



LAI SUN DEVELOPMENT

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

(Stock Code: 488)

GENERAL DISCLOSURE ANNOUNCEMENT

FULL REDEMPTION OF THE OUTSTANDING PRINCIPAL AMOUNT OF THE HK\$266,058,100 ZERO COUPON GUARANTEED BONDS DUE 31ST DECEMBER 2005 ISSUED BY LAI SUN INTERNATIONAL FINANCE (2004A) LIMITED AND GUARANTEED BY LAI SUN DEVELOPMENT COMPANY LIMITED

The Directors are pleased to announce the redemption in full of the outstanding principal amount of the HK\$266,058,100 Zero Coupon Guaranteed Bonds due 31st December, 2005 issued by Lai Sun International Finance (2004A) Limited and guaranteed by Lai Sun Development Company Limited.

This announcement is made under the general disclosure requirements under Rule 13.09 of the Listing Rules.

Reference is made to the circular dated 15th September, 2004 of Lai Sun Development Company Limited (the "Company") relating to the Settlement (the "Circular") and the joint announcement dated 7th December, 2004 issued by the Company, Lai Sun Garment (International) Limited and eSun Holdings Limited relating to the Completion of Settlement of Indebtedness of the Company (the "Joint Announcement"). Unless otherwise defined in this announcement, terms and expressions used herein shall have the same meaning as ascribed thereto in the Circular and the Joint Announcement.

This announcement is made under the general disclosure requirements under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Directors of the Company are pleased to announce the redemption in full of the outstanding principal amount of the HK\$266,058,100 Zero Coupon Guaranteed Bonds due 31st December, 2005 (the "Series A Bonds") issued by Lai Sun International Finance (2004A) Limited, a wholly-owned subsidiary of the Company, and guaranteed by the Company.

The Company has paid a total sum of HK\$251,516,654.42 to The Law Debenture Corporation (H.K.) Limited (the "Security Trustee"). The Company understands that the Security Trustee issued instructions to its bank on 27th July, 2005 to transfer the sum of HK\$251,516,654.42 to the account of JP Morgan Chase Bank, N.A., Hong Kong Branch (the "Paying Agent"). Accordingly, the Company anticipates that such amount will be distributed by the Paying Agent to the holders of the Series A Bonds on or about 29th July, 2005. The sum of HK\$251,516,654.42 is to be applied as follows:

- (i) HK\$236,791,709 will be paid to the holders of the Series A Bonds issued by Lai Sun International Finance (2004A) Limited and guaranteed by the Company as payment in full (together with the Residual Principal Amount referred to below) of the principal amount of the Series A Bonds outstanding as at the date hereof; and
- (ii) HK\$14,724,945.42, representing 70% of the net proceeds in excess of HK\$266,058,100 received by the Company on the sale of the Furama Resort in Danang, Vietnam and the refinancing of its interest in The Caravelle Hotel, Vietnam (further details of which are set out below) will be paid to the holders of the Series A Bonds.

In addition, HK\$2,660,581, representing the Residual Principal Amount of the Series A Bonds, has been paid to and will be retained by the Security Trustee until distribution of 70% of the net proceeds on the sale, disposal or valuation of The Caravelle Hotel, Vietnam and the units in The Waterfront, Kowloon, Hong Kong owned by the Company in accordance with the terms and conditions of the Series A Bonds.

The funds for payment of the amount of HK\$251,516,654.42 referred to above have come from:

- (i) a distribution made by Porchester Assets Limited ("Porchester"), the entity through which the Company owns its interest in The Caravelle Hotel, Vietnam, to the Company in May 2005;
- (ii) the net proceeds of the sale by Furama Hotel Enterprises Limited ("FHLE") and Transformation International Limited ("TIL"), two wholly-owned subsidiaries of the Company, of the entire issued share capital of Furama International Hoteliers Limited ("FIHL"), the indirect owner of a 62.63% interest in the capital of Indo China Beach Hotel Joint Venture Limited, which owns the Furama Resort in Danang, Vietnam; and
- (iii) the entering into by the owner of The Caravelle Hotel, Vietnam, Chains Caravelle Joint Venture Company Limited ("Chains Caravelle") of a loan facility, the proceeds of which have been remitted to Porchester in partial repayment of the shareholder loan owed by Chains Caravelle to Porchester. The proceeds remitted to Porchester by Chains Caravelle have been distributed to its shareholders, including the Company.

The Company continues to hold interests in The Caravelle Hotel, Vietnam and certain units in The Waterfront, Kowloon, Hong Kong, which the Company proposes to dispose of or otherwise deal with in accordance with the terms of the Overlay Deed so as to provide the holders of the Series A Bonds with further returns on the Series A Bonds.

As the Company has put the Security Trustee in funds to redeem the Series A Bonds in full, the security interests of the Series A Bondholders in relation to the Company's holdings in The Ritz-Carlton, Hong Kong and eSun Holdings Limited will forthwith be released by the Security Trustee.

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

Hong Kong, 28th July, 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.