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eSun Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 571)

**PROPOSED GENERAL MANDATES TO
ISSUE AND BUY BACK SHARES**

Capitalised terms used in the lower portion of this cover page will have the respective meanings as those defined in the section headed “*Definitions*” in this circular.

A letter from the Board is set out on pages 4 to 6 of this circular.

The notice convening the 2016 AGM to be held at Harbour View Rooms I & II, 3/F., The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Friday, 16 December 2016 at 10:00 a.m. is contained in the 2015-2016 Annual Report. Shareholders are advised to read the Notice of 2016 AGM and if you do not intend to be present at the 2016 AGM or its adjournment (as the case may be) in person but wish to exercise your rights as a Shareholder, please complete and sign the form of proxy enclosed with the 2015-2016 Annual Report in accordance with the instructions printed thereon and deposit the same with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time fixed for holding the 2016 AGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the 2016 AGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

17 November 2016

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This circular in both English and Chinese is available in printed form and published on the respective websites of the Company at www.esun.com and the Stock Exchange at www.hkexnews.hk.

DEFINITIONS

Unless the context otherwise requires, terms used in this circular shall have the following respective meanings:

“2015-2016 Annual Report”	annual report of the Company for the year ended 31 July 2016;
“2015 AGM”	the AGM held on 11 December 2015;
“2016 AGM”	the AGM to be convened and held at Harbour View Rooms I & II, 3/F., The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Friday, 16 December 2016 at 10:00 a.m. or any adjournment thereof;
“2005 Share Option Scheme”	the share option scheme adopted by the Company on 23 December 2005 and became effective on 5 January 2006;
“2015 Share Option Scheme”	the share option scheme adopted by the Company on 11 December 2015 and became effective on 23 December 2015;
“AGM”	annual general meeting of the Company;
“Board”	the board of Directors;
“Buy-backs Code”	the Code on Share Buy-backs issued by the SFC;
“Buy Back Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the 2016 AGM to exercise all the powers of the Company to buy back Shares not exceeding 10% of the total issued Shares as at the date of passing such resolution;
“Bye-laws”	the Bye-laws of the Company;
“close associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Company”	eSun Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571);
“control”	has the meaning ascribed to it under the Takeovers Code;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules;

DEFINITIONS

“Director(s)”	the director(s) of the Company;
“General Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the 2016 AGM to exercise all the powers of the Company to allot, issue and deal with additional Shares not exceeding 20% of the total issued Shares as at the date of passing such resolution;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	11 November 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchanges as amended, supplemented or otherwise modified from time to time;
“LSD”	Lai Sun Development Company Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488);
“LSG”	Lai Sun Garment (International) Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 191);
“Notice of 2016 AGM”	the notice convening the 2016 AGM contained in 2015-2016 Annual Report;
“SFC”	the Securities and Futures Commission in Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary share(s) of HK\$0.50 each in the share capital of the Company;

DEFINITIONS

“Share Option Holder(s)”	the holder(s) of the share option(s) granted under the 2005 Share Option Scheme entitling him/her/them to subscribe for certain Share(s);
“Shareholder(s)”	the duly registered holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC; and
“%”	per cent.

LETTER FROM THE BOARD



eSun Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 571)

Executive Directors:

Mr. Lui Siu Tsuen, Richard (*Chief Executive Officer*)
Mr. Chew Fook Aun
Mr. Lam Hau Yin, Lester
Mr. Yip Chai Tuck

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

Madam U Po Chu
Mr. Andrew Y. Yan

*Head Office and Principal Place
of Business:*

11th Floor
Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Kowloon
Hong Kong

Independent Non-executive Directors:

Mr. Low Chee Keong (*Chairman*)
Mr. Lo Kwok Kwei, David
Dr. Ng Lai Man, Carmen
Mr. Alfred Donald Yap

17 November 2016

*To the Shareholders and for information only,
the Share Option Holders*

Dear Sir and Madam,

PROPOSED GENERAL MANDATES TO ISSUE AND BUY BACK SHARES

1. INTRODUCTION

At the last AGM held on 11 December 2015, general mandates were granted by the Shareholders to the Directors to exercise all the powers of the Company to issue and buy back Shares. Pursuant to the provisions of the Listing Rules, these general mandates will lapse at the conclusion of the 2016 AGM unless renewal at that meeting.

The purpose of this circular is to provide you with an explanatory statement as required by the Listing Rules and the information relating to the proposed renewal of the general mandates to the Directors to allot, issue and deal with additional Shares and to buy back Shares, so as to give you all information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the 2016 AGM.

LETTER FROM THE BOARD

2. PROPOSED GENERAL MANDATE AND BUY BACK MANDATE

At the 2015 AGM held on 11 December 2015, ordinary resolutions were passed respectively to grant general mandates to the Directors to exercise all the powers of the Company (i) to allot, issue and deal with additional Shares not exceeding 20% of the total issued Shares as at the date of the 2015 AGM; (ii) to buy back Shares not exceeding 10% of the total issued Shares as at the date of the 2015 AGM; and (iii) to extend the general mandate granted to the Directors to issue Shares by adding the number of Shares bought back.

The above mandates will expire at the conclusion of the 2016 AGM unless renewed at that meeting. Resolutions will be proposed at the 2016 AGM to grant the General Mandate and the Buy Back Mandate to the Directors as well as to extend the general mandate granted to the Directors to issue Shares by adding the number of Shares bought back. As regards these resolutions, the Directors wish to state that they have no immediate plans to issue any new Shares or buy back any Shares pursuant to the relevant mandates.

An explanatory statement, as required by the Listing Rules in connection with the Buy Back Mandate is set out in the Appendix to this circular, and contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the ordinary resolution relating to the Buy Back Mandate.

3. 2016 AGM

The 2016 AGM will be held at Harbour View Rooms I & II, 3/F., The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Friday, 16 December 2016 at 10:00 a.m. The Notice of 2016 AGM is contained in the 2015-2016 Annual Report. The resolutions in relation to the General Mandate and Buy Back Mandate for the respective issue and buy back of Shares will be proposed at the 2016 AGM for approval by the Shareholders.

If you do not intend to be present at the 2016 AGM or its adjournment (as the case may be) in person but wish to exercise your rights as a Shareholder, please complete and sign the form of proxy enclosed with the 2015-2016 Annual Report (also published on both the websites of the Company at www.esun.com and the Stock Exchange at www.hkexnews.hk) in accordance with the instructions printed thereon and deposit the same with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time fixed for holding the 2016 AGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the 2016 AGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the above resolutions to be proposed at the 2016 AGM.

LETTER FROM THE BOARD

4. VOTING BY POLL

In compliance with Rule 13.39(4) of the Listing Rules, save for resolutions which relate purely to procedural or administrative matters to be voted on by a show of hands, voting on the resolutions to be proposed at the 2016 AGM shall be decided by way of a poll.

Bye-law 66 of the Bye-laws provides that on a poll, every member present in person or by proxy or in the case of a member being a corporation, by its duly authorised representative, shall have one vote for every fully-paid Share of which he/she/it is the holder.

An explanation of the detailed procedures of conducting a poll will be provided to the Shareholders at the 2016 AGM. Tricor Tengis Limited, the branch share registrar of the Company in Hong Kong, will serve as the scrutineers for the vote-taking. The Company will publish an announcement on the poll results on the respective websites of the Company at www.esun.com and the Stock Exchange at www.hkexnews.hk shortly after the conclusion of the 2016 AGM pursuant to Rule 13.39(5) of the Listing Rules.

5. RECOMMENDATION

The Directors are of the opinion that the proposed granting of the General Mandate and Buy Back Mandate (details of which are set out in the Notice of 2016 AGM) as mentioned above are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the relevant resolutions to be proposed at the 2016 AGM.

6. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular and the Notice of 2016 AGM contained in the 2015-2016 Annual Report.

In case of any inconsistency between the English and Chinese versions of this circular, the English version will prevail.

Yours faithfully,
For and on behalf of the Board of
eSun Holdings Limited
Low Chee Keong
Chairman

This explanatory statement contains all the information required by Rule 10.06(1)(b) of the Listing Rules to be given to the Shareholders reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution relating to the Buy Back Mandate to be proposed at the 2016 AGM.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,243,212,165 issued and fully-paid Shares and there was outstanding options granted under the 2005 Share Option Scheme to subscribe for 33,450,665 Shares, and there was no outstanding option granted under the 2015 Share Option Scheme.

Subject to the passing of the proposed ordinary resolution granting the Buy Back Mandate and on the basis that no further Shares will be issued (whether generally or pursuant to the exercise of the subscription rights attaching to the outstanding option) prior to the date of the 2016 AGM, exercise in full of the Buy Back Mandate would result in up to a maximum of 124,321,216 Shares (i.e. 10% of the entire issued share capital of the Company as at the Latest Practicable Date) being bought back by the Company during the relevant period.

2. REASONS FOR BUY BACK

Although the Directors have no present intention to buy back any Shares, they believe that the flexibility afforded by the Buy Back Mandate will be in the best interests of the Company and the Shareholders as a whole. Such buy back may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and/or earnings per Share and will only be made when the Directors believe that such buy back will benefit the Company and the Shareholders as a whole (e.g. if there are occasions in the future when depressed market conditions arise and the Shares are trading at a discount to their underlying value).

3. FUNDING OF BUY BACK

Pursuant to the Buy Back Mandate, the Company may only apply funds legally available for buy back in accordance with the Laws of Bermuda in which the Company is incorporated, and the Memorandum of Association and the Bye-laws of the Company.

Funds for a buy back of the Shares, to the extent of the nominal value attributable to the bought back Shares, may be paid out of the capital paid up thereon or out of the proceeds of a new issue of Shares made for the purpose or from the funds of the Company otherwise available for dividend or distribution. The premium over the nominal value of the bought back Shares may be paid out of the share premium account before the Shares are bought back or the funds of the Company otherwise available for dividend or distribution.

If the Buy Back Mandate is to be exercised in full at any time during the proposed buy back period, there may be a material adverse effect on the working capital or gearing position of the Group which in the opinion of the Directors is from time to time appropriate for the Group (as compared with the position disclosed in the published audited consolidated financial statements of the Company for the year ended 31 July 2016). However, the Directors do not currently propose to exercise the Buy Back Mandate to such an extent unless the Directors are of the view that such buy back will, taking into account of all the relevant factors, be in the best interests of the Group.

4. SHARE PRICES

The monthly highest and lowest prices per Share at which the Shares had been traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2015		
November	0.770	0.630
December	0.680	0.590
2016		
January	0.650	0.500
February	0.540	0.490
March	0.570	0.495
April	0.610	0.490
May	0.560	0.510
June	0.580	0.520
July	0.930	0.540
August	0.800	0.720
September	0.850	0.760
October	0.810	0.730
November (up to the Latest Practicable Date)	0.750	0.650

5. BUY BACK BY THE COMPANY

The Company had not made any purchase of Shares (whether on the Stock Exchange or otherwise) during the six months immediately preceding the Latest Practicable Date.

6. INTENTION AND UNDERTAKING

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their respective close associates have any present intention to sell any Shares held by them to the Company under the Buy Back Mandate if such Buy Back Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that so far as the same may be applicable, they will exercise the Buy Back Mandate in accordance with the Listing Rules, the Bye-laws and the applicable laws of Bermuda.

No core connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares held by him/her/it to the Company, or has undertaken not to do so, in the event that the Buy Back Mandate is approved by the Shareholders.

7. IMPLICATIONS OF THE TAKEOVERS CODE AND THE LISTING RULES

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of a share bought back by the Company, such increase will be treated as an acquisition of voting rights for the purpose of Rule 32 of the Takeovers Code and Rule 6 of the Buy-backs Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could, depending on the level of increase in their shareholding interest(s), obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer for the Shares in accordance with Rule 26 of the Takeovers Code for all the Shares not already owned by such Shareholder or group of Shareholders.

As at the Latest Practicable Date, the controlling shareholders of the Company named below were interested or were deemed to be interested under the SFO in the issued Shares as follows:

Name	Capacity	Number of issued Shares			Approximate percentage of total issued Shares
		Personal interests	Corporate interests	Total	
LSD	Owner of controlled corporation	Nil	521,204,186 <i>(Notes 1 and 2)</i>	521,204,186	41.92%
LSG	Owner of controlled corporations	Nil	521,204,186 <i>(Notes 1 and 2)</i>	521,204,186	41.92%
Dr. Lam Kin Ngok, Peter ("Dr. Lam")	Beneficial owner and owner of controlled corporations	2,794,443 <i>(Note 3)</i>	521,204,186 <i>(Note 1)</i>	523,998,629	42.15%

Notes:

- (1) *Dr. Lam (an executive Director from 15 October 1996 to 13 February 2014) was deemed to be interested in 521,204,186 Shares (approximately 41.92% of the total issued Shares) indirectly owned by LSD by virtue of his personal and deemed controlling shareholding interests of approximately 42.06% (excluding share option) in LSG. LSD was approximately 61.93% directly and indirectly owned by LSG. LSG was approximately 12.48% (excluding share option) owned by Dr. Lam and approximately 29.57% owned by Wisdoman Limited, which was in turn 100% beneficially owned by Dr. Lam.*
- (2) *LSD and LSG were interested in the same 521,204,186 Shares.*
- (3) *On 18 January 2013, the Company granted a share option comprising 1,243,212 underlying Shares to Dr. Lam at the exercise price of HK\$1.612 per Share (subject to adjustments) with an exercise period from 18 January 2013 to 17 January 2023 under the 2005 Share Option Scheme. Such underlying Shares have not been included in the calculation of Dr. Lam's personal interest in the Shares.*

In the event that the Company exercises the Buy Back Mandate in full and taking no account of the issue of new Shares by the Company pursuant to any general or specific mandates granted by the Shareholders at any general meeting, the 2005 Share Option Scheme, 2015 Share Option Scheme and/or any scheme or otherwise, the aggregate beneficial shareholding interest and deemed shareholding interest of LSD, LSG and Dr. Lam in the Company (for illustration) will be as follows:

Name	Approximate percentage of total issued Shares
LSD	46.58%
LSG	46.58%
Dr. Lam	46.83%

Accordingly, such increased shareholding interests in the Company will give rise to an obligation to make a mandatory offer for the remaining Shares under Rule 26 and Rule 32 of the Takeovers Code. However, the Directors have no present intention to exercise the Buy Back Mandate to such an extent as would result in the above takeover obligation.

Save as disclosed above, the Directors are not aware of any Shareholders or group of Shareholders acting in concert, who may become obliged to make a mandatory offer under Rule 26 of the Takeovers Code as a consequence of any buy back of Shares pursuant to the Buy Back Mandate.

Assuming that there is no further issue of Shares between the Latest Practicable Date and the date of buy back, the exercise of the Buy Back Mandate whether in whole or in part will not result in less than 25% of the total issued Shares being held by the public as required by Rule 8.08 of the Listing Rules.