The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

DISCLOSEABLE TRANSACTION FOR LAI SUN DEVELOPMENT COMPANY LIMITED

On 21 May 2007, Lai Sun entered into the SPA in relation to the disposal by Taiwa, a 50% owned associate company of Lai Sun, of the entire issued share capitals of Majestic Hotel BVI and Majestic Centre BVI to the Purchaser, as a guarantor to guarantee the performance of Taiwa's obligations under the SPA. The primary assets indirectly held by Majestic Hotel BVI and Majestic Centre BVI are Majestic Hotel and Majestic Centre respectively. The total consideration payable by the Purchaser under the SPA is HK$1.69 billion (subject to adjustments).

The Guarantee provided by Lai Sun under the SPA is on a several basis in accordance with its indirect 50% shareholding in Taiwa. Upon completion of the SPA, Lai Sun will also enter into the Tax Deed under which Lai Sun will agree to give the Tax Indemnity on a several basis.

Pursuant to the SPA and the Tax Deed, the aggregate maximum liability of Lai Sun (i) to compensate the Purchaser for any breach of the warranties given by Taiwa under the SPA; and (ii) under the General Tax Indemnity, is HK$422,500,000. In addition, the maximum liability of Lai Sun under the Specific Capital Gain Tax Indemnity and Specific Balancing Charge Tax Indemnity is HK$15,000,000 and HK$3,500,000 respectively.

The Guarantee and the Tax Indemnity provided by Lai Sun under the SPA and Tax Deed respectively constitute a discloseable transaction on the part of Lai Sun under Chapter 14 of the Listing Rules.

A circular containing, amongst other things, further details of the Guarantee and the Indemnity, will be despatched to the shareholders as soon as practicable in accordance with the Listing Rules.

eSun holds approximately 36.72% of the existing issued share capital of Lai Sun as at the date of this announcement. In view of the potential maximum liability of Lai Sun under the Guarantee and the Tax Indemnity, eSun therefore makes this announcement pursuant to Rule 13.09(1) of the Listing Rules.

GUARANTEE AND INDEMNITY

The SPA

Date: 21 May 2007

Parties: (1) Taiwa as seller;

(2) the Purchaser as purchaser; and

(3) Lai Sun and E. Lite as guarantors

To the best knowledge, information and belief of the board of Lai Sun after having made all reasonable inquiries, Taiwa, the Purchaser, E. Lite and their respective associates (including the ultimate beneficial owners of the Purchaser and E. Lite) are third parties independent of and not connected with Lai Sun, eSun and their respective connected persons (as defined in the Listing Rules). Save for the relationships under the SPA, the Tax Deed and transactions contemplated thereunder, the Purchaser has no other relationship with either Lai Sun or eSun.

Under the SPA, Taiwa has agreed to sell and the Purchaser has agreed to purchase the entire issued share capitals of Majestic Hotel BVI and Majestic Centre BVI and the benefit of the Shareholder Loans for a total consideration of HK$1.69 billion (subject to adjustments). The primary assets indirectly held by Majestic Hotel BVI and Majestic Centre BVI are Majestic Hotel and Majestic Centre respectively. Upon completion of the SPA, Taiwa will lend part of the Consideration receivable from the Purchaser to Majestic Hotel HK and Majestic Centre HK to discharge all their outstanding external bank loans and releases the mortgages over Majestic Hotel and Majestic Centre and other encumbrances. Such aggregate outstanding external bank loans as at 31 January 2007 amounted to approximately HK$453,000,000.

Taiwa is indirectly beneficially owned as to 50% by Lai Sun and as to 50% by Eternal Force Limited. Based on the information provided by Eternal Force Limited to Lai Sun, Eternal Force Limited is a special purpose vehicle set up in 2004 to hold its investment in Majestic Hotel BVI and Majestic Centre BVI and it is the joint venture partner of Lai Sun in respect of Lai Sun's indirect interest in Taiwa and is an independent third party of and not connected with Lai Sun, eSun and their respective connected persons (as defined in the Listing Rules). E. Lite was requested by the Purchaser to give the several guarantee under the SPA in place of Eternal Force Limited. Further, based on the information provided by Eternal Force Limited, E. Lite and Eternal Force Limited has one common director and E. Lite is not related to any other parties to the SPA. Taiwa is and has been treated as an associate of Lai Sun and as such the disposal by Taiwa of the entire issued share capitals of Majestic Hotel BVI and Majestic Centre BVI does not constitute a transaction of Lai Sun under Chapter 14 of the Listing Rules.

Under the SPA, each of Lai Sun and E Lite has severally agreed to guarantee the performance of Taiwa's obligations under the SPA. Under such guarantee, for any sum which Taiwa fails to pay to the Purchaser in accordance with the SPA, Lai Sun and E Lite shall each severally bear 50%.

The primary obligations of Taiwa under the SPA are (i) to deliver the shares in Majestic Hotel BVI and Majestic Centre BVI to the Purchaser on the Completion Date; and (ii) provide various warranties in relation to the Group Companies and Majestic Centre and Majestic Hotel in favour of the Purchaser. The warranties (other than those in relation to tax) given by Taiwa under the SPA shall have effect for a period of 1 year after the Completion Date, whilst the warranties in relation to tax shall have effect for a period of 7 years after the Completion Date.

The SPA provides that the total liability of Taiwa for claims made under the warranties set out in the SPA and under the General Tax Indemnity shall not exceed HK$845,000,000. This figure is not subject to any adjustment. As such, the maximum potential liability of Lai Sun calculated on a several basis is HK$422,500,000. The Guarantee is a continuing obligation which will remain in force until all Taiwa's obligations under the SPA have been fulfilled.

The upper limit on the liability of Taiwa for warranty claims and under the General Tax Indemnity was determined with reference to the Consideration after arm's length negotiation of the parties to the SPA.

Completion of the SPA is expected to take place on 17 July 2007.

The Tax Deed

Parties: (1) Taiwa

(2) the Purchaser;

(3) Majestic Hotel BVI

(4) Majestic Centre BVI;

(5) Majestic Hotel HK;

(6) Majestic Centre HK;

(7) Lai Sun; and

(8) E. Lite

Pursuant to the SPA, Lai Sun will upon completion of the SPA enter into the Tax Deed under which it will, together with E. Lite, severally on equal proportion agree to give the General Tax Indemnity, the Specific Capital Gain Tax Indemnity and the Specific Balancing Charge Tax Indemnity. Each of these indemnities will cease to have effect 7 years after the date of the Tax Deed

Pursuant to the Tax Deed and the SPA, the liability of Lai Sun and E. Lite under the General Tax Indemnity together with their exposure for warranty claims under the SPA shall not exceed HK$845,000,000 as mentioned above.

Pursuant to the Tax Deed, the liability of Lai Sun and E. Lite under the Specific Capital Gain Tax Indemnity and Specific Balancing Charge Tax Indemnity shall not exceed HK$30,000,000 and HK$7,000,000 respectively. As such, the maximum liability of Lai Sun under the Specific Capital Gain Tax Indemnity and Specific Balancing Charge Tax Indemnity calculated on a several basis is HK$15,000,000 and HK$3,500,000 respectively.

The upper limits on Specific Capital Gain Tax Indemnity and the Specific Balancing Charge Tax Indemnity were determined with reference to the estimated possible tax exposure and the likelihood of such exposure being materialised and after arm's length negotiation of the parties to the Tax Deed

REASONS FOR THE PROVISION OF THE GUARANTEE AND INDEMNITY

As Taiwa is a 50% owned associate of Lai Sun, it is acceptable market practice for Lai Sun to give the Guarantee and the Indemnity in respect of its 50% interest in Taiwa on a several basis under the SPA and the Tax Deed.

Given that both of the SPA and the Tax Deed are on normal commercial terms, the board of Lai Sun considers that the terms thereof are fair and reasonable so far as Lai Sun and its shareholders as a whole are concerned.

GENERAL

The principal business of the Purchaser is to own and manage property investments.

The principal business of Taiwa is investment holding and the principal businesses of the Group Companies are to own, manage and operate the Majestic Hotel and Majestic Centre.

The principal business of E. Lite is property investment and property holding.

Lai Sun is principally engaged in property development for sale, property investment, operation of and investment in hotels and restaurants and investment holding.

IMPLICATIONS UNDER LISTING RULES

The Guarantee and the Tax Indemnity provided by Lai Sun under the SPA and Tax Deed respectively constitute a discloseable transaction on the part of Lai Sun under Chapter 14 of the Listing Rules.

A circular containing, amongst other things, further details of the Guarantee and the Indemnity will be despatched to the shareholders as soon as practicable in accordance with the Listing Rules.

eSun holds approximately 36.72% of the existing issued share capital of Lai Sun as at the date of this announcement. In view of the potential maximum liability of Lai Sun under the Guarantee and the Tax Indemnity, eSun therefore makes this announcement pursuant to Rule 13.09(1) of the Listing Rules.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

"E. Lite"	E. Lite (Choi's) Holdings Limited, a company incorporated in Hong Kong;
"eSun"	eSun Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
"Completion Date"	the date of completion of the SPA which is intended to be on 17 July 2007
"Consideration"	the consideration of HK$1.69 billion (subject to adjustments) payable by the Purchaser to Taiwa for the sale of the entire issued share capitals of Majestic Centre BVI and Majestic Hotel BVI
"Guarantee"	the several guarantee provided by Lai Sun to Taiwa under the SPA to guarantee the performance of Taiwa's obligations under the SPA
"General Tax Indemnity"	the obligation of Lai Sun to indemnify the Target Group and the Purchaser for any Taxation falling on a Group Company resulting from any income, profits, gains, transactions, employment of personnel, events, matters or things earned, accrued, received, entered into or occurring up to the Completion Date
"Group Companies"	Majestic Centre BVI, Majestic Hotel BVI, Majestic Centre HK and Majestic Hotel HK
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Lai Sun"	Lai Sun Development Company Limited, a company incorporated in Hong Kong and the shares of which are listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Majestic Centre"	Majestic Centre situated at 348 Nathan Road, Kowloon, Hong Kong
"Majestic Centre BVI"	Majestic Centre Holding Limited, a company incorporated in the British Virgin Islands and owns as to 100% of Majestic Centre HK

"Majestic Centre HK"	Majestic Centre Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Majestic Centre BVI, which owns the Majestic Centre
"Majestic Hotel"	Majestic Hotel situated at 348 Nathan Road, Kowloon, Hong Kong
"Majestic Hotel BVI"	Majestic Hotel Enterprises Holding Limited, a company incorporated in the British Virgin Islands and owns as to 100% of Majestic Hotel HK
"Majestic Hotel HK"	Majestic Hotel Enterprises Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Majestic Hotel BVI, which owns the Majestic Hotel
"Purchaser"	Majestic Grand Investment Holding Limited, a company incorporated in British Virgin Islands which is the purchaser under the SPA
"Shareholder Loans"	(i) the unsecured non-interest bearing loan advanced or to be advanced on or before completion of the SPA by Taiwa to the Majestic Centre HK; and (ii) the unsecured non-interest bearing loan to be advanced on completion of the SPA by Taiwa to the Majestic Hotel HK for settlement of the external bank loans;
"SPA"	the agreement dated 21 May 2007 entered into among Taiwa as seller, the Purchaser as purchaser, Lai Sun and E. Lite as guarantors relating to the sale and purchase of the entire issued share capitals of Majestic Hotel BVI and Majestic Centre BVI
"Specific Capital Gain Tax Indemnity"	the obligation to indemnify Majestic Hotel HK against any Taxation on profits levied by the Tax Authority in Hong Kong that may become payable on the transfer, disposal or assignment of Majestic Hotel, and Majestic Centre HK from and against an amount of Taxation on profits levied by the Tax Authority in Hong Kong that may become payable on the transfer, disposal or assignment of Majestic Centre, excluding Taxation on the portion of profits that is referable to the difference between the ultimate value on transfer, disposal or assignment and the agreed value ascribed to Majestic Hotel and/or Majestic Centre as at Completion Date, if the ultimate value exceeds the agreed value

"Specific Balancing Charge Tax Indemnity"	the obligation to indemnify Majestic Hotel HK and Majestic Center HK from a portion of Taxation ("Pre-Completion Portion") arising from any "balancing charge" made on the Group Company under Part VI of the Inland Revenue Ordinance (Cap 112 of the Laws of Hong Kong). The Pre-Completion Portion is the amount of Taxation referable to the recapture of allowances claimed as tax deduction under Part VI of the Inland Revenue Ordinance (Cap 112 of the Laws of Hong Kong) by the Group Company before the Completion Date
"Taiwa"	Taiwa Land Investment Company Limited, a company incorporated in Hong Kong with limited liability
"Target Group"	collectively Majestic Centre BVI, Majestic Centre HK, Majestic Hotel BVI and Majestic Hotel HK
"Tax Authority"	the Inland Revenue Department or any government authority, body or official in Hong Kong or elsewhere competent to impose a Taxation liability on a Group Company
"Tax Indemnity	the General Tax Indemnity and the Specific Capital Gain Tax Indemnity and Specific Balancing Charge Tax Indemnity
"Taxation"	any liability of a Group Company to any form of taxation whenever created or imposed in Hong Kong or elsewhere and without prejudice to the generality of the foregoing includes profits tax, provisional profits tax, income tax, interest tax, salaries tax, property tax, estate duty, death duty, capital duty, stamp duty, payroll tax, withholding tax, rates, customs and excise duties and generally any tax, duty, impost, levy or rate or any amount payable to a Tax Authority
"Tax Deed"	the deed of indemnity in respect of taxation to be entered into amongst Taiwa, Lai Sun, E. Lite, the Purchaser, and the Group Companies
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong

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

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

Hong Kong, 22 May 2007

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

Please also refer to the published version of this announcement in The Standard.