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## **eSun Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

### **ANNOUNCEMENT CONNECTED TRANSACTION**

The Directors of eSun announce that the Seller has entered into an agreement with the Purchaser to sell its entire interest in GHR to the Purchaser for HK\$10,300,000.

GHR owns the management rights of the Hotel. The purchase of the shares of GHR is in effect the acquisition of the management rights of the Hotel.

eSun will guarantee the obligations of the Seller under the Agreement.

The Transaction constitutes a connected transaction for eSun under Rule 14.23(1)(a) of the Listing Rules. eSun makes this announcement to comply with its obligations under the Listing Rules.

#### **The Transaction**

##### **Agreement Date**

The Agreement was executed by the Parties on 26th September, 2003.

##### **Parties**

Seller: Delta Asia Limited ("Seller")  
Purchaser: Furama Hotels and Resorts International Limited ("Purchaser")  
Guarantor: eSun Holdings Limited ("eSun")

##### **Subject of Transaction**

The Agreement is for the sale and purchase of the Shares.

The Shares represent the entire issued share capital of GHR. GHR manages the Hotel pursuant to the terms and provisions of the management agreement dated 23rd April, 1998 between GHR and the owner of the Hotel relating to the management of the Hotel. Therefore, the Transaction represents the disposal by the Seller of its rights and interests in the management agreement of the Hotel to the Purchaser.

GHR is presently the manager of the Hotel under the above management agreement that will expire on 30th April, 2008. Any further renewal or extension of the management agreement will be subject to negotiation between the owners of the Hotel and GHR.

##### **Consideration**

The total consideration for the Transaction is HK\$10,300,000 in cash.

The consideration has been arrived at after arm's length negotiations on normal commercial terms between the Seller and the Purchaser, and was determined by reference to the estimated management fee income to be generated by GHR, based on projections prepared by the Group and calculated on a discounted cash flow basis. The management fee income is tied to the operating income of the Hotel at a ratio agreed between the owners of the Hotel and GHR in accordance with normal market practice.

##### **Payment Terms**

The Purchaser shall pay 10% of the Purchase Price in cash on the signing of the Agreement. The balance of the consideration will be paid in cash upon Closing.

If closing of the transaction does not take place as agreed, the aforesaid payment of 10% of the Purchase Price will be refunded by the Seller to the Purchaser.

The conditions precedent in the Agreement are normal provisions requiring the Purchaser and Seller to comply with all applicable regulatory requirements, where applicable, and delivery of good title on completion. Both Seller and Purchaser consider, therefore, that the transaction will

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***Closing Date***

Closing shall take place on or before 31st October, 2003 or such other date as may be mutually agreed between the Parties.

***eSun Indemnity and Guarantee***

eSun will guarantee the Seller's obligations, representations and warranties in the Transaction, and will provide a tax indemnity to the Purchaser against any taxes and penalties that the Purchaser may suffer as a result of the Seller's failure to remit any taxes in respect of GHR up to the Closing Date. Since GHR is deemed an offshore company for Singapore tax purposes, no provision for tax has been made by GHR.

***Financial Effects of Disposal***

The net profit before and after tax attributable to eSun's interest in GHR for the financial year ended 31st December, 2002 and 31st December, 2001 were HK\$5.9 million and HK\$2.2 million, respectively.

The carrying value of eSun's interest in GHR is approximately HK\$10. The gain on the disposal after expenses, calculated on a pro-forma basis, is approximately HK\$10.2 million.

***Reasons for Disposal***

The Directors, including the independent non-executive directors, believe that the Transaction is fair and reasonable in the current market conditions, and that it is in the best interests of eSun and its shareholders as a whole. The Directors also consider that the Transaction provides additional cash flow towards eSun's general working capital and meets the objective of rationalising the principal activities of the Group in line with the restructuring undertaken by the Group in mid-2000.

***Use of Proceeds***

eSun will use the entire proceeds for general working capital purposes.

***General***

The Purchaser is an indirect wholly-owned subsidiary of Lai Sun Development Company Limited ("LSD"), a company incorporated in Hong Kong the shares of which are listed on the Stock Exchange. The Seller is an indirect wholly-owned subsidiary of eSun. As eSun is owned as to approximately 42.54 % by LSD, the transaction constitutes a connected transaction for eSun. However, the Transaction qualifies as a de minimis transaction for eSun within the meaning of Rule 14.25(1) of the Listing Rules and approval by independent shareholders of eSun is not required.

eSun is principally engaged in the development and operation of, and investment in, satellite television programming and broadcasting, film production, entertainment and other related businesses.

***Definitions***

In this announcement, the following terms have the following meanings:-

"Agreement"	the Share Sale and Purchase Agreement between Purchaser, Seller and eSun dated 26th September 2003;
"Directors"	the directors of eSun;
"GHR"	Glynhill Hotels and Resorts (Vietnam) Pte. Ltd., a company organized under the laws of the Republic of Singapore and whose entire issued share capital of two ordinary shares of par value of Singapore Dollar 1.00 each are owned by eSun
"Hotel"	the Caravelle Hotel, situated in Ho Chi Minh City, People's Republic of Vietnam;
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange;
"Shares"	2 shares in GHR of Singapore Dollar 1.00 each in par value;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 29th September, 2003