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LAI SUN HOTELS

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 1998

RESULTS

The Board of Directors of Lai Sun Hotels International Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 1998 are as follows:

	1998	1997
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	369,221	405,094
	=====	=====
Operating profit/(loss) before exceptional items	(23,940)	85,134
Exceptional items (Note (a))	(143,314)	(34,492)
	-----	-----
Operating profit/(loss)	(167,254)	50,642
Attributable profits less losses related to associated companies	106,123	95,705
	-----	-----
Profit/(loss) before taxation	(61,131)	146,347
Taxation (Note (b))	(13,703)	(16,109)
	-----	-----
Profit/(loss) before minority interests	(74,834)	130,238
Minority interests	25,032	(20,090)
	-----	-----
Net profit/(loss) attributable to shareholders	(49,802)	110,148
	=====	=====
Earnings/(loss) per share --- Basic (Note (c))	(2.73 cents)	7.79 cents
	=====	=====

Notes:

	1998	>b>1997
	<i>HK\$'000</i>	<i>HK\$'000</i>
(a) Exceptional items		
Provisions against the carrying values of properties under development to net realisable values and losses on disposal of properties	61,365	34,492
Revaluation deficit on investment properties	28,247	---
Losses on investments in associated companies, net	25,466	---
Provision for diminution in value on goodwill	23,219	---
Provision for bad and doubtful debts	5,017	---

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143,314	34,492
=====	=====

(b) Taxation

Hong Kong profits tax has been provided at the rate of 16% (1997: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of taxation prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

	1998	1997
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision for taxation for the year:		
Hong Kong	---	452
Overseas	19,455	7,296
	-----	-----
	19,455	7,748
Prior year's over provisions --- Hong Kong	(2,797)	---
	-----	-----
	16,658	7,748
Deferred taxation	(5,404)	(2,323)
Overseas associated companies=	2,449	10,684
	-----	-----
Taxation charge for the year	13,703	16,109
	=====	=====

Included in overseas tax provision for the year is a corporate tax provision of HK\$17,342,000 (1997: HK\$5,704,000) of Hotel 57 Corp. I, Inc., a subsidiary of the Group holding 50% interest in a partnership, Hotel 57 L.L.C.. As a partner of Hotel 57 L.L.C., Hotel 57 Corp. I, Inc. is responsible for its attributable portion of the United States Federal and State income tax of Hotel 57 L.L.C..

(c) Earnings/(loss) per share

The calculation of earnings/(loss) per share is based on the net loss attributable to shareholders for the year of HK\$49,802,000 (1997: profit of HK\$110,148,000) and on the weighted average of 1,824,143,092 (1997: 1,413,724,701) ordinary shares of the Company in issue during the year.

No diluted earnings per share is presented as the exercise of the warrants of the Company is anti-dilutive.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend in respect of the year ended 31st December, 1998 at the forthcoming Annual General Meeting. For the year ended 31st December, 1997, a final dividend of 1.5 Hong Kong cents per ordinary share was paid which absorbed distributable profits of HK\$27,362,000.

YEAR 2000 COMPLIANCE

The Group has been carrying on the implementation of the "Year 2000 Compliance Program" of which the approach, structure, risk assessment and compliance definition have been covered in the previous Interim Report.

It has been found that some of the existing personal computer hardware, network servers and accounting software in the corporate office are non-compliant. In this respect, the Group has appointed independent consultants to advise on the replacement or upgrading of the hardware and related software to ensure compliance. Total estimated costs amount to approximately HK\$100,000. As at the date hereof, approximately 60% of the hardware have been replaced or upgraded with final conversion scheduled by the end of June 1999. Costs paid to date have not been material.

As for the hotel operating subsidiaries, the systems identified as requiring major upgrades are the accounting and hotel reservation systems. As these systems are all sourced from leading software vendors, the Group considers that the risks and uncertainties associated with the Year 2000 problem are not significant and the compliance projects are executed in an orderly and professional manner to ensure that there will be no disruption to their operations after the turn of the millennium. Periodic reports are submitted to the Group for monitoring and review. Based on the current estimates, 60% of the compliance project has been completed and it is expected that full completion will be ready by the second quarter of 1999. The total project costs are estimated at approximately HK\$1 million, of which 60% has been spent. The costs have been accounted for either as operating expenses or capital expenditure according to the nature of each specific item.

As at the date hereof, there was no material commitment undertaken by the Group in respect of the Year 2000 modifications. Furthermore, the Group has formulated contingency plans to deal with any unforeseen problems that might arise at the turn of the new millennium. They mainly involve the backing up of all electronic data in multiple media at intervals to enable the restoration of the same at a later time; the engagement of external consultants to oversee the transition of the computer systems through the turn of the millennium and having manual modes of the Group's vital functions ready to take over to enable the continued operation of the Group without the need of computers.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31st December, 1998, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

Notice of the Annual General Meeting together with the Company's Annual Report for the year ended 31st December, 1998, incorporating details of business review and prospects of the Company, will be dispatched to shareholders as soon as possible.

By Order of the Board
Lam Kin Ngok, Peter
Chairman

Hong Kong, 29th April, 1999