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eSun Holdings Limited

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT

Material changes to a Connected Transaction — Sale of a 50% shareholding interest in HKATV.com Limited

On 14th May, 2003, LSD and eSun entered into the Supplemental eSun Agreement in relation to the sale and purchase of eSun's 50% shareholding interest in HKATV.com.

Pursuant to the Supplemental eSun Agreement, completion of the eSun Transaction has been deferred and is now anticipated to take place in July 2003 and the parties have agreed to a reduction in the consideration applicable to the eSun Agreement.

The eSun Transaction was initially entered into to facilitate completion of the DGI Transaction. As the parties to the DGI Transaction have entered into a supplemental agreement to amend the terms thereof, eSun and LSD have entered into the Supplemental eSun Agreement to effect corresponding changes to the eSun Transaction.

As previously announced, the eSun Transaction constitutes a connected transaction for eSun under Chapter 14 of the Listing Rules but is subject only to the disclosure requirements set out in Rule 14.25(1) of the Listing Rules and does not require approval by eSun shareholders. The Supplement eSun Agreement does not change this fact.

As the eSun Transaction is subject to a number of conditions precedent, the eSun Transaction may or may not proceed. Shareholders and other investors are therefore advised to exercise caution when dealing in eSun's shares. Further announcements in relation to the progress of the eSun Transaction will be released by eSun as appropriate.

Trading in eSun's shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 15th May, 2003 at the request of eSun pending the release of this announcement. An application has been made for trading in eSun's shares to recommence with effect from 9:30 a.m. on 19th May, 2003.

Background

Reference is made to the announcements of eSun dated 12th November, 2002 and 24th April, 2003 in relation to the sale of the entire issued share capital of HIL.

On 8th November, 2002, FDL, IFL, LSD and DGI entered into the DGI Agreement pursuant to which DGI agreed to purchase from FDL, IFL and LSD certain shares in the capital of ATV and the entire issued share capital of HIL, a company with a 50% shareholding interest in HKATV.com. HIL is currently a wholly-owned subsidiary of eSun.

In order to facilitate completion of the DGI Agreement, LSD and eSun entered into the eSun Agreement, which provides for the sale by eSun and the purchase by LSD of the entire issued share capital of HIL, being 2 HIL Shares.

Both the DGI Agreement and the eSun Agreement were due to have been completed by 15th May, 2003. However, by virtue of supplemental agreements entered into on 14th May, 2003, and described below, completion has been deferred and is now anticipated to take place in July 2003, and the parties have agreed to reductions in the consideration applicable to both the DGI Agreement and the eSun Agreement, as described below.

Supplemental Agreements

The Supplemental eSun Agreement

As previously announced, the eSun Transaction was initially entered into to facilitate completion of the DGI Transaction. As the parties to the DGI Transaction have entered into a supplemental agreement to amend the terms thereof, eSun and LSD have agreed to effect corresponding changes to the eSun Transaction. Accordingly, on 14th May, 2003 LSD and eSun entered into the Supplemental eSun Agreement, which provides for, amongst other things:-

- (1) a reduction of the consideration from HK\$46,080,000 to HK\$33,580,000, being a 27.13% reduction that was negotiated by reference to the reduction of the consideration in respect of the DGI Agreement; and
- (2) an extension of the long stop date for fulfilment of conditions precedent from 31st December, 2002 to 31st July, 2003 (with no express provision for further extension).

The conditions precedent to the eSun Agreement remain unamended and, as at the date hereof, all such conditions have been satisfied save for the condition relating to the satisfaction or waiver (as the case may be) of all conditions precedent contained in the DGI Agreement.

Completion of the eSun Agreement, as amended by the Supplemental eSun Agreement, is to take place simultaneously with (and conditional upon) completion of the DGI Agreement, as amended by the Supplemental DGI Agreement.

The terms of the Supplemental eSun Agreement were arrived at after arms' length negotiations between the parties, and the board of directors (including the independent non-executive directors) of eSun considers the terms of the Supplemental eSun Agreement to be normal commercial terms that are fair and reasonable and in the best interests of all shareholders of eSun, as the eSun Transaction, as amended, remains a good opportunity for eSun to realise its investment in HKATV.com under the present operating environment.

The Supplemental DGI Agreement

On 14th May, 2003 FDL, IFL, LSD and DGI entered into the Supplemental DGI Agreement, which provides for, amongst other things:-

- (1) reduction of the consideration from HK\$360,000,000 to HK\$230,000,000 being a 36.11% reduction;
- (2) extension of the long stop date for fulfilment of conditions precedent from 31st December, 2002 to 31st July, 2003 (with no express provision for further extension); and
- (3) completion to take place within 5 business days of fulfilment of the last condition precedent.

Shareholders are referred to the announcement by LSD of even date which contains further information on the Supplemental LSD Agreement.

Consequences of the Supplemental eSun Agreement

As previously announced, the eSun Transaction constitutes a connected transaction for eSun for the purposes of the Listing Rules. However, pursuant to Rule 14.25(1) of the Listing Rules, as the eSun Transaction is on normal commercial terms and its total consideration represents less than 3 per cent. of the book value of the net tangible assets of eSun (as disclosed in eSun's latest published audited consolidated accounts) adjusted to take account of subsequent transactions in

accordance with Rule 14.04(6) of the Listing Rules, the eSun Transaction is subject only to the disclosure requirements set out in Rule 14.25(1) of the Listing Rules and shareholders approval of the transaction is not required. The entering into of the Supplemental eSun Agreement does not change this fact.

Accordingly, details of the eSun Agreement (as amended by the Supplemental eSun Agreement) will be included in the next published annual report and accounts of eSun pursuant to rule 14.25(1) of the Listing Rules.

Trading in the shares of eSun

Trading in eSun's shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 15th May, 2003 at the request of eSun pending the release of this announcement. An application has been made for trading in eSun's shares to recommence with effect from 9:30 a.m. on 19th May, 2003.

As the eSun Transaction is subject to a number of conditions precedent, the eSun Transaction may or may not proceed. Shareholders and other investors are therefore advised to exercise caution when dealing in eSun's shares. Further announcements in relation to the progress of the eSun Transaction will be released by eSun as appropriate.

Definitions

"ATV"	Asia Television Limited, a company incorporated in Hong Kong;
"DGI"	Dragon Goodwill International Limited, a company incorporated in the British Virgin Islands which is affiliated with certain of the existing shareholders of ATV;
"DGI Agreement"	the conditional agreement dated 8th November, 2002 between Fordspace Development Limited, Infoway Limited, LSD and DGI relating to the sale and purchase of shares in ATV and HKATV.com and, where appropriate, as amended by the Supplemental DGI Agreement;
"DGI Transaction"	the transactions contemplated under the DGI Agreement;
"eSun"	eSun Holdings Limited, a company incorporated in Bermuda, the issued shares of which are listed on the Stock Exchange;
"eSun Agreement"	the conditional agreement dated 8th November, 2002 between eSun and LSD relating to the sale and purchase of shares in HIL and, where appropriate, as amended by the Supplemental eSun Agreement;
"eSun Transaction"	the transactions contemplated under the eSun Agreement;
"FDL"	Fordspace Development Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of LSD;
"HIL"	Houseman International Limited, a company incorporated in the British Virgin Islands and currently a wholly-owned subsidiary of eSun;
"HIL Shares"	shares of US\$1.00 each in the issued share capital of HIL;
"HK\$"	Hong Kong dollars;
"HKATV.com"	HKATV.com Limited, a company incorporated in Hong Kong;
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China;
"IFL"	Infoway Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of LSD;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"LSD"	Lai Sun Development Company Limited, a company incorporated in Hong Kong, the issued shares of which are listed on the Stock Exchange;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Supplemental DGI Agreement"	the supplemental agreement dated 14th May, 2003 between LSD and DGI relating to the DGI Agreement; and
"Supplemental eSun Agreement"	the supplemental agreement dated 14th May, 2003 between eSun and LSD relating to the eSun Agreement.

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

Hong Kong, 16th May, 2003