



LAI SUN GARMENT
Lai Sun Garment (International) Limited
(Incorporated in Hong Kong with limited liability)

(Stock Code: 191)



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)

GENERAL DISCLOSURE JOINT ANNOUNCEMENT COMPLETION OF SETTLEMENT OF INDEBTEDNESS

The directors of each of LSG, LSD and eSun are pleased to announce that the remaining conditions precedent to Completion of the Settlement as set out in the Joint Announcement have been fulfilled and/or waived and that the Settlement was completed on 7th December, 2004.

Cash repayments in the amounts of HK\$20 million and approximately US\$38 million (equivalent to approximately HK\$300 million) were made to Golden Pool and the Bondholders respectively on completion of the cash element of the Settlement. On 7th December, 2004, documentation was entered into by all relevant parties to put into effect the eSun Loan and the Bonds Settlement package, in particular the Residual Indebtedness, the Contingent Indebtedness and the Bonds Security, and to settle the aggregate outstanding indebtedness owed to the eSun Group and the Bondholders in the respective amounts of approximately HK\$2,845 million before the eSun Cash Repayment (representing the principal outstanding indebtedness of approximately HK\$1,500 million before the eSun Cash Repayment and an agreed settlement premium of approximately HK\$1,345 million) and approximately US\$325 million (equivalent to approximately HK\$2,536 million) before the Bondholder Cash Repayment (representing the principal outstanding indebtedness amount of approximately US\$196 million (equivalent to approximately HK\$1529 million) before the Bondholder Cash Repayment, all accrued interest for the period from 1st January, 2003 to 31st July, 2004 in the amount of approximately US\$18 million (equivalent to approximately HK\$138 million) and accrued premia of approximately US\$111 million (equivalent to approximately HK\$869 million) (such accrued premia comprising accrued redemption premium in the amount of US\$78 million (equivalent to approximately HK\$612 million) and an agreed settlement premium of approximately US\$33 million (equivalent to approximately HK\$257 million)). In addition, LSD allotted and issued to Golden Pool and the Bondholders, or their respective nominees, the eSun Settlement Shares and the Bondholder Settlement Shares at par value of HK\$0.50 per Share credited as fully paid, representing approximately 40.8% and 29.81% respectively of the total issued share capital of LSD enlarged as a result of Completion taking place. Furthermore, at Completion, Mr. Peter Lam granted the Bondholders a non-assignable right to put to him the First Tranche Shares and the Second Tranche Shares exercisable during the relevant exercise windows as detailed in the Joint Announcement and the LSD Circular.

This announcement is made under the general disclosure requirements under Rule 13.09 of the Listing Rules.

Reference is made to the joint announcement dated 2nd July, 2004 issued by LSD and eSun (the "Joint Announcement"), the announcements dated 2nd July, 2004 and 16th September, 2004 issued by LSG, the announcements dated 6th October, 2004 and 13th October, 2004 issued by LSD and the announcement dated 13th October, 2004 issued by eSun (together with the Joint Announcement, the "Announcements") and the circular of LSD dated 15th September, 2004 relating to the Settlement (the "LSD Circular") and the circular of eSun dated 15th September, 2004 relating to the Settlement Agreement (together with the LSD Circular, the "Circulars"). Unless otherwise defined in this announcement, terms and expressions used herein shall have the same meaning as ascribed thereto in the Joint Announcement.

This announcement is made under the general disclosure requirements under Rule 13.09 of the Listing Rules, commonly known in Hong Kong as a "paragraph 2 announcement".

As explained in the Circulars and the Announcements, completion of the Settlement remained subject to, amongst other things, the remaining conditions as set out in the Circulars being fulfilled including:

- the Stock Exchange granting approval of the listing of and permission to deal in the eSun Settlement Shares and the Bondholder Settlement Shares;
- each of LSD and eSun having obtained any and all other consents, permits, approvals, authorisations and waivers necessary or appropriate for the entering into and consummation of the transactions contemplated by the Settlement Agreement;
- once given, none of the consents, permits, approvals, authorisations or waivers provided will have been revoked, withdrawn or modified at any time before Completion;
- each of the warranties set out in the Settlement Agreement remaining true and correct on and as of Completion as though such warranties were made on and as of Completion;
- LSD retaining its listing status with its Shares (other than for suspensions of a routine nature); and
- the obtaining of all relevant consents, permits, approvals, authorisations and waivers necessary for the purposes of putting in place the Bonds Security.

The directors of each of LSG, LSD and eSun are pleased to announce that the above-mentioned conditions precedent have been fulfilled and that completion of the Settlement has taken place on 7th December, 2004.

Completion in respect of the eSun Group

Cash repayment in the amount of HK\$20 million was made to Golden Pool on 18th October, 2004 on completion of the cash element of the Settlement (the "eSun Cash Repayment"). On 7th December, 2004, documentation was entered into by all relevant parties to put into effect the eSun Loan extended to Furama Hotel Enterprises and guaranteed by LSD and the Ritz-Carlton Security and to settle the aggregate outstanding indebtedness owed to the eSun Group in the amount of approximately HK\$2,845 million prior to the eSun Cash Repayment (representing the principal outstanding indebtedness of approximately HK\$1,500 million before the eSun Cash Repayment and an agreed settlement premium of approximately HK\$1,345 million). In addition, LSD allotted and issued to Golden Pool, or its nominee, 5,200 million new Shares of LSD (being the eSun Settlement Shares) at par value of HK\$0.50 per Share credited as fully paid, representing approximately 40.8% of the total issued share capital of LSD enlarged as a result of Completion taking place. As detailed in the Joint Announcement and the LSD Circular, on Completion, no interest will accrue after 31st December, 2002 in respect of the indebtedness owed to Golden Pool.

Shareholders are reminded, as set out in the Joint Announcement and the Circulars, that each of eSun and Golden Pool has covenanted and undertaken to LSD not to dispose of (or to procure that there is no such disposal of) the eSun Settlement Shares until the earlier of completion of the purchase by Mr. Peter Lam of such of the Second Tranche Shares as are put to him by the Bondholders and 31st January, 2006. Such lock-up undertaking does not prohibit:

- the eSun Settlement Shares from being transferred or sold to any member of the eSun Group provided that if such transferee ceases to be a member of the eSun Group, the eSun Settlement Shares shall be transferred back to any other member of the eSun Group;
- the eSun Settlement Shares from being pledged or charged as security for a bona fide commercial loan from an authorised institution (as defined in the Banking Ordinance) or from any other company or person that is independent of and not connected with eSun; and
- the eSun Settlement Shares from being tendered for transfer or sale, at eSun's sole and absolute discretion, to the relevant person(s) who makes an unconditional offer to purchase all of the issued share capital of LSD in accordance with the provisions of the Takeovers Code.

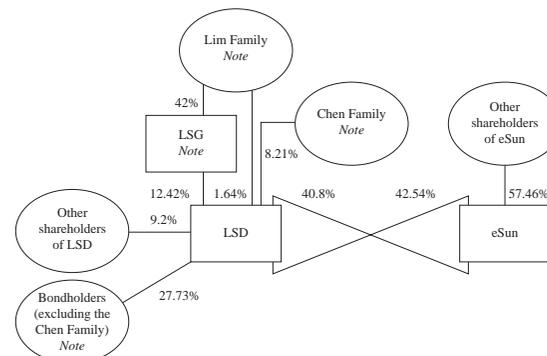
Completion in respect of the Bondholders

Cash repayment in the aggregate amount of approximately US\$38 million (equivalent to approximately HK\$300 million) has already been made to the Bondholders on or about 18th October, 2004 to effect completion of the cash element of the Settlement (the "Bondholder Cash Repayment"). On 7th December, 2004, documentation was entered into by all relevant parties to put into effect the Bonds Settlement package, in particular the Residual Indebtedness, the Contingent Indebtedness and the Bonds Security, and to settle the aggregate indebtedness owed to the Bondholders in the aggregate outstanding principal amount of approximately US\$325 million (equivalent to approximately HK\$2,536 million) before the Bondholder Cash Repayment (representing the principal outstanding indebtedness amount of approximately US\$196 million (equivalent to approximately HK\$1,529 million) prior to the Bondholder Cash Repayment, all accrued interest for the period from 1st January, 2003 to 31st July, 2004 in the amount of approximately US\$18 million (equivalent to approximately HK\$138 million) and accrued premia of approximately US\$111 million (equivalent to approximately HK\$869 million) (such accrued premia comprising accrued redemption premium in the amount of US\$78 million (equivalent to approximately HK\$612 million) and an agreed settlement premium of approximately US\$33 million (equivalent to

approximately HK\$257 million)). In addition, LSD allotted and issued to the Bondholders, or their respective nominees, 3,800,040,000 new Shares of LSD (being the Bondholder Settlement Shares) at par value of HK\$0.50 per Share credited as fully paid, representing approximately 29.81% of the total issued share capital of LSD enlarged as a result of Completion taking place (including Bondholder Settlement Shares allotted and issued to the Chen Family pursuant to the terms of the Bonds Settlement). Furthermore, at Completion, Mr. Peter Lam granted Bondholders a non-assignable right to put to him the First Tranche Shares and the Second Tranche Shares exercisable during the relevant exercise windows as detailed in the LSD Circular and the Joint Announcement.

General

The shareholdings in LSD and eSun after Completion of the Settlement are set out in the chart below:



Note: Details provided in the chart above indicating the shareholding structure of LSD and eSun after the Settlement do not take into account the effect of the exercise in full by the Bondholders of their rights to put the First Tranche Shares and the Second Tranche Shares to Mr. Peter Lam. Assuming the exercise in full of such rights, the shareholding interest of the Lim Family will increase to 31.45%, comprising the 27.73% shareholding interest in LSD held by the Bondholders (excluding the Chen Family) and 2.08% shareholding interest in LSD held by the Chen Family as part of the Bondholder Settlement Shares, whilst the Bondholders' (excluding the Chen Family) interests will be reduced to nil and the Chen Family's will be reduced to 6.13%.

LSD has applied to, and obtained from, the Stock Exchange approval of the listing of, and permission to deal in, the eSun Settlement Shares and the Bondholder Settlement Shares.

CERTIFICATES IN RESPECT OF THE eSUN SETTLEMENT SHARES AND THE BONDHOLDER SETTLEMENT SHARES WILL BE DESPATCHED OR MADE AVAILABLE FOR COLLECTION FROM THE OFFICES OF TENGIS LIMITED, THE SHARE REGISTRAR OF LSD (AS APPROPRIATE) ON WEDNESDAY, 8TH DECEMBER, 2004. DEALINGS IN THE eSUN SETTLEMENT SHARES AND THE BONDHOLDER SETTLEMENT SHARES WILL COMMENCE ON THE STOCK EXCHANGE ON THURSDAY, 9TH DECEMBER, 2004.

By Order of the Board
**Lai Sun Garment
(International)
Limited**
Yeung Kam Hoi
Company Secretary

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, 7th December, 2004

As at the date of this announcement, 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, 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 and Mr. Liu Ngai Wing, the non-executive directors are Mr. Lam Kin Ming, Madam Tam Wai Chu, Maria, Madam U Po Chu, Mr. Shiu Kai Wah and Mr. Chiu Wai and the independent non-executive directors are Mr. Alfred Donald Yap, Mr. Low Chee Keong and Mr. Tong Ka Wing, Carl.

As at the date of this announcement, the executive directors of LSG are Mr. Lim Por Yen, Mr. Lam Kin Ngok, Peter, Mr. Lam Kin Ming, Mr. Shiu Kai Wah, Mr. Lee Po On and Mr. Lam Kin Hong, Matthew, the non-executive directors are Madam U Po Chu, Mr. Chiu Wai, Madam Lai Yuen Fong and Miss Lam Wai Kei, Vicky (alternate director to Madam Lai Yuen Fong) and the independent non-executive directors are Mr. Wan Yee Hwa, Edward, Mr. Chow Bing Chiu and Mr. Leung Shu Yin, William.

All the directors of LSD jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than that relating to LSG and eSun and their respective subsidiaries, and confirm, having made all reasonable enquiries, that to the best of their knowledge there are no other facts, other than those relating to LSG and eSun and their respective subsidiaries, not contained in this announcement, the omission of which would make any statement in this announcement misleading.

All the directors of eSun jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than that relating to LSG and LSD and their respective subsidiaries, and confirm, having made all reasonable enquiries, that to the best of their knowledge there are no other facts, other than those relating to LSG and LSD and their respective subsidiaries, not contained in this announcement, the omission of which would make any such statement in this announcement misleading.

All the directors of LSG jointly and severally accept full responsibility for the accuracy of the information of this announcement, other than that relating to eSun and LSD and their respective subsidiaries, and confirm, having made all reasonable enquiries, that to the best of their knowledge there are no other facts, other than those relating to eSun and LSD and their respective subsidiaries, not contained in this announcement, the omission of which would make any such statement in this announcement misleading.