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L A I S U N D E V E L O P M E N T

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

ANNOUNCEMENT ACQUISITION OF SHARES AND LOAN PURSUANT TO PUT OPTIONS

SUMMARY

The board of directors of the Company announces that:

- The Grantees exercised the Put Options on 29th November, 2002 to require the Company to acquire the Option Shares and the Option Loan at the Consideration.
- In accordance with the provisions of the Option Deed, the Company and the Grantees have agreed to enter into an agreement for the Acquisition and to complete the Acquisition on 29th November, 2002.
- The Completion took place on 29th November, 2002.

BACKGROUND

On 18th December, 1997, LSG and Furama announced that Furama entered into the Furama Agreement with the Grantees to dispose of the Option Shares and the related shareholder's loan at the aggregate consideration of (i) US\$120,000,000 and (ii) HK\$1,100,000,000. It was one of the conditions for the completion of the Furama Agreement that Furama shall grant the Put Options to the Grantees to require Furama to acquire the Option Shares and the Option Loan at the aggregate consideration of (i) US\$120,000,000 and (ii) HK\$1,000,000,000 during the period from 1st February, 2001 to 28th February, 2001. The Company was the holding company of Furama and a subsidiary of LSG on 18th December, 1997. The transaction did not constitute a disclosable transaction of the Company under the Listing Rules and no disclosure was required from the Company under the Listing Rules for the entering into of the Furama Agreement on 18th December, 1997 at the material time.

On 15th January, 1998, LSG, the Company and Furama announced that completion of the disposal pursuant to the Furama Agreement took place on 12th January, 1998.

On completion of the Furama Agreement, Furama granted the Put Options to the Grantees under a put option deed dated 12th January, 1998.

The put option deed dated 12th January, 1998 was amended, supplemented and varied by a supplemental deed dated 18th December, 1998, a second supplemental deed dated 24th May, 2000 and a third supplemental deed dated 27th February, 2001.

By virtue of the supplemental deed dated 18th December, 1998, the Grantees had the right to require the Company, in addition to Furama, to acquire the Option Shares and the Option Loan at the aggregate consideration of (i) US\$120,000,000 and (ii) HK\$1,000,000,000. This amendment to the put option deed dated 12th January, 1998 was initiated and requested by the Grantees and after an arm's length negotiation of the Company, Furama and the Grantees and taking into account that Furama is a wholly-owned subsidiary of the Company and the Company should have an obligation to ensure that Furama could meet its commitments when they arose, the Company, acting in good faith, accepted the request of the Grantees to be one of grantors for the Put Options under the option deed dated 12th January, 1998. The transaction did not constitute a disclosable transaction of the Company under the Listing Rules and no disclosure was required from the Company under the Listing Rules for the entering into of the supplemental deed dated 18th December, 1998 at the material time.

By virtue of the second supplemental deed dated 24th May, 2000, the option period of the Put Options was amended to from 25th May, 2000 to 28th February, 2001.

By virtue of the third supplemental deed dated 27th February, 2001, the consideration for acquisition of the Option Shares and the Option Loan was reduced to HK\$1,656,000,000 and the option period for the Put Options was amended to from 25th May, 2000 to 30th December, 2002. The reduction of the consideration for acquisition of the Option Shares and the Option Loan was in consideration of the payment by the Company to the Grantees a sum of HK\$280,000,000 and the said sum of HK\$280,000,000 was paid to the Grantees by the Company on 27th February, 2001. The reduction of the consideration and the payment of HK\$280,000,000 were arrived at after an arm's length negotiation between the Company, Furama and the Grantees taking into account of the impairment in values of the Properties.

Details of the Put Options have been disclosed in the annual reports of the Company of 1998, 1999, 2000 and 2001.

THE PUT OPTIONS AND THE ACQUISITION

Under the Option Deed, the Grantees have the right during the Option Period to require the Company and Furama jointly and severally to acquire the Option Shares and the Option Loan at the Consideration by serving on either the Company or Furama the Option Notice.

The Grantees served the Option Notice on the Company on 29th November, 2002.

Pursuant to the terms and conditions in the Option Deed, the Company and the Grantees agreed to enter into an agreement for the Acquisition and to complete the Acquisition on 29th November, 2002.

Completion took place on 29th November, 2002.

The Consideration was payable by the Company to the Grantees on Completion and the Consideration was financed by a bank loan of HK\$600 million to be secured by two first legal charges against the Properties and by setting off the sum of HK\$1,100,000,000 due from the Grantees to Furama under the Note.

INFORMATION ON FORTUNE SIGN AND THE PROPERTIES

Fortune Sign is a private company incorporated in BVI on 6th October, 1997. The Fortune Sign Group is principally engaged in the business of hotel operator and property investment. The principal asset of the Fortune Sign Group is the Properties. The audited consolidated net profits of the Fortune Sign Group before taxation were HK\$25,679,359 and HK\$22,213,484 for the two years ended 31st March, 2001 and 31st March, 2002 respectively. The audited consolidated net profits of the Fortune Sign Group after taxation were HK\$22,302,359 and HK\$14,835,484 for the two years ended 31st March, 2001 and 31st March, 2002 respectively. The audited consolidated net assets of the Fortune Sign Group was HK\$996,060,299 as at 31st March, 2002.

The Properties were completed in 1993. The Properties occupy a 20-storey building at No.348 Nathan Road, Kowloon with a total gross floor area of approximately 304,000 square feet. The Properties consist of the Majestic Hotel and the Majestic Centre. The Majestic Hotel consists of 387 guest rooms (including 9 suites) with a main entrance at the ground level. The Majestic Centre is a shopping centre occupying the remaining spaces of the Properties at the ground and basement level. The Properties are presently managed by Furama. The Majestic Centre, which has a total gross floor area of approximately 65,000 square feet, has been leased to various tenants and currently yields an annual income of approximately HK\$20 million including management and air-conditioning charges for the year ended 31st March, 2002.

GENERAL

The principal businesses of the Group include property development for sale, property investment for investment potential purposes, investment in and operation of hotels and restaurants and investment holding.

Each of the Grantees is an independent third party and is not connected with any of the directors, chief executives, management shareholders or substantial shareholders of the Company or any of their respective associates.

DEFINITIONS

“Acquisition”	the acquisition of the Option Shares and the Option Loan pursuant to the Put Options
“Building”	the messuages erections and buildings erected on the Land
“BVI”	British Virgin Islands
“Company”	Lai Sun Development Company Limited
“Completion”	the completion of the Acquisition
“Consideration”	the pre-determined consideration for the Acquisition in the Option Deed for the sum of HK\$1,656 million
“Fortune Sign”	Fortune Sign Venture Inc., a private company incorporated in BVI
“Fortune Sign Group”	Fortune Sign and its subsidiaries

“Furama”	Furama Hotel Enterprises Limited, a wholly-owned subsidiary of the Company
“Furama Agreement”	the agreement for sale and purchase of the Sale Shares and the related shareholder’s loan dated 18th December, 1997 entered into between Furama as vendor, the Share Grantee as share purchaser and the Loan Grantee as loan purchaser
“Grantees”	the Share Grantee and the Loan Grantee
“Grantors”	the Company and Furama
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Land”	All That piece or parcel of ground registered in the Land Registry as Kowloon Inland Lot No.6733
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Grantee”	Eddington Property Corp., a private company incorporated in BVI
“Loan Put Option”	the put option granted by the Grantors to the Loan Grantee under the Option Deed to require the Grantors to acquire the Option Loan
“LSG”	Lai Sun Garment (International) Limited
“Majestic Centre”	All Those 7,973 equal undivided 29,810 parts or shares of an in the Land and the Building Together with the sole and exclusive right and privilege to hold use occupy and enjoy All That Commercial Portion of the Building
“Majestic Hotel”	All Those 21,837 equal undivided 29,810 parts or shares of an in the Land and the Building Together with the sole and exclusive right and privilege to hold use occupy and enjoy All That Hotel Portion of the Building
“Note”	a promissory note dated 12th January, 1998 as amended, supplemented and varied by a supplemental deed dated 27th February, 2001, pursuant to which the Grantees undertake to pay to Furama the sum of HK\$1,100 million, being a loan due from the Grantees to Furama
“Option Deed”	the put option deed dated 12th January, 1998 as amended, supplemented and varied by a supplemental deed dated 18th December, 1998, a second supplemental deed dated 24th May, 2000 and a third supplemental deed dated 27th February, 2001, pursuant to which, the Grantors jointly and severally granted the Share Put Option to the Share Grantee and the Loan Option to the Loan Grantee.

“Option Loan”	the amount of indebtedness owing from Fortune Sign to the Loan Grantee as at the date of Completion as ascertained from the unaudited management accounts of Fortune Sign to be prepared by Grantees and delivered to the Grantors before Completion
“Option Notice”	the written notice issued by the Grantees to the Grantors or any one of them pursuant to the Option Deed notifying the Grantors the exercise of the Put Options by the Grantees
“Option Period”	from 25th May, 2000 to 30th December, 2002 (both days inclusive)
“Option Shares”	10 ordinary shares of US\$1.00 each in the share capital of Fortune Sign, representing the entire issued share capital of Fortune Sign
“Properties”	the Majestic Hotel and the Majestic Centre
“Put Options”	the Share Put Option and the Loan Put Option
“Share Grantee”	Mainland Limited, a private company incorporated in BVI
“Share Put Option”	the put option granted by the Grantors to the Share Grantee under the Option Deed to require Grantors to acquire the Option Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 2nd December, 2002

*Please also refer to the published version of this announcement in the (**The Standard**)*