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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in eSun Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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## **eSun Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 571)

### **PROPOSAL FOR ADOPTION OF NEW SHARE OPTION SCHEME TERMINATION OF EXISTING SHARE OPTION SCHEME AMENDMENTS TO THE BYE-LAWS AND NOTICE OF SPECIAL GENERAL MEETING**

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A letter from the board of directors of the Company is set out on pages 4 to 9 of this circular.

A notice of the Special General Meeting of eSun Holdings Limited to be held at The Chater Room I, Function Room Level (B1), The Ritz-Carlton Hong Kong, 3 Connaught Road Central, Hong Kong on Friday, 23rd December, 2005 at 9:15 a.m. is set out on pages 20 to 21 of this circular. If you are unable to attend the Special General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for the holding of the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or at any adjourned meeting should you so wish.

30th November, 2005

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions have the following meanings:*

“associate”	has the meaning set out in the Listing Rules
“Board”	the board of Directors of the Company
“Bye-law(s)”	the bye-law(s) of the Company
“Code”	the Code on Corporate Governance Practices, Appendix 14 of the Listing Rules
“Company”	eSun Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Companies Act”	the Companies Act 1981 of Bermuda
“connected person”	has the meaning set out in the Listing Rules
“Directors”	director(s) of the Company
“Eligible Employee(s)”	any employee (whether full time or part time employee, including any executive directors, any non-executive director and independent non-executive director) of the Company and its Subsidiaries
“Existing Share Option Scheme”	the share option scheme of the Company which was adopted by the Company on 25th November, 1996
“Grantee(s)”	any Participant who accepts the offer of the grant of any Option in accordance with the terms of the New Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“Latest Practicable Date”	17th November, 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the Special General Meeting, the principal terms of which are set out in the Appendix I
“Option”	in respect of any particular Option, such period as the Board may in its absolute discretion determine, save that such period shall not be more than ten (10) years from the date of grant of the Option and that the Board may at its discretion determine the minimum period for which the Option has to be held before the exercise of the subscription right attaching thereto
“Participant(s)”	means any person belonging to any of the following classes of participants:  (a) any Eligible Employee;  (b) any agent or consultant of any member of the Group;  (c) any employee of the shareholder or any member of the Group or any holder of any securities issued by any member of the Group
“Shareholders”	shareholders of the Company
“Shares”	ordinary share(s) of HK\$0.50 each in the share capital of the Company
“Special General Meeting”	the Special General Meeting of the Company to be held for adopting the Share Option Scheme, notice of which is set out on pages 20 to 21 of this circular, or any adjournment thereof
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Subsidiary”	means a company which is for the time being and from time to time a subsidiary (within the meaning of section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) or section 86 of the Companies Act 1981 of Bermuda as modified from time to time) of the Company
“substantial shareholders”	has the meaning ascribed thereto in the Listing Rules
“HK\$” and “cents”	Hong Kong dollars and cents respectively
“%”	per cent.

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LETTER FROM THE BOARD

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**eSun Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 571)

*Executive Directors:*

Mr. Lien Jown Jing, Vincent (*Chairman*)

Mr. Lee Po On (*Chief Executive Officer*)

Mr. Lam Kin Ngok, Peter

Mr. Liu Ngai Wing

Mr. Cheung Wing Sum, Ambrose

*Registered Office:*

Claredon House

2 Church Street

Hamilton HM 11

Bermuda

*Non-executive Directors:*

Mr. Lam Kin Ming

Madam Tam Wai Chu, Maria

Madam U Po Chu

*Principal Office:*

11th Floor

Lai Sun Commercial Centre

680 Cheung Sha Wan Road

Kowloon

Hong Kong

*Independent Non-executive Directors:*

Mr. Alfred Donald Yap

Mr. Low Chee Keong

Mr. Tong Ka Wing, Carl

30th November, 2005

*To the Shareholders*

Dear Sir or Madam,

**PROPOSAL FOR ADOPTION OF NEW SHARE OPTION SCHEME  
TERMINATION OF EXISTING SHARE OPTION SCHEME  
AMENDMENTS TO THE BYE-LAWS  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the Special General Meeting relating to the adoption of New Share Option Scheme and the amendments to the Bye-laws.

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## LETTER FROM THE BOARD

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### **ADOPTION OF NEW SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME**

Since the Existing Share Option Scheme was adopted on 25th November, 1996 and the Company has not adopted the relevant amendments to Listing Rules implemented since the said adoption date, for the purpose of administrative convenience, the Directors propose to adopt the New Share Option Scheme (the terms of which comply with Chapter 17 of the Listing Rules) which will be put to Shareholders for approval at the Special General Meeting to be held on 23rd December, 2005, instead of amending the terms of the Existing Share Option Scheme.

Apart from compliance with the updated Listing Rules, the major difference between the New Share Option Scheme and the Existing Share Option Scheme is that under the New Share Option Scheme, the Participant includes (i) any Eligible Employee, (ii) any agent or consultant of any member of the Group and (iii) any employee of the shareholder or any member of the Group or any holder of any securities issued by any member of the Group. Under the Existing Share Option Scheme, only employees (including any executive director) of the Company or any Subsidiary or a person entitled to any such option in consequence of the death of the original grantee could accept the offer of the grant of option.

The New Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules and the adoption of the New Share Option Scheme is subject to the approval of the Shareholders at the Special General Meeting.

It is proposed that subject to the adoption of the New Share Option Scheme, the Existing Share Option Scheme of the Company be terminated with effect from the adoption of the New Share Option Scheme. There is no outstanding option under the Existing Share Option Scheme.

Upon termination of the Existing Share Option Scheme, no further options shall be offered under that scheme but its provisions shall continue to apply in respect of unexercised options.

As at the Latest Practicable date, the issued share capital of the Company comprised 745,184,929 Shares. Assuming there is no change to the issued share capital of the Company in the period commencing from the Latest Practicable Date to the date of the Special General Meeting when the Shareholders will be asked to consider and, if though fit, approve the resolution to adopt the new Share Option Scheme, the total number of Shares that may be issued in respect of Options granted under the New Share Option Scheme will be 74,518,492 Shares, representing 10% of the total number of Shares in issue at the Special General Meeting.

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## LETTER FROM THE BOARD

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### CONDITIONS OF THE NEW SHARE OPTION SCHEME

The adoption of the New Share Option Scheme is conditional upon:

- (a) the passing of the ordinary resolution by the Shareholders of the Company to adopt the New Share Option Scheme at the Special General Meeting to be convened by the Company, to authorise the Directors to grant Options thereunder and to allot and issue new Shares pursuant to the exercise of Options which may be granted under the New Share Option Scheme;
- (b) the Listing Committee of the Stock Exchange granting approval of listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of Options under the New Share Option Scheme; and
- (c) if appropriate, the Bermuda Monetary Authority granting approval for the issue of Options under the New Share Option Scheme and the issue of Shares pursuant to the exercise of such Options.

Application will be made to the Stock Exchange for the listing of and permission to deal in, the shares which fall to be issued upon the exercise of any Options that may be granted pursuant to the New Share Option Scheme.

### PURPOSE OF THE NEW SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is to give the Participants an opportunity to have a personal stake in the Company and will help (a) motivate the Participants to optimize their performance and efficiency; and (b) attract and retain the Participants whose contributions are important to long-term growth and profitability of the Company.

### PRINCIPAL TERMS OF THE OPTIONS

A summary of the principal terms of the New Share Option Scheme is set out in Appendix I to this circular. This serves as a summary of the terms of the New Share Option Scheme but does not constitute the full terms of the same. The full terms of the New Share Option Scheme can be inspected at the principal office of the Company at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong from the date of this circular up to and including the date of the Special General Meeting and at the Special General Meeting.

The Directors consider it inappropriate to value the Options that can be granted under the New Share Option Scheme on the assumption that they had been granted at the Latest Practicable Date, as various determining factors for the calculation of such value cannot be reasonably fixed at this stage. It would not be meaningful and to a certain extent would be misleading to

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## LETTER FROM THE BOARD

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the Shareholders if the value of the Options is calculated based on a set of speculative assumptions. However, the information on value of the Options granted in any financial period will be provided to the shareholders based on Black-Scholes option pricing model, the binomial model or a comparable generally accepted methodology as at the end of relevant financial period for any annual or interim reports of the Company.

### **AMENDMENTS TO THE BYE-LAWS**

The Stock Exchange has recently amended the Listing Rules which include, among other things, replacement of the Code of Best Practice in Appendix 14 with the Code and addition of a new Appendix 23 on the requirements for a Corporate Governance Report to be included in the annual reports of listed issuers. Subject to certain transitional arrangements, the amendments took effect on 1st January, 2005.

According to Bye-law 87 of the Company's Bye-laws, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not greater than one-third) shall retire from office by rotation. The chairman of the Board and/or the managing director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year.

The Board considers that changes to the Bye-laws should be made to bring them into line with the revised Listing Rules. In light of the Code that recommends every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years, the Directors propose to amend the Bye-laws that all Directors, including the chairman and the managing director, be subject to retirement and re-election at annual general meetings. The proposed amendments to the Bye-laws are set out in the Appendix II of this circular. A special resolution to approve the amendments to the Bye-laws will be proposed at the Special General Meeting.

### **SPECIAL GENERAL MEETING**

Notice of the Special General Meeting is set out on pages 20 to 21. The Special General Meeting will be held at 9:15 a.m. on Friday, 23rd December, 2005 at The Chater Room I, Function Room Level (B1), The Ritz-Carlton Hong Kong, 3 Connaught Road Central, Hong Kong, at which ordinary and special resolutions will be proposed to the Shareholders to approve, inter alia, the adoption of the New Share Option Scheme and the amendments to the Bye-laws of the Company.

A form of proxy for use at the Special General Meeting is enclosed. If you are unable to attend the Special General Meeting in person, you are requested to complete and return the form of proxy to the Company's branch share registrar, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as

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## LETTER FROM THE BOARD

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possible and in any event not less than 48 hours before the time appointed for the holding of the Special General Meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting or any adjourned meeting should you so wish.

Pursuant to the Bye-laws, at any general meeting of members of the Company, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded (a) by the chairman of the meeting; or (b) by at least three Members present in person (or in the case of a Member being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or (c) by a Member or Member present in person (or in the case of a Member being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or (d) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right. A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorized representative shall be the same as a demand by a Member.

In accordance with the requirements of the Listing Rules, the Company will publish in the newspapers an announcement on the outcome of the Special General Meeting in respect of the resolution relating to the adoption of the Share Option Scheme on the business day following the date of the Special General Meeting.

### **RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, statements of fact expressed herein have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

### **RECOMMENDATION**

The Directors believe that the proposal for the adoption of the New Share Option Scheme and the amendments to the Bye-laws of the Company are in the best interests of the Company and the Shareholders. Accordingly the Board recommends that Shareholders should vote in favour of the ordinary and special resolutions relating to the adoption of the New Share Option

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## LETTER FROM THE BOARD

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Scheme, the authorisation of the Directors to grant Options thereunder and the allotment and issue of new Shares pursuant to the exercise of Options which may be granted under the New Share Option Scheme and the termination of the Existing Share Option Scheme of the Company, and the amendments to the Bye-laws of the Company to be proposed at the Special General Meeting.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents will be available for inspection at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong after the date of dispatch of the Circular to the date of Special General Meeting and during the Special General Meeting:

1. document(s) containing the Existing Share Option Scheme; and
2. document(s) containing the New Share Option Scheme.

### **FURTHER INFORMATION**

Your attention is drawn to the additional information set out in the Appendices.

Yours faithfully,  
For and on behalf of the Board of  
**eSun Holdings Limited**  
**Lien Jown Jing, Vincent**  
*Chairman*

**NEW SHARE OPTION SCHEME**

The following is a summary of the principal terms of the New Share Option Scheme proposed to be approved at the Special General Meeting:

**(a) Purpose**

The purpose of the New Share Option Scheme is to provide incentives or rewards to Participants thereunder for their contribution or would-be contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

**(b) Who may join**

On and subject to the terms of the New Share Option Scheme and the requirements of the Listing Rules, the Board may offer to grant an Option to any Participant as the Board may in its absolute discretion select. Save and except as disclosed in the Circular, there is no other pre-determined basis of determining the eligibility of the Participants as stated in the New Share Option Scheme.

**(c) Administration**

The New Share Option Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided herein) shall be final and binding on all parties.

**(d) Grant of Option**

(i) On and subject to the terms of the New Share Option Scheme and the requirements of the Listing Rules, the Board shall be entitled at any time within 10 years commencing on the date of adoption of the New Share Option Scheme to make an offer for the grant of an Option to any Grantee as the Board may in its absolute discretion select.

(ii) Any grant of Options under the New Share Option Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive Directors (excluding independent non-executive Director who is a Grantee of the Options).

(iii) Where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) under the New Share Option Scheme to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares at the date of an offer is made, in excess of HK\$5 million,

such further grant of Options must be approved by the Shareholders taken on poll and with all the connected persons of the Company abstaining from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so is stated in a circular sent to Shareholders in compliance with the Listing Rules. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

**(e) Performance Target**

Unless otherwise determined by the Board and specified at the time of grant of the Option, there are no performance targets that must be achieved before the Options can be exercised.

**(f) Payment on acceptance of Option offer**

An offer shall remain open for acceptance by the Grantee concerned for a period of 28 days from the date of the offer excluding the date of the offer. HK\$1.00 is payable by the option holder to the Company on acceptance of the offer of the Option. If such remittance is not made upon acceptance, acceptance of an offer shall create a promise by the relevant option holder to pay to the Company HK\$1.00 on demand.

**(g) Subscription price**

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option but the subscription price shall not be less than whichever is the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

**(h) Option period**

The period within which the Shares must be taken up under an Option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant Option.

**(i) Rights are personal to Grantee**

An Option shall be personal to the option holder and shall not be assignable or transferable.

**(j) Rights attaching to Shares allotted**

The Shares to be allotted upon exercise of an Option shall be subject to all the provisions of the Bye-laws of the Company for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

**(k) Rights on retirement**

In the event that the Grantee ceases to be an employee of the Company for any reason other than his death, and none of the events which would be a ground for termination of his employment, the Option shall lapse on the date of cessation of such employment and not be exercisable unless the Board otherwise determines. The date of cessation of employment shall be the last actual working day of which the Grantee was physically at work with the Company or the relevant subsidiary, whether salary is paid in lieu of notice or not.

**(l) Rights on death**

In the event that the Grantee ceases to be an employee of the Company by reason of death and none of the events which would be a ground for termination of his employment then exists, the legal personal representative of the Grantee shall be entitled within a period of 12 months from the date of death (or such longer period within the period during which an Option can be exercised as the Board may determine) to exercise the Option in full (to the extent not already exercised).

**(m) Rights on dismissal**

An Option will lapse automatically and not be exercised (to the extent not already exercised) upon the date on which the Grantee, if an employee, ceases to be an employee of the Company by reason of the termination of his employment on the grounds that he has been guilty of misconduct, or on any other ground on which an employer would be entitled to terminate his employment summarily.

**(n) Rights on a compromise or arrangement**

In the event of a compromise or arrangement between the Company and the Shareholders or its creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all the Grantees on the same day as it gives notice of the meeting to the Shareholders or its creditors to consider such a compromise or arrangement and the Options shall become exercisable on such date until the earlier of 2 months after that date and the date on which such compromise or arrangement is sanctioned by the Court and becomes effective.

**(o) Rights on liquidation of the Company**

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of the New Share Option Scheme relating to this paragraph) and thereupon, each Grantee (or his or her legal personal representative(s)) shall be entitled to exercise all or any of his or her Options (to the extent which has become exercisable and not already exercised) at any time not later than two (2) Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid, which Shares shall rank *pari passu* with all other Shares in issue on the date prior to the passing of the resolution to wind-up the Company to participate in the distribution of assets of the Company available in liquidation.

**(p) Reorganisation of capital structure**

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue or other similar offer of securities to holders of Shares, consolidation, subdivision or reduction or similar reorganisation of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding alterations (if any) shall be made in (i) the number of Shares subject to the Option so far as unexercised; and/or; (ii) the Subscription Price; and/or (iii) the method of exercise of the Option; and/or (iv) the maximum number of Shares available for subscription by the Grantees referred to herein, as the Company's independent financial adviser or Auditors shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any alteration shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such alteration shall remain the same as that to which he was entitled before such alteration and that the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, but so that no such alteration shall be made the effect of which would be to enable any Share to be issued at less than its nominal value and no such adjustment will be required in circumstances where there is an issue of Shares or other securities of the Group as consideration in a transaction the adjustments satisfy the requirements of the relevant provision of the Listing Rules and any supplementary guidance or practice notes issued by the Stock Exchange from time to time.

In respect of any such alteration, the Company's independent financial adviser or the auditors must confirm in writing to the directors of the Company that the alteration satisfy the requirements of the relevant provision of the Listing Rules and any supplementary guidance or practice notes issued by the Stock Exchange from time to time.

**(q) Cancellation of options**

Any cancellation of Options granted but not exercised must be approved by the Board and the Shareholders in general meeting with the relevant Grantees and their associates abstaining from voting. Where the Company cancels Options and issues new ones to the same Participant, the issue of such new Options may only be made under a scheme with available unissued options (excluding the cancelled Options) within the limit approved by Shareholders at general meeting as referred to in paragraph (u) below.

**(r) Alteration of the New Share Option Scheme**

The New Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any changes to the definitions of Participant and Grantee and option period of the New Share Option Scheme;
- (ii) any changes to the provisions relating to matters set out in Rule 17.03 of the Listing Rules;
- (iii) any alteration to the terms and conditions of this Scheme which are of a material nature;
- (iv) any change to the terms of Options granted; and
- (v) any change to the authority of the Board in relation to any alteration to the terms of this Scheme

must be approved by a resolution of the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the New Share Option Scheme, provided that the amended terms of the New Share Option Scheme or the Options shall still comply with the requirements of Chapter 17 of the Listing Rules and that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such number of Grantees as shall together hold Options in respect of not less than three-fourths in nominal value of all Shares then subject to Options granted under the New Share Option Scheme and provided further that any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature shall first be approved by the Stock Exchange.

**(s) Termination of the New Share Option Scheme**

The Company by resolution in general meeting or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but Options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the New Share Option Scheme.

**(t) Lapse of Options**

Options shall lapse automatically and not be exercisable on the earliest of:

- (i) the expiry of the option period referred to in paragraph (h);
- (ii) the expiry of any of the periods during which an Option can be exercised as referred to hereinabove;
- (iii) the date of the commencement of the winding-up of the Company;
- (iv) the date on which the Grantee ceases to be an Eligible Employee if so determined by the Board;
- (v) the date when the proposed compromise or arrangement becomes effective;
- (vi) the date on which the Grantee commits a breach of paragraph (i) above;
- (vii) if the Directors at their absolute discretion determine that the Grantee (other than an Eligible Employee) or his or her associate has committed any breach of any contract entered into between the Grantee or his or her associate on the one part and the Group on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his or her creditors generally, the Directors shall determine that the outstanding Options granted to the Grantee shall lapse. In such event, his or her Options will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

**(u) Maximum number of shares available for subscription**

- (i) The total number of Shares in respect of which Options may be granted under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of Shares in issue on the day when the New Share Option Scheme is conditionally adopted at the Special General Meeting unless the Company seeks the approval of the Shareholders in general meeting for refreshing the 10% limit under the New Share Option Scheme provided that Options lapsed in accordance with the terms of the New Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10%.

- (ii) The Company may seek approval of the Shareholders in general meeting for refreshing the 10% limit such that the total number of Shares in respect of which Options may be granted under the New Share Option Scheme and any other share option schemes of the Company as “refreshed” shall not exceed 10% of the total number of Shares in issue as at the date of the approval of the Shareholders on the refreshment of the 10% limit provided that Options previously granted under the New Share Option Scheme or any other share option schemes of the Company (including Options outstanding, cancelled, lapsed or exercised in accordance with the terms of the New Share Option Scheme or any other share option scheme of the Company) will not be counted for the purpose of calculating the limit as “refreshed”. For the purpose of seeking the approval of Shareholders, a circular containing the information as required under the Listing Rules must be sent to the Shareholders.
  - (iii) The Company may seek separate approval of the Shareholders in general meeting for granting options beyond the 10% limit provided that the Grantee(s) of such Option(s) must be specifically identified by the Company before such approval is sought. For the purpose of seeking the approval of the Shareholders, the Company must send a circular to the Shareholders containing a generic description of the specified Grantees who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting such Options to the Grantees with an explanation as to how the terms of Options serve such purpose and the information as required under the Listing Rules.
  - (iv) Notwithstanding any provision to the contrary herein, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of Shares in issue from time to time. No Options may be granted under the New Share Option Scheme or any other share option schemes of the Company if this will result in the limit being exceeded.
- (v) **Maximum entitlement of each participant**

The total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including exercised, cancelled and outstanding Options) under the New Share Option Scheme in any 12-month period must not exceed 1% of the relevant class of securities in issue.

Where any further grant of Options to a Participant, if exercised in full, would result in the total number of Shares already issued under all the Options granted to it or him or her which have been exercised and issuable under all the Options granted to it or him or her which are for the time being subsisting and unexercised in any 12-month period to

exceed 1 per cent. of the total number of Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with the Participant and his Associates abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Participant, the number and terms of the Options to be granted and Options previously granted to such Participant and the information as required under the Listing Rules. The number and terms (including the Subscription Price) of the Options to be granted to such Participant must be fixed before Shareholders' approval and the date of the meeting of the Board for proposing such further grant of Option should be taken as the date of grant for the purpose of calculating the Subscription Price.

**(w) Granting Options to a director, chief executive or a substantial shareholder of the Company or any of their respective associates**

- (i) any grant of options to a Participant who is a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director of the Company who is the relevant Grantee);
- (ii) where the Board proposes to grant any Option to a Participant who is a substantial shareholder of an independent non-executive director of the Company or any of their respective associates, would result in the number of the Shares issued and to be issued upon exercise of Options granted and to be granted under the New Share Option Scheme and any other share option schemes of the Company (including Options exercised, cancelled and outstanding) to such Participant in the 12-month period up to and including the date of such grant:
  - (a) representing in aggregate more than 0.1% of the issued share capital of the Company; and
  - (b) having an aggregate value, based on the closing price of the Shares at the date of such grant, in excess of HK\$5,000,000,

such proposed grant of Options must be approved by the shareholders of the Company by poll in general meeting. In such a case, the Company shall send a circular to its shareholders containing all information as required under the Listing Rules. All connected persons of the Company must abstain from voting in favour at such general meeting (except that any connected person may vote against such proposed grant at the general meeting provided that his intention to do so has been stated in the circular issued to Shareholders).

The Board considers that changes to the Bye-laws should be made to bring them into line with the changes required under the revised Listing Rules. As the Code recommends that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years, the Directors propose to amend the Bye-laws so that all Directors, including the chairman and the managing director, will be subject to retirement and re-election at the annual general meeting as follows:

By deleting the existing Bye-law 87(1) and (2) in its entirety and replacing therewith the following new Bye-law 87:

“87. Notwithstanding any other provisions in the Bye-laws or any contractual or other terms on which any Director may be appointed or engaged, at each annual general meeting, the Directors for the time being shall retire from office by rotation once every three years since their last election provided always that they shall retire in accordance with the manner of retirement by rotation of Directors required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd. or other codes, rules and regulations as may be prescribed by the competent regulatory authority from time to time. A retiring Director shall retain office until the close of the meeting at which he retires, and shall be eligible for re-election thereat. Any Director appointed pursuant to Bye-laws 86(2) shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.”

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## NOTICE OF SPECIAL GENERAL MEETING

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# eSun Holdings Limited

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 571)

**NOTICE IS HEREBY GIVEN** that the Special General Meeting of eSun Holdings Limited (“the Company”) will be held at The Chater Room I, Function Room Level (B1), The Ritz-Carlton Hong Kong, 3 Connaught Road Central, Hong Kong on Friday, 23rd December, 2005 at 9:15 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

### **ORDINARY RESOLUTION**

**1. “THAT**

- (a) conditional upon the Bermuda Monetary Authority granting approval for the issue of Options under the new share option scheme and the issue of shares pursuant to the exercise of such options, if appropriate, and The Stock Exchange of Hong Kong Limited granting approval of the listing of and permission to deal in the shares falling to be issued pursuant to the exercise of any options granted under the new share option scheme referred to in the circular dispatched to the shareholders on the same day as this Notice, the principal terms of which are set out in the printed document marked “A” now produced to the Special General Meeting and for the purpose of identification signed by the Chairman hereof (the “New Share Option Scheme”), the New Share Option Scheme be approved and adopted to be the share option scheme for the Company and that the Directors of the Company be authorised to grant options thereunder and to allot and issue shares pursuant to the New Share Option Scheme and take all such steps as may be necessary or desirable to implement such New Share Option Scheme; and
- (b) conditional upon the New Share Option Scheme becoming unconditional, the existing share option scheme of the Company which was adopted by the Company on 25th November, 1996 be terminated with effect from the date on which such resolution shall become unconditional.”

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## NOTICE OF SPECIAL GENERAL MEETING

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### SPECIAL RESOLUTION

2. “**THAT** the Bye-laws of the Company be and are hereby amended by deleting the existing Bye-law 87(1) and (2) in its entirety and replacing therewith the following new Bye-law 87:
87. Notwithstanding any other provisions in the Bye-laws or any contractual or other terms on which any Director may be appointed or engaged, at each annual general meeting, the Directors for the time being shall retire from office by rotation once every three years since their last election provided always that they shall retire in accordance with the manner of retirement by rotation of Directors required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd. or other codes, rules and regulations as may be prescribed by the competent regulatory authority from time to time. A retiring Director shall retain office until the close of the meeting at which he retires, and shall be eligible for re-election thereat. Any Director appointed pursuant to Bye-laws 86(2) shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.”

By Order of the Board  
**Yeung Kam Hoi**  
*Company Secretary*

30th November, 2005

*Notes:*

- (a) A Member entitled to attend and vote at the Special General Meeting is entitled to appoint one or more proxies to attend and vote in his stead in accordance with the Company’s Bye-laws. A proxy need not be a Member of the Company.
- (b) A form of proxy for use at the Special General Meeting is enclosed herewith.
- (c) The form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited with the Company’s Registrars in Hong Kong, Tengis Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Special General Meeting or adjourned meeting (as the case may be) and in default the proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude members from attending and voting in person at the Special General Meeting or at any adjourned meeting should they so wish.
- (d) Where there are joint holders of any share in the Company, any one of such joint holders may vote at the meeting, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and, for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (e) As at date of this notice, the executive directors of the Company 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, 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.