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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 for eSun –
Amended joint venture applicable to Macao Studio City;**

**Major and Continuing Connected Transactions of eSun –
Amended lease arrangements with New Cotai Group;**

Resumption of Trading for eSun;

and

Voluntary disclosure for LSD.

The respective boards of eSun and LSD jointly announce that, on 9 November 2007, eSun, New Cotai and Cyber One, amongst other parties, entered into a legally binding memorandum of understanding concerning various aspects of the 'Macao Studio City' Project pursuant to which, amongst other things:-

- (i) East Asia and New Cotai have agreed for MacauCo to apply to increase the Gross Floor Area of the Project from 3,659,760 square feet to 6,027,840 square feet;
- (ii) East Asia and New Cotai have agreed to accelerate the payment schedule for the additional consideration that New Cotai must pay to East Asia in respect of any additional Gross Floor Area granted by Macau;
- (iii) East Asia and New Cotai have agreed to make certain additional funding contributions to Cyber One and, as necessary, to assume certain project financing support in respect of the Project; and
- (iv) MacauCo and EntertainmentCo have agreed to make certain changes to, or in relation to, the Entertainment Lease Option Deed and the underlying Entertainment Lease Agreement.

On the basis of the matters referred to at (i) above, East Asia's aggregate capital commitment for the Project will increase to US\$300 million and East Asia will provide project financing support of

up to US\$60 million (in total, US\$360 million (approximately HK\$2,808 million)), representing a major transaction for eSun, requiring the approval of the eSun Shareholders.

The principal changes agreed between MacauCo and EntertainmentCo in relation to (ii) above are:

- (a) the area the subject of the First Option has been agreed at 383,339 square feet of Gross Floor Area, of which approximately 81.5 per cent. is prime space and approximately 18.5 per cent. is 'back of the house' space;
- (b) the rental structure and rates have been revised. In the First Joint Announcement, the rent was described as US\$125 per square foot as the initial base rent; under the revised rental structure, the parties recognise and agree that prime space and back of house space should be charged at different rents, resulting in a composite initial annual base rate of approximately US\$41.7 million (approximately HK\$325.26 million); further, the parties have agreed to provide for a rental allowance equal to an aggregate of 15 months of initial annual base rent, to be settled by way of two different mechanisms as described in this Announcement; and
- (c) subject to further agreement, the initial term of the First Entertainment Lease has been reduced from twenty years to fourteen years or less, but with a corresponding increase in the renewal term by the number of years by which the initial term is so reduced.

The Entertainment Lease Agreements, as amended, constitute major transactions and continuing connected transactions of eSun, requiring, together with all of the other Entertainment Lease-related Matters, the approval of the eSun Independent Shareholders.

A circular to the eSun Shareholders concerning the Transactions will be despatched as soon as practicable. It will contain, inter alia, notice of a special general meeting of eSun to approve the additional funding commitments and project financing support under the revised Joint Venture Agreement and the Entertainment Lease-related Matters. It will also contain the advice of eSun's independent financial adviser on the Entertainment Lease-related Matters.

LSD, a substantial shareholder of eSun, has an interest in eSun equal to approximately 34.75 per cent. as at the date of this Announcement. Other than LSD's interest as a substantial shareholder of eSun, LSD has no interest in the Transactions, including without limitation, the Entertainment Lease-related Matters and has joined in on the making of this Announcement to provide voluntary disclosure to its shareholders.

The shares of eSun were, at eSun's request, suspended from trading on the Stock Exchange with effect from 9.30 am on 12 November 2007. eSun has made an application to the Stock Exchange for resumption of trading with effect from 2:30 pm on 15 November 2007.

BACKGROUND

Reference is made to the joint announcements of eSun and LSD dated 21 April 2006 and 9 January 2007.

The First Joint Announcement related, amongst other things, to:

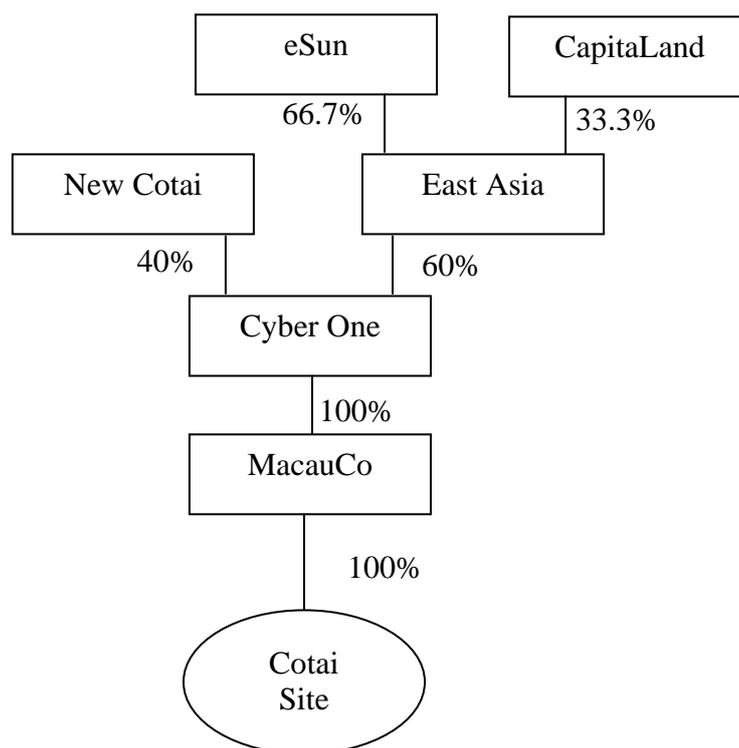
- (i) the disposal by eSun’s subsidiary, East Asia, of a 40 per cent. interest in Cyber One to New Cotai;
- (ii) the ongoing joint venture arrangements between East Asia and New Cotai concerning the operation of Cyber One, as the developer of the Macao Studio City project; and
- (iii) the terms upon which MacauCo (a wholly-owned subsidiary of Cyber One) agreed to grant separate options to EntertainmentCo (an associate of New Cotai) to enter into two lease agreements in respect of parts of the Cotai Site (the “New Cotai Transaction”).

The New Cotai Transaction was approved by eSun Shareholders in June 2006 and was completed in December 2006.

The Second Joint Announcement related to, amongst other things, the disposal by eSun’s subsidiary, Boom Faith, of a one-third interest in East Asia to CapitaLand (the “CapitaLand Transaction”).

The CapitaLand Transaction was announced in January 2007 and was completed in March 2007.

As a result of completing these disposals, the current, simplified, shareholding structure applicable to Cyber One is as follows:-



The respective boards of eSun and LSD jointly announce that, on 9 November 2007, eSun, New Cotai and Cyber One, amongst other parties, entered into a legally binding memorandum of understanding concerning various aspects of the Project pursuant to which, amongst other things:-

- (i) East Asia and New Cotai have agreed for MacauCo to apply to increase the Gross Floor Area of the Project from 3,659,760 square feet to 6,027,840 square feet;
- (ii) East Asia and New Cotai have agreed to accelerate the payment schedule for the additional consideration that New Cotai must pay to East Asia in respect of any additional Gross Floor Area granted by Macau;
- (iii) East Asia and New Cotai have agreed to make certain additional funding contributions to Cyber One and, as necessary, to assume certain project financing support in respect of the Project; and
- (iv) MacauCo and EntertainmentCo have agreed to make certain changes to, or in relation to, the Entertainment Lease Option Deed and the underlying Entertainment Lease Agreements.

MEMORANDUM OF UNDERSTANDING

Date: 9 November 2007

Parties: (1) eSun;
(2) East Asia;
(3) New Cotai;
(4) EntertainmentCo;
(5) Cyber One;
(6) MacauCo; and
(7) Bestwood;

The Memorandum of Understanding has been entered into for the purposes of clarifying, amending and restating certain rights and obligations of the parties in relation to the agreements and other documentation applicable to the Project, which the parties have agreed is necessary in light of changes in circumstances since the agreements referred to in the Joint Announcements were entered into, including, by way of example, the intention to secure an increase in the Gross Floor Area of the Land Grant via a single application for Land Grant Modification and the general change in the debt finance markets.

Additional Gross Floor Area

In accordance with the terms of the Memorandum of Understanding, MacauCo, with the support of East Asia and New Cotai, has, on 9 November 2007, applied for a Land Grant Modification the effect of which is to increase the Gross Floor Area of the Project from 340,000 square metres (3,659,760 square feet) to 560,000 square metres (6,027,840 square feet). MacauCo has also sought to extend the latest date permitted for completion of the development of the Project to not earlier than 17 April 2013.

Acceleration of payment

In accordance with the terms of the Memorandum of Understanding, New Cotai agreed to change the payment settlement dates of the Additional Sum (as defined in the share purchase agreement dated 8 April 2006 between East Asia, New Cotai and the Company) by accelerating the second instalment payment date of the Additional Sum to fall on the same date as the first instalment payment date, provided that the first instalment payment date will be no earlier than 6 January 2008,

and is subject to definitive documentation being signed by, amongst others, New Cotai, East Asia and the Company.

Additional funding and project financing support

As referred to in the First Joint Announcement and in accordance with the terms of the New Cotai Transaction which was approved by the eSun Shareholders in June 2006, each of East Asia and New Cotai has already contributed, pursuant to the Joint Venture Agreement, its pro rata share of US\$100 million (approximately HK\$780 million) as working capital for Cyber One. Moreover, East Asia agreed to invest on a pro rata basis to a further capital call of US\$100 million, if required by Cyber One.

In the Memorandum of Understanding, East Asia and New Cotai have agreed to contribute further capital call of US\$100 million by no later than 30 November 2007. The attributable pro rata amount of US\$60 million to be contributed by eSun will be funded from its internal resources. Further, East Asia and New Cotai have agreed to increase their investment funding contributions, on a several basis, to Cyber One for an additional amount equal to their pro rata share of US\$300 million (approximately HK\$2,340 million), subject to the approval of the eSun Shareholders, if and to the extent required. The figure has been agreed by reference to the cash flow requirements of the construction plan for the Project.

The precise timing for the making of these additional contributions has yet to be settled, save that East Asia and New Cotai have agreed that their respective pro rata contributions will, together, be made as necessary to preserve the Cyber One Group as a going concern and to satisfy, or be consistent with, any applicable requirements of the project financing documentation being sought by Cyber One. In default of more specific agreement as to the timing for making such additional contributions, New Cotai and East Asia have agreed to fund their respective pro rata amounts in three instalments of US\$100 million within the first half-year of 2008.

In addition to the abovementioned capital commitment, in the context of the project finance being sought by the Cyber One Group for the purposes of the Project, East Asia and New Cotai have agreed to be responsible for (a) construction cost overruns; and (b) a portion of the debt incurred or owed by the Cyber One Group pursuant to the project finance documentation (the liabilities in (a) and (b) referred to in this Announcement as “project financing support”), in an aggregate amount equal to their pro rata share of up to US\$100 million (approximately HK\$780 million).

Accordingly, East Asia’s share aggregate capital commitment has increased from US\$120 million (i.e. 60 per cent. of the US\$200 million of capital commitment as originally contemplated under the New Cotai Transaction) to US\$300 million (i.e. 60 per cent. of the aggregate US\$500 million) and it has committed to a project financing support obligation of up to US\$60 million (i.e. 60 per cent. of the additional US\$100 million project financing support as stipulated under the Memorandum of Understanding). In accordance with the terms of a supplemental agreement entered into in relation to the CapitaLand Transaction, CapitaLand has agreed to be responsible for its pro rata share of the entire US\$500 million capital commitment (being US\$100 million), based upon its one-third shareholding interest in East Asia as well as the US\$20 million project financing support as stipulated under the Memorandum of Understanding.

eSun will fund its attributable pro rata share of the additional capital commitment and project financing support from its attributable pro rata share of the proceeds derived, and still to derive,

from the previous disposals of interests (i) in Cyber One to New Cotai and (ii) in East Asia to CapitaLand, as described in the First Joint Announcement and the Second Joint Announcement.

eSun intends to amend the terms of the joint venture agreement between Boom Faith Limited, CapitaLand Integrated Resorts Pte Ltd, East Asia, eSun and CapitaLand Commercial and Integrated Development Limited dated 12 March 2007 (the “East Asia JVA”) so that the funding contributions of the shareholders of East Asia will match with the funding contribution obligations described in the Memorandum of Understanding.

Listing Rules implications

East Asia’s previous aggregate capital commitment of US\$120 million (approximately HK\$936 million), of which half has, to date, been duly contributed, has already been approved as a major transaction of eSun for the purposes of the Listing Rules. East Asia’s additional capital commitment of US\$180 million (approximately HK\$1,404 million) and project financing support obligation of US\$60 million (approximately HK\$468 million), in aggregate amounting to US\$240 million (approximately HK\$1,872 million), represents an additional major transaction for eSun. Moreover, on an aggregated basis, the original commitment and the new commitment (US\$120 million plus US\$240 million = US\$360 million (approximately HK\$2,808 million)) remain a major transaction for eSun. The amendments anticipated to the East Asia JVA represent part of the same overall major transaction for eSun as described in this Announcement.

Changes to, or in relation to, the Entertainment Lease Option Deed

Pursuant to the Memorandum of Understanding, MacauCo and EntertainmentCo have agreed to amend and restate the Entertainment Lease Option Deed and the underlying Entertainment Lease Agreements to document and effect certain changes agreed between them. The Entertainment Lease Option Deed and the Entertainment Lease Agreements were part of the New Cotai Transaction that was approved by the eSun Shareholders in June 2006.

As referred to in the First Joint Announcement, the Entertainment Lease Option Deed relates to EntertainmentCo’s option to lease a total Gross Floor Area from MacauCo of not less than 200,000 square feet but no more than 500,000 square feet. The parties originally envisaged EntertainmentCo exercising the First Option to lease a total area of 200,000 square feet at an initial annual base rent of US\$125 (approximately HK\$975) per square foot, or US\$25 million.

The principal changes agreed between MacauCo and EntertainmentCo are:

- (a) the area the subject of the First Option has been agreed at 383,339 square feet of Gross Floor Area;
- (b) the parties approved the implementation of a two-tiered rent scheme, recognizing a different rent rate for prime space from that for back of house space; under this restructured rental system, approximately 81.5 per cent of the area exercised falls under prime space, and the remaining 18.5 per cent falls under back of the house space; the resulting initial composite annual base rent is approximately US\$41.7 million (approximately HK\$325.26 million);
- (c) MacauCo shall provide a rental incentive to EntertainmentCo equal to an aggregate of 15 months of initial annual rent base, to be settled in two stages; first, MacauCo will waive the first three months of rent payment by EntertainmentCo; second, Cyber One will credit

EntertainmentCo with a sum equal to the initial 12 months of composite base rent (without regard to the three months' of rent free occupancy) which sum shall be repaid from available cash flow; and

- (d) EntertainmentCo has agreed to make a construction reimbursement contribution to MacauCo equal to US\$163.23 per square foot of Gross Floor Area exercised in the First Entertainment Lease Agreement; and
- (e) subject to further agreement, the initial term of the First Entertainment Lease has been reduced from twenty years to fourteen years or less, but with a corresponding increase in the renewal term by the number of years by which the initial term is so reduced.

New Cotai and MacauCo have acknowledged that the First Option has been duly exercised by EntertainmentCo.

First Entertainment Lease Agreement

The First Entertainment Lease Agreement relates to the Phase 1 Premises. The 'prime space' referred to above will constitute the public areas of EntertainmentCo's facilities and the 'back of house' space will be staff space and used for other ancillary purposes, such as training facilities.

Revised rent

The initial annual base rent to be paid by EntertainmentCo pursuant to the First Entertainment Lease Agreement, as amended, for the first three years will be approximately US\$41.7 million (approximately HK\$325.26 million) per annum. In the First Joint Announcement, it was envisaged that the initial annual base rent would be US\$25 million (approximately HK\$195 million) on the basis that EntertainmentCo would lease a Gross Floor Area of 200,000 square feet.

The annual base rent, commencing in year four and subject to adjustment every three years thereafter will, by reference to the initial base rate referred to above, continue to be calculated as disclosed in the First Joint Announcement, namely that it shall be the higher of (a) an increase, by increments of 10 per cent., of the initial annual base rent compounded every three years; and (b) an annual rent referable to an agreed percentage of earnings (revenue derived from operations of the Phase 1 Premises less operating expenses and gaming tax payable to the Macau government) in every third year (third, sixth, ninth and so on).

The rent, and all other factors relating to it, including the rent-free period, the construction reimbursement contribution and the Rental-related Incentive (as described below) were determined on the basis of arm's length negotiations between New Cotai, eSun and CapitaLand.

An independent valuation of the Cotai Site obtained in 2006, in the context of New Cotai and CapitaLand acquiring their respective interests in Cyber One, valued the Cotai Site at HK\$900 per square foot. A separate independent property valuation commissioned by eSun in the context of preparing an unrelated very substantial acquisition circular, published in April 2007, valued the Cotai Site at HK\$1,200 per square foot.

Commencement of Lease

Pursuant to the amendments reflected in the Memorandum of Understanding, EntertainmentCo will not be required to pay rent until the earlier of (A) (i) the date falling three months from the date of receipt of an occupation permit duly issued by the Macau government in respect of the Phase 1 Premises; and (ii) the date on which the hotels in phase 1 of the Cotai Site have achieved certain agreed milestones including that certain percentages of guest rooms are available for occupancy; and (B) subject to the three-month rent-free period, the date that Entertainment Co. opens the Phase 1 Premises for business.

Construction reimbursement contribution

MacauCo and EntertainmentCo have agreed that, pursuant to the First Entertainment Lease Agreement, as amended, EntertainmentCo will reimburse to MacauCo a construction contribution amount in respect of the Phase 1 Premises, calculated at US\$163.23 per square foot of Gross Floor Area.

Lease term

The exact term of the First Entertainment Lease Agreement, as previously approved by eSun Shareholders, depended upon the date of such agreement, relative to the expiry of the Land Grant. Assuming successful renewal of the Land Grant, the term of the First Entertainment Lease Agreement (and the Second Entertainment Lease Agreement) would have expired in 2028, with EntertainmentCo having the right to extend the term for consecutive periods of 15 years each, at fair market value.

Pursuant to the Memorandum of Understanding, it is intended that the initial term of the First Entertainment Lease Agreement will be reduced to 14 years or less, with the initial renewal term increasing by the number of years by which the initial term is so reduced, to a latest date of 31 December 2028.

As eSun Shareholders have already approved a lease term to 2028, the First Entertainment Lease Agreement and the Second Entertainment Lease Agreement, as amended, will acknowledge that renewal terms beyond 2028 shall, for so long as EntertainmentCo remains a connected person of eSun, be subject to the Listing Rules and as necessary, the approval of the eSun Independent Shareholders.

Second Entertainment Lease Agreement

MacauCo and EntertainmentCo have agreed to amend the form of the Second Entertainment Lease Agreement such that it will be in substantially the same form as the First Entertainment Lease Agreement, as amended.

Listing Rules implications

At the time the Entertainment Lease Option Deed was entered into, EntertainmentCo was an independent third party not connected to eSun. The Entertainment Lease Option Deed (and the underlying Entertainment Lease Agreements) were approved by the eSun Shareholders in general meeting as part of the overall arrangements in respect of the Project, as agreed between the eSun Group and the New Cotai Group.

As New Cotai is now a substantial shareholder of Cyber One, itself an indirect subsidiary of eSun (at least for the purposes of the Listing Rules), New Cotai and its associates, including EntertainmentCo, are connected persons of eSun.

As such, the First Entertainment Lease Agreement, as amended, represents a continuing connected transaction so far as eSun is concerned. Furthermore, the Second Entertainment Lease, as amended, would, on exercise of the Second Option, represent an additional continuing connected transaction so far as eSun is concerned.

Listing Rule 14A.35(1) provides that a continuing connected transaction should ordinarily be for a fixed term not exceeding 3 years. A longer term is permitted where the nature of the transaction requires the contract to be of a longer duration than 3 years. In this case, the initial term of the First Entertainment Lease Agreement and the Second Entertainment Lease Agreement will be 14 years and may, at EntertainmentCo's option, be extended for an initial renewal term expiring on 31 December 2028. The independent financial adviser of eSun will explain, in the circular to eSun Shareholders, the special circumstances applicable in this case that require the Entertainment Lease Agreements to be of such duration and will give its views on normal business practice in this regard.

Neither Entertainment Lease Agreement will be capable of being extended beyond 2028 without the approval of the eSun Independent Shareholders, as necessary under the Listing Rules.

The eSun Directors are satisfied that such terms constitute normal business practice for leases of this type and, were, in this case, both necessary and justified in order to secure the joint venture arrangements with New Cotai at the outset.

Caps

As referred to above under the heading "Revised Rent", the annual base rent is subject to incremental upward adjustments every three years based on the higher of (a) 10 per cent. increments of the initial annual base rate, compounded every three years; and (b) an agreed percentage of the earnings applicable to the Phase 1 Premises in every third year (third, sixth, ninth and so on).

eSun has estimated by reference to the incremental base rental model (i.e. (a) above) that MacauCo could receive rents:

- (i) from the first year in which rents are payable, anticipated to be 2010, of up to US\$74 million per annum under the First Entertainment Lease Agreement (should the same be renewed such that the lease term expired in 2028); and
- (ii) from the first year in which rents are payable, anticipated to be 2012 (but subject to the exercise (and the timing of the exercise) of the Second Option), of up to US\$20 million per annum under the Second Entertainment Lease Agreement (again, should, the term run to 2028).

As such, for the purposes of Listing Rule 14A.35(2), an annual cap of US\$74 million (the "First Entertainment Lease Rental Cap") has been set in respect of the First Entertainment Lease Agreement; and of US\$20 million (the "Second Entertainment Lease Rental Cap") in respect of the

Second Entertainment Lease Agreement, in each case, as regards the maximum annual rent receivable by MacauCo.

As the estimated annual rent receivable by Cyber One pursuant to the First Entertainment Lease Agreement, as amended, and the First Entertainment Lease Rental Cap each results in one or more of the percentage ratios referred to in Listing Rule 14A.34 exceeding 2.5 per cent., the First Entertainment Lease Agreement (including the terms upon which it may be extended until 2028) constitutes a continuing connected transaction for eSun, the effectiveness of which is conditional on the approval of the eSun Independent Shareholders. The First Entertainment Lease Agreement also constitutes a major transaction as it is, by reference to Listing Rule 14.04(1)(d), an operating lease, that would have a significant impact on the eSun Group's operations given that the eSun Group does not presently derive any material income from property leasing transactions.

Furthermore, as the estimated annual rent receivable by Cyber One pursuant to the Second Entertainment Lease Agreement, as amended, and the Second Entertainment Lease Rental Cap would (assuming exercise of the Second Option) each result in one or more of the percentage ratios referred to in Listing Rule 14A.34 exceeding 2.5 per cent., the Second Entertainment Lease Agreement (including the terms upon which it may be extended until 2028) would constitute a continuing connected transaction and a major transaction for eSun, the effectiveness of which is conditional on the approval of the eSun Independent Shareholders. The Second Entertainment Lease Agreement also constitutes a major transaction as it would be, by reference to Listing Rule 14.04(1)(d), an operating lease, that would have a significant impact on the eSun Group's operations given that the eSun Group does not presently derive any material income from property leasing transactions.

Rental-related Incentive

As part of the Entertainment Lease-related Matters, MacauCo will waive the first three months of composite rent, and Cyber One will credit New Cotai for an amount (the "Rental-related Incentive") of approximately US\$41.7 million (approximately HK\$325.26 million), being equal to the dollar amount of initial rent base for the first 12 months' of rent under the First Entertainment Lease Agreement, as amended (for which purposes the three months' rent free period has been disregarded from the calculation).

The Rental-related Incentive is a new feature to the overall arrangements between the parties, and was not provided for under the First Entertainment Lease Agreement, as originally drafted. It has been agreed in the context of EntertainmentCo agreeing to accept a reduction in the original rent-free period to from 24 months to three months, as referred to above.

The Rental-related Incentive shall be paid by Cyber One as soon as is practicable out of available cash of Cyber One, appropriate reserves having been made for capital expenditure and other working capital requirements of the Cyber One Group.

Interest shall accrue on the Rental-related Incentive during the period from (and including) the date which is the late of:-

- (a) the ninth anniversary of the date that rent is first paid in respect of the First Entertainment Lease Agreement; and

- (b) the date that is 18 months after the maturity date of the term loan (or the last of the term loans) obtained by Cyber One by way of project financing for the Project.

Interest shall accrue on any outstanding balance of the Rental-related Incentive at a rate of 12 per cent. per annum, compounded on 1 January in each year.

Listing Rules implications

As New Cotai is a connected person of eSun, the Rental-related Incentive will constitute a connected transaction so far as eSun is concerned. The effectiveness of the Rental-related Incentive has been made conditional on the approval of the eSun Independent Shareholders as part of the Entertainment Lease-related Matters.

REASON FOR AND BENEFITS OF THE MEMORANDUM OF UNDERSTANDING

The 'Macao Studio City' is a flag-ship project for eSun and one that eSun has always intended to develop in partnership with experienced and resourceful strategic partners, which both New Cotai and CapitaLand have proven themselves to be.

By its nature, the Project is long-term and all of the partners must be prepared to be flexible and to adapt to changing circumstances in working toward their collective goals. Since the time the Joint Venture Agreement was entered into (December 2006), the terms of the Land Grant Modification which the parties expect may be achievable have become clearer, and with it, the parties are able to distil, with greater clarity, matters such as the aggregate amount payable to East Asia under the share purchase agreement dated 8 April 2006 (given that this is dependent upon the Gross Floor Area achieved under the Land Grant Modification), the layout and plans for phase 1 of the New Cotai Site and the Phase 1 Premises. Moreover, since December 2006, debt-financing markets have deteriorated generally, in light of the so-called 'US sub-prime credit crunch', which has forced both East Asia and New Cotai to re-appraise the overall funding components of the Project, prompting the decision to make further respective capital contributions and financing commitments to the Project.

The Memorandum of Understanding comprises a broad-ranging agreement amongst the parties on many facets of the Project, and the eSun Directors have noted, in particular, that the agreed commitment on further funding provides a firm platform for the overall financing of the Project and is expected to facilitate the ability to arrange third party financing in respect of the Project. Moreover, the amended Entertainment Lease Agreements will provide Cyber One, in the case of the First Entertainment Lease Agreement, with a long term and stable revenue stream making the Project, itself, a viable proposition. A similar long term revenue stream would be earned by Cyber One were EntertainmentCo to elect to exercise the Second Option.

eSun remains firmly committed to the Project and the long-term benefits which it would hope to derive from holding a major stake in a leading multi-purpose complex, comprising retail, entertainment and world-class hotels.

The eSun Directors (including the independent non-executive directors of eSun, but subject to the advice of eSun's independent financial adviser as regards the Entertainment Lease-related Matters) are of the view that the terms of the Memorandum of Understanding are fair and reasonable and are in the best interests of eSun and its shareholders as a whole.

CIRCULAR

A circular to the eSun Shareholders concerning the Transactions will be despatched as soon as practicable. It will contain, inter alia, notice of a special general meeting of eSun to approve the additional funding commitments and project financing support under the revised Joint Venture Agreement and the Entertainment Lease-related Matters. It will also contain the advice of eSun's independent financial adviser on the Entertainment Lease-related Matters.

INFORMATION RELATING TO eSUN AND THE COUNTERPARTIES TO THE MEMORANDUM OF UNDERSTANDING

eSun is a holding company with interests in subsidiaries and associates whose business activities include media, entertainment, music production and distribution, advertising agency services and satellite television operations, as well as its interest in the 'Macao Studio City' held via East Asia. East Asia is a holding company owned as to 66.7 per cent. by eSun and 33.3 per cent. by CapitaLand. It is the vehicle through which these companies have invested in Cyber One.

New Cotai and EntertainmentCo are members of the New Cotai Group, which is controlled by Silver Point Capital, L.P., a U.S. investment fund manager based in Greenwich, Connecticut and organised under the laws of the State of Delaware. A significant equity interest in the New Cotai Group is owned by Mr. David Friedman, who has more than 21 years of broad executive experience in the hotel and gaming industry, and is recognised as one of the leading experts on international gaming development, having worked for Venetian Casino Resort LLC and, later, co-founded 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.

Cyber One is a holding company owned as to 60 per cent. by East Asia and 40 per cent. by New Cotai and is the vehicle responsible for developing the 'Macao Studio City'. The Cyber One Group includes MacauCo, a wholly-owned subsidiary of Cyber One, and the holder of the Land Grant, and Bestwood, a wholly-owned subsidiary of Cyber One, with whom East Asia and New Cotai have deposited certain sums for the benefit of Cyber One.

VOLUNTARY DISCLOSURE OF LSD

LSD, a substantial shareholder of eSun, has an interest in eSun equal to approximately 34.75 per cent. as at the date of this Announcement. Other than LSD's interest as a substantial shareholder of eSun, LSD has no interest in the Transactions, including without limitation, the Entertainment Lease-related Matters. Accordingly, LSD has unconditionally and irrevocably undertaken to New Cotai to vote in favour of all resolutions approving all or any of the Transactions to the fullest extent permissible under the Listing Rules and by the Stock Exchange.

The directors of LSD do not consider that the Transactions constitute price-sensitive information for LSD but this announcement has been made jointly with eSun so as to provide the shareholders of LSD with information which the directors of LSD believe may be of interest and relevance to them.

SUSPENSION AND RESUMPTION OF TRADING IN eSUN SHARES

The shares of eSun were, at eSun's request, suspended from trading on the Stock Exchange with effect from 9.30 am on 12 November 2007. eSun has made an application to the Stock Exchange for resumption of trading with effect from 2:30 pm on 15 November 2007.

DEFINITIONS

In this Announcement, the following terms have the following meanings ascribed to them:-

“associate”	has the meaning ascribed to it under the Listing Rules;
“Bestwood”	Bestwood Enterprises Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Cyber One;
“Boom Faith”	Boom Faith Ltd, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of eSun;
“CapitaLand”	CapitaLand Integrated Resorts Pte., Ltd., an indirect wholly-owned subsidiary of CapitaLand Limited, a limited liability company whose shares are listed on the Singapore Exchange Securities Trading Limited;
“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 One”	Cyber One Agents Limited, a company incorporated in the British Virgin Islands and is a 60 per cent. jointly-controlled entity (for accounting of East Asia);
“Cyber One Group”	Cyber One and its subsidiaries;
“East Asia”	East Asia Satellite Television (Holdings) Limited, a company incorporated in the British Virgin Islands and an indirect non-wholly-owned subsidiary of eSun;
“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 (or an associated entity) and MacauCo and “Entertainment Lease Agreement” shall be construed accordingly;
“Entertainment Lease Option Deed”	the deed dated 6 December 2006 relating to the First Option and the Second Option;

“Entertainment Lease-related Matters”	the proposed amendments to the Entertainment Lease Option Deed including the Entertainment Lease Agreements, as amended, and all matters associated therewith or relating thereto, including, without limitation, the Rental Caps and the Rental-related Incentive;
“EntertainmentCo”	New Cotai Entertainment, LLC, a Delaware limited liability company and/or, for the purposes of this announcement, its wholly-owned subsidiary, New Cotai Entertainment (Macau) Limited, a company incorporated in Macau;
“eSun” or the “Company”	eSun Holdings Limited, a company incorporated in Bermuda whose shares are listed on the Stock Exchange;
“eSun Directors”	the directors of eSun;
“eSun Group”	eSun and its subsidiaries;
“eSun Independent Shareholders”	the shareholders of eSun who are independent of New Cotai and its associates for the purposes of all matters referred to in this Announcement;
“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 the Phase 1 Premises;
“First Joint Announcement”	the joint announcement of eSun and LSD dated 21 April 2006;
“First Option”	the option 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 authorised 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;
“HoldingsCo”	New Cotai Holdings, LLC, a Delaware limited liability company;
“Joint Announcements”	the First Joint Announcement and the Second Joint Announcement;

“Joint Venture Agreement”	the joint venture agreement dated 6 December 2006 entered into between East Asia, New Cotai 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, inter alia: (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 2013; 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;
“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 Avenida Dr. Mario Soares, no. 323, Edifício Banco China, 32º andar C, em Macau; ;
“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 New Cotai’s consent;

“Memorandum of Understanding”	the legally binding memorandum of understanding dated 9 November 2007 entered into between eSun, East Asia, New Cotai, EntertainmentCo, Cyber One, MacauCo and Bestwood as referred to in this Announcement;
“New Cotai”	New Cotai, LLC, a Delaware limited liability company;
“New Cotai Group”	HoldingsCo and its subsidiaries, including New Cotai and EntertainmentCo;
“New Cotai Senior Debt”	the agreement by New Cotai to pay to EntertainmentCo a dollar amount of 12 months of rent under the First Entertainment Lease Agreement, as amended, as referred to in this Announcement;
“Phase 1 Premises”	a Gross Floor Area of 383,339 square feet within the Cotai Site to be leased by EntertainmentCo (or an associated entity) from MacauCo pursuant to the First Entertainment Lease Agreement;
“Phase 2 Premises”	a Gross Floor Area of up to approximately 115,000 square feet within the Cotai Site to be leased by EntertainmentCo from MacauCo pursuant to the Second Entertainment Lease Agreement;
“Project”	the project being developed by Cyber One on the Cotai Site which it is proposed will include, without limitation, 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 New Cotai;
“Rental Caps”	the First Entertainment Leases Rental Cap and the Second Entertainment Lease Rental Cap described in this Announcement;
“Second Entertainment Lease Agreement”	an entertainment lease agreement to be entered into between MacauCo, EntertainmentCo and HoldingsCo in respect of the Phase 2 Premises;
“Second Joint Announcement”	the joint announcement of eSun and LSD dated 9 January 2007;
“Second Option”	the option granted to EntertainmentCo by MacauCo, pursuant to the Entertainment Lease Option Deed, to enter into the Second Entertainment Lease Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	the transactions and matters contemplated by the Memorandum of Understanding as referred to in this Announcement;
“HK\$”	Hong Kong dollar(s);

“US\$” United States dollar; and

“%” or “ per cent.” percentage

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, 14 November 2007

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 hereof, the executive directors of eSun are Mr. Lam Kin Ngok, Peter, Ms. Leung Churk Yin, Jeanny, Mr. Liu Ngai Wing, Mr. Cheung Wing Sum, Ambrose, and Mr. Low Kit Leong; the non-executive directors are Mr. Lien Jown Jing, Vincent, 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 hereof, the executive directors of LSD are Mr. Lam Kin Ngok, Peter, Mr. Lau Shu Yan, Julius, Mr. Tam Kin Man, Kraven, Mr. Cheung Wing Sum, Ambrose, Mr. Cheung Sum, Sam and Ms. Leung Churk Yin, Jeanny; 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.