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L AI S UN D EVELOPMENT

Lai Sun Development Company Limited
(Incorporated in Hong Kong with limited liability)



eSun Holdings Limited

(incorporated in Bermuda with limited liability)

JOINT ANNOUNCEMENT

PROPOSED PRIVATISATION OF eSUN HOLDINGS LIMITED

BY LAI SUN DEVELOPMENT COMPANY LIMITED

BY WAY OF A SCHEME OF ARRANGEMENT

POSSIBLE MAJOR AND CONNECTED TRANSACTION FOR LSD

Financial adviser to LSD



道亨證券有限公司

DaoHengSecurities Ltd.

The respective directors of LSD and eSun jointly announce that on 29th January, 2003, LSD requested the directors of eSun to put forward a proposal to the Scheme Shareholders regarding a proposed privatisation of eSun by way of a scheme of arrangement under Section 99 of the Companies Act.

LSD proposes that all Scheme Shares will be cancelled in exchange for HK\$0.28 in cash for each Scheme Share. As at the date of this announcement, the Scheme Shareholders were interested in 285,672,136 eSun Shares, representing approximately 50.01% of the issued share capital of eSun. The amount of cash required in order to effect the Proposal is approximately HK\$79.99 million and will be financed by a loan facility made available by OFL for the sole purpose of implementing the Scheme. Dao Heng Securities Limited is satisfied that if the Scheme becomes effective, LSD will have sufficient financial resources to implement the Scheme in full.

The Proposal will be implemented by way of the Scheme. Following the effective date of the Scheme, the listing of the eSun Shares on the Stock Exchange will be withdrawn and eSun will become an indirect wholly-owned subsidiary of LSD. The Proposal is conditional upon the fulfillment or waiver, as applicable, of the conditions as described in the section headed "Conditions of the Proposal" below. eSun will send to the eSun Shareholders a document containing further details of the Proposal and the Scheme, the expected timetable, an explanatory statement as required under the Companies Act, information regarding eSun and LSD, the recommendations of the independent board committee of eSun in respect of the Proposal, a letter of advice from the independent financial adviser to such independent board committee, a notice of the Court Meeting and a notice of the special general meeting of eSun.

If the Proposal becomes effective, the shareholding interest of LSD in eSun will increase from approximately 49.99% to 100%. The Proposal constitutes a possible major and connected transaction for LSD under the Listing Rules. Approval from the LSD Shareholders is required for the implementation of the Scheme. Save for Mr. Wu, a director of LSD, no other LSD Shareholders will be required to abstain from voting in the extraordinary general meeting of LSD to consider the Proposal. Please refer to the section headed “Listing Rules implications on LSD” below.

A circular setting out details of the Proposal will be despatched to the LSD Shareholders as soon as practicable.

At the request of LSD and eSun, trading in the LSD Shares and the eSun Shares on the Stock Exchange was suspended from 9:30 a.m. on 29th January, 2003 pending the issue of this announcement. Applications have been made by LSD and eSun to the Stock Exchange for the resumption of trading in the LSD Shares and the eSun Shares with effect from 9:30 a.m. on 20th February, 2003.

The LSD Shareholders and the eSun Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the conditions as set out below being fulfilled or waived, as applicable, and thus may or may not become effective. They are advised to exercise caution when dealing in the LSD Shares and the eSun Shares.

INTRODUCTION

On 29th January, 2003, LSD requested the board of directors of eSun to put forward a proposal to the Scheme Shareholders regarding a proposed privatisation of eSun by way of the Scheme.

TERMS OF THE PROPOSAL

The Scheme will provide that the Scheme Shares be cancelled and, in consideration thereof, each Scheme Shareholder will be entitled to receive the Cancellation Price, being HK\$0.28 in cash, from LSD for every Scheme Share held.

The Cancellation Price represents:

- a premium of approximately 27.27% over the closing price of HK\$0.22 per eSun Share as quoted on the Stock Exchange on 28th January, 2003 (being the last trading day prior to the suspension of trading in the eSun Shares pending the issue of this announcement);
- a premium of approximately 28.68% over the average closing price of about HK\$0.2176 per eSun Share based on the daily closing prices as quoted on the Stock Exchange over the five trading days up to and including 28th January, 2003;
- a premium of approximately 30.60% over the average closing price of about HK\$0.2144 per eSun Share based on the daily closing prices as quoted on the Stock Exchange over the thirty trading days up to and including 28th January, 2003;
- a premium of approximately 18.85% over the average closing price of about HK\$0.2356 per eSun Share based on the daily closing prices as quoted on the Stock Exchange over the sixty trading days up to and including 28th January, 2003;
- a discount of approximately 91.54% to the audited consolidated net asset value per eSun Share of about HK\$3.31 as at 31st December, 2001; and

- a discount of approximately 91.41% to the unaudited consolidated net asset value per eSun Share of about HK\$3.26 as at 30th June, 2002 (based on the number of eSun Shares in issue as at the date of this announcement).

As at the date of this announcement, there were 571,184,927 eSun Shares in issue and the Scheme Shareholders were interested in 285,672,136 eSun Shares, representing approximately 50.01% of the issued share capital of eSun.

At the Cancellation Price, which was arrived at after taking the above into account, the Proposal values the entire issued share capital of eSun at approximately HK\$159.93 million. The amount of cash required in order to effect the Proposal is approximately HK\$79.99 million.

FINANCING ARRANGEMENT OF THE SCHEME

The consideration payable under the Scheme amounting to up to approximately HK\$79.99 million in cash will be financed by a loan facility made available by OFL for the sole purpose of implementing the Scheme and such loan can only be drawn down by LSD upon fulfillment (or waiver, if applicable) of all of the conditions of the Scheme. Pursuant to the terms of the Loan Agreement, OFL has agreed to lend LSD up to HK\$80 million and has deposited HK\$80 million in cash into a designated bank account which will remain available for the sole purpose of financing the consideration payable under the Scheme until the earlier of (i) the date upon which any condition to which the Scheme is subject fails to be fulfilled (other than, if applicable, where such conditions are waived); and (ii) 30th May, 2003 (being the long stop date of the Scheme), and such moneys will not, before that date, be transferred, pledged, charged, committed or otherwise be the subject of any security interest. The Loan bears interest at the rate of 7% per annum and is unsecured. The directors of LSD consider that the Loan is on normal commercial terms. OFL is a money lender registered under the Money Lenders Ordinance. OFL is controlled as to 50% by Mr. Li Chi Keung and as to 49.9% by Ms. Wong Hoi Ping. OFL, being a person (other than an authorized institution within the meaning of the Banking Ordinance) providing finance or financial assistance to LSD to implement the Scheme, is presumed to be a party acting in concert with LSD in respect of the Proposal under the Takeovers Code. OFL and its beneficial owners are not connected (for the purposes of the Listing Rules) with LSD and any of the directors, chief executive and substantial shareholder of LSD or its subsidiaries or any of their respective associates.

Apart from the Loan, another company held as to 50% by Mr. Li Chi Keung and as to 25% by Ms. Wong Hoi Ping, Lovendale International Inc., has provided LSD with a HK\$80 million term loan facility since December 2000 which is secured by, among other things, a first charge over the LSD Group's approximate 49.99% shareholding interest in eSun. Furthermore, World Cape Limited, also a company controlled as to 50% by Mr. Li Chi Keung and as to 50% by Ms. Wong Hoi Ping, has provided Infoway Limited, a wholly-owned subsidiary of LSD, with a HK\$96 million term loan facility since September 2002 which is secured by, among other things, a charge over the shares of such wholly-owned subsidiary of LSD.

In December 2002, LSD and the Bondholders reached a standstill arrangement pursuant to which LSD's obligations under the Bonds have been deferred to 31st March, 2003. Under the standstill arrangement, the draw down of the Loan under the Loan Agreement is subject to the approval by the Bondholders.

The 285,512,791 eSun Shares held by the LSD Group (representing approximately 49.99% of the total issued share capital of eSun as at the date of this announcement) have been charged by way of a second charge to the Bondholders. Under the mortgage of shares and the standstill arrangement, the Proposal (including the proposed delisting of the eSun Shares) is subject to the approval of the Bondholders as the chargee of the 285,512,791 eSun Shares.

The LSD Group will convene a meeting for each class of the Bondholders with a view to seeking approval from each class of the Bondholders for the Proposal and drawing down of the Loan.

CONDITIONS OF THE PROPOSAL

The Proposal will become effective and binding on eSun and all Scheme Shareholders subject to the fulfillment or waiver (as applicable) of the following conditions:

- (a) the approval of the Scheme by a majority in number representing not less than three-fourths in value of the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting, provided that:
 - (i) the Scheme is approved by the Independent eSun Shareholders holding at least 75% in value of those Scheme Shares that are voted either in person or by proxy at the Court Meeting; and
 - (ii) the Scheme is not disapproved by the Independent eSun Shareholders at the Court Meeting holding more than 10% in value of all the eSun Shares held by the Independent eSun Shareholders;
- (b) the passing of a special resolution to approve and give effect to the Scheme (including the cancellation of the Scheme Shares and the reduction of the share capital of eSun) by a majority of at least three-fourths of the eSun Shareholders present and voting, in person or by proxy, at a special general meeting of eSun;
- (c) the sanction of the Scheme (with or without modifications) by the Supreme Court and the delivery to the Registrar of Companies in Bermuda of a copy of the order of the Supreme Court for registration;
- (d) the necessary compliance with the procedural requirements of Section 46(2) of the Companies Act in relation to the reduction of the issued share capital of eSun;
- (e) all Authorisations in connection with the Proposal having been obtained or made from, with or by (as the case may be) the Relevant Authorities, in Bermuda and/or Hong Kong and/or any other relevant jurisdictions;
- (f) all Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;
- (g) all necessary consents which may be required under any existing contractual obligations of eSun being obtained;
- (h) all necessary consents which may be required under any existing contractual obligations of LSD being obtained;

- (i) approval by the Bondholders of the Proposal and the drawing down of the Loan; and
- (j) approval of the Proposal by the LSD Shareholders.

LSD reserves the right to waive conditions (e), (f), (g) and/or (h), either in whole or in respect of any particular matter. In the event that conditions (e) or (f) is not fulfilled by reason of an Authorisation not having been obtained, LSD reserves the right to assess the materiality of such non-fulfilment and to waive the fulfillment of such condition to such extent where it considers appropriate. Conditions (a) to (d) and (i) and (j) cannot be waived in any event. All of the above conditions will have to be fulfilled or waived, as applicable, on or before 30th May, 2003 (or such other date as LSD and eSun may agree or as the Supreme Court may direct), otherwise the Scheme will lapse. An announcement will be made by LSD and eSun if the Scheme lapses.

Warning:

The LSD Shareholders and the eSun Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the conditions as set out above being fulfilled or waived, as applicable, and thus may or may not become effective. They are advised to exercise caution when dealing in the LSD Shares and the eSun Shares.

SHAREHOLDING STRUCTURE OF eSUN

As at the date of this announcement, the LSD Group was beneficially interested in 285,512,791 eSun Shares representing about 49.99% of the issued share capital of eSun. Mr. Wu, a director of LSD and therefore a person presumed to be a party acting in concert with LSD, is beneficially interested in 40,000 eSun Shares, representing about 0.01% of the issued share capital of eSun. However, Mr. Wu has unconditionally and irrevocably agreed that upon the Scheme becoming effective, he will donate the proceeds which he will receive in respect of his eSun Shares to an independent charitable organisation. Accordingly, Mr. Wu will make no financial gain out of the implementation of the Proposal. Mr. Wu will be required to abstain from voting at the extraordinary general meeting of LSD to consider the Proposal and at the Court Meeting on the resolution for approving the Scheme. Mr. Lee Po On and Mr. Liu Ngai Wing, being directors of eSun and certain subsidiaries of LSD and therefore persons presumed to be parties acting in concert with LSD, were beneficially interested in 5,195,934 and 3,101,215 eSun Shares respectively, representing about 0.91% and 0.54% of the issued share capital of eSun respectively. Mr. Lee Po On and Mr. Liu Ngai Wing will be required to abstain from voting at the Court Meeting on the resolution for approving the Scheme. Silver Ace Limited, a company holding 50,439,600 eSun Shares, representing about 8.83% of the issued share capital of eSun, is a company owned as to 50% by Mr. Li Chi Keung and 50% by Ms. Wong Hoi Ping, the controlling shareholders of OFL, and is presumed to be a party acting in concert with LSD in respect of the

Proposal. Silver Ace Limited will be required to abstain from voting at the Court Meeting on the resolution for approving the Scheme. The table below sets out the shareholding structure of eSun as at the date of this announcement and immediately following implementation of the Proposal:

Shareholders	As at the date of this announcement		Immediately following implementation of the Proposal	
	<i>Number of eSun Shares</i>	<i>%</i>	<i>Number of eSun Shares</i>	<i>%</i>
LSD Group	285,512,791	49.99	285,512,791	100.00
Mr. Wu	40,000	0.01	—	—
Mr. Lee Po On	5,195,934	0.91	—	—
Mr. Liu Ngai Wing	3,101,215	0.54	—	—
Silver Ace Limited	50,439,600	8.83	—	—
Independent eSun Shareholders	226,895,387	39.72	—	—
Total	<u>571,184,927</u>	<u>100.00</u>	<u>285,512,791</u>	<u>100.00</u>

Following the effective date of the Scheme and the withdrawal of listing of the eSun Shares on the Stock Exchange, eSun will become an indirect wholly-owned subsidiary of LSD.

As at the date of this announcement, there were no outstanding share options, warrants or convertible securities of eSun.

REASONS FOR AND BENEFITS OF THE PROPOSAL

For LSD

The directors of LSD consider that the Proposal is in the best interest of the LSD Shareholders as it will result in a leaner group structure by making eSun a wholly-owned subsidiary of LSD. Under the Proposal, LSD will be able to increase its shareholding interest in eSun at a discount to the underlying net asset value of the eSun Group. As at the date of this announcement, the LSD Group owed the eSun Group approximately HK\$1,500 million. According to the latest annual report of LSD, as at 31st July, 2002, the LSD Group had total liabilities of approximately HK\$8,196.3 million (including the HK\$1,500 million loan owed to the eSun Group). After completion of the Proposal, the total liabilities of the eSun Group (which amounted to approximately HK\$75.0 million as at 30th June, 2002) will form part of total liabilities of the enlarged LSD Group. The HK\$1,500 million owed to the eSun Group by the LSD Group will be eliminated in the consolidated balance sheet of the LSD Group as eSun will become a wholly-owned subsidiary of LSD. After taking the above and the possible draw down of the Loan of HK\$80 million into consideration, the total liabilities of the LSD Group will decrease and the financial position, in particular the gearing, of the LSD Group will be improved as a result of the Proposal.

For Scheme Shareholders

The eSun Shares have been trading at substantial discounts to the underlying net asset value per eSun Share and the trading liquidity has been thin. The average daily trading volume for the 12 months preceding the date of this announcement has been less than 0.01% of the free float of the

eSun Shares trading on the Stock Exchange. In addition, the eSun Shares have consistently traded at values which the directors of eSun believe do not reflect the value of the eSun Group. During the 60 trading days prior to the issue of this announcement, the average closing price of the eSun Shares was approximately HK\$0.2356 per eSun Share. Such average closing price represents a discount of about 92.88% to the audited consolidated net asset value of HK\$3.31 per eSun Share as at 31st December, 2001.

After taking all of these factors into account, eSun holds the view that it is no longer necessary for, and no tangible benefit will be derived from, the continued listing of the eSun Shares on the Stock Exchange. This is especially so given the costs associated with maintaining a listing status on the Stock Exchange and complying with the inherent regulatory requirements.

The Cancellation Price represents a premium of about 28.68%, about 30.60% and about 18.85% over the 5-day, 30-day and 60-day average closing price per eSun Share (up to and including 28th January, 2003), respectively. Although the Cancellation Price represents a discount of about 91.54% to the audited consolidated net asset value per eSun Share as at 31st December, 2001 and a discount of about 91.41% to the unaudited consolidated net asset value per eSun Share as at 30th June, 2002, given the low trading volume and liquidity of the eSun Shares and the substantial discount of the market price of eSun Shares to the net asset value of the eSun Group, the directors of eSun believe that the Proposal provides an opportunity for all Scheme Shareholders to realize their investments in eSun at a premium to the prevailing market price of the eSun Shares. In the circumstances, the board of directors of eSun has decided to put forward the Proposal to the Scheme Shareholders for their consideration.

INFORMATION ON eSUN

The eSun Group is principally engaged in the development and operation of, and investment in, telecommunications, media, entertainment and other related businesses, through Internet and other electronic means.

A summary of the audited consolidated results of the eSun Group for each of the two years ended 31st December, 2001 and the unaudited consolidated results of the Group for the six months ended 30th June, 2002 is set out below:

	For the year ended 31st December,		For the 6 months ended
	2000	2001	30th June,
	<i>HK\$'000</i>	<i>HK\$'000</i>	2002
	<i>(Note)</i>		<i>HK\$'000</i>
Turnover	<u>206,948</u>	<u>84,376</u>	<u>56,573</u>
Loss before taxation	(1,114,292)	(179,423)	(31,083)
Taxation	<u>(14,875)</u>	<u>(2,130)</u>	<u>(2,216)</u>
Loss before minority interests	(1,129,167)	(181,553)	(33,299)
Minority interests	<u>462</u>	<u>(135)</u>	<u>15</u>
Net loss attributable to the eSun Shareholders	<u><u>(1,128,705)</u></u>	<u><u>(181,688)</u></u>	<u><u>(33,284)</u></u>

Note: The above financial information on the eSun Group for the year ended 31st December, 2000 has been restated for the effects of the retrospective change in accounting policies affecting goodwill. Details of the prior year adjustments have been set out in the annual report of eSun for the year ended 31st December, 2001.

As at 30th June, 2002, both of the unaudited consolidated net tangible assets and net assets of eSun were about HK\$1,859.3 million. The net tangible asset value per eSun Share and net asset value per eSun Share were both about HK\$3.26 as at the same date based on the number of eSun Shares in issue as at the date of this announcement.

INFORMATION ON LSD

The LSD Group is principally engaged in property development, property investment, hotel ownership and management. The LSD Group also has other strategic investments, including, among other things, its investment in the eSun Group.

The LSD Group is currently in negotiations with its financial creditors, the Bondholders and eSun with a view to formulating a debt restructuring programme for the settlement and/or refinancing of the LSD Group's indebtedness prior to the expiry of the standstill period on 31st March, 2003. No definitive plan with regard to any debt restructuring has been formulated at this time. LSD will make a separate announcement regarding the detailed terms of any such debt restructuring programme as and when appropriate.

WITHDRAWAL OF LISTING OF THE eSUN SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled. Share certificates for the eSun Shares held by the Scheme Shareholders will thereafter cease to have effect as documents or evidence of title. eSun will apply to the Stock Exchange for the withdrawal of the listing of the eSun Shares. The Scheme Shareholders will be notified by way of a press announcement of the exact dates on which the Scheme and the withdrawal of the listing of the eSun Shares on the Stock

Exchange will become effective. A detailed timetable for the Proposal will be included in a scheme document of eSun to be despatched to the eSun Shareholders, which will also contain, among other things, further details of the Proposal.

OVERSEAS eSUN SHAREHOLDERS

The acceptance of the Proposal by persons not resident in Hong Kong may be subject to the laws of the relevant jurisdictions. Such persons should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of any overseas eSun Shareholders wishing to accept the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any government, exchange control or other consent which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

LISTING RULES IMPLICATIONS ON LSD

The Proposal constitutes a possible major transaction for LSD under the Listing Rules. Approval from the LSD Shareholders is required for the implementation of the Scheme. Mr. Wu, a director of LSD, is interested in 40,000 eSun Shares but he has unconditionally and irrevocably agreed to donate the proceeds which he will receive in respect of his eSun Shares to an independent charitable organisation upon the Scheme becoming effective. Mr. Wu will also abstain from voting at the extraordinary general meeting of LSD for considering the Proposal. No other LSD Shareholders will be required to abstain from voting in the extraordinary general meeting of LSD to consider the Proposal. A circular setting out details of the Proposal will be despatched to the LSD Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of LSD and eSun, trading in the LSD Shares and the eSun Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 29th January, 2003 pending the issue of this announcement. Applications have been made by LSD and eSun to the Stock Exchange for the resumption of trading in the LSD Shares and the eSun Shares with effect from 9:30 a.m. on 20th February, 2003.

GENERAL

As at the date of this announcement, LSD Group were beneficially interested in 285,512,791 eSun Shares, representing about 49.99% of the issued share capital of eSun. eSun Shares held by the LSD Group will not form part of the Scheme Shares and they will not be voted in the Court Meeting. In addition, as at the date of this announcement, Mr. Wu, a director of LSD who is presumed to be a person acting in concert with LSD, was interested in 40,000 Scheme Shares, representing about 0.01% of the issued share capital of eSun. However, as referred to above, Mr. Wu has unconditionally and irrevocably agreed to donate the proceeds which he will receive in respect of his eSun Shares to an independent charitable organisation upon the Scheme becoming effective. Mr. Lee Po On and Mr. Liu Ngai Wing who are directors of eSun, are persons presumed to be parties acting in concert with LSD because they are directors of certain subsidiaries of LSD and were interested in 5,195,934 Scheme Shares and 3,101,215 Scheme Shares respectively, representing about 0.91% and 0.54% of the issued share capital of eSun respectively. Silver Ace

Limited, a company under the common control with OFL, is also presumed to be a person acting in concert with LSD, was beneficially interested in 50,439,600 Scheme Shares, representing 8.83% of the issued share capital of eSun. All of Mr. Wu, Mr. Lee Po On, Mr. Liu Ngai Wing and Silver Ace Limited shall abstain from voting on the resolution for approving the Scheme at the Court Meeting.

LSD has indicated that if the Scheme is approved at the Court Meeting, it and its subsidiaries will vote their eSun Shares in favour of the special resolution to be proposed at the special general meeting of eSun to approve and give effect to the Scheme (including the cancellation of the Scheme Shares and the reduction of the issued share capital of eSun).

Neither LSD nor any of the parties acting in concert with it has acquired any eSun Shares during the period commencing six months prior to the date of this announcement.

LSD has appointed Dao Heng Securities Limited as its financial adviser in connection with the Proposal. Dao Heng Securities Limited is satisfied that if the Scheme becomes effective, LSD will have sufficient financial resources for the implementation of the Scheme in full.

An independent board committee of eSun will be established to advise the Independent eSun Shareholders in connection with the Proposal and an independent financial adviser will be appointed to advise the independent board committee of eSun. An announcement will be made by eSun after it has appointed an independent financial adviser to advise its independent board committee.

Mr. Wu, a director of LSD, is interested in 40,000 eSun Shares and may consequently be perceived to be faced with a conflict of interest. However, in light of the fact that Mr. Wu has unconditionally and irrevocably agreed to donate the proceeds which he will receive under the Scheme in respect of his eSun Shares to an independent charitable organisation and does not stand to gain financially from the implementation of the Proposal, LSD considers that Mr. Wu's interest does not give rise to a material conflict of interest. LSD has obtained a waiver from the Executive Director of the Corporate Finance Division of the Securities and Futures Commission from compliance with the requirement under Rule 2.4 of the Takeovers Code in connection with obtaining independent advice as to whether the Proposal is in the interests of the LSD Shareholders.

The Proposal would, if implemented, involve the payment by LSD to Mr. Wu of the Cancellation Price in respect of Mr. Wu's shareholding in eSun of about HK\$11,200. However, Mr. Wu has unconditionally and irrevocably agreed to donate the proceeds in respect of his eSun Shares to an independent charitable organisation, as such, Mr. Wu will not gain any economic benefit from the implementation of the Proposal. As the Proposal would also, if implemented, involve the payment by LSD to two directors of certain subsidiaries of LSD, namely Mr. Lee Po On and Mr. Liu Ngai Wing, of the Cancellation Price in respect of their respective shareholdings in eSun, the Proposal constitutes a connected transaction for LSD under the Listing Rules. As the value of the consideration to be paid to Mr. Lee Po On and Mr. Liu Ngai Wing in respect of such eSun Shares is about HK\$2.3 million, the transaction falls within the ambit of Rule 14.25(1) of the Listing Rules and is subject to disclosure but not shareholder approval requirements under the Listing Rules.

A document containing, among other things, further details of the Proposal and the Scheme, the expected timetable, an explanatory statement as required under the Companies Act, information regarding eSun and LSD, the recommendations of the independent board committee of eSun with respect to the Proposal, a letter of advice from the independent financial adviser to such

independent board committee, a notice of the Court Meeting and a notice of special general meeting of eSun will be despatched to the eSun Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Authorisations”	all necessary authorisations, registrations, filings, rulings, consents, permissions and approvals in connection with the Proposal
“Bondholders”	holders of the Bonds
“Bonds”	the US\$150,000,000 4% Convertible Guaranteed Bonds due 31st December, 2002 issued by Lai Sun International Finance (1997) Limited (a wholly-owned subsidiary of LSD) and/or the US\$115,000,000 5% Exchangeable Guaranteed Bonds due 28th February, 2004 issued by Lai Sun International Finance (Cayman Islands) Limited (a wholly-owned subsidiary of LSD)
“Cancellation Price”	a price of HK\$0.28 per Scheme Share payable by LSD to the Scheme Shareholders under the Scheme
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Supreme Court at which the Scheme will be voted upon
“eSun”	eSun Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“eSun Group”	eSun and its subsidiaries
“eSun Shareholder(s)”	holder(s) of the eSun Shares
“eSun Share(s)”	share(s) of HK\$0.50 each in the capital of eSun
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent eSun Shareholders”	eSun Shareholders other than members of the LSD Group and the parties acting in concert with LSD, including Mr. Wu, a director of LSD, Mr. Lee Po On and Mr. Liu Ngai Wing, being directors of eSun and certain subsidiaries of LSD, and Silver Ace Limited, a company which is wholly owned by Mr. Li Chu Keung and Ms. Wong Hoi Ping

“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	the loan of up to HK\$80 million which OFL has agreed to lend to LSD under the Loan Agreement for the sole purpose of implementing the Scheme
“Loan Agreement”	the loan facility agreement dated 10th February, 2003 entered into between LSD and OFL in respect of the Loan
“LSD”	Lai Sun Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“LSD Group”	LSD and its subsidiaries
“LSD Shareholder(s)”	holder(s) of the LSD Share(s)
“LSD Shares”	shares of HK\$0.50 each in the capital of LSD
“Mr. Wu”	Mr. Wu Shiu Kee, Keith, a director of LSD who was interested in 200,000 LSD Shares as at the date of this announcement
“OFL”	Onshine Finance Limited, a company incorporated in Hong Kong and a money lender registered under the Money Lenders Ordinance, the provider of the Loan
“Proposal”	the proposal for the privatisation of eSun by LSD by way of the Scheme
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“Scheme”	a scheme of arrangement under Section 99 of the Companies Act involving the cancellation of all the Scheme Shares
“Scheme Share(s)”	eSun Share(s) held by the Scheme Shareholder(s)
“Scheme Shareholder(s)”	eSun Shareholder(s) other than members of the LSD Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supreme Court”	Supreme Court of Bermuda
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“US\$”	United States dollar(s), the lawful currency of the United States of America

By Order of the board of
Lai Sun Development Company Limited
Yeung Kam Hoi
Company Secretary

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

Hong Kong, 19th February, 2003

The directors of eSun jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to the eSun Group and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement relating to the eSun Group have been arrived at after due and careful consideration and there are no other facts not contained in this announcement relating to the eSun Group, the omission of which would make any statement in this announcement misleading.

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 the eSun Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those relating to the eSun Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than those relating to the eSun Group), the omission of which would make any statement in this announcement misleading.

*Please also refer to the published version of this announcement in the (**The Standard**)*