LAI SUN DEVELOPMENT

Lai Sun Development Company Limited

(Incorporated in Hong Kong with limited liability)

Stock Code: 0488

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Lai Sun Development Company Limited ("**LSD**") will be held at The Harbour Room, 3/F., The Ritz-Carlton Hong Kong, 3 Connaught Road Central, Hong Kong on Wednesday, 13th October, 2004 at 4:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an Ordinary Resolution:

"**THAT**:

(1) the settlement agreement dated 28th June, 2004, as amended and supplemented by a supplemental agreement dated 31st August, 2004 (the "**Settlement Agreement**") entered into between LSD, Furama Hotel Enterprises Limited ("**Furama Hotel Enterprises**"), Golden Pool Enterprises Limited ("**Golden Pool**") and eSun Holdings Limited ("**eSun**"), copies of which will be produced to the meeting marked "A" and to be signed by the chairman of the meeting for the purposes of identification only, and the transactions and ancillary matters contemplated thereunder as described in the Settlement Agreement and the circular dated 15th September, 2004 (the "**Circular**") and despatched to shareholders of LSD together with this notice, a copy of which will be produced to the meeting marked "B" and to be signed by the chairman of the meeting for the purposes of identification only, which transactions include, amongst other matters:

(a) the payment by LSD (either directly or through its subsidiary, Furama Hotel Enterprises) to Golden Pool of a cash amount of HK$20 million;

(b) the guarantee by LSD in favour of Golden Pool of the obligations of Furama Hotel Enterprises pursuant to a five year interest-bearing term loan, at a rate of 4.5% per annum, in the principal amount of HK$225 million extended to Furama Hotel Enterprises by Golden Pool (being the "**eSun Loan**")

(c) the provision by LSD of security in favour of Golden Pool in respect of the eSun Loan (being the "**Ritz-Carlton Security**"), comprising a first charge and second charge over LSD's indirect interest in the Ritz-Carlton, Hong Kong, which Golden Pool will share with the holders of the US$115,000,000 five per cent. Exchangeable Guaranteed Bonds due 2004 (the "**Exchangeable Bonds**") issued by Lai Sun International Finance (Cayman Islands) Limited (a wholly owned subsidiary of LSD) and guaranteed by LSD, as constituted by the trust deed dated 28th February, 1997 (as amended and supplemented from time to time) (the "**Exchangeable Bondholders**") and the holders of the US$150,000,000 four per cent. Convertible Guaranteed Bonds due 2002 (the "**Convertible Bonds**") issued by Lai Sun International Finance (1997) Limited (a wholly owned subsidiary of LSD) and guaranteed by LSD, as constituted by the trust deed dated 4th August, 1997 (as amended and supplemented from time to time) (the "**Convertible Bondholders**") (the Exchangeable Bondholders and the Convertible Bondholders shall collectively hereinafter be referred to as the "**Bondholders**"); and

(d) the allotment and issue by LSD to Golden Pool, or its nominee, of 5,200,000,000 new shares (the "**Shares**") of HK$0.50 each in the capital of LSD (being the "**eSun Settlement Shares**") at par value of HK$0.50 each Share and to be credited as fully paid, representing an aggregate nominal value of HK$2,600 million,

be and are hereby approved, confirmed and ratified; and any director of LSD be and is hereby authorised to enter into, perfect and deliver all such documents and do all such acts and things and any two directors or any director and the company secretary of LSD be and are hereby authorised to affix the company's seal to all such documents and deliver the same as deeds of LSD, in any such case as may be necessary or desirable to implement or give effect to the terms of the Settlement Agreement and the transactions and ancillary agreements or documents contemplated thereunder (including without limitation, exercising or enforcing any right thereunder) and to make and agree such variations to the terms of the Settlement Agreement as he, in his absolute discretion, may consider to be desirable, appropriate or necessary and in the interest of LSD;

(2) the proposals to settle the total indebtedness owed by the LSD Group to the Bondholders, inclusive of all accrued interest and premia (the "**Bonds Settlement**"), as described in the Circular, which transactions include, amongst other matters:

(a) the payment by LSD to the Bondholders of an aggregate cash amount of US$38,429,600 (equal to approximately HK$300 million);

(b) the settlement by LSD of a residual principal indebtedness in the amount of approximately HK$266 million (the "**Residual Indebtedness**") and a further principal amount of approximately HK$70 million (the "**Contingent Indebtedness**") which remain due to the Bondholders, on or before 31st December, 2005, (in the case of the Contingent Indebtedness only in the circumstance described in sub-paragraph (e) below) and the payment of interest on the then outstanding principal amounts of the Residual Indebtedness and the Contingent Indebtedness if any such principal amount remains outstanding after 31st December, 2005;

(c) the grant by LSD, in respect of the Residual Indebtedness and the Contingent Indebtedness, in favour of the Bondholders of the following:

(i) relevant first charges over LSD's 10% indirect attributable debt and equity interest in The Waterfront, being a property development in Kowloon (which equity interest shall include a first charge over the entire issued share capital of Vutana Trading Limited as held by LSD) (the "**Waterfront Security Interest**") and an assignment of any reversionary interest in all shareholders' loans owed to LSD and its subsidiaries (the "**LSD Group**") in connection with such interest;

(ii) relevant first charges over LSD's 26.01% indirect attributable debt and equity interest in the Caravelle Hotel, Ho Chi Minh City, Vietnam (the "**Caravelle Security Interest**") and assignments of all relevant shareholders' loans owed to the LSD Group and of LSD's indirect interest in relation to the rights and interests of the relevant management agreement entered into by the LSD Group in connection with such interest with an authority ultimately to dispose of such interests to the Bondholders or such persons as the Bondholders shall designate;

(iii) relevant first charges over LSD's 62.65% indirect attributable debt and equity interest in the Furama Resort, Danang, Vietnam (the "**Danang Security Interest**") and assignments of all relevant shareholders' loans owed to the LSD Group and of LSD's indirect interest in relation to the rights and interests of the relevant management agreement entered into by the LSD Group in connection with such interest with an authority ultimately to dispose of such interests to the Bondholders or such persons as the Bondholders shall designate;

(iv) a limited recourse right to share in the Ritz-Carlton Security on a pari passu basis with Golden Pool (but subject, in the case of the Bondholders, to a maximum potential recovery of HK$120 million); and

(v) relevant first and second charges over LSD's entire indirect shareholding interest in eSun.

(d) the allotment and issue to the Bondholders by LSD of a total of 3,800,040,000 new Shares (being the "**Bondholder Settlement Shares**") at par value of HK$0.50 each Share and to be credited as fully paid, representing an aggregate nominal value of approximately HK$1,900 million;

(e) the repayment of an amount up to the Contingent Indebtedness by LSD to the Bondholders in the event that Mr. Lam Kin Ngok, Peter ("**Mr. Peter Lam**") fails to purchase all or any of up to 2,799,440,000 Shares pursuant to the exercise(s) by the Bondholders of the rights to put such Shares to Mr. Peter Lam, granted to each of the Bondholders by Mr. Peter Lam, during an exercise window commencing on 1st November, 2005 and ending on 30th November, 2005;

(f) the payment by LSD to the Bondholders an aggregate sum up to 70% of the net sale proceeds which exceeds HK$266 million from the sales by LSD of its indirect attributable equity interest in each of the relevant companies or assets comprising the Waterfront Security Interest, the Caravelle Security Interest and the Danang Security Interest (collectively the "**Three Planned Sale Interests**") to purchasing parties up until 31st December, 2006;

(g) the transfer by LSD to the Bondholders of LSD's remaining interest in the Three Planned Sale Interests after 31st December, 2006 to extinguish the liability of LSD to pay to the Bondholders their entitlement to the 70 per cent. of the net sale proceeds which exceeds HK$266 million as detailed in sub-paragraph (f) above;

be and are hereby approved; and any director of LSD be and is hereby authorised to enter into, perfect and deliver all such documents and do all such acts and things and any two directors or any director and the company secretary of LSD be and are hereby authorised to affix the company's seal to all such documents and deliver the same as deeds of LSD, in any such case as may be necessary or desirable to implement or give effect to the terms of the Bonds Settlement and the transactions and ancillary agreements or documents contemplated thereunder (including without limitation, exercising or enforcing any right thereunder) and any such director is authorised to make and agree such variations to the terms of the Bonds Settlement as he, in his absolute discretion, may consider to be desirable, appropriate or necessary and in the interest of LSD;

(3) the proposals to settle the indebtedness owed to Absolute Gain Trading Limited, a company 100 per cent. controlled by Mr. Chen Din Hwa, who also controls as to 100% of the share capital of a substantial shareholder of LSD, Nice Cheer Investments Limited as at the date hereof, (as such term shall have been defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited), in its capacity as a Bondholder pursuant to the Bonds Settlement, in the manner set out in paragraph (2) above, which constitute a "Special Deal" for the purposes of the Hong Kong Code on Takeovers and Mergers, be and are hereby approved and any director of LSD be and is hereby authorised to do all things and acts and sign all documents which he considers desirable or expedient to implement and/or give effect to any matters relating to or in connection with such special deal;

(4) the Whitewash Waiver (as defined in the Circular) be and is hereby approved and any director of LSD be and is hereby authorised to do all things and acts and sign all documents which he considers desirable or expedient to implement and/or give effect to any matters relating to or in connection with the Whitewash Waiver;

(5) the authorised share capital of LSD be and is hereby increased to HK$9,200,000,000 by the creation of an additional 6,000,000,000 new ordinary shares of HK$0.50 each in the capital of LSD;

(6) any director of LSD be and is hereby authorised to allot and issue such new Shares in the share capital of LSD to eSun and the Bondholders as the eSun Settlement Shares and the Bond Settlement Shares respectively pursuant to the terms of the Settlement Agreement and the Bonds Settlement, as more particularly described in the Circular and paragraphs (1) and (2) above;

(7) without prejudice to any of the foregoing, any director of LSD be and is hereby authorised to enter into, execute and/or otherwise give effect to (or procure the entry into, execution or giving of effect to) all or any other documents or agreements considered by him, in his absolute discretion, to be appropriate or necessary to implement the Settlement Agreement, the Bonds Settlement and the transactions contemplated thereunder and/or to give full force and effect to the security interests created in favour of each of eSun and the Bondholders in accordance with the matters set out or referred to in the Circular and paragraphs (1) to (6) above (including but not limited to, the Ritz-Carlton Security Adjustment, as such term is defined in the Circular)."

By Order of the Board
Yeung Kam Hoi
Company Secretary

Hong Kong, 15th September, 2004

Registered Office:
11th Floor
Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Kowloon
Hong Kong

The executive directors of LSD are Mr. Lim Por Yen, 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 and Mr. Lam Bing Kwan.

Notes:

(1) Any member entitled to attend and vote at the extraordinary general meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of LSD.

(2) Where there are joint registered holders of any ordinary share, any one of such persons may vote at the extraordinary general meeting, either personally or by proxy, in respect of such ordinary share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such ordinary share shall alone be entitled to vote in respect thereof.

(3) A form of proxy for use at the extraordinary general meeting is enclosed.

(4) To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at LSD's Registrars, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or adjourned extraordinary general meeting (as the case may be). Completion and return of the form of proxy will not preclude members from attending and voting in person at the extraordinary general meeting or at any adjourned extraordinary general meeting should they so wish.

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