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LAI SUN DEVELOPMENT

Lai Sun Development Company Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 488)



eSun Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 571)

PLACING OF NEW SHARES OF LAI SUN DEVELOPMENT COMPANY LIMITED

RESUMPTION OF TRADING

LSD entered into the Placing Agreement on 17 November 2006 with the Placing Agent in relation to the Placing, pursuant to which the Placing Agent has agreed to procure subscribers (who are Independent Third Parties and who shall not be eSun nor parties acting in concert with eSun for the purposes of the Hong Kong Code on Takeovers and Mergers) to subscribe or itself subscribe for 1,416,000,000 Placing Shares at the Placing Price of HK\$0.36 per Share.

The Placing Shares represent approximately 10.0% of LSD's issued share capital as enlarged by the Placing Shares. The net proceeds from the Placing will be approximately HK\$504 million, which will be used as general working capital of the LSD Group (which may be deployed for the financing of the potential re-development of The Ritz-Carlton Hong Kong being explored and evaluated by the LSD Group and/or other new property development projects of the LSD Group).

The Placing is fully underwritten by the Placing Agent. Completion of the Placing is subject to the Stock Exchange granting listing of, and permission to deal, in the Placing Shares. If this condition is not fulfilled, the Placing will not proceed.

LSD is an associated company of eSun. eSun has an approximate interest of 40.80% in LSD as at the date of this announcement, which will be reduced to approximately 36.72% immediately upon completion of the Placing, assuming there are no other changes to the issued share capital of LSD and the shareholding of eSun in LSD prior to the completion of the Placing. After completion of the Placing, eSun will continue to account for LSD as an associated company.

The eSun Board considers that the Placing is price-sensitive information and therefore makes this announcement pursuant to Rule 13.09(1) of the Listing Rules.

Trading in the LSD Shares and eSun Shares on the Stock Exchange was suspended from 9:30 a.m. on 17 November 2006 at the respective request of LSD and eSun pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the LSD Shares and eSun Shares with effect from 9:30 a.m. on 20 November 2006.

The LSD Board and eSun Board are pleased to announce that on 17 November 2006, the parties referred to below entered into the Placing Agreement, details of which are described below.

PLACING OF 1,416,000,000 NEW LSD SHARES

Placing Agreement: Dated 17 November 2006 entered into by LSD and the Placing Agent.

Placing Shares: 1,416,000,000 new LSD Shares to be allotted and issued by LSD, equivalent to approximately 11.1% of the existing issued share capital of LSD and representing approximately 10.0% of the issued share capital of LSD as enlarged by the Placing Shares. The Placing is fully underwritten by the Placing Agent.

Placing Price: The price of HK\$0.36 per Placing Share was determined after arm's length negotiations between LSD and the Placing Agent and represents: (i) a discount of approximately 7.7% to the closing price of HK\$0.390 per LSD Share as quoted on the Stock Exchange on 16 November 2006, being the Last Dealing Date; (ii) a discount of approximately 6.3% to the average closing price of approximately HK\$0.384 per LSD Share as quoted on the Stock Exchange for the 10 trading days of LSD Shares immediately before and including the Last Dealing Date; (iii) a premium of approximately 16.5% as compared to the book net asset value per LSD Share of approximately HK\$0.309 per Share as reflected in the final results announcement concerning the audited consolidated accounts of LSD as at 31 July 2006.

Placing Agent: J.P. Morgan Securities (Asia Pacific) Limited, as the Placing Agent has agreed to procure subscribers or itself subscribe for the Placing Shares.

The Placing Agent is an Independent Third Party.

Subscribers: The Placing Shares are expected to be subscribed by not less than six institutional investors who should be Independent Third Parties and who shall not be eSun nor parties acting in concert with eSun for the purposes of the Hong Kong Code on Takeovers and Mergers.

Condition: The Placing is conditional upon the Stock Exchange granting approval for the listing of and permission to deal in the Placing Shares.

Termination: The Placing is subject to termination on the occurrence of certain events prior to completion of the Placing, which may be summarized as follows:-

1. there develops, occurs or comes into force:
 - (i) any new law or regulation or any change in existing laws or regulations which in the opinion of the Placing Agent has or is likely to have a material adverse effect on the financial position of the Company and its subsidiaries and jointly-controlled entities (the "Group") as a whole; or
 - (ii) any outbreak or escalation of hostilities or act of terrorism or epidemic or pandemic or act of God involving Hong Kong, the PRC the United Kingdom or the United States or the declaration by Hong Kong, the PRC, the United Kingdom or the United States of a national emergency or war; or
 - (iii) any change (whether or not permanent) or development (whether or not permanent) involving a prospective change in local, national or international economic, financial, political or military conditions which in the opinion of the Placing Agent is or would be materially adverse to the success of the Placing; or
 - (iv) any change (whether or not permanent) or development (whether or not permanent) involving a prospective change in local, national or international securities market conditions or currency exchange rates or exchange controls which in the opinion of the Placing Agent is or would be materially adverse to the success of the Placing; or makes it impracticable or inadvisable or inexpedient to proceed therewith; or
 - (v) any suspension of dealings in the LSD Shares for any period whatsoever (other than as a result of the Placing); or

(vi) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, New York Stock Exchange or London Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the Closing Date; or

2. any breach of any of the representations, warranties and undertakings by the Company in the Placing Agreement comes to the knowledge of the Placing Agent; or any event occurs or any matter arises prior to the Closing Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations, warranties and undertaking untrue or incorrect in such a manner as would in the opinion of the Placing Agent, materially and adversely affect the financial position or business of the Group as a whole; or there has been a breach of, or failure to perform, any other provision of the Placing Agreement on the part of the Company; or

3. there is any change, or any development involving a prospective change, in the general affairs, management, business, stockholders' equity or in the financial or trading position of the Group as a whole which in the opinion of the Placing Agent is materially adverse to the success of the Placing.

Lock-up: LSD undertakes to the Placing Agent that for a period of 90 days from the date of Completion, the Company will not, generally, (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe any LSD Shares or any interests in LSD Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any LSD Shares or interest in LSD Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the written consent of the Placing Agent.

Completion: Subject to fulfillment of the conditions, the completion of the Placing is expected to take place on or before 28 November 2006 (or such other date as the Placing Agent and the Company may otherwise agree). A further announcement will be made if the completion of the Placing has not taken place by 28 November 2006.

Mandate to issue the Placing Shares: The Placing Shares will be issued pursuant to the general mandate to allot, issue and deal with shares granted to the Directors by a resolution of shareholders of LSD passed at its annual general meeting held on 23 December 2005.

The Company has not issued any equity securities in the 12 months immediately preceding the date of this announcement.

Ranking of the Placing Shares: The Placing Shares will rank pari passu in all respects with the LSD Shares in issue at the time of allotment and issue of the Placing Shares.

Application for listing: Application will be made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

EFFECT IN SHAREHOLDING

The shareholding of LSD immediately before completion of the Placing and immediately after completion of the Placing is and will be as follows:

	Immediately before the Placing (Note 1)		Immediately after the Placing (Note 1)	
	Number of LSD Shares	%	Number of LSD Shares	%
eSun (Note 2)	5,200,000,000	40.80%	5,200,000,000	36.72%
LSG (Note 2)	1,582,869,192	12.42%	1,582,869,192	11.18%
Three LSD Directors (Note 3)	11,932,985	0.09%	11,932,985	0.08%
Other public shareholders (Note 4)	5,951,240,143	46.69%	5,951,240,143	42.02%
Placees of the Placing	—	—	1,416,000,000	10.00%
Total	<u>12,746,042,320</u>	<u>100.00%</u>	<u>14,162,042,320</u>	<u>100.00%</u>

No placee is expected to become a substantial shareholder (as defined in the Listing Rules) of LSD as a consequence of the Placing.

Notes:

- (1) The shareholding figures are calculated on the basis of a total of 12,746,042,320 LSD Shares in issue. The shareholding figures assume that other than the Placing Shares, no new LSD Shares are issued and no existing LSD Shares are re-purchased by LSD and no existing LSD Shares are sold or purchased by eSun or LSG or the three LSD Directors after the date of this announcement up to the date of completion of the Placing.
- (2) The 5,200,000,000 LSD Shares are beneficially owned by eSun and the 1,582,869,192 LSD Shares are beneficially owned by LSG.
- (3) Three LSD Directors hold a total of 11,932,985 LSD Shares and their LSD Shares are not considered to be held by the public.
- (4) So far as the shareholdings of public shareholders are concerned, the figures stated above are those to the best knowledge of LSD.

REASONS FOR AND BENEFITS OF THE PLACING

The LSD Directors consider that the Placing will strengthen the capital base of LSD. It is estimated that the net proceeds of the Placing will amount to approximately HK\$504 million. LSD intends to use the net proceeds from the Placing as general working capital (which may be deployed for the financing of the potential re-development of The Ritz-Carlton Hong Kong being explored and evaluated by the LSD Group and/or other new property development projects of the LSD Group).

The LSD Directors consider that the terms of the Placing are fair and reasonable and believe that the Placing is in the best interests of LSD and its shareholders as a whole.

PRINCIPAL ACTIVITIES OF THE LSD GROUP

The principal activities of the LSD Group are property development, property investment, operation and investment in hotels, and investment holding.

PRICE-SENSITIVE INFORMATION FOR ESUN

LSD is an associated company of eSun. After completion of the Placing, eSun will continue to account for LSD as an associated company.

As the placing price of HK\$0.36 per LSD Share is higher than the book value of the net assets per LSD Share, it is estimated that a gain of approximately HK\$33 million arising from the deemed disposal of eSun's equity interest in LSD (after taking into account the release of unrealised reserves) would be recognised in the consolidated income statement of eSun. As LSD is currently holding an approximate 34.83% equity interest in eSun, an estimated gain of approximately HK\$12 million would be recognised in the consolidated income statement of LSD as a result of the cross-holding by LSD in eSun. The above calculations are subject to review by the auditors. The estimated gain on deemed disposal arising from the Placing will need to be calculated based on the actual consolidated net asset values of LSD and eSun as at the date of completion of the Placing. Therefore, the actual financial effects of the above transaction are expected to be different from the amounts disclosed above.

The eSun Board considers that the Placing is price-sensitive information and therefore makes this announcement pursuant to Rule 13.09(1) of the Listing Rules.

RESUMPTION OF TRADING

Trading in the LSD Shares and eSun Shares on the Stock Exchange was suspended from 9:30 a.m. on 17 November 2006 at the respective request of LSD and eSun pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the LSD Shares and eSun Shares with effect from 9:30 a.m. on 20 November 2006.

DEFINITIONS

The following defined terms are used in this announcement:

"associates"	has the meaning ascribed thereto in the Listing Rules;
"eSun Board"	the board of Directors of eSun;
"eSun Shares"	ordinary shares of HK\$0.50 each in the share capital of eSun;
"eSun"	eSun Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the Stock Exchange;
"Independent Third Parties"	persons who are independent third parties not connected with LSD or eSun or any of their respective connected persons;
"Last Dealing Date"	16 November 2006, being the last day on which the LSD Shares were traded on the Stock Exchange prior to the issue of this announcement;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"LSD Board"	the board of directors of LSD;
"LSD Directors"	the directors of LSD;
"LSD Group"	LSD and its subsidiaries;
"LSD Shares"	ordinary shares of HK\$0.01 each in the share capital of LSD;
"LSD" or the "Company"	Lai Sun Development Company Limited, a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange;
"LSG"	Lai Sun Garment (International) Limited, a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange;
"Placing Agent"	J.P. Morgan Securities (Asia Pacific) Limited;
"Placing Agreement"	the placing agreement dated 17 November 2006 entered into among LSD and the Placing Agent in relation to the Placing;
"Placing Shares"	the 1,416,000,000 new LSD Shares to be allotted and issued pursuant to the Placing Agreement;
"Placing"	the placing of the Placing Shares by the Placing Agent pursuant to the Placing Agreement;
"Shareholder(s)"	holder(s) of the LSD 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, 17 November 2006

By order of the Board
eSun Holdings Limited
Yeung Kam Hoi
Company Secretary

As at the date of this announcement, the executive directors of LSD are Mr. Lam Kin Ngok, Peter, Mr. Lau Shu Yan, Julius, Mr. Tam Kin Man, Kraven and Mr. Cheung Wing Sum, Ambrose; the non-executive directors are Mr. Lam Kin Ming and Madam U Po Chu and the independent non-executive directors are Mr. David Tang, Mr. Lam Bing Kwan and Mr. Leung Shu Yin, William.

As at the date of this announcement, the executive directors of eSun are Mr. Lien Jown Jing, Vincent, Mr. Lee Po On, Mr. Lam Kin Ngok, Peter, Mr. Liu Ngai Wing and Mr. Cheung Wing Sum, Ambrose; the non-executive directors are Mr. Lam Kin Ming, Madam Tam Wai Chu, Maria and Madam U Po Chu and the independent and non-executive directors are Mr. Alfred Donald Yap, Mr. Low Chee Keong and Mr. Tong Ka Wing, Carl.