder is a subsidiary of a company whose shares are listed on the Main Board of the Stock Exchange, and each of the Other Shareholder, the abovementioned listed company and the controlling shareholder of such listed company is an Independent Third Party.

CONSIDERATION FOR THE SALE SHARES AND SALE LOANS

Consideration

The aggregate Consideration for the Sale Shares and the Sale Loans is HK$845,635,574 (subject to adjustment in accordance with the terms and conditions of the Acquisition Agreement), of which:

(a) 33.34% of the Consideration, being HK$281,934,900 based on the Management Accounts, shall be attributable to Focal as the aggregate consideration for the Focal Sale Share and the Focal Sale Loan, out of which the consideration for the Focal Sale Loan shall be its face value on a dollar-for-dollar basis and the consideration for the Focal Sale Share shall be the balance thereof;

(b) 33.32% of the Consideration, being HK$281,765,774 based on the Management Accounts, shall be attributable to Keyfull as the aggregate consideration for the Keyfull Sale Share and the Keyfull Sale Loan, out of which the consideration for the Keyfull Sale Loan shall be its face value on a dollar-for-dollar basis and the consideration for the Keyfull Sale Share shall be the balance thereof; and

(c) 33.34% of the Consideration, being HK$281,934,900 based on the Management Accounts, shall be attributable to Cypress as the aggregate consideration for the Cypress Sale Share and the Cypress Sale Loan, out of which the consideration for the Cypress Sale Loan shall be its face value on a dollar-for-dollar basis and the consideration for the Cypress Sale Share shall be the balance thereof.

Basis of Determination of the Consideration

The Consideration was arrived at after arm's length negotiations and on normal commercial terms between the Purchaser and the Vendors based on 50% of (i) the agreed value of the Properties, which was determined and agreed to by the Purchaser with reference to a recent valuation of the Properties as a development site performed by a third party professional valuer, and after taking into account other relevant factors including the current permitted use of the Land under the government grant, outline zoning plan, the location of the Land, current market conditions and the redevelopment potentials and values of the Properties; and (ii) the unaudited Net Current Asset Value of the Target Group as at 30 June 2011 based on the Management Accounts.

Payment Terms

The Consideration shall be paid by the Purchaser to the Vendors in the following manner:-

(a) the Deposit, in the sum of HK$90,000,000, payable to the Vendors' Solicitors as stakeholder upon signing of the Acquisition Agreement as deposit;

(b) the balance of the Focal Consideration, the Keyfull Consideration and the Cypress Consideration shall be paid by the Purchaser upon Completion; and

(c) Cypress Trustee directed the Purchaser to pay the Cypress Consideration to Cypress directly or to such party as shall be directed by Cypress at least one Business Day before Completion in accordance with the terms of the Acquisition Agreement.

As at the date of this announcement, the Group has paid HK$90,000,000 to the Vendors' Solicitors as the Deposit. The amount was funded by the internal resources of the Group. The Directors currently intend to finance the balance of the Consideration by the internal resources of the Group.

Deposit

The Deposit held by the Vendors' Solicitors as stakeholder shall be released as follows:

(a) to the Vendors upon fulfillment (or waiver) of the last of the Conditions (b) or (c) in the paragraph headed "Conditions Precedent" below and the Vendors shall apply the Deposit or sufficient part thereof for payment of outstanding loans payable to the relevant financial institution for release(s) and/or discharge(s) of the Cypress Share Charge, the Focal Share Charge and the Keyfull Share Charge; or

(b) to the Purchaser's Solicitors for return to the Purchaser if the Conditions have not been fulfilled (or waived, where applicable) on or before 26 October 2011 as explained in the paragraph headed "Conditions Precedent" below.

Completion Accounts and Adjustments

Pursuant to the terms of the Acquisition Agreement:

(a) the Vendors will use all reasonable endeavours to deliver the draft Completion Accounts to the Purchaser at least seven Business Days prior to the Completion Date;

(b) the Vendors and the Purchaser will then in good faith attempt to mutually agree the draft Completion Accounts and the Net Current Asset Value before the Completion Date;

(c) in the event that the Vendors for any reason are not able to deliver the draft Completion Accounts to the Purchaser as aforesaid, or if the draft Completion Accounts and the Net Current Asset Value on Completion have not been agreed at least three Business Days prior to the Completion Date, the balance of the Consideration payable on Completion shall be calculated based on the Latest Net Current Asset Value (instead of the Net Asset Value on Completion), and adjustments shall be made in accordance with the Completion Accounts as the Parties may subsequently agree or as audited by the Auditors (as the case may be);

(d) the Vendors and the Purchaser will forthwith after Completion cause the draft Completion Accounts to be audited by the Auditors and the Net Current Asset Value on the Completion Date to be determined by the Auditors within two months after the Completion Date; and

(e) any excess paid by the Purchaser on Completion shall be returned by the Vendors to the Purchaser and any shortfall shall be paid by the Purchaser to the Vendors, in each case, without interest and within ten Business Days of such determination.

Demolition Cost

Pursuant to the terms of the Acquisition Agreement, notwithstanding any accounting treatment of the Demolition Cost or any part thereof in the Management Accounts or the Completion Accounts, the Vendors are only collectively and effectively responsible for payment of 1/4th share of the Demolition Cost (the "**Vendors' Contribution**"). Accordingly, if any part of the Demolition Cost shall have been paid or accrued as payable by the Target Group and reflected in the Completion Accounts (the "**Accrued Demolition Cost**"), the Vendors shall pay to the Purchaser any shortfall of the Vendors' Contribution after netting off 50% of the Accrued Demolition Cost, or (as the case may be) the Purchaser shall pay to the Vendors the amount which 50% of the Accrued Demolition Cost exceeds the amount of the Vendors' Contribution.

Such shortfall or (as the case may be) excess shall be settled between the Vendors and the Purchaser within ten Business Days from the date the Completion Accounts is available in accordance with the terms of the Acquisition Agreement.

CONDITIONS PRECEDENT

Completion is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

(a) approval by the Shareholders (other than those who are required to abstain from voting under the Listing Rules or the applicable laws, rules and regulations) of the Acquisition Agreement and the transactions contemplated under the Acquisition Agreement (if required) at the EGM, in compliance with the requirements of the Listing Rules;

(b) the Vendors having shown that the relevant Target Group Company has good title to the respective Properties it held;

(c) the Purchaser (acting reasonably) being satisfied in material respects with the financial, tax and legal (including contractual obligations) due diligence review of the Target Group Companies to be conducted by the Purchaser or its appointed professional advisors; and

(d) vacant possession of the Properties being delivered to the Target Group.

The Purchaser shall use all reasonable endeavours to procure the fulfillment of Condition (a) above. The Vendors shall use their respective reasonable endeavours to assist the Purchaser to comply with Condition (a) above and in this connection, to use reasonable endeavours to procure the delivery to the Purchaser on or before 31 August 2011 the audited consolidated financial statements of the Target for the year ended 30 June 2011. In addition, the Vendors shall use all reasonable endeavours to procure the fulfillment of the Conditions (b) and (c) above subject to and upon the terms and conditions of the Acquisition Agreement.

If the above Conditions are not fulfilled (or, where applicable, waived) on or before 26 October 2011 or such other date as the Vendors and the Purchaser may otherwise agree in writing, the rights and obligations of the Parties shall lapse and be of no further effect except for antecedent breach and if the Acquisition Agreement shall lapse as aforesaid, the Deposit and all other money paid under the Acquisition Agreement by the Purchaser shall be returned to the Purchaser within seven days without any interest.

The Purchaser may at its absolute discretion at any time waive Conditions (b), (c) and/or (d) above by notice in writing to the Vendors such that Completion shall still be conditional upon compliance of the remaining Conditions not yet fulfilled or waived (as the case may be). Neither the Vendors nor the Purchaser may waive Condition (a) above.

Undertaking from Lai Sun Garment

Pursuant to the Acquisition Agreement, the Company shall within three Business Days after the date of the Acquisition Agreement deliver to the Vendors an undertaking by Lai Sun Garment, the controlling shareholder of the Company, under which Lai Sun Garment will undertake to the Vendors, among others, that Lai Sun Garment will and will procure its subsidiaries to exercise all their voting rights in the Company to vote in favour of the resolutions to be proposed at the EGM to approve the Acquisition Agreement and the transactions under the Acquisition Agreement or otherwise in relation to fulfillment of Condition (a) set out in the paragraph headed "Conditions Precedent" above.

Lai Sun Garment, together with its subsidiaries, is interested in 6,792,869,192 Shares, representing approximately 47.97% of the issued share capital of the Company as at the date of this announcement.

The Directors expect that such undertaking from Lai Sun Garment will be obtained from Lai Sun Garment and provided to the Vendors by 15 July 2011.

COMPLETION

Subject to the fulfillment or waiver (as the case may be) of the Conditions Precedent in accordance with the terms of the Acquisition Agreement, Completion shall take place on 11 November 2011 (or such other date as may be agreed by the Purchaser and the Vendors in writing) in accordance with the procedures for Completion prescribed in the Acquisition Agreement. If any of such procedures is not fully complied with, the party not in default may:

(a) defer Completion to a date not more than 30 days after the Completion Date; or

(b) proceed to Completion so far as practicable (without prejudice to its rights under the Acquisition Agreement); or

(c) rescind the Acquisition Agreement and in which event:

    (i) if the defaulting party is any of the Vendors or Cypress Trustee, each of the Vendors shall within seven Business Days refund its share of the Deposit to the Purchaser without prejudice to any rights and remedies the Purchaser may have against the defaulting Vendor and (as the case may be) Cypress Trustee; or

    (ii) if the defaulting party is the Purchaser, the Vendors shall be entitled to forfeit the Deposit without prejudice to any rights and remedies the Vendors may have against the Purchaser.

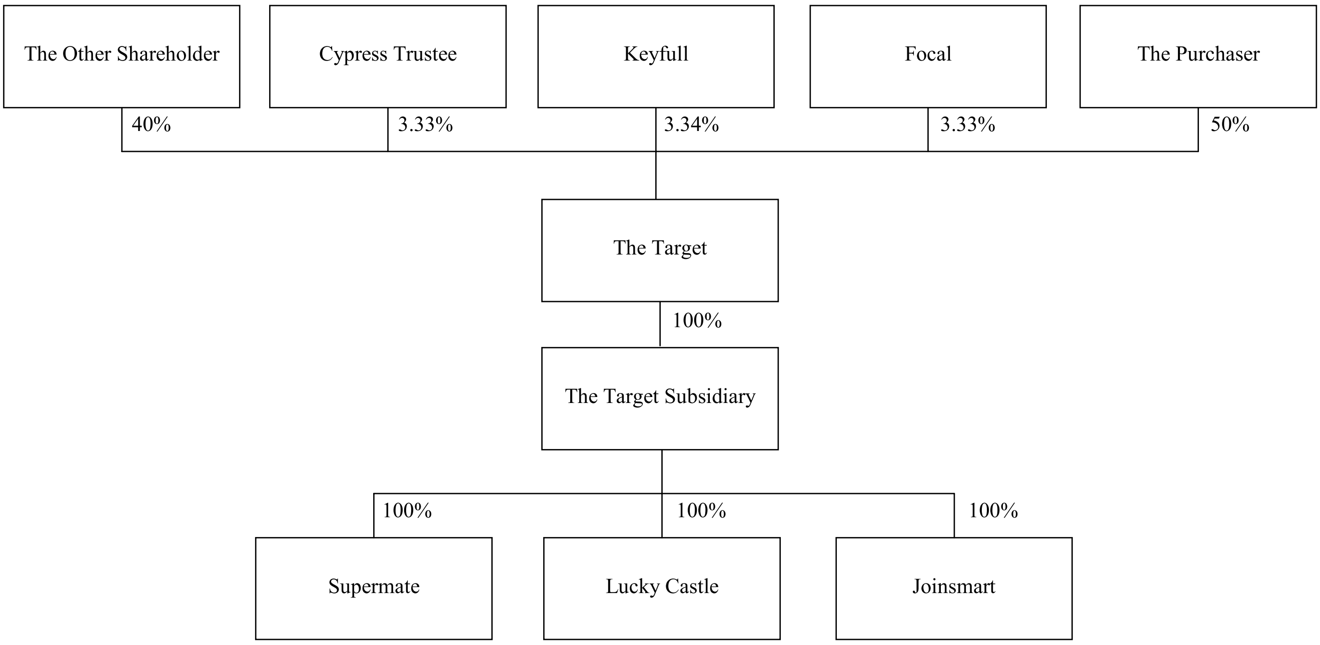
If, on or before the Completion Date, the Purchaser becomes aware that any of the Warranties was untrue or misleading in any material respect or that there is a material breach of the Warranties and the Vendors and/or Cypress Trustee (as the case may be) shall fail to remedy the breach before the Completion Date, the Purchaser may (a) elect to proceed to Completion or (b) rescind the Acquisition Agreement and in which event, the Vendors shall within seven Business Days refund the Deposit to the Purchaser, provided that if the Purchaser rescinds the Acquisition Agreement pursuant to (b) above, any non-defaulting Vendor(s) shall not have any claim against the Purchaser whatsoever arising from such rescission and their remedy shall be against the defaulting Vendor(s) only.

Impact after Completion

Immediately upon Completion, and assuming that the Option is not or cannot be exercised by the Purchaser, Target will become a 50%-owned associate of the Company. The results and net assets of the Target Group will be equity accounted for in the consolidated financial statements of the Group.

Immediately upon Completion, and assuming that the Option is exercised by the Purchaser, the Target will become a 60%-owned subsidiary of the Company. In such event, the results, assets and liabilities of the Target will be consolidated into the consolidated financial statements of the Group.

The following chart shows the shareholding structure of the Target Group immediately after Completion (assuming the Option is not or cannot be exercised by the Purchaser):



OPTION

Conditions for Exercise of the Option

Pursuant to the Acquisition Agreement, the Vendors granted an option to the Purchaser to purchase the Remaining Shares and the Remaining Loans if:

(a) the FE Agreement has not been executed with the Other Shareholder within one month from the date of the Acquisition Agreement; or

(b) completion under the FE Agreement does not take place within one month from the Completion Date due to reasons other than the default of the Vendor(s).

Exercise and Completion

The Option shall be exercisable by the Purchaser by serving a written notice on the Vendors during the First Option Period or the Second Option Period, as appropriate. Completion of the acquisition of the Remaining Shares and the Remaining Loans by the Purchaser shall take place:

(i) in the event of the notice to exercise the Option being served during the First Option Period under paragraph (a) above to the Vendors by the Purchaser, simultaneously with Completion; or

(ii) in the event of the notice to exercise the Option being served during the Second Option Period under paragraph (b) above, within one month after the date of delivery of the aforesaid notice to the Vendors by the Purchaser.

The Option shall lapse if no notice is served within the prescribed periods set out above.

Consideration for the Remaining Shares and the Remaining Loans

The Remaining Shares represent 10% of the entire issued share capital of the Target as at the date of the Acquisition Agreement. The Remaining Loans represent 1/6th of the entire amount of shareholders' loans owing by the Target to Focal, Keyfull and Cypress Trustee (on behalf of Cypress), being in aggregate HK$66,517,809 as at the date of the Acquisition Agreement and immediately prior to Completion.

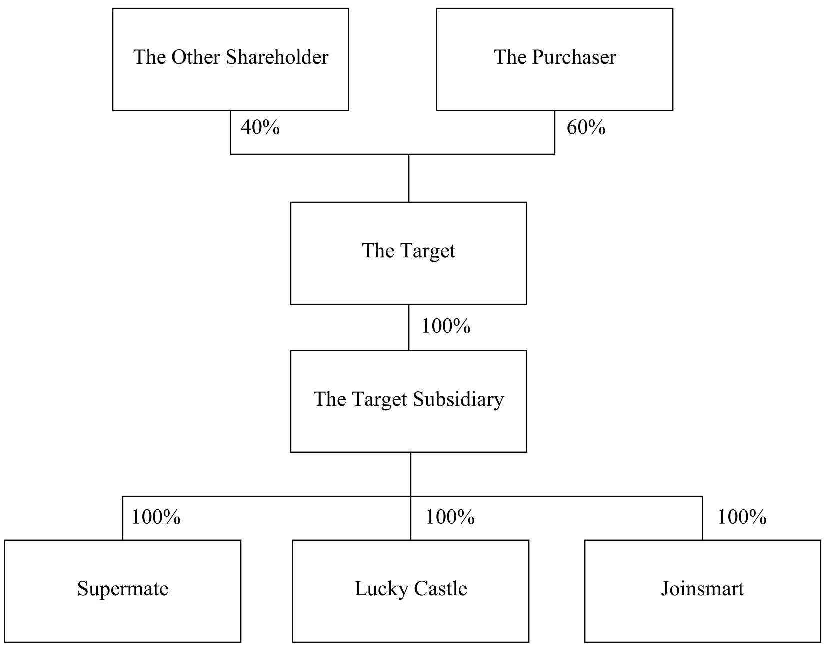
The aggregate consideration for the acquisition of the Remaining Shares and the Remaining Loans shall be a sum equivalent to 1/5th of the Consideration, which, based on the Management Accounts, shall be HK$169,127,115 (subject to adjustment in accordance with the terms and conditions of the Acquisition Agreement). No premium has been paid or is payable for the Option.

If the Option is exercised, the Directors currently intend to finance the consideration for the Remaining Shares and the Remaining Loans by the internal resources of the Group.

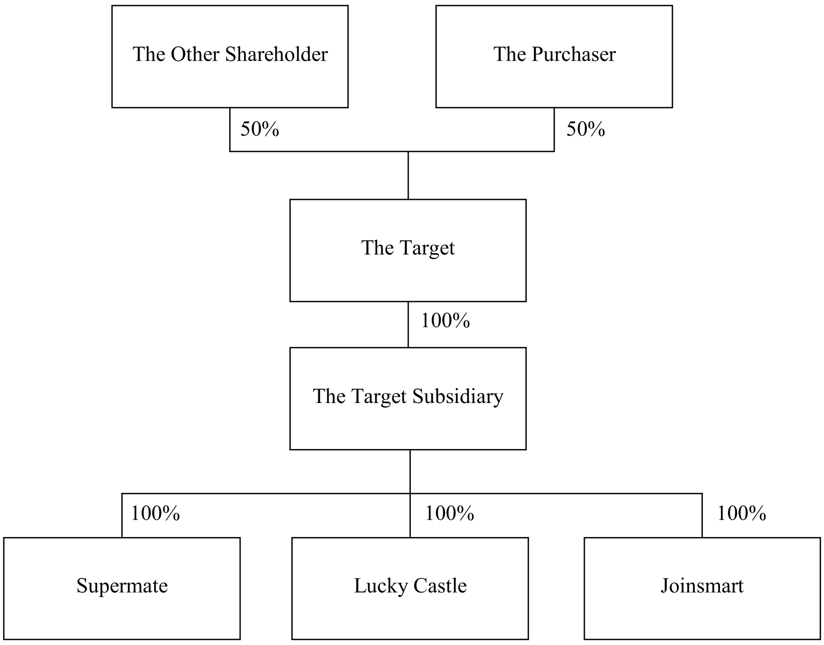
Terms and Conditions for the Sale and Purchase of the Remaining Shares and the Remaining Loans

So far as is applicable and save and except that (i) the consideration for the Remaining Shares and the Remaining Loans shall be adjusted in the same manner as the Consideration as contained in the Acquisition Agreement (but not to take into account any liabilities of the Target Group incurred after Completion) and shall be wholly paid by the Purchaser to the Vendors on completion of the sale and purchase thereof and (ii) the provision regarding payment of the Demolition Cost as explained in the paragraph headed "Demolition Cost" above shall not apply to the sale and purchase of the Remaining Shares and the Remaining Loans, the terms and conditions of the Acquisition Agreement shall apply mutatis mutandis to the sale and purchase of the Remaining Shares and the Remaining Loans between the Vendors and the Purchaser with the necessary modifications and as prescribed in the Acquisition Agreement. The respective guarantees given by the Focal Guarantor, the Keyfull Guarantor, the Cypress Guarantor and the Company under the Acquisition Agreement shall be deemed to extend to the sale and purchase of the Remaining Shares and the Remaining Loans.

The following chart shows the shareholding structure of the Target Group after Completion and immediately after the exercise of the Option by the Purchaser:



The following chart shows the shareholding structure of the Target Group after Completion and immediately after the completion of the FE Agreement:



INFORMATION ON THE TARGET GROUP

The Target is a company incorporated in Hong Kong. It owns the entire issued share capital of the Target Subsidiary, which in turns owns the entire issued share capital of the HK Companies. The Target Group is principally engaged in the acquisition, holding and preparation for re-development of the Properties and activities incidental thereto.

The principal assets of the Target Group comprise the Properties, the particulars of which are disclosed in the paragraph headed "Assets to be acquired" above.

FINANCIAL INFORMATION OF THE TARGET

Based on the consolidated management accounts of the Target Group provided by the Vendors and prepared in accordance with Hong Kong Financial Reporting Standards, in which the Target Group early-adopted the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets", the Target's unaudited consolidated profit before tax and after tax for the year ended 30 June 2011 amounted to approximately HK$14,816,000 and HK$14,570,000, respectively, and the unaudited consolidated net assets of the Target (including the shareholders' loans owing by the Target to its shareholders) as at 30 June 2011 amounted to approximately HK$17,611,000. The amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances.

The Group has not early-adopted the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" in preparing its financial statements. If the amendments to HKAS 12 had not been early-adopted by the Target Group in its management accounts, the Target's unaudited consolidated profit before tax and after tax for the year ended 30 June 2011 would amount to approximately HK$14,816,000 and HK$12,359,000, respectively, and the unaudited consolidated net liabilities of the Target (including the shareholders' loans owing by the Target to its shareholders) as at 30 June 2011 would amount to approximately HK$1,854,000.

Based on the audited consolidated financial statements of the Target Group prepared in accordance with Hong Kong Financial Reporting Standards, in which the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" had not been adopted, the Target's consolidated loss before tax and after tax for the year ended 30 June 2010 amounted to approximately HK$57,907,000 and HK$58,131,000, respectively, and the audited consolidated net liabilities of the Target (including the shareholders' loans owing by the Target to its shareholders) as at 30 June 2010 amounted to approximately HK$14,213,000.

INFORMATION ON THE GROUP

The Company is an investment holding and property investment company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488). Its subsidiaries and associates are engaged principally in the development of and investment in property and investment in and operation of hotels and restaurants. The Company, through one of its wholly-owned subsidiaries, has an approximate 36.0% shareholding interest in eSun, the principal business activities of whose subsidiaries are the development and operation of and investment in media, entertainment as well as music production and distribution, the investment in and production and distribution of film and video format products, the provision of advertising agency services and the sale of cosmetic products.

REASONS AND BENEFITS FOR THE ACQUISITION

One of the principal business activities of the Group is property investment. The principal assets of the Target Group comprise the Properties, which represent parcels of ground on Observatory Road, Kowloon, Hong Kong with the buildings erected thereon (now known as Nos. 2, 4, 6, 8, 10 and 12, Observatory Road, Kowloon, Hong Kong). The Properties are currently not vacant and are currently expected to become vacant in or about August 2011. The Target Group has entered into the Demolition Contract with a contractor for the demolition works and erection of hoarding for the existing buildings erected on the Properties.

It is currently intended by the Board that a multi-storey commercial complex with a maximum developable gross floor area of approximately 165,000 sq. ft. will be developed by the Target Group on the Land. Subject to further studies (including the receipt of surveying and other professional reports) on the Properties, and further subject to the discussions and agreements with the Other Shareholder, the total development and related costs for the Land, including the acquisition costs of the Properties, are budgeted at approximately HK$2.3 billion, and the development is expected to be completed within 36 months after Completion. The Company currently intends to hold its interests in the re-developed properties as the Company's long term investments. The Directors believe that after Completion, the commercial complex will produce a higher rental and generate a stable and recurrent rental income.

Taking into account the above factors, the Directors consider that the terms of the Transactions including the Consideration are fair and reasonable and the Transactions are in the interests of the Shareholders and the Company as a whole.

LISTING RULES IMPLICATIONS

As the applicable Percentage Ratio(s) for the Transactions exceed(s) 25% but is/are less than 100%, the Transactions together constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are, therefore, subject to the approval of the Shareholders by way of poll.

As no Shareholder would have a material interest in the Acquisition which is different from the interests of the other Shareholders, no Shareholder would be required to abstain from voting. Pursuant to the Acquisition Agreement, the Company shall within three Business Days after the date of the Acquisition Agreement deliver to the Vendors an undertaking by Lai Sun Garment, the controlling shareholder of the Company, under which Lai Sun Garment will undertake to the Vendors, among others, that Lai Sun Garment will and will procure its subsidiaries to exercise all their voting rights in the Company to vote in favour of the resolutions to be proposed at the EGM to approve the Acquisition Agreement and the transactions under the Acquisition Agreement or otherwise in relation to fulfillment of Condition (a) set out in the paragraph headed "Conditions Precedent" above. The Directors expect that such undertaking from Lai Sun Garment will be obtained from Lai Sun Garment and provided to the Vendors by 15 July 2011. Lai Sun Garment, together with its subsidiaries, is interested in 6,792,869,192 Shares, representing approximately 47.97% of the issued share capital of the Company as at the date of this announcement.

Pursuant to Rule 14.41(b) of the Listing Rules, a circular containing, among other things, details of the Acquisition Agreement, the accountants' report of the Target Group, the financial information of the Group, the valuation report on the Properties, a notice of the EGM and other information as required under the Listing Rules shall be dispatched to the Shareholders. Pursuant to the Acquisition Agreement, the Vendors have agreed that they shall use their respective reasonable endeavours to procure the delivery to the Purchaser on or before 31 August 2011 the audited consolidated financial statements of the Target for the year ended 30 June 2011. As additional time is expected to be required for the Company to obtain and prepare the relevant information (in particular the financial information of the Target) for inclusion in the circular, it is currently expected that the circular will be dispatched on or about 15 September 2011. Further announcement will be made if and when appropriate.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the respective meanings as set out below:

"Acquisition"	the acquisition of the Sale Shares and the Sale Loans by the Purchaser from the Vendors pursuant to the terms of the Acquisition Agreement;
"Acquisition Agreement"	the conditional sale and purchase agreement dated 12 July 2011 and entered into between the Purchaser, the Vendors, the Company, the Vendors' Guarantors and Cypress Trustee in relation to the Acquisition;
"associate"	has the same meaning ascribed to it under the Hong Kong Financial Reporting Standards;
"Auditors"	the auditors to be jointly appointed by the Vendors and the Purchaser to carry out the independent audit of the Completion Accounts or, in the event of their being unable or unwilling to act, such other firm of accountants of international repute as may be agreed between the Vendors and the Purchaser;
"Board"	the board of Directors;
"Business Day"	any day (excluding Saturday, Sunday, public holidays and any day on which a tropical cyclone warning no.8 or above or a "black" rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. and is not lowered or discontinued at or before 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong;

"BVI"	the British Virgin Islands;
"Company"	Lai Sun Development Company Limited 麗新發展有限公司, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488);
"Completion"	completion of the sale and purchase of the Sale Shares and the assignment of the Sale Loans in accordance with the Acquisition Agreement;
"Completion Accounts"	the audited consolidated income statement of the Target for the period from 1 July 2010 (or 1 July 2011 if the audited accounts for the year ended 30 June 2011 have been available before Completion) to the Completion Date and the audited consolidated balance sheet of the Target as at the Completion Date;
"Completion Date"	the date on which Completion takes place;
"Condition(s) Precedent" or "Condition(s)"	the conditions precedent set out in the Acquisition Agreement;
"connected persons"	has the same meaning ascribed to it under the Listing Rules;
"Consideration"	the consideration for the Sale Shares and the Sale Loans payable by the Purchaser pursuant to the Acquisition Agreement;
"controlling shareholder"	has the same meaning ascribed to it under the Listing Rules;
"Cypress"	Cypress Vine Corporation, a company incorporated in the BVI with limited liability;
"Cypress Consideration"	the consideration payable by the Purchaser to Cypress for the Cypress Sale Share and the Cypress Sale Loan referred to in the Acquisition Agreement;
"Cypress Guarantor"	Mr. Cheung Hon Kit, as guarantor for Cypress;
"Cypress Sale Loan"	HK$110,863,018, being 5/6th of the entire amount of the shareholder's loan owing by the Target to Cypress Trustee (on behalf of Cypress) as at the date of the Acquisition Agreement and on the Completion Date;
"Cypress Sale Share"	1,667 ordinary shares of HK$1.00 each in the share capital of the Target, representing 16.67% of the entire issued share capital of the Target, registered in the name of Cypress Trustee and beneficially owned by Cypress;
"Cypress Share Charge"	the share mortgage (incorporating an assignment of shareholder's loan) dated 12 November 2010 and executed by, inter alia, Cypress in favour of a financial institution in Hong Kong in relation to the Cypress Sale Share;
"Cypress Trustee"	a company incorporated in the BVI with limited liability and the trustee of Cypress in respect of the shares and shareholder's loan beneficially owned by Cypress in the Target;

“Demolition Contract”	the final tender offer by a contractor in relation to the demolition works and erection of hoarding for the existing buildings erected on the Properties dated 14 May 2011 (and supplemented by two letters dated 16 and 17 May 2011 respectively) and accepted by the Target Group and any variation order signed by the Target Group prior to Completion;
“Demolition Cost”	cost payable (whether paid or to be paid) by the Target Group under the Demolition Contract, being HK$5,049,000 as at the date of the Acquisition Agreement subject to any adjustment under any variation order signed by the Target Group before Completion;
“Deposit”	the aggregate sum of HK$90,000,000;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened (if required) to approve the Transactions;
“eSun”	eSun Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571);
“FE Agreement”	the agreement which may be entered into between the Vendors and the Other Shareholder relating to the Remaining Shares and the Remaining Loans;
“First Option Period”	if the FE Agreement has not been executed within one month from the date of the Acquisition Agreement, a period of 21 days from the expiry of such one-month period;
“Focal”	Focal Point Services Limited, a company incorporated in the BVI with limited liability;
“Focal Consideration”	the consideration payable by the Purchaser to Focal for the Focal Sale Share and the Focal Sale Loan referred to in the Acquisition Agreement;
“Focal Guarantor”	Mr. Yeung Hoi Sing, Sonny, as guarantor for Focal;
“Focal Sale Loan”	HK$110,863,018, being 5/6th of the entire amount of the shareholder’s loan owing by the Target to Focal as at the date of the Acquisition Agreement and on the Completion Date;
“Focal Sale Share”	1,667 ordinary shares of HK$1.00 each in the share capital of the Target, representing 16.67% of the entire issued share capital of the Target, legally and beneficially owned by Focal;
“Focal Share Charge”	the share mortgage (incorporating an assignment of shareholder’s loan) dated 12 November 2010 and executed by Focal in favour of a financial institution in Hong Kong in relation to the Focal Sale Share;
“Group”	the Company and its subsidiaries from time to time;

"HK Companies"	Joinsmart, Lucky Castle and Supermate, and each of them, a "**HK Company**";
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"HKAS"	Hong Kong Accounting Standards;
"Hong Kong"	the Hong Kong Special Administrative Region of The People's Republic of China;
"Independent Third Party(ies)"	independent third party(ies) who is/are, to the best of the Directors' knowledge, information and belief after making all reasonable enquiries, independent of and not connected with the Company and the connected persons of the Company;
"Joinsmart"	Joinsmart Corporation Limited 駿群有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Target;
"Keyfull"	Keyfull Investment Limited 祈富投資有限公司, a company incorporated in Hong Kong with limited liability;
"Keyfull Consideration"	the consideration payable by the Purchaser to Keyfull for the Keyfull Sale Share and the Keyfull Sale Loan referred to in the Acquisition Agreement;
"Keyfull Guarantor"	Mr. Chien Tak Hsin, James, as guarantor for Keyfull;
"Keyfull Sale Loan"	HK$110,863,018, being 5/6th of the entire amount of the shareholder's loan owing by the Target to Keyfull as at the date of the Acquisition Agreement and on the Completion Date;
"Keyfull Sale Share"	1,666 ordinary shares of HK$1.00 each in the share capital of the Target, representing 16.66% of the entire issued share capital of the Target, legally and beneficially owned by Keyfull;
"Keyfull Share Charge"	the share mortgage (incorporating an assignment of shareholder's loan) dated 12 November 2010 and executed by Keyfull in favour of a financial institution in Hong Kong in relation to the Keyfull Sale Share;
"Lai Sun Garment"	Lai Sun Garment (International) Limited 麗新製衣國際有限公司, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 191), and the controlling shareholder of the Company;
"Land"	the parcels of ground on which the Properties are located;
"Latest Net Current Asset Value"	HK$4,471,147, being the Net Current Asset Value calculated based on the Management Accounts;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time);

"Lucky Castle"	Lucky Castle Development Limited 福堡發展有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Target;
"Management Accounts"	the unaudited consolidated balance sheet of the Target made up as at the Management Accounts Date and the unaudited consolidated income statement of the Target for the period from 1 July 2010 to the Management Accounts Date;
"Management Accounts Date"	30 June 2011;
"Net Current Asset Value"	at any given time, all current assets (but excluding deferred tax assets and for the avoidance of the doubt, the Properties) of the Target Group including cash at bank of each Target Group Company less the aggregate of all liabilities of each Target Group Company (but excluding all shareholders' loans owing by the Target to its shareholders, any liabilities arising from any notice or order issued or which may prior to Completion be issued by any competent government authority relating to any unauthorised or illegal structures on the Properties and deferred tax liabilities);
"Option"	the option granted by the Vendors to the Purchaser to purchase the Remaining Shares and the Remaining Loans pursuant to the Acquisition Agreement;
"Other Shareholder"	Financial Express International Limited 豐越國際有限公司, a company incorporated in Hong Kong with limited liability and the remaining shareholder which holds 40% of the entire issued share capital of the Target as at the date of the Acquisition Agreement;
"Parties"	parties to the Acquisition Agreement, namely the Purchaser, the Vendors, the Company, the Vendors' Guarantors and Cypress Trustee, and each of them, a "**Party**";
"Percentage Ratio(s)"	the percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
"Properties"	all those pieces or parcels of ground registered in the Land Registry as Kowloon Inland Lot Nos. 10557, 10558, 10559, 10560, 10565 and 10570, together with the messuages, erections and buildings thereon now known as Nos. 2, 4, 6, 8, 10 and 12, Observatory Road, Kowloon, Hong Kong;
"Purchaser"	Luck Reach Limited 瑞達有限公司, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company;
"Purchaser's Solicitors"	the firm of Hong Kong solicitors representing the Purchaser for the Acquisition and the related transactions;

"Remaining Loans"	collectively, (a) 1/6th of the entire amount of shareholder's loan owing by the Target to Cypress Trustee (on behalf of Cypress) immediately prior to Completion, (b) 1/6th of the entire amount of shareholder's loan owing by the Target to Focal and (c) 1/6th of the entire amount of shareholder's loan owing by the Target to Keyfull, being in aggregate HK$66,517,809 as at the date of the Acquisition Agreement and immediately prior to Completion;
"Remaining Shares"	collectively, (a) 333 ordinary shares of HK$1.00 each in the issued share capital of the Target, representing 3.33% of the entire issued shares in the Target registered in the name of Cypress Trustee and beneficially owned by Cypress; (b) 333 ordinary shares of HK$1.00 each in the issued share capital of the Target, representing 3.33% of the entire issued shares in the Target registered in the name of and beneficially owned by Focal; and (c) 334 ordinary shares of HK$1.00 each in the issued share capital of the Target, representing 3.34% of the entire issued shares in the Target registered in the name of and beneficially owned by Keyfull;
"Sale Loans"	the aggregate of the Focal Sale Loan, the Keyfull Sale Loan and the Cypress Sale Loan, being 50% of all the shareholders' loans owing by the Target to its shareholders as at the date of the Acquisition Agreement and on the Completion Date;
"Sale Shares"	the aggregate of the Focal Sale Share, the Keyfull Sale Share and the Cypress Sale Share, being 50% of the entire issued shares in the share capital of the Target at Completion;
"Second Option Period"	if completion of the acquisition of the Remaining Shares and the Remaining Loans in accordance with the FE Agreement does not take place within one month after the Completion Date due to reasons other than default of the Vendor(s), a period of 21 days from the expiry of such one-month period;
"Shareholders"	holders of the Shares;
"Shares"	ordinary shares of a par value of HK$0.01 each in the capital of the Company;
"sq. ft."	square feet;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary"	has the same meaning as ascribed to it under the Listing Rules;
"Supermate"	Supermate Development Limited 信萬發展有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Target;
"Target"	Best Value International Limited 顯中國際有限公司, a company incorporated in Hong Kong with limited liability;

"Target Group"	collectively, the Target and its subsidiaries, and "**Target Group Company(ies)**" shall be construed accordingly;
"Target Subsidiary"	Fu Ying Development Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Target;
"Transactions"	the Acquisition, the acquisition of the Remaining Shares and the Remaining Loans pursuant to the exercise of the Option, and the financial commitment for the development of the Land that is estimated to be contributed by the Group;
"Vendors"	Focal, Keyfull and Cypress, and each of them, a "**Vendor**";
"Vendors' Guarantors"	the Focal Guarantor, the Keyfull Guarantor and the Cypress Guarantor, and each of them, a "**Vendor's Guarantor**";
"Vendors' Solicitors"	the firm of Hong Kong solicitors representing the Vendors in the Acquisition and related transactions;
"Warranties"	the representations, warranties, undertakings or indemnities made or given or deemed to have been made or given by the Vendors to the Purchaser as contained in the Acquisition Agreement; and
"%"	per cent.

By Order of the Board
Lai Sun Development Company Limited
Kwok Siu Man
Company Secretary

Hong Kong, 12 July 2011

As at the date of this announcement, the executive Directors are Dr. Lam Kin Ngok, Peter (Chairman) and Messrs. Lau Shu Yan, Julius (Chief Executive Officer), Tam Kin Man, Kraven, Cheung Wing Sum, Ambrose, Lui Siu Tsuen, Richard and Cheung Sum, Sam; the non-executive Directors are Dr. Lam Kin Ming, Madam U Po Chu and Mr. Wan Yee Hwa, Edward; and the independent non-executive Directors are Messrs. Lam Bing Kwan, Leung Shu Yin, William and Ip Shu Kwan, Stephen.