
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in **Lai Fung Holdings Limited**, you should at once hand this circular together with the accompanying form of proxy, to the purchaser(s) or the transferee(s), or to the licensed securities dealer or other registered institution in securities, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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



LAI FUNG HOLDINGS

Lai Fung Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1125)

**PROPOSALS INVOLVING
GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE SHARES
AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME
AND ADOPTION OF A NEW SHARE OPTION SCHEME**

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

A letter from the Board is set out on pages 6 to 12 of this circular.

A notice convening the EGM to be held at Gloucester Room II, 3rd Floor, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 18 December 2012 at 9:00 a.m. (or as soon thereafter as the 2012 AGM convened at the same place and on the same date at 8:15 a.m. shall have been concluded or adjourned) or its adjournment is set out on pages 26 to 31 of this circular. **The subject matter of this circular relates only to the proposed Ordinary Resolutions nos. 1, 2, 3 and 4, the text of which is contained in the Notice of EGM on pages 26 to 29 of this circular.** Shareholders are advised to read the Notice of EGM and if you are not able to attend the EGM or any adjournment thereof but wish to exercise your right as a Shareholder, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company’s branch share registrars in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

Hong Kong, 1 December 2012

CONTENTS

	<i>Page</i>
Definitions	1
 Letter from the Board	
1. Introduction	6
2. General Mandate to Repurchase Shares	7
3. General Mandate to Issue Shares	8
4. Proposed Termination of the Existing Share Option Scheme and Adoption of a New Share Option Scheme	8
5. EGM	11
6. Voting by Way of Poll	11
7. Document Available for Inspection	11
8. Recommendation	11
9. Responsibility Statement	12
Appendix I – Explanatory Statement on Repurchase Mandate	13
Appendix II – Summary of the Principal Terms of the New Share Option Scheme	17
Notice of EGM	26
 Accompanying Document: Form of Proxy	

DEFINITIONS

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

“2012 AGM”	the AGM to be convened and held at Gloucester Room II, 3rd Floor, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 18 December 2012 at 8:15 a.m. or at any adjournment thereof;
“Acceptance Date”	in relation to any Option, the day on which the offer to grant such Option is accepted by the relevant Eligible Participant in accordance with the provisions of the New Share Option Scheme;
“Adoption Date”	the date of approval and adoption of the New Share Option Scheme by the Shareholders and the shareholders of eSun;
“Affiliated Issuer(s)”	any of LSG, LSD, eSun and MAGH, and the term “ Affiliated Group ” shall refer to an Affiliated Issuer together with its subsidiaries;
“AGM”	annual general meeting of the Company;
“Articles of Association”	the Articles of Association of the Company;
“associate”	has the same meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors, and for the purposes of the New Share Option Scheme shall include (i) any committee of the Board duly constituted from time to time to administer the New Share Option Scheme and to which the functions and responsibilities of the Board under the New Share Option Scheme have been delegated and (ii) where paragraph (p) of the New Share Option Scheme (contained in Appendix II to this circular) applies, the independent non-executive directors of the Company referred to in paragraph (p) of the New Share Option Scheme (contained in Appendix II to this circular);
“business day”	means a day on which banks in Hong Kong are generally open for business (excluding public holidays, Saturdays, Sundays and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or issued in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.);
“chief executive”	has the same meaning ascribed to it under the Listing Rules;
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);

DEFINITIONS

“Company”	Lai Fung Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and registered in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1125);
“control”	has the same meaning ascribed to it under the Takeovers Code;
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules;
“Date of Grant”	in relation to any Option, the day (which must be a trading day) on which the Directors resolve to make an offer of that Option to an Eligible Participant subject to the provisions of the New Share Option Scheme;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held at Gloucester Room II, 3rd Floor, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 18 December 2012 at 9:00 a.m. (or as soon thereafter as the 2012 AGM shall have been concluded or adjourned) or any adjournment thereof;
“Eligible Participant”	any person falling within any of the following classes: (a) any employee of a Relevant Company; (b) any director, officer or consultant of a Relevant Company; and (c) any other group or classes of participants which the Board, in its absolute discretion, considers to have contributed or will contribute, whether by way of business alliance or other business arrangement, to the development and growth of the Group;

DEFINITIONS

“eSun”	eSun Holdings Limited, an exempted company incorporated in Bermuda with limited liability and registered in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571), holding approximately 48.69% of the issued Shares and was held as to approximately 39.23% by LSD as at the Latest Practicable Date;
“eSun Group”	eSun and its subsidiaries other than MAGH Group and the Group;
“Existing Option Holder”	the holder of a share option granted under the Existing Share Option Scheme;
“Existing Share Option Scheme”	the share option scheme adopted by the Company at its extraordinary general meeting held on 21 August 2003;
“Group”	the Company and its subsidiaries;
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“holding company”	for the purposes of the New Share Option Scheme, it shall have the meaning ascribed to it under section 2 of the Companies Ordinance, otherwise, all other references to it shall have the meaning ascribed to it under the Listing Rules;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Intrinsic Value”	the difference between the market price (or theoretical ex-entitlement price of the Shares under the Option and the exercise price (or revised exercise price) of the Option;
“Latest Practicable Date”	28 November 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

DEFINITIONS

“LSD”	Lai Sun Development Company Limited, a company incorporated under the Laws of 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) which was held as to approximately 48.55% by LSG as at the Latest Practicable Date;
“LSG”	Lai Sun Garment (International) Limited, a company incorporated under the Laws of 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) which was held as to approximately 38.06% by Dr. Lam Kin Ngok, Peter, the chairman of the Board and an executive Director (before 1 November 2012) and a director of a number of subsidiaries of the Company as at the Latest Practicable Date;
“MAGH”	Media Asia Group Holdings Limited, a company incorporated in the Cayman Islands and continued as an exempted company in Bermuda with limited liability as well as registered in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance, the issued shares of which are listed and traded on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8075), which was held as to approximately 51.09% by eSun as at the Latest Practicable Date;
“MAGH Group”	MAGH and its subsidiaries;
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the EGM;
“Notice of EGM”	the notice convening the EGM;
“Option”	an option to subscribe for Shares pursuant to the New Share Option Scheme;
“Option Holder”	the holder of any outstanding Option or (where the context so permits) any person who is entitled to such Option in consequence of death or disability of the original holder, or the legal personal representative of such holder as set out under the New Share Option Scheme;

DEFINITIONS

“Option Period”	in respect of any Option, the period commencing on the Acceptance Date of an Option and expiring at the close of business on a day as determined by the Directors (both days inclusive), which period may, if the Directors so determine, be set at different length for different Eligible Participants provided always that such period shall not be longer than ten (10) years from the date upon which any Option is granted in accordance with the New Share Option Scheme;
“Option Price”	the price per Share payable on the exercise of an Option (in whole or in part) as determined by the Directors provided always it shall comply with the provisions of the New Share Option Scheme;
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the Notice of EGM;
“Relevant Company”	any member of the Group or of an Affiliated Group that is affiliated with the Company. For the purpose of the New Share Option Scheme, an Affiliated Group is considered to be affiliated with the Company, or vice versa, so long as the relevant Affiliated Issuer concerned and the Company is, pursuant to the provisions of the SFO, interested or deemed to be interested in not less than 30% of the issued share capital of the other, or a third entity is so interested or deemed to be interested in not less than 30% of the issued share capital of either of them);
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the same meaning ascribed to it under the Listing Rules;
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchases;
“trading day”	a day on which the Stock Exchange is open for business of dealing in securities; and
“%”	per cent.

LETTER FROM THE BOARD



LAI FUNG HOLDINGS

Lai Fung Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1125)

Executive Directors:

Mr. Chew Fook Aun (*Chairman*)
Dr. Lam Kin Ming (*Deputy Chairman*)
Mr. Lam Kin Hong, Matthew (*Executive Deputy Chairman*)
Mr. Lam Hau Yin, Lester (*Chief Executive Officer*)
Madam U Po Chu
Mr. Lau Shu Yan, Julius
Mr. Cheng Shin How

Non-executive Directors:

Mr. Leow Juan Thong, Jason
Mr. Lucas Ignatius Loh Jen Yuh
(*also alternate Director to Mr. Leow Juan Thong, Jason*)

Independent Non-executive Directors:

Mr. Lam Bing Kwan
Mr. Ku Moon Lun
Mr. Law Kin Ho
Mr. Mak Wing Sum, Alvin

Registered Office:

P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

*Principal Place of Business
in Hong Kong:*

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

1 December 2012

*To the Shareholders and for information only,
the Existing Option Holder*

Dear Sir or Madam,

**PROPOSALS INVOLVING
GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE SHARES
AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME
AND ADOPTION OF A NEW SHARE OPTION SCHEME**

1. INTRODUCTION

At the last AGM held on 21 December 2011, general mandates were granted by the Shareholders to the Directors to exercise the powers of the Company to repurchase its own Shares and to issue Shares. Pursuant to the provisions of the Listing Rules, these general mandates will lapse at the conclusion of the 2012 AGM.

LETTER FROM THE BOARD

The Existing Share Option Scheme was adopted by the Company at its general meeting on 21 August 2003. The Existing Share Option Scheme is valid and effective for a period of 10 years from 21 August 2003 and will expire on 21 August 2013. In view of the impending expiry of the Existing Share Option Scheme on 21 August 2013 and the proposed change of terms of the Existing Share Option Scheme, the Company proposes to adopt the New Share Option Scheme and terminate the Existing Share Option Scheme after all conditions precedent as referred to under the paragraph “Conditions Precedent of the New Share Option Scheme” below have been fulfilled.

As the Board at its meeting held on 30 October 2012 approved the early adoption of certain new and revised HKFRSs (including HKFRS 10 “*Consolidated Financial Statements*”) for the financial year ended 31 July 2012, the Company has been accounted for and consolidated in the consolidated financial statements of eSun as a subsidiary since 11 June 2012, being the date of completion of the Company’s open offer of Shares when eSun Group’s shareholdings in the Company increased from 40.58% to 47.39%. Accordingly, in accordance with the requirements of HKFRS 10, the Company has become a subsidiary of eSun since 11 June 2012. Previously, the Company was treated as an associate (as defined in the HKFRSs) of eSun and accounted for using the equity method of accounting. As at the Latest Practicable Date, eSun is the ultimate holding company of the Company, which in turn is held as to approximately 48.69% by eSun. The adoption of the New Share Option Scheme by the Company is, therefore, also subject to the passing of the necessary resolutions by the shareholders of eSun in general meeting to approve the adoption of the New Share Option Scheme by the Company pursuant to the requirements of Rule 17.01(4) of the Listing Rules.

The purpose of this circular is to provide you with information regarding, among others, (i) the proposed general mandates to be granted to the Directors to repurchase its own Shares and to issue Shares and the extension of such mandate (details of which are set out in **Ordinary Resolutions nos. 1, 2 and 3**); (ii) the proposed termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme (details of which are set out in **Ordinary Resolution no. 4**); (iii) to seek your approval at the EGM in connection with such matters; and (iv) to set out the Notice of EGM.

2. GENERAL MANDATE TO REPURCHASE SHARES

At the EGM, an ordinary resolution will be proposed which, if passed, will grant the Directors a general and unconditional mandate to exercise all the powers of the Company to purchase not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution (the “**Repurchase Mandate**”) (i.e. the date of the EGM), for the period from the said date until the conclusion of the next AGM or such other period as stated in the resolution, details of which are set out in **Ordinary Resolution no. 1**.

An explanatory statement, as required by the Listing Rules to be given to the Shareholders concerning the Repurchase Mandate, is set out in Appendix I 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 Repurchase Mandate.

LETTER FROM THE BOARD

3. GENERAL MANDATE TO ISSUE SHARES

It will be proposed at the EGM two ordinary resolutions respectively granting to the Directors a general and unconditional mandate to allot, issue and deal with Shares representing up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution (i.e. the date of the EGM), for the period from the said date until the conclusion of the next AGM or such other period as stated in the resolution and adding to such mandate so granted to the Directors any Shares repurchased by the Company under the Repurchase Mandate, details of which are set out in **Ordinary Resolutions nos. 2 and 3**.

4. PROPOSED TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF A NEW SHARE OPTION SCHEME

A. The Existing Share Option Scheme and the New Share Option Scheme

The operation of the New Share Option Scheme will commence after all the conditions precedent as referred to under the paragraph headed “Conditions Precedent of the New Share Option Scheme” below have been fulfilled. A summary of the principal terms of the New Share Option Scheme is set out in Appendix II to this circular. Details of the ordinary resolution to be proposed at the EGM relating to the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme are set out in **Ordinary Resolution no. 4**.

The purpose of the New Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants for their contribution to the Group by granting Options to them as incentives or rewards and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the Relevant Companies. The New Share Option Scheme shall strengthen the many long-term relationships that the Eligible Participants may have with the Group. Given the fact that the working relationship between the Company and the Affiliated Groups has always been close, the Company feels that it is appropriate to provide a broader and more flexible scope to expand the class of Eligible Participants to include the employee, director, officer or consultant of the Affiliated Group (the “**Affiliated Participants**”). The Company and the Affiliated Participants have always had a close working relationship. As such, certain Affiliated Participants have joint involvement in work projects from time to time. Given the mix of workload, the Company feels that it is important to recognise the contribution or future contribution of such Affiliated Participants by giving them incentive through their participation in the New Share Option Scheme. The inclusion of such Affiliated Participants in the class of Eligible Participants is also in line with the Company’s purpose of the New Share Option Scheme. The Affiliated Groups will consider granting Options to those employees, but given that the same employees may be utilized by the Company to assist with its projects, they would also provide service to the Company and hence it would be in the Company’s interest to also grant Options to those employees in recognition of such contribution to the Company. Unless otherwise determined by the Board, there is neither any performance target under the New Share Option Scheme which must be achieved by the Option Holder before an Option can be exercised nor any minimum period for which an Option must be held before the Option can be exercised. None of the Directors is a trustee of the New Share Option Scheme or has a direct or an indirect interest in a trustee.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company has granted options relating to 267,604,364 Shares under the Existing Share Option Scheme representing approximately 1.66% of the issued share capital of the Company as at the Latest Practicable Date. Of these options, an option relating to 80,479,564 Shares is valid and outstanding and remains valid under the Existing Share Option Scheme after the Existing Share Option Scheme is terminated and options relating to 92,124,800 Shares have been exercised and 95,000,000 Shares have lapsed in accordance with the terms of the Existing Share Option Scheme. Save as aforesaid, the Company has no outstanding options, convertible securities or warrants which confer the right to subscribe for Shares as at the Latest Practicable Date. The Board has no intention of granting any further options under the Existing Share Option Scheme during the period from the Latest Practicable Date to the date of the EGM.

Upon termination of the Existing Share Option Scheme, no further options may be granted but in all other respects the provisions of the Existing Share Option Scheme shall remain in full force and effect. Therefore, the termination of the Existing Share Option Scheme will not in any event affect the terms of the grant of such outstanding option that has already been granted under the Existing Share Option Scheme and the above outstanding option granted under the Existing Share Option Scheme shall continue to be subject to the provisions of the Existing Share Option Scheme.

As at the Latest Practicable Date, the issued share capital of the Company comprised 16,095,912,956 Shares. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the date of adoption of the New Share Option Scheme, and that no further option is granted under the Existing Share Option Scheme prior to its termination and any other share option schemes of the Company (if any), the maximum number of Shares issuable pursuant to the New Share Option Scheme and any other share option schemes of the Company (if any) will be 1,609,591,295 Shares, being 10% of the total number of Shares in issue on the date of approval of the New Share Option Scheme, unless the Company obtains a fresh approval from the Shareholders and shareholders of eSun respectively in a general meeting (so long as the Company is a subsidiary of eSun under the Listing Rules) to refresh the 10% limit on the basis that the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time (“**Overall Limit**”).

B. Conditions precedent of the New Share Option Scheme

The New Share Option Scheme will take effect subject to the following conditions:

- (a) the passing of the necessary resolutions by the Shareholders in a general meeting to approve the adoption of the New Share Option Scheme and to authorize the Directors to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the New Share Option Scheme;

LETTER FROM THE BOARD

- (b) the passing of the necessary resolutions by the shareholders of eSun in a general meeting to approve the adoption of the New Share Option Scheme by the Company; and
- (c) the Listing Committee granting the approval for the listing of, and permission to deal in, any Shares to be issued and allotted pursuant to the exercise of Options under the New Share Option Scheme.

Application will be made to the Stock Exchange for approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

Once the New Share Option Scheme is adopted, any alterations to the terms and conditions thereof, which are of a material nature, must be approved by the Shareholders and the shareholders of eSun (so long as the Company is a subsidiary of eSun under the Listing Rules), except where the alterations take effect automatically pursuant to the terms originally provided in the New Share Option Scheme.

C. Value of the Options

The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the New Share Option Scheme as if they had been granted at the Latest Practicable Date, given that various factors (such as the Option Price and other terms and conditions to which an Option may be subject) crucial for valuation cannot be predicted or ascertained and may vary from case to case. The Directors believe that any calculation of the value of Options as at the Latest Practicable Date based on assumptions would be speculative and not meaningful, and indeed might be misleading to the Shareholders.

D. Principal terms of the New Share Option Scheme

A summary of the principal terms of the New Share Option Scheme is set out in Appendix II 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 terms of the New Share Option Scheme are in line with the provisions of Chapter 17 of the Listing Rules, which govern the terms of the share option schemes of listed companies.

LETTER FROM THE BOARD

5. EGM

The Notice of EGM is set out on pages 26 to 31 of this circular. Shareholders are advised to read the Notice of EGM and if you are not able to attend the EGM (or any adjournment thereof) but wish to exercise your right as a Shareholder, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's branch share registrars in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

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 resolutions in relation to the proposed adoption of the New Share Option Scheme and the proposed termination of the Existing Share Option Scheme to be proposed at the EGM.

6. VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, save for resolutions which relate purely to procedure or administrative matter to be voted by a show of hands, any vote of the Shareholders at a general meeting of the Company must be taken by way of a poll. Accordingly, each of the resolutions to be considered and, if thought fit, passed at the EGM will be voted by way of a poll by the Shareholders. Article 85 of the Articles of Association provides that on a poll, every Shareholder present in person or by proxy shall have one vote for every Share held by that Shareholder. An explanation of the detailed procedures of conducting a poll will be provided to the Shareholders at the EGM. The Company will publish an announcement on the poll results on the respective websites of the Company at "www.laifung.com" and the Stock Exchange at "www.hkexnews.hk" promptly after the conclusion of the EGM.

7. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the rules of the New Share Option Scheme will be available for inspection at the offices of Messrs. Woo, Kwan, Lee and Lo at 26th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours between 10:00 a.m. to 6:00 p.m. (except 1:00 p.m. to 2:00 p.m.) on any weekday from the date of this circular up to and including the date of the EGM and at the EGM.

8. RECOMMENDATION

The Directors consider that (i) the proposed Repurchase Mandate and the granting of general mandate to issue new Shares and the extension of such general mandate (details of which are set out in **Ordinary Resolutions nos. 1, 2 and 3**); and (ii) the proposed termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme (details of which are set out in **Ordinary Resolution no. 4**) as mentioned above are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

9. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
For and on behalf of the Board of
Lai Fung Holdings Limited
Chew Fook Aun
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 Repurchase Mandate.

(i) Exercise of the repurchase mandate

As at the Latest Practicable Date, the share capital of the Company comprised 16,095,912,956 issued and fully paid-up Shares.

Subject to the passing of the relevant ordinary resolution, the Company would be allowed under the Repurchase Mandate to repurchase Shares up to a maximum of 1,609,591,295 Shares on the basis that there will be no change in the issued share capital of the Company prior to the date of the EGM.

(ii) Reasons for Repurchases

Although the Directors have no present intention of repurchasing any Shares, they believe that the flexibility afforded by the Repurchase Mandate will be in the best interests of the Company and the Shareholders as a whole. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net assets value and/or earnings per Share and will only be made when the Directors believe that such repurchases 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).

(iii) Funding of Repurchases

Pursuant to the Repurchase Mandate, the Company may only apply funds legally available for repurchases in accordance with the laws of the Cayman Islands in which the Company is incorporated and the memorandum and articles of association of the Company.

The Directors propose that such repurchases of Shares would be appropriately financed by the Company's internal resources and/or available banking facilities. There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the published audited consolidated financial statements of the Company for the year ended 31 July 2012) in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse impact on the working capital of the Company or the gearing position which is, in the opinion of the Directors, appropriate for the Company from time to time.

(iv) Share Prices

The 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 HK\$	Lowest HK\$
2011		
November	0.182	0.150
December	0.163	0.148
2012		
January	0.167	0.148
February	0.170	0.145
March	0.147	0.133
April	0.138	0.131
May	0.135	0.126
June	0.143	0.124
July	0.151	0.138
August	0.146	0.125
September	0.158	0.130
October	0.164	0.151
November (up to the Latest Practicable Date)	0.182	0.163

(v) Repurchase 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.

(vi) Intention and Undertaking

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, any of their respective associates (as defined under the Listing Rules) have any present intention to sell any Shares held by them to the Company under the Repurchase Mandate if such Repurchase 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 Repurchase Mandate in accordance with the Listing Rules, the Articles of Association and the laws of the Cayman Islands applicable to the Company.

No connected person (as defined under the Listing Rules) has notified the Company that he has a present intention to sell the Shares held by him to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

(vii) 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 repurchase 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 Hong Kong Code on Share Repurchases. 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 Shares in accordance with Rule 26 of the Takeovers Code.

Based on the disclosure of interests forms lodged by the subject companies as at the Latest Practicable Date, the controlling shareholders (as defined under the Listing Rules) of the Company named below were interested or were deemed to be interested under the SFO in the issued Shares as follows:

Name	Capacity	Nature of Interests	Number of issued Shares	Approximate percentage of total issued Shares
Lam Kin Ngok, Peter ("Dr. Lam")	Owner of controlled corporations	Corporate	7,836,774,422 (Note 1)	48.69%
eSun	Owner of controlled corporations	Corporate	7,836,774,422 (Note 2)	48.69%
LSD	Owner of controlled corporations	Corporate	7,836,774,422 (Note 3)	48.69%
LSG	Owner of controlled corporations	Corporate	7,836,774,422 (Note 3)	48.69%

Notes:

- (1) Dr. Lam was deemed to be interested in 7,836,774,422 Shares owned by eSun in the issued share capital of the Company by virtue of his personal and deemed shareholding interests in approximately 38.06% in LSG which in turn owned approximately 48.55% shareholding interests in LSD which in turn owned approximately 39.23% shareholding interests in eSun.
- (2) These interests in the Company represented all the Shares beneficially owned by Merit Worth Limited ("MWL") and Silver Glory Securities Limited ("SGS"). SGS is wholly-owned by MWL which in turn is wholly-owned by eSun. SGS and MWL beneficially owned 3,889,038,698 and 3,947,735,724 Shares respectively.
- (3) LSD and LSG were deemed to be interested in the same 7,836,774,422 Shares in which eSun had interest.

In the event that the Company exercises the Repurchase Mandate in full and taking no account of the issue of new Shares by the Company pursuant to any general or specific mandate given by the Shareholders at any general meeting and the Existing Share Option Scheme, the New Share Option Scheme or any other scheme or otherwise, the aggregate beneficial shareholding interests and deemed shareholding interests of Dr. Lam, eSun, LSD and LSG in the Company will be (for illustration) as follows:

Name	Approximate percentage of total issued Shares
Dr. Lam	54.10%
eSun	54.10%
LSD	54.10%
LSG	54.10%

Accordingly, such increased shareholding interests in the Company will give rise to an obligation of eSun to make a mandatory offer for the remaining Shares not already owned by it, MWL and SGS under Rule 26 and Rule 32 of the Takeovers Code. However, the Directors have no present intention to exercise the Repurchase Mandate to such an extent as would result in the above takeover obligation.

Assuming that there is no change in the issued Shares between the Latest Practicable Date and the date of repurchase, the exercise of the Repurchase Mandate whether in full 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.

The following is a summary of the principal terms of the New Share Option Scheme to be approved at the EGM. It does not form part of, nor is it intended to be part of the rules of the New Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the New Share Option Scheme.

(a) Purpose

The purpose of the New Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants for their contribution to the Group by granting Options to them as incentives or rewards and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the Relevant Companies. The New Share Option Scheme shall strengthen the many long-term relationships that the Eligible Participants may have with the Group.

(b) Who may join

The Directors may at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit offer, at the consideration of HK\$1.00 per Option, to grant Options to the Eligible Participants to subscribe at the Option Price for such numbers of Shares as they may determine. In determining the basis of eligibility of each Eligible Participant, the Directors would take into account such factors as the Directors may at its discretion consider appropriate including the contribution or future contribution to the Group of each Eligible Participant and the need to attract, retain and motivate high-calibre Eligible Participants for achieving the performance goals of the Relevant Companies. Any such terms, conditions, restrictions or limitations so imposed in relation to any Option shall be notified to the Eligible Participant to whom the offer to grant such Option has been made by way of writing in the letter or document containing the offer of grant of the Option. In particular, the Directors may specify minimum performance targets (if any) that must be reached before an Option is capable of being exercised by the Option Holder.

(c) Price for the Shares

The Option Price (subject to adjustments in accordance with paragraph (j) below) shall be determined on the Date of Grant at the absolute discretion of the Directors as an amount per Share which shall be at least the highest of:

- (aa) 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 trading day;

(bb) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the Date of Grant; and

(cc) the nominal value of the Shares on the Date of Grant.

(d) Acceptance of offers of Options

Offers to grant an Option shall be open for acceptance in writing. Such acceptance must be received by the company secretary of the Company (the "**Company Secretary**") within a period of 30 days inclusive of, and from, the Date of Grant provided that no such offer shall be open for acceptance after the expiry of the period of the New Share Option Scheme or after the New Share Option Scheme has been terminated or by a person who ceases to be an Eligible Participant after such offer has been made. An offer shall be deemed to have been accepted on the date when the duplicate comprising acceptance of the offer is duly signed by the Eligible Participant with the number of Shares in respect of which the offer is accepted clearly stated therein together with a remittance in favour of the Company of HK\$1.00 per Option by way of consideration for the grant thereof. Such consideration shall not be refundable.

Upon an offer of the grant of Options being accepted or deemed to have been accepted, each Option Holder gives the Company an unfettered right to publish an announcement relating to the terms of the offer in accordance with the Listing Rules.

(e) Maximum number of Shares

(aa) The maximum number of Shares which may be issued upon the exercise of all Options to be granted under the New Share Option Scheme and all options to be granted under any other share option schemes of any member of the Group (the "**Other Schemes**") shall not in aggregate exceed 10% of the total number of Shares in issue on the Adoption Date (the "**Scheme Limit**") unless each of the Company and eSun (so long as the Company is a subsidiary of eSun under the Listing Rules) obtains an approval from their respective shareholders pursuant to paragraph (cc) below. Options cancelled or lapsed in accordance with the terms of the New Share Option Scheme shall not be counted for the purposes of calculating the Scheme Limit.

(bb) Subject to (aa) above and the approval of the Shareholders and the shareholders of eSun (so long as the Company is a subsidiary of eSun under the Listing Rules) in the respective general meetings, the Company may refresh the Scheme Limit at any time, provided that such limit as refreshed shall not exceed 10% of the Shares in issue as at the date of approval of such refreshed limit. Options previously granted under the New Share Option Scheme and options granted under the Other Schemes (including those outstanding, cancelled or lapsed in accordance with such schemes or those exercised) shall not be counted for the purpose of calculating the limit as refreshed. In such event, the Company and eSun (so long as the Company is a subsidiary of eSun under the Listing Rules) shall send a circular to their respective shareholders containing the information required under the Listing Rules.

(cc) Subject to (aa) above and the approval of the Shareholders and the shareholders of eSun (so long as the Company is a subsidiary of eSun under the Listing Rules) in the respective general meetings, the Company may grant Options beyond the 10% limit, provided that the Options in excess of such limit are granted only to the Eligible Participants specifically identified by the Company before such shareholders' approval is sought. In such event, the Company and eSun (so long as the Company is a subsidiary of eSun under the Listing Rules) shall send a circular to their respective shareholders containing, amongst other terms, a generic description of the specified Eligible Participant(s) who may be granted such Options, the number of Shares subject to the Options to be granted, the terms of the Options to be granted, the purpose of granting Options to the specified Eligible Participant(s), an explanation as to how the terms of these Options serve such purpose and such other information required under the Listing Rules.

(f) Maximum numbers of Options to any one individual

No Option shall be granted to any one Eligible Participant such that the total number of Shares issued and to be issued upon the exercise of the Options granted and to be granted to such person under the New Share Option Scheme and the Other Schemes (including exercised, cancelled and outstanding Options) in any 12-month period up to and including the Date of Grant representing in aggregate over 1% of the total number of Shares in issue from time to time (the "**Participant Limit**"), such further grant must be separately approved by the Shareholders and shareholders of eSun (so long as the Company is a subsidiary of eSun under the Listing Rules) in the respective general meetings with such Eligible Participant and his associates abstaining from voting. Subject to the approval of the Shareholders and the shareholders of eSun (so long as the Company is a subsidiary of eSun under the Listing Rules) in their respective general meetings and in accordance with the requirements under the Listing Rules from time to time in force, the Directors may grant Options to an Eligible Participant such that the Participant Limit is exceeded. Such Eligible Participant and his associates shall abstain from voting at such general meeting. In such event, the Company and eSun (so long as the Company is a subsidiary of eSun under the Listing Rules) shall send a circular to their respective shareholders containing, amongst other terms, the identity of such Eligible Participant, the number and the terms of the Options to be granted (and options previously granted to such Eligible Participant) and such other information required under the Listing Rules.

The number and terms (including the Option Price) of Options to be granted to such Eligible Participant shall be fixed before the date on which approval of the Shareholders and the shareholders of eSun (so long as the Company is a subsidiary of eSun under the Listing Rules) is sought and the date of the Directors' meeting for proposing such further grant of Options should be taken as the Date of Grant for the purpose of calculating the Option Price and for such other purposes as required by the New Share Option Scheme.

(g) Time of exercise of Options

Unless otherwise determined by the Directors and specified in the letter or document containing the offer of grant of the Option at the time of the offer, there is no minimum period for which an Option must be held before the Option can be exercised. Options for the time being outstanding may be exercised in whole or in part at any time during the Option Period. In order for the exercise of an Option to be effective, the Company Secretary must, prior to the expiry of the Option Period, have received:—

- (i) a written notice from the Option Holder exercising the Option, signed by or on behalf of the Option Holder and specifying the number of Shares in respect of which the Option is being exercised; and
- (ii) payment in full of an amount equal to the option price multiplied by the relevant number of Shares in respect of which such option is exercised (the “**Subscription Price**”).

No performance targets are required to be achieved by any Option Holder before an Option is capable of being exercised by the Option Holder except as otherwise imposed by the Directors and stated in the relevant letter of offer of the grant of an Option.

(h) Rights are personal to the Option Holder

An Option may not be transferred or assigned and is personal to the Option Holder.

(i) Rights on ceasing employment, death/disability or dismissal

In the event the Option Holder ceases to be an Eligible Participant:

- (aa) by reason of death/disability or because the Relevant Company (to which the Eligible Participant is employed, holds directorship in or is a consultant therewith) ceases to be a Relevant Company, then he or (as the case may be) his personal representatives may exercise all his outstanding Options within 12 months of such cessation and any such Options not so exercised shall lapse and determine at the end of the said period of 12 months;
- (bb) by reason of termination of his employment on grounds that he has been guilty of misconduct or appears either to be unable to pay a debt immediately payable or to have no reasonable prospect of being able to pay a debt not immediately payable or has become bankrupt or has made any arrangements or composition with his creditors generally or he has been convicted of any criminal offence involving his integrity or honesty, then all his outstanding Options shall then lapse and determine on the date he so ceases;
- (cc) by reason other than as described in the above sub-paragraphs (aa) and (bb) above, then all Options of his which are exercisable at the date he ceases to be an Eligible Participant may be exercised to the extent then exercisable within 3 months of the date he so ceases and unless so exercised shall lapse and determine.

(j) Adjustments

In the event of any variation in the issued share capital of the Company individually or in aggregate exceeding 5% of the nominal value of all issued Shares as at the Adoption Date or the date of any previous adjustment(s) pursuant to paragraph (j) (whichever is later) which arises or may arise immediately following the commencement of the period commencing on the Adoption Date and expiring at the close of business on the tenth anniversary thereof unless terminated pursuant to the provisions of the New Share Option Scheme from any issue of Shares in or other securities of the Company by way of reduction, subdivision or consolidation of the share capital of the Company or any capitalisation issue or rights issue or any other event which the Board considers an adjustment necessary under this paragraph (j), the number or nominal amount of Shares comprised in each Option for the time being outstanding, the Option Price, the Participant Limit in relation to any Option Holder and/or the amounts of multiples of Shares capable of being exercised pursuant to the New Share Option Scheme, may be adjusted in such manner as the Directors (having received a statement in writing from the independent auditors or independent financial adviser of the Company, that in their opinion the adjustments proposed are fair and reasonable having regard to the supplementary guidance set out in the letter issued by the Stock Exchange dated 5 September 2005 and any further guidance/interpretation of Rule 17.03(13) of the Listing Rules) may deem appropriate, provided always that no such adjustment shall have the effect of rendering:—

- (aa) the Option Price payable upon the exercise of any Option becoming less than the nominal amount of the Share;
- (bb) the aggregate Subscription Price relating to any Option being increased;
- (cc) the proportion of the equity capital of the Company to which the Option Holder is entitled after the adjustment(s) becoming effective not being the same as that to which he was entitled before;
- (dd) the aggregate percentage of the issued share capital of the Company available for the grant of Options shall not be greater than the Scheme Limit or the Overall Limit (subject to adjustments); and
- (ee) the Intrinsic Value of any Option to have increased to the advantage of the Option Holder.

In addition, in respect of any adjustments under this paragraph (j), other than any made on a capitalisation issue, the independent auditors or independent financial adviser of the Company must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

(k) Rights on winding up

If notice is given of an extraordinary general meeting of the Company at which a resolution will be proposed for the members' voluntary winding-up of the Company, each Option Holder shall be entitled, at any time not later than two business days prior to the proposed resolution being duly passed, to exercise his outstanding Options in whole or in part, but only so far as such Options shall be subsisting immediately prior to the passing of such a resolution. Subject thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up.

(l) Rights on a general offer

If, in consequence of any general offer made to all the Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or connection with the offeror), any person shall have obtained control of the Company, each Option Holder shall be entitled to exercise at any time within a period of fourteen days after such control has been obtained the Option in whole or in part.

(m) Rights on a compromise or arrangement

If a compromise or an arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme of reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Option Holders on the same date as it despatches the notice to each member or creditor of the Company to consider such a compromise or an arrangement, and thereupon any Option Holder (or where permitted his personal representatives) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his Option but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. The Company may thereafter require each Option Holder to transfer or otherwise deal with the Shares issued as a result of such exercise of his Option so as to place the Option Holders in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(n) Lapse of Option

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (aa) the expiry of the Option Period (subject to the provisions of paragraphs (d) and (r));
- (bb) the expiry of any of the periods referred to in paragraphs (i), (k), (l) and (m) above; and
- (cc) the date on which the Option Holder commits a breach of paragraph (h) above, if the Directors shall exercise the Company's right to cancel any outstanding Option or part thereof granted.

(o) Cancellation of Options granted but not exercised

Options granted and accepted but not exercised may not be cancelled without the consent of the relevant Option Holder and any new Options (or any other options) issued in replacement of Options cancelled may only be issued under the New Share Option Scheme (or the Other Schemes) to the extent unissued Options (or any other options) are available for issue (excluding the cancelled options), with the limits prescribed in paragraphs (e) and (f) above.

(p) Grant of Options to connected persons

The independent non-executive directors of the Company and eSun (so long as the Company is a subsidiary of eSun under the Listing Rules) (not being the independent non-executive director who is or whose associate is an Option Holder) will be required to approve each grant of Options to any director, chief executive or substantial shareholder of the Company or any of their respective associates.

If a grant of an Option to a substantial shareholder or an independent non-executive director of the Company or to any of their respective associates would result in the total number of Shares issued and to be issued upon the exercise of the Options granted and to be granted under the New Share Option Scheme and the Other Schemes (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the Date of Grant of such Option:

- (1) representing in aggregate over 0.1% of the Shares in issue from time to time; and
- (2) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on each Date of Grant, in excess of HK\$5,000,000,

such further grant of Options shall be approved by the Shareholders and shareholders of eSun (so long as the Company is a subsidiary of eSun under the Listing Rules) in the respective general meetings voting by way of a poll. The Company and eSun (so long as the Company is a subsidiary of eSun under the Listing Rules) shall send a circular to their respective shareholders containing the information required by the Listing Rules. All connected persons of the Company and eSun (so long as the Company is a subsidiary of eSun under the Listing Rules) shall abstain 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 has been stated in the circular and that the Listing Rules have been complied with.

(q) Period of the New Share Option Scheme

The New Share Option Scheme will remain in force for a period of 10 years commencing on the Adoption Date.

(r) Amendments and termination of the New Share Option Scheme

The Directors may from time to time in their absolute discretion waive or amend such provisions of the New Share Option Scheme as they deem desirable, provided that except with the prior approval of the Shareholders and the shareholders of eSun (so long as the Company is a subsidiary of eSun under the Listing Rules) in the respective general meetings, no alteration shall be made to the New Share Option Scheme relating to, among other things, the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Option Holders.

Save as otherwise provided in the terms of the New Share Option Scheme, neither an amendment of a material nature to the New Share Option Scheme nor any change to the terms of Options granted may be made by the Directors without the prior approval of the Shareholders and the shareholders of eSun (so long as the Company is a subsidiary of eSun under the Listing Rules) in the respective general meetings.

The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of the Listing Rules.

Any change to the authority of the Directors or scheme administrators in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders and the shareholders of eSun (so long as the Company is a subsidiary of eSun under the Listing Rules) in the respective general meetings.

The Company and eSun (so long as the Company is a subsidiary of eSun under the Listing Rules) by resolution in the respective general meetings may at any time terminate the operation of the New Share Option Scheme before the expiry of the period referred to in paragraph (q) above and in such event, no further offer shall be made but in all other respects the provisions of the New Share Option Scheme shall remain in force. All Options granted and accepted prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of the New Share Option Scheme.

(s) Ranking of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association 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 thereof 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. The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the Option Holder (or any other person) as the holder of those Shares.

(t) Administration

The New Share Option Scheme shall be administered by the Board and the Board shall, subject to the provisions of the New Share Option Scheme, so administer it in such manner as it shall in its absolute discretion deem fit.

(u) Conditions of the New Share Option Scheme

The New Share Option Scheme will take effect subject to the following conditions:

- (a) the passing of the necessary resolutions by the Shareholders in a general meeting to approve the adoption of the New Share Option Scheme and to authorize the Directors to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the New Share Option Scheme;
- (b) the passing of the necessary resolutions by the shareholders of eSun in a general meeting to approve the adoption of the New Share Option Scheme by the Company; and
- (c) the Listing Committee granting the approval for the listing of, and permission to deal in, any Shares to be issued and allotted pursuant to the exercise of Options under the New Share Option Scheme.

NOTICE OF EGM



LAI FUNG HOLDINGS

Lai Fung Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1125)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**EGM**”) of the members (the “**Members**”) of Lai Fung Holdings Limited (the “**Company**”) will be held at Gloucester Room II, 3rd Floor, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 18 December 2012 at 9:00 a.m. (or as soon thereafter as the 2012 annual general meeting of the Company convened at the same place and on the same date at 8:15 a.m. shall have been concluded or adjourned) or its adjournment thereof for the purposes of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTION NO. 1

1. “**THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Code on Share Repurchase for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares to be purchased pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of this Resolution, and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF EGM

- (ii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the members of the Company in general meeting; or
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Articles of Association of the Company to be held.”

ORDINARY RESOLUTION NO. 2

2. **“THAT:**

- (a) subject to paragraph (c) of this Resolution, the exercise by the directors of the Company (the **“Directors”**) during the Relevant Period (as hereinafter defined) of all the powers of the Company to issue, allot and deal with additional shares in the Company and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for or are exchangeable or convertible into shares in the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for or are exchangeable or convertible into shares in the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to:
 - (i) a Rights Issue or Open Offer (each as hereinafter defined); or
 - (ii) an issue of shares in the Company upon the exercise of rights of subscription, exchange or conversion under the terms of any of the options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for or are exchangeable or convertible into shares in the Company); or
 - (iii) an issue of shares in the Company as scrip dividends pursuant to the Articles of Association of the Company from time to time; or
 - (iv) an issue of shares in the Company under any award or option scheme or similar arrangement for the grant or issue to eligible participants under such scheme or arrangement of shares in the Company or rights to acquire shares in the Company,

shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of this Resolution, and the said approval shall be limited accordingly; and

NOTICE OF EGM

- (d) for the purposes of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the Members of the Company in general meeting; or
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Articles of Association of the Company to be held; and

“Rights Issue” or “Open Offer” means an offer of shares in the Company open for a period fixed by the Directors to the holders of shares whose names appear on the Register of Members and/or the Hong Kong Branch Register of Members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the applicable requirements of any recognised regulatory body or any stock exchange).”

ORDINARY RESOLUTION NO. 3

3. “**THAT** subject to the passing of the Ordinary Resolutions Nos. 1 and 2 in the notice convening this meeting, the general mandate granted to the directors of the Company (the “**Directors**”) and for the time being in force to exercise the powers of the Company to allot shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the share capital of the Company which has been purchased by the Company since the granting of such general mandate pursuant to the exercise by the Directors of the powers of the Company to purchase such shares, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this Resolution.”

ORDINARY RESOLUTION NO. 4

4. “**THAT**:
- (a) subject to and conditional upon (i) the passing of an ordinary resolution by the shareholders of eSun Holdings Limited (the ultimate holding company of the Company) at its general meeting approving the adoption of the share option scheme of the Company (the rules of which are contained in the document marked “A” produced to the EGM and signed by the chairman of the EGM for the purpose of identification) (the “**New Share Option Scheme**”); and (ii) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the approval for the listing of, and permission to deal in, the shares of HK\$0.10 each in the capital of the Company (the “**Shares**”) which may fall to be issued and allotted pursuant to the exercise of any options that may be granted

NOTICE OF EGM

under the New Share Option Scheme, the New Share Option Scheme be and is hereby approved and adopted and the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme including without limitation:

- (i) to administer the New Share Option Scheme under which options will be granted to eligible participants under the New Share Option Scheme to subscribe for Shares;
 - (ii) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment;
 - (iii) to issue and allot from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the New Share Option Scheme and subject to the Rules Governing the Listing of Securities on the Stock Exchange;
 - (iv) to make application at the appropriate time or times to the Stock Exchange; and any stock exchanges upon which the issued Shares may for the time being be listed, for listing of and permission to deal in any Shares which may thereafter from time to time be issued and allotted pursuant to the exercise of the options under the New Share Option Scheme;
 - (v) to consent, if they deem fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the Share Option Scheme; and
- (b) subject to paragraph (a) hereinabove, the share option scheme adopted by the Company at its extraordinary general meeting held on 21 August 2003 be and is hereby terminated (save with respect to any outstanding, issued and unexercised options thereof) with effect from the adoption of the New Share Option Scheme.”

ORDINARY RESOLUTION NO. 5

5. **“THAT:**

- (a) the deed of conditional waiver dated 30 October 2012 (as supplemented by the supplemental deed dated 19 November 2012) (the **“Deed of Conditional Waiver”**) executed by the Company in favour of the Covenantors (as defined below), pursuant to which the Company conditionally waives any claims, actions, proceedings, damages or equitable remedy that it may be entitled to under the Existing Undertakings (as defined below) in respect of the participation by any member of the Affiliated Groups (as defined below) in any Restricted Opportunity (as defined below) which may otherwise be prohibited under the Existing Undertakings, subject to their compliance with the provisions of the Deed of Conditional Waiver, be and is hereby approved, confirmed and ratified; and

NOTICE OF EGM

- (b) for the purposes of this Resolution,
- (i) “Affiliated Groups” means:
- (1) Lai Sun Garment (International) Limited (“**LSG**”) and its subsidiaries and associated companies except the LSD Group, the eSun Group, the MAGH Group and the Company and its subsidiaries (the “**Group**”);
 - (2) Lai Sun Development Company Limited (“**LSD**”) and its subsidiaries and associated companies other than the eSun Group, the MAGH Group and the Group (the “**LSD Group**”);
 - (3) eSun Holdings Limited (“**eSun**”) and its subsidiaries other than the MAGH Group and the Group (the “**eSun Group**”); and
 - (4) Media Asia Group Holdings Limited and its subsidiaries (the “**MAGH Group**”);

while the “Affiliated Group” shall refer to any one of them and “its Affiliated Group” shall refer to the Affiliated Group of the respective Affiliated Issuer (as defined below) to which it relates;

- (ii) “Affiliated Issuers” means LSG, LSD, eSun and MAGH, while the “Affiliated Issuer” shall refer to any one of them;
- (iii) “Covenantors” means the covenantors that are listed corporations under the Existing Undertakings (as defined below), namely LSG and LSD;
- (iv) “Existing Undertakings” means the undertakings provided in the spin-off agreement between LSD and the Company, a deed of undertaking provided by LSD and the non-compete agreement among LSG, Dr. Lam Kin Ngok, Peter, Dr. Lam Kin Ming, the late Mr. Lim Por Yen and the Company, all dated 12 November 1997, details of which have been disclosed in the listing document of the Company dated 18 November 1997; and
- (v) “Restricted Opportunity” means in respect of each Affiliated Issuer, any bona fide offer or invitation of business opportunity(ies), the pursuance of which by any member of its Affiliated Group is prohibited under the Existing Undertakings.”

By Order of the Board
Lai Fung Holdings Limited
Kwok Siu Man
Company Secretary

Hong Kong, 1 December 2012

NOTICE OF EGM

Registered Office:
P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

Principal Place of Business in Hong Kong:
11th Floor
Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Kowloon
Hong Kong

Notes:

- (1) A Member entitled to attend and vote at the EGM convened by the above notice (the “**Notice**”) (or its adjourned meeting) is entitled to appoint one (or, if he/she/it holds two or more shares in the Company (the “**Shares**”), more than one) proxy to attend and, on a poll, vote on his/her/its behalf in accordance with the articles of association of the Company. A proxy need not be a Member.
- (2) A form of proxy for use at the EGM is accompanied with this Notice.
- (3) To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company’s branch share registrars in Hong Kong, Tricor Tengis Limited (the “**Registrars**”), at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or its adjourned meeting (as the case may be) and in default, the form of proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude Members from attending in person and voting at the EGM or its adjourned meeting should they so wish. In such case, the said form(s) of proxy shall be deemed to be revoked. The contact phone number of the Registrars is (852) 2980 1333.
- (4) To ascertain the entitlements to attend and vote at the EGM, Members must lodge the relevant transfer document(s) and share certificate(s) at the office of the Registrars no later than 4:30 p.m. on Thursday, 13 December 2012 for registration.
- (5) Where there are joint registered holders of any Share, any one of such joint holders may attend and vote at the EGM or its adjourned meeting (as the case may be), either in person or by proxy, in respect of such Shares as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the EGM or its adjourned meeting (as the case may be) personally or by proxy, then one of such holders so present whose name stands first in the Register of Members or Hong Kong Branch Register of Members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.
- (6) In compliance with Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), voting on all resolutions proposed in this Notice will be decided by way of a poll.
- (7) If a tropical cyclone warning signal No. 8 or above is expected to be hoisted or a black rainstorm warning signal is expected to be in force at any time between 7:00 a.m. and 5:00 p.m. on the date of the EGM, the EGM will be postponed and the Members will be informed of the date, time and venue of the postponed EGM by a supplementary notice posted on the respective websites of the Company and the Stock Exchange.

If a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is lowered or cancelled at or before 7:00 a.m. on the date of the EGM and where conditions permit, the EGM will be held as scheduled.

The EGM will be held as scheduled when an amber or red rainstorm warning signal is in force.

Having considered their own situations, Members should decide on their own whether they would attend the EGM under a bad weather condition and if they do so, they are advised to exercise care and caution.

- (8) Two circulars of the Company dated 1 December 2012 will be sent to Members separately containing the following:
 - (i) details regarding **Ordinary Resolutions nos. 1, 2, 3 and 4** are set out in a circular of the Company dated 1 December 2012 in relation to, among others, the proposals involving general mandates to repurchase shares and to issue shares as well as the termination of the Existing Share Option Scheme (as defined therein) and the adoption of the New Share Option Scheme (as defined therein) by the Company; and
 - (ii) details regarding **Ordinary Resolution no. 5** are set out in a circular of the Company dated 1 December 2012 in relation to the connected transaction in respect of the Deed of Conditional Waiver (as defined therein).