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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)

### PLACING OF NEW SHARES OF eSUN HOLDINGS LIMITED RESUMPTION OF TRADING

eSun entered into the Placing Agreement on 15 March 2006 with the Placing Agents in relation to the Placing, pursuant to which the Placing Agents have agreed to procure subscribers (who are Independent Third Parties and who shall not be LSD nor parties acting in concert with LSD for the purposes of the Hong Kong Code on Takeovers and Mergers) to subscribe for 74,518,000 Placing Shares at the Placing Price of HK\$5.80 per Share.

The Placing Shares represent approximately 9.09% of eSun's issued share capital as enlarged by the Placing Shares. The net proceeds from the Placing will be approximately HK\$425 million, the majority of which will be used to finance the Macau Cotai project, the balance being general working capital of the eSun Group.

The Placing is fully underwritten by the Placing Agents. Completion of the Placing is subject to the satisfaction of certain conditions as described below, among others, the Stock Exchange granting listing of, and permission to deal, in the Placing Shares. If any of these conditions are not fulfilled, the Placing will not proceed.

LSD is a substantial shareholder of eSun. LSD has approximately a 38.31% interest in eSun as at the date of this announcement which will be reduced to approximately 34.83% immediately upon completion of the Placing, assuming there are no other changes to the issued share capital of eSun and the shareholding of LSD in eSun prior to the completion of the Placing. The LSD Board considers that the Placing is a price-sensitive information and therefore makes this announcement pursuant to Rule 13.09(1) of the Listing Rules.

Trading in the Shares and the shares of LSD on the Stock Exchange were suspended from 9:30 a.m. on 14 March 2006 at the respective request of eSun and LSD pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares and the shares of LSD with effect from 9:30 a.m. on 16 March 2006.

The eSun Directors and LSD Directors are pleased to announce that on 15 March 2006, the parties referred to below entered into the Placing Agreement, details of which are described below.

#### PLACING OF 74,518,000 NEW SHARES

|                    |  |
|--------------------|--|
| Placing Agreement: | Dated 15 March 2006 entered into by eSun, and the Placing Agents.  |
| Placing Shares:    | 74,518,000 new Shares to be allotted and issued by eSun, equivalent to approximately 10% of the existing issued share capital of eSun and representing approximately 9.09% of the issued share capital of eSun as enlarged by the Placing Shares. The Placing is fully underwritten by the Placing Agents.   |
| Placing Price:     | The price of HK\$5.80 per Placing Share was determined after arm's length negotiations between eSun and the Placing Agents and represents: (i) a discount of approximately 6.45% to the closing price of HK\$6.20 per Share as quoted on the Stock Exchange on 13 March 2006, being the Last Dealing Date; (ii) a premium of approximately 21.59% to the average closing price of approximately HK\$4.77 per Share as quoted on the Stock Exchange for the 5 trading days of the Shares immediately before and including the Last Dealing Date; (iii) a premium of approximately 112.45% as compared to the book net asset value per Share of approximately HK\$2.73 per Share as shown in the unaudited interim account of eSun as at 30 June 2005.   |
| Placing Agents:    | CLSA Limited and 3V Capital Limited, as the Placing Agents have agreed to procure subscribers or themselves subscribe for 56,518,000 Placing Shares (in the case of CLSA Limited) and 18,000,000 Placing Shares (in the case of 3V Capital Limited).<br><br>Both of the Placing Agents are Independent Third Parties. The Placing Agents will in aggregate receive an underwriting commission of 1.50% (with the net price to eSun being HK\$5.713 per Placing Share) of the gross proceeds of the Placing.  |
| Subscribers:       | The Placing Shares are expected to be subscribed by not less than six institutional investors who should be Independent Third Parties and who shall not be LSD nor parties acting in concert with LSD for the purposes of the Hong Kong Code on Takeovers and Mergers.   |
| Conditions:        | The Placing is conditional upon: <ol style="list-style-type: none"> <li>the Stock Exchange granting approval for the listing of and permission to deal in the Placing Shares;</li> <li>the Bermuda Monetary Authority approving the issue of the Placing Shares (if required); and</li> <li>the Placing Agreement not having been terminated or not having come to the attention of any of the Placing Agents at any time prior to Completion (i) any breach of, or any event rendering untrue, inaccurate or misleading in any material respect, any of the representations, warranties or undertakings therein or (ii) any breach of, or failure to perform, any of the other obligations of eSun required to be performed at or before Completion.</li> </ol>   |
| Termination:       | The Placing is subject to termination on the occurrence of certain events prior to completion of the Placing, which may be summarized as follows: <ol style="list-style-type: none"> <li>any material breach of, inter alia, the warranties given by eSun under the Placing Agreement;</li> <li>any adverse change in, inter alia, the financial position of eSun or its subsidiaries which is material in the context of the Placing;</li> <li>any change, inter alia, in national or international, financial, political or economic conditions or currency exchange rates or exchange controls which, in the opinion of the Placing Agents, would be likely to prejudice materially the consummation of the Placing; and</li> <li>if, inter alia, trading in any securities of eSun has been suspended or materially limited by the Stock Exchange (other than being suspended temporarily pending release of price sensitive information) or if trading generally on any Hong Kong, United States, PRC or United Kingdom stock exchange or Nasdaq has been suspended or materially limited.</li> </ol> |
| Lock-up:           | eSun undertakes to the Placing Agents, amongst others, that for a period of three months after the Placing Agreement, eSun will not issue, offer, lend, sell, contract to sell, pledge, grant any option (except under its employee share option scheme) to purchase or otherwise dispose of, any Shares.  |

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| Completion:                          | Subject to fulfillment of the conditions, the completion of the Placing will take place on 29 March 2006 (or such other date as the Placing Agents and the Company may otherwise agree). A further announcement will be made if the completion of the Placing has not taken place by 29 March 2006. |
| Mandate to issue the Placing Shares: | The Placing Shares will be issued pursuant to the general mandate to allot, issue and deal with Shares granted to the Directors by a resolution of shareholders of the Company passed at the Company's annual general meeting held on 31 May 2005.  |
| Ranking of the Placing Shares:       | The Placing Shares will rank pari passu in all respects with the Shares in issue at the time of allotment and issue of the Placing Shares.  |
| Application for listing:             | Application will be made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Placing Shares on the Stock Exchange.  |

#### EFFECT IN SHAREHOLDING

The shareholding of eSun immediately before completion of the Placing and immediately after completion of the Placing is and will be as follows:

|                                    | Immediately before<br>the Placing<br>(Note 1) |                | Immediately after<br>the Placing<br>(Note 2) |                |
|------------------------------------|---|----------------|--|----------------|
|                                    | Number of<br>Shares                           | %              | Number of<br>Shares                          | %              |
| LSD (Note 2)                       | 285,512,791                                   | 38.31%         | 285,512,791                                  | 34.83%         |
| Three eSun Directors (Note 3)      | 9,448,949                                     | 1.27%          | 9,448,949                                    | 1.15%          |
| Other public shareholders (Note 4) | 450,223,189                                   | 60.42%         | 450,223,189                                  | 54.93%         |
| Placees of the Placing             | —   | —              | 74,518,000                                   | 9.09%          |
| <b>Total</b>                       | <b>745,184,929</b>                            | <b>100.00%</b> | <b>819,702,929</b>                           | <b>100.00%</b> |

No placee is expected to become a substantial shareholder (as defined in the Listing Rules) as a consequence of the Placing.

#### Notes:

- The shareholding figures are calculated on the basis of a total of 745,184,929 Shares in issue. The shareholding figures assume that other than the Placing Shares, no new Shares are issued or no existing Shares are purchased by eSun and no Shares are sold or purchased by LSD or the three eSun Directors after the date of this announcement up to the date of completion of the Placing.
- All 285,512,791 Shares are beneficially owned by LSD through a wholly-owned subsidiary.
- Three eSun Directors hold a total of 9,448,949 Shares and their Shares are not considered to be held by the public.
- So far as the shareholdings of public shareholders are concerned, the figures stated above are those to the best knowledge of eSun.

#### REASONS FOR AND BENEFITS OF THE PLACING

The eSun Directors consider that the Placing will strengthen the capital base of eSun. It is estimated that the net proceeds of the Placing will amount to approximately HK\$425 million. eSun intends to use the majority of the net proceeds from the Placing to finance the Macau Cotai project with the balance being used as general working capital.

The eSun Directors consider that the terms of the Placing are fair and reasonable and believe that the Placing is in the best interests of eSun and its shareholders as a whole.

#### eSUN GROUP'S MACAU PROJECT

As mentioned in the interim report 2005, the eSun Group in May 2005 received conditional approval of its proposed development plans involving the construction on its Cotai site in Macau of a various facilities with a total floor area of approximately 340,000 square metres. This proposed development will require the payment of a land premium and is expected to involve capital expenditure on construction cost. To date, the eSun Group's investment in this project has been relatively modest being more of a preliminary nature and therefore not involving large capital expenditure.

The eSun Group has been in active negotiations with a number of potential joint venture partners for this project who can contribute not just capital but also expertise and appropriate human resources. The main contribution of the eSun Group to the joint venture is envisaged to be the site. However, depending on the exact terms that the eSun Group is able to negotiate with its joint venture partners, the eSun Group's working capital requirements are expected to increase. Funding for the eSun Group's Macau project is expected to come from equity capital contributions from joint venture partners, project financing, and/or other financing sources. Until the eSun Group concludes its negotiations, the eSun Directors are unable to quantify the extent of funding required. However, the eSun Directors can confirm that eSun has sufficient working capital to meet its current requirements.

## EQUITY FUND RAISING CONDUCTED BY eSUN IN THE 12-MONTH PERIOD IMMEDIATELY PRECEDING DATE OF THIS ANNOUNCEMENT

Within the 12 months immediately prior to the date of this announcement, eSun raised net proceeds of approximately HK\$154.4 million by the issue of 74,000,000 new Shares to Asset Managers (China) Fund Co., Ltd., details of which are set out in eSun's announcement dated 29 April 2005. As at the date of this announcement, such net proceeds have been used as the general working capital of the eSun Group being the purpose previously disclosed by eSun.

### BUSINESS OF eSUN

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

### PRICE-SENSITIVE INFORMATION FOR LSD

LSD is a substantial shareholder of eSun. LSD has approximately a 38.31% interest in eSun as at the date of this announcement which will be reduced to approximately 34.83% immediately upon completion of the Placing, assuming there are no other changes to the issued share capital of eSun and the shareholding of LSD in eSun prior to completion of the Placing. As the net placing price per Share is higher than the book value of the net assets per Share, it is estimated that a gain of approximately HK\$98 million arising from the deemed disposal of the LSD's equity interest in eSun (after taking into account the release of unrealised reserves) would be recognised in the consolidated income statement of LSD. As eSun is currently holding a 40.80% interest in LSD, an estimated gain of approximately HK\$38 million would be recognised in the consolidated income statement of eSun as a result of the cross-holding by eSun in LSD.

The estimated gain on deemed disposal arising from the Placing will need to be calculated based on the actual consolidated net asset values of LSD and eSun as at the date of completion of the Placing. Therefore, the actual financial effects of the above transaction are expected to be different from the amounts disclosed above.

After completion of the Placing, LSD will continue to account for eSun as an associated company.

The LSD Board considers that the Placing is price-sensitive information and therefore makes this announcement pursuant to Rule 13.09(1) of the Listing Rules.

### RESUMPTION OF TRADING

Trading in the Shares and the shares of LSD on the Stock Exchange was suspended from 9:30 a.m. on 14 March 2006 at the request of eSun and LSD pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares and the shares of LSD with effect from 9:30 a.m. on 16 March 2006.

### DEFINITIONS

The following defined terms are used in this announcement:

|                             |   |
|-----------------------------|---|
| "associates"                | has the meaning ascribed thereto in the Listing Rules;  |
| "eSun"                      | eSun Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the Stock Exchange;   |
| "eSun Board"                | the board of Directors of eSun;   |
| "eSun Directors"            | the directors of eSun;  |
| "eSun Group"                | eSun and its subsidiaries;  |
| "Independent Third Parties" | persons who are independent third parties not connected with eSun or LSD or any of their respective connected persons;  |
| "Last Dealing Date"         | 13 March 2006, being the last day on which the Shares were traded on the Stock Exchange prior to the issue of this announcement;  |
| "Listing Rules"             | the Rules Governing the Listing of Securities on the Stock Exchange;  |
| "LSD"                       | Lai Sun Development Company Limited, a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange, the controlling shareholder of which is eSun; |
| "LSD Board"                 | the board of directors of LSD;  |
| "LSD Directors"             | the directors of LSD;   |
| "Placing"                   | the placing of the Placing Shares by the Placing Agents pursuant to the Placing Agreement;  |
| "Placing Agents"            | CLSA Limited and 3V Capital Limited;  |
| "Placing Agreement"         | the placing agreement dated 15 March 2006 entered into between eSun and the Placing Agents in relation to the Placing;  |
| "Placing Shares"            | the 74,518,000 new Shares to be allotted and issued pursuant to the Placing Agreement;  |
| "SFC"                       | Securities and Futures Commission;  |
| "Shares"                    | ordinary shares of HK\$0.50 each in the share capital of eSun;  |
| "Shareholder(s)"            | holder(s) of the Shares;  |
| "Stock Exchange"            | The Stock Exchange of Hong Kong Limited.  |

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

Hong Kong, 15 March 2006

*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. Liu Ngai Wing and Mr. Cheung Wing Sum, Ambrose; the non-executive directors are Mr. Lam Kin Ming, Madam Tam Wai Chu, Maria and Madam U Po Chu and the independent and 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.*