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LAI SUN DEVELOPMENT

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

(Stock Code: 488)

ANNOUNCEMENT DISCLOSEABLE TRANSACTION

SALE OF INTEREST IN FURAMA RESORT IN DANANG, VIETNAM

The Directors are pleased to announce that Furama Hotel Enterprises Limited (*FHEL*) and Transformation International Limited (*TIL*), two wholly owned subsidiaries of the Company, have agreed to sell the entire issued share capital of Furama International Hoteliers Limited (*FIHL*) to Vina Investment Group Ltd. (*Vina*).

The Sellers are the beneficial owners of the entire issued share capital of FIHL which indirectly owns a 62.63% interest in the capital contribution of Indochina Beach Hotel Joint Limited (*IBHJV*), which owns the Furama Resort in Danang, Vietnam.

FHEL and TIL (the *Sellers*) have also agreed to assign the Shareholder Debt and procure the assignment of the Outstanding Fee to Vina. The Sale and Purchase Agreement also provides for Furama Hotels and Resorts International Limited (*FHRI*), a wholly owned subsidiary of the Company, to continue to manage the Furama Resort for two years after Closing.

The Company has unconditionally and irrevocably guaranteed to Vina as a continuing obligation the proper and punctual performance by the Sellers of all their obligations under the Sale and Purchase Agreement and related Transaction Documents.

The Transaction constitutes a discloseable transaction for the Company under rule 14.06(2) of the Listing Rules.

The Circular containing, amongst others things, further details of the Transaction will be sent to shareholders of the Company within 21 days of the date of publication of this announcement.

I. INTRODUCTION

The Directors are pleased to announce that the Sellers have agreed to sell the entire issued share capital of FIHL to Vina. The Sellers have also agreed to assign the Shareholder Debt and procure the assignment of the Outstanding Fee to Vina. The Sale and Purchase Agreement provides for FHRI to continue to manage the Furama Resort for two years after Closing, as further described in the section entitled "Management Extension" below.

The Transaction constitutes a discloseable transaction for the Company under rule 14.06(2) of the Listing Rules. The Circular containing, amongst others things, further details of the Transaction will be sent to shareholders of the Company within 21 days of the date of publication of this announcement.

II. THE SALE AND PURCHASE AGREEMENT

Date of the Agreement: 8 April 2005

Parties:

1. FHEL and TIL as Sellers;
2. Company as Guarantor;
3. Vina as purchaser; and
4. FHRI.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Vina and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The following is a summary of the principal terms and conditions of the Sale and Purchase Agreement.

Assets being disposed

The Sellers have agreed to sell the FIHL Shares, representing the entire issued share capital of FIHL to Vina. The Sellers have agreed to assign the Shareholder Debt, being the amount outstanding on the Closing Date under the two loan agreements, both dated 7 December 2004, between the Sellers (as lenders) and FIHL (as borrower) to Vina. The Sellers have also agreed to procure the assignment of the Outstanding Fee to Vina. The Outstanding Fee is the amount actually outstanding on the Closing Date and owed by IBHJV, a 62.63% indirect subsidiary of the Company and the owner of the Furama Resort, to FHRI, a wholly owned subsidiary of the Company, under the Operation and Management Agreement.

The amount of the Shareholder Debt and Outstanding Fee assigned to Vina will be determined on the Closing Date which is expected to be on 8 July 2005 or such other date as the Sellers and Vina shall agree in advance of 8 July 2005, in writing.

Price

The aggregate purchase price for the FIHL Shares, Shareholders Debt and Outstanding Fee (together the *Assets*) is US\$16,800,000 (being approximately HK\$131 million) (the *Price*). The Price is payable in several instalments. Vina paid the first instalment of US\$4,000,000 (being approximately HK\$31 million) to the Escrow Agent on signing of the Sale and Purchase Agreement on 8 April 2005.

On 9 May 2005, Vina is required to pay the Escrow Agent a further instalment of US\$4,700,000 (being approximately HK\$37 million) to be held by the Escrow Agent in accordance with the terms of the Escrow Agreement.

On 8 June 2005, Vina is required to pay the Escrow Agent a further instalment of US\$4,700,000 (being approximately HK\$37 million) to be held by the Escrow Agent in accordance with the terms of the Escrow Agreement.

On Closing, Vina is required to pay the balance of the Price, which is the sum of US\$3,400,000 (being approximately HK\$27 million), to the Escrow Agent.

On Closing, the money paid to the Escrow Agent by Vina will be released by the Escrow Agent to Law Debenture Corporation (H.K.) Limited acting as security trustee of HK\$266,058,100 zero coupon bonds due 31 December 2005 issued by Lai Sun International Finance (2004A) Limited and guaranteed by the Company and constituted by the trust deed dated 7 December 2004 (the *Series A Bonds*). The terms of the Series A Bonds were set out in the Company's circular dated 15 September 2004.

The Price and other terms and conditions of the Sale and Purchase Agreement were negotiated with Vina following an invitation made by the Company through its professional property advisers to prospective purchasers of the Assets. The bidding process including, without limitation, the negotiations were conducted on an arm's length basis.

The assignment of the Outstanding Fee will be the amount of fees outstanding from IBHJV to FHRI under the terms of the Operation and Management Agreement as at 8 July 2005 or such other date as the Sellers and Vina shall agree as the Closing Date in advance of 8 July 2005, in writing.

In the Sale and Purchase Agreement, the Sellers warrant to Vina, amongst other things, that on Closing the total amount of the Shareholder Debt will not be less than HK\$ 187,423,806 and the Outstanding Fee will not be less than US\$300,000 (being approximately HK\$2.3 million). There will be no adjustment of the Price to reflect the actual amount of Shareholder Debt and Outstanding Fee on Closing and therefore, the Sellers' warranty was an estimate of the minimum amount of the Outstanding Fee as at Closing, which will include the management fees that FHRI accumulates from 28 February 2005 to Closing under the Operation and Management Agreement, which Vina has found acceptable.

Guarantee

The Company as Guarantor has unconditionally and irrevocably guaranteed to Vina as a continuing obligation the proper and punctual performance by the Sellers of all their obligations under or pursuant to the Sale and Purchase Agreement and related Transaction Documents.

Management Extension

The Furama Resort is owned by IBHJV and is currently managed by FHRI under the Operation and Management Agreement. Vina intends the Furama Resort to be managed by FHRI and to keep its name after Closing. As the existing Operation and Management Agreement between IBHJV and FHRI expires on 31 March 2006, Vina has agreed to procure IBHJV to extend the Operation and Management Agreement for a further two years after Closing and to make an advance payment of US\$1,400,000 (being approximately HK\$11 million) to FHRI. The extension of the Operation and Management Agreement will allow Vina to continue to use the name Furama Resort for the duration of the extended term.

If IBHJV fails to extend the Operation and Management Agreement or the Ministry of Planning and Investment of Vietnam fails to approve the extension within 60 days after Closing, Vina will in any event make the payment referred to above of US\$1,400,000 (being approximately HK\$11 million) to FHRI for and on behalf of IBHJV. On receipt of this money from Vina, and whether or not the two year extension of the Operation and Management Agreement has taken effect, FHRI shall continue to manage the Furama Resort in accordance with the Operation and Management Agreement without any further payment until the expiry of the original term on 31 March 2006. On the expiry of the original term, if the two year extension of the Operation and Management Agreement has not taken effect, FHRI will be available for a period of two years from Closing at the request of Vina and/or IBHJV to perform the provisions of the Operation and Management Agreement.

Conditions

The Sale and Purchase Agreement is subject to the satisfaction or, in the case of the Second Condition below only, waiver by the Sellers of the following Conditions:

1. there being no subsisting order or injunction issued by any court of competent authority against the Sellers preventing them from completing the transactions contemplated in the Sale and Purchase Agreement (the *First Condition*); and
2. the following payments having been paid by Vina on the following dates: (i) US\$4,700,000 (being approximately HK\$37 million) on the 9 May 2005; and (ii) US\$4,700,000 (being approximately HK\$37 million) on 8 June 2005 or such other dates as may be agreed in advance of the above dates, in writing, by the Sellers and Vina (the *Second Condition*).

Termination

The Sale and Purchase Agreement may be terminated by Vina if:

1. the Sellers fail to perform any of their (i) pre-closing obligations which include, amongst other things, procuring that the business of each company being sold will in all material respects be conducted only in the ordinary and usual course; and (ii) closing obligations which include, amongst other things, the delivery to Vina of a duly executed transfer into the name of Vina in respect of all the FIHL Shares and assignment deeds signed by the Sellers and FHRI respectively, in relation to the assignment of the Shareholders Debt and the Outstanding Fee; or
2. there are any fraudulent misrepresentations committed by the Sellers in relation to the Transaction prior to Closing; or
3. the First Condition is not met or fulfilled by 31 July 2005 or such other date as may be agreed in advance of such date, in writing, by the Sellers and Vina; or
4. there are material breaches of one or more warranties given by the Sellers and deemed to be repeated on the Closing Date and such breach or breaches arise from or in relation to matters other than those set out below and which taken together, have or will have, a financial effect of US\$1,000,000 (being approximately HK\$8 million) or more.

Vina will not have a right to terminate the Sale and Purchase Agreement if such breach or breaches of warranty given by the Sellers arise from or are in relation to the ordinary course of IBHJV's operation including without limitation the ordinary business of the Furama Resort and are not within the Sellers reasonable control.

The Sale and Purchase Agreement may be terminated by the Sellers if Vina fails to fulfil the Second Condition.

Closing

The Closing Date of the Transaction is expected to be 8 July 2005 or such other date as the Sellers and Vina shall agree in advance of 8 July 2005, in writing. The Company will make a further announcement if the Closing Date is not 8 July 2005.

The Directors believe that the terms of the Transaction are fair and reasonable and in the interest of the shareholders as a whole.

III. FINANCIAL EFFECTS OF THE DISPOSAL

The audited consolidated turnover of FIHL for the financial years ended 31 July 2004 and 2003 attributable to Company's audited consolidated profit and loss accounts was approximately HK\$49 million and HK\$48 million, respectively. The audited consolidated net profits (both before and after taxation and extraordinary items) of FIHL for the financial years ended 31 July 2004 and 2003 attributable to the Company's audited consolidated profit and loss accounts was approximately HK\$3.3 million and HK\$1.3 million respectively.

The audited consolidated total assets of FIHL as at 31 July 2004 attributable to the Company's audited consolidated balance sheet was approximately HK\$192 million. The audited consolidated net asset value of FIHL as at 31 July 2004 attributable to the Company's audited consolidated balance sheet, after elimination of intra-group balances, was approximately HK\$131 million. The Outstanding Fee, as at 31 July 2004 was approximately HK\$10 million.

The outstanding balance of the Shareholder Debt as at 31 July 2004 was approximately HK\$194 million.

Taking into account the consideration of US\$16,800,000 (being approximately HK\$131 million) for the Assets the estimated loss arising from the disposal by LSD Group of the Assets will be approximately HK\$10 million before expenses. The estimated loss arising from the disposal is calculated based on the audited consolidated net asset value of FIHL as at 31 July 2004 and the Outstanding Fee as at 31 July 2004. Accordingly, the actual loss to be recorded in the Company's consolidated profit and loss account will be recalculated based on the actual consolidated net asset value of FIHL attributable to the Company and the actual amount of Outstanding Fee as at the date of Closing, and is expected to be different from the amount disclosed above.

On Closing, FIHL, IBH, BCF and IBHJV will cease to be subsidiaries of the LSD Group and their assets and liabilities will no longer be included in the Company's consolidated balance sheet.

IV. REASONS FOR AND BENEFITS OF THE TRANSACTION AND USE OF PROCEEDS

The Company will use the entire proceeds of the Transaction which is US\$16,800,000 (being approximately HK\$131 million), but not the management fee payable to FHRI by Vina or IBHJV which is US\$1,400,000 (being approximately HK\$11 million), for the partial repayment of the Series A Bonds. This is a commitment of the Company to raise funds to reduce or eliminate the indebtedness of approximately HK\$266 million owed by the Company to the holders of the Series A Bonds. The entire proceeds of the Transaction except for the US\$1,400,000 (being approximately HK\$11 million) will be paid by the Escrow Agent directly to Law Debenture Corporation (H.K.) Limited acting as security trustee in relation to the Series A Bonds. FHRI will retain the US\$1,400,000 to complete the future performance of services under the Operation and Management Agreement.

V. GENERAL

The Company is a holding company with interests in subsidiaries and associates. The principal business activities of the Company and its subsidiaries include property investment, property development for sale, investment in and operation of hotels and restaurants and investment holding. The principal business activities of the associates of the Company include media, entertainment, internet and technology oriented businesses and satellite television operations.

The Sellers, which are two wholly owned subsidiaries of the Company, are beneficially interested in the entire issued share capital of FIHL being 1,000 ordinary shares of US\$1 each.

The Company, through the Sellers and FIHL which is a wholly owned subsidiary of the Sellers, is the beneficial owner of 83.5% of the share capital of each of BCF and IBH being 835 ordinary shares of US\$1 each in the share capital BCF and 167,084 ordinary shares of US\$1 each in the share capital of IBH. The remaining 16.5% of the share capital in each of BCF and IBH is owned by companies whose ultimate beneficial owners are, third parties independent of the Company and connected persons of the Company, save for the companies being substantial shareholders of BCF and IBH respectively.

IBH is the holder of a 75% interest in the capital contribution of IBHJV which owns 100% of the Furama Resort. The remaining 25% of the share capital of IBHJV is owned by a company whose ultimate beneficial owner is, a third party independent of the Company and connected persons of the Company, save for the company being a substantial shareholder of IBHJV. Therefore, the Sellers indirectly own a 62.63% interest in the capital contribution of IBHJV.

FHRI is a wholly owned subsidiary of the Company.

The construction of the Furama Resort was completed in 1997 and the Furama Resort was the first five star luxury resort to open in Vietnam in the central capital coastal city of Danang which is situated on China Beach. The Furama Resort consists of 198 luxury rooms and suites, as well as providing function rooms for private dining, cocktail receptions, seminars and conferences for up to 600 people.

FHEL, FIHL, IBH and TIL's principal business activity is investment holding. IBHJV's principal business activity is its investment in and operation of the Furama Resort. BCF's principal business activity is the provision of financial services to IBHJV.

Vina's principal business activities are energy (i.e. power plants and petroleum exploitation), infrastructure (i.e. roads and urban infrastructure), real property, vehicle assembly and trading, finance and banking.

VI. TERMS USED IN THIS ANNOUNCEMENT

The following terms not defined in the text of this release have the meaning set forth below:

"Agreed Form Documents"	the documents in the form of a document which has been initialled on the date of the Sale and Purchase Agreement for the purpose of identification by or on behalf of the Sellers and Vina (in each case with such amendments as may be agreed by or on behalf of the Sellers and Vina)
"BCF"	Best City Finance Limited, a private company limited by shares and incorporated in the British Virgin Islands and whose registered office is at Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands
"Board"	the board of Directors comprising all of the Directors
"Circular"	the circular to be dispatched to the shareholders in respect of the Transaction
"Closing"	the completion of the sale and purchase of the FIHL Shares, assignment of the Shareholder Debt and procurement of the assignment of the Outstanding Fee in accordance with the provisions of the Sale and Purchase Agreement
"Closing Date"	means 8 July 2005 or such other date as the Sellers and Vina shall agree in advance of 8 July 2005, in writing

"Company"	Lai Sun Development Company Limited, a public company limited by shares incorporated in Hong Kong, the shares of which are listed on the Stock Exchange whose registered office is at 11/F Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong
"Conditions"	the conditions of Closing as set out in the Sale and Purchase Agreement
"Directors"	the directors of the Company
"Disclosure Letter"	the letter from the Sellers to Vina executed and delivered on the same date as the Sale and Purchase Agreement
"Escrow Agent"	The Law Debenture Trust (Asia) Limited whose registered office is at Room 1904, 19th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong
"Escrow Agreement"	the agreement between the Sellers, Vina and the Escrow Agent dated 8 April 2005
"FHEL"	Furama Hotels Enterprises Limited, a company incorporated under the laws of Hong Kong whose registered office is at 5/F., Majestic Hotel, 348 Nathan Road, Kowloon, Hong Kong
"FHRI"	Furama Hotels and Resorts International Limited, a company incorporated under the laws of the British Virgin Islands and whose registered office is at P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
"FIHL"	Furama International Hoteliers Limited, a private company limited by shares and incorporated in the British Virgin Islands and whose registered office is at Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands
"FIHL Shares"	the entire issued share capital of FIHL being 1,000 ordinary shares of US\$1 each
"Furama Resort"	Furama Resort located at Bac My An Ward, Da Nang City, Vietnam which is owned by IBHJV
"Guarantor"	the Company as guarantor under the Sale and Purchase Agreement, pursuant to which the Company unconditionally and irrevocably guarantees to Vina as a continuing obligation the proper and punctual performance by the Sellers of all their obligations under or pursuant to the Sale and Purchase Agreement and related Transaction Documents
"HK\$" / "Hong Kong"	Hong Kong dollars, the lawful currency of Hong Kong / Hong Kong Special Administrative Region of the People's Republic of China
"IBH"	Indochina Beach Hotel Limited, a private company limited by shares incorporated in the British Virgin Islands and whose registered office is at Columbus Centre Building, Wickhams Cay I, Road Town, Tortola, British Virgin Islands
"IBHJV"	Indochina Beach Hotel Joint Venture Limited, a joint-venture company limited by shares and incorporated in Vietnam whose registered office is at 68 Ho Xuan Huong Street, Bac My An Ward, Da Nang City, Vietnam
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"LSD Group"	the Company and its subsidiaries
"Operation and Management Agreement"	the agreement dated 16 August 1994 made between IBHJV and Majestic International Hotels Limited (which changed its name to FHRI on 8 July 1997) and amended and modified by a supplemental agreement dated 25 December 1996
"Outstanding Fee"	the amount of fees outstanding as at the Closing Date from IBHJV to FHRI under the terms of the Operation and Management Agreement
"Sale and Purchase Agreement"	the sale and purchase agreement dated 8 April 2005 made between the Sellers, Vina, the Company and FHRI relating to the Transaction
"Shareholders Debt"	in relation to FIHL any amounts owed as at Closing by FIHL to the Sellers, together with accrued interest, if any, up to the date of Closing under the terms of the loan agreement dated 7 December 2004 between FHEL (as lender) and FIHL (as borrower) and the loan agreement dated 7 December 2004 between TIL (as lender) and FIHL (as borrower)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TIL"	Transformation International Limited, a company incorporated under the laws of the British Virgin Islands whose registered office is at P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
"Transaction Documents"	The Sale and Purchase Agreement, the Disclosure Letter and any other Agreed Form Documents
"Transaction"	the sale by the Sellers of the FIHL Shares, the assignment by the Sellers of the Shareholder Debt and procurement by the Sellers of the assignment of the Outstanding Fee to Vina pursuant to the Sale and Purchase Agreement, as further described in this announcement
"US"	United States of America
"US\$" / "Vina"	US dollars, the lawful currency of US / Vina Investment Group Ltd., a company incorporated under the laws of the British Virgin Islands whose registered office is at Vanterpool Plaza, 2nd Floor, Wickhams Cay I, Road Town, Tortola, British Virgin Islands

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

Hong Kong, 15 April 2005

As at the date of this announcement the executive directors of the Company are Mr. Lam Kin Ngok, Peter, Mr. Lau Shu Yan, Julius and Mr. Wu Shiu Kee, Keith, the non-executive directors are Mr. Lam Kin Ming, Madam U Po Chu, Mr. Chiu Wai and Mr. Shiu Kai Wah and the independent non-executive directors are Mr. David Tang, Mr. Lam Bing Kwan and Mr. Leung Shu Yin, William.