



eSun Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 571)

DISCLOSEABLE TRANSACTION MEMORANDUM OF COOPERATION

The Project Leader, an indirect wholly-owned subsidiary of the Company, has entered into a binding memorandum of cooperation with the Proposed Partner in respect of the granting in principle by the Project Leader to the Proposed Partner a right to participate in the development and profit distribution of a proposed residential properties project in Macau. Pursuant to the memorandum of cooperation, the parties will, subject to the satisfaction of certain conditions, enter into a formal cooperation agreement no later than July 2005 (or such later date as may be agreed between the parties) in respect of the project.

The proposed transaction under the memorandum of cooperation may or may not proceed. Based on the information available at present, the proposed transaction will constitute a discloseable transaction of the Company under the Listing Rules. The Company will issue further announcement upon the signing of the formal cooperation agreement.

Trading in the shares in the Company has been suspended since 9:30 a.m. on 15th November, 2004 at the request of the Company pending the release of this announcement. The Company has applied to the Stock Exchange for resumption of trading in its shares with effect from 9.30 a.m. on 18th November, 2004. As the proposed transaction under the memorandum of cooperation may or may not proceed, shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

THE MEMORANDUM

Date: 15th November, 2004

Parties

1. the Project Leader
2. the Proposed Partner

As at the date hereof, LSD and its wholly-owned subsidiaries hold an approximately 42.54% interest in the Company. LSG and its wholly-owned subsidiary, hold an approximately 42.25% interest in LSD.

As at the date hereof, LSG and its wholly-owned subsidiary hold in aggregate approximately 45.13% interest in the Proposed Partner.

As at the date hereof, Mr. Lim Por Yen is a director of LSG, the Proposed Partner and LSD. Mr. Lim retired from the board of directors of the Company effective from 25th May, 2004. Mr. Lim together with his wife Madam U Po Chu (holding approximately 0.26%) holds an approximately 33.99% interest in LSG. He also owns interests of approximately 1.96% and 5.28% in the Proposed Partner and LSD respectively.

To the best of the knowledge, information and belief of the Directors, other than the relationship described above, the Proposed Partner is independent of the Company and its connected persons (as defined in the Listing Rules).

Consideration

A sum of HK\$46 million shall be paid by the Proposed Partner to the Project Leader in two installments as earnest money for allowing the Proposed Partner to participate in the Project.

Major Terms

The Memorandum sets out the major terms and binding intention of the parties to negotiate and enter into the Formal Agreement which will contain detailed terms of the Proposed Transaction. The Memorandum constitutes a legally binding agreement on the parties to the extent that the parties are contractually bound to perform their respective obligations and entitled to exercise their respective rights under the Memorandum. If one party fails to fulfill its obligations as specified in the Memorandum, the other party is entitled to enforce its right through legal action. The major terms of the Memorandum include:

1. the Project Leader has in principle, granted the Participation Rights to the Proposed Partner;
2. the Proposed Partner has paid to the Project Leader the first installment of the Earnest Money in the sum of HK\$15 million when the Memorandum is signed;
3. the balance of the Earnest Money in the sum of HK\$31 million shall be paid by the Proposed Partner to the Project Leader within 4 months from the date the information about the Proposed Transaction is disclosed according to the Listing Rules; in the event that the relevant disclosure and/or approval requirements in respect of the Memorandum under the Listing Rules are not completed by the parties within this four-month period, the Proposed Partner shall be entitled to request the Project Leader to change the terms of the Proposed Transaction or request the Project Leader to refund to the Proposed Partner the amount of the Earnest Money received (without interest);
4. the Project Leader shall obtain the relevant governmental licence or approval for the design of works of the Project no later than June 2005 (or such later date as the Proposed Partner may agree); in the event that the Project Leader fails to obtain such licence or approval before the prescribed time, the Proposed Partner shall have the right during the period from 1st to 31st July, 2005 to withdraw from the Proposed Transaction and request the Project Leader to refund the Earnest Money (without interest); in the event that the Proposed Partner does not exercise such right within the prescribed time, such right will lapse; and
5. after the Project Leader obtains the relevant governmental licence or approval for the design of works of the Project, the Proposed Partner shall serve a written notice to the Project Leader in early July 2005 to confirm the Proposed Transaction and the parties shall enter into the Formal Agreement within 14 days (or such later date as may be agreed between the parties) from the date of such notice.

Assuming the parties complete their respective obligations under the Memorandum, the Formal Agreement will be entered into no later than July 2005 (or such later date as may be agreed between the parties). If the relevant disclosure and/or approval requirements in respect of the Memorandum under the Listing Rules are not completed by the parties within four months from the date of this announcement or the Project Leader fails to obtain the relevant governmental licence/approval for the design of works of the Project by June 2005, the Proposed Partner shall have the right to withdraw from the Proposed Transactions. In that event, the parties will not enter into the Formal Agreement and the Proposed Transactions will not proceed.

BACKGROUND INFORMATION

The Company is a holding company with interests in subsidiaries and associates whose business activities mainly include a 100% interest in satellite television operations, entertainment and related activities. It also currently owns an approximately 38% shareholding interest in Media Asia Entertainment Group Limited, a company incorporated in Bermuda, which has recently been listed on the Singapore Exchange Securities Trading Limited Dealing and Automated Quotation System. Media

Asia Entertainment Group Limited is engaged in films production and distribution. The Project Leader is an indirect wholly-owned subsidiary of the Company. It is principally engaged in satellite television operations and is the holder of the land-use right of a piece of land at the reclamation area between Taipa and Coloane in Macau with a site area of approximately 141,000 sq m. The Site is situated within this land.

The Project Leader obtained the land-use right in respect of the Site and its adjacent land from the Macau Government in October 2001 under a contract for a term of 25 years commencing from 17th October, 2001, renewable for further terms up to 19th December, 2049. The Project will be situated on the Site. The Site is designated for residential purpose.

REASONS FOR THE PROPOSED TRANSACTION

The principal activities of the Proposed Partner and its subsidiaries are property development for sale and property investment for rental purposes in the mainland of China. The property portfolio of the Proposed Partner and its subsidiaries currently includes Hong Kong Plaza in Shanghai, Eastern Place, in Guangzhou, and a number of development projects in progress or under planning in Guangzhou, Zhongshan and Shanghai. The Proposed Partner and its subsidiaries have extensive experience in the development of residential properties..

It is planned that the Proposed Partner will contribute to and share 40% of the development costs and profit of the Project respectively and will also become the project manager of the Project in accordance with the terms of the Formal Agreement. The cooperation between the parties may be effected through the setting-up of a joint-venture company or through contractual arrangement between the parties. The detailed terms of cooperation, rights and obligations of the parties will be included in the Formal Agreement. The Company will issue a further announcement and comply with the relevant requirements under Chapter 14 of the Listing Rules upon the signing of the Formal Agreement.

The Board considers that the introduction of a partner with extensive experience in property development should complement the local experience of the Project Leader in Macau, the Project Leader being a company incorporated and having its business based in Macau. The participation of a potential joint-venture partner should also help minimize the financial and business exposure of the Company in the Project whilst allowing the Company to retain a majority interest of 60% in any potential upside of the Project.

The amount of the Earnest Money and the payment terms are determined after arm's length negotiation between the parties. The amount of the Earnest Money is also determined with reference to the valuation of the Site made by an independent valuer, Chesterton Petty Limited, who estimates that the market value of the Site is approximately HK\$115 million in its existing state as at November 2004. The Earnest Money received will be applied as working capital of the Group and will be accounted for as income from the Project after the Formal Agreement is signed. As it is in a relatively early stage of development, critical information for estimating the development costs such as the main theme and design of the Project, the conditions imposed on the Project by the government (if any), supporting infrastructure and facilities to the Site, are not yet determined or available. Therefore, the amount of the Earnest Money was determined without making any reference to the development or potential development costs of the Project. As it is premature to estimate the total development costs of the Project and the potential capital commitments of the parties, the parties are yet to agree on the amount of capital commitment (whether equity, loan or otherwise) or to provide any indemnity or guarantee. In the event that the Company becomes aware of any circumstances that it is required to make further disclosure in compliance with the Listing Rules due to the scale of the capital commitment to the Project, further disclosure will be made in accordance with the Listing Rules.

In view of the above, the Directors consider the terms of the Memorandum to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

GENERAL

The Proposed Transaction may or may not proceed. Based on the information available at present, the Proposed Transaction will constitute a discloseable transaction of the Company under the Listing Rules. The Company will issue a further announcement upon the signing of the Formal Agreement.

RESUMPTION OF TRADING IN SHARES

Trading in the shares in the Company has been suspended since 9:30 a.m. on 15th November, 2004 at the request of the Company pending the release of this announcement. The Company has applied to the Stock Exchange for resumption of trading in its shares with effect from 9:30 a.m. on 18th November, 2004. As the Proposed Transaction under the Memorandum may or may not proceed, shareholders and potential investors of the Company should exercise caution when dealing in shares in the Company.

DEFINITIONS

"Board"	the board of directors of the Company
"Company"	eSun Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
"Directors"	director(s) of the Company
"Earnest Money"	HK\$46 million to be paid by the Proposed Partner to the Project Leader as earnest money for the acquisition of the Participation Rights
"Formal Agreement"	the formal cooperation agreement in respect of the granting of the Participation Rights containing detailed terms of cooperation between the parties

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LSD”	Lai Sun Development Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
“LSG”	Lai Sun Garment (International) Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
“Memorandum”	the memorandum of cooperation dated 15th November, 2004 entered into between the Project Leader and the Proposed Partner in respect of the Proposed Transaction
“Participation Rights”	the subject matter of the Proposed Transaction, which refers to the rights to be granted by the Project Leader to the Proposed Partner allowing the Proposed Partner to contribute to and share 40% of the development costs and profit of the Project
“Project”	a proposed property development project on the Site to construct around 30 residential detached houses with a total site area of approximately 20,000 sq m.
“Project Leader”	East Asia — Televisão por Satélite. Limitada, a company incorporated in Macau with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Proposed Partner”	Lai Fung Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Proposed Transaction”	the granting of the Participation Rights by the Project Leader to the Proposed Partner pursuant to the terms of the Formal Agreement
“Shareholders”	means shareholders of the Company
“Site”	a piece of land with an area of approximately 20,000 sq m situated within Zona de Aterro entre Taipa e Coloane Lotes G300, G310 e G400, Estrada Flor de Lotus, Taipa, Macau (a piece of land located at the reclamation area between Taipa and Coloane in Macau with a site area of approximately 141,000 sq m)
“sq m”	stands for “square metre”
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	shall have the meaning as defined in the Companies Ordinance of Hong Kong, Chapter 32 of the laws of Hong Kong

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

Hong Kong, 17th November, 2004

The executive directors of the Company are Mr. Lien Jown Jing, Vincent, Mr. Lee Po On, Mr. Lam Kin Ngok, Peter and Mr. Liu Ngai Wing; the non-executive directors are Mr. Lam Kin Ming, Madam Tam Wai Chu, Maria, Madam U Po Chu, Mr. Shiu Kai Wah and Mr. Chiu Wai and the independent non-executive directors are Mr. Alfred Donald Yap, Mr. Low Chee Keong and Mr. Tong Ka Wing, Carl.