



eSun Holdings Limited

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT CONNECTED TRANSACTION

Sale of a 50% shareholding interest in HKATV.com Limited

On 8th November, 2002, eSun and LSD entered into the eSun Agreement pursuant to which eSun agreed to sell and LSD agreed to purchase the entire issued share capital of HIL (a company with a 50% shareholding interest in HKATV.com) for a consideration of HK\$46.08 million.

As LSD is a substantial shareholder of eSun, the eSun Transaction constitutes a connected transaction for eSun under Chapter 14 of the Listing Rules. However, pursuant to Rule 14.25(1) of the Listing Rules, as the eSun Transaction is on normal commercial terms and its total consideration represents less than 3 per cent. of the book value of the net tangible assets of eSun (as disclosed in eSun's latest published audited consolidated accounts) adjusted to take account of subsequent transactions in accordance with Rule 14.04(6) of the Listing Rules, the eSun Transaction is subject only to the disclosure requirements set out in Rule 14.25(1) of the Listing Rules and shareholders approval of the transaction is not required.

Trading in eSun's shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 11th November, 2002 at the request of eSun pending the release of this announcement. An application has been made for trading in eSun's shares to recommence with effect from 9:30 a.m. on 13th November, 2002.

As the eSun Transaction is subject to a number of conditions precedent, the eSun Transaction may or may not proceed. Shareholders and other investors are therefore advised to exercise caution when dealing in eSun's shares. Further announcements in relation to the progress of the eSun Transaction will be released by eSun as appropriate.

1. Parties to the eSun Agreement dated 8th November, 2002

Vendor: eSun
Purchaser: LSD

2. The eSun Agreement and assets to be sold by eSun

On 8th November, 2002, LSD and DGI entered into the DGI Agreement pursuant to which DGI agreed to purchase from LSD certain shares in the capital of ATV and the entire issued share capital of HIL, a company with a 50% shareholding interest in HKATV.com. HIL is currently a wholly-owned subsidiary of eSun. As at the date of this announcement, no amount is owing by HIL to eSun. Shareholders are referred to the announcement of LSD dated 12th November, 2002 which contains more detailed information on the DGI Agreement.

In order to facilitate completion of the DGI Agreement, LSD and eSun entered into the eSun Agreement, which provides for the sale by eSun and the purchase by LSD of the entire issued share capital of HIL, being 2 HIL Shares.

3. Conditions of the eSun Agreement

Completion of the eSun Agreement will be subject to the fulfilment, among others, of the following conditions precedent:

- the satisfaction or waiver (as the case may be) of all conditions precedent contained in the DGI Agreement, save for the condition relating to the fulfilment or waiver of all conditions precedent contained in the eSun Agreement;
- the granting or waiver, as the case may be, of any and all consents, authorisations or other permissions required for the consummation of the transactions contemplated by the eSun Agreement (including, without limitation, consent pursuant to share transfer provisions under clause 11 of the shareholders agreement dated 10th March, 2000 made between HIL, ATV and HKATV.com in relation to HKATV.com); and
- all authorisations, consents and approvals of all governmental or regulatory authorities, agencies or bodies which are necessary or required for the purposes of the transactions contemplated by the eSun Agreement having been obtained.

The eSun Agreement does not provide the parties with the ability to waive any of the conditions precedent.

4. Consideration for the eSun Transaction

The aggregate consideration for the eSun Transaction is HK\$46.08 million comprising:

- HK\$1.28 million, by way of deposit, which is payable upon signing of the eSun Agreement and has been paid by LSD; and
- HK\$44.8 million which is payable on completion of the eSun Agreement.

eSun will be entitled to forfeit the deposit referred to in paragraph (i) above if LSD fails to pay the balance of the consideration or complete the purchase of the HIL Shares in accordance with the terms of the eSun Agreement.

The consideration of HK\$46.08 million in respect of the 50% indirect shareholding interest in HKATV.com was agreed after arm's length negotiations between the parties and was determined by reference to the values attributed to such shareholding interest by Tom.com, an independent third party, in July 2002 with whom eSun had entered into a memorandum of understanding in respect of the sale and purchase of such shareholding interest. As set out in eSun's announcement dated 10th July, 2002, the aggregate consideration in respect of the purchase by Tom.com of the 50% shareholding interest in HKATV.com was to be satisfied by the issue of 12.8 million shares in the capital of Tom.com. Based on the closing price of a share of Tom.com of HK\$3.325 on 8th July, 2002, the value of such consideration shares amounted to HK\$42.56 million.

5. Completion of the eSun Agreement

Completion of the eSun Agreement shall take place on or before the Long Stop Date and shall take place simultaneously with completion of the DGI Agreement.

6. Terms of the eSun Agreement

The terms of the eSun Agreement were arrived at after arm's length negotiations between the parties and the board of directors (including the independent non-executive directors) of eSun considers the terms of the eSun Agreement to be normal commercial terms that are fair and reasonable and in the interests of all shareholders of eSun.

7. Information on eSun and HIL

The eSun Group is principally engaged in the development and operation of, and investment in, telecommunications, media, entertainment and other related businesses.

HIL is an investment holding company and its sole asset is a 50% shareholding interest in HKATV.com.

HKATV.com is engaged in the business of developing and maintaining the "hkatv.com" website and exploiting certain programme rights principally from ATV and through or in connection with other Internet content providers.

The net losses of the eSun Group attributable to eSun's interest in HIL being accounted for in respect of the financial years ended 31st December, 2000 and 31st December, 2001 were approximately HK\$782,264 and HK\$1,763,626 respectively. The gain by the eSun Group on the disposal of the entire issued share capital of HIL, calculated on a pro-forma basis, will be approximately HK\$46.08 million upon completion of the eSun Agreement.

HKATV.com is accounted for as an associate in the consolidated financial statements of eSun.

8. Benefits of the eSun Transaction and intended application of proceeds

The directors of eSun consider that the eSun Transaction represents a good opportunity for eSun to release its investment in HKATV.com under the present operating environment. The proceeds from the eSun Transaction will be used for general working capital purposes.

9. Connected Transaction

As LSD is a substantial shareholder of eSun, the eSun Transaction constitutes a connected transaction for eSun for the purposes of the Listing Rules. However, pursuant to Rule 14.25(1) of the Listing Rules, as the eSun Transaction is on normal commercial terms and its total consideration represents less than 3 per cent. of the book value of the net tangible assets of eSun (as disclosed in eSun's latest published audited consolidated accounts) adjusted to take account of subsequent transactions in accordance with Rule 14.04(6) of the Listing Rules, the eSun Transaction is subject only to the disclosure requirements set out in Rule 14.25(1) of the Listing Rules and shareholders approval of the transaction is not required. Details of the eSun Agreement will be included in the next published annual report and accounts of eSun pursuant to Rule 14.25(1) of the Listing Rules.

10. Trading in the shares of eSun

Trading in eSun's shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 11th November, 2002 at the request of eSun pending the release of this announcement. An application has been made for trading in eSun's shares to recommence with effect from 9:30 a.m. on 13th November, 2002.

As the eSun Transaction is subject to a number of conditions precedent, the eSun Transaction may or may not proceed. Shareholders and other investors are therefore advised to exercise caution when dealing in eSun's shares. Further announcements in relation to the progress of the eSun Transaction will be released by eSun as appropriate.

Definitions

"ATV"	Asia Television Limited, a company incorporated in Hong Kong;
"DGI"	Dragon Goodwill International Limited, a company incorporated in the British Virgin Islands which is affiliated with certain of the existing shareholders of ATV;
"DGI Agreement"	the conditional agreement dated 8th November, 2002 between Fordspace Development Limited, Infoway Limited, LSD and DGI relating to the sale and purchase of shares in ATV and HKATV.com;
"DGI Transaction"	the transactions contemplated under the DGI Agreement;
"eSun"	eSun Holdings Limited, a company incorporated in Bermuda, the issued shares of which are listed on the Stock Exchange;
"eSun Agreement"	the conditional agreement dated 8th November, 2002 between eSun and LSD relating to the sale and purchase of shares in HIL;
"eSun Group"	eSun and its subsidiaries;
"eSun Transaction"	the transactions contemplated under the eSun Agreement;
"HIL"	Houseman International Limited, a company incorporated in the British Virgin Islands and currently a wholly-owned subsidiary of eSun;
"HIL Shares"	shares of US\$1.00 each in the issued share capital of HIL;
"HK\$"	Hong Kong dollars;
"HKATV.com"	HKATV.com Limited, a company incorporated in Hong Kong;
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Long Stop Date"	15th May, 2003 (or such other date as is otherwise agreed between the parties to the eSun Agreement);
"LSD"	Lai Sun Development Company Limited, a company incorporated in Hong Kong, the issued shares of which are listed on the Stock Exchange;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited; and
"Tom.com"	Tom.com Limited, a company incorporated in the Cayman Islands whose shares are listed on the Growth Enterprise Market of the Stock Exchange.

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