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eSun Holdings Limited

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



LAI SUN DEVELOPMENT

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

**MAJOR TRANSACTION OF eSUN
CONDITIONAL SALE OF A STRATEGIC INTEREST IN CYBER ONE AGENTS LIMITED
JOINT VENTURE ARRANGEMENT FOR THE DEVELOPMENT OF THE COTAI SITE
RESUMPTION OF TRADING**

THE TRANSACTION

The respective boards of LSD and eSun jointly announce that on 8 April 2006 eSun entered into the Share Purchase Agreement with East Asia, an indirect subsidiary of eSun (as seller), and the Purchaser (as purchaser), pursuant to which East Asia agreed to sell to the Purchaser, and the Purchaser agreed to purchase from East Asia, the Sale Shares (representing, as of the Closing Date, 40 per cent. of the Cyber One Shares in issue) for a consideration of HK\$1,317,513,600.

eSun intends to dispose one third of its interest in East Asia to a third party of whom the Purchaser may (in its sole discretion) consent in writing. eSun will comply with the relevant requirements under the Listing Rules when proceeding with such Qualified Third Party Sale.

If the Qualified Third Party Sale does not complete within one month of Closing, the Purchaser has an option to acquire an additional 10 per cent. of the Cyber One Shares in issue for an additional consideration of HK\$329,378,400.

Pursuant to the Share Purchase Agreement, the Purchaser and East Asia each agrees that the value of the Sale Shares and the Additional Cyber One Shares shall be computed on the basis not only of the currently approved Gross Floor Area of the Cotai Site, but also for any subsequent increase of Gross Floor Area that may arise within three years of Closing as a result of the Land Grant Modification, subject to their being a site density ratio of not more than 3.96 and subject also to a maximum total Gross Floor Area of 6,000,000 square feet (without the Purchaser's consent) or 6,600,000 square feet (with the Purchaser's consent). On the assumption that the Purchaser acquires the Sale Shares and the Additional Cyber One Shares, and there is an increase of the Gross Floor Area to 6,000,000 square feet (within the time limit and density parameter described above), the Purchaser will pay a further consideration equal to 50% of HK\$900 per square foot of increased Gross Floor Area. The Purchaser will pay the additional consideration (otherwise due to East Asia) firstly to the Macau government as Additional Premium, and the balance (representing the Additional Sum) to East Asia. This means that, subject to the final approved Gross Floor Area, East Asia could receive a total consideration (including the Additional Premium paid by the Purchaser to the Macau government) of up to HK\$2,700,000,000 (without the Purchaser's consent) or HK\$2,970,000,000 (with the Purchaser's consent).

The Share Purchase Agreement is subject to a number of conditions.

Cyber One, directly and indirectly through its wholly-owned subsidiary Cyber Neighbour, owns MacauCo, which in turn owns a leasehold interest in the Cotai Site pursuant to the Land Grant. On Closing, each of East Asia, the Purchaser and Cyber One will enter into the Joint Venture Agreement which will, inter alia, determine the governance of the business and affairs of Cyber One (including, in particular, the development of the Project). In this regard, on Closing, MacauCo and EntertainmentCo, a wholly-owned subsidiary of the immediate parent company of the Purchaser, will enter into the Entertainment Lease Option Deed with MacauCo, pursuant to which MacauCo will grant EntertainmentCo the First Option and the Second Option to enter into the First Entertainment Lease Agreement and the Second Entertainment Lease Agreement (and related rental arrangements) respectively in relation to part of the Cotai Site for the purposes of developing the Project. It is expected that the First Option will be exercised after a Master Plan for the Cotai Site in respect of the Project has been agreed or determined pursuant to the Joint Venture Agreement.

Upon Closing and upon execution of the Joint Venture Agreement, the Purchaser and East Asia, as the sole shareholders of Cyber One, will each contribute (into an escrow account) or make available (by way of an irrevocable letter of credit) its respective pro rata share (calculated according to the percentage of Cyber One Shares held by such entity) of US\$100 million (equivalent to approximately HK\$780,000,000) as working capital for Cyber One. Each such shareholder is subject to a future capital call of up to the same amount as may be required by Cyber One.

The terms of the Transaction were negotiated on an arm's length basis and the eSun Directors consider that the Transaction and its terms are fair and reasonable and are in the interests of eSun and the eSun Shareholders as a whole.

The Transaction constitutes a major transaction for eSun under Chapter 14 of the Listing Rules and is therefore conditional upon the approval of the eSun Shareholders at the SGM.

LSD, a substantial shareholder of eSun, has an interest in eSun equal to approximately 34.83 per cent. as at the date of this announcement. The board of LSD considers that the Transaction is price-sensitive information and therefore makes this announcement pursuant to Rule 13.09(1) of the Listing Rules.

GENERAL

A circular containing, among other things, details of the Transaction and a notice of the SGM will be despatched to the eSun Shareholders as soon as possible.

TRADING SUSPENSION AND RESUMPTION

The shares of LSD and eSun were, at the respective requests of each of them, suspended from trading on the Stock Exchange with effect from 9.30 am on 10 April 2006. Each has made an application to the Stock Exchange for resumption of trading of their respective shares with effect from 9.30 am on 24 April 2006.

As Closing is subject to the fulfilment of a number of conditions, the Transaction may or may not proceed. Shareholders of eSun and LSD and potential investors should exercise caution when dealing in the shares of eSun and LSD.

INTRODUCTION

Cyber One was granted with land-use rights in respect of the Cotai Site by the Macau government in October 2001 pursuant to a contract having a term of 25 years commencing from 17 October 2001, such term being capable of renewal by MacauCo up to 19 December 2049 subject to terms to be negotiated with the Macau government at the time of renewal.

On 4 February 2005, MacauCo submitted to the Macau government revised development plans which proposed the construction of a television/film studio, concert hall, convention and exhibition centre and retail complex, two five-star hotels and all-suite hotel covering Gross Floor Area of approximately 340,000 square metres. On 30 May 2005, eSun announced that MacauCo had received notification in writing dated 19 May 2005 from the Macau government of the conditional approval of the proposed development plans for the Cotai Site. On 21 March 2006, MacauCo received from the Macau government a further letter dated 6 March 2006 confirming the proposed premium payable under the proposed development plans and enclosing a draft lease modification of the Land Grant. On 10 April 2006, a letter accepting the proposed premium and another formal application for a request for modification of the Land Grant itself in the form of a request for the Stage One Modification was submitted to the Macau government for its approval.

eSun has previously disclosed (in its announcements dated 17 November 2004, 30 May 2005, 4 July 2005 and 29 December 2005) that MacauCo had, on 15 November 2004, entered into a memorandum of cooperation with Lai Fung Holdings Limited, which has been supplemented by two supplemental memoranda of cooperation dated 29 June 2005 and 28 December 2005 respectively, in respect of the development of a proposed residential property

project on a plot within the Cotai Site. As announced in eSun's announcement dated 31 March 2006, each of MacauCo and Lai Fung Holdings Limited agreed to terminate that arrangement by executing a termination agreement, terminating the operation of the memoranda of cooperation.

The respective boards of LSD and eSun jointly announce that eSun (together with East Asia, an indirect subsidiary of eSun) entered into the Share Purchase Agreement on 8 April 2006, pursuant to which East Asia will dispose of the Sale Shares (which will represent, as of the Closing Date, 40 per cent. of the shares in issue of Cyber One, a wholly owned subsidiary of East Asia) to the Purchaser, an independent third party. Upon Closing, each of East Asia and the Purchaser, as the sole shareholders of Cyber One, will execute the Joint Venture Agreement with Cyber One, pursuant to which each such shareholder will, inter alia, direct MacauCo, an entity directly and indirectly owned and controlled by Cyber One, to develop the Project on the Cotai Site, subject at all times to Macau government approval.

SHARE PURCHASE AGREEMENT

Date: 8 April 2006

Parties: (1) East Asia
(2) the Purchaser
(3) eSun

Subject Matter of Disposal:

East Asia has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from East Asia, the Sale Shares.

Pursuant to the Share Purchase Agreement, East Asia's immediate parent company is entitled to effect a Qualified Third Party Sale within one month of Closing in respect of one third of the issued share capital of East Asia to a third party of whom the Purchaser may (in its sole discretion) consent in writing. If a Qualified Third Party Sale does not complete within one month of Closing, East Asia must notify the Purchaser within five Business Days after the expiry of that one month period. Thereafter, the Purchaser may, by serving a notice on East Asia within three months from receipt of that notice from East Asia, elect to purchase from East Asia the Additional Cyber One Shares (being an additional 10 per cent. of the Cyber One Shares then in issue, determinable as at Closing).

If the Purchaser does not serve a notice on East Asia electing to purchase the Additional Cyber One Shares, or, upon serving such notice, the Purchaser fails to complete the acquisition of the Additional Cyber One Shares from East Asia, in each case in the manner contemplated as set out above, the immediate parent company of East Asia shall be free to dispose of one third of the ordinary share capital of East Asia issued and outstanding at such time to any third party nominated by it, subject to the prior consent of the Purchaser (such consent not to be unreasonably withheld or delayed) and provided such disposal is completed within a further 180 day period.

Simultaneously with Closing, each of East Asia, the Purchaser and Cyber One will enter into the Joint Venture Agreement which will determine the governance of the business and affairs of Cyber One and will also contain a number of restrictions on transfers, pertaining to both direct transfers of interests in Cyber One and also transfers of indirect or upstream interests in Cyber One. Further particulars of the Joint Venture Agreement (including the aforementioned restrictions on transfers) are set out below.

Consideration:

The consideration for the purchase of the Sale Shares is HK\$1,317,513,600, which shall be payable by the Purchaser to East Asia in the following manner:

- (i) an amount of:
 - (a) HK\$98,813,520 shall be payable in cash into an escrow account within five Business Days after the date of the Share Purchase Agreement by way of a deposit (such amount has been deposited into the escrow account); and
 - (b) HK\$98,813,520 shall be payable in cash into an escrow account within 30 days of the date of the publication of this announcement in a recognised newspaper in Hong Kong by way of a further deposit, and

the amount standing to the credit of the escrow account from time to time (together with all accrued interest and other earnings thereon) will be released to East Asia at Closing; and
- (ii) an amount equal to (a) HK\$1,317,513,600 minus (b) the deposits referred to in (i) above (together with all accrued interest and other earnings thereon), shall be payable in cash on Closing, into an account nominated by East Asia.

The consideration of HK\$1,317,513,600 was determined by reference to a 40 per cent. economic interest in the estimated value of the Cotai Site (assuming HK\$900 per square foot) with an approved gross floor area of 3,659,760 square feet for the purposes of the Project. The price per square foot was negotiated and determined by the Purchaser and East Asia on an arm's length basis, on the assumption that East Asia bears the cost of any premium payable in respect of such Gross Floor Area to be used in connection with the Project. According to Savills Valuation and Professional Services Limited, a qualified valuer which is an Unconnected Person, the preliminary valuation of the Cotai Site based only on the current approved Gross Floor Area of 3,659,760 square feet amounted to approximately HK\$3,370,000,000 (representing approximately HK\$920.8 per square foot) (subject to issuance of its formal valuation report which will be included in the circular to be despatched to the eSun Shareholders), on the assumptions that (i) the Stage One Modification has been approved by the Macau government; (ii) the relevant premium has been fully paid; and (iii) all relevant consents, approvals and licences from the Macau government will be granted without any onerous conditions or undue time delay which might affect value. eSun Group's

total investment cost in Cyber One immediately before Closing is estimated to be approximately HK\$129.5 million (please refer to the section headed “Financial information of Cyber One and financial effects to eSun in respect of the disposal of interest in Cyber One” below for further information).

eSun intends to dispose one third of its interest in East Asia by way of a Qualified Third Party Sale. eSun will comply with the relevant requirements under the Listing Rules when proceeding with the Qualified Third Party Sale.

If a Qualified Third Party Sale does not complete within one month of Closing and the Purchaser elects to purchase the Additional Cyber One Shares from East Asia, the consideration for such purchase shall be HK\$329,378,400 (determined on the same basis as the consideration payable in respect of the Sale Shares), which is payable in cash, into an account nominated by East Asia, on the date on which completion of the sale and purchase of the Additional Cyber One Shares takes place.

If, from time to time prior to the three year anniversary of the Closing Date, East Asia delivers to the Purchaser a copy of a Land Grant Modification, the Purchaser shall pay to East Asia an additional amount equal to the excess of: (i) the product of: (a) the percentage of the Cyber One Shares then held by the Purchaser; (b) HK\$900; and (c) the Gross Floor Area Differential with respect to such Land Grant Modification; over (ii) the Additional Premium with respect to such Land Grant Modification (each such amount, an “Additional Sum”).

Pursuant to the Share Purchase Agreement, the Purchaser and East Asia each agrees that the value of the Sale Shares and the Additional Cyber One Shares shall be computed on the basis not only of the currently approved Gross Floor Area of the Cotai Site, but also for any subsequent increase of Gross Floor Area that may arise within three years of Closing as a result of the Land Grant Modification, subject to their being a site density ratio of not more than 3.96 and subject also to a maximum total Gross Floor Area of 6,000,000 square feet (without the Purchaser’s consent) or 6,600,000 square feet (with the Purchaser’s consent). On the assumption that the Purchaser acquires the Sale Shares and the Additional Cyber One Shares, and there is an increase of the Gross Floor Area to 6,000,000 square feet (within the time limit and density parameter described above), the Purchaser will pay a further consideration equal to 50% of HK\$900 per square foot of increased Gross Floor Area. The Purchaser will pay the additional consideration (otherwise due to East Asia) firstly to the Macau government as Additional Premium, and the balance (representing the Additional Sum) to East Asia. This means that, subject to the final approved Gross Floor Area, East Asia could receive a total consideration (including the Additional Premium paid by the Purchaser to the Macau government) of up to HK\$2,700,000,000 (without the Purchaser’s consent) or HK\$2,970,000,000 (with the Purchaser’s consent).

In respect of each Additional Sum (if any) with respect to a Land Grant Modification referred to in the paragraph above, one quarter shall be payable within each of: (i) one month; (ii) six months; (iii) 12 months; and (iv) 18 months, of the date on which the Purchaser receives the copy of the Land Grant Modification from East Asia.

Any premium charged by the Macau government in respect of the Stage One Modification shall be borne by East Asia. Any premium charged by the Macau government in respect of any subsequent Land Grant Modification shall be borne by the Purchaser. Any failure by either East Asia or the Purchaser to discharge any such premium payment obligations will provide the non-defaulting party with the right to elect to assume the defaulting party's premium payment obligations, by way of subscription of new Cyber One Shares, on the basis that Cyber One will on-lend to MacauCo the monies so subscribed so as to enable MacauCo to make the requisite payments. The number of new Cyber One Shares so subscribed shall be equal to premium payment obligations so assumed divided by 80 per cent. of the then fair market value per Cyber One Share to be determined pursuant to the Share Purchase Agreement.

Both the value of, and the actual or potential liabilities in connection with, the carrying on of any business under the television and broadcasting licence held by MacauCo have been excluded in the calculation of the consideration, since such licence does not form part of the Transaction and it will be transferred to eSun Group.

The consideration was arrived at on an arm's length basis between the parties.

Conditions:

The sale and purchase of the Sale Shares pursuant to the Share Purchase Agreement is conditional upon the satisfaction (or where applicable, waiver by the Purchaser in respect of condition (ii) below or waiver by the Purchaser and East Asia together (but not unilaterally) in respect of conditions (iii) and (iv) below) of the following conditions, or their satisfaction subject only to Closing:

- (i) the eSun Shareholders having passed the SGM Resolutions;
- (ii) the Stage One Modification having been obtained and remaining in full force and effect;
- (iii) no litigation, arbitration or other legal proceedings having been brought by a third party in which an unfavourable order, injunction, ruling, charge, decree or judgment has been issued the direct or indirect effect of which is to prohibit, restrict or prevent any of the parties from performing any of its respective material obligations under the Share Purchase Agreement; and
- (iv) the constitutive documents of each Group Company having been amended or, if applicable, repealed and replaced in a form to be agreed between East Asia and the Purchaser (or as otherwise determined pursuant to the Share Purchase Agreement) and such constitutive documents being in full force and effect as so amended or replaced.

Closing:

Closing of the Share Purchase Agreement shall take place on the fifth Business Day following the date on which East Asia notifies the Purchaser that: (a) the conditions referred to in paragraphs (i) and (iv) under the heading "Conditions" above are satisfied (or, in respect of condition (iv), waived); and (b) the other conditions remain satisfied or waived (as the case may be), or such other date as may be agreed between the parties.

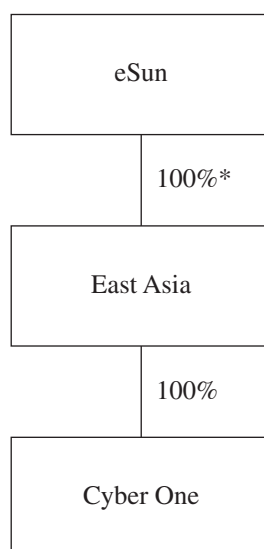
If a Qualified Third Party Sale does not complete within one month of Closing and the Purchaser elects to purchase the Additional Cyber One Shares, then closing of the sale and purchase of the Additional Cyber One Shares shall take place on the fifth Business Day following receipt by East Asia of notice of the election from the Purchaser, or such other date as may be agreed between the parties.

eSun will make a further announcement as and when appropriate to keep eSun Shareholders and the market informed as to whether or not the conditions have been satisfied or waived and whether or not the parties will proceed with: (i) Closing; and (ii) a Qualified Third Party Sale or, failing which, a disposal of the Additional Cyber One Shares to the Purchaser. In the event that neither a Qualified Third Party Sale nor the disposal of the Additional Cyber One Shares to the Purchaser completes and East Asia's immediate parent entity disposes (or enters into an agreement to dispose) of one third of the issued share capital of East Asia within the prescribed 180 day period, eSun will make an announcement as and when appropriate to keep eSun Shareholders and the market informed and will comply with any applicable requirements under the Listing Rules.

The Purchaser has the right to terminate the Share Purchase Agreement if the condition set out in paragraph (i) under the heading "Conditions" above has not been satisfied as of the earlier of: (a) the date of the SGM; and (b) the Long Stop Date. East Asia has the right to terminate the Share Purchase Agreement if the condition set out in paragraph (i) under the heading "Conditions" above has not been satisfied as of the Long Stop Date. Both the Purchaser and East Asia have the right to terminate the Share Purchase Agreement if any of the other conditions have not been or cease to be satisfied or waived on or before the Long Stop Date.

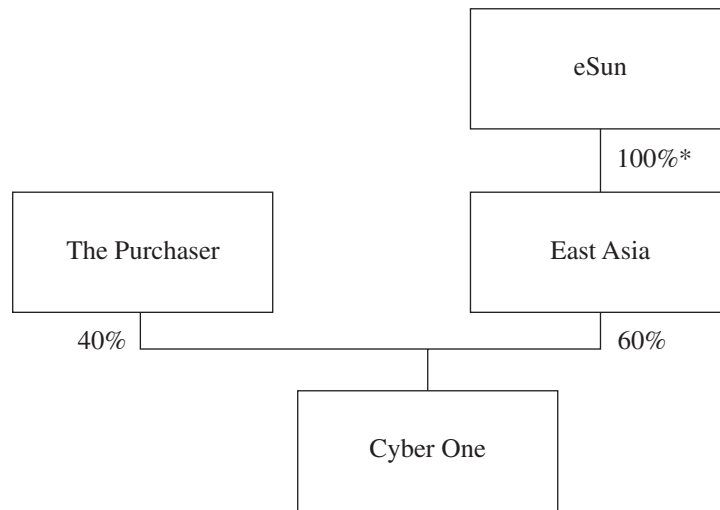
Shareholding Structure of Cyber One:

- (i) Simplified shareholding structure of Cyber One before the disposal of the Sale Shares:



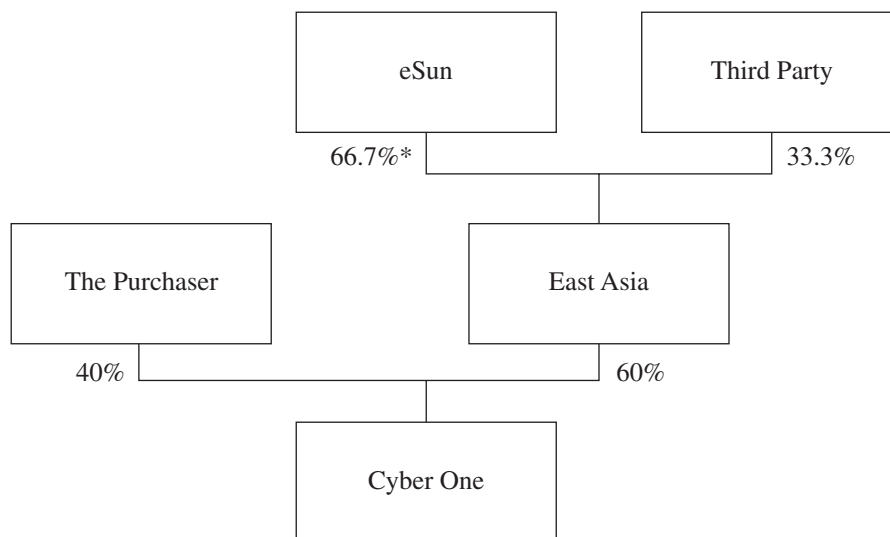
* *Indirect interest*

- (ii) Simplified shareholding structure of Cyber One immediately following Closing (assuming the Qualified Third Party Sale and the sale of the Additional Cyber One Shares do not take place):



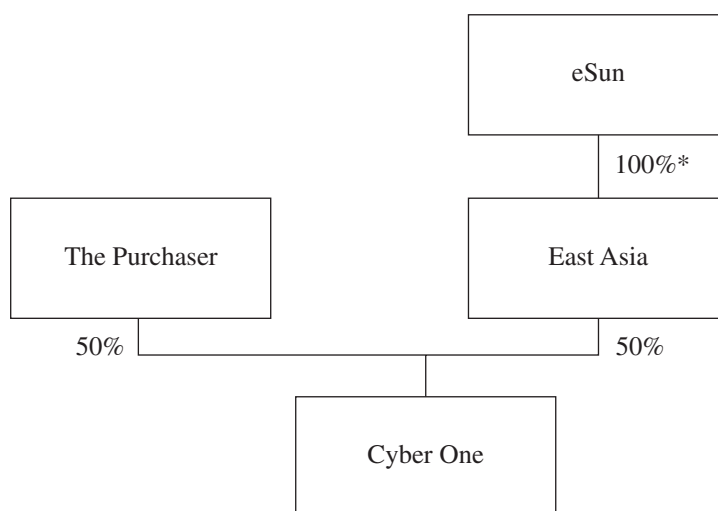
* *Indirect interest*

- (iii) Simplified shareholding structure of Cyber One following Closing and completion of the Qualified Third Party Sale (assuming the sale of the Additional Cyber One Shares does not take place):



* *Indirect interest*

- (iv) Simplified shareholding structure of Cyber One following Closing and completion of the sale of the Additional Cyber One Shares (assuming the Qualified Third Party Sale does not take place):



* *Indirect interest*

Termination and Liquidated Damages:

If the Purchaser fails to pay any or all of the deposit in accordance with paragraph (i) under the heading “Consideration” above, East Asia has the right to terminate the Share Purchase Agreement, in which case, East Asia shall be entitled to retain the amount then standing to the credit of the escrow account, as liquidated damages, in lieu of all other remedies.

The Purchaser has the right to terminate the Share Purchase Agreement at any time prior to Closing, in which case East Asia shall be entitled to retain the amount then standing to the credit of the escrow account referred in paragraph (i) under the heading “Consideration” above, as liquidated damages, in lieu of all other remedies.

In certain circumstances, the Share Purchase Agreement provides for either East Asia or the Purchaser to have the right to terminate before Closing if there has been a material breach of certain warranties and obligations set out in the Share Purchase Agreement.

In the event that all the conditions are satisfied or waived on or before the Long Stop Date:

- (i) East Asia shall be entitled to retain the amount then standing to the credit of the escrow account referred in paragraph (i) under the heading “Consideration” above, as liquidated damages, if East Asia terminates the Share Purchase Agreement as a result of a material breach of the Purchaser’s Closing obligations (in circumstances where East Asia is otherwise ready, willing and able to comply with its Closing obligations); and

- (ii) the Purchaser shall be entitled to have the amount then standing to the credit of the escrow account referred in paragraph (i) under the heading “Consideration” above, released to it and to recover from East Asia a further amount equal to the amount then standing to the credit of the escrow account referred in paragraph (i) under the heading “Consideration” above, as liquidated damages, if the Purchaser terminates the Share Purchase Agreement as a result of a material breach of East Asia’s Closing obligations (in circumstances where the Purchaser is otherwise ready, willing and able to comply with its Closing obligations),

in each case, in lieu of all other remedies.

Break Fees; Termination Fee and Reimbursement Fee:

Under the terms of the Share Purchase Agreement, eSun and East Asia (jointly and severally) could be liable, upon the happening of certain events, to pay the Purchaser sums of money as three distinct alternative remedies (in lieu of all other remedies, save for breaches of the provisions summarised in the paragraphs under the heading “Exclusivity” below). In this regard, if the Purchaser terminates the Share Purchase Agreement for failure to satisfy the condition set out in paragraph (i) under the heading “Conditions” above and, as at the date of the SGM, each of the following conditions is satisfied: (a) the condition set out in paragraph (iii) under the heading “Conditions” above remains satisfied (or waived); and (b) there has not been a material breach of any of the warranties given by the Purchaser, East Asia and eSun shall pay to the Purchaser the following amounts on the happening of the following events:

- (i) a break fee of US\$20 million (equivalent to approximately HK\$156,000,000) if either:
 - (a) LSD abstained from voting (otherwise than in the circumstances specified in paragraph (iii) below) or voted against the SGM Resolutions; or
 - (b) the eSun Board did not formally recommend that the eSun Shareholders should vote in favour of the SGM Resolutions (or, having so recommended, changed or withdrew its recommendation);
- (ii) save where paragraph (iii) below applies, a termination fee of US\$15 million (equivalent to approximately HK\$117,000,000) if at any time:
 - (a) at or before the SGM, a Competing Offer has been generally communicated to the eSun Shareholders, or is otherwise in the public domain (other than by way of mere market rumour or speculation, unless such rumour or speculation requires a Stock Exchange announcement by eSun confirming or indicating the existence of a Competing Offer); and
 - (b) during the period of nine months from the date of the SGM, East Asia or eSun or their respective affiliates enter into any Competing Party Transaction (save for a Qualified Third Party Sale); or

- (iii) a reimbursement fee in an amount equal to the Purchaser's actual costs and expenses (up to a maximum of US\$3 million (equivalent to approximately HK\$23,400,000)) incurred in connection with the negotiation and documentation of the transactions contemplated in the Share Purchase Agreement, if LSD:
 - (a) is required to abstain from voting, or otherwise is not permitted to vote, in respect of the SGM Resolutions (whether by injunction, a regulatory order or otherwise); or
 - (b) votes in favour of the SGM Resolutions but such votes are disregarded in the determination of whether or not the SGM Resolutions are approved.

Exclusivity:

Save in respect of a Qualified Third Party Sale, each of eSun and East Asia have agreed and shall procure that each Group Company and its and their respective officers and directors and affiliates agree:

- (i) not to discuss, negotiate or otherwise enter into any Acquisition Proposal;
- (ii) not to provide any information to any third party, other than in the ordinary course of business and where there is no reason to believe that such information may be utilised to evaluate any such Acquisition Proposal;
- (iii) to cease any and all contacts, discussions and negotiations with third parties regarding an Acquisition Proposal; and
- (iv) to promptly notify the Purchaser if it is approached by any third party or becomes aware of any negotiations or discussions with any third party in respect of any serious or bona fide expression of interest, offer or proposal related to any Acquisition Proposal.

The obligations set out immediately above shall terminate on the earlier of: (i) Closing; or (ii) termination of the Share Purchase Agreement.

JOINT VENTURE AGREEMENT

Management of the Joint Venture:

Cyber One, directly and indirectly through its wholly-owned subsidiary Cyber Neighbour, owns MacauCo, which in turn owns a leasehold interest in the Cotai Site under the Land Grant. On Closing, East Asia, the Purchaser and Cyber One will enter into the Joint Venture Agreement which will, inter alia, establish the governance of the business and affairs of Cyber One including, in particular, the development of the Project.

The business and affairs of Cyber One will be managed by Cyber One's board of directors, which will consist of ten directors. Each of East Asia and the Purchaser shall initially be entitled to appoint five directors, though the relative entitlements may be adjusted from time to time if either party's shareholding interest in Cyber One is diluted (further details of which are set out below). none of the directors of Cyber One would have casting vote.

Any resolution submitted for approval at a meeting of the board of Cyber One may be approved by the affirmative vote of a majority of disinterested members of the board. All Approved Proposals of the board of Cyber One must then be submitted to the shareholders of Cyber One for ratification as follows:

- (i) if the Approved Proposal solely or predominantly relates to a Unanimous Consent Matter, then such Approved Proposal shall require the affirmative vote of both East Asia and the Purchaser; and
- (ii) in any other case, such Approved Proposal will require the affirmative vote of:
 - (a) the shareholder entitled to appoint a majority of the directors; or
 - (b) if neither shareholder is entitled to appoint a majority of the directors, then the affirmative vote of each of East Asia and the Purchaser.

Deadlock Matters:

For so long as neither of East Asia nor the Purchaser is entitled to appoint a majority of the directors of Cyber One, then any resolution submitted for approval at a meeting of the board of Cyber One that is not approved by an affirmative vote of the majority of the disinterested members of the board may nonetheless be deemed approved by the board if:

- (i) such resolution solely or predominantly relates to a Purchaser Deadlock Matter and such resolution is approved by the affirmative vote of a majority of the members of the board appointed by the Purchaser present (in person or by proxy) at such meeting; or
- (ii) such resolution solely or predominantly relates to an East Asia Deadlock Matter and such resolution was approved by the affirmative vote of a majority of the members of the board appointed by East Asia present (in person or by proxy) at such meeting.

In the event that either:

- (i) East Asia and the Purchaser cannot agree on whether or not the subject matter of any resolution submitted to the board of Cyber One solely or predominantly relates to: (a) an Unanimous Consent Matter; or (b) if neither East Asia nor the Purchaser is entitled to appoint a majority of the directors, a Purchaser Deadlock Matter or an East Asia Deadlock Matter; or
- (ii) a deadlock matter arises in respect of a matter which is: (a) not an Unanimous Consent Matter; and (b) neither an East Asia Deadlock Matter nor a Purchaser Deadlock Matter,

then either shareholder may refer such matter for expert determination in accordance with the provisions of the Joint Venture Agreement.

Additional Funding:

Upon Closing (regardless of whether or not the disposal of the Additional Cyber One Shares to the Purchaser is completed), the Purchaser and East Asia, as sole shareholders of Cyber One, will each contribute (into an escrow account) or make available (by way of an irrevocable letter of credit) its respective pro rata share (calculated according to the percentage of Cyber One Shares held by such entity) of US\$100 million (equivalent to approximately HK\$780,000,000) as working capital for Cyber One. Cyber One shall entitle to draw down a pro rata amount from the capital contributed by each of the Purchaser and East Asia. Such draw down will be structured in the form of a loan by each of the Purchaser and East Asia. Each such shareholder is subject to a future capital call of up to the same amount as may be required by Cyber One.

Transfer Restrictions:

The Joint Venture Agreement contains various restrictions on the transfer of securities, both in respect of Cyber One Shares and also in respect of upstream interests of both East Asia and the Purchaser. These transfer restrictions include:

- (i) **no direct transfers:** save for an approved pledge, a public offer of Cyber One, a right of first refusal, transfers in lieu of damages for breach of the Joint Venture Agreement or as otherwise allowed under the Share Purchase Agreement, neither East Asia nor the Purchaser is permitted to directly transfer any of its Cyber One Shares;
- (ii) **transfers to competitors:** save as otherwise provided in the Joint Venture Agreement, a change of control, in favour of a competitor (being someone who holds a concession or sub-concession to operate a casino in Macau), of either East Asia or the Purchaser would allow the other shareholder to gain control of the board of Cyber One upon the payment of a control premium of US\$60 million (equivalent to approximately HK\$468,000,000);

- (iii) **change of control within first year:** save as otherwise provided in the Joint Venture Agreement, a change of control of either East Asia or the Purchaser within the first year (post Closing) would allow the other shareholder to gain control of the board of Cyber One upon the payment of a control premium of US\$60 million (equivalent to approximately HK\$468,000,000);
- (iv) **right of first offer in connection with a change of control of HoldingsCo:** save in the event of a public offering of HoldingsCo or any member of the Purchaser Group, if there is a change of control of HoldingsCo at any time after the first year (post Closing), then East Asia may elect to purchase (at a price, to be notified by the transferor to East Asia, equal to the price per equity security in the change of control transaction) such number of equity securities in HoldingsCo as is equal to the greater of:
 - (a) the number of equity securities that is the subject of the change of control transaction; and
 - (b) the number of equity securities that, after giving effect to such purchase, would result in East Asia acquiring control of the Purchaser; and
- (v) **right of first refusal in connection with an intermediary transfer:** save as otherwise permitted under the provisions of the Joint Venture Agreement, prior to completing a transfer of any shares in either the East Asia Group or the Purchaser Group, the transferring shareholder must first offer to the other shareholder the option to buy such number of Cyber One Shares as is equal to the effective interest being transferred, at a price per Cyber One Share determined by reference to the price being offered in respect of the transfer. If the other shareholder does not exercise this option, the transferring shareholder has 180 days to complete a transfer of the relevant Cyber One Shares at a price and on terms no more favourable to the transferee than those offered to the other shareholder.

Profit Sharing and Distribution:

The payment or declaration of any dividend or other distribution will be pro-rata to each shareholders' interest in the shares of Cyber One. Unanimous consent is required if the payment or declaration of any dividend or other distribution is not on a pro-rata basis.

Public Offering of Cyber One:

If, pursuant to the Joint Venture Agreement, the board and shareholders of Cyber One approve a public offering of Cyber One or any of its subsidiaries, each of East Asia and the Purchaser shall use commercially reasonable efforts to assist Cyber One and/or such subsidiary in completing such public offering. Each such shareholder shall not be able to effect any public sale of any of its equity securities in the relevant entity during the seven days prior to and the 180-day period beginning on the effective date of any initial public offering of Cyber One or any of its subsidiaries (or such longer period as may be imposed by the relevant listing authority), except as part of a public offering. The Joint Venture Agreement shall terminate and be of no further force and effect upon the consummation of such public offering of Cyber One or any of its subsidiaries.

ENTERTAINMENT LEASE OPTION DEED

In respect of the Cotai Site, pursuant to the Share Purchase Agreement, MacauCo and EntertainmentCo (a wholly-owned subsidiary of the immediate parent company of the Purchaser) will, on Closing, be obliged to enter into the Entertainment Lease Option Deed, pursuant to which MacauCo will grant EntertainmentCo the First Option and the Second Option to enter into the First Entertainment Lease Agreement and the Second Entertainment Lease Agreement, respectively, to lease certain areas of the Cotai Site from MacauCo for the purposes of developing the Project. Exercise of the First Option and the Second Option will be at the discretion of EntertainmentCo. The Entertainment Lease Option Deed and the Entertainment Lease Agreements (and in each case, the transactions contemplated therein) are an integral part of the Transaction.

First Option:

It is expected that the First Option will be exercised after the Master Plan in respect of the Phase I Development has been finalised between the parties. More particularly:

- (i) if the Master Plan with respect to the Phase I Development is finalised in accordance with the terms and conditions of the Joint Venture Agreement within a period of six months from the Closing Date, the Purchaser shall have the right to exercise the First Option within six months from the date on which the Master Plan is finalised; or
- (ii) if the Master Plan with respect to the Phase I Development is not finalised in accordance with the terms and conditions of the Joint Venture Agreement within a period of six months from the Closing Date, the Purchaser shall have the right to exercise the First Option within three months from the date on which the Master Plan is finalised.

Second Option:

It is expected that the Second Option will be exercised within 60 days of the latest of the following occurring:

- (i) the date that MacauCo receives written notification from the Macau government of a formal Land Grant Modification permitting an increase in the authorised Gross Floor Area in respect of the Phase II Development;
- (ii) the date that the Master Plan in respect of the Phase II Development is finalised in accordance with the terms of the Joint Venture Agreement; and
- (iii) the date that the board of directors of Cyber One resolves to commence construction of the Phase II Development and such construction is expected to occur immediately,

provided that, in no event shall the Second Option become exercisable prior to the date that is 12 months after the Closing Date.

Estimation of Timing:

It is estimated that the Master Plan with respect of the Phase I Development would be revised and finalised by the end of 2006. Thereafter, the first operation rent payment of the First Entertainment Lease Agreement is expected to be made around the first quarter of 2009, and the first operation rent payment of the Second Entertainment Lease Agreement is expected to be made around the first quarter of 2011. Shareholders of eSun and LSD and potential investors are reminded that the aforementioned timing is an estimation only, which is subject to various factors outside the parties' control (including approval of the Macau government), and therefore, there is no assurance that those events would happen in accordance with such estimated timeframes (if at all).

ENTERTAINMENT LEASE AGREEMENTS**Terms and Renewal:**

Each of the First Entertainment Lease Agreement and the Second Entertainment Lease Agreement to be entered into, upon exercise of the First Option and the Second Option, respectively, between MacauCo, EntertainmentCo and HoldingsCo (as guarantor of EntertainmentCo's tenant obligations) are in respect of certain, discrete areas of the Cotai Site. Each of the First Entertainment Lease Agreement and the Second Entertainment Lease Agreement shall have a term expiring in 2028 provided that the Land Grant is successfully renewed. In the event that the Land Grant is not renewed successfully, the expiry of the terms of each of the First Entertainment Lease Agreement and the Second Entertainment Lease Agreement shall coincide with that of the Land Grant, or shall be such earlier dates pursuant thereto. The precise expiry dates will depend on the dates of the respective Entertainment Lease Agreements. EntertainmentCo (as lessee) shall, subject to the Land Grant and certain terms and conditions, have an option to renew each such Entertainment Lease Agreement for a period of 15 years from the expiry date of the relevant Entertainment Lease Agreement. If the remaining term of the Land Grant is less than 15 years, the applicable renewal period shall be for the entire remaining term of the Land Grant. Save and except for the rent of the renewed lease (which will be the then fair market rent to be determined pursuant to the terms of the relevant Entertainment Lease Agreement), the renewed lease will be on the same terms and conditions as the relevant Entertainment Lease Agreement and rental revision agreements.

Location and Gross Floor Area:

The precise location and Gross Floor Area subject to the Entertainment Lease Agreements will be determined by MacauCo and EntertainmentCo by mutual agreement after the Master Plan has been approved by the Macau government. MacauCo and EntertainmentCo will make the decision within the confine of the approved Master Plan and the premises subject to the Entertainment Lease Agreements will be located within the Cotai Site.

Pursuant to the Entertainment Lease Option Deed, EntertainmentCo may elect to lease a total Gross Floor Area of not less than 200,000 square feet but no more than 500,000 square feet. Assuming the MacauCo receives a written notification from the Macau government of a formal Land Grant Modification permitting an increase in the authorized Gross Floor Area

to 6,000,000 square feet, EntertainmentCo may elect to take up all the available Gross Floor Area (i.e. 500,000 square feet). Alternatively, if EntertainmentCo elects not to take up all the available Gross Floor Area, MacauCo shall have the right to lease additional Gross Floor Area to a third party for the purpose of developing the Project.

Rent:

Upon signing each of the Entertainment Lease Agreements and prior to the Operation Date, EntertainmentCo shall pay MacauCo nominal rent of US\$1 per year as pre-operation rent. Upon the Operation Date, the operation rent payable by EntertainmentCo to MacauCo in respect of the operation of entertainment business in the premises subject to the Entertainment Lease Agreements shall be as follows:

(i) in respect of the First Entertainment Lease Agreement:

(a) the annual rent payable shall be:

1. for the first three years, an initial annual base rent of US\$25 million (equivalent to approximately HK\$195,000,000), on the basis that the Gross Floor Area leased by EntertainmentCo is equal to 200,000 square feet, subject to upwards adjustment at the same per square feet rental rate if the Gross Floor Area leased by EntertainmentCo increases to exceed 200,000 square feet; and thereafter
2. commencing on year four and subject to adjustment every three years thereafter, the annual base rent shall be the higher of: (x) an increase by increments of 10 per cent. of the initial annual base rent (as adjusted*); and (y) an annual rent referable to earnings (revenue derived from operation of the premises subject to the First Entertainment Lease Agreement less operating expenses and gaming tax payable to the Macau government); and

* for illustration purpose only, on the basis that the Gross Floor Area leased by EntertainmentCo is equal to 200,000 square feet:

- (A) the adjusted annual base rent for year 4 will be the higher of: (x) US\$27.5 million (which is 110% of the initial annual base rent of US\$25 million); and (y) an annual rent referable to earnings (less expenses and taxes) derived from the Gross Floor Area leased by EntertainmentCo for year 3;
- (B) the adjusted annual base rent for year 7 will be the higher of: (x) US\$30.25 million (which is 110% of the annual base rent at year 6); and (y) an annual rent referable to earnings (less expenses and taxes) derived from the Gross Floor Area leased by EntertainmentCo for year 6; and
- (C) the annual base rent for year 10, 13, 16, 19 will be determined likewise.

(b) the base monthly rent shall be equal to one-twelfth of the annual rent payable; and

(ii) in respect of the Second Entertainment Lease Agreement:

(a) the annual rent payable shall be:

1. for the first three years, an initial annual base rent referable to the initial annual base rent payable (as adjusted), in respect of the same period, under the First Entertainment Lease Agreement; and thereafter
2. commencing on year four and subject to adjustment every three years thereafter, the annual base rent shall be the higher of: (x) an increase by increments of 10 per cent. of the initial annual base rent (as adjusted**); and (y) an annual rent referable to earnings (revenue derived from operation of the premises subject to the Second Entertainment Lease Agreement less operating expenses and gaming tax payable to the Macau government); and

** for illustration purpose only:

- (A) the adjusted annual base rent for year 4 will be the higher of: (x) 110% of the initial annual base rent under the Second Entertainment Lease Agreement at the Operation Date; and (y) an annual rent referable to earnings (less expenses and taxes) derived from the Gross Floor Area leased by EntertainmentCo for year 3;
- (B) the adjusted annual base rent for year 7 will be the higher of: (x) 110% of the annual base rent in year 6; and (y) an annual rent referable to earnings (less expenses and taxes) derived from the Gross Floor Area leased by EntertainmentCo for year 6; and
- (C) the annual base rent for year 10, 13, 16, 19 will be determined likewise.

(b) the base monthly rent shall be equal to one-twelfth of the annual rent payable,

in each case to be calculated and payable in accordance with separate rental revision agreements to be entered into at the time of executing the Entertainment Lease Agreements. Please refer to the paragraph under the heading of “Estimation of Timing” above for the estimation of timing.

Construction Obligation:

As provided in the Entertainment Lease Agreements, EntertainmentCo shall be responsible for funding all the construction costs in respect of the bare shell of the area leased under the Entertainment Lease Agreements and all the costs of all the fixtures, fittings, furniture, facilities and equipment to be installed thereon. eSun shall be responsible for such construction in accordance with the Master Plan, relevant plans, specifications and work programme provided by EntertainmentCo and approved by the Macau government.

Early Termination:

If a party commits a material default under the Entertainment Lease Agreement (including failure to pay rent, being adjudicated bankrupt or insolvent by any competent court or failure to observe any of the covenants therein), the non-defaulting party shall have the right to terminate the Entertainment Lease Agreement.

INFORMATION ON CYBER ONE

Cyber One has, to date, been used only as a special purpose vehicle through which eSun holds its indirect interest in the Cotai Site. Upon Closing, Cyber One will become the joint venture vehicle through which the Purchaser and East Asia will direct the development of the Project. eSun Group's total investment cost in Cyber One immediately before Closing is estimated to be approximately HK\$129.5 million (please refer to the section headed "Financial information of Cyber One and financial effects to eSun in respect of the disposal of interest in Cyber One" below for further information).

INFORMATION ON THE COTAI SITE

The current value of the Cotai Site's approved Gross Floor Area of 3,659,760 square feet is HK\$3,293,784,000. This is based on an agreed value of HK\$900 per square feet and on the assumption that East Asia shall bear the cost of any additional premium payable in respect of such Gross Floor Area. However, as disclosed earlier, the Purchaser has agreed to make further payments to East Asia if the Macau government approves an increase of the Gross Floor Area, provided that the density of the Gross Floor Area to the site area is not greater than 3.96. According to Savills Valuation and Professional Services Limited, a qualified valuer which is an Unconnected Person, the preliminary valuation of the Cotai Site based only on the current approved Gross Floor Area of 3,659,760 square feet amounted to approximately HK\$3,370,000,000 (representing approximately HK\$920.8 per square foot) (subject to issuance of its formal valuation report which will be included in the circular to be despatched to the eSun Shareholders), on the assumptions that (i) the Stage One Modification has been approved by the Macau government; (ii) the relevant premium has been fully paid; and (iii) all relevant consents, approvals and licences from the Macau government will be granted without any onerous conditions or undue time delay which might affect value.

The Gross Floor Areas pursuant to the Land Grant approved to date and to the Land Grant Modification which East Asia will apply for in due course are approximately 3,659,760 square feet and 5,573,830 square feet (minimum) respectively. The Share Purchase Agreement allows East Asia to apply for additional Gross Floor Areas above 5,573,830 square feet, provided that it also obtains additional site area above the 1,407,813 square feet currently approved.

On 30 May 2005, eSun announced that MacauCo had received notification in writing dated 19 May 2005 from the Macau government of the conditional approval of the proposed development plans for the Cotai Site, including the construction of a television/film studio, concert hall, convention and exhibition centre and retail complex, two five-star hotels and all-suite hotel. It is envisaged that, if EntertainmentCo (as the tenant under the Entertainment

Lease Agreements) elects to exercise the First Option, it will seek the necessary licence and approval from the Macau government for operating a gaming business on that part of the Cotai site to be leased by it, though no such application has been made at this stage. In such event, if any law related to gaming business is applicable to eSun, it will comply with the relevant requirement.

INFORMATION ON ESUN

The principal activities of the eSun Group comprise the development and operation of and investment in media, entertainment, music production and distribution, advertising agency services, satellite television operations and development of the Cotai Site into a multiuse complex.

eSun is a holding company with interests in subsidiaries and associates whose business activities mainly include satellite television operations, entertainment and related activities. It also currently owns an approximately 37.33 per cent. shareholding interest in Media Asia Entertainment Group Limited, a company incorporated in Bermuda which is engaged in films production and distribution and which is listed on Singapore Exchange Securities Trading Limited's Dealing and Automated Quotation System. eSun also holds an interest in LSD equal to approximately 40.80 per cent. as at the date of this announcement.

INFORMATION ON THE PURCHASER

The Purchaser is controlled by Silver Point Capital, L.P., (a US investment fund manager based in Greenwich, Connecticut and organised under the laws of the State of Delaware) with approximately US\$5 billion in capital under management, and a majority of the Purchaser's equity securities are owned by funds managed by Silver Point Capital, L.P.. The Purchaser was established as a special purpose vehicle to hold the funds' interest in the Project. The funds are widely held by US domestic and international investors and invest in securities worldwide. These investments may include, but are not limited to, investments in the entertainment industry as the fund invests in a diversified range of industries.

A significant equity interest in the Purchaser is owned by Mr. David Friedman. Mr. Friedman has more than 20 years of broad executive experience in the hotel and gaming industry, and is recognized as one of the leading experts on international gaming development.

Mr. Friedman was the first employee of Venetian Casino Resort, LLC, where he served as Assistant to the Chairman of the Board of Venetian Casino Resort LLC, Las Vegas Sands Inc., Interface Group-Nevada, Inc. and their related companies. Mr. Friedman subsequently co-founded and served as President of 3700 Associates, LLC, the developer of the Las Vegas, Nevada-based Cosmopolitan, a more than 5 million square foot mixed use hotel, casino, retail, condominium and entertainment project.

Mr. Friedman has structured and completed more than US\$5 billion in project financings, and has opened a variety of major casino, hotel and retail projects. During his tenure with Las

Vegas Sands, Inc., Mr. Friedman led its successful efforts to obtain the right to develop and operate casinos in Macau, and to obtain financing of those projects. Mr. Friedman holds, and has held over the past two decades, gaming licenses in numerous gaming jurisdictions around the world, including Nevada and Macau.

EntertainmentCo is a wholly-owned subsidiary of the immediate parent company of the Purchaser.

The Purchaser, EntertainmentCo and their respective ultimate parent entities are Unconnected Persons.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As mentioned in eSun's interim report 2005, the eSun Group in May 2005 received conditional approval in respect of its proposed development plans for the construction on the Cotai Site of various facilities with a total Gross Floor Area of approximately 340,000 square metres. To take the Project forward, eSun and East Asia have decided, subject to the conditions mentioned earlier in this announcement, to sell a strategic stake in Cyber One to the Purchaser to form a joint venture with a strategic partner to explore and develop opportunities in Macau using the Cotai Site.

The eSun Board intends to responsibly allocate resources to focus on the development of the Project as a priority. The eSun Board considers the Purchaser to be a suitable strategic partner. In selecting the Purchaser as eSun's strategic partner, consideration was given to: (a) its existing financial resources, together with its ability to raise external funding; and (b) the management team's relevant knowledge and experience in the entertainment/hotel/retail industry, including in Macau and in developing and completing integrated projects, including planning, logistical and execution capability. The eSun Board believes that the Purchaser meets these criteria. In particular, Mr. David Friedman, representing the Purchaser, will be appointed as the Co-Chief Executive Officer of the Project. The eSun Board believes that Mr Friedman's valuable experience and expertise in gaming, entertainment and hospitality industries, as described in the section headed "Information on the Purchaser" above, will benefit the development of the Project. Mr. Cheung Wing Sum, Ambrose, an eSun Director, will also be appointed as the Co-Chief Executive Officer of the Project.

In this regard, at or before Closing, the eSun Group will enter into the Joint Venture Agreement with the Purchaser in respect of the Project. As a joint venture partner, the Purchaser will contribute capital, expertise (both financial and operational) and appropriate human resources to the Project. The main contributions of the eSun Group to the Project are the Cotai Site and its experience in development, hospitality and entertainment business in Hong Kong, Macau and mainland China. The eSun Directors believe that the Transaction represents a good opportunity for eSun to pursue the development of the Project.

The eSun Directors (including the non-executive eSun Directors) also believe that the terms of the Transaction are fair and reasonable and in the best interests of the eSun Shareholders as a whole.

FINANCIAL INFORMATION OF CYBER ONE AND FINANCIAL EFFECTS TO ESUN IN RESPECT OF THE DISPOSAL OF INTEREST IN CYBER ONE

The audited consolidated net loss (both before tax and after tax) of Cyber One for the years ended 31 December 2005 and 31 December 2004 were approximately HK\$1.3 million and approximately HK\$0.9 million, respectively.

As at 31 December 2005, the audited consolidated net deficiency in assets of Cyber One was approximately HK\$5.0 million. As at 31 December 2005, the eSun Group had advanced shareholder loans in the aggregate amount of approximately HK\$80.4 million to Cyber One and its subsidiaries. Included in the audited consolidated balance sheet of Cyber One as at 31 December 2005 were other creditors and accruals of approximately HK\$54.1 million that will be discharged by the eSun Group before Closing pursuant to the terms of the Share Purchase Agreement. The eSun Group intends to provide further shareholder loans to Cyber One to discharge such liabilities and therefore the shareholder loans to Cyber One will be increased by approximately the same amount immediately before Closing. The shareholder loans immediately before the completion taking into account the creditors and accruals as at 31 December 2005 to be discharged by the eSun Group is estimated to be approximately HK\$134.5 million. After taking into account the audited consolidated net deficiency in assets of Cyber One as at 31 December 2005 of approximately HK\$5.0 million, eSun Group's total investment cost in Cyber One immediately before Closing is estimated to be approximately HK\$129.5 million.

The gain on disposal of 40% interest in Cyber One before expenses expected to accrue to eSun's consolidated accounts is estimated to be HK\$1,085.3 million. Since eSun owns approximately 40.80% equity interest in LSD (which in turn owns approximately 34.83% equity interest in eSun), an additional share of profit arising from this cross-holding effect of approximately HK\$179.8 million is expected to accrue to eSun's consolidated accounts upon Closing. The total estimated gain expected to accrue to eSun's consolidated accounts upon Closing as a result of the disposal of 40% interest in Cyber One before expenses, after taking into account the cross-holding effect, is approximately HK\$1,265.1 million. In the event that a Qualified Third Party Sale does not complete within one month of Closing and the Purchaser exercises its option to purchase an additional 10% interest in Cyber One, an additional estimated gain of approximately HK\$316.3 million is expected to accrue to eSun's consolidated accounts as a result of the disposal (after taking into account the cross-holding effect between eSun and LSD). The amount of gain on disposal of 40% interest, or 50% interest where applicable, in Cyber One will need to be recalculated based on the actual consolidated net asset value of Cyber One as at the date of Closing and is expected to be different from the amount disclosed above.

Under the Joint Venture Agreement (to be entered upon Closing), eSun will no longer have control over the composition of the board of directors of Cyber One and unanimous consent of both East Asia and the Purchaser will be required for ratifying any Approved Proposal related to any Unanimous Consent Matters and, for so long as neither the shareholders of Cyber One is entitled to appoint a majority of the directors of Cyber One, an affirmative vote of each of East Asia and the Purchaser will be required to ratify any other Approved

Proposals (please refer to the section headed “Management of the Joint Venture” above for further information). Cyber One will cease to be a subsidiary of eSun on Closing and will, thereafter, be accounted for as a jointly controlled entity of eSun. Such accounting treatment in respect of Cyber One has been reviewed by eSun Group’s auditors.

FINANCIAL EFFECTS TO LSD IN RESPECT OF THE DISPOSAL OF INTEREST IN CYBER ONE

Since LSD owns approximately 34.83% equity interest in eSun which in turn owns approximately 40.80% equity interest in LSD, an estimated gain of approximately HK\$440.6 million would be recognised in the consolidated income statement of LSD in respect of eSun’s disposal of 40% interest in Cyber One. An additional estimated gain of approximately HK\$110.2 million would be recognised in the consolidated income statement of LSD in the event that the Purchaser exercises its option to purchase an additional 10% interest in Cyber One. Such amounts will need to be recalculated based on the actual gain on disposal to accrue to eSun’s consolidated accounts, and is expected to be different from the amount disclosed above.

LISTING RULES IMPLICATIONS

The Transaction constitutes a major transaction on the part of eSun under Chapter 14 of the Listing Rules. To the best knowledge of the eSun Directors, none of LSD or its associates has an interest in the Transaction which is different from the interests of the other eSun Shareholders.

A circular, providing further details of the Transaction and containing, among other things, the notice of the SGM, will be despatched to the eSun Shareholders as soon as possible. eSun will seek eSun Shareholders’ approval of the Transaction at the SGM. Once such approval is obtained, no further approval will be required for execution of the Joint Venture Agreement, the Entertainment Lease Option Deed and, if applicable, the Entertainment lease Agreements (and, in each case, performance of the transactions and obligations contemplated therein).

PRICE-SENSITIVE INFORMATION FOR LSD

LSD, a substantial shareholder of eSun, has an interest in eSun equal to approximately 34.83 per cent. as at the date of this announcement. Please refer to the paragraph heading “Financial Effects to LSD in respect of the disposal of interest in Cyber One” for the financial effects to LSD. The board of LSD considers that the Transaction is price-sensitive information and therefore makes this announcement pursuant to Rule 13.09(1) of the Listing Rules.

SUSPENSION AND RESUMPTION OF SHARE TRADING

The shares of LSD and eSun were, at the respective requests of each, suspended from trading on the Stock Exchange with effect from 9.30 am on 10 April 2006. Each has made an application to the Stock Exchange for resumption of trading of their respective shares with effect from 9.30 am on 24 April 2006.

As Closing is subject to the fulfilment of a number of conditions, the Transaction may or may not proceed. Shareholders of eSun and LSD and potential investors should exercise caution when dealing in the shares of eSun and LSD.

DEFINITIONS

In this announcement, the following capitalised terms have the meanings as ascribed to them:

“Acquisition Proposal”	any definitive agreement, letter of intent or other definitive arrangement with any third party regarding any sale or other disposition in respect, directly or indirectly, of the Sale Shares or the Cotai Site;
“Additional Cyber One Shares”	such number of Cyber One Shares held by East Asia as is equal to 10 per cent. of the issued share capital of Cyber One at the relevant time;
“Additional Premium”	the aggregate additional land premium payable to the Macau government in respect of any Land Grant Modification (as determined by the Macau government at the time of granting such Land Grant Modification), after giving effect to which the authorised gross floor area for the Cotai Site exceeds 3,659,760 square feet (excluding, for the avoidance of doubt, the Stage One Modification);
“Additional Sum”	the additional consideration payable to East Asia by the Purchaser in the event that the Macau government grants one or more Land Grant Modifications in respect of a Gross Floor Area for the Cotai Site of an amount greater than 3,659,760 square feet up to the Maximum GFA;
“Affiliated Transaction”	in relation to either East Asia or the Purchaser (for the purposes of this definition, each a “relevant shareholder”) any agreement, contract or commitment: (i) between Cyber One or any of its subsidiaries, on the one hand, and the relevant shareholders, any of the relevant shareholders’ affiliates or any of their respective officers, directors or equity holders on the other hand (other than transactions for the provision of working capital or project financing in accordance with the terms of the Joint Venture Agreement); or (ii) in which the relevant shareholder, any of the relevant shareholders’ affiliates or any of their respective officers, directors or equityholders have a direct or pecuniary interest other than as a direct or indirect equityholder of Cyber One;
“Approved Proposal”	any resolution approved, or deemed under the Joint Venture Agreement to be approved, by the board of Cyber One;
“Business Day”	a day which is not a Saturday, a Sunday or a public holiday in Hong Kong;

“Closing”	the completion of the sale and purchase of the Sale Shares pursuant to the Share Purchase Agreement;
“Closing Date”	the date on which Closing takes place;
“Competing Offer”	means any bona fide, offer, proposal or agreement, whether or not binding or conditional, and includes a letter of intent, term sheet or other arrangement by or with any third party (not being an affiliate of the Purchaser) regarding any sale or other disposition in respect, directly or indirectly, of the Sale Shares or the Cotai Site;
“Competing Party Transaction”	a definitive or binding agreement or letter of intent with respect, directly or indirectly, to any transaction with a third party in respect of the Sale Shares or the Cotai Site, save for a Qualified Third Party Sale;
“Cotai Site”	all that piece or parcel of land with an area of approximately 140,789 square metres (or approximately 1.52 million square feet) known as Zona de Aterro entre Taipa e Coloane, Lotes G300, G310 e G400, Estrada Flôr de Lotus, Taipa, Macau, as marked on the plan gazetted as page 5731 on No. 42-17-10-2001 “Boletim Oficial da Região Administrativa Especial de Macau — II Serie”;
“Cyber Neighbour”	Cyber Neighbour Limited, a company incorporated in the British Virgin Islands which is a wholly-owned subsidiary of Cyber One;
“Cyber One”	Cyber One Agents Limited, a company incorporated in the British Virgin Islands which is a wholly-owned subsidiary of East Asia;
“Cyber One Shares”	ordinary shares of US\$1.00 each in the issued share capital of the Cyber One;
“East Asia”	East Asia Satellite Television (Holdings) Limited, a company incorporated in the British Virgin Islands which is indirect wholly-owned subsidiary of eSun;
“East Asia Deadlock Matters”	(i) the appointment of a qualified person as co-chairman, co-chief executive officer or chief financial officer of Cyber One and the replacement of any of them from such position; (ii) all matters relating to the discretionary exercise or waiver of rights, or the discretionary performance of any obligations under, the Entertainment Lease Option Deed or the Entertainment Lease Agreements; and

	(iii) all matters concerning the transfer of a television and broadcasting licence held by MacauCo;
“East Asia Group”	East Asia and any direct or indirect parent of East Asia existing or established from time to time;
“EntertainmentCo”	New Cotai Entertainment, LLC, a Delaware limited liability company;
“Entertainment Lease Agreements”	the First Entertainment Lease Agreement, the Second Entertainment Lease Agreement and the rental agreements associated therewith to be entered into between EntertainmentCo and MacauCo pursuant to which MacauCo will lease parts of the Cotai Site to EntertainmentCo; and “Entertainment Lease Agreement” shall be construed accordingly;
“Entertainment Lease Option Deed”	the deed relating to, among other things, an option or options granted to EntertainmentCo by MacauCo to enter into the Entertainment Lease Agreements, such deed to be entered into on Closing;
“eSun” or the “Company”	eSun Holdings Limited, a company incorporated in Bermuda whose shares are listed on the Stock Exchange;
“eSun Board”	the board of eSun Directors;
“eSun Directors”	the directors of eSun;
“eSun Group”	eSun and each subsidiary of eSun from time to time;
“eSun Shareholders”	the shareholders of eSun;
“First Entertainment Lease Agreement”	an entertainment lease agreement to be entered into between MacauCo, EntertainmentCo and HoldingsCo in respect of certain discrete areas of the Cotai Site;
“First Option”	the option to be granted to EntertainmentCo by MacauCo, pursuant to the Entertainment Lease Option Deed, to enter into the First Entertainment Lease Agreement;
“Gross Floor Area”	the gross floor area of buildings authorized to be constructed on the Cotai Site by the Macau government pursuant to the Land Grant or any Land Grant Modification, excluding the gross floor area of any portion of the Cotai Site designated as parking or outdoor areas;

“Gross Floor Area Differential”	with respect to any Land Grant Modification, the excess, if any, of: (i) the lesser of: (a) the Gross Floor Area after giving effect to such Land Grant Modification; and (b) the Maximum GFA, over (ii) the greater of: (x) the Gross Floor Area immediately prior to such Land Grant Modification and (y) 3,659,760 square feet;
“Group Company”	Cyber One and each of its subsidiaries;
“HoldingsCo”	New Cotai Holdings, LLC, a Delaware limited liability company;
“Joint Venture Agreement”	the joint venture agreement (the terms of which are currently in agreed form) to be entered into on Closing between East Asia, the Purchaser and Cyber One which sets out the terms of their agreement in respect of the management and ownership, and the governance of the business and affairs of, Cyber One;
“Land Grant”	the contract under which the Cotai Site is granted to MacauCo by the Macau government by way of lease for a term of 25 years from 17 October 2001, renewable under the applicable laws of Macau until 19 December 2049 and all modifications, variations or supplements thereto from time to time made;
“Land Grant Modification”	a modification to the Land Grant increasing the Gross Floor Area published by the Macau government in the Macau government Gazette, after giving effect to which: (i) the Gross Floor Area is greater than 3,659,760 square feet; (ii) the Gross Floor Area is not more than the Maximum GFA; (iii) there are no restrictions on the alienation of MacauCo’s leasehold interest in any lot designated on the Cotai Site, except that, prior to completion of construction of the buildings authorised to be constructed in respect of such land grant modification, MacauCo may only assign such leasehold interest once in respect of each lot designated in the Land Grant without further Macau government approval; (iv) the construction period in respect of the Project ends no sooner than 17 April 2011; and (v) leasehold mortgages for the purpose of raising construction finance over the Cotai Site may be created in favour of a bank or banks that may include banks not having its head office or a branch office in Macau;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	31 December 2006, or such other date as may be agreed between the parties to the Share Purchase Agreement;

“LSD”	Lai Sun Development Company Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange;
“Macau”	Macau Special Administrative Region of the People’s Republic of China;
“MacauCo”	East Asia-Televisão Por Satélite, Limitada, incorporated under the laws of Macau (registered in the Macau Commercial and Moveable Properties Registry), whose registered address is Rua de Pequim, Macau Finance Centre, 14/E Macau;
“Master Plan”	the master layout plan for the Cotai Site, to be determined pursuant to the Joint Venture Agreement;
“Maximum GFA”	a Gross Floor Area of 5,573,830 square feet, or in certain circumstances, 6,000,000 square feet, or up to 6,600,000 square feet with the Purchaser’s consent;
“Operation Date”	in respect of the First Entertainment Lease Agreement, the latest of the following to occur: (a) three years from the date of the First Entertainment Lease Agreement; (b) 24 months following the date on which MacauCo delivers to EntertainmentCo the relevant occupation permit and authorization to open a casino to the public duly issued under Macau law with respect to premises subject to the First Entertainment Lease Agreement; or (c) the date on which the hotel in the complex in the Phase I Development is open for business; or in respect of the Second Entertainment Lease Agreement, the latest of the following to occur: (a) three years from the date of the Second Entertainment Lease Agreement; (b) 24 months following the date on which MacauCo delivers to EntertainmentCo the relevant occupation permit and authorization to open a casino to the public duly issued under Macau law with respect to premises subject to the Second Entertainment Lease Agreement; or (c) the project architect has certified that the construction of the Phase II Development has been substantially completed;
“Phase I Development”	the design, construction, implementation and operation on the Cotai Site of hotels, hotel apartments, retail, entertainment facilities, production studios, concert halls, theatres and other tourist and entertainment related facilities, with a Gross Floor Area of not greater than 3,659,760 square feet;

“Phase II Development”	the design, construction, implementation and operation on the Cotai Site of hotels, hotel apartments, retail, entertainment facilities, production studios, concert halls, theatres and other tourist and entertainment related facilities, with a Gross Floor Area of not greater than 5,573,830 square feet, or in certain circumstances, 6,000,000 square feet, unless otherwise agreed to by the Purchaser;
“Purchaser”	New Cotai, LLC, a Delaware limited liability company;
“Purchaser Deadlock matters”	(i) the appointment of a qualified person as co-chairman, co-chief executive officer or chief operating officer of Cyber One and the replacement of any of them from such positions; or (ii) all matters relating to financing of the Project;
“Purchaser Group”	New Cotai and any direct or indirect parent of the Purchaser existing or established from time to time;
“Project”	the project to be developed by Cyber One on the Cotai Site in accordance with the Master Plan, which the parties to the Share Purchase Agreement expect will include, without limitation, the development and building of hotels, hotel apartments, retail facilities, entertainment facilities, production studios, concert halls, theatres, cinemas and other tourist and entertainment related facilities as may be agreed between East Asia and the Purchaser;
“Qualified Third Party Sale”	the sale by East Asia’s immediate parent company within one month from Closing of shares representing one third of the ordinary share capital of East Asia, issued and outstanding at the time of such sale to a third party to which the Purchaser may consent in writing in its sole discretion;
“Sale Shares”	such number of Cyber One Shares representing 40 per cent. of the Cyber One Shares in issue as of the Closing Date;
“Second Entertainment Lease Agreement”	an entertainment lease agreement to be entered into between MacauCo, EntertainmentCo and HoldingsCo in respect of certain discrete areas of the Cotai Site;
“Second Option”	the option to be granted to EntertainmentCo by MacauCo, pursuant to the Entertainment Lease Option Deed, to enter into the Second Entertainment Lease Agreement;
“SGM”	the special general meeting of shareholders of eSun to be convened and held to consider and if thought appropriate, to approve the SGM Resolutions;

“SGM Resolutions”	a resolution or resolutions approving: (i) the sale of the Sale Shares and the Additional Cyber One Shares; and (ii) if and to the extent eSun Shareholder approval is required under the Listing Rules or otherwise by the Stock Exchange, the entry into and performance of any other transactions or agreements contemplated in the Share Purchase Agreement (including the Joint Venture Agreement, the Entertainment Lease Option Deed and the Entertainment Lease Agreements);
“Share Purchase Agreement”	a conditional share purchase agreement entered into by eSun, East Asia and the Purchaser on 8 April 2006 in relation to the sale and purchase of a strategic interest in Cyber One (as amended and re-stated on 12 April 2006);
“Stage One Modification”	the first Land Grant Modification to be sought by MacauCo to the Land Grant, to be published by the Macau government in the Macau government Gazette, after giving effect to which: (i) the Gross Floor Area is not less than 3,659,760 square feet; (ii) there are no restrictions on the alienation of MacauCo’s leasehold interest in any lot designated on the Cotai Site, except that, prior to completion of construction of the buildings authorised to be constructed in respect of the Stage One Modification, MacauCo may only assign such leasehold interest once in respect of each lot designated in the Land Grant without further Macau government approval; (iii) the construction period in respect of the Project ends no sooner than 17 April 2011; and (iv) leasehold mortgages for the purpose of raising construction finance over the Cotai Site may be created in favour of a bank or banks that may include banks not having its head office or a branch office in Macau;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the disposal by East Asia of the Sale Shares and, if applicable, the Additional Cyber One Shares, the execution of the Tax Covenant, the Joint Venture Agreement, the Entertainment Lease Option Deed and, upon exercise of the First Option and Second Option granted pursuant thereto, the Entertainment Lease Agreements and, in each case, the performance of the transactions contemplated therein or pursuant to the Share Purchase Agreement;

“Unanimous Consent Matter”	(i) any amendment to the constitutive documents of Cyber One or any of its subsidiaries, that would have a disproportionate adverse effect on the rights of one shareholder compared to the rights of the other shareholder; (ii) any change in any tax election made by Cyber One and each of its subsidiaries to be treated as a partnership for United States federal income tax purposes; (iii) any material change in the principal business of Cyber One or the commencement of any material business other than the principal business; (iv) save as otherwise permitted under the Joint Venture Agreement, any change in the share capital of Cyber One (or any of its subsidiaries) or the creation, allotment or issue of any equity securities or of any other security (including options or other convertible instruments) of Cyber One (or any of its subsidiaries); (v) any capital reduction or alteration of the rights attaching to any class of equity securities of Cyber One (or any of its subsidiaries); or (vi) the payment or declaration of any dividend or other distribution other than pro-rata to each shareholders’ interest in the shares of Cyber One (or any of its subsidiaries);
“Unconnected Person”	a person who is, to the best of the knowledge and belief of the eSun Board, having made all reasonable enquiries, an independent third party not connected with the directors, chief executive, substantial shareholders of eSun or its subsidiaries or any of their respective associates; and
“US\$”	United States dollar, the legal currency of the United States of America.

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

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

This document contains translations of certain US\$ amounts into HK\$ amounts at the rates of US\$1.00 = HK\$7.8 respectively. The translations have been provided solely for the convenience of the readers of this announcement and no representation is made that any of the US\$ amounts actually represent the HK\$ amounts or could have been or could be converted into HK\$ at the specified rates, at any particular rate or at all.

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. Cheung Wing Sum, Ambrose and Mr. Liu Ngai Wing; the non-executive directors are 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.

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.

Hong Kong, 21 April 2006

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