
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the eSun Offers, this eSun Composite Document and/or the accompanying eSun Form(s) of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your securities in eSun Holdings Limited, you should at once hand this eSun Composite Document and the accompanying eSun Form(s) of Acceptance to the purchaser(s) or transferee(s), licensed securities dealer or 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).

This eSun Composite Document should be read in conjunction with the accompanying eSun Form(s) of Acceptance, the contents of which form part of the terms and conditions of the eSun Offers. This eSun Composite Document is not for release, publication or distribution in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this eSun Composite Document and the accompanying eSun Form(s) of Acceptance, make no representation as to their 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 eSun Composite Document and the accompanying eSun Form(s) of Acceptance.

The eSun Offers are being made for the securities of a company incorporated in Bermuda and while the eSun Offers are subject to Hong Kong disclosure and procedural requirements, investors should be aware that these requirements are different from those of the U.S. The financial statements included herein have been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial statements of U.S. companies.



LAI SUN DEVELOPMENT

Lai Sun Development Company Limited
(Incorporated in Hong Kong with limited liability)

(Stock Code: 488)



eSun Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 571)

Transtrend Holdings Limited

(Incorporated in Hong Kong with limited liability)

COMPOSITE OFFER AND RESPONSE DOCUMENT

CONDITIONAL VOLUNTARY GENERAL CASH OFFER BY HSBC ON BEHALF OF THE OFFEROR, A WHOLLY-OWNED SUBSIDIARY OF LSD, TO ACQUIRE ALL OF THE ISSUED SHARES OF eSUN (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY LSD, THE OFFEROR OR THEIR RESPECTIVE SUBSIDIARIES) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF eSUN

Financial Adviser to LSD and the Offeror



Independent Financial Adviser to the eSun Independent Board Committee



SOMERLEY CAPITAL LIMITED

Unless the context otherwise requires, capitalised terms used in this eSun Composite Document (including this cover page) have the same meanings as those defined in the section headed "Definitions" in this eSun Composite Document.

A "Letter from HSBC" containing, among other things, the details of the terms and conditions of the eSun Offers are set out on pages 12 to 36 of this eSun Composite Document. A "Letter from the eSun Board" is set out on pages 37 to 43 of this eSun Composite Document. A "Letter from the eSun Independent Board Committee" containing its recommendations to the Disinterested eSun Shareholders and the eSun Optionholders in respect of the eSun Offers is set out on pages 44 to 46 of this eSun Composite Document. A "Letter from the eSun Independent Financial Adviser" containing its advice and recommendations to the eSun Independent Board Committee in respect of the eSun Offers is set out on pages 47 to 85 of this eSun Composite Document.

The procedures for acceptance and settlement of the eSun Offers are set out in "Appendix I – Further Terms of the eSun Offers" to this eSun Composite Document and in the accompanying eSun Form(s) of Acceptance. Acceptance of the eSun Share Offer should be received by the Registrar and acceptance of the eSun Option Offer should be received by the company secretary of eSun by no later than 4:00 p.m. on Monday, 20 August 2018 or such later time(s) and/or date(s) as the Offeror may determine and announce, in accordance with the Takeovers Code. The eSun Offer Shareholders and the eSun Optionholders should inform themselves of and observe any applicable legal, tax or regulatory requirements. See "Important Notices" on pages vi and vii of this eSun Composite Document.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this eSun Composite Document and/or the accompanying eSun Form(s) of Acceptance to any jurisdiction outside of Hong Kong should read the details in this regard which are contained in section 13 "Overseas eSun Shareholders and eSun Optionholders" in the "Letter from HSBC" in this eSun Composite Document before taking any action. It is the responsibility of any overseas eSun Offer Shareholders and overseas eSun Optionholders wishing to take any action in relation to the eSun Share Offer and the eSun Option Offer, respectively, to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including obtaining all governmental, exchange control or other consents which may be required and compliance with all necessary formalities or legal requirements and the payment of any issue, transfer or other taxes payable by such overseas eSun Offer Shareholders or overseas eSun Optionholders in respect of the acceptance of the eSun Offers (as applicable) in such jurisdiction. The overseas eSun Offer Shareholders and the overseas eSun Optionholders are advised to seek professional advice on deciding whether to accept the eSun Offers (as applicable).

This eSun Composite Document is issued jointly by LSD, the Offeror and eSun. The English texts of this eSun Composite Document and the accompanying eSun Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

CONTENTS

	<i>Page</i>
Important Notices to all eSun Offer Shareholders and eSun Optionholders	ii
Expected Timetable.....	iii
Important Notices.....	vi
Definitions.....	1
Letter from HSBC.....	12
Letter from the eSun Board.....	37
Letter from the eSun Independent Board Committee.....	44
Letter from the eSun Independent Financial Adviser.....	47
Appendix I — Further Terms of the eSun Offers	I-1
Appendix II — Financial Information of the eSun Group	II-1
Appendix III — Property Valuation of the eSun Group	III-1
Appendix IV — General Information of LSD and the Offeror	IV-1
Appendix V — General Information of eSun	V-1
Appendix VI — Form of eSun Option Offer Letter	VI-1

IMPORTANT NOTICES TO ALL eSUN OFFER SHAREHOLDERS AND eSUN OPTIONHOLDERS

The following information is important for all eSun Offer Shareholders and eSun Optionholders.

You are urged to read this entire eSun Composite Document, including the appendices, and the eSun Form(s) of Acceptance carefully.

- *eSun Share Offer Price:* HK\$1.30 in cash per eSun Offer Share.
- *eSun Option Offer Price:* Please refer to section 5 “The eSun Option Offer and the eSun Option Offer Price” in the “Letter from HSBC” in this eSun Composite Document.
- *How to accept the eSun Offers:* Please return the duly completed and signed **WHITE** Form of eSun Share Offer Acceptance and the relevant documents to the Registrar (for the eSun Share Offer) and/or the **PINK** Form of eSun Option Offer Acceptance and the relevant documents to the company secretary of eSun (for the eSun Option Offer).
- *Deadline for acceptance:* The eSun Offers will close for acceptance at 4:00 p.m. on Monday, 20 August 2018 (the first eSun Share Offer Closing Date), unless otherwise revised or extended.

For details, please refer to “Appendix I — Further Terms of the eSun Offers” to this eSun Composite Document.

- *Settlement:* Payments in cash will be made within seven (7) Business Days following the later of: (i) the date on which the eSun Offers become or are declared unconditional in all respects, and (ii) the date of receipt of your valid acceptance.
- *Your prompt action is critical:* Unless otherwise revised or extended, the eSun Offers will lapse if insufficient valid acceptances of the eSun Share Offer are received (and not, where permitted, withdrawn) by 4:00 p.m. on Monday, 20 August 2018 to result in the Offeror and LSD together with their respective subsidiaries holding in aggregate more than 50% of the voting rights in eSun. You should therefore act promptly.

NEED HELP?

Please call the customer service hotline of the Registrar, Tricor Tengis Limited, at (852) 2980 1333 between 9:00 a.m. and 5:00 p.m. on Mondays to Fridays, excluding Hong Kong public holidays, if you have any enquiries concerning administrative matters, such as dates, documentation and procedures relating to the eSun Share Offer.

The hotline cannot and will not provide advice on the merits of the eSun Offers or give financial or legal advice. If you are in any doubt as to any aspect of this eSun Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made in the event that there is any change to the following timetable.

Event	Hong Kong Time
Despatch date of this eSun Composite Document and the accompanying eSun Form(s) of Acceptance	Monday, 23 July 2018
Opening date of the eSun Offers	Monday, 23 July 2018
General meeting of LSG to seek the LSG Shareholders' approval to which the Offers are subject to	11:00 a.m. on Wednesday, 8 August 2018
General meeting of LSD to seek the LSD Shareholders' approval to which the Offers are subject (<i>Note 1</i>)	12:00 noon on Wednesday, 8 August 2018
First eSun Share Offer Closing Date (<i>Note 2</i>)	Monday, 20 August 2018
Latest time for acceptance of the eSun Offers on the first eSun Share Offer Closing Date (<i>Note 3</i>)	4:00 p.m. on Monday, 20 August 2018
Announcement of the results of the eSun Offers as at the first eSun Share Offer Closing Date, on the website of the Stock Exchange	no later than 7:00 p.m. on Monday, 20 August 2018
Latest date for despatch of cheques for payment of the amounts due under the eSun Offers in respect of valid acceptances received by the first eSun Share Offer Closing Date, assuming that the eSun Offers become or are declared unconditional on the first eSun Share Offer Closing Date (<i>Note 4</i>)	Wednesday, 29 August 2018
Latest time and date for acceptance of the eSun Offers assuming that the eSun Offers become or are declared unconditional in all respects on the first eSun Share Offer Closing Date (<i>Note 5</i>)	4:00 p.m. on Monday, 3 September 2018
Latest time and date by which the eSun Offers can become or be declared unconditional as to acceptances (<i>Note 6</i>)	7:00 p.m. on Friday, 21 September 2018

EXPECTED TIMETABLE

Notes:

- (1) The relevant general meeting of LSD will take place at the specified time or, if later, immediately following the conclusion of the relevant general meeting of LSG.
- (2) The eSun Offers will close for acceptances at 4:00 p.m. on Monday, 20 August 2018 unless the Offeror revises or extends the eSun Offers in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the eSun Offers until such date as it may determine subject to compliance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). In the event that the eSun Offers have not become or are not declared unconditional on the first eSun Share Offer Closing Date, the Offeror will issue an announcement stating whether the eSun Offers have lapsed or have been revised or extended. If the eSun Offers are extended or revised, the announcement of such extension or revision will either state the next eSun Share Offer Closing Date or, if the eSun Offers have become or been declared unconditional as to acceptances, include a statement that the eSun Offers will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given, before the eSun Offers are closed, to the eSun Offer Shareholders and the eSun Optionholders who have not accepted the relevant eSun Offers. There is no obligation to extend the eSun Offers if the Conditions are not met by the first eSun Share Offer Closing Date or any subsequent eSun Share Offer Closing Date. Any revised eSun Offers must be kept open for at least fourteen (14) days or, if longer and to the extent required by applicable U.S. regulations (including where there is a change in the eSun Share Offer Price), at least ten (10) U.S. Business Days following the date on which the revised eSun Composite Document is posted, and shall not be closed earlier than Monday, 20 August 2018.
- (3) If you wish to accept the eSun Offers, you should ensure your duly completed and signed eSun Form(s) of Acceptance and the relevant documents *arrive* at the Registrar (for the eSun Share Offer) or the company secretary of eSun (for the eSun Option Offer) not later than the prescribed time. If you choose to deliver the documents by post, you should consider the timing requirements for postage.

Beneficial owners of the eSun Offer Shares who hold their eSun Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

All acceptances, instructions, authorisations and undertakings given by the eSun Offer Shareholders in the **WHITE** Form of eSun Share Offer Acceptance and by the eSun Optionholders in the **PINK** Form of eSun Option Offer Acceptance shall be irrevocable except as permitted under the Takeovers Code.

- (4) Payment of the consideration (after deducting the seller's ad valorem stamp duty) for the eSun Offer Shares tendered for acceptance under the eSun Share Offer will be posted by ordinary post to the eSun Offer Shareholders who accept the eSun Share Offer at their own risk, and payment of the consideration for the eSun Options surrendered for cancellation under the eSun Option Offer will be delivered to the office of eSun in Hong Kong at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong for collection by the eSun Optionholders. Payment will be made as soon as possible, but in any event within seven (7) Business Days following the later of (i) the date on which the eSun Offers become or are declared unconditional in all respects; and (ii) the date of receipt by the Registrar (in respect of the eSun Share Offer) or the company secretary of eSun (in respect of the eSun Option Offer) of all the relevant documents to render each acceptance under the relevant eSun Offers complete and valid in accordance with the Takeovers Code, this eSun Composite Document and the relevant accompanying eSun Form(s) of Acceptance.
- (5) Pursuant to Rule 15.3 of the Takeovers Code, the final eSun Share Offer Closing Date should be no less than fourteen (14) days after the date on which the eSun Offers become or are declared unconditional in all respects.

EXPECTED TIMETABLE

- (6) In accordance with the Takeovers Code, except with the consent of the Executive, the eSun Share Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day this eSun Composite Document is posted. Accordingly, unless the eSun Share Offer has previously become or been declared unconditional as to acceptances or has been extended with the consent of the Executive, the eSun Offers will lapse at 7:00 p.m. on Friday, 21 September 2018.

Effect of bad weather on the latest time for acceptance of the eSun Offers and/or the latest date for despatch of cheques

If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning in force, in Hong Kong:

- (a) at any time before 12:00 noon but no longer in force at or after 12:00 noon on the latest date for acceptance of the eSun Offers and/or the latest date for despatch of cheques for the amounts due under the eSun Offers in respect of valid acceptances (as the case may be), the latest time for acceptance of the eSun Offers will remain at 4:00 p.m. on the same Business Day and/or the latest date for despatch of cheques will remain on the same Business Day; or
- (b) at any time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the eSun Offers and/or the latest date for despatch of cheques for the amounts due under the eSun Offers in respect of valid acceptances (as the case may be), the latest time for acceptance of the eSun Offers will be rescheduled to 4:00 p.m. on the following Business Day and/or the latest date for despatch of cheques will be rescheduled to the following Business Day.

IMPORTANT NOTICES

NOTICE TO U.S. HOLDERS OF eSUN SHARES AND/OR eSUN OPTIONS

The eSun Offers are being made for the securities of a company incorporated in Bermuda with limited liability and are subject to Hong Kong disclosure and other procedural requirements, which are different from those of the USA. The financial information included in this eSun Composite Document has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the USA. The eSun Offers will be made in the USA pursuant to the applicable U.S. tender offer rules or certain available exemptions or exceptions therefrom and otherwise in accordance with the requirements of the SFO. Accordingly, the eSun Offers will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

The receipt of cash pursuant to the eSun Offers by a U.S. holder of eSun Shares and/or eSun Options, respectively, may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of eSun Shares and/or eSun Options is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of acceptance of the eSun Offers.

U.S. holders of eSun Shares and eSun Options may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as each of the Offeror and eSun is located in a country outside the USA and some or all of their respective officers and directors may be residents of a country other than the United States. U.S. holders of eSun Shares and eSun Options may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of U.S. securities laws. Further, U.S. holders of eSun Shares and eSun Options may encounter difficulty compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, the Offeror hereby discloses that it or its affiliates, or its nominees, or its brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, eSun Shares outside of the United States, other than pursuant to the eSun Share Offer, before or during the period in which the eSun Share Offer remains open for acceptance. In accordance with the Takeovers Code and Rule 14e-5(b) of the U.S. Exchange Act, HSBC and its affiliates may continue to act as exempt principal traders (where such statuses are granted to the relevant HSBC entities) in the eSun Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that (i) any such purchase or arrangement complies with applicable law and is made outside the United States; and (ii) if applicable and required under the relevant exemption or exception (or the Takeovers Code), the eSun Share Offer Price is increased to match any consideration paid in any such purchase or arrangement. Any information about such purchases will be reported to the SFC and, to the extent made public by the SFC, will be available on the website of the SFC at <http://www.sfc.hk>. To the extent that such information is required to be publicly disclosed in Hong Kong in accordance with applicable regulatory requirements, this information will, as applicable, also be publicly disclosed in the United States, by publishing it on the website of LSD at www.laisun.com.

IMPORTANT NOTICES

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This eSun Composite Document includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror, LSD and/or eSun (as the case may be) and are naturally subject to uncertainty and changes in circumstances.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the Conditions, as well as additional factors, such as general, social, economic and political conditions in the countries in which the LSD Group and/or the eSun Group operate or other countries which have an impact on the LSD Group and/or the eSun Group’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the LSD Group and/or the eSun Group operate, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the LSD Group and/or the eSun Group operate and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the LSD Group and/or the eSun Group operate and regional or general changes in asset valuations. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

Subject to the requirement of applicable laws, rules and regulations, including the Takeovers Code, all written and oral forward-looking statements attributable to the Offeror, LSD, eSun or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Latest Practicable Date. Subject to the requirement of applicable laws, rules and regulations, including the Takeovers Code, none of LSD, eSun or the Offeror assumes any obligation to correct or update the forward-looking statements or opinions contained in this eSun Composite Document.

DEFINITIONS

In this eSun Composite Document, the following expressions have the meanings set out below unless the context requires otherwise.

“Announcement Date”	means 27 May 2018, being the date of the Joint Announcement;
“associate”	has the meaning ascribed to it under the Takeovers Code;
“Business Day”	means a day on which the Stock Exchange is open for the transaction of business;
“CCASS”	means the Central Clearing and Settlement System established and operated by HKSCC;
“close associate”	has the meaning ascribed to it under the Listing Rules;
“Companies Act”	means the Companies Act 1981 of Bermuda;
“Companies Ordinance”	means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Conditions”	means the conditions to the eSun Offers, as set out under section 6 “Conditions to the eSun Offers” in the “Letter from HSBC” in this eSun Composite Document;
“disclosures of interests”	means disclosures of interests pursuant to Part XV of the SFO and the disclosure of dealings pursuant to Rule 22 of the Takeovers Code;
“Disinterested eSun Shareholders”	means the holders of the Disinterested eSun Shares. For the avoidance of doubt, the Disinterested eSun Shareholders include (1) any member of the HSBC Group in respect of eSun Shares of its non-discretionary investment clients where such client (a) has control over whether to tender acceptances to the eSun Share Offer in respect of those eSun Shares, (b) if acceptances of the eSun Share Offer in respect of those eSun Shares are to be tendered, gives instructions to tender them, and (c) is not the Offeror, LSD or any of the other Offeror Concert Parties, (2) the Yu Shareholders and (3) SAIF Partners;
“Disinterested eSun Shares”	means the eSun Shares other than those owned by the Offeror or any of the Offeror Concert Parties;

DEFINITIONS

“Disinterested Lai Fung Shareholders”	means the holders of the Disinterested Lai Fung Shares. For the avoidance of doubt, the Disinterested Lai Fung Shareholders include (1) any member of the HSBC Group in respect of Lai Fung Shares of its non-discretionary investment clients where such client (a) has control over whether to tender acceptances to the Lai Fung Share Offer in respect of those Lai Fung Shares, (b) if acceptances of the Lai Fung Share Offer in respect of those Lai Fung Shares are to be tendered, gives instructions to tender them, and (c) is not the Offeror, LSD or any of the other Offeror Concert Parties and (2) the Yu Shareholders;
“Disinterested Lai Fung Shares”	means the Lai Fung Shares other than those owned by the Offeror or any of the Offeror Concert Parties;
“Dr. Peter Lam”	means Dr. Lam Kin Ngok, Peter, an Offeror Director, a deputy chairman and an executive director of LSG, the chairman and an executive director of LSD and the ultimate controlling shareholder of LSG, LSD and the Offeror;
“Encumbrance”	means any mortgage, charge, pledge, lien, equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase sale-and-leaseback arrangement, rights of pre-emption or any other third party rights of any nature or any agreement for any of the same;
“eSun”	means eSun Holdings Limited (豐德麗控股有限公司), a company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571);
“eSun Board”	means the board of eSun Directors;
“eSun Composite Document”	means this composite offer and response document dated 23 July 2018 issued by LSD, the Offeror and eSun to the eSun Shareholders and the eSun Optionholders in accordance with the Takeovers Code in relation to the eSun Offers;
“eSun Directors”	means the directors of eSun;
“eSun Form(s) of Acceptance”	means collectively, the Form of eSun Share Offer Acceptance and the Form of eSun Option Offer Acceptance, and “ eSun Form of Acceptance ” shall mean either one of them;

DEFINITIONS

“eSun Group”	means eSun and its subsidiaries (including, for the avoidance of doubt, the Lai Fung Group);
“eSun Independent Board Committee”	means the independent board committee of eSun established by the eSun Board and comprising Mr. Andrew Y. Yan, Mr. Low Chee Keong, Mr. Lo Kwok Kwei, David, Mr. Alfred Donald Yap and Dr. Ng Lai Man, Carmen to make a recommendation to the Disinterested eSun Shareholders and the eSun Optionholders in respect of the eSun Share Offer and the eSun Option Offer, respectively;
“eSun Independent Financial Adviser” or “Somerley”	means Somerley Capital Limited, the independent financial adviser to the eSun Independent Board Committee in connection with the eSun Offers and a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO;
“eSun Offer Period”	has the meaning ascribed to it in the Takeovers Code which commenced on 27 May 2018, being the Announcement Date, and which will end on the later of (i) the date on which the eSun Offers close for acceptances; and (ii) the date when the eSun Offers lapse;
“eSun Offer Shareholders”	means the holders of the eSun Offer Shares;
“eSun Offer Shares”	means the eSun Shares which are subject to the eSun Share Offer;
“eSun Offers”	means the eSun Share Offer and the eSun Option Offer;
“eSun Option Offer Price”	means in relation to any eSun Option, the price at which the eSun Option Offer is made;
“eSun Option Offer”	means the offer made by HSBC on behalf of the Offeror to the eSun Optionholders in compliance with Rule 13 of the Takeovers Code to cancel all the eSun Options;
“eSun Option Offer Letter”	means the letter dated 23 July 2018 issued by HSBC on behalf of the Offeror to the eSun Optionholders in accordance with the Takeovers Code in relation to the eSun Option Offer in the form set out in Appendix VI to this eSun Composite Document;
“eSun Optionholders”	means the holders of the eSun Options;

DEFINITIONS

“eSun Options”	means the share options, each relating to one eSun Share, granted and outstanding under the eSun Share Option Schemes from time to time, whether such options are vested or not;
“eSun Share Offer Closing Date”	means Monday, 20 August 2018, being the first offer closing date of the eSun Share Offer or any subsequent offer closing date in the event that the eSun Share Offer is extended or revised in accordance with the Takeovers Code;
“eSun Share Offer Price”	means HK\$1.30 per eSun Offer Share;
“eSun Share Offer”	means the conditional voluntary general cash offer made by HSBC on behalf of the Offeror to acquire all of the issued eSun Shares (other than those already owned or agreed to be acquired by LSD, the Offeror or their respective subsidiaries);
“eSun Share Option Schemes”	means the share option schemes adopted by eSun on 23 December 2005 and 11 December 2015, respectively;
“eSun Shareholders”	means the holders of the eSun Shares;
“eSun Shares”	means the shares in the capital of eSun;
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Form of eSun Option Offer Acceptance”	means the PINK form of acceptance and cancellation in respect of the eSun Option Offer accompanying this eSun Composite Document;
“Form of eSun Share Offer Acceptance”	means the WHITE form of acceptance and transfer in respect of the eSun Share Offer accompanying this eSun Composite Document;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“HKSCC”	means Hong Kong Securities Clearing Company Limited;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

- “HSBC” means The Hongkong and Shanghai Banking Corporation Limited, being the financial adviser to LSD and the Offeror in relation to the Offers, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong);
- “HSBC Group” means HSBC and persons controlling, controlled by or under the same control as HSBC;
- “Independent LSD Shareholders” means the LSD Shareholders other than (a) the Yu Shareholders, Mr. FA Chew and Mr. Julius Lau, who, on the basis of their disclosures of interests in LSG, LSD, eSun and Lai Fung as at the Latest Practicable Date, will be required under the Listing Rules to abstain from voting on the resolution to be approved at the general meeting of LSD to approve the Offers as a very substantial acquisition, and their respective close associates and (b) any other LSD Shareholder who has a material interest in such very substantial acquisition and will be required under the Listing Rules to abstain from voting on the same resolution and his close associates. For the avoidance of doubt, the Independent LSD Shareholders include LSG, Dr. Peter Lam and Mr. Lester Lam;
- “Independent LSG Shareholders” means the LSG Shareholders other than (a) the Yu Shareholders and Mr. FA Chew, who, on the basis of their disclosures of interests in LSG, LSD, eSun and Lai Fung as at the Latest Practicable Date, will be required under the Listing Rules to abstain from voting on the resolution to be approved at the general meeting of LSG to approve the Offers as a very substantial acquisition, and their respective close associates and (b) any other LSG Shareholder who has a material interest in such very substantial acquisition and will be required under the Listing Rules to abstain from voting on the same resolution and his close associates. For the avoidance of doubt, the Independent LSG Shareholders include Dr. Peter Lam and Mr. Lester Lam;
- “Joint Announcement” means the announcement dated 27 May 2018 jointly made by LSG, LSD, the Offeror, eSun and Lai Fung in relation to the Offers;

DEFINITIONS

“Knight Frank”	means Knight Frank Petty Limited, the independent property valuer appointed by eSun;
“Lai Fung”	means Lai Fung Holdings Limited (麗豐控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1125);
“Lai Fung Board”	means the board of Lai Fung Directors;
“Lai Fung Composite Document”	means the composite offer and response document to be issued by or on behalf of the Offeror and Lai Fung to the Lai Fung Shareholders and the Lai Fung Optionholders in accordance with the Takeovers Code in relation to the Lai Fung Offers;
“Lai Fung Directors”	means the directors of Lai Fung;
“Lai Fung Group”	means Lai Fung and its subsidiaries;
“Lai Fung Independent Board Committee”	means the independent board committee of Lai Fung established by the Lai Fung Board and comprising Mr. Lucas Ignatius Loh Jen Yuh, Mr. Puah Tze Shyang, Mr. Ku Moon Lun, Mr. Law Kin Ho, Mr. Mak Wing Sum, Alvin and Mr. Shek Lai Him, Abraham to make a recommendation to the Disinterested Lai Fung Shareholders and the Lai Fung Optionholders in respect of the Lai Fung Share Offer and the Lai Fung Option Offer, respectively;
“Lai Fung Offer Shares”	means the Lai Fung Shares which are subject to the Lai Fung Share Offer;
“Lai Fung Offers”	means the Lai Fung Share Offer and the Lai Fung Option Offer;
“Lai Fung Option Offer”	means the possible offer to be made by HSBC on behalf of the Offeror to the Lai Fung Optionholders in compliance with Rule 13 of the Takeovers Code to cancel all the Lai Fung Options;
“Lai Fung Option Offer Price”	means, in relation to any Lai Fung Option, the price at which the Lai Fung Option Offer will be made;
“Lai Fung Optionholders”	means the holders of the Lai Fung Options;

DEFINITIONS

“Lai Fung Options”	means the share options, each relating to one Lai Fung Share, granted and outstanding under the Lai Fung Share Option Schemes from time to time, whether such options are vested or not;
“Lai Fung Share Consolidation”	means the share consolidation of Lai Fung Shares approved by the Lai Fung Shareholders at the extraordinary general meeting of Lai Fung held on 14 August 2017 and effective on 15 August 2017 that every fifty (50) issued and unissued ordinary shares of HK\$0.10 each in the share capital of Lai Fung be consolidated into one (1) ordinary share of HK\$5.00 each in the share capital of Lai Fung;
“Lai Fung Share Offer Closing Date”	means the date to be stated in the Lai Fung Composite Document as the first offer closing date of the Lai Fung Share Offer or any subsequent offer closing date in the event that the Lai Fung Share Offer is extended or revised in accordance with the Takeovers Code;
“Lai Fung Share Offer Price”	means HK\$5.22 per Lai Fung Offer Share;
“Lai Fung Share Offer”	means the possible unconditional mandatory general cash offer to be made by HSBC on behalf of the Offeror to acquire all of the Lai Fung Shares (other than those already owned or agreed to be acquired by LSD, the Offeror, eSun or their respective subsidiaries);
“Lai Fung Share Option Schemes”	means the share option schemes adopted by Lai Fung on 21 August 2003 and 18 December 2012, respectively;
“Lai Fung Shareholders”	means the holders of the Lai Fung Shares;
“Lai Fung Shares”	means the shares in the capital of Lai Fung;
“Last Trading Date”	means 25 May 2018, being the last trading day prior to the publication of the Joint Announcement;
“Latest Practicable Date”	means 20 July 2018, being the latest practicable date prior to the printing of this eSun Composite Document for ascertaining certain information for inclusion in this eSun Composite Document;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“LR associate”	has the meaning ascribed to “associate” under Chapter 14A of the Listing Rules;
“LSD”	means Lai Sun Development Company Limited (麗新發展有限公司), a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488);
“LSD Board”	means the board of LSD Directors;
“LSD Directors”	means the directors of LSD;
“LSD Group”	means LSD and its subsidiaries;
“LSD Shareholders”	means the holders of the LSD Shares;
“LSD Shares”	means the shares in the capital of LSD;
“LSG”	means Lai Sun Garment (International) Limited (麗新製衣國際有限公司), a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 191);
“LSG Group”	means LSG and its subsidiaries;
“LSG Shareholders”	means the holders of the LSG Shares;
“LSG Shares”	means the shares in the capital of LSG;
“Madam U”	means Madam U Po Chu, an executive director of LSG and Lai Fung, a non-executive director of LSD and eSun and Dr. Peter Lam’s mother;
“MAGHL”	means Media Asia Group Holdings Limited (寰亞傳媒集團有限公司), an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed and traded on the GEM of the Stock Exchange (Stock Code: 8075);
“MAGHL Group”	means MAGHL and its subsidiaries;

DEFINITIONS

“Mr. FA Chew”	means Mr. Chew Fook Aun, an Offeror Director, a deputy chairman and an executive director of LSG, the deputy chairman and an executive director of LSD, an executive director of eSun and an executive director and the chairman of Lai Fung;
“Mr. Julius Lau”	means Mr. Lau Shu Yan, Julius, an Offeror Director and the chief executive officer and an executive director of LSD;
“Mr. Lam Bing Kwan”	means Mr. Lam Bing Kwan, an independent non-executive director of LSG, LSD and Lai Fung;
“Mr. Lester Lam”	means Mr. Lam Hau Yin, Lester, an Offeror Director, an executive director of LSG, an executive director of LSD, an executive director of eSun and the chief executive officer and an executive director of Lai Fung;
“Non-Connected LSD Shareholders”	means, in respect of the making of one or more of the Offers to any connected person of LSD which is a connected transaction of LSD subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules, the LSD Shareholders other than (a) such connected person and his LR associates and (b) any other LSD Shareholder who has a material interest in such connected transaction and will be required under the Listing Rules to abstain from voting on the resolution to be proposed at the general meeting of LSD to approve such connected transaction;
“Non-Connected LSG Shareholders”	means, in respect of the making of one or more of the Offers to any connected person of LSG which is a connected transaction of LSG subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules, the LSG Shareholders other than (a) such connected person and his LR associates and (b) any other LSG Shareholder who has a material interest in such connected transaction and will be required under the Listing Rules to abstain from voting on the resolution to be proposed at the general meeting of LSG to approve such connected transaction;
“notice of compulsory acquisition”	means any notice of compulsory acquisition given pursuant to Section 102(1) or Section 103(1) of the Companies Act;

DEFINITIONS

“Offeror”	means Transtrend Holdings Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of LSD;
“Offeror Board”	means the board of Offeror Directors;
“Offeror Concert Parties”	means the parties acting in concert with the Offeror, as determined in accordance with the Takeovers Code (except for members of the HSBC Group which are exempt principal traders and/or exempt fund managers in their capacity as such, in each case recognised by the Executive as such for the purposes of the Takeovers Code), including, for the avoidance of doubt, (a) LSD, being the sole shareholder of the Offeror, (b) LSG, being a holding company of LSD, and (c) Dr. Peter Lam, being their ultimate controlling shareholder;
“Offeror Directors”	means the directors of the Offeror;
“Offers”	means the eSun Offers and the Lai Fung Offers;
“PRC”	means the People’s Republic of China (for the purpose of this eSun Composite Document, excluding Hong Kong, the Macao Special Administrative Region and Taiwan);
“public”	has the meaning ascribed to it under the Listing Rules;
“Registrar”	means Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Hong Kong branch share registrar of the eSun Shares;
“Relevant Period”	means the period from 27 November 2017, being the date six months before the Announcement Date, up to and including the Latest Practicable Date;
“SAIF Partners”	means SAIF Partners IV LP, which is indirectly controlled by Mr. Andrew Y. Yan, a non-executive director of eSun;
“SFC”	means the Securities and Futures Commission;
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“Share Offers”	means the eSun Share Offer and the Lai Fung Share Offer;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“subsidiaries”	has the meaning ascribed to it under the Listing Rules;
“Takeovers Code”	means the Hong Kong Code on Takeovers and Mergers;
“United States”, “U.S.” or “USA”	means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
“U.S. Business Day”	means any day, other than Saturday, Sunday or a U.S. federal holiday, and consists of the time period from 12:01 a.m. through 12:00 midnight Eastern time;
“U.S. Exchange Act”	means the U.S. Securities Exchange Act of 1934, as amended;
“Yu Shareholders”	means Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk; and
“%”	means per cent.

1. Except as otherwise specified, all times and dates contained in this eSun Composite Document and the accompanying eSun Form(s) of Acceptance refer to Hong Kong times and dates.
2. Certain amounts and percentage figures in this eSun Composite Document have been subject to rounding adjustments.
3. Certain English translations of Chinese names or words or Chinese translations of English names or words in this eSun Composite Document are included for information and identification purposes only and should not be regarded as the official English translation of such Chinese names or words or Chinese translation of such English names or words, respectively.
4. The singular includes the plural and vice versa, unless the context otherwise requires.
5. References to any appendix, paragraph and sub-paragraph are references to the appendices to, and paragraphs of, this eSun Composite Document and any sub-paragraphs of them, respectively.
6. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this eSun Composite Document.
7. Reference to one gender is a reference to all or any genders.
8. The English texts of this eSun Composite Document and the accompanying eSun Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

LETTER FROM HSBC



23 July 2018

To the eSun Offer Shareholders and the eSun Optionholders

Dear Sir or Madam,

CONDITIONAL VOLUNTARY GENERAL CASH OFFER BY HSBC ON BEHALF OF THE OFFEROR, A WHOLLY-OWNED SUBSIDIARY OF LSD, TO ACQUIRE ALL OF THE ISSUED SHARES OF eSUN (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY LSD, THE OFFEROR OR THEIR RESPECTIVE SUBSIDIARIES) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF eSUN

Reference is made to the Joint Announcement dated 27 May 2018 published by LSG, LSD, the Offeror, eSun and Lai Fung in respect of, among others, (1) a conditional voluntary general cash offer by HSBC on behalf of the Offeror, a wholly-owned subsidiary of LSD, to acquire all of the issued shares of eSun (other than those already owned or agreed to be acquired by LSD, the Offeror or their respective subsidiaries) and to cancel all the outstanding share options of eSun and (2) the possible unconditional mandatory general cash offer by HSBC on behalf of the Offeror, a wholly-owned subsidiary of LSD, to acquire all of the issued shares of Lai Fung (other than those already owned or agreed to be acquired by LSD, the Offeror, eSun or their respective subsidiaries) and to cancel all the outstanding share options of Lai Fung.

This letter sets out, among other things, details of the terms of the eSun Offers, the reasons for and benefits of the eSun Offers, the intention of LSD with regard to the eSun Group and information on LSD and the Offeror. Further details of the terms of the eSun Offers are set out in “Appendix I — Further Terms of the eSun Offers” to the eSun Composite Document of which this letter forms part, and in the accompanying eSun Form(s) of Acceptance. Terms used in this letter shall have the same meanings as those defined in the eSun Composite Document unless the context otherwise requires.

The eSun Offer Shareholders and the eSun Optionholders are strongly advised to consider carefully the information contained in the “Letter from the eSun Board”, the “Letter from the eSun Independent Board Committee” and the “Letter from the eSun Independent Financial Adviser”, the eSun Option Offer Letter, the form of which is set out in the “Form of eSun Option Offer Letter”, the accompanying eSun Form(s) of Acceptance and the appendices which form part of the eSun Composite Document.

1. INTRODUCTION TO THE eSUN OFFERS

HSBC, on behalf of the Offeror, a wholly-owned subsidiary of LSD, hereby makes a conditional voluntary general cash offer (i) to acquire all the eSun Shares not already owned or agreed to be acquired by LSD, the Offeror or their respective subsidiaries and (ii) to cancel all the outstanding eSun Options.

LETTER FROM HSBC

For the avoidance of doubt, the eSun Offer Shares include eSun Shares which are owned by the Offeror Concert Parties (other than those already owned or agreed to be acquired by LSD, the Offeror or their respective subsidiaries).

The primary purpose of the eSun Offers is to increase the Offeror's shareholding in eSun in order to consolidate the financial results of the eSun Group. The Offeror intends to privatise eSun through the eSun Offers only if it acquires the power of compulsory acquisition under Section 102(1) (or Section 103(1)) of the Companies Act. The Offeror will acquire such power of compulsory acquisition only if the level of acceptances of the eSun Share Offer (or the Offeror's holding of eSun Shares) reaches the prescribed thresholds under Section 102(1) (or Section 103(1)) of the Companies Act and the Offeror is allowed to do so under Rule 2.11 of the Takeovers Code. In the event that the Offeror does not effect the compulsory acquisition of the remaining eSun Offer Shares, whether by reason of the level of acceptances of the eSun Share Offer not reaching the prescribed thresholds under the Companies Act or the Takeovers Code or otherwise, the Offeror may take such steps as are necessary to ensure, or procure eSun to take such steps as are necessary to ensure, that eSun maintains an adequate public float so as to comply with the applicable requirements under the Listing Rules. Further details are set out in section 8 "Possible compulsory acquisition and withdrawal of listing of eSun Shares" below.

2. THE eSUN SHARE OFFER

The eSun Share Offer is made by HSBC on behalf of the Offeror in compliance with the Takeovers Code on the basis set out below.

For each eSun Offer ShareHK\$1.30 in cash

The eSun Share Offer Price was determined after taking into account (i) the historical trading prices of eSun Shares as detailed in section 3 "The eSun Share Offer Price" below; (ii) eSun's financial performance including the changes in the net asset value per eSun Share attributable to owners of eSun from HK\$6.92 per eSun Share as at 31 July 2016 to HK\$6.11 per eSun Share as at 31 July 2017 to HK\$6.56 per eSun Share as at 31 January 2018; and (iii) the trading multiples of comparable companies which consisted of price-to-book ratios of comparable companies listed on the Stock Exchange, in each case based on their market capitalisation as at the Last Trading Date and their latest published consolidated net asset value attributable to shareholders.

3. THE eSUN SHARE OFFER PRICE

The eSun Share Offer Price of HK\$1.30 per eSun Offer Share under the eSun Share Offer represents:

- (a) a discount of approximately 3.7% to the closing price of HK\$1.35 per eSun Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a discount of approximately 5.1% to the average closing price of HK\$1.37 per eSun Share, being the average closing price of eSun Shares as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Date;

LETTER FROM HSBC

- (c) a discount of approximately 3.7% to the average closing price of HK\$1.35 per eSun Share, being the average closing price of eSun Shares as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Date;
- (d) a premium of approximately 3.2% over the average closing price of HK\$1.26 per eSun Share, being the average closing price of eSun Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Date;
- (e) a premium of approximately 0.8% over the average closing price of HK\$1.29 per eSun Share, being the average closing price of eSun Shares as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Date;
- (f) a discount of approximately 2.3% to the average closing price of HK\$1.33 per eSun Share, being the average closing price of eSun Shares as quoted on the Stock Exchange for the 180 trading days immediately prior to and including the Last Trading Date;
- (g) a premium of approximately 4.0% over the closing price of HK\$1.25 per eSun Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (h) a discount of approximately 78.7% to the audited consolidated net asset value attributable to owners per eSun Share of approximately HK\$6.11 as at 31 July 2017, based on the total number of issued eSun Shares as at 31 July 2017; and
- (i) a discount of approximately 80.2% to the unaudited consolidated net asset value attributable to owners per eSun Share of approximately HK\$6.56 as at 31 January 2018, based on the total number of issued eSun Shares as at 31 January 2018.

As shown in the audited consolidated statement of financial position as at 31 July 2017 and the unaudited consolidated statement of financial position as at 31 January 2018 of eSun, a significant portion of eSun's assets consisted of property, plant and equipment, properties under development, investment properties and completed properties for sale. A valuation report on the property interests of the eSun Group is in "Appendix III — Property Valuation of the eSun Group" to this eSun Composite Document pursuant to Rule 11 of the Takeovers Code. The value of those assets as stated in such consolidated statements of financial position or such property valuation report may or may not reflect their market value as at the date of this eSun Composite Document.

4. HIGHEST AND LOWEST CLOSING PRICES OF eSUN SHARES

During the six-month period ended the Last Trading Date, the highest closing price of eSun Shares as quoted on the Stock Exchange was HK\$1.46 per eSun Share on 26 January 2018 and the lowest closing price of eSun Shares as quoted on the Stock Exchange was HK\$1.18 per eSun Share on 10 May 2018, 4 May 2018, 3 May 2018, 27 April 2018, 26 April 2018 and 25 April 2018.

LETTER FROM HSBC

5. THE eSUN OPTION OFFER AND THE eSUN OPTION OFFER PRICE

As at the Latest Practicable Date, there were 32,850,665 eSun Options (all of which vested on their respective dates of grant), each giving the eSun Optionholder the right to subscribe for one new eSun Share. The exercise of such eSun Options in full would result in the issue of 32,850,665 new eSun Shares, representing approximately 2.20% of the issued share capital of eSun as at the Latest Practicable Date and approximately 2.15% of the issued share capital of eSun as enlarged by the issue of such new eSun Shares.

In accordance with Rule 13 of the Takeovers Code, the Offeror will make (or procure to be made on its behalf) an appropriate offer to all the eSun Optionholders for the cancellation of every eSun Option, whether vested or unvested, by way of the eSun Option Offer.

Under the eSun Option Offer, the Offeror will, in accordance with Rule 13 of the Takeovers Code, offer the eSun Optionholders the eSun Option Offer Price (which is the “see-through” price, being the eSun Share Offer Price minus the exercise price of the relevant eSun Option) in cash for the cancellation of each eSun Option they hold, whether vested or unvested, provided that if the exercise price of any eSun Option is equal to or greater than the eSun Share Offer Price (such that the “see-through” price is zero or negative), the eSun Option Offer Price will be a nominal amount of HK\$0.01 for every 100 eSun Options (or, if lesser, any part thereof).

eSun Option exercise price per eSun Share (HK\$)	eSun Option Offer Price per eSun Share (unless otherwise indicated) (HK\$)	Number of eSun Options as at the Latest Practicable Date (each carrying the right to subscribe for one new eSun Share)	Exercise period of the eSun Options (dd/mm/yyyy)
0.728	0.572	1,800,000	21/01/2015 to 20/01/2025
0.920	0.380	6,216,060	05/06/2012 to 04/06/2022
1.360	0.01 for every 100 eSun Options (or, if lesser, any part thereof)	400,000	19/01/2018 to 18/01/2028
1.612	0.01 for every 100 eSun Options (or, if lesser, any part thereof)	24,434,605	18/01/2013 to 17/01/2023

LETTER FROM HSBC

Further information on the eSun Option Offer has been set out in the eSun Option Offer Letter to the eSun Optionholders, which is despatched on the same date as the despatch of this eSun Composite Document.

If any eSun Option is exercised in accordance with the terms of the relevant eSun Share Option Scheme prior to the close of the eSun Share Offer, any eSun Shares issued as a result of such exercise will be subject to the eSun Share Offer.

Pursuant to the terms of the eSun Share Option Schemes, the eSun Optionholders will be entitled to exercise the eSun Options in full (to the extent not already exercised) at any time before the close of the eSun Share Offer and any eSun Option not so exercised will lapse (following which the holder of such eSun Option will not be able to accept the eSun Option Offer in respect of such eSun Option). However, in the case of any eSun Option granted under the share option scheme adopted by eSun on 11 December 2015 (being the 400,000 eSun Options with the exercise price of HK\$1.360 per eSun Share), if, before the close of the eSun Share Offer, the Offeror becomes entitled to exercise rights of compulsory acquisition of the eSun Offer Shares and gives its notice of compulsory acquisition, such eSun Option will remain exercisable (provided that its option period has not yet expired) until one (1) month from the date of such notice and, to the extent that such eSun Option has not been so exercised, will lapse.

6. CONDITIONS TO THE eSUN OFFERS

The eSun Share Offer is subject to the fulfilment of the following Conditions:

- (a) the approval:
 - (i) by the Independent LSD Shareholders of the Offers as a very substantial acquisition of LSD; and
 - (ii) by the Non-Connected LSD Shareholders of the making of one or more of the Offers to any connected person of LSD which is a connected transaction of LSD subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules,

in each case, in accordance with the Listing Rules;

- (b) the approval:
 - (i) by the Independent LSG Shareholders of the Offers as a very substantial acquisition of LSG; and

LETTER FROM HSBC

- (ii) by the Non-Connected LSG Shareholders of the making of one or more of the Offers to any connected person of LSG which is a connected transaction of LSG subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules,

in each case, in accordance with the Listing Rules;

- (c) valid acceptances of the eSun Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the eSun Share Offer Closing Date in respect of such number of eSun Shares which, together with eSun Shares already (directly or indirectly) held or agreed to be acquired by LSD, the Offeror or their respective subsidiaries, would result in the Offeror and LSD together with their respective subsidiaries holding in aggregate more than 50% of the voting rights in eSun;
- (d) the eSun Shares remaining listed and traded on the Main Board of the Stock Exchange up to and including the eSun Share Offer Closing Date (save for any temporary suspension of trading of the eSun Shares pending any announcement in connection with the Offers) and no indication being received on or before the eSun Share Offer Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the eSun Shares on the Stock Exchange is or is likely to be withdrawn or suspended;
- (e) the Lai Fung Shares remaining listed and traded on the Main Board of the Stock Exchange up to and including the Lai Fung Share Offer Closing Date (save for any temporary suspension of trading of the Lai Fung Shares pending any announcement in connection with the Offers) and no indication being received on or before the Lai Fung Share Offer Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the Lai Fung Shares on the Stock Exchange is or is likely to be withdrawn or suspended;
- (f) no event having occurred which would make any of the Offers, the acquisition of any of the eSun Offer Shares or the cancellation of the eSun Options under the eSun Offers or the acquisition of any of the Lai Fung Offer Shares or the cancellation of the Lai Fung Options under the Lai Fung Offers void, unenforceable or illegal, would prohibit the implementation of any of the Offers or would impose any material conditions or obligations with respect to any of the Offers or their implementation in accordance with their respective terms;
- (g) all necessary consents (including consents from the relevant lenders) in connection with the Offers and/or the possible withdrawal of the listing of the eSun Shares from the Stock Exchange which may be required under any existing contractual or other obligations of eSun being obtained and remaining in effect;

LETTER FROM HSBC

- (h) no government, court or governmental, quasi-governmental, statutory or regulatory body or agency in Hong Kong, Bermuda, the Cayman Islands or any other jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make any of the Offers or their implementation in accordance with their respective terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to any of the Offers or their implementation in accordance with their respective terms);
- (i) since the Announcement Date, there having been no material adverse change in the business, assets, financial or trading position or the prospects or conditions (whether operational, legal or otherwise) of the eSun Group or the Lai Fung Group to an extent which is material in the context of the eSun Group, or, as the case may be, the Lai Fung Group, taken as a whole; and
- (j) there having, since the Announcement Date, not been instituted any, and there remaining no outstanding, litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the eSun Group or the Lai Fung Group is a party (whether as plaintiff, defendant or otherwise), and no such proceedings having, since the Announcement Date, been threatened in writing against any such member (and no investigation by any government, court or governmental, quasi-governmental, statutory or regulatory body or agency in Hong Kong, Bermuda, the Cayman Islands or any other jurisdiction against or in respect of any such member or the business carried on by any such member having, since the Announcement Date, been threatened in writing, announced or instituted or remaining outstanding against or in respect of any such member), in each case, which is material and adverse in the context of the eSun Group, or, as the case may be, the Lai Fung Group, taken as a whole or in the context of any of the Offers.

On the basis of the disclosures of interests in the LSG Shares, the LSD Shares, the eSun Shares and the Lai Fung Shares as at the Latest Practicable Date, only one connected transaction of LSD and LSG falls within paragraph (ii) of Condition (a) and Condition (b) respectively. That connected transaction is the making of the Share Offers to the Yu Shareholders.

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions (other than Conditions (a), (b) and (c)). As at the Latest Practicable Date, the Offeror was not aware of any consent required under Condition (g) from any person who is not a lender.

As at the Latest Practicable Date, only Condition (g) had been fulfilled.

The eSun Option Offer will be subject to and conditional upon the eSun Share Offer becoming or being declared unconditional in all respects.

LETTER FROM HSBC

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any of the Conditions so as to cause the eSun Offers to lapse unless the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the eSun Offers.

Pursuant to Rule 15.3 of the Takeovers Code, where the eSun Offers become or are declared unconditional (whether as to acceptances or in all respects), they should remain open for acceptances for not less than fourteen (14) days thereafter.

Except with the consent of the Executive, all Conditions must be fulfilled (or, if permissible, waived) or the eSun Offers must lapse within twenty-one (21) days of the first eSun Share Offer Closing Date or of the date the eSun Offers become or are declared unconditional as to acceptances, whichever is the later.

WARNING: The eSun Offers are subject to the Conditions being fulfilled or waived. Accordingly, the eSun Offers may or may not become unconditional. Shareholders and holders of options and other securities of and potential investors in LSG, LSD, eSun and Lai Fung should therefore exercise caution when dealing in the securities of LSG, LSD, eSun and Lai Fung. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

7. VALUE OF THE eSUN OFFERS

As at the Latest Practicable Date, there were (i) 1,491,854,598 eSun Shares in issue, of which 551,040,186 eSun Shares are held by the Offeror, (ii) 940,814,412 eSun Offer Shares and (iii) 32,850,665 eSun Options (all of which vested on their respective dates of grant) entitling the eSun Optionholders to subscribe for an aggregate of 32,850,665 eSun Shares at an exercise price ranging from HK\$0.728 to HK\$1.612 per eSun Share.

On the assumption that the number of eSun Shares will not change (whether by way of any exercise of the eSun Options or otherwise) and the number of eSun Options will not change, the value of the eSun Share Offer is approximately HK\$1,223.1 million and the total amount required to satisfy the cancellation of all eSun Options is approximately HK\$3.4 million. On this basis, in aggregate, the eSun Offers are valued at approximately HK\$1,226.5 million.

On the assumption that no further eSun Options will be granted and all of the eSun Options will be exercised before the close of the eSun Share Offer, eSun will have to issue 32,850,665 new eSun Shares, representing approximately 2.15% of the enlarged issued share capital of eSun, upon the exercise of the eSun Options. On this basis, there will be 973,665,077 eSun Offer Shares (including the new eSun Shares issued as a result of the exercise of the eSun Options) and the value of the eSun Share Offer will be approximately HK\$1,265.8 million. In this case, no amount will be payable by the Offeror under the eSun Option Offer.

LETTER FROM HSBC

8. POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF eSUN SHARES

Pursuant to Section 102(1) of the Companies Act, if the eSun Share Offer has, within four (4) months after the making of the eSun Share Offer (that is, the despatch of the eSun Composite Document), been approved (in this case, by way of accepting the eSun Share Offer) by the holders of not less than nine-tenths in value of the eSun Offer Shares, provided that such holders are not less than three-fourths in number of the holders of eSun Offer Shares, the Offeror may, at any time within two (2) months beginning with the date on which such approval is obtained, give notice of compulsory acquisition to any dissenting eSun Shareholder that it desires to acquire the eSun Shares held by such dissenting eSun Shareholder. If such notice of compulsory acquisition is given, the Offeror shall, unless the Supreme Court of Bermuda orders otherwise, be entitled and bound to acquire the eSun Shares held by the dissenting eSun Shareholders on the same terms as other eSun Shares are acquired under the eSun Share Offer. Any dissenting eSun Shareholder may apply to the Supreme Court of Bermuda to object to the proposed compulsory acquisition within one (1) month from the date on which the notice of compulsory acquisition is given.

For the avoidance of doubt, for the purposes of ascertaining whether the level of acceptances of the eSun Share Offer reaches the prescribed thresholds under Section 102(1) of the Companies Act described above, acceptances by the Offeror Concert Parties (other than LSD, the Offeror or their respective nominees or subsidiaries) will be included.

There is another right of compulsory acquisition under the Companies Act. Pursuant to Section 103(1) of the Companies Act, the holders of not less than 95% of the issued eSun Shares may give a notice of compulsory acquisition to the remaining eSun Shareholders of such holders' intention to acquire their eSun Shares. When such notice of compulsory acquisition is given, such holders will be entitled and bound to acquire the eSun Shares from the remaining eSun Shareholders. If the Offeror acquires further eSun Shares (whether pursuant to the eSun Share Offer or otherwise) such that it holds not less than 95% of the issued eSun Shares, the Offeror will be entitled to give such notice of compulsory acquisition.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise eSun by means of the eSun Share Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirements imposed by the Companies Act, acceptances of the eSun Share Offer in respect of the Disinterested eSun Shares and purchases of the Disinterested eSun Shares made by the Offeror and the Offeror Concert Parties during the period of four (4) months after the posting of the eSun Composite Document total 90% of the Disinterested eSun Shares.

If the level of acceptances of the eSun Share Offer (or the Offeror's holding of eSun Shares) reaches the prescribed thresholds under Section 102(1) (or Section 103(1)) of the Companies Act and the Offeror is allowed to do so under Rule 2.11 of the Takeovers Code, the Offeror will exercise the power of compulsory acquisition under Section 102(1) (or Section 103(1)) of the Companies Act.

LETTER FROM HSBC

Pursuant to Rule 15.6 of the Takeovers Code, since the Offeror will exercise, if it arises, the power of compulsory acquisition under the Companies Act to compulsorily acquire those eSun Shares not already acquired by LSD, the Offeror or their respective subsidiaries under the eSun Share Offer, the eSun Share Offer may not remain open for acceptance for more than four (4) months from the posting of the eSun Composite Document unless the Offeror has by that time become entitled to exercise such power of compulsory acquisition available to it under the Companies Act, in which event the Offeror must do so without delay.

If the level of acceptances of the eSun Share Offer (or the Offeror's holding of eSun Shares) reaches the prescribed thresholds under Section 102(1) (or Section 103(1)) of the Companies Act and Rule 2.11 of the Takeovers Code permits a compulsory acquisition, and if the Offeror proceeds with the exercise of such compulsory acquisition rights and the privatisation of eSun, eSun will apply for the withdrawal of listing of the eSun Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules and a suspension of dealings in the eSun Shares from the close of the eSun Share Offer up to the withdrawal of listing of eSun Shares from the Stock Exchange.

In the event that the Offeror does not effect the compulsory acquisition of the remaining eSun Offer Shares, whether by reason of the level of acceptances of the eSun Share Offer not reaching the prescribed thresholds under the Companies Act or the Takeovers Code or otherwise, the Offeror may take such steps as are necessary to ensure, or procure eSun to take such steps as are necessary to ensure, that eSun maintains an adequate public float so as to comply with the applicable requirements under the Listing Rules.

The Stock Exchange has stated that if, upon the close of the eSun Share Offer, less than the minimum prescribed percentage applicable to eSun, being 25% of the issued eSun Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the eSun Shares; or
- that there are insufficient eSun Shares in public hands to maintain an orderly market,

then the Stock Exchange will consider exercising its discretion to suspend dealings in the eSun Shares. The Offeror Directors have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the eSun Shares after the close of the eSun Offers as long as eSun remains listed on the Stock Exchange.

LETTER FROM HSBC

9. **eSUN INDEPENDENT BOARD COMMITTEE AND eSUN INDEPENDENT FINANCIAL ADVISER**

The eSun Board has established the eSun Independent Board Committee, comprising Mr. Andrew Y. Yan, Mr. Low Chee Keong, Mr. Lo Kwok Kwei, David, Mr. Alfred Donald Yap and Dr. Ng Lai Man, Carmen, to make a recommendation to the Disinterested eSun Shareholders and the eSun Optionholders as to whether the eSun Offers are, or are not, fair and reasonable and as to acceptance.

Pursuant to Rule 2.8 of the Takeovers Code, the eSun Independent Board Committee comprises all the non-executive eSun Directors who have no direct or indirect interest in the Offers other than as holders of the eSun Shares and/or the eSun Options. Madam U, a non-executive eSun Director, is also an executive director of LSG and a non-executive director of LSD, both of which are holding companies of the Offeror. Accordingly, she is regarded as being interested in the eSun Offers for the purposes of Rule 2.8 of the Takeovers Code and is not a member of the eSun Independent Board Committee. All of the other non-executive eSun Directors are members of the eSun Independent Board Committee.

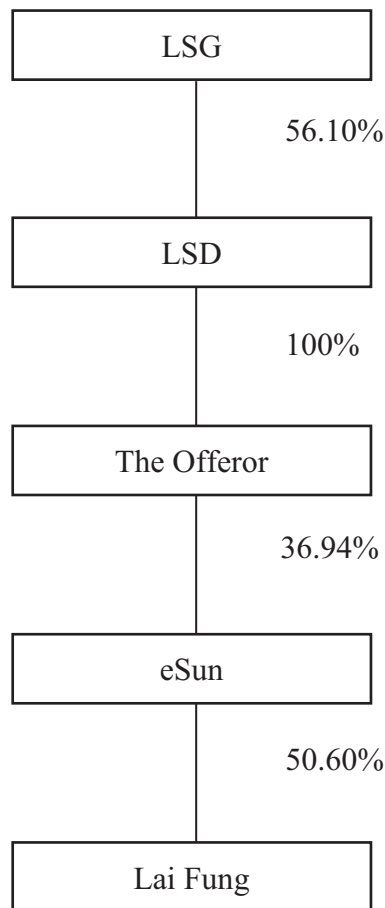
Somerley, with the approval of the eSun Independent Board Committee, has been appointed as the eSun Independent Financial Adviser to advise the eSun Independent Board Committee in connection with the eSun Offers.

LETTER FROM HSBC

10. SHAREHOLDING STRUCTURE OF eSUN

As at the Latest Practicable Date, the authorised share capital of eSun was HK\$1,250,000,000 divided into 2,500,000,000 eSun Shares and the issued share capital of eSun was HK\$745,927,299 divided into 1,491,854,598 eSun Shares. There were no other classes of shares of eSun in issue.

The following is a simplified structure chart summarising the shareholding relationship among LSG, LSD, the Offeror, eSun and Lai Fung as at the Latest Practicable Date:



The table below sets out the shareholding structure of eSun (1) as at the Latest Practicable Date and (2) immediately after completion of the eSun Offers and the Offeror's compulsory acquisition of the remaining eSun Offer Shares in the event that (a) the level of acceptances of the eSun Share Offer (or the Offeror's holding of eSun Shares) reaches the prescribed thresholds under Section 102(1) (or Section 103(1)) of the Companies Act and Rule 2.11 of the Takeovers Code and (b) the Offeror exercises rights of compulsory acquisition (on the assumption that there will be no change in the shareholding structure of eSun (whether by way of any exercise of the eSun Options or otherwise) before such completion):

LETTER FROM HSBC

	As at the Latest Practicable Date		Immediately after completion of the eSun Offers and the Offeror's compulsory acquisition of the remaining eSun Offer Shares	
	<i>No. of eSun Shares</i>	<i>As a percentage of the issued share capital of eSun</i>	<i>No. of eSun Shares</i>	<i>As a percentage of the issued share capital of eSun</i>
Offeror	551,040,186	36.94%	1,491,854,598	100%
Offeror Concert Parties, whose eSun Shares form part of the eSun Offer Shares and do not form part of the Disinterested eSun Shares:				
– Dr. Peter Lam <i>(Note 1)</i>	2,794,443	0.19%	0	0%
– Mr. Lester Lam <i>(Note 2)</i>	2,794,443	0.19%	0	0%
– Mr. FA Chew <i>(Note 3)</i>	0	0%	0	0%
– HSBC <i>(Note 4)</i>	0	0%	0	0%
Aggregate number of eSun Shares held by the Offeror and the Offeror Concert Parties	556,629,072	37.32%	1,491,854,598	100%
Holders of Disinterested eSun Shares <i>(Note 5)</i>				
– Yu Shareholders	149,080,000	9.99%	0	0%
– SAIF Partners	150,000,000	10.05%	0	0%
– Other holders of Disinterested eSun Shares	636,145,526	42.64%	0	0%
Total number of eSun Shares	1,491,854,598	100%	1,491,854,598	100%
Total number of eSun Offer Shares	940,814,412	63.06%	–	–

LETTER FROM HSBC

Notes:

1. Dr. Peter Lam, who is an Offeror Director, a deputy chairman and an executive director of LSG, the chairman and an executive director of LSD and the ultimate controlling shareholder of LSG, LSD and the Offeror, is acting in concert with the Offeror. As at the Latest Practicable Date, Dr. Peter Lam was interested in 2,794,443 eSun Shares and 1,243,212 eSun Options (other than through his interests in LSG and LSD) with the exercise price of HK\$1.612 per eSun Share and the exercise period from 18 January 2013 to 17 January 2023.
2. Mr. Lester Lam, who is an Offeror Director and an executive director of LSG and LSD, is acting in concert with the Offeror. As at the Latest Practicable Date, Mr. Lester Lam was interested in 2,794,443 eSun Shares and 12,432,121 eSun Options (other than through his interests in LSG and LSD) with the exercise price of HK\$1.612 per eSun Share and the exercise period from 18 January 2013 to 17 January 2023.
3. Mr. FA Chew, who is an Offeror Director, a deputy chairman and an executive director of LSG and the deputy chairman and an executive director of LSD, is acting in concert with the Offeror. As at the Latest Practicable Date, Mr. FA Chew was interested in 6,216,060 eSun Options (other than through his interests in LSG and LSD) with the exercise price of HK\$0.92 per eSun Share and the exercise period from 5 June 2012 to 4 June 2022.
4. HSBC is the financial adviser to LSD and the Offeror in respect of the Offers. Accordingly, HSBC and relevant members of the HSBC Group which hold eSun Shares on an own account or discretionary managed basis are presumed to be acting in concert with the Offeror in relation to eSun in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code (except in respect of eSun Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code).
5. Based on the relevant eSun Shareholders’ disclosures of interests in eSun as at the Latest Practicable Date.

The table below sets out the shareholding structure of eSun (1) as at the Latest Practicable Date; (2) as the Latest Practicable Date had all the eSun Options been exercised on or before the Latest Practicable Date; and (3) immediately after completion of the eSun Offers and the Offeror’s compulsory acquisition of the remaining eSun Offer Shares in the event that (a) the level of acceptances of the eSun Share Offer (or the Offeror’s holding of eSun Shares) reaches the prescribed thresholds under Section 102(1) (or Section 103(1)) of the Companies Act and Rule 2.11 of the Takeovers Code and (b) the Offeror exercises rights of compulsory acquisition (on the assumption that no further eSun Options will be granted after the Latest Practicable Date, that all of the eSun Options will be exercised after the Latest Practicable Date but before the close of the eSun Share Offer and that there will be no other change in the shareholding structure of eSun before such completion):

LETTER FROM HSBC

	As at the Latest Practicable Date		As the Latest Practicable Date had all the eSun Options been exercised on or before the Latest Practicable Date		Immediately after completion of the eSun Offers and the of Offeror's compulsory acquisition the remaining eSun Offer Shares	
	No. of eSun Shares	As a percentage of the issued share capital of eSun	No. of eSun Shares	As a percentage of the issued share capital of eSun	No. of eSun Shares	As a percentage of the issued share capital of eSun
Offeror	551,040,186	36.94%	551,040,186	36.14%	1,524,705,263	100%
Offeror Concert Parties, whose eSun Shares form part of the eSun Offer Shares and do not form part of the Disinterested eSun Shares:						
– Dr. Peter Lam (Note 1)	2,794,443	0.19%	4,037,655	0.26%	0	0%
– Mr. Lester Lam (Note 2)	2,794,443	0.19%	15,226,564	1.00%	0	0%
– Mr. FA Chew (Note 3)	0	0%	6,216,060	0.41%	0	0%
– HSBC (Note 4)	0	0%	0	0%	0	0%
Aggregate number of eSun Shares held by the Offeror and the Offeror Concert Parties	556,629,072	37.32%	576,520,465	37.81%	1,524,705,263	100%
Holders of Disinterested eSun Shares (Note 5)						
– Yu Shareholders	149,080,000	9.99%	149,080,000	9.78%	0	0%
– SAIF Partners	150,000,000	10.05%	150,000,000	9.84%	0	0%
– Other holders of Disinterested eSun Shares	636,145,526	42.64%	649,104,798	42.57%	0	0%
Total number of eSun Shares	1,491,854,598	100%	1,524,705,263	100%	1,524,705,263	100%
Total number of eSun Offer Shares	940,814,412	63.06%	973,665,077	63.86%	–	–

Notes:

1. Dr. Peter Lam, who is an Offeror Director, a deputy chairman and an executive director of LSG, the chairman and an executive director of LSD and the ultimate controlling shareholder of LSG, LSD and the Offeror, is acting in concert with the Offeror. As at the Latest Practicable Date, Dr. Peter Lam was interested in 2,794,443 eSun Shares and 1,243,212 eSun Options (other than through his interests in LSG and LSD) with the exercise price of HK\$1.612 per eSun Share and the exercise period from 18 January 2013 to 17 January 2023.
2. Mr. Lester Lam, who is an Offeror Director and an executive director of LSG and LSD, is acting in concert with the Offeror. As at the Latest Practicable Date, Mr. Lester Lam was interested in 2,794,443 eSun Shares and 12,432,121 eSun Options (other than through his interests in LSG and LSD) with the exercise price of HK\$1.612 per eSun Share and the exercise period from 18 January 2013 to 17 January 2023.

LETTER FROM HSBC

3. Mr. FA Chew, who is an Offeror Director, a deputy chairman and an executive director of LSG and the deputy chairman and an executive director of LSD, is acting in concert with the Offeror. As at the Latest Practicable Date, Mr. FA Chew was interested in 6,216,060 eSun Options (other than through his interests in LSG and LSD) with the exercise price of HK\$0.92 per eSun Share and the exercise period from 5 June 2012 to 4 June 2022.
4. HSBC is the financial adviser to LSD and the Offeror in respect of the Offers. Accordingly, HSBC and relevant members of the HSBC Group which hold eSun Shares on an own account or discretionary managed basis are presumed to be acting in concert with the Offeror in relation to eSun in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code (except in respect of eSun Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code).
5. Based on the relevant eSun Shareholders’ disclosures of interests in eSun as at the Latest Practicable Date.

11. EFFECT OF ACCEPTING THE eSUN SHARE OFFER

The eSun Share Offer will be subject to the term that acceptance of the eSun Share Offer by any person will constitute a warranty by such person to the Offeror that the eSun Shares sold by such person under the eSun Share Offer are sold free from all Encumbrances and together with all rights attaching to them as at the eSun Share Offer Closing Date or subsequently becoming attached to them, including the right to receive all dividends and distributions, if any, declared, made or paid on or after the date of the eSun Share Offer Closing Date.

12. HONG KONG STAMP DUTY

Seller’s ad valorem stamp duty at a rate of 0.1% of the market value of the eSun Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the eSun Share Offer, whichever is higher (rounded up to the nearest HK\$1.00), will be deducted from the amount payable to the relevant eSun Offer Shareholder on acceptance of the eSun Share Offer. The Offeror will bear its own portion of buyer’s ad valorem stamp duty at the rate of 0.1% of the market value of the eSun Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the eSun Share Offer, whichever is higher (rounded up to the nearest HK\$1.00) and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the eSun Shares which are validly tendered for acceptance under the eSun Share Offer.

No stamp duty is payable on the cancellation of any eSun Option.

LETTER FROM HSBC

13. OVERSEAS eSUN SHAREHOLDERS AND eSUN OPTIONHOLDERS

The making of the eSun Offers to eSun Shareholders or, as the case may be, eSun Optionholders who, in either case, are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws or regulations of the relevant jurisdictions. The making of the eSun Offers to such eSun Shareholders and eSun Optionholders and their acceptances of the eSun Offers may be prohibited or affected by the laws or regulations of the relevant jurisdictions and it is the responsibility of each of such eSun Shareholders and eSun Optionholders who wishes to accept the eSun Offers to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including any requirement for any governmental, exchange control or other consents, any filing and registration requirements, any necessary formalities, any legal or regulatory requirements and any requirement for the payment by the accepting eSun Shareholders or, as the case may be, eSun Optionholders of any transfer or other taxes in respect of their acceptances.

Any acceptance of the eSun Offers by any eSun Shareholder or eSun Optionholder will be deemed to constitute a representation and warranty from such eSun Shareholder or, as the case may be, eSun Optionholder to the Offeror and eSun that all the laws and regulations of the relevant jurisdictions have been complied with and that the eSun Share Offer can be accepted by such eSun Shareholder, or, as the case may be, the eSun Option Offer can be accepted by such eSun Optionholder, lawfully under the laws and regulations of the relevant jurisdictions. eSun Shareholders and eSun Optionholders should consult their professional advisers if in doubt.

14. SETTLEMENT OF CONSIDERATION

Settlement of the consideration in respect of an acceptance of the eSun Offers will be made as soon as possible and in any event within seven (7) Business Days of (i) the date of receipt of the complete and valid acceptance or (ii) the date on which the eSun Offers become or are declared unconditional in all respects, whichever is the later.

15. DEALINGS AND INTERESTS IN eSUN SHARES AND DERIVATIVES OF eSUN

As at the Latest Practicable Date, the Offeror and the Offeror Concert Parties held 556,629,072 eSun Shares in aggregate, representing approximately 37.32% of the total issued share capital of eSun. (Please refer to section 10 “Shareholding structure of eSun” in this “Letter from HSBC”.)

LETTER FROM HSBC

As at the Latest Practicable Date, the following Offeror Concert Parties held eSun Options:

Name	Relationship with the Offeror	Number of eSun Options
Dr. Peter Lam	Offeror Director, a deputy chairman and an executive director of LSG, the chairman and an executive director of LSD and the ultimate controlling shareholder of LSG, LSD and the Offeror	1,243,212
Mr. Lester Lam	Offeror Director, an executive director of LSG and LSD and Dr. Peter Lam's son	12,432,121
Mr. FA Chew	Offeror Director, a deputy chairman and an executive director of LSG and the deputy chairman and an executive director of LSD	6,216,060

Save as aforesaid, as at the Latest Practicable Date, neither the Offeror nor the Offeror Concert Parties held, controlled or had direction over any eSun Shares or held any convertible securities, warrants, options or derivatives in respect of the eSun Shares.

16. INFORMATION ON LSD AND THE OFFEROR

LSD is a company incorporated in Hong Kong with limited liability. The LSD Group is principally engaged in property investment, property development, investment in and operation of hotels and restaurants and investment holding.

The Offeror is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of LSD. The Offeror is engaged in investment holding.

As at the Latest Practicable Date, (i) LSG was interested in 56.10% of the issued share capital of LSD and (ii) Dr. Peter Lam was interested in 41.87% of the issued share capital of LSG.

17. REASONS FOR AND BENEFITS OF THE eSUN OFFERS

The following sets out the Offeror's reasons for the eSun Offers, the benefits of the eSun Offers for the holders of the eSun Offer Shares and for eSun (as considered by the Offeror) and the benefits of the Offers for LSD:

LETTER FROM HSBC

For holders of the eSun Offer Shares

An opportunity to monetise eSun Shares without adversely affecting the market price

In light of the low liquidity of eSun Shares (an average of approximately 1.1 million shares or 0.07% of the total issued share capital of eSun per day during the one-year period ended on and including the Last Trading Date), it would be difficult for a significant number of the eSun Offer Shares to be sold in the market without adversely affecting the market price of eSun Shares. The eSun Share Offer affords the holders of eSun Offer Shares the opportunity to realise their investments in eSun without such difficulty.

For eSun

The making of the eSun Offers affirms LSD's confidence in and commitment to the eSun Group

As disclosed above, if the Offeror is permitted to do so under the Companies Act and the Takeovers Code, the Offeror will exercise the power of compulsory acquisition under Section 102(1) or Section 103(1) of the Companies Act, following which eSun will be delisted and become a wholly-owned subsidiary of LSD. This would enable eSun to enjoy cost savings through dispensing with the costs associated with compliance with eSun's obligations as a listed company and maintaining the listing of eSun and allow it to focus more of its resources on business operations.

For LSD

(a) An opportunity to increase shareholding in the eSun Group

LSD is confident in the long term prospects of the eSun Group's business. The eSun Group leverages its experience in the entertainment market and optimises income from its film, TV, live entertainment, artiste management, music businesses and cinema operations through exploring strategic alliances and investment opportunities to enrich its business portfolio in the PRC. The eSun Group also owns 50.60% stake in the Lai Fung Group, which has been a long term participant with a regional focus in the PRC property market. Lai Fung's rental portfolio, primarily in Shanghai and Guangzhou, delivered steady performance in rental income and the Lai Fung Group has a number of projects under development in Shanghai, Guangzhou, Zhongshan and Hengqin. LSD intends to increase its interests in the eSun Group on terms it considers to be in the long term interests of the LSD Shareholders. The eSun Share Offer Price represents a discount of approximately 80.2% to the unaudited consolidated net asset value attributable to owners per eSun Share of approximately HK\$6.56 as at 31 January 2018, based on the total number of issued eSun Shares as at 31 January 2018.

LETTER FROM HSBC

(b) Financial effect of the consolidation of the eSun Group on LSD

If the eSun Share Offer becomes unconditional, it will result in the consolidation of the financial results of eSun Group (which is currently accounted for in the financial statements of LSD as an associate) in the financial statements of LSD. Had the eSun Share Offer been completed on 1 August 2016 (being the commencement date of the most recently completed financial year of LSD), this would have resulted in a gain for LSD on a pro forma basis for the financial year ended 31 July 2017.

As disclosed above, in the event that eSun is delisted, eSun would be able to enjoy cost savings through dispensing with the costs associated with compliance with eSun's obligations as a listed company and maintaining the listing of eSun. Such cost savings would also positively impact the financial statements of LSD.

(c) Streamlined corporate structure in the event that eSun is delisted

As disclosed above, if the Offeror is permitted to do so under the Companies Act and the Takeovers Code, the Offeror will exercise the power of compulsory acquisition under Section 102(1) or Section 103(1) of the Companies Act, following which eSun will be delisted and become a wholly-owned subsidiary of LSD. This would enable LSD to streamline its corporate structure further.

18. INTENTIONS OF LSD WITH REGARD TO THE eSUN GROUP

LSD intends to continue with the existing businesses of the eSun Group upon completion of the Offers. LSD intends to maintain eSun's established and integrated media platform with an aim to provide competitive products and to enhance its market position through exploring strategic alliances and investment opportunities to enrich its business portfolio and broaden its income stream. LSD also intends to continue with Lai Fung's regional focus and rental-led strategy and to focus on property projects in Shanghai, Guangzhou, Zhongshan and Hengqin. Subject to market conditions, LSD may potentially explore various opportunities to further develop the existing businesses of the eSun Group. LSD may also from time to time consider the need to fund such further development by debt and/or equity financing by the eSun Group, subject to the eSun Group's business needs and prevailing market conditions. LSD does not currently intend to introduce major changes to the business of eSun (including any redeployment of the fixed assets of eSun) save for those changes which LSD may from time to time implement following the review of its strategic options relating to the business, structure and/or direction of the eSun Group.

It is also the current intention of LSD that the employment of the existing employees of the eSun Group and the directorship of the existing directors of the eSun Group will be continued following completion of the Offers except for changes which may occur in the ordinary course of business.

LETTER FROM HSBC

19. CONFIRMATION OF FINANCIAL RESOURCES

The Offeror intends to finance the cash required for the eSun Offers from existing internal cash resources and/or external debt financing (being facilities (i) arranged by Australia and New Zealand Banking Group Limited, Bank of China (Hong Kong) Limited, Bank of Communications Co., Ltd. Hong Kong Branch, Bank of East Asia, BNP Paribas, Cathay United Bank Company Limited, Hong Kong Branch, China Construction Bank (Asia) Corporation Limited, Chiyu Banking Corporation Limited, DBS Bank Ltd., Fubon Financial Holding Co., Ltd., Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Industrial and Commercial Bank of China (Asia) Limited, Nanyang Commercial Bank, Limited, Oversea-Chinese Banking Corporation Limited, Shanghai Commercial Bank Ltd., Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Standard Chartered Bank (Hong Kong) Limited and United Overseas Bank Limited and (ii) granted by Hang Seng Bank Limited) of the LSD Group.

The Offeror and LSD do not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) under such external debt financing will depend to any significant extent on the business of the eSun Group.

HSBC, being the financial adviser to LSD and the Offeror in respect of the eSun Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the eSun Offers in accordance with their respective terms.

20. TAXATION AND INDEPENDENT ADVICE

eSun Shareholders and eSun Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the eSun Offers. It is emphasised that none of LSG, LSD, the Offeror, eSun, Lai Fung or HSBC, nor any of their respective directors, officers or associates or any other person involved in the eSun Offers, accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their accepting or not accepting the eSun Offers.

21. FURTHER TERMS OF THE eSUN OFFERS

The eSun Offers are subject to the Conditions. If Conditions (a), (b) and/or (c) are not satisfied on or before the eSun Share Offer Closing Date, the eSun Offers will lapse. If any other Conditions are not satisfied or waived on or before the eSun Share Offer Closing Date, the eSun Offers may lapse. The Offeror will issue an announcement stating whether the eSun Offers have been revised or extended, have expired or have become or been declared unconditional (and, in such case, whether as to acceptances or in all respects), by 7:00 p.m. on the eSun Share Offer Closing Date in accordance with the Takeovers Code. The latest time on which the Offeror can declare the eSun Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of this eSun Composite Document (or such later date to which the Executive may consent).

LETTER FROM HSBC

If all the Conditions are satisfied (or waived, as applicable), the eSun Offer Shareholders and the eSun Optionholders will be notified by way of an announcement in accordance with the Takeovers Code and the Listing Rules as soon as practicable thereafter.

Please see “Appendix I — Further Terms of the eSun Offers” to this eSun Composite Document for further terms of the eSun Offers.

22. THE LAI FUNG SHARE OFFER

As at the Latest Practicable Date, the Offeror held 36.94% of the voting rights in eSun, which held 50.60% of the voting rights in Lai Fung. If the eSun Share Offer becomes or is declared unconditional in all respects, LSD, the Offeror and their respective subsidiaries will together hold more than 50% of the voting rights in eSun upon completion of the eSun Share Offer. Pursuant to the chain principle in Note 8 to Rule 26.1 of the Takeovers Code, the Offeror will then be required to make (or procure to be made on its behalf) an unconditional mandatory general cash offer to acquire all of the Lai Fung Shares not already owned or agreed to be acquired by LSD, the Offeror, eSun or their respective subsidiaries. For the avoidance of doubt, the Lai Fung Offer Shares include Lai Fung Shares which are owned by the Offeror Concert Parties (other than those already owned or agreed to be acquired by LSD, the Offeror, eSun or their respective subsidiaries).

If the eSun Share Offer becomes or is declared unconditional in all respects, pursuant to the chain principle in Note 8 to Rule 26.1 of the Takeovers Code, the Offeror will make (or procure to be made on its behalf) the Lai Fung Share Offer in compliance with the Takeovers Code on the basis set out below.

For each Lai Fung Offer Share.....HK\$5.22 in cash

23. THE LAI FUNG OPTION OFFER AND THE LAI FUNG OPTION OFFER PRICE

In accordance with Rule 13 of the Takeovers Code, when the Lai Fung Share Offer is made (if it is made at all), the Offeror will make (or procure to be made on its behalf) an appropriate offer to all the Lai Fung Optionholders for the cancellation of every Lai Fung Option, whether vested or unvested, by way of the Lai Fung Option Offer.

Under the Lai Fung Option Offer, the Offeror will, in accordance with Rule 13 of the Takeovers Code, offer the Lai Fung Optionholders the Lai Fung Option Offer Price (which is the “see-through” price, being the Lai Fung Share Offer Price minus the exercise price of the relevant Lai Fung Option) in cash for the cancellation of each Lai Fung Option they hold, whether vested or unvested, provided that if the exercise price of any Lai Fung Option is equal to or greater than the Lai Fung Share Offer Price (such that the “see-through” price is zero or negative), the Lai Fung Option Offer Price will be a nominal amount of HK\$0.01 for every 100 Lai Fung Options (or, if lesser, any part thereof).

LETTER FROM HSBC

Further information on the Lai Fung Option Offer will be set out in a letter to the Lai Fung Optionholders, which will be despatched at or around the same time as the despatch of the Lai Fung Composite Document.

24. CONDITIONS TO THE LAI FUNG OFFERS

The Lai Fung Offers will only be triggered upon the eSun Share Offer becoming unconditional or being declared unconditional in all respects. Accordingly, the Lai Fung Offers are subject to the pre-condition of the eSun Share Offer becoming or being declared unconditional in all respects.

For the conditions to the eSun Offers, please refer to section 6 “Conditions to the eSun Offers” above.

25. LAI FUNG COMPOSITE DOCUMENT

The Lai Fung Composite Document containing, among other things, (i) further terms and details of the Lai Fung Offers; (ii) the recommendations from the Lai Fung Independent Board Committee with respect to the Lai Fung Offers; and (iii) the advice of the independent financial adviser to the Lai Fung Independent Board Committee, and enclosing the forms of acceptance will be despatched to the Lai Fung Shareholders and the Lai Fung Optionholders within seven days of the eSun Share Offer becoming or being declared unconditional in all respects, or on 28 September 2018, whichever is the earlier (unless otherwise revised or extended with the consent of the Executive). A letter containing the details of the Lai Fung Option Offer will also be despatched to the Lai Fung Optionholders at or around the same time as the despatch of the Lai Fung Composite Document.

26. LISTING RULES IMPLICATIONS OF THE OFFERS FOR LSD

As the highest applicable percentage ratio for LSD in respect of the Offers exceeds 100%, the Offers constitute a very substantial acquisition for LSD under Chapter 14 of the Listing Rules and are subject to approval by the Independent LSD Shareholders.

The making of the Offers constitutes a number of connected transactions for LSD under Chapter 14A of the Listing Rules, one of which is subject to approval by the Non-Connected LSD Shareholders.

A circular containing, amongst other things, details of the Offers and the notice of general meeting of LSD to be held on Wednesday, 8 August 2018 to consider, and if thought fit, to approve (by way of separate resolutions) (a) the Offers as a very substantial acquisition and (b) the making of the Share Offers to the Yu Shareholders as a connected transaction subject to the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules is being despatched to the LSD Shareholders on 23 July 2018.

LETTER FROM HSBC

27. LISTING RULES IMPLICATIONS OF THE OFFERS FOR LSG

As the highest applicable percentage ratio for LSG in respect of the Offers exceeds 100%, the Offers constitute a very substantial acquisition for LSG under Chapter 14 of the Listing Rules and are subject to approval by the Independent LSG Shareholders.

The making of the Offers constitutes a number of connected transactions for LSG under Chapter 14A of the Listing Rules, one of which is subject to approval by the Non-Connected LSG Shareholders.

A circular containing, amongst other things, details of the Offers and the notice of general meeting of LSG to be held on Wednesday, 8 August 2018 to consider, and if thought fit, to approve (by way of separate resolutions) (a) the Offers as a very substantial acquisition and (b) the making of the Share Offers to the Yu Shareholders as a connected transaction subject to the independent shareholders' approval requirements under Chapter 14A of the Listing Rules is being despatched to the LSG Shareholders on 23 July 2018.

28. GENERAL

To ensure equality of treatment of all eSun Offer Shareholders, those eSun Offer Shareholders who hold the eSun Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the eSun Offer Shares whose investments are registered in nominee names to accept the eSun Share Offer, it is essential that they provide instructions of their intentions with regard to the eSun Share Offer to their nominees.

All documents and cheques for payment to the eSun Offer Shareholders who accept the eSun Share Offer will be sent to them by ordinary post at their own risk to their addresses as they appear in the register of members of eSun or, in the case of joint eSun Offer Shareholders, to the eSun Offer Shareholder whose name appears first in the register of members of eSun, as applicable.

All documents to the eSun Optionholders and cheques for payment in respect of the eSun Options surrendered for cancellation will be delivered to the office of eSun in Hong Kong at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong for collection by the eSun Optionholders. None of LSG, LSD, the Offeror, eSun, Lai Fung, HSBC nor any of their respective directors or any other person involved in the eSun Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

LETTER FROM HSBC

29. ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from the eSun Board”, the “Letter from the eSun Independent Board Committee”, the “Letter from eSun Independent Financial Adviser”, the accompanying eSun Form(s) of Acceptance and the additional information set out in the appendices which form part of this eSun Composite Document.

Yours faithfully,
For and on behalf of
The Hongkong and Shanghai Banking Corporation Limited
Che Ning Liu
Co-Head of Global Banking, Asia-Pacific

LETTER FROM THE eSUN BOARD



eSun Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 571)

Executive Directors:

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

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

Madam U Po Chu
Mr. Andrew Y. Yan

*Head Office and Principal Place
of Business:*

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

Independent Non-executive Directors:

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

23 July 2018

*To the eSun Shareholders and
the eSun Optionholders*

Dear Sir or Madam,

**CONDITIONAL VOLUNTARY GENERAL CASH OFFER BY
HSBC ON BEHALF OF THE OFFEROR, A WHOLLY-OWNED
SUBSIDIARY OF LSD, TO ACQUIRE ALL OF THE ISSUED
SHARES OF eSUN (OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY LSD, THE OFFEROR OR THEIR
RESPECTIVE SUBSIDIARIES) AND TO CANCEL ALL
THE OUTSTANDING SHARE OPTIONS OF eSUN**

LETTER FROM THE eSUN BOARD

1. INTRODUCTION

Reference is made to the Joint Announcement dated 27 May 2018 published by LSG, LSD, the Offeror, eSun and Lai Fung in respect of, among others, (1) a conditional voluntary general cash offer by HSBC on behalf of the Offeror, a wholly-owned subsidiary of LSD, to acquire all of the issued shares of eSun (other than those already owned or agreed to be acquired by LSD, the Offeror or their respective subsidiaries) and to cancel all the outstanding share options of eSun and (2) the possible unconditional mandatory general cash offer by HSBC on behalf of the Offeror, a wholly-owned subsidiary of LSD, to acquire all of the issued shares of Lai Fung (other than those already owned or agreed to be acquired by LSD, the Offeror, eSun or their respective subsidiaries) and to cancel all the outstanding share options of Lai Fung.

The purpose of the eSun Composite Document (of which this letter forms part) is to provide you with, among other things: (i) information relating to the eSun Group, LSG, LSD, the Offeror and the eSun Offers; (ii) a letter from HSBC containing, among other things, details of the eSun Offers; (iii) a letter from the eSun Independent Board Committee containing its recommendations to the Disinterested eSun Shareholders and the eSun Optionholders in relation to the eSun Offers; and (iv) a letter from the eSun Independent Financial Adviser containing its advice and recommendations to the eSun Independent Board Committee in relation to the eSun Offers.

2. eSUN INDEPENDENT BOARD COMMITTEE AND eSUN INDEPENDENT FINANCIAL ADVISER

The eSun Board has established the eSun Independent Board Committee, comprising Mr. Andrew Y. Yan, Mr. Low Chee Keong, Mr. Lo Kwok Kwei, David, Mr. Alfred Donald Yap and Dr. Ng Lai Man, Carmen, to make a recommendation to the Disinterested eSun Shareholders and the eSun Optionholders as to whether the eSun Offers are, or are not, fair and reasonable and as to acceptance.

Pursuant to Rule 2.8 of the Takeovers Code, the eSun Independent Board Committee comprises all the non-executive eSun Directors who have no direct or indirect interest in the eSun Offers other than as holders of the eSun Shares and/or the eSun Options. Madam U, a non-executive eSun Director, is also an executive director of LSG and a non-executive director of LSD, both of which are holding companies of the Offeror. Accordingly, she is regarded as being interested in the eSun Offers for the purposes of Rule 2.8 of the Takeovers Code and is not a member of the eSun Independent Board Committee. All of the other non-executive eSun Directors are members of the eSun Independent Board Committee.

Somerley, with the approval of the eSun Independent Board Committee, has been appointed as the eSun Independent Financial Adviser to advise the eSun Independent Board Committee in connection with the eSun Offers.

LETTER FROM THE eSUN BOARD

3. THE eSUN OFFERS

As disclosed in the “Letter from HSBC” in this eSun Composite Document, HSBC, on behalf of the Offeror, is making the eSun Offers on the following basis:

eSun Share Offer:

For each eSun Offer Share HK\$1.30 in cash

eSun Option Offer:

Under the eSun Option Offer, the Offeror will, in accordance with Rule 13 of the Takeovers Code, offer the eSun Optionholders the eSun Option Offer Price (which is the “see-through” price, being the eSun Share Offer Price minus the exercise price of the relevant eSun Option) in cash for the cancellation of each eSun Option they hold, whether vested or unvested, provided that if the exercise price of any eSun Option is equal to or greater than the eSun Share Offer Price (such that the “see-through” price is zero or negative), the eSun Option Offer Price will be a nominal amount of HK\$0.01 for every 100 eSun Options (or, if lesser, any part thereof).

eSun Option exercise price per eSun Share (HK\$)	eSun Option Offer Price per eSun Share (unless otherwise indicated) (HK\$)	Number of eSun Options as at the Latest Practicable Date (each carrying the right to subscribe for one new eSun Share)	Exercise period of the eSun Options (dd/mm/yyyy)
0.728	0.572	1,800,000	21/01/2015 to 20/01/2025
0.920	0.380	6,216,060	05/06/2012 to 04/06/2022
1.360	0.01 for every 100 eSun Options (or, if lesser, any part thereof)	400,000	19/01/2018 to 18/01/2028
1.612	0.01 for every 100 eSun Options (or, if lesser, any part thereof)	24,434,605	18/01/2013 to 17/01/2023

Further details of the eSun Offers can be found in the “Letter from HSBC” and “Appendix I — Further Terms of the eSun Offers” to this eSun Composite Document and the accompanying eSun Forms of Acceptance, which together set out the terms and conditions of the eSun Offers and certain related information.

LETTER FROM THE eSUN BOARD

4. VALUE OF THE eSUN OFFERS

Your attention is drawn to the section headed “Value of the eSun Offers” in the “Letter from HSBC” in this eSun Composite Document which sets out the value of the eSun Offers.

5. CONDITIONS TO THE eSUN OFFERS

Your attention is drawn to the section headed “Conditions to the eSun Offers” in the “Letter from HSBC” in this eSun Composite Document which sets out the Conditions to the eSun Offers.

6. REASONS FOR AND BENEFITS OF THE eSUN OFFERS

Your attention is drawn to the section headed “Reasons for and benefits of the eSun Offers” in the “Letter from HSBC” in this eSun Composite Document which sets out the reasons for and benefits of the eSun Offers for, among others, the holders of the eSun Offer Shares and for eSun (as considered by the Offeror).

7. INTENTIONS OF LSD WITH REGARD TO THE eSUN GROUP

Your attention is drawn to the section headed “Intentions of LSD with regard to the eSun Group” in the “Letter from HSBC” in this eSun Composite Document which sets out the intentions of LSD with regard to the eSun Group.

The eSun Board is aware of and welcomes LSD’s intentions as set out in the section headed “Intentions of LSD with regard to the eSun Group” in the “Letter from HSBC” in this eSun Composite Document LSD that, among others, (i) the existing businesses of the eSun Group shall be continued upon completion of the eSun Offers and (ii) the employment of the existing employees of the eSun Group and the directorship of the existing directors of the eSun Group will be continued following completion of the eSun Offers except for changes which may occur in the ordinary course of business, and is willing to render reasonable cooperation with the Offeror and will continue to act in the best interests of the eSun Group and the eSun Shareholders as a whole.

8. INFORMATION ON LSD AND THE OFFEROR

Your attention is drawn to the sections headed “Information on LSD and the Offeror” in the “Letter from HSBC” in this eSun Composite Document for information on LSD and the Offeror.

LETTER FROM THE eSUN BOARD

9. INFORMATION ON THE eSUN GROUP

eSun is a company incorporated in Bermuda with limited liability. The eSun Group is principally engaged in the development, operation of and investment in media and entertainment, music production and distribution, the investment in and production and distribution of television programmes, film and video format products, cinema operations, property development for sale and property investment for rental purposes as well as the development and operation of and investment in cultural, leisure, entertainment and related facilities.

As at the Latest Practicable Date, Lai Fung and MAGHL are owned as to 50.60% and 67.56% by eSun respectively. The principal business activities of the Lai Fung Group include property development for sale and property investment for rental in the PRC. The principal business activities of the MAGHL Group include film production and distribution; organisation, management and production of concerts and live performances; artiste management; production and distribution of television drama series; music production and publishing; licensing in media contents; provision of consultancy services in planning and management of cultural, entertainment and live performance projects.

Your attention is also drawn to the financial information of the eSun Group set out in “Appendix II — Financial Information of the eSun Group”, the property valuation of the eSun Group set out in “Appendix III — Property Valuation of the eSun Group” and general information of eSun set out in “Appendix V — General Information of eSun” to this eSun Composite Document.

10. POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING

Pursuant to Section 102(1) of the Companies Act, if the eSun Share Offer has, within four (4) months after the making of the eSun Share Offer (that is, the despatch of this eSun Composite Document), been approved (in this case, by way of accepting the eSun Share Offer) by the holders of not less than nine-tenths in value of the eSun Offer Shares, provided that such holders are not less than three-fourths in number of the holders of eSun Offer Shares, the Offeror may, at any time within two (2) months beginning with the date on which such approval is obtained, give notice of compulsory acquisition to any dissenting eSun Shareholder that it desires to acquire the eSun Shares held by such dissenting eSun Shareholder. If such notice of compulsory acquisition is given, the Offeror shall, unless the Supreme Court of Bermuda orders otherwise, be entitled and bound to acquire the eSun Shares held by the dissenting eSun Shareholders on the same terms as other eSun Shares are acquired under the eSun Share Offer. Any dissenting eSun Shareholder may apply to the Supreme Court of Bermuda to object to the proposed compulsory acquisition within one (1) month from the date on which the notice of compulsory acquisition is given.

For the avoidance of doubt, for the purposes of ascertaining whether the level of acceptances of the eSun Share Offer reaches the prescribed thresholds under Section 102(1) of the Companies Act described above, acceptances by the Offeror Concert Parties (other than LSD, the Offeror or their respective nominees or subsidiaries) will be included.

LETTER FROM THE eSUN BOARD

There is another right of compulsory acquisition under the Companies Act. Pursuant to Section 103(1) of the Companies Act, the holders of not less than 95% of the issued eSun Shares may give a notice of compulsory acquisition to the remaining eSun Shareholders of such holders' intention to acquire their eSun Shares. When such notice of compulsory acquisition is given, such holders will be entitled and bound to acquire the eSun Shares from the remaining eSun Shareholders. If the Offeror acquires further eSun Shares (whether pursuant to the eSun Share Offer or otherwise) such that it holds not less than 95% of the issued eSun Shares, the Offeror will be entitled to give such notice of compulsory acquisition.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise eSun by means of the eSun Share Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirements imposed by the Companies Act, acceptances of the eSun Share Offer in respect of the Disinterested eSun Shares and purchases of the Disinterested eSun Shares made by the Offeror and the Offeror Concert Parties during the period of four (4) months after the posting of this eSun Composite Document total 90% of the Disinterested eSun Shares.

If the level of acceptances of the eSun Share Offer (or the Offeror's holding of eSun Shares) reaches the prescribed thresholds under Section 102(1) (or Section 103(1)) of the Companies Act and the Offeror is allowed to do so under Rule 2.11 of the Takeovers Code, the Offeror will exercise the power of compulsory acquisition under Section 102(1) (or Section 103(1)) of the Companies Act.

Pursuant to Rule 15.6 of the Takeovers Code, since the Offeror will exercise, if it arises, the power of compulsory acquisition under the Companies Act to compulsorily acquire those eSun Shares not already acquired by LSD, the Offeror or their respective subsidiaries under the eSun Share Offer, the eSun Share Offer may not remain open for acceptance for more than four (4) months from the posting of this eSun Composite Document unless the Offeror has by that time become entitled to exercise such power of compulsory acquisition available to it under the Companies Act, in which event the Offeror must do so without delay.

If the level of acceptances of the eSun Share Offer (or the Offeror's holding of eSun Shares) reaches the prescribed thresholds under Section 102(1) (or Section 103(1)) of the Companies Act and Rule 2.11 of the Takeovers Code permits a compulsory acquisition, and if the Offeror proceeds with the exercise of such compulsory acquisition rights and the privatisation of eSun, eSun will apply for the withdrawal of listing of the eSun Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules and a suspension of dealings in the eSun Shares from the close of the eSun Share Offer up to the withdrawal of listing of eSun Shares from the Stock Exchange.

In the event that the Offeror does not effect the compulsory acquisition of the remaining eSun Offer Shares, whether by reason of the level of acceptances of the eSun Share Offer not reaching the prescribed thresholds under the Companies Act or the Takeovers Code or otherwise, the Offeror may take such steps as are necessary to ensure, or procure eSun to take such steps as are necessary to ensure, that eSun maintains an adequate public float so as to comply with the applicable requirements under the Listing Rules.

LETTER FROM THE eSUN BOARD

The Stock Exchange has stated that if, upon the close of the eSun Share Offer, less than the minimum prescribed percentage applicable to eSun, being 25% of the issued eSun Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the eSun Shares; or
- that there are insufficient eSun Shares in public hands to maintain an orderly market,

then the Stock Exchange will consider exercising its discretion to suspend dealings in the eSun Shares. The Offeror Directors have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the eSun Shares after the close of the eSun Offers as long as eSun remains listed on the Stock Exchange.

11. ADDITIONAL INFORMATION

You are advised to read the “Letter from HSBC”, “Appendix I — Further Terms of the eSun Offers” to this eSun Composite Document and the accompanying eSun Forms of Acceptance for information relating to the eSun Offers, the acceptance and settlement procedures of the eSun Offers, the making of the eSun Offers to the overseas eSun Offer Shareholders and the overseas eSun Optionholders and taxation. Your attention is also drawn to the additional information contained in the appendices to this eSun Composite Document.

12. RECOMMENDATIONS

Your attention is also drawn to the letter from the eSun Independent Board Committee addressed to the Disinterested eSun Shareholders and the eSun Optionholders, the full text of which is set out on pages 44 to 46 of this eSun Composite Document, and the letter from the eSun Independent Financial Adviser addressed to the eSun Independent Board Committee, the full text of which is set out on pages 47 to 85 of this eSun Composite Document. You are advised to read both letters and the other information contained in this eSun Composite Document carefully before taking any action in respect of the eSun Offers.

The eSun Offer Shareholders and the eSun Optionholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the eSun Offers.

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



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

23 July 2018

*To the Disinterested eSun Shareholders
and the eSun Optionholders*

Dear Sir or Madam,

**CONDITIONAL VOLUNTARY GENERAL CASH OFFER BY HSBC
ON BEHALF OF THE OFFEROR, A WHOLLY-OWNED SUBSIDIARY
OF LSD, TO ACQUIRE ALL OF THE ISSUED SHARES OF eSUN
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY LSD, THE OFFEROR OR THEIR RESPECTIVE
SUBSIDIARIES) AND TO CANCEL ALL THE OUTSTANDING
SHARE OPTIONS OF eSUN**

INTRODUCTION

We refer to the eSun Composite Document dated 23 July 2018 issued jointly by LSD, the Offeror and eSun of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as those defined in the eSun Composite Document.

We have been appointed by the eSun Board to form the eSun Independent Board Committee to make recommendations to you as to whether, in our opinion, the terms of the eSun Offers are fair and reasonable so far as the Disinterested eSun Shareholders and the eSun Optionholders are concerned and as to acceptances of the eSun Offers.

We, being the members of the eSun Independent Board Committee, have declared that we are independent and do not have any conflict of interest in respect of the eSun Offers and are therefore able to consider the terms of the eSun Offers and to make recommendations to the Disinterested eSun Shareholders and the eSun Optionholders. Pursuant to Rule 2.8 of the Takeovers Code, the eSun Independent Board Committee comprises all the non-executive eSun Directors who have no direct or indirect interest in the Offers other than as holders of the eSun Shares and/or the eSun Options. Madam U, a non-executive eSun Director, is also an executive director of LSG and a non-executive director of LSD, both of which are holding companies of the Offeror. Accordingly, she is regarded as being interested in the eSun Offers for the purposes of Rule 2.8 of the Takeovers Code and is not a member of the eSun Independent Board Committee. Mr. Andrew Y. Yan (“**Mr. Andrew Yan**”), a non-executive eSun Director, is deemed to be interested in 150,000,000 eSun Shares owned by

LETTER FROM THE eSUN INDEPENDENT BOARD COMMITTEE

SAIF Partners IV LP, as the said limited partnership is indirectly controlled by Mr. Andrew Yan as a director and the sole shareholder of SAIF IV GP Capital Limited, which is the sole general partner of SAIF IV GP LP, which in turn is the sole general partner of SAIF Partners IV LP. As Mr. Andrew Yan has no direct or indirect interest in the Offers other than his deemed interest in eSun Shares as mentioned above for the purposes of Rule 2.8 of the Takeovers Code, he is a member of the eSun Independent Board Committee.

Somerley has been appointed, with our approval, as the eSun Independent Financial Adviser to advise and make recommendations to us as to the terms and conditions of the eSun Offers and as to acceptances of the eSun Offers. The details of its advice and recommendations and the principal factors taken into consideration in arriving at its recommendations are set out in the “Letter from the eSun Independent Financial Adviser” set out in the eSun Composite Document.

We also wish to draw your attention to the “Letter from HSBC”, the “Letter from the eSun Board” and the additional information set out in this eSun Composite Document, including the appendices to the eSun Composite Document and the accompanying eSun Forms of Acceptance.

RECOMMENDATIONS

Having taken into account the advice and recommendations of the eSun Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in the “Letter from the eSun Independent Financial Adviser”, we concur with the view of the eSun Independent Financial Adviser and consider that:

- (a) the terms of the eSun Share Offer are not fair and reasonable so far as the Disinterested eSun Shareholders are concerned, and recommend the Disinterested eSun Shareholders not to accept the eSun Share Offer; and
- (b) the terms of the eSun Option Offer are not fair and reasonable so far as the eSun Optionholders are concerned. However, given the eSun Optionholders will be entitled to exercise the eSun Options in full (to the extent not already exercised) at any time before the close of the eSun Share Offer and any eSun Option not so exercised will lapse, we recommend the eSun Optionholders who do not intend to exercise the eSun Options to accept the eSun Option Offer.

Notwithstanding that Mr. Andrew Yan concurred with our recommendations as set out above, he indicated that he intended to procure the corporations controlled by him and through which he held the 150,000,000 eSun Shares to accept the eSun Share Offer in respect of such eSun Shares, as he considered that, in light of the low liquidity of eSun Shares, it would be difficult for a significant number of the eSun Offer Shares to be disposed of in the market without adversely affecting the market price of the eSun Shares, and the eSun Share Offer provides an opportunity to realise the investment in eSun at a fixed cash price without such effect.

LETTER FROM THE eSUN INDEPENDENT BOARD COMMITTEE

Notwithstanding our recommendations, the Disinterested eSun Shareholders and the eSun Optionholders are strongly advised that their decision to realise or to hold their investment in eSun depends on their own individual circumstances and investment objectives. If in any doubt, the Disinterested eSun Shareholders and the eSun Optionholders should consult their own professional advisers for professional advice.

Yours faithfully,
The eSun Independent Board Committee
eSun Holdings Limited

Mr. Low Chee Keong
*Chairman and
Independent non-executive Director*

Mr. Andrew Y. Yan
Non-executive Director

Mr. Lo Kwok Kwei, David
*Independent non-executive
Director*

Mr. Alfred Donald Yap
*Independent non-executive
Director*

Dr. Ng Lai Man, Carmen
*Independent non-executive
Director*

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from the independent financial adviser, Somerley Capital Limited, to the eSun Independent Board Committee in relation to the eSun Offers, which has been prepared for the purpose of inclusion in this eSun Composite Document.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

23 July 2018

To: the eSun Independent Board Committee

Dear Sirs,

CONDITIONAL VOLUNTARY GENERAL CASH OFFER BY HSBC ON BEHALF OF THE OFFEROR, A WHOLLY-OWNED SUBSIDIARY OF LSD, TO ACQUIRE ALL OF THE ISSUED SHARES OF eSUN (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY LSD, THE OFFEROR OR THEIR RESPECTIVE SUBSIDIARIES) AND TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF eSUN

INTRODUCTION

We refer to our appointment as the eSun Independent Financial Adviser to advise the eSun Independent Board Committee in connection with the conditional voluntary general cash offer by HSBC on behalf of the Offeror, a wholly-owned subsidiary of LSD, to acquire all of the issued shares of eSun (other than those already owned or agreed to be acquired by LSD, the Offeror or their respective subsidiaries) and to cancel all the outstanding share options of eSun. Details of the eSun Offers are set out in the eSun Composite Document dated 23 July 2018, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the eSun Composite Document unless the context otherwise requires.

The eSun Board has established the eSun Independent Board Committee, comprising Mr. Andrew Y. Yan, Mr. Low Chee Keong, Mr. Lo Kwok Kwei, David, Mr. Alfred Donald Yap and Dr. Ng Lai Man, Carmen, to make a recommendation to the Disinterested eSun Shareholders and the eSun Optionholders as to whether the eSun Offers are, or are not, fair and reasonable and as to acceptance. The eSun Independent Board Committee has approved our appointment as the eSun Independent Financial Adviser to advise it in this regard.

We are not associated with eSun, the Offeror or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the eSun Offers. Apart from the normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from eSun, the Offeror or any party acting, or presumed to be acting, in concert with any of them.

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the eSun Directors and management of the eSun Group, which we have assumed to be true, accurate and complete in all material respects. We have reviewed the published information on eSun, including its interim report for the six months ended 31 January 2018 (the “**2018 Interim Report**”) and its annual report for the year ended 31 July 2017 (the “**2017 Annual Report**”), and we have discussed with the eSun Directors their statements set out in Appendix II to the eSun Composite Document that, save as disclosed therein, there has been no material change in the financial or trading position or outlook of the eSun Group since the date of the last published audited accounts of the eSun Group up to and including the Latest Practicable Date. We have also reviewed the trading performance of the eSun Shares on the Stock Exchange. We have sought and received confirmation from the eSun Directors that no material facts have been omitted from the information supplied and opinions expressed by them. We consider that the information we have received is sufficient for us to reach our opinion and advice as set out in this letter. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material facts have been omitted or withheld. We have, however, not conducted any independent investigation into the business and affairs of the eSun Group, nor have we carried out any independent verification of the information supplied. We have also assumed that all information and representations contained or referred to in the eSun Composite Document are true as at the Latest Practicable Date, and that eSun Shareholders will be notified of any material changes to such information and representations as soon as reasonably practicable in accordance with Rule 9.1 of the Takeovers Code.

We have not considered the tax and regulatory implications on the eSun Offer Shareholders and the eSun Optionholders, of acceptance or non-acceptance of the eSun Offers since these depend on their individual circumstances. In particular, the eSun Offer Shareholders and the eSun Optionholders who are residents overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

BACKGROUND OF THE eSUN OFFERS

As set out in the “Letter from HSBC” in the eSun Composite Document, HSBC, on behalf of the Offeror, a wholly-owned subsidiary of LSD, makes a conditional voluntary general cash offer (i) to acquire all the eSun Shares not already owned or agreed to be acquired by LSD, the Offeror or their respective subsidiaries and (ii) to cancel all the outstanding eSun Options.

For the avoidance of doubt, the eSun Offer Shares include eSun Shares which are owned by the Offeror Concert Parties (other than those already owned or agreed to be acquired by LSD, the Offeror or their respective subsidiaries).

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

The primary purpose of the eSun Offers is to increase the Offeror's shareholding in eSun in order to consolidate the financial results of the eSun Group. The Offeror intends to privatise eSun through the eSun Offers only if it acquires the power of compulsory acquisition under Section 102(1) (or Section 103(1)) of the Companies Act. The Offeror will acquire such power of compulsory acquisition only if the level of acceptances of the eSun Share Offer (or the Offeror's holding of eSun Shares) reaches the prescribed thresholds under Section 102(1) (or Section 103(1)) of the Companies Act and the Offeror is allowed to do so under Rule 2.11 of the Takeovers Code. In the event that the Offeror does not effect the compulsory acquisition of the remaining eSun Offer Shares, whether by reason of the level of acceptances of the eSun Share Offer not reaching the prescribed thresholds under the Companies Act or the Takeovers Code or otherwise, the Offeror may take such steps as are necessary to ensure, or procure eSun to take such steps as are necessary to ensure, that eSun maintains an adequate public float so as to comply with the applicable requirements under the Listing Rules. Further details are set out in the section headed "8. Possible compulsory acquisition and withdrawal of listing of eSun Shares" in the "Letter from HSBC" of the eSun Composite Document.

PRINCIPAL TERMS OF THE eSUN OFFERS

The eSun Share Offer

The eSun Share Offer is made by HSBC on behalf of the Offeror in compliance with the Takeovers Code on the basis set out below.

For each eSun Offer ShareHK\$1.30 in cash

The eSun Share Offer Price was determined by the Offeror after taking into account (i) the historical trading prices of eSun Shares; (ii) eSun's financial performance including the changes in the net asset value per eSun Share attributable to owners of eSun from HK\$6.92 per eSun Share as at 31 July 2016 to HK\$6.11 per eSun Share as at 31 July 2017 to HK\$6.56 per eSun Share as at 31 January 2018; and (iii) the trading multiples of comparable companies which consisted of price-to-book ratios of comparable companies listed on the Stock Exchange, in each case based on their market capitalisation as at the Last Trading Date and their latest published consolidated net asset value attributable to shareholders.

The eSun Share Offer is subject to the fulfilment of the following Conditions:

- (a) the approval:
 - (i) by the Independent LSD Shareholders of the Offers as a very substantial acquisition of LSD; and
 - (ii) by the Non-Connected LSD Shareholders of the making of one or more of the Offers to any connected person of LSD which is a connected transaction of LSD subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules,

in each case, in accordance with the Listing Rules;

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

- (b) the approval:
- (i) by the Independent LSG Shareholders of the Offers as a very substantial acquisition of LSG; and
 - (ii) by the Non-Connected LSG Shareholders of the making of one or more of the Offers to any connected person of LSG which is a connected transaction of LSG subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules,

in each case, in accordance with the Listing Rules;

- (c) valid acceptances of the eSun Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the eSun Share Offer Closing Date in respect of such number of eSun Shares which, together with eSun Shares already (directly or indirectly) held or agreed to be acquired by LSD, the Offeror or their respective subsidiaries, would result in the Offeror and LSD together with their respective subsidiaries holding in aggregate more than 50% of the voting rights in eSun;
- (d) the eSun Shares remaining listed and traded on the Main Board of the Stock Exchange up to and including the eSun Share Offer Closing Date (save for any temporary suspension of trading of the eSun Shares pending any announcement in connection with the Offers) and no indication being received on or before the eSun Share Offer Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the eSun Shares on the Stock Exchange is or is likely to be withdrawn or suspended;
- (e) the Lai Fung Shares remaining listed and traded on the Main Board of the Stock Exchange up to and including the Lai Fung Share Offer Closing Date (save for any temporary suspension of trading of the Lai Fung Shares pending any announcement in connection with the Offers) and no indication being received on or before the Lai Fung Share Offer Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the Lai Fung Shares on the Stock Exchange is or is likely to be withdrawn or suspended;
- (f) no event having occurred which would make any of the Offers, the acquisition of any of the eSun Offer Shares or the cancellation of the eSun Options under the eSun Offers or the acquisition of any of the Lai Fung Offer Shares or the cancellation of the Lai Fung Options under the Lai Fung Offers void, unenforceable or illegal, would prohibit the implementation of any of the Offers or would impose any material conditions or obligations with respect to any of the Offers or their implementation in accordance with their respective terms;
- (g) all necessary consents (including consents from the relevant lenders) in connection with the Offers and/or the possible withdrawal of the listing of the eSun Shares from the Stock Exchange which may be required under any existing contractual or other obligations of eSun being obtained and remaining in effect;

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

- (h) no government, court or governmental, quasi-governmental, statutory or regulatory body or agency in Hong Kong, Bermuda, the Cayman Islands or any other jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make any of the Offers or their implementation in accordance with their respective terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to any of the Offers or their implementation in accordance with their respective terms);
- (i) since the Announcement Date, there having been no material adverse change in the business, assets, financial or trading position or the prospects or conditions (whether operational, legal or otherwise) of the eSun Group or the Lai Fung Group to an extent which is material in the context of the eSun Group, or, as the case may be, the Lai Fung Group, taken as a whole; and
- (j) there having, since the Announcement Date, not been instituted any, and there remaining no outstanding, litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the eSun Group or the Lai Fung Group is a party (whether as plaintiff, defendant or otherwise), and no such proceedings having, since the Announcement Date, been threatened in writing against any such member (and no investigation by any government, court or governmental, quasi-governmental, statutory or regulatory body or agency in Hong Kong, Bermuda, the Cayman Islands or any other jurisdiction against or in respect of any such member or the business carried on by any such member having, since the Announcement Date, been threatened in writing, announced or instituted or remaining outstanding against or in respect of any such member), in each case, which is material and adverse in the context of the eSun Group, or, as the case may be, the Lai Fung Group, taken as a whole or in the context of any of the Offers.

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions (other than Conditions (a), (b) and (c)). As at the Latest Practicable Date, the Offeror was not aware of any consent required under Condition (g) from any person who is not a lender.

As set out in the “Letter from HSBC” in the eSun Composite Document, the eSun Offers are subject to the Conditions. If Conditions (a), (b) and/or (c) are not satisfied on or before the eSun Share Offer Closing Date, the eSun Offers will lapse. If any other Conditions are not satisfied or waived on or before the eSun Share Offer Closing Date, the eSun Offers may lapse.

As at the Latest Practicable Date, only Condition (g) had been fulfilled.

The Offeror will issue an announcement stating whether the eSun Offers have been revised or extended, have expired or have become or been declared unconditional (and, in such case, whether as to acceptances or in all respects), by 7:00 p.m. on the eSun Share Offer Closing Date in accordance with the Takeovers Code. The latest time on which the Offeror can declare the eSun Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after posting of the eSun Composite Document (or such later date to which the Executive may consent).

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

If all the Conditions are satisfied (or waived, as applicable), the eSun Offer Shareholders and the eSun Optionholders will be notified by way of an announcement in accordance with the Takeovers Code and the Listing Rules as soon as practicable thereafter.

The eSun Option Offer

In accordance with Rule 13 of the Takeovers Code, the Offeror will make (or procure to be made on its behalf) an appropriate offer to all the eSun Optionholders for the cancellation of every eSun Option, whether vested or unvested, by way of the eSun Option Offer.

Under the eSun Option Offer, the Offeror will, in accordance with Rule 13 of the Takeovers Code, offer the eSun Optionholders the eSun Option Offer Price (which is the “see-through” price, being the eSun Share Offer Price minus the exercise price of the relevant eSun Option) in cash for the cancellation of each eSun Option they hold, whether vested or unvested, provided that if the exercise price of any eSun Option is equal to or greater than the eSun Share Offer Price (such that the “see-through” price is zero or negative), the eSun Option Offer Price will be a nominal amount of HK\$0.01 for every 100 eSun Options (or, if lesser, any part thereof).

eSun Option exercise price per eSun Share (HK\$)	eSun Option Offer Price per eSun Share (unless otherwise indicated) (HK\$)	Number of eSun Options as at the Latest Practicable Date (each carrying the right to subscribe for one new eSun Share)	Exercise period of the eSun Options (dd/mm/yyyy)
0.728	0.572	1,800,000	21/01/2015 to 20/01/2025
0.920	0.380	6,216,060	05/06/2012 to 04/06/2022
1.360	0.01 for every 100 eSun Options (or, if lesser, any part thereof)	400,000	19/01/2018 to 18/01/2028
1.612	0.01 for every 100 eSun Options (or, if lesser, any part thereof)	24,434,605	18/01/2013 to 17/01/2023

The eSun Option Offer will be subject to and conditional upon the eSun Share Offer becoming or being declared unconditional in all respects.

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

If any eSun Option is exercised in accordance with the terms of the relevant eSun Share Option Scheme prior to the close of the eSun Share Offer, any eSun Shares issued as a result of such exercise will be subject to the eSun Share Offer.

Pursuant to the terms of the eSun Share Option Schemes, the eSun Optionholders will be entitled to exercise the eSun Options in full (to the extent not already exercised) at any time before the close of the eSun Share Offer and any eSun Option not so exercised will lapse upon the close of the eSun Share Offer (following which the holder of such eSun Option will not be able to accept the eSun Option Offer in respect of such eSun Option). However, in the case of any eSun Option granted under the share option scheme adopted by eSun on 11 December 2015 (being the 400,000 eSun Options with the exercise price of HK\$1.360 per eSun Share), if, before the close of the eSun Share Offer, the Offeror becomes entitled to exercise rights of compulsory acquisition of the eSun Offer Shares and gives its notice of compulsory acquisition, such eSun Option will remain exercisable (provided that its option period has not yet expired) until one (1) month from the date of such notice and, to the extent that such eSun Option has not been so exercised, will lapse.

Acceptances of the eSun Offers tendered by the eSun Offer Shareholders and the eSun Optionholders, respectively, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in Appendix I to the eSun Composite Document. Further details of the eSun Offers, including the expected timetable and the terms and procedures of acceptance of the eSun Offers, are set out in the sections headed “Expected Timetable”, “Letter from HSBC”, “Letter from the eSun Board”, Appendix I to the eSun Composite Document, the Form of eSun Share Offer Acceptance and the Form of eSun Option Offer Acceptance. The eSun Offer Shareholders and the eSun Optionholders are urged to read the relevant sections in the eSun Composite Document in full.

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

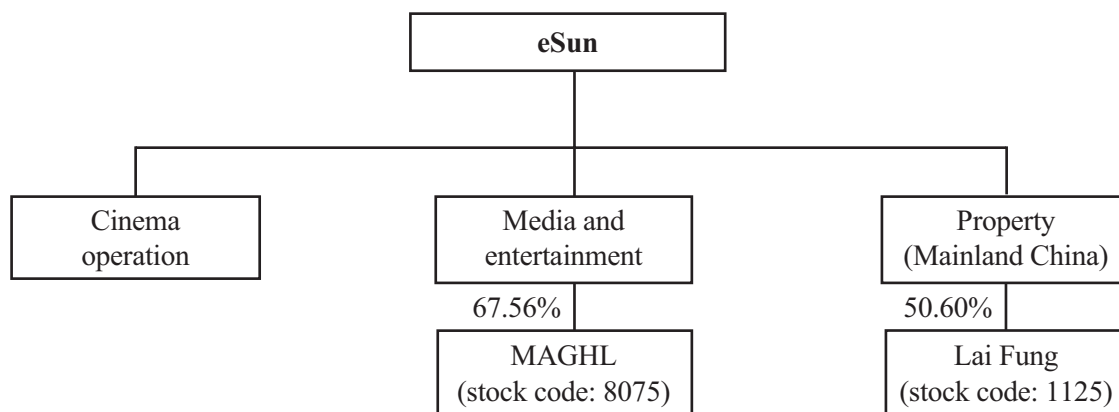
PRINCIPAL FACTORS AND REASONS CONSIDERED IN ARRIVING AT OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation with regard to the eSun Offers, we have taken into account the following principal factors and reasons:

1. Background information of the eSun Group and organisational structure

eSun is a company incorporated in Bermuda with limited liability. The principal activities of the eSun Group include the development, operation of and investment in media and entertainment, music production and distribution, the investment in and production and distribution of television programmes, films and video format products, cinema operations, property development for sale and property investment for rental purposes as well as the development and operation of and investment in cultural, leisure, entertainment and related facilities. As at the Latest Practicable Date, the corporate structure of eSun and its listed subsidiaries is set out below:

FIGURE 1: SIMPLIFIED ORGANISATION CHART OF THE eSUN GROUP



Set out below is the background information of each of the core divisions of the eSun Group:

(a) Property development and investment

The principal activities of Lai Fung, a company listed on the Main Board of the Stock Exchange, and its subsidiaries consist of property development for sale, property investment for rental purposes, and development and operation of and investment in cultural, leisure, entertainment and related facilities in the PRC.

(b) Media and entertainment

The principal activities of MAGHL, a company listed on the GEM of the Stock Exchange, include film production and distribution; organisation, management and production of concerts and live performances; artiste management; production and distribution of television programs; music production and publishing; licensing of media contents; provision of consultancy services in planning and management of cultural, entertainment and live performance projects.

(c) Cinema operation

Intercontinental Group Holdings Limited (“IGHL”), an 85%-owned subsidiary of eSun, is one of the leading film and video distribution companies in Hong Kong, releasing around 30 films every year and distributing a variety of video products. IGHL is also one of the leading multiplex cinema operators in Hong Kong, and the eSun Group currently operates a total of nine cinemas in Hong Kong and three cinemas in the PRC as well as a 30% joint venture interest in The Grand Cinema at the Elements, MTR Kowloon Station.

2. Analysis of the financial information of the eSun Group

(a) Financial performance of the eSun Group

Set out below are the summarised consolidated income statements of eSun for the six months ended 31 January 2017 and 2018, and the two years ended 31 July 2016 and 2017, as extracted from the 2018 Interim Report and the 2017 Annual Report.

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

TABLE 1: SUMMARISED CONSOLIDATED INCOME STATEMENTS OF eSUN

	Six months ended		Year ended	
	31 January		31 July	
	2018	2017	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
TURNOVER	1,184,881	1,164,452	2,677,388	3,369,275
Cost of sales	(737,370)	(558,259)	(1,596,001)	(1,991,041)
Gross profit	447,511	606,193	1,081,387	1,378,234
Other revenue	113,050	97,345	188,705	178,117
Selling and marketing expenses	(106,649)	(102,950)	(235,458)	(176,069)
Administrative expenses	(352,494)	(315,962)	(621,289)	(626,142)
Other operating gains	49,430	12,240	19,801	24,855
Other operating expenses	(239,240)	(206,992)	(499,263)	(429,040)
Gain on disposal of an available-for-sale investment	—	—	109,534	—
Fair value gains on cross currency swaps	—	—	111,657	—
Fair value gains on investment properties	349,748	172,663	832,118	522,043
PROFIT FROM OPERATING ACTIVITIES	261,356	262,537	987,192	871,998
Finance costs	(115,065)	(95,535)	(199,214)	(235,186)
Share of profits and losses of joint ventures	80,409	161,189	313,866	79,623
Share of profits and losses of associates	632	1,928	4,696	2,097
PROFIT BEFORE TAX AND TAX INDEMNITY	227,332	330,119	1,106,540	718,532
Income tax expense	(175,936)	(210,980)	(573,262)	(405,526)
Tax indemnity	—	—	493,936	—
PROFIT FOR THE PERIOD/YEAR	51,396	119,139	1,027,214	313,006
Attributable to:				
Owners of eSun	(14,295)	27,644	514,233	80,825
Non-controlling interests	65,691	91,495	512,981	232,181
	51,396	119,139	1,027,214	313,006

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

	Six months ended		Year ended	
	31 January		31 July	
	2018	2017	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF eSUN				
Basic	(HK\$0.010)	HK\$0.022	HK\$0.378	HK\$0.065
Diluted	(HK\$0.010)	HK\$0.022	HK\$0.378	HK\$0.065
Dividend	—	—	—	—

(i) *Segmental revenue and results*

Set out below is a summary of the eSun Group's segmental revenue (from external customers) and segment results:

TABLE 2: SEGMENTAL REVENUE AND RESULTS OF eSUN

	Six months ended 31 January				Year ended 31 July			
	2018		2017		2017		2016	
	Segment revenue	Segment results	Segment revenue	Segment results	Segment revenue	Segment results	Segment revenue	Segment results
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Property development	129,883	21,720	133,192	17,277	624,592	17,761	1,414,160	339,932
Property investment	376,483	550,791	342,758	331,498	696,257	1,160,571	623,674	800,521
Media and entertainment	237,090	25,315	239,234	19,865	448,371	25,464	537,100	16,451
Film production and distribution	199,157	(181,304)	220,209	15,382	418,476	(126,248)	343,645	(55,495)
Cinema operation	189,509	(36,635)	189,544	(21,129)	418,623	(32,769)	364,907	(17,036)
Corporate and others	52,759	(134,684)	39,515	(109,294)	71,069	(263,122)	85,789	(228,602)
	<u>1,184,881</u>	<u>245,203</u>	<u>1,164,452</u>	<u>253,599</u>	<u>2,677,388</u>	<u>781,657</u>	<u>3,369,275</u>	<u>855,771</u>

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

(a) Property development

For the year ended 31 July 2017, eSun Group's property development segment recorded a turnover of HK\$624.6 million and segment results of HK\$17.8 million from sale of properties, representing decreases of 55.8% and 94.8% respectively as compared to HK\$1,414.1 million and HK\$339.9 million for the year ended 31 July 2016. For the year ended 31 July 2017, total recognised sales were primarily driven by the sales performance of residential units of Guangzhou Eastern Place Phase V and Zhongshan Palm Spring of which approximately 21,364 and 641,366 square feet of residential gross floor area ("GFA") were sold, respectively, achieving sales revenue of HK\$129.2 million and HK\$485.3 million, respectively. For the year ended 31 July 2016, total recognised sales were primarily driven by the sales performance of residential units of Guangzhou Eastern Place Phase V of which approximately 182,574 square feet of residential GFA were sold, achieving sales revenue of HK\$1,052.5 million.

For the six months ended 31 January 2018, eSun Group's property development segment recorded a turnover of HK\$129.9 million and segment results of HK\$21.7 million from sale of properties, representing a 2.5% decrease and a 25.4% increase respectively as compared to HK\$133.2 million and HK\$17.3 million for the corresponding period of 2017. For the six months ended 31 January 2018, total recognised sales was primarily driven by the sales performance of residential units of Zhongshan Palm Spring of which approximately 83,629 square feet of GFA were sold, achieving sales revenue of HK\$90.1 million. For the six months ended 31 January 2017, total recognised sales was primarily driven by the sales performance of Guangzhou Eastern Place Phase V and Zhongshan Palm Spring of which approximately 13,340 and 29,254 square feet of GFA were sold, respectively, achieving sales revenue of HK\$82.1 million and HK\$42.4 million, respectively.

(b) Property investment

For the year ended 31 July 2017, Lai Fung Group's rental operations recorded a turnover of HK\$702.1 million, representing an 11.6% increase as compared to HK\$629.4 million for the year ended 31 July 2016. Rental income performed steadily as a whole with almost full occupancy in all the major properties. Rental income growth was partially offset by depreciation of Renminbi during the year. For the year ended 31 July 2017, this segment recorded a profit of HK\$1,160.6 million as compared to HK\$800.5 million in the prior year, which is mainly attributable to the fair value gains on investment properties of HK\$832.1 million for the year compared to HK\$522.0 million in the prior year.

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

For the six months ended 31 January 2018, the Lai Fung Group's rental operations recorded a turnover of HK\$379.5 million, representing a 9.7% increase as compared to HK\$345.8 million for the corresponding period of 2017. Rental income performed steadily as a whole with almost full occupancy in all the major properties. For the six months ended 31 January 2018, this segment recorded a profit of HK\$550.8 million as compared to HK\$331.5 million in the prior period, which is mainly attributable to the fair value gains on investment properties of HK\$349.7 million for the period compared to HK\$172.7 million in the prior period.

(c) Media and entertainment

For the year ended 31 July 2017, this segment recorded a turnover of HK\$448.4 million as compared to HK\$537.1 million for the year ended 31 July 2016, and segment results increased from a profit of HK\$16.5 million to a profit of HK\$25.5 million. For the six months ended 31 January 2018, this segment recorded a turnover of HK\$237.1 million as compared to HK\$239.2 million for the six months ended 31 January 2017, and segment results increased from a profit of HK\$19.9 million to a profit of HK\$25.3 million.

During the year ended 31 July 2017 and the six months ended 31 January 2018, the eSun Group remained highly active on the live entertainment front, and organised and invested in 168 and 62 shows respectively by popular local, Asian and internationally renowned artistes, compared to 197 and 68 shows respectively in the prior corresponding year/period. The eSun Group also released 30 and 23 albums during the year ended 31 July 2017 and the six months ended 31 January 2018 respectively compared to 57 and 11 albums respectively in the prior corresponding year/period, and is expected to continue to increase its music licensing revenue from the exploitation of the music library through new media distribution.

(d) Film and TV program production and distribution

For the year ended 31 July 2017, this segment recorded a turnover of HK\$418.5 million and segment results of a loss of HK\$126.2 million, as compared to HK\$343.6 million and a loss of HK\$55.5 million for the year ended 31 July 2016. During the year, the eSun Group released a total of 6 films (2016: 7), and distributed 31 (2016: 33) films and 488 (2016: 308) videos with high profile titles.

For the six months ended 31 January 2018, this segment recorded a turnover of HK\$199.2 million and segment results of a loss of HK\$181.3 million, as compared to HK\$220.2 million and a profit of HK\$15.4 million for the six months ended 31 January 2017. During the period, the eSun Group released 3 films (2017: 1), and distributed 24 (2017: 11) films and 228 (2017: 253) videos with high profile titles.

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

(e) Cinema operation

For the year ended 31 July 2017, this segment recorded a turnover of HK\$418.6 million and a loss of HK\$32.8 million, as compared to HK\$364.9 million and a loss of HK\$17.0 million for the year ended 31 July 2016. As at 31 July 2017, the eSun Group operates four cinemas in the PRC and eight cinemas in Hong Kong as well as one joint venture cinema in Hong Kong. A new cinema, MCL Green Code Cinema in Fanling, Hong Kong was opened on 21 January 2017. The Grand Kornhill Cinema in Kornhill Plaza, Hong Kong was re-opened on 1 April 2017 after renovation and is the first cinema in Hong Kong installed with a MX4D theatre providing the most advanced 4D movie experience. The MCL Telford Cinema has just completed its renovation in mid October 2017, with the success of the MX4D theatre in Grand Kornhill Cinema, MCL Telford Cinema has also installed with a MX4D theatre.

For the six months ended 31 January 2018, this segment recorded a turnover of HK\$189.5 million and a loss of HK\$36.6 million, as compared to HK\$189.5 million and a loss of HK\$21.1 million for the six months ended 31 January 2017. As at 31 January 2018, the eSun Group operates eight cinemas in Hong Kong and two cinemas in the PRC as well as one joint venture cinema in Hong Kong. The MCL Telford Cinema in Kowloon Bay, Hong Kong was re-opened in December 2017 after renovation with advanced cinema technology and the introduction of House FX Theater and MX4D Motion Theater.

The eSun Group also secured two cinema projects in Hong Kong and Suzhou in the PRC, which commenced business in June and April 2018 respectively as advised by eSun's management. The cinema operation provides a complementary distribution channel for the eSun Group's film production and distribution businesses.

(ii) *Profit attributable to owners of eSun*

For the year ended 31 July 2017, net profit attributable to owners of eSun was approximately HK\$514.2 million as compared to HK\$80.8 million for the year ended 31 July 2016. Basic earnings per share was HK\$0.378 (2016: HK\$0.065). The increase in net profit attributable to owners of eSun for the year is primarily due to: (i) higher revaluation gain arising from the revaluation of the Lai Fung Group's investment properties; (ii) increased profit contribution from the property sales of Lai Fung's joint venture project; (iii) gain of HK\$109.5 million (2016: nil) from the disposal of the eSun Group's entire interest in 1,480,994 Series C Preferred shares in Pony Media Holdings Inc. in March 2017; (iv) tax indemnity of HK\$493.9 million received by Lai Fung (2016: nil); partially offset by (v) lower operating profit due to lower recognised property sales from Lai Fung Group.

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

For the six months ended 31 January 2018, net loss attributable to owners of eSun was approximately HK\$14.3 million as compared to net profit of HK\$27.6 million for the six months ended 31 January 2017. Net loss per share was HK\$0.010 (2017: net profit per share of HK\$0.022). The net loss attributable to owners of eSun for the period is primarily due to: (i) consolidated loss from MAGHL owing to the unsatisfactory performance of the films released by MAGHL Group during the period; and (ii) lower profit contribution from a joint venture of Lai Fung as sale of the project has been substantially completed, despite a higher revaluation gain arising from revaluations of Lai Fung's investment properties during the period.

(iii) Dividend

The eSun Board did not recommend the payment of a dividend for the two years ended 31 July 2016 and 2017 and the six months ended 31 January 2018.

(b) *Financial position of the eSun Group*

Set out below are the summarised consolidated balance sheets of eSun as at 31 July 2016, 31 July 2017 and 31 January 2018 as extracted from the 2017 Annual Report and the 2018 Interim Report:

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

TABLE 3: SUMMARISED CONSOLIDATED BALANCE SHEETS OF eSUN

	As at 31 January 2018 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 July 2017 <i>HK\$'000</i> <i>(Audited)</i>	As at 31 July 2016 <i>HK\$'000</i> <i>(Audited)</i>
NON-CURRENT ASSETS			
Property, plant and equipment	3,442,416	3,041,562	2,768,546
Properties under development	1,664,131	1,346,220	1,188,387
Investment properties	19,064,096	16,903,419	15,065,759
Film rights	19,284	20,960	23,682
Film products	133,205	125,921	123,768
Music catalogs	9,314	11,438	14,918
Goodwill	82,440	82,440	123,440
Other intangible assets	10,152	16,557	28,605
Investments in joint ventures	1,619,335	1,438,287	1,161,752
Investments in associates	26,123	28,587	26,894
Available-for-sale investments	144,036	123,435	138,592
Deposit for acquisition of an investment property	—	—	228,620
Deposits, prepayments and other receivables	169,415	124,362	95,285
Deferred tax assets	5,829	6,050	6,101
	<hr/>	<hr/>	<hr/>
Total non-current assets	26,389,776	23,269,238	20,994,349
CURRENT ASSETS			
Properties under development	329,056	215,303	802,635
Completed properties for sale	966,939	993,460	625,994
Films under production	453,361	463,105	450,849
Inventories	23,497	35,111	33,766
Debtors	270,873	212,675	384,508
Deposits, prepayments and other receivables	451,011	427,715	450,119
Prepaid tax	35,922	43,033	36,223
Pledged and restricted time deposits and bank balances	1,007,016	571,142	1,066,494
Cash and cash equivalents	4,703,363	2,733,435	3,299,148
	<hr/>	<hr/>	<hr/>
	8,241,038	5,694,979	7,149,736
Asset classified as held for sale	—	278,531	257,666
	<hr/>	<hr/>	<hr/>
Total current assets	8,241,038	5,973,510	7,407,402

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

	As at 31 January 2018 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 July 2017 <i>HK\$'000</i> <i>(Audited)</i>	As at 31 July 2016 <i>HK\$'000</i> <i>(Audited)</i>
CURRENT LIABILITIES			
Creditors and accruals	2,013,135	1,551,782	1,328,410
Deposits received and deferred income	417,753	362,831	765,052
Tax payable	138,796	128,554	420,214
Interest-bearing bank loans, secured	362,967	261,392	311,548
Convertible notes	191,150	182,346	—
Fixed rate senior notes	2,219,658	2,080,366	—
Derivative financial instruments	46,378	208,223	—
Loans from a joint venture	205,196	192,731	350,328
Total current liabilities	<u>5,595,033</u>	<u>4,968,225</u>	<u>3,175,552</u>
NET CURRENT ASSETS	<u>2,646,005</u>	<u>1,005,285</u>	<u>4,231,850</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>29,035,781</u>	<u>24,274,523</u>	<u>25,226,199</u>
NON-CURRENT LIABILITIES			
Long-term deposits received	150,346	138,875	124,389
Interest-bearing bank loans, secured	3,197,199	2,906,097	3,089,201
Other borrowings	258,967	252,618	247,510
Convertible notes	—	—	166,170
Fixed rate senior notes	—	—	2,092,741
Guaranteed notes	2,712,910	—	—
Loans from a joint venture	691,804	649,779	222,430
Derivative financial instruments	1,921	—	210,068
Deferred tax liabilities	3,413,699	3,104,284	2,808,906
Total non-current liabilities	<u>10,426,846</u>	<u>7,051,653</u>	<u>8,961,415</u>
Net assets	<u>18,608,935</u>	<u>17,222,870</u>	<u>16,264,784</u>
EQUITY			
Equity attributable to owners of eSun			
Issued capital	745,927	745,927	621,606
Reserves	9,034,785	8,372,273	7,977,652
	<u>9,780,712</u>	<u>9,118,200</u>	<u>8,599,258</u>
Non-controlling interests	8,828,223	8,104,670	7,665,526
Total equity	<u>18,608,935</u>	<u>17,222,870</u>	<u>16,264,784</u>

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

Set out below is the breakdown of the eSun Group's assets and liabilities by principal business activities:

TABLE 4: eSUN GROUP'S ASSETS AND LIABILITIES BY PRINCIPAL BUSINESS ACTIVITIES

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Media and entertainment <i>HK\$'000</i>	Film production and distribution <i>HK\$'000</i>	Cinema operation <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
As at 31 January 2018							
Segment assets	2,997,546	22,198,851	387,119	1,185,047	624,233	5,254,894	32,647,690
Segment liabilities	561,872	983,547	179,874	471,869	157,622	226,450	2,581,234
As at 31 July 2017							
Segment assets	2,597,274	19,632,948	361,246	1,176,719	547,038	2,905,618	27,220,843
Segment liabilities	439,278	767,421	155,663	328,844	169,120	193,162	2,053,488
As at 31 July 2016							
Segment assets	2,828,299	17,766,757	499,848	1,196,039	473,398	3,923,995	26,688,336
Segment liabilities	830,687	539,917	185,859	288,119	156,770	216,499	2,217,851

(i) Properties

As at 31 July 2016, 31 July 2017 and 31 January 2018, property development and investment together accounted for 77.2%, 81.7% and 77.2% of the eSun Group's segment assets.

The eSun Group's investment properties mainly consist of commercial properties in the PRC and amounted to HK\$15,065.8 million, HK\$16,903.4 million and HK\$19,064.1 million as at 31 July 2016, 31 July 2017 and 31 January 2018 respectively, the increases of which were mainly due to additions and net gain from fair value adjustments.

Properties under development amounted to HK\$1,993.2 million as at 31 January 2018 and mainly included Guangzhou Haizhu Plaza, Phases III and IV of Zhongshan Palm Spring, Northgate Plaza redevelopment project and Wuli Bridge project in Shanghai, and Hengqin Novotown Phase I.

Completed properties for sale amounted to HK\$966.9 million as at 31 January 2018 and mainly included the Zhongshan Palm Spring, a residential development project.

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

(ii) *Cash and bank balances*

As at 31 January 2018, cash and bank balances held by the eSun Group amounted to HK\$5,710.4 million (as at 31 July 2017: HK\$3,304.6 million), of which around 54.1% was denominated in Hong Kong dollar and United States dollar currencies, and around 45.7% was denominated in Renminbi. Cash and bank balances held by the eSun Group excluding cash and bank balances held by MAGHL Group and Lai Fung Group as at 31 January 2018 was HK\$295.4 million (as at 31 July 2017: HK\$273.8 million).

(iii) *Borrowings*

As at 31 January 2018, the eSun Group had outstanding consolidated total borrowings (after intra-group elimination) in the amount of HK\$9,839.9 million (as at 31 July 2017: HK\$6,525.3 million). The gearing ratio, being net debt (total borrowings of HK\$9,839.9 million less pledged and restricted bank balances and time deposits of HK\$1,007.0 million and cash and cash equivalents of HK\$4,703.4 million) to net assets attributable to the owners of eSun was approximately 42.2% (as at 31 July 2017: 35.3%).

(iv) *NAV per eSun Share*

The net asset value (excluding non-controlling interest, the “NAV”) attributable to the eSun Shareholders was approximately HK\$9,780.7 million as at 31 January 2018.

Set out below is the illustrative computation of the NAV attributable to the eSun Shareholders having adjusted for (i) the net changes in the carrying amount of the properties held by the eSun Group during the period from 31 January 2018 to 31 May 2018; and (ii) the valuation surplus to reflect the market value of the properties held by the eSun Group as at 31 May 2018 as set out in the valuation report prepared by Knight Frank, the full text of which is set out in Appendix III of the eSun Composite Document (the “**Reassessed NAV**”).

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

TABLE 5: REASSESSED NAV

<i>(Unaudited)</i>	NAV attributable to the eSun Shareholders
NAV as at 31 January 2018 (HK\$' million)	9,780.7
<i>Number of eSun Shares in issue as at 31 January 2018</i>	<i>1,491,854,598</i>
<i>NAV per eSun Share (HK\$)</i>	<i>6.56</i>
Add:	
Net changes in the carrying amount of the properties held by the eSun Group during the period from 31 January 2018 to 31 May 2018 (HK\$ million) <i>(Note 1)</i>	428.0
Valuation surplus (HK\$' million) <i>(Note 1)</i>	5,252.6
	5,680.6
The eSun Group's equity interest in the Lai Fung Group <i>(Note 2)</i>	50.60%
	2,874.4
Reassessed NAV (HK\$' million)	12,655.1
<i>Number of eSun Shares in issue as at the Latest Practicable Date</i>	<i>1,491,854,598</i>
<i>Reassessed NAV per eSun Share (HK\$)</i>	<i>8.48</i>

Notes:

1. *Based on the reconciliation between the carrying amount of the properties held by the eSun Group as at 31 January 2018 and the market value of such properties as at 31 May 2018 as set out in Appendix II to the eSun Composite Document, which has not taken into account of the potential tax liabilities arising from the valuation surplus.*

2. *As the properties held by the eSun Group are substantially owned by the Lai Fung Group, the net changes and valuation surplus of the properties held by the eSun Group has been multiplied by the eSun Group's equity interest of 50.60% in the Lai Fung Group. eSun Shareholders should note that this is an illustrative computation of the Reassessed NAV for our analysis purposes, and shall not be regarded as the actual reassessed NAV of the eSun Group.*

On the basis discussed above, the NAV per eSun Share, based on the unaudited consolidated balance sheet of eSun as at 31 January 2018 was approximately HK\$6.56. The Reassessed NAV per eSun Share after adjusting for the net changes in the carrying amount of the properties held by the eSun Group during the period from 31 January 2018 to 31 May 2018 and the valuation surplus arising from the market values of the property interests of the eSun Group as at 31 May 2018 was approximately HK\$8.48.

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

3. Background and reasons for the eSun Offers

(i) *Information on LSD and the Offeror*

LSD is a company incorporated in Hong Kong with limited liability. The LSD Group is principally engaged in property investment, property development, investment in and operation of hotels, and restaurants and investment holding.

The Offeror is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of LSD. The Offeror is engaged in investment holding.

As at the Latest Practicable Date, (i) LSG was interested in 56.10% of the issued share capital of LSD and (ii) Dr. Peter Lam was interested in 41.87% of the issued share capital of LSG.

(ii) *Reasons for and benefits of the eSun Offers*

As set out in the “Letter from HSBC” in the eSun Composite Document, the following sets out, amongst others, the benefits of the eSun Offers for the holders of the eSun Offer Shares and for eSun (as considered by the Offeror):

For holders of the eSun Offer Shares

An opportunity to monetise eSun Shares without adversely affecting the market price

In light of the low liquidity of eSun Shares (an average of approximately 1.1 million shares or 0.07% of the total issued share capital of eSun per day during the one-year period ended on and including the Last Trading Date), it would be difficult for a significant number of the eSun Offer Shares to be sold in the market without adversely affecting the market price of eSun Shares. The eSun Share Offer affords the holders of eSun Offer Shares the opportunity to realise their investments in eSun without such difficulty.

For eSun

The making of the eSun Offers affirms LSD’s confidence in and commitment to the eSun Group

As disclosed below, if the Offeror is permitted to do so under the Companies Act and the Takeovers Code, the Offeror will exercise the power of compulsory acquisition under Section 102(1) or Section 103(1) of the Companies Act, following which eSun will be delisted and become a wholly-owned subsidiary of LSD. This would enable eSun to enjoy cost savings through dispensing with the costs associated with compliance with eSun’s obligations as a listed company and maintaining the listing of eSun and allow it to focus more of its resources on business operations.

(iii) Intentions of LSD with regard to the eSun Group

LSD intends to continue with the existing businesses of the eSun Group upon completion of the Offers. LSD intends to maintain eSun's established and integrated media platform with an aim to provide competitive products and to enhance its market position through exploring strategic alliances and investment opportunities to enrich its business portfolio and broaden its income stream. LSD also intends to continue with Lai Fung's regional focus and rental-led strategy and to focus on property projects in Shanghai, Guangzhou, Zhongshan and Hengqin. Subject to market conditions, LSD may potentially explore various opportunities to further develop the existing businesses of the eSun Group. LSD may also from time to time consider the need to fund such further development by debt and/or equity financing by the eSun Group, subject to the eSun Group's business needs and prevailing market conditions. LSD does not currently intend to introduce major changes to the business of eSun (including any redeployment of the fixed assets of eSun) save for those changes which LSD may from time to time implement following the review of its strategic options relating to the business, structure and/or direction of the eSun Group.

It is also the current intention of LSD that the employment of the existing employees of the eSun Group and the directorship of the existing directors of the eSun Group will be continued following completion of the Offers except for changes which may occur in the ordinary course of business.

(iv) Possible compulsory acquisition and withdrawal of listing of eSun Shares

As set out in the "Letter from HSBC" in the eSun Composite Document, if the level of acceptances of the eSun Share Offer (or the Offeror's holding of eSun Shares) reaches the prescribed thresholds under Section 102(1) (or Section 103(1)) of the Companies Act and the Offeror is allowed to do so under Rule 2.11 of the Takeovers Code, the Offeror will exercise the power of compulsory acquisition under Section 102(1) (or Section 103(1)) of the Companies Act, and following which eSun will apply for the withdrawal of listing of the eSun Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules and a suspension of dealings in the eSun Shares from the close of the eSun Share Offer up to the withdrawal of listing of eSun Shares from the Stock Exchange.

In the event that the Offeror does not effect the compulsory acquisition of the remaining eSun Offer Shares, whether by reason of the level of acceptances of the eSun Share Offer not reaching the prescribed thresholds under the Companies Act or the Takeovers Code or otherwise, the Offeror may take such steps as are necessary to ensure, or procure eSun to take such steps as are necessary to ensure, that eSun maintains an adequate public float so as to comply with the applicable requirements under the Listing Rules.

The Stock Exchange has stated that if, upon the close of the eSun Share Offer, less than the minimum prescribed percentage applicable to eSun, being 25% of the issued eSun Shares, are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the eSun Shares or there are insufficient eSun Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the eSun Shares. The Offeror Directors have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the eSun Shares after close of the eSun Offers as long as eSun remains listed on the Stock Exchange.

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

4. Analysis of market price and trading liquidity of the eSun Shares

(a) Market price compared to the eSun Share Offer Price of HK\$1.30 per eSun Offer Share

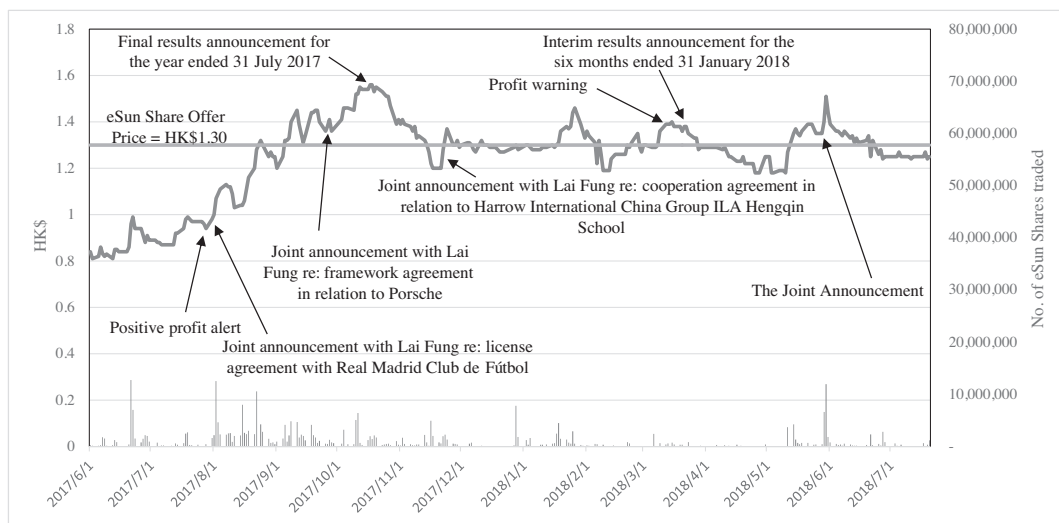
TABLE 6: SHARE PRICE COMPARISONS

	Premium over or (discount) to
(a) The closing price of HK\$1.35 per eSun Share as quoted on the Stock Exchange on the Last Trading Date	(3.7%)
(b) The average closing price of approximately HK\$1.37 per eSun Share as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Date	(5.1%)
(c) The average closing price of approximately HK\$1.35 per eSun Share as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Date	(3.7%)
(d) The average closing price of approximately HK\$1.26 per eSun Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Date	3.2%
(e) The average closing price of approximately HK\$1.29 per eSun Share as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Date	0.8%
(f) The average closing price of approximately HK\$1.33 per eSun Share as quoted on the Stock Exchange for the 180 trading days immediately prior to and including the Last Trading Date	(2.3%)
(g) The closing price of HK\$1.25 per eSun Share as quoted on the Stock Exchange on the Latest Practicable Date	4.0%
(h) The audited consolidated NAV attributable to owners per eSun Share of approximately HK\$6.11 as at 31 July 2017, based on the total number of issued eSun Shares as at 31 July 2017	(78.7%)
(i) The unaudited consolidated NAV attributable to owners per eSun Share of approximately HK\$6.56 as at 31 January 2018, based on the total number of issued eSun Shares as at 31 January 2018	(80.2%)
(j) The Reassessed NAV attributable to owners per eSun Share of approximately HK\$8.48 based on the total number of issued eSun Shares as at the Latest Practicable Date	(84.7%)

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

Set out below is the movement of the closing prices of the eSun Shares as quoted on the Stock Exchange from June 2017 up to and including the Latest Practicable Date (the “Review Period”):

FIGURE 2: SHARE PRICE CHART



During the Review Period, the eSun Shares closed between HK\$0.81 and HK\$1.56 per eSun Share.

As shown above, the eSun Shares closed between approximately HK\$0.80 and HK\$1.00 per eSun Share commencing from the beginning of the Review Period until 28 July 2017, being the date that eSun published a positive profit alert. Since then, the eSun Share price underwent an uptrend and first closed above HK\$1.30 per eSun Share on 24 August 2017, and continued to surge further to close at HK\$1.56 on 17 and 18 October 2017 prior to the announcement of the final results for the year ended 31 July 2017 by eSun on 19 October 2017. Since 24 August 2017, the eSun Shares closed HK\$1.30 per eSun Share or higher in 111 days out of 223 days.

Thereafter and until just before the release of the Joint Announcement on 27 May 2018, the closing price of the eSun Shares stayed mostly between HK\$1.20 to HK\$1.40 per eSun Share. After the release of the Joint Announcement and up to the Latest Practicable Date, the closing price of the eSun Shares closed between HK\$1.24 per eSun Share and HK\$1.51 per eSun Share, with an average closing price of approximately HK\$1.30 per eSun Share. As at the Latest Practicable Date, the price of the eSun Shares closed at HK\$1.25 per eSun Share.

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

(b) Trading liquidity

Set out in the table below are the monthly total trading volumes of the eSun Shares and the percentages of such monthly total trading volumes to the total issued share capital and the public float of eSun during the Review Period:

TABLE 7: TRADING LIQUIDITY OF THE eSUN SHARES

	Monthly total trading volume of the eSun Shares	Percentage of the monthly total trading volume of the eSun Shares to the total issued eSun Shares <i>(Note 1)</i>	Percentage of the monthly total trading volume of the eSun Shares to the public float of eSun <i>(Note 2)</i>
2017			
June	35,694,590	2.39%	4.55%
July	11,288,600	0.76%	1.44%
August	73,513,700	4.93%	9.36%
September	39,976,690	2.68%	5.09%
October	29,036,400	1.95%	3.70%
November	22,478,501	1.51%	2.86%
December	11,759,000	0.79%	1.50%
2018			
January	20,544,000	1.38%	2.62%
February	3,902,000	0.26%	0.50%
March	7,198,750	0.48%	0.92%
April	1,796,800	0.12%	0.23%
May	33,484,000	2.24%	4.26%
June	10,896,400	0.73%	1.39%
From 1 July 2018 to the Latest Practicable Date	3,764,000	0.25%	0.48%

Source: Bloomberg and the Stock Exchange website

Notes:

1. *The calculation is based on the monthly total trading volumes of the eSun Shares divided by the total number of issued eSun Shares at the end of each month during the Review Period.*
2. *The calculation is based on the monthly total trading volumes of the eSun Shares divided by the total number of eSun Shares in public float of 785,225,526 as at the Latest Practicable Date.*

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

Based on the above table, in our view the liquidity of the eSun Shares was generally thin during the Review Period save for the surge of trading volume in August 2017 as the eSun Share price underwent an uptrend following publication of a positive profit alert by eSun on 28 July 2017. The eSun Shareholders, especially those with significant stakes, should note that if they wish to realise their investments in eSun they might not be able to dispose of the eSun Shares in the market without exerting a downward pressure on the market price of the eSun Shares. As the eSun Shares cannot be regarded as having been actively traded, the eSun Share Offer may represent a good opportunity for the eSun Offer Shareholders to dispose of their entire holdings at a fixed cash price without disturbing the market price.

eSun Offer Shareholders who are no longer interested in holding the eSun Shares and look for an exit on their investment should monitor the eSun Share price closely. The eSun Shares have closed above the eSun Share Offer Price in 18 days out of 38 trading days since the publication of the Joint Announcement and closed below the eSun Share Offer Price at HK\$1.25 as at the Latest Practicable Date, and the eSun Offer Shareholders (especially those with relatively sizeable shareholdings) may not be able to realise their investments in the eSun Shares at a price higher than the eSun Share Offer Price, in particular when they are going to dispose their entire holdings. As the eSun Shares cannot be regarded as having been actively traded, the eSun Share Offer provides an exit alternative for the eSun Offer Shareholders (especially those with relatively sizeable shareholdings) who are unsure of the future prospects of eSun and would like to realise their investments in the eSun Shares at a fixed cash price without disturbing the market price.

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

5. Illustration of value of the eSun Group based on the market prices of the listed entities

Because of the high proportion of eSun's assets which are listed, we have performed, for illustrative purposes, a calculation of the valuation of the eSun Group based on the sum of (i) the market value of the shares in its listed subsidiaries; and (ii) illustrative book value of other assets/liabilities of eSun (excluding all eSun's assets and liabilities associated with the above listed subsidiaries) as at 31 January 2018. We have discussed with eSun's management the latest financial position of the eSun Group and have concluded that there is no material change of the value of other assets/liabilities since 31 January 2018.

TABLE 8: CALCULATION OF MARKET PRICE-RELATED VALUE

	As at the Latest Practicable Date⁽¹⁾ <i>(HK\$'million)</i>
Market value of the shares of the listed subsidiaries held by eSun	
— Lai Fung	1,947.3
— MAGHL	148.6
Illustrative book value of other assets and liabilities of eSun (excluding all eSun's assets and liabilities associated with the above listed subsidiaries)	1,777.8 ⁽²⁾
Market Price-related Value (as defined below)	3,873.7
Per eSun Share (HK\$)	2.60

Notes:

- (1) Market values based on the respective average closing prices as quoted on the relevant stock exchanges for the 30 consecutive trading days up to and including the Latest Practicable Date.
- (2) The illustrative book value of other assets and liabilities of eSun is arrived at by subtracting (i) the net asset values of Lai Fung and MAGHL as referenced from their respective interim report for the six months ended 31 January 2018, from (ii) the net asset value of eSun as at 31 January 2018 (as referenced from the 2018 Interim Report). eSun Shareholders should note that this is an illustrative figure which has been determined for our analysis purposes based on publicly available financial information of eSun, Lai Fung and MAGHL without including any adjustments upon consolidation, and shall not be regarded as the actual book value of other assets and liabilities of eSun.

Based on the market value of the shares of the listed subsidiaries and the illustrative book value of other assets and liabilities not held by its listed subsidiaries as at 31 January 2018, the aggregate market value (the “**Market Price-related Value**”) of eSun as at the Latest Practicable Date was approximately HK\$3,873.7 million, equivalent to approximately HK\$2.60 per eSun Share. The eSun Share Offer Price represents a 50% discount to the Market Price-related Value. The Market Price-related Value provides the eSun Offer Shareholders with a useful cross-check to the realizable value of eSun while the Market Price-related Value assumes that factors or values of the listed subsidiaries will be broadly reflected in the market price of the relevant shares.

6. Peer comparison

The combination of businesses/assets of the eSun Group and the way they are held involving listed subsidiaries are, in our opinion, unique among Hong Kong listed companies which makes it difficult to identify a company which has a similar structure and business mix. However, eSun can be classified as an asset-backed business with a focus on property as over half of its assets (other than cash) are properties. In such circumstances and in order to assess the eSun Share Offer Price, we have identified the companies listed on the Stock Exchange (the “**Comparable Entities**”) principally engaged in property development and property investments in the PRC which we consider to have a business and be of a size similar to eSun, based on (i) 50% or more of revenue being derived from property development and property investment in the PRC, with no less than 10% contributed by each of the property development and property investment segments considering that the property development and property investment segments of eSun each contributed approximately 23.3% and 26.0% of segment revenue respectively and together contributed close to 50% of segment revenue for the year ended 31 July 2017; and (ii) having a market capitalisation between HK\$1,000 million and HK\$4,000 million as at the Latest Practicable Date as compared to the eSun Group’s HK\$1,939.4 million based on the eSun Share Offer Price. The list of Comparable Entities presented below is an exhaustive list according to our research on the website of the Stock Exchange and Bloomberg based on the above criteria. The price-to-book ratio is, in our view, the appropriate benchmark for valuing companies engaged in property investment and development whose values lie in the value of their underlying assets rather than their profits which may be affected by the timing of the launch of development projects. Therefore, in assessing the fairness of the eSun Share Offer Price, it is appropriate to compare the ratio of the eSun Share Offer Price to the underlying net asset value of the eSun Shares against the price-to-book ratio of other relevant property companies. The Comparable Entities are set out in the table below:

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

TABLE 9: COMPARABLE ENTITIES

Name of entities	Principal business	Market capitalisation as at the Latest Practicable Date ⁽¹⁾	NAV attributable to shareholders as at the latest year/period end ⁽²⁾	Price to book multiple (“P/B”) (A/B)
		(A) (HK\$ million)	(B) (HK\$ million)	(times)
Lai Fung Holdings Ltd (stock code: 1125)	Lai Fung Holdings Limited, through its subsidiaries, develops and invests in commercial and residential properties in the PRC.	3,848.4	16,130.4	0.24
HKC Holdings Ltd (stock code: 190)	HKC (Holdings) Limited and its subsidiaries are principally engaged in the business of property development and investment, alternative energy investment and management, infrastructure and construction.	3,746.4	13,270.9	0.28
Top Spring International Holdings Ltd (stock code: 3688)	Top Spring International Holdings Limited is a holding company, and has interests in shopping malls, hotels, offices, department stores, and residential apartments.	3,725.8	11,450.5	0.33
Hon Kwok Land Investment Co Ltd (stock code: 160)	Hon Kwok Land Investment Company Limited, through its subsidiaries, develops and invests in properties, and also provides financing services.	3,252.5	11,372.1	0.29
Chuang’s Consortium International Ltd (stock code: 367)	Chuang’s Consortium International Limited, through its subsidiaries, develops and invests in properties, and trades securities.	2,849.5	11,152.1	0.26
China New City Commercial Development Ltd (stock code: 1321)	China New City Commercial Development Limited is a commercial property developer, owner and operator, with a focus on developing integrated commercial complexes in sub-city centers of second-tier cities in the Yangtze River Delta Region.	2,332.9	7,062.9	0.33
Shanghai Zendai Property Ltd (stock code: 755)	Shanghai Zendai Property Limited, through its subsidiaries, develops and invests in real estate, and also provides real estate agency, planning and management services.	2,717.5	3,786.8	0.72

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

Name of entities	Principal business	NAV attributable to shareholders		Price to book multiple (“P/B”) (A/B) (times)
		Market capitalisation as at the Latest Practicable Date ⁽¹⁾ (A) (HK\$ million)	as at the latest year/period end ⁽²⁾ (B) (HK\$ million)	
Chinney Investments, Ltd (stock code: 216)	Chinney Investments, Limited, through its subsidiaries, provides building, piling, drilling construction services, manufactures and trades garments, invests in and develops properties, and provides management services.	1,848.9	7,679.8	0.24
Beijing Capital Grand Ltd (stock code: 1329)	Beijing Capital Grand Limited operates as a property developer, and runs integrated property projects management, commercial property projects management, and other businesses.	1,697.1	5,738.2	0.30
			Mean	0.33
			Maximum	0.72
			Minimum	0.24
The eSun Share Offer		1,939.4⁽³⁾	9,780.7⁽²⁾	0.20
		1,939.4⁽³⁾	3,873.7⁽⁴⁾	0.50

Source: Bloomberg and website of the Stock Exchange

Notes:

- (1) The average closing prices of the Comparable Entities as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Latest Practicable Date are used.
- (2) The NAV attributable to the respective shareholders of eSun and the Comparable Entities is extracted from their latest published financial statements.
- (3) The market capitalisation of eSun is calculated based on the eSun Share Offer Price of HK\$1.30 per eSun Share.
- (4) It refers to the Market Price-related Value as set out in the section headed “5. Illustration of value of the eSun Group based on the market prices of the listed entities” above.

As shown above, the P/Bs of the Comparable Entities ranged from approximately 0.24 times to 0.72 times, with the mean of 0.33 times. The P/B of eSun of approximately 0.20 times as calculated based on the eSun Share Offer Price divided by eSun’s NAV is below the lowest P/B of the Comparable Entities, while the P/B of eSun of approximately 0.50 times as calculated based on the eSun Share Offer Price divided by the Market Price-related Value is within the range of P/Bs of the Comparable Entities and higher than the average of the Comparable Entities.

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

7. Privatisation precedents

As the Offeror will exercise the power of compulsory acquisition if the level of acceptances of the eSun Share Offer (or the Offeror’s holding of eSun Shares) reaches the prescribed thresholds under Section 102(1) (or Section 103(1)) of the Companies Act, we have also compared the eSun Share Offer to other privatisation proposals in Hong Kong. Due to the fact that over half of the eSun Group’s total assets as at 31 January 2018 was attributable to property development and investment, Hong Kong listed asset-backed businesses, for which discount to net assets is a commonly used approach for valuation, have been selected to form the basis of the Privatisation Precedents (as defined below). We have identified all the successful privatisation proposals in the past 10 years (from 2009 to the Latest Practicable Date) involving Hong Kong listed asset-backed businesses (the “**Privatisation Precedents**”). We have performed a comparison of premiums over prevailing market prices at which the Privatisation Precedents had been priced and the level of discount to consolidated adjusted NAV per share at which the Privatisation Precedents were made. The results are set out below.

TABLE 10: PRIVATISATION PRECEDENTS

Date of initial announcement	Company name	Premium/ (Discount) of offer/ cancellation price over/to the consolidated adjusted NAV	Principal business activities	Premium of offer/cancellation price over the average share price prior to the privatisation proposal		
				10 trading days	30 trading days	180 trading days
20 March 2017	Goldin Properties Holdings Ltd (stock code: 283) (“ Goldin Properties ”)	28.6%	Property development, property investment and operation of hotel and polo club	39.1%	33.9%	49.5%
30 March 2016	Dalian Wanda Commercial Properties Co Ltd (stock code: 3699)	(10.8%)	Property leasing and management, development and sales of properties and development and operation of luxury hotels	39.7%	50.2%	16.0%
6 January 2016	New World China Land Ltd (stock code: 917)	(29.4%)	Development of property projects for sale, development and management of investment properties for rental purposes, and operation of resort and hotel projects	29.4%	40.8%	56.9%

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

Date of initial announcement	Company name	Premium/ (Discount) of offer/ cancellation price over/to the consolidated adjusted NAV	Principal business activities	Premium of offer/cancellation price over the average share price prior to the privatisation proposal		
				10 trading days	30 trading days	180 trading days
20 January 2011	Shanghai Forte Land Co., Ltd. (stock code: 2337)	(26.2%)	Development and sale of high quality commercial and residential properties in the PRC	24.6%	34.1%	52.2%
27 April 2010	Wheelock Properties Ltd. (stock code: 49) ("Wheelock Properties")	(12.1%)	Ownership in properties for development and letting as well as investment holding	150.5%	162.1%	157.0%
	Excluding Goldin Properties (Note 1)					
	Highest	(10.8%)		150.5%	162.1%	157.0%
	Lowest	(29.4%)		24.6%	34.1%	16.0%
	Average	(19.6%)		61.1%	71.8%	70.5%
eSun Share Offer Price	HK\$1.30 per eSun Offer Share	(84.7%) (Note 2) (50.0%) (Note 3)		(3.7%)	3.2%	(2.3%)

Source: Bloomberg and the filings of the relevant companies on the Stock Exchange's website

Notes:

1. Goldin Properties has been excluded from the calculation of the highest, lowest and average of the premium over/discount to consolidated adjusted NAV and the premiums over prevailing share prices of the Privatisation Precedents, as Goldin Properties is considered to be an outlier with its offer price representing a premium of 28.6% over the consolidated adjusted NAV, whereas the offer/cancellation prices of the other Privatisation Precedents all represented discounts to their respective consolidated adjusted NAV.
2. Calculated based on the Reassessed NAV per eSun Share as discussed in section 2 above.
3. Calculated based on the Market Price-related Value per eSun Share as at the Latest Practicable Date as discussed in section 5 above.

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

(i) *Discount to the Reassessed NAV per eSun Share and the Market Price-related Value per eSun Share*

Excluding Goldin Properties, we note that there are four Privatisation Precedents, their discounts to consolidated adjusted NAV per share as represented by their respective offer/cancellation prices ranged from 10.8% to 29.4% with an average discount of 19.6%.

The eSun Share Offer Price represents a 84.7% and 50.0% discount to the Reassessed NAV per eSun Share and the Market Price-related Value per eSun Share respectively, which are at substantially deeper discounts than all the Privatisation Precedents.

(ii) *Premiums over the prevailing eSun Share price*

Excluding Goldin Properties, the average premiums in the four Privatisation Precedents ranged from 24.6% to 150.5%, 34.1% to 162.1% and 16.0% to 157.0% over their respective 10-day, 30-day and 180-day average share prices with averages of 61.1%, 71.8% and 70.5% respectively. Also excluding Wheelock Properties, which may be considered an outlier as its premiums over the prevailing market prices are substantially higher than those of the other Privatisation Precedents, the average premiums in the three Privatisation Precedents ranged from 24.6% to 39.7%, 34.1% to 50.2% and 16.0% to 56.9% over their respective 10-day, 30-day and 180-day average share prices with averages of 31.2%, 41.7% and 41.7% respectively.

The premiums/discounts offered by the eSun Share Offer Price over/to the 10-day, 30-day and 180-day average eSun Share prices were (3.7%), 3.2% and (2.3%), substantially below each of the averages of all the Privatisation Precedents.

8. The eSun Option Offer

As at the Latest Practicable Date, there were 32,850,665 eSun Options (all of which vested on their respective dates of grant), each giving the eSun Optionholder the right to subscribe for one new eSun Share. The exercise of such eSun Options in full would result in the issue of 32,850,665 new eSun Shares, representing approximately 2.20% of the issued share capital of eSun as at the Latest Practicable Date and approximately 2.15% of the issued share capital of eSun as enlarged by the issue of such new eSun Shares.

In accordance with Rule 13 of the Takeovers Code, the Offeror will make (or procure to be made on its behalf) an appropriate offer to all the eSun Optionholders for the cancellation of every eSun Option, whether vested or unvested, by way of the eSun Option Offer.

If any eSun Option is exercised in accordance with the terms of the relevant eSun Share Option Scheme prior to the close of the eSun Share Offer, any eSun Shares issued as a result of such exercise will be subject to the eSun Share Offer.

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

Pursuant to the terms of the eSun Share Option Schemes, the eSun Optionholders will be entitled to exercise the eSun Options in full (to the extent not already exercised) at any time before the close of the eSun Share Offer and any eSun Option not so exercised will lapse upon the close of the eSun Share Offer (following which the holder of such eSun Option will not be able to accept the eSun Option Offer in respect of such eSun Option). However, in the case of any eSun Option granted under the share option scheme adopted by eSun on 11 December 2015 (being the 400,000 eSun Options with the exercise price of HK\$1.360 per eSun Share), if, before the close of the eSun Share Offer, the Offeror becomes entitled to exercise rights of compulsory acquisition of the eSun Offer Shares and gives its notice of compulsory acquisition, such eSun Option will remain exercisable (provided that its option period has not yet expired) until one (1) month from the date of such notice and, to the extent that such eSun Option has not been so exercised, will lapse.

Under the eSun Option Offer, the Offeror will, in accordance with Rule 13 of the Takeovers Code, offer the eSun Optionholders the eSun Option Offer Price (which is the “see-through” price, being the eSun Share Offer Price minus the exercise price of the relevant eSun Option) in cash for the cancellation of each eSun Option they hold, whether vested or unvested, provided that if the exercise price of any eSun Option is equal to or greater than the eSun Share Offer Price (such that the “see-through” price is zero or negative), the eSun Option Offer Price will be a nominal amount of HK\$0.01 for every 100 eSun Options (or, if lesser, any part thereof).

We note that it is a common market practice to adopt a “see-through” price (representing the difference between the share offer price and any given exercise price of the convertible instrument) as the minimum offer/cancellation price for any convertible instrument in conjunction with a general offer for ordinary shares. For the eSun Options with an exercise price below the eSun Share Offer Price (“**In-the-Money eSun Options**”), the eSun Option Offer Prices represent the difference between the eSun Share Offer Price and the exercise prices of these eSun Options, and we consider such basis of determining the eSun Option Offer Prices acceptable and in line with market practice. For eSun Options with an exercise price greater than the eSun Share Offer Price (“**Out-of-the-Money eSun Options**”), as they are out-of-the-money and their implied intrinsic value was nil, accordingly we consider the eSun Option Offer Price of the nominal amount of HK\$0.01 for every 100 eSun Options to be in line with market practice.

However, as discussed in the section headed “4. Analysis of market price and trading liquidity of the eSun Shares” above, the recent market price has closed above the eSun Share Offer Price in 18 days out of 30 trading days after the release of the Joint Announcement on 27 May 2018, but closed below the eSun Share Offer Price at HK\$1.25 as at the Latest Practicable Date. Hence, eSun Optionholders are reminded to closely monitor the market price of the eSun Shares during the period for acceptance of the eSun Offers, bearing in mind that any eSun Option not exercised will lapse upon the close of the eSun Share Offer. For In-the-Money eSun Options, eSun Optionholders may consider (i) exercising their eSun Options into eSun Shares if the market price rises above the eSun Share Offer Price, and if they wish to realize their investments in eSun, sell these underlying eSun Shares in the open market if the net proceeds from the sale after deducting the exercise price of the eSun Options and all transaction costs

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

are higher than the relevant “see-through” eSun Option Offer Price; (ii) accepting the eSun Option Offer if the market price of the eSun Shares remains below the eSun Share Offer Price or becomes out-of-the-money below the exercise price; or (iii) subject to their individual investment criteria, objectives and/or circumstances, exercising their eSun Options into eSun Shares before the close of the eSun Share Offer if they are optimistic about the future prospects of the eSun Group and the eSun Share price performance. For Out-of-the-Money eSun Options, eSun Optionholders may consider (i) accepting the eSun Option Offer if the market price of the eSun Shares remains below the exercise price and their eSun Options remains out-of-the-money; or (ii) exercising their eSun Options into eSun Shares, and if they wish to realize their investments in eSun, sell these underlying eSun Shares in the open market if the market price becomes in-the-money above the exercise price and the net proceeds from such sale after deducting the exercise price of the eSun Options and all transaction costs are higher than the nominal amount of HK\$0.01 for every 100 eSun Options under the eSun Option Offer.

DISCUSSION AND ANALYSIS

(i) The eSun Share Offer is subject to conditions

The eSun Share Offer is subject to the approval of the independent shareholders of LSG and LSD as very substantial acquisitions of LSG and LSD, respectively and the making of the Offers to any connected persons of LSG and LSD. The shareholders’ meetings of LSG and LSD will be held on 8 August 2018, upon which announcement will be published by LSG and LSD as regards the voting results.

The eSun Share Offer is also subject to having received the valid acceptances of the eSun Share Offer on the eSun Share Offer Closing Date in respect of such number of eSun Shares which, together with eSun Shares already (directly or indirectly) held or agreed to be acquired by LSD, the Offeror or their respective subsidiaries, would result in the Offeror and LSD together with their respective subsidiaries holding in aggregate more than 50% of the voting rights in eSun.

As disclosed in the “Letter from the eSun Independent Board Committee” of the eSun Composite Document, Mr. Andrew Yan, a non-executive eSun Director, indicated that he intended to procure the corporations controlled by him and through which he held 150,000,000 eSun Shares (representing approximately 10.05% of the issued share capital of eSun as at the Latest Practicable Date) to accept the eSun Share Offer in respect of such eSun Shares, as he considered that, in light of low liquidity of the eSun Shares, it would be difficult for a significant number of the eSun Offer Shares to be disposed of in the market without adversely affecting the market price of the eSun Shares, and the eSun Share Offer provides an opportunity to realise the investment in eSun at a fixed cash price without such effect. As the Offeror held 36.94% of the issued share capital of eSun as at the Latest Practicable Date, this leaves the Offeror just over 3% short of the necessary level of valid acceptances of the eSun Share Offer.

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

Based on the timetable set out in the eSun Composite Document, the first eSun Share Offer Closing Date will be on 20 August 2018. The Offeror will issue an announcement stating whether the eSun Offers have been revised or extended, have expired or have become or been declared unconditional, in which case they should remain open for acceptances for not less than fourteen (14) days thereafter. Consequently, eSun Offer Shareholders and eSun Optionholders are advised to be alert for any further announcement by the Offeror or eSun.

(ii) Prevailing market price of the eSun Shares close to the eSun Offer Price

During the Review Period, the eSun Share price as quoted on the Stock Exchange saw an uplift since the publication of a positive profit alert on 28 July 2017, and first closed above HK\$1.30 per eSun Share on 24 August 2017. Since then, the prevailing market price of the eSun Shares has remained close to the eSun Share Offer Price and closed HK\$1.30 per eSun Share or higher in 111 days out of 223 trading days. The eSun Share Offer Price represents a discount of 2.3% to the average closing price for the 180 trading days immediately prior to and including the Last Trading Date.

After the release of the Joint Announcement and up to the Latest Practicable Date, the closing price of the eSun Shares closed between HK\$1.24 per eSun Share and HK\$1.51 per eSun Share, with an average closing price of approximately HK\$1.30 per eSun Share. Although the eSun Shares closed below the eSun Share Offer Price at HK\$1.25 as at the Latest Practicable Date, the eSun Share Offer Price is generally considered unattractive as compared to the average closing price for the past 180 trading days and the recent eSun Share price.

However, as the liquidity of the eSun Shares was generally thin during the Review Period, eSun Shareholders who intend to accept the eSun Share Offer are reminded to closely monitor the market price of the eSun Shares during the period for acceptance of the eSun Offers, and they may consider selling their eSun Shares in the open market should the market price rises above the eSun Share Offer Price.

(iii) The eSun Share Offer Price represents deeper discount to peers valuation

We have identified Comparable Entities which we consider to have a business and be of a size similar to eSun, and the P/Bs of the Comparable Entities ranged from approximately 0.24 times to 0.72 times, with a mean of 0.33 times. The P/Bs of eSun as represented by the eSun Share Offer Price and the Market Price-related Value are 0.20 times and 0.50 times respectively. Despite the P/B of eSun of approximately 0.50 times as represented by the Market Price-related Value is within the range of the P/Bs of the Comparable Entities, the P/B of eSun of approximately 0.20 times as represented by the eSun Share Offer Price is below the P/Bs of all the Comparable Entities as the lowest P/B of the Comparable Entities is 0.24 times.

On this basis, although the eSun Share Offer allows the eSun Offer Shareholders to dispose of their entire holdings at a fixed cash price without disturbing the market price, we consider the eSun Share Offer Price to be an unattractive valuation of eSun.

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

(iv) Financial performance and position of the eSun Group

The eSun Group recorded a net profit attributable to owners of eSun of approximately HK\$514.2 million for the year ended 31 July 2017 as compared to HK\$80.8 million in the prior year, but recorded a net loss attributable to owners of eSun of approximately HK\$14.3 million for the six months ended 31 January 2018 compared to net profit of HK\$27.6 million in the prior corresponding period, primarily due to the consolidated loss from MAGHL and lower profit contribution from property sales of a joint venture of Lai Fung. The profitability of the eSun Group, like other property developers, may be affected by the timing of the launch of development projects and therefore, we have not put a strong weighting on the historical financial performance of the eSun Group.

The NAV attributable to owners of eSun was approximately HK\$9,780.7 million as at 31 January 2018 as compared to HK\$9,118.2 million as at 31 July 2017, hence NAV per eSun Share increase from HK\$6.11 as at 31 July 2017 to HK\$6.56 as at 31 January 2018. As at 31 January 2018, cash and bank balances held by the eSun Group amounted to HK\$5,710.4 million (as at 31 July 2017: HK\$3,304.6 million), while consolidated total borrowings and gearing ratio were HK\$9,839.9 million and 42.2% respectively (as at 31 July 2017: HK\$6,525.3 million and 35.3% respectively).

(v) eSun Option Offer

Under the eSun Option Offer, in accordance with Rule 13 of the Takeovers Code, the eSun Optionholders have been offered the “see-through” price for eSun Options which are in-the-money and a nominal amount of HK\$0.01 for every 100 eSun Options for eSun Options which are out-of-the-money, which are considered acceptable and in line with market practice. However, as discussed above, the recent market price has closed above the eSun Share Offer Price in 18 days out of 38 trading days after the release of the Joint Announcement on 27 May 2018, but closed below the eSun Share Offer Price at HK\$1.25 as at the Latest Practicable Date. Hence, eSun Optionholders are reminded to closely monitor the market price of the eSun Shares during the period for acceptance of the eSun Offers, bearing in mind that any eSun Option not exercised will lapse upon the close of the eSun Share Offer. For In-the-Money eSun Options, eSun Optionholders may consider (i) exercising their eSun Options into eSun Shares if the market price rises above the eSun Share Offer Price, and if they wish to realize their investments in eSun, sell the underlying eSun Shares in the open market if the net proceeds from the sale after deducting the exercise price of the eSun Options and all transaction costs are higher than the relevant “see-through” eSun Option Offer Price; or (ii) accepting the eSun Option Offer if the market price of the eSun Shares remains below the eSun Share Offer Price or becomes out-of-the-money below the exercise price; or (iii) subject to their individual investment criteria, objectives and/or circumstances, exercising their eSun Options into eSun

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

Shares before the close of the eSun Share Offer if they are optimistic about the future prospects of the eSun Group and the eSun Share price performance. For Out-of-the-Money eSun Options, eSun Optionholders may consider (i) accepting the eSun Option Offer if the market price of the eSun Shares remains below the exercise price and their eSun Options remains out-of-the-money; or (ii) exercising their eSun Options into eSun Shares, and if they wish to realize their investments in eSun, sell these underlying eSun Shares in the open market if the market price becomes in-the-money above the exercise price and the net proceeds from such sale after deducting the exercise price of the eSun Options and all transaction costs are higher than the nominal amount of HK\$0.01 for every 100 eSun Options under the eSun Option Offer.

(vi) The eSun Share Offer Price represents deeper discount to the Reassessed NAV and average share prices as compared to Privatisation Precedents

As the Offeror will exercise the power of compulsory acquisition if the level of acceptances of the eSun Share Offer (or the Offeror's holding of eSun Shares) reaches the prescribed thresholds under Section 102(1) (or Section 103(1)) of the Companies Act, we have also compared the eSun Share Offer to other privatisation proposals in Hong Kong. Excluding Goldin Properties which is considered an outlier, four Privatisation Precedents, which involved Hong Kong listed asset-backed businesses, have been identified, and their discounts to the consolidated adjusted NAV per share as represented by their respective offer/cancellation prices ranged from 10.8% to 29.4% with an average discount of 19.6%. The eSun Share Offer Price represents a 84.7% and 50.0% discount to the Reassessed NAV per eSun Share and the Market Price-related Value per eSun Share respectively, which are at substantially deeper discounts than all the Privatisation Precedents. The premiums/discounts offered by the eSun Share Offer Price over the 10-day, 30-day and 180-day average eSun Share prices of (3.7%), 3.2% and (2.3%) are also substantially below the low end of the range of all the Privatisation Precedents with premiums of 24.6%, 34.1% and 16.0% respectively.

On this basis, in the context of a privatisation proposal, we consider the eSun Share Offer Price to be insufficient considering its unattractive valuation as represented by the eSun Share Offer Price.

OPINION AND RECOMMENDATION

Based on the above principal factors and reasons, in particular the discount of the eSun Share Offer Price to the recent market prices of the eSun Shares and the unfavourable valuation of the eSun Group implied by the eSun Share Offer Price against the market valuation of the eSun Group's peers and the Privatisation Precedents which outweigh the loss-making record of the eSun Group for the six months ended 31 January 2018, we consider that the eSun Share Offer does not provide an attractive opportunity for the eSun Offer Shareholders to realize their investments in eSun, as the terms of the eSun Offers are not fair and reasonable so far as the eSun Offer Shareholders and the eSun Optionholders are concerned. Accordingly, we recommend the eSun Independent Board Committee to advise the eSun Offer Shareholders not to accept the eSun Share Offer.

LETTER FROM THE eSUN INDEPENDENT FINANCIAL ADVISER

However, given the eSun Optionholders will be entitled to exercise the eSun Options in full (to the extent not already exercised) at any time before the close of the eSun Share Offer and any eSun Option not so exercised will lapse, we recommend the eSun Independent Board Committee to advise the eSun Optionholders who do not intend to exercise the eSun Options to accept the eSun Option Offer. Since the timing of lapse of the eSun Options is different under the eSun Share Option Schemes, eSun Optionholders are reminded to observe the latest time for acceptance of their options under the eSun Option Offer.

The eSun Shares have closed above the eSun Share Offer Price in 18 days out of 38 trading days since the publication of the Joint Announcement, but closed below the eSun Share Offer Price at HK\$1.25 as at the Latest Practicable Date. As the eSun Shares cannot be regarded as having been actively traded, the eSun Share Offer provides an exit alternative for the eSun Offer Shareholders (especially those with relatively sizeable shareholdings) who are unsure of the future prospects of eSun and would like to realise their investments in the eSun Shares at a fixed cash price without disturbing the market price. eSun Offer Shareholders and eSun Optionholders are reminded to closely monitor the market price and trading liquidity of the eSun Shares during the acceptance period of the eSun Offers.

Yours faithfully,
for and on behalf of

SOMERLEY CAPITAL LIMITED

Kenneth Chow

Managing Director — Corporate Finance

Jenny Leung

Director

Mr. Kenneth Chow and Ms. Jenny Leung are licensed persons and responsible officers of Somerley registered with the SFC to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and have participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

1. PROCEDURES FOR ACCEPTANCE

To accept any of the eSun Offers, you should duly complete and sign the relevant accompanying eSun Form(s) of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the relevant eSun Offers.

1.1. The eSun Share Offer

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your eSun Offer Shares is/are in your name, and you wish to accept the eSun Share Offer in respect of your eSun Offer Shares (whether in full or in part), you must deliver the duly completed and signed **WHITE** Form of eSun Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of eSun Offer Shares for which you intend to accept the eSun Share Offer, by post or by hand, to the Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong marked "eSun Holdings Limited — eSun Share Offer" on the envelope so as to reach the Registrar as soon as possible but in any event by no later than 4:00 p.m. on the eSun Share Offer Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your eSun Offer Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the eSun Share Offer in respect of your eSun Offer Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of eSun Offer Shares for which you intend to accept the eSun Share Offer with the nominee company, or other nominee, and with instructions authorising it to accept the eSun Share Offer on your behalf and requesting it to deliver the **WHITE** Form of eSun Share Offer Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your eSun Offer Shares to the Registrar; or

- (ii) arrange for the eSun Offer Shares to be registered in your name by eSun through the Registrar, and deliver the duly completed and signed **WHITE** Form of eSun Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of eSun Offer Shares for which you intend to accept the eSun Share Offer to the Registrar; or
 - (iii) if your eSun Offer Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the eSun Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/ custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your eSun Offer Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or the CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If you have lodged transfer(s) of any of your eSun Offer Shares for registration in your name or if you have exercised your eSun Options and have not yet received your share certificate(s), and you wish to accept the eSun Share Offer in respect of those eSun Offer Shares, you should nevertheless duly complete and sign the **WHITE** Form of eSun Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s), if any, duly signed by yourself and/or other document(s) of title or entitlement in respect of the eSun Options (as the case may be). Such action will constitute an irrevocable authority to the Offeror and/or HSBC and/or their respective agent(s) to collect from eSun or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the eSun Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of eSun Share Offer Acceptance.

- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your eSun Offer Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the eSun Share Offer in respect of any of your eSun Offer Shares, the **WHITE** Form of eSun Share Offer Acceptance should nevertheless be duly completed, signed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your eSun Offer Shares or that it is/they are not readily available. If you subsequently find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your eSun Offer Shares, you should also write to the Registrar for a form of letter of indemnity which, when completed and signed in accordance with the instructions given, should be provided to the Registrar. The Offeror has absolute discretion to decide whether any eSun Offer Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.
- (e) Acceptance of the eSun Share Offer will be treated as valid only if the duly completed and signed **WHITE** Form of eSun Share Offer Acceptance is received by the Registrar on or before the latest time for acceptance of the eSun Share Offer and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/ or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of eSun Offer Shares for which you intend to accept the eSun Share Offer and, if that/those share certificate(s) and/or any other document(s) of title is/are not in your name, such other document(s) (e.g. a duly stamped transfer of the relevant eSun Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant eSun Offer Shares; or
 - (ii) from a registered eSun Offer Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the eSun Offer Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange,

and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received.

- (f) If the **WHITE** Form of eSun Share Offer Acceptance is executed by a person other than the registered eSun Offer Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.
- (g) If the eSun Share Offer is invalid, withdrawn or lapses, the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post at your own risk the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the eSun Offer Shares tendered for acceptance together with the duly cancelled **WHITE** Form of eSun Share Offer Acceptance to the relevant eSun Offer Shareholder(s).
- (h) No acknowledgement of receipt of any **WHITE** Form of eSun Share Offer Acceptance and/or share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your eSun Offer Shares tendered for acceptance will be given.

1.2. The eSun Option Offer

- (a) If you are an eSun Optionholder and you wish to accept the eSun Option Offer in respect of your eSun Options, you must deliver the duly completed and signed **PINK** Form of eSun Option Offer Acceptance together with the relevant certificate(s), document(s) of title or entitlement in respect of the eSun Options and/or any other document(s) (if applicable) evidencing the grant of the eSun Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) for your holding of the eSun Options or if applicable, for not less than the number of the eSun Options in respect of which you intend to accept the eSun Option Offer, by post or by hand, to the company secretary of eSun at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong marked “eSun Holdings Limited — eSun Option Offer” on the envelope so as to reach the company secretary of eSun as soon as possible but in any event by no later than 4:00 p.m. on the eSun Share Offer Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the **PINK** Form of eSun Option Offer Acceptance is executed by a person other than the registered eSun Optionholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the company secretary of eSun must be produced.

- (c) If the eSun Option Offer is invalid, withdrawn or lapses, the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by delivering the relevant certificate(s), document(s) of title or entitlement in respect of the eSun Options, and/or any other document(s) (if applicable) evidencing the grant of the eSun Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) together with the duly cancelled **PINK** Form of eSun Option Offer Acceptance to the office of eSun in Hong Kong for collection by the relevant eSun Optionholders.
- (d) No acknowledgement of receipt of any **PINK** Form of eSun Option Offer Acceptance and/or the relevant certificate(s), document(s) of title or entitlement in respect of your eSun Options and/or any other document(s) (if applicable) evidencing the grant of the eSun Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. SETTLEMENT UNDER THE OFFERS

2.1 The eSun Share Offer

Subject to the eSun Offers becoming or being declared unconditional in all respects and provided that a duly completed **WHITE** Form of eSun Share Offer Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant eSun Offer Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order in all respects and have been received by the Registrar before the close of the eSun Share Offer, a cheque for the amount due to each of the eSun Offer Shareholders who accepts the eSun Share Offer less seller's ad valorem stamp duty in respect of the eSun Offer Shares tendered by him under the eSun Share Offer will be despatched to such eSun Offer Shareholder by ordinary post at his own risk as soon as possible but in any event within seven (7) Business Days following the later of (i) the date on which the eSun Offers become or are declared unconditional in all respects; and (ii) the date of receipt of a duly completed **WHITE** Form of eSun Share Offer Acceptance together with all of the relevant document(s) by the Registrar to render such acceptance under the eSun Share Offer valid.

Settlement of the consideration to which any eSun Offer Shareholder is entitled under the eSun Share Offer will be implemented in full in accordance with its terms (save in respect of the payment of the seller's ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such eSun Offer Shareholder.

No fraction of a cent will be payable and the amount of consideration payable to an eSun Offer Shareholder who accepts the eSun Share Offer will be rounded down to the nearest cent.

Cheque(s) not presented for payment within six months from the date of issue of the relevant cheque(s) will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

2.2 The eSun Option Offer

Subject to the eSun Offers becoming or being declared unconditional in all respects and provided that a duly completed and signed **PINK** Form of eSun Option Offer Acceptance and the relevant certificate(s), document(s) of title or entitlement in respect of the eSun Options and/ or any other document(s) (if applicable) evidencing the grant of the eSun Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the company secretary of eSun before the close of the eSun Option Offer, a cheque for the amount due to each of the eSun Optionholders who accepts the eSun Option Offer in respect of the eSun Options surrendered by him in acceptance of the eSun Option Offer will be available for collection at the office of eSun in Hong Kong at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong within seven (7) Business Days following the later of (i) the date on which the eSun Offers become or are declared unconditional in all respects; and (ii) the date of receipt of a duly completed **PINK** Form of eSun Option Offer Acceptance together with all the relevant document(s) by the company secretary of eSun to render such acceptance, surrender and cancellation under the eSun Option Offer valid.

Settlement of the consideration to which any eSun Optionholder is entitled to under the eSun Option Offer will be implemented in full in accordance with its terms, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such eSun Optionholder.

No fraction of a cent will be payable and the amount of consideration payable to an eSun Optionholder who accepts the eSun Option Offer will be rounded down to the nearest cent.

Cheque(s) not presented for payment within six months from the date of issue of the relevant cheque(s) will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

3. ACCEPTANCE PERIOD AND REVISIONS

Unless the eSun Offers are revised or extended in accordance with the Takeovers Code, to be valid, the **WHITE** Form of eSun Share Offer Acceptance must be received by the Registrar and the **PINK** Form of eSun Option Offer Acceptance must be received by the company secretary of eSun, in each case, in accordance with the instructions printed thereon and in this eSun Composite Document by 4:00 p.m. on the eSun Share Offer Closing Date.

If the eSun Offers are revised or extended, the Offeror will issue an announcement in relation to such revision or extension of the eSun Offers, which announcement will either state the next eSun Share Offer Closing Date or, if the eSun Offers have become or been declared unconditional as to acceptances, include a statement that the eSun Offers will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given, before the eSun Offers are closed, to those eSun Offer Shareholders and eSun Optionholders who have not accepted the relevant eSun Offers. If, in the course of the eSun Offers, the Offeror revises the terms of the eSun Offers, all the eSun Offer Shareholders and the eSun Optionholders, whether or not they have already accepted the eSun Offers, will be entitled to accept the revised eSun Offers under the revised terms. Any revised eSun Offers must be kept open for at least fourteen (14) days or, if longer and to the extent required by applicable U.S. regulations (including where there is a change in the eSun Share Offer Price), at least 10 U.S. Business Days following the date on which the revised eSun Composite Document is posted, and shall not be closed earlier than Monday, 20 August 2018. In any case where the eSun Offers are revised, and the consideration offered under each of the revised eSun Offers does not represent on such date a reduction in the value of the eSun Offers in its original or any previously revised form(s), the benefit of such revised eSun Offers will be made available as set out herein to acceptors of the eSun Offers in its original or any previously revised form(s) (hereinafter called "previous acceptor(s)"). The execution by, or on behalf of, a previous acceptor of any eSun Form of Acceptance shall be deemed to constitute acceptance of the eSun Offers as so revised.

The Offeror may introduce new conditions to be attached to any revision to the terms of the eSun Offers, or any subsequent revision thereof, but only to the extent necessary to implement the revised eSun Offers and subject to the consent of the Executive.

If the eSun Share Offer Closing Date is extended, any reference in this eSun Composite Document and in the eSun Forms of Acceptance to the eSun Share Offer Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent eSun Share Offer Closing Date.

There is no obligation on the Offeror to extend the eSun Offers if the Conditions are not satisfied by the first eSun Share Offer Closing Date (being Monday, 20 August 2018).

4. NOMINEE REGISTRATION

To ensure equality of treatment of all the eSun Offer Shareholders, those eSun Offer Shareholders who hold eSun Offer Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the eSun Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the eSun Offers. Acceptance of the eSun Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of eSun Offer Shares it has indicated in the eSun Form of Acceptance is the aggregate number of eSun Offer Shares for which such nominee has received authorisations from the beneficial owners to accept the eSun Share Offer on their behalf.

5. ANNOUNCEMENTS

An announcement will be made when the eSun Offers become or are declared unconditional as to acceptances and when the eSun Offers become or are declared unconditional in all respects.

By 6:00 p.m. on the eSun Share Offer Closing Date (or such later time(s) and/or date(s) as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the eSun Offers. The Offeror must publish an announcement in accordance with the Listing Rules on the Stock Exchange's website by 7:00 p.m. on the eSun Share Offer Closing Date stating the results of the eSun Offers and whether the eSun Offers have been revised, extended, expired or have become or been declared unconditional (whether as to acceptances or in all respects). The announcement will state the following:

- (a) the total number of eSun Offer Shares and eSun Options for which acceptances of the eSun Offers have been received;
- (b) the total number of eSun Offer Shares and eSun Options held, controlled or directed by the Offeror and the Offeror Concert Parties before the eSun Offer Period;
- (c) the total number of eSun Offer Shares and eSun Options acquired or agreed to be acquired during the eSun Offer Period by the Offeror and the Offeror Concert Parties; and
- (d) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in eSun which the Offeror and any of the Offeror Concert Parties have borrowed or lent, save for any borrowed eSun Offer Shares which have been either on-lent or sold.

The announcement will specify the percentages of the issued share capital, and the percentages of voting rights, represented by these numbers of eSun Offer Shares.

In computing the total number of eSun Offer Shares and eSun Options represented by acceptances, only valid acceptances that are complete, in good order and fulfil the conditions set out in this Appendix I, and which have been received by the Registrar or the company secretary of eSun (as the case may be) by no later than 4:00 p.m. on the eSun Share Offer Closing Date, being the latest time and date for acceptance of the eSun Offers, shall be included.

As required under the Takeovers Code, all announcements in relation to the eSun Offers will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

If any of the Offeror, the Offeror Concert Parties or their respective advisers make any statement during the eSun Offer Period about the level of acceptances or the number or percentage of accepting eSun Offer Shareholder or eSun Optionholders, the Offeror must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.

6. RIGHT OF WITHDRAWAL

The eSun Share Offer is conditional upon the fulfilment of the Conditions set out in the “Letter from HSBC” in this eSun Composite Document and the eSun Option Offer is conditional upon the eSun Share Offer becoming or being declared unconditional in all respects. Acceptances of the eSun Offers tendered by the eSun Offer Shareholders and the eSun Optionholders, respectively, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in this paragraph and the paragraph below. Rule 17 of the Takeovers Code provides that an acceptor of any of the eSun Offers shall be entitled to withdraw his acceptance after twenty-one (21) days from the first eSun Share Offer Closing Date (being Monday, 20 August 2018) if the eSun Share Offer has not by then become unconditional as to acceptances and up to the earlier of such time as the eSun Share Offer becomes or is declared unconditional as to acceptances and 4:00 p.m. on the 60th day from the date of despatch of this eSun Composite Document (being Friday, 21 September 2018 (or the date beyond which the Offeror has stated that the eSun Offers will not be extended, if applicable)).

Under Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with the requirements set out in section 5 “Announcements” in this Appendix I above, the Executive may require that the holders of eSun Offer Shares and eSun Options who have tendered acceptances to the relevant eSun Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that section are met.

7. HONG KONG STAMP DUTY

Seller’s ad valorem stamp duty at a rate of 0.1% of the market value of the eSun Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the eSun Share Offer, whichever is higher (rounded up to the nearest HK\$1.00), will be deducted from the amount payable to the relevant eSun Offer Shareholder on acceptance of the eSun Share Offer. The Offeror will arrange for payment of the seller’s ad valorem stamp duty on behalf of the accepting eSun Offer Shareholders in connection with the acceptance of the eSun Share Offer and the transfer of the eSun Offer Shares.

No stamp duty is payable in connection with the acceptances of the eSun Option Offer and the cancellation of the eSun Options.

8. GENERAL

- (a) All communications, notices, eSun Form(s) of Acceptance, share certificate(s), transfer receipt(s), document(s) of title or entitlement in respect of the eSun Options and/or documentary evidence of authority (and/or any satisfactory indemnity or indemnities required in respect thereof) if delivered by or sent to or from the eSun Offer Shareholders or the eSun Optionholders or their designated agents by post, shall be posted at their own risk, and none of LSG, LSD, the Offeror, eSun, Lai Fung, HSBC and any of their respective directors, the Registrar or any other parties involved in the eSun Offers and any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the eSun Form(s) of Acceptance form part of the terms and conditions of the eSun Offers.
- (c) The accidental omission to despatch this eSun Composite Document and/or eSun Form(s) of Acceptance or any of them to any person to whom the eSun Offers are made will not invalidate the eSun Offers in any way.
- (d) The eSun Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of an eSun Form of Acceptance by or on behalf of any person will constitute the agreement of such person that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with eSun Offers.
- (e) Due execution of the eSun Form(s) of Acceptance will constitute an authority to the Offeror, HSBC or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the eSun Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the eSun Offer Shares and/or cancelling the eSun Options in respect of which such person or persons has/have accepted the eSun Offers.
- (f) Subject to the eSun Offers becoming or being declared unconditional in all respects, acceptance of the eSun Offers by any person will be deemed to constitute a representation and warranty by such person or persons to:
 - (i) LSG, LSD, the Offeror, eSun, Lai Fung and HSBC, that the eSun Offer Shares sold by such person or persons to the Offeror are free from all Encumbrances and are sold together with all rights attaching to them as at the eSun Share Offer Closing Date or subsequently becoming attached to them, including the right to receive in all dividends and distributions, if any, declared, made or paid on or after the eSun Share Offer Closing Date; and

- (ii) LSG, LSD, the Offeror, eSun, Lai Fung and their respective advisers, including HSBC, the financial adviser to LSD and the Offeror in respect of the eSun Offers, that if such eSun Offer Shareholder/eSun Optionholder accepting the eSun Share Offer/ eSun Option Offer is a citizen, resident or national of a jurisdiction outside Hong Kong, he/she has observed and is permitted under all applicable laws and regulations to which such overseas eSun Offer Shareholder/eSun Optionholder is subject to receive and accept the eSun Share Offer/ eSun Option Offer and any revision thereof, and that he/she has obtained all requisite governmental, exchange control or other consents and made all registrations or filings required in compliance with all necessary formalities and regulatory or legal requirements, and all requirements for the payment by the accepting eSun Shareholders or, as the case may be, eSun Optionholders of any transfer or other taxes in respect of their acceptances, and that he/she has not taken or omitted to take any action which will or may result in LSG, LSD, the Offeror, eSun, Lai Fung or their respective advisers, including HSBC, the financial adviser to LSD and the Offeror, or any other person acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the eSun Offers or his/her acceptance thereof and such acceptance, surrender and/or cancellation shall be valid and binding in accordance with all applicable laws and regulations.
- (g) Subject to the eSun Share Offer becoming or being declared unconditional in all respects, the acceptance of the eSun Option Offer by an eSun Optionholder will result in the cancellation of those relevant eSun Options, together with all rights attaching thereto.
- (h) Reference to any of the eSun Offers in this eSun Composite Document and in the eSun Form(s) of Acceptance shall include any extension and/or revision thereof.
- (i) In making their decisions with regard to the eSun Offers, the eSun Offer Shareholders and the eSun Optionholders should rely on their own examination of LSD, the Offeror, the eSun Group and the terms of the eSun Offers, including the merits and risks involved. The contents of this eSun Composite Document, including any general advice or recommendation contained herein, together with the eSun Form(s) of Acceptance shall not be construed as any legal or business advice on the part of LSG, LSD, the Offeror, eSun, Lai Fung and/or HSBC. The eSun Offer Shareholders and the eSun Optionholders should consult their own professional advisers for professional advice.
- (j) The English text of this eSun Composite Document and the accompanying eSun Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

I. FINANCIAL SUMMARY

The following summary financial information for each of the three financial years ended 31 July 2015, 31 July 2016 and 31 July 2017 and for the six months ended 31 January 2018 is extracted from the respective published audited consolidated financial statements of the eSun Group as set forth in the annual reports for the years ended 31 July 2015, 31 July 2016 and 31 July 2017, respectively, and the interim report for the six months ended 31 January 2018 of the eSun Group.

The auditors of eSun did not issue any qualified opinion on the financial statements of the eSun Group for any of the three years ended 31 July 2015, 31 July 2016 and 31 July 2017. There are no exceptional items because of size, nature or incidence of the eSun Group for each of the three years ended 31 July 2015, 31 July 2016 and 31 July 2017.

In this Appendix II, references to “the Company” shall mean eSun.

Summary Consolidated Income Statement

	Six months ended		Year ended 31 July	
	31 January 2018	2017	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
TURNOVER	1,184,881	2,677,388	3,369,275	3,329,495
PROFIT BEFORE TAX AND TAX INDEMNITY	227,332	1,106,540	718,532	1,182,410
Income tax expense and tax indemnity	(175,936)	(79,326)	(405,526)	(560,534)
PROFIT FOR THE YEAR	51,396	1,027,214	313,006	621,876
Attributable to:				
Owners of the Company	(14,295)	514,233	80,825	258,231
Non-controlling interests	65,691	512,981	232,181	363,645
 EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Basic	(HK\$0.010)	HK\$0.378	HK\$0.065	HK\$0.208
Diluted	(HK\$0.010)	HK\$0.378	HK\$0.065	HK\$0.208
 Dividend	–	–	–	–
Dividend per share	–	–	–	–

Summary Consolidated Statement of Financial Position

	31 January 2018	2017	31 July 2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Total assets	34,630,814	29,242,748	28,401,751	28,876,693
Total liabilities	(16,021,879)	(12,019,878)	(12,136,967)	(11,734,178)
	<u>18,608,935</u>	<u>17,222,870</u>	<u>16,264,784</u>	<u>17,142,515</u>
Equity attributable to owners of the Company				
Issued capital	745,927	745,927	621,606	621,606
Reserves	9,034,785	8,372,273	7,977,652	8,543,074
Non-controlling interests	8,828,223	8,104,670	7,665,526	7,977,835
	<u>18,608,935</u>	<u>17,222,870</u>	<u>16,264,784</u>	<u>17,142,515</u>

II. CONSOLIDATED FINANCIAL STATEMENTS

eSun is required to set out or refer to in this eSun Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the eSun Group for the year ended 31 July 2017 (the “**2017 Financial Statements**”) and (ii) the unaudited condensed interim financial statements of the eSun Group for the six months ended 31 January 2018 (the “**2018 Interim Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2017 Financial Statements are set out from page 85 to page 212 in the Annual Report 2017 of eSun, which was published on 15 November 2017. The Annual Report 2017 is posted on eSun’s website <http://www.laisun.com/esun-holdings/en-US>. Please also see below a quick link to the Annual Report 2017:

http://www.laisun.com/files/E_571_Annual_Report_20171116_1_.pdf

The 2018 Interim Financial Statements are set out from page 2 to page 24 in the Interim Report 2018 of eSun, which was published on 19 April 2018. The Interim Report 2018 is posted on eSun’s website <http://www.laisun.com/esun-holdings/en-US>. Please also see below a quick link to the Interim Report 2018:

http://www.laisun.com/files/E_571_Interim%20Report_20180419.pdf

The 2017 Financial Statements and the 2018 Interim Financial Statements (but not any other part of the Annual Report 2017 and Interim Report 2018 in which they respectively appear) are incorporated by reference into this eSun Composite Document and form part of this eSun Composite Document.

III. INDEBTEDNESS, CONTINGENCIES AND COMMITMENTS

As at 30 June 2018, being the latest practicable date for ascertaining certain information relating to this indebtedness statement, the eSun Group had outstanding consolidated total borrowings (after intra-group elimination) of approximately HK\$7,937 million, comprising unsecured and unguaranteed other borrowings from a former shareholder of eSun, including accrued interest, of approximately HK\$259 million, unsecured and unguaranteed 3-year zero coupon convertible notes with an aggregate carrying amount of approximately HK\$67 million, secured bank loans of approximately HK\$3,633 million, unsecured bank loans of approximately HK\$390 million, unsecured guaranteed notes of approximately HK\$2,725 million, unsecured and unguaranteed loans from a joint venture of approximately HK\$663 million and an unsecured and unguaranteed loan from LSD, a substantial shareholder of eSun, of approximately HK\$200 million.

As at 30 June 2018, certain properties (including investment properties, properties under development, serviced apartments (including related leasehold improvements) and construction in progress) and certain bank balances and time deposits were pledged to banks to secure bank loan facilities of the eSun Group. Equity interests in certain subsidiaries of the eSun Group were pledged to banks to secure certain bank loan facilities granted to the eSun Group. In addition, eSun and certain subsidiaries of the eSun Group have also provided corporate guarantees in favour of the banks in respect of certain bank loan facilities granted to the eSun Group.

The eSun Group had provided guarantees to certain banks in respect of mortgage loan facilities granted by such banks to certain end-buyers of property units developed by the eSun Group. Pursuant to the terms of the guarantees, upon default in mortgage payments by these end-buyers, the eSun Group will be responsible to repay the outstanding mortgage loan principals together with accrued interest owed by the end-buyers in default. The eSun Group's obligation in relation to such guarantees has been gradually relinquished along with the settlement of the mortgage loans granted by the banks to the end-buyers. Such obligation will also be relinquished when the property ownership certificates for the relevant properties are issued and/or the end-buyers have fully repaid the mortgage loans. As at 30 June 2018, in respect of these guarantees, the contingent liabilities of the eSun Group were estimated to be amounted to approximately HK\$552 million.

The eSun Group had provided corporate guarantees to certain banks in connection with the general banking facilities granted to the eSun Group and the facilities were utilised by the eSun Group to the extent of approximately HK\$6 million as at 30 June 2018.

Save as aforesaid and apart from intra-group liabilities, the eSun Group did not, as at 30 June 2018, have any material outstanding (i) debt securities, whether issued and outstanding, authorised or otherwise created but unissued, or term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the eSun Group or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured; (iii) mortgage or charges; or (iv) guarantees or other contingent liabilities.

IV. MATERIAL CHANGES

The eSun Directors confirm that save for the following matters, there has been no material change in the financial or trading position or outlook of the eSun Group subsequent to 31 July 2017, the date to which the latest audited consolidated financial statements of eSun were made up, up to and including the Latest Practicable Date:

- (i) As set out in eSun's interim report for the six months ended 31 January 2018, eSun recorded a net loss attributable to owners of eSun of approximately HK\$14.3 million, compared with a net profit attributable to owners of eSun of approximately HK\$27.6 million for the six months ended 31 January 2017. The net loss attributable to owners of eSun for the six months ended 31 January 2018 was primarily due to a) consolidated loss from MAGHL owing to the unsatisfactory performance of the films released by MAGHL Group during the period and b) lower profit contribution from a joint venture of Lai Fung as sale of the project has been substantially completed, despite a higher revaluation gain arising from revaluations of Lai Fung's investment properties during the period.
- (ii) As disclosed in Lai Fung's interim report for the six months ended 31 January 2018, on 18 January 2018, Lai Fung Bonds (2018) Limited, a wholly-owned subsidiary of Lai Fung issued US\$350,000,000 of 5.65% fixed rate guaranteed notes, which will mature on 18 January 2023 for bullet repayment. The guaranteed notes bear interest from 18 January 2018 and are payable semi-annually in arrears on 18 January and 18 July of each year, commencing on 18 July 2018. The guaranteed notes are listed on the Stock Exchange.

V. PROPERTY INTERESTS AND PROPERTY VALUATION REPORT

Knight Frank, an independent valuer, has valued the property interests of the eSun Group as at 31 May 2018. The text of the letter, summary of valuation and the valuation certificates are set out in Appendix III to this eSun Composite Document.

The reconciliation between the carrying amount of the properties held by the eSun Group as at 31 January 2018 and the valuation of such properties as at 31 May 2018 is as follows:—

	<i>HK\$'000</i>
Carrying amount of the properties held by the eSun Group as at 31 January 2018	24,829,778
Net changes during the period from 31 January 2018 to 31 May 2018	428,049
Valuation surplus	<u>5,252,609</u>
Total market value of the properties held by the eSun Group as at 31 May 2018	<u><u>30,510,436</u></u>

The following is the full text of the letter and valuation report prepared for the purpose of incorporation into this eSun Composite Document received from Knight Frank Petty Limited, an independent valuer, in connection with the valuation as at 31 May 2018 of the market values of the property interests of eSun, its subsidiaries and associated companies which it has a direct or indirect interest of 30% or more of the voting rights.



Knight Frank
4/F Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

T +852 2840 1177
F +852 2840 0600
www.knightfrank.com.hk

Board of Directors
Lai Sun Garment (International) Limited
11th Floor
Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Hong Kong

Board of Directors
Lai Sun Development Company Limited
11th Floor
Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Hong Kong

Board of Directors
Transtrend Holdings Limited
11th Floor
Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Hong Kong

Board of Directors
eSun Holdings Limited
11th Floor
Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Hong Kong

23 July 2018

Dear Sirs

Valuation of Various Property Interests in the People’s Republic of China, Hong Kong and Macao

In accordance with your instructions for us to value the property interests held by eSun Holdings Limited (“eSun”), its subsidiaries and associated companies which it has a direct or indirect interest of 30% or more of the voting rights (hereinafter together referred to in this letter and the attached valuation reports as the “eSun Group”) in the People’s Republic of China (the “PRC”), Hong Kong and Macao, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 31 May 2018.

Basis of Valuation

Our valuation is our opinion of the market value of the property interest which we would define as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The market value is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser. The market value of an asset or liability is also estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

In preparing our valuation report, we have complied with “The HKIS Valuation Standards 2017” published by the Hong Kong Institute of Surveyors, all requirements contained in the provision of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and Rule 11 of the Code on Takeovers and Mergers published by the Securities and Futures Commission.

Valuation Methodology

In forming our opinion of the values of the property interests in Groups I and III, we have valued the properties by using “Income Approach — term and reversion method” by capitalizing the net income shown on tenancy schedules handed to us by the eSun Group and made provisions for reversionary income potential. We have also made reference to sales evidence as available in the market.

We have valued the property interests in Group II by using Market Approach whenever market comparable transactions are available and assumed sale of property interests with the benefit of vacant possession.

In valuing property interests in Group IV, we have valued the property interests on the basis that the properties will be developed and completed in accordance with the eSun Group's latest development proposals provided to us. We have assumed that approvals for the proposals have been obtained without any onerous condition which would affect the values of the property interests. In arriving at our opinion of values, we have made reference to comparable transactions in the locality and also taken into account the construction costs that will be expended to reflect the quality of the completed developments.

Due to the specific purpose for which the buildings and structures of the cultural attractions portion of property no 21 have been designed, there is no readily identifiable market comparable, we have thus valued the property by Cost Approach. Our valuation is based on an estimate of the market value for the existing use of the land, plus the current Gross Replacement Cost of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimization, if any. We would define "Gross Replacement Cost" as the estimated cost of erecting the building or a modern substitute building having the same area as the existing building at price levels as at the valuation date. The estimated building cost includes professional fees and finance charges payable during the construction period and other associated expenses directly related to the construction of the building. We must state that cessation of the existing business (if any) would have significant impact on the market value of the property as derived by the Cost Approach. While the cultural attractions portion was under construction as at the date of the valuation, we relied upon the information including but not limited to the profit forecast of the cultural attractions provided that revenue of the cultural attractions will be able to sustain the future on-going operation.

For property interest no 24 in Group V which is subject to intergroup lease, we have valued by using "Income Approach — term and reversion method" by capitalizing the net income shown on tenancy schedules handed to us and made provisions for reversionary income potential. We have also made reference to sales evidence as available in the market.

For property interest nos 25 & 27 in Group V which are designated as common area according to supplemental deeds of mutual covenant, we therefore attributed no commercial value to these property interests. For the remaining property interests in Group V and VI, we have valued them by using Market Approach by making reference to sales evidence as available in the market.

Title Documents and Encumbrances

We have caused land searches to be made at the Land Registry for the Hong Kong properties valued and have been provided by the eSun Group with extracts of title documents relating to the property interests in the PRC. In addition, we have caused land searches to be made at the Conservatória do Registo Predial for the Macao property valued. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us by the eSun Group. In the course of our valuations, we have relied on the information given by the eSun Group and its PRC legal advisers, Allbright Law Offices, Guangda Law Firm and Guangdong G&Z Law Firm, regarding the title and other legal matters relating to the properties in the PRC.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in affecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of an onerous nature which could affect their values.

Source of Information

We have relied to a considerable extent on the information given to us by the eSun Group and the legal opinion of the eSun Group's PRC legal advisers. We have no reason to doubt the truth and accuracy of the information provided to us by the eSun Group and/or its PRC legal advisers which is material to the valuation. We have accepted advice given by the eSun Group on such matters as planning approvals or statutory notices, easements, tenure, completion date of buildings, particulars of occupancy, tenancy summaries, joint-venture agreements, development schemes, construction costs, site and floor areas. Dimensions, measurements and areas included in the valuation reports attached are based on information provided to us and are therefore only approximations. We have not been able to carry out on-site measurements to verify the correctness of site and floor areas of the properties. We have exercised our due diligence in verifying the provided site and floor areas by checking against the relevant documents provided. Meanwhile, for the remaining portion of the properties without relevant supporting documents, we have further assumed that the site and floor areas shown on the documents handed to us are correct. We were also advised by the eSun Group that no material facts have been omitted from the information provided.

Inspection and Structural Condition

We have inspected the exterior and, where possible, the interior of the properties. The inspection was carried out by our Ocean Ruan, Jun Wang and Beny Chan in June 2018. However, we have not carried out investigations on site to determine the suitability of the ground conditions and the services, etc for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects, nor were any tests carried out to any of the services.

Identity of Property to be valued

We exercised reasonable care and skill (but will not have an absolute obligation to the eSun Group) to ensure that the properties, identified by the property addresses in the instructions, are the properties inspected by us and contained within our valuation reports.

Environmental Issues

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the properties are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuations will be qualified.

Compliance with Relevant Ordinances and Regulations

We have assumed that the properties have been constructed, occupied and used in full compliance with, and without contravention of any ordinances, statutory requirements and notices except only where otherwise stated. We have further assumed that, for any use of the properties upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, except only where otherwise stated.

Remarks

In our valuation, Knight Frank has prepared the valuation based on information and data available to us as at the valuation date. It must be recognised that the real estate market is subject to market fluctuations, while changes in policy direction and social environment could be immediate and have sweeping impact on the real estate market. It should therefore be noted that any market violation, policy and social changes or other unexpected incidents after the valuation date may affect the values of the properties.

According to the information provided by the eSun Group, the potential tax liability which would arise on the disposal of property interests of Groups V and VI in Hong Kong and Macao is mainly stamp duty, normally borne by the purchaser and property interests of Groups I, II, III and IV in the PRC are mainly PRC land appreciation tax (at progressive rates from 30% to 60% on the appreciation amount) and PRC corporate income tax (at 25% on the gain).

Currency

Unless otherwise stated, all sums stated in our valuation reports are in Hong Kong dollars. The exchange rates adopted for conversion are HK\$1 = RMB0.8151 and HK\$1 = M\$1.03 as at the date of valuation.

Our summary of values and valuation reports are attached.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited

Clement Leung
MSC (FIN) MCIREA MRICS MHKIS RPS(GP)
RICS Registered Valuer
Executive Director, Head of China Valuation
& Advisory

Thomas Lam
MCIREA FRICS FHKIS RPS(GP)
RICS Registered Valuer
Senior Director, Head of Valuation & Advisory

Notes: Clement Leung is a qualified valuer who has 25 years of experiences in property valuation and consultancy services in the PRC and Hong Kong.

Thomas Lam is a qualified valuer who has 18 years of extensive experiences in market research, valuation and consultancy in the PRC, Hong Kong, Macao and the Asia Pacific region.

SUMMARY OF VALUES

Property	Market value in existing state as at 31 May 2018	Interest attributable to the eSun Group	Market value in existing state attributable to the eSun Group as at 31 May 2018
Group I — Property interests held by the eSun Group in the PRC for investment purpose			
1. Hong Kong Plaza 282 & 283 Huaihaizhong Road Huangpu District, Shanghai The PRC (portion owned by Shanghai Li Xing Real Estate Development Co Ltd)	HK\$7,566,000,000	50.6%	HK\$3,828,396,000
2. Various serviced apartment units in North Tower Hong Kong Plaza 282 Huaihaizhong Road Huangpu District, Shanghai The PRC (portion owned by Good Strategy Ltd)	HK\$1,303,000,000	50.6%	HK\$659,318,000
3. B3 Hui Yi Garden No 18 of Alley 905, Huashan Road Xuhui District, Shanghai The PRC	HK\$46,000,000	50.6%	HK\$23,276,000
4. Commercial portion of Regents Park 88 Huichuan Road Changning District, Shanghai The PRC	HK\$247,000,000	48.07%	HK\$118,732,900
5. Various portions of Shanghai May Flower Plaza the junction of Da Tong Road and Zhi Jiang Xi Road, Sujiaxiang Jing'an District, Shanghai The PRC	HK\$1,304,000,000	50.6%	HK\$659,824,000

		Market value in existing state as at 31 May 2018	Interest attributable to the eSun Group	Market value in existing state attributable to the eSun Group as at 31 May 2018
6.	May Flower Plaza 68 Zhongshanwu Road Yuexiu District, Guangzhou Guangdong Province The PRC	HK\$2,254,000,000	50.6%	HK\$1,140,524,000
7.	Commercial portion of West Point the junction of Zhongshan Qi Road and Guangfu Road Liwán District, Guangzhou Guangdong Province The PRC	HK\$335,300,000	50.6%	HK\$169,661,800
8.	Various portions of Stage I of Palm Spring Caihong Planning Area Western District, Zhongshan Guangdong Province The PRC	HK\$280,500,000	50.6%	HK\$141,933,000
9.	Lai Fung Tower 787 Dongfeng East Road Yuexiu District, Guangzhou Guangdong Province The PRC	HK\$3,245,600,000	50.6%	HK\$1,642,273,600
Sub-total:		HK\$16,581,400,000		HK\$8,383,939,300

Group II — Property interests held by the eSun Group in the PRC for sale purpose

10.	Unsold car parking spaces of Regents Park 88 Huichuan Road Changning District, Shanghai The PRC	HK\$249,000,000	48.07%	HK\$119,694,300
-----	---	-----------------	--------	-----------------

Property	Market value in existing state as at 31 May 2018	Interest attributable to the eSun Group	Market value in existing state attributable to the eSun Group as at 31 May 2018
11. Unsold car parking spaces of Shanghai May Flower Plaza the junction of Da Tong Road and Zhi Jiang Xi Road, Sujiaxiang Jing'an District, Shanghai The PRC	HK\$168,600,000	50.6%	HK\$85,311,600
12. Unsold car parking spaces of West Point the junction of Zhongshan Qi Road and Guangfu Road Liwan District, Guangzhou Guangdong Province The PRC	HK\$98,800,000	50.6%	HK\$49,992,800
13. Unsold car parking spaces of King's Park Nos 558-596/1006-1044 Donghua Dong Road Yuexiu District, Guangzhou Guangdong Province The PRC	HK\$12,000,000	50.6%	HK\$6,072,000
14. Unsold portions of Stage I and II of Palm Spring Caihong Planning Area Western District, Zhongshan Guangdong Province The PRC	HK\$1,296,500,000	50.6%	HK\$656,029,000

		Market value in existing state as at 31 May 2018	Interest attributable to the eSun Group	Market value in existing state attributable to the eSun Group as at 31 May 2018
15.	Unsold portions of Dolce Vita (Xunfeng Yujinsha Yuan) Jinshazhou, Heng Sha Baiyun District, Guangzhou Guangdong Province The PRC	HK\$73,200,000	24.04%	HK\$17,597,280
16.	Unsold car parking spaces of Phase V of Eastern Place 787 Dongfeng East Road Yuexiu District, Guangzhou Guangdong Province The PRC	HK\$22,900,000	50.6%	HK\$11,587,400
	Sub-total:	HK\$1,921,000,000		HK\$946,284,380
Group III — Property interest held by the eSun Group in the PRC for owner occupation purpose				
17.	Commercial portion of Eastern Place 787 Dongfeng East Road Yuexiu District, Guangzhou Guangdong Province The PRC	HK\$55,000,000	50.6%	HK\$27,830,000
	Sub-total:	HK\$55,000,000		HK\$27,830,000
Group IV — Property interests held under development by the eSun Group in the PRC				
18.	A commercial development located at Tian Mu Road West and Da Tong Road Jing'an District, Shanghai The PRC	HK\$1,834,000,000	50.6%	HK\$928,004,000

		Market value in existing state as at 31 May 2018	Interest attributable to the eSun Group	Market value in existing state attributable to the eSun Group as at 31 May 2018
19.	Haizhu Plaza Chang Di Main Road Yuexiu District, Guangzhou Guangdong Province The PRC	HK\$1,540,000,000	50.6%	HK\$779,240,000
20.	Remaining stage of Palm Spring Caihong Planning Area Western District, Zhongshan Guangdong Province The PRC	HK\$1,540,300,000	50.6%	HK\$779,391,800
21.	Two parcels of land located at the east side of Yiwener Road south side of Caihong Road west side of Tianyu Road and north side of Hengqin Main Road Hengqin New Area, Zhuhai Guangdong Province The PRC	HK\$5,808,000,000	60.48%	HK\$3,512,678,400
22.	A parcel of land located at Wuliqiao Road 104 Jie Fang Huangpu District, Shanghai The PRC	HK\$1,014,000,000	50.6%	HK\$513,084,000
Sub-total:		HK\$11,736,300,000		HK\$6,512,398,200

Group V — Property interests held by the eSun Group in Hong Kong for owner occupation purpose

23.	20th Floor of May Tower II and Car Parking Space No 57 on Ground Floor of May Towers I and II Nos 5 and 7 May Road Mid-Levels Hong Kong	HK\$115,000,000	50.6%	HK\$58,190,000
-----	--	-----------------	-------	----------------

		Market value in existing state as at 31 May 2018	Interest attributable to the eSun Group	Market value in existing state attributable to the eSun Group as at 31 May 2018
24.	4th, 5th Floors and Roof, East Commercial Block, South Horizons, No 18A South Horizon Drive, Ap Lei Chau, Hong Kong	HK\$137,000,000	100%	HK\$137,000,000
25.	Car Park Nos 7, 8 & 9 on Ground Floor, Forda Industrial Building, No 16 Wang Chau Road, Yuen Long, New Territories, Hong Kong	no commercial value	100%	no commercial value
26.	Store Room on 10th Floor, Forda Industrial Building, No 16 Wang Chau Road, Yuen Long, New Territories, Hong Kong	HK\$72,000	100%	HK\$72,000
27.	Common Areas on 10th Floor, Forda Industrial Building, No 16 Wang Chau Road, Yuen Long, New Territories, Hong Kong	no commercial value	100%	no commercial value
	Sub-total:	HK\$252,072,000		HK\$195,262,000
Group VI — Property interest held by the eSun Group in Macao for owner occupation purpose				
28.	Unit B on 25th Floor of Tower 3, One Central Residences, Nos 28 - 248 Avenida de Sagres, Nos 18 - 52 Praceta 24 de Junho, Nos 945 — 973Y Avenida Dr. Sun Yat-Sen, Macao	HK\$37,864,000	100%	HK\$37,864,000
	Sub-total:	HK\$37,864,000		HK\$37,864,000
	Grand Total:	<u>HK\$30,583,636,000</u>		<u>HK\$16,103,577,880</u>

VALUATION REPORT

Group I — Property interests held by the eSun Group in the PRC for investment purpose

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018																															
1 Hong Kong Plaza 282 & 283 Huaihaizhong Road Huangpu District Shanghai The PRC (portion owned by Shanghai Li Xing Real Estate Development Co Ltd)	<p>Hong Kong Plaza is a composite development comprising a 32-storey office tower (known as South Tower) and a 32-storey serviced apartment tower (known as North Tower), each surmounting a 7-level (including 3 basement levels) commercial/car parking podium. The North Tower and South Tower are connected together by a flyover. The property was completed in October 1997 and refurbished in 2011.</p> <p>The property comprises various portions of Hong Kong Plaza owned by Shanghai Li Xing Real Estate Development Co Ltd with gross floor areas as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">South Tower Use</th> <th rowspan="2">Floor</th> <th colspan="2">Approximate Gross Floor Area</th> </tr> <tr> <th>sq m</th> <th>sq ft</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Commercial</td> <td>B1</td> <td>3,275.25</td> <td>35,255</td> </tr> <tr> <td>1</td> <td>4,174.85</td> <td>44,938</td> </tr> <tr> <td>2</td> <td>4,098.90</td> <td>44,120</td> </tr> <tr> <td>3</td> <td>4,702.15</td> <td>50,614</td> </tr> <tr> <td>4</td> <td>4,812.51</td> <td>51,802</td> <td></td> </tr> <tr> <td>Office</td> <td>6-38</td> <td>33,639.52</td> <td>362,096</td> </tr> <tr> <td>Total:</td> <td></td> <td>54,703.18</td> <td>588,825</td> </tr> </tbody> </table>	South Tower Use	Floor	Approximate Gross Floor Area		sq m	sq ft	Commercial	B1	3,275.25	35,255	1	4,174.85	44,938	2	4,098.90	44,120	3	4,702.15	50,614	4	4,812.51	51,802		Office	6-38	33,639.52	362,096	Total:		54,703.18	588,825	<p>According to the information provided, office and commercial portion of the property with a total gross floor area of approximately 30,334 sq m and a total leasable area of approximately 20,792 sq m respectively is let under various tenancies yielding a total monthly rental of approximately RMB20,990,000 with the last tenancy expiring on 15 November 2026 whilst the remaining portion of the property is vacant or for self-use.</p> <p>In addition, the whole serviced apartment portion (including the subject serviced apartment portion and that stated in property no. 2 in this report) of the development is let under various short term tenancies and managed by Ascott Property Management (Shanghai) Co., Ltd. yielding an annual gross income of approximately RMB104,700,000.</p>	<p>HK\$7,566,000,000 (HONG KONG DOLLARS SEVEN BILLION FIVE HUNDRED AND SIXTY SIX MILLION ONLY)</p> <p>(50.6% interest attributable to the eSun Group: HK\$3,828,396,000)</p> <p>(please see note 7)</p>
South Tower Use	Floor			Approximate Gross Floor Area																														
		sq m	sq ft																															
Commercial	B1	3,275.25	35,255																															
	1	4,174.85	44,938																															
	2	4,098.90	44,120																															
	3	4,702.15	50,614																															
4	4,812.51	51,802																																
Office	6-38	33,639.52	362,096																															
Total:		54,703.18	588,825																															

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018	
			Approximate Gross Floor Area	
	North Tower			
	Use	Floor	<i>sq m</i>	<i>sq ft</i>
	Commercial	B1	2,958.93	31,850
		1	3,952.47	42,544
		2	3,970.76	42,741
		3	4,636.30	49,905
		4	4,622.00	49,751
	Commercial/ Club House/ Restaurant	6-7	2,314.46	24,913
	Serviced Apartment	8-38	13,332.28	143,509
	Total:		35,787.20	385,213

The property also comprises a total of 350 car parking spaces in B1 to B3 levels of the podium and various advertising boards.

The land use rights of the property have been granted for a term from 16 September 1992 to 15 September 2042.

Notes:

- Pursuant to two State-owned Land Use Right Certificates Nos 001161 and 001162 both issued by the Shanghai Real Estate Administration Bureau and dated 17 July 1995, the titles to the property with a total site area of 14,645 sq m are both held by Shanghai Li Xing Real Estate Development Co Ltd (“**Shanghai Li Xing**”), a 50.6% owned subsidiary of eSun, for a common term commencing from 16 September 1992 to 15 September 2042 for commercial and office uses.
- Pursuant to five Real Estate Title Certificates Nos Hu Fang Di Shi Zi (1998) Di 002601, Hu Fang Di Shi Zi (2001) Di 007656, Hu Fang Di Lu Zi (2008) Di 002196, Hu Fang Di Lu Zi (2011) Di 000751 and Hu (2017) Huang Zi 001203 all issued by the Shanghai Real Estate Administration Bureau dated 25 June 1998, 10 October 2001, 31 August 2008, 29 March 2011 and 14 February 2017 respectively, the title to portion of the property with respective gross floor areas of 69,731.66 sq m, 1,211.83 sq m, 130.91 sq m, 130.91 sq m and 130.91 sq m is held by Shanghai Li Xing for composite use (refer to whole South Tower of the property including basement). As advised by eSun, portion of the property under title certificate No. Hu Fang Di Shi Zi (1998) Di 002601 has been sold.
- Pursuant to the Shanghai Certificate of Real Estate Ownership No Hu Fang Di Lu Zi (2011) Di 000021 issued by the Shanghai Planning, Land and Resources Administration Bureau dated 4 January 2011, the title to portion of the property with a total gross floor area of 44,132.55 sq m is held by Shanghai Li Xing for office, residential, commercial and others uses (refer to North Tower of the property including basement).
- Pursuant to twenty three Shanghai Certificates of Real Estate Ownership all issued by the Shanghai Planning, Land and Resources Administration Bureau, the title to portion of the property with a total gross floor area of 2,192.45 sq m is held by Shanghai Li Xing for apartment use (refer to North Tower of the property). Details of which are as follows:

Certificate No	Tower	Unit	Use	Gross Floor Area
1. Hu Fang Di Lu Zi (2008) Di 002406	North	2612	Apartment	64.92 sq m
2. Hu Fang Di Lu Zi (2009) Di 003023	North	2807	Apartment	127.41 sq m
3. Hu Fang Di Lu Zi (2009) Di 003102	North	2805	Apartment	97.33 sq m
4. Hu Fang Di Lu Zi (2009) Di 004295	North	2512	Apartment	64.92 sq m
5. Hu Fang Di Lu Zi (2009) Di 004300	North	2804	Apartment	98.39 sq m
6. Hu Fang Di Lu Zi (2009) Di 004466	North	3107	Apartment	127.41 sq m
7. Hu Fang Di Lu Zi (2010) Di 000094	North	2810	Apartment	133.96 sq m
8. Hu Fang Di Lu Zi (2010) Di 000479	North	2205	Apartment	95.45 sq m
9. Hu Fang Di Lu Zi (2010) Di 000489	North	2306	Apartment	131.19 sq m
10. Hu Fang Di Lu Zi (2010) Di 000574	North	2501	Apartment	64.92 sq m
11. Hu Fang Di Lu Zi (2010) Di 000609	North	2811	Apartment	116.25 sq m
12. Hu Fang Di Lu Zi (2010) Di 000675	North	2604	Apartment	98.39 sq m
13. Hu Fang Di Lu Zi (2010) Di 000797	North	2209	Apartment	95.21 sq m
14. Hu Fang Di Lu Zi (2010) Di 001134	North	2505	Apartment	97.33 sq m
15. Hu Fang Di Lu Zi (2010) Di 001310	North	2212	Apartment	62.93 sq m
16. Hu Fang Di Lu Zi (2010) Di 001348	North	2608	Apartment	97.33 sq m
17. Hu Fang Di Lu Zi (2010) Di 001349	North	2812	Apartment	64.92 sq m
18. Hu Fang Di Lu Zi (2010) Di 001350	North	2801	Apartment	64.92 sq m
19. Hu Fang Di Lu Zi (2010) Di 002334	North	2705	Apartment	97.33 sq m
20. Hu Fang Di Huang Zi (2012) Di 052466	North	2202	Apartment	99.71 sq m
21. Hu Fang Di Huang Zi (2013) Di 052704	North	2304	Apartment	98.39 sq m
22. Hu Fang Di Huang Zi (2014) Di 051673	North	2504	Apartment	98.39 sq m
23. Hu Fang Di Huang Zi (2016) Di 052998	North	2208	Apartment	95.45 sq m
Total:				2,192.45 sq m

5. Pursuant to the Equity Joint Venture Contract and Supplemental Contracts all entered into among Shanghai Central City Enterprises (Group) Real Estate Company Limited (“Party A”), Sunlite Investment Ltd (“Party B”), Shanghai Grand Development Co Ltd (“Party C”) and Tai Hong Company Limited (“Party D”) dated 26 October 1992, 31 May 1995, 18 March 2000 and 8 August 2001 respectively, all parties agreed to establish a joint-venture company named Shanghai Li Xing Real Estate Development Co Ltd. The salient conditions stipulated in the Joint Venture Contract and the Supplemental Contracts are, inter-alia, as follows:

(i)	Total investment amount	:	US\$105,000,000
(ii)	Registered Capital	:	US\$36,000,000
(iii)	Period of operation	:	50 years
(iv)	Profit-sharing/risk-bearing ratio	:	According to the respective shares of each party in the registered capital

6. Pursuant to the Business Licence with Unified Social Credit No 913100006072415998 dated 18 July 2017, Shanghai Li Xing was established with an operation period from 28 April 1993 to 27 April 2043.

7. Pursuant to the management agreement entered into between Shanghai Li Xing and Ascott Property Management (Shanghai) Co., Ltd. (“Ascott”) on 5 May 2009, Ascott agreed to provide certain management services to Shanghai Li Xing in relation to units of serviced apartments owned by the eSun Group. The salient conditions stipulated in the management agreement are, inter-alia, as follows:

(i)	Term	:	an initial term of 10 years commencing from the date when the official operations and leasing activity of the serviced apartments commence and renewable for two successive terms of five years at the option of Ascott and subject to the agreement of Shanghai Li Xing
(ii)	Base management fee	:	2% of total revenue + X% of gross operating profit (“GOP”) (X=4 if GOP margin is less than 50%; X=5 if GOP margin is less than 55% but more than or equal to 50%; X=5.5 if GOP margin is less than 60% but more than or equal to 55%; and X=6 if GOP margin is more than or equal to 60%)
(iii)	Other service fee	:	— RMB160 per serviced apartment unit per month for provision of computer modular programs for use in connection with the management and operation of a serviced apartment — RMB2,000,000 per annum adjusted annually from year 3 onwards in accordance with the Singapore Consumer Price Index subject to a cap of RMB2,500,000 per annum for global marketing services and use of the intellectual property rights of Ascott Group

In the course of our valuation, we have taken into account of the above-mentioned management agreement.

8. We have been provided with the eSun Group’s PRC legal adviser’s opinion, which inter-alia, contains the following:
- (i) Shanghai Li Xing legally owns the building ownership of the property;
 - (ii) Portion of the property is subject to mortgage and the mortgage is valid and enforceable;
 - (iii) Shanghai Li Xing can sell, lease, transfer or re-mortgage the property according to the relevant laws and regulations and subject to approval from the mortgagee; and
 - (iv) Except for the mortgage mentioned in note (8) (ii), the property is free from encumbrances.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
<p>2 Various serviced apartment units in North Tower Hong Kong Plaza 282 Huaihaizhong Road Huangpu District Shanghai The PRC (portion owned by Good Strategy Ltd)</p>	<p>Hong Kong Plaza is a composite development comprising a 32-storey office tower (known as South Tower) and a 32-storey serviced apartment tower (known as North Tower), surmounting a common 7-level (including 3 basement levels) commercial/car parking podium. The North Tower and South Tower are connected together by a flyover. The property was completed in October 1997 and refurbished in 2011.</p>	<p>The whole serviced apartment portion (including the subject property and the serviced apartment portion stated in property no. 1 in this report) of the development is let under various short term tenancies and managed by Ascott Property Management (Shanghai) Co., Ltd. yielding an annual gross income of approximately RMB104,700,000.</p>	<p>HK\$1,303,000,000 (HONG KONG DOLLARS ONE BILLION THREE HUNDRED AND THREE MILLION ONLY) (50.6% interest attributable to the eSun Group: HK\$659,318,000)</p>
<p><i>(please see note 2 for details)</i></p>	<p>The property comprises various serviced apartment units in the North Tower of Hong Kong Plaza owned by Good Strategy Ltd with a total gross floor area of approximately 19,672.77 sq m (211,758 sq ft). The gross floor area of each unit ranges from 60.70 sq m (653 sq ft) to 276.98 sq m (2,981 sq ft).</p>		<p><i>(please see note 3)</i></p>
	<p>The land use rights of the property have been granted for a term commencing from 3 January 2000 to 15 September 2042.</p>		

Notes:

1. Pursuant to 181 Real Estate Title Certificates Nos Hu Fang Di Shi Zi (2000) Di 000372-000395, 000410-000451, 000454-000458, 000485-000507, 000510-000569, 000572-000597 and 000640 all issued by the Shanghai Real Estate and Land Administration Bureau, the property with a total gross floor area of approximately 19,672.77 sq m is held by Good Strategy Limited, a 50.6% owned subsidiary of eSun, for composite use.
 2. The property comprises Unit Nos 1 to 13 on each of 15th to 21st floors and Unit Nos 1 to 6 on each of 34th to 36th floors, Unit Nos 3, 6, 7 and 10 on 22nd floor, Unit Nos 3, 7, 10 and 11 on 23rd floor, Unit Nos 3, 6, 7 and 11 on 25th floor, Unit Nos 2, 3, 6, 7, 10 and 11 on 26th floor, Unit Nos 2, 3, 6, 7, 10 and 11 on 27th floor, Unit Nos 2, 3, and 6 on 28th floor, Unit Nos 2, 3, 6, 7, 10 and 11 on 29th floor, Unit Nos 2, 3, 6 and 11 on 30th floor, Unit Nos 2, 3, 4, 6, 9, 10, 11 and 12 on 31st floor, Unit Nos 1, 2, 3, 4, 8, 10, 11 and 12 on 32nd floor and Unit Nos 1, 2, 3, 4, 9, 10, 11 and 12 on 33rd floor.
 3. Pursuant to the management agreement entered into between Shanghai Li Xing Real Estate Development Co Ltd (“**Shanghai Li Xing**”) and Ascott Property Management (Shanghai) Co., Ltd. (“**Ascott**”) on 5 May 2009, Ascott agreed to provide certain management services to Shanghai Li Xing in relation to units of serviced apartments owned by the eSun Group. The salient conditions stipulated in the management agreement are, inter-alia, as follows:
 - (i) Term : an initial term of 10 years commencing from the date when the official operations and leasing activity of the serviced apartments commence and renewable for two successive terms of five years at the option of Ascott and subject to the agreement of Shanghai Li Xing
 - (ii) Base management fee : 2% of total revenue + X% of gross operating profit (“**GOP**”)
 - (X=4 if GOP margin is less than 50%;
 - X=5 if GOP margin is less than 55% but more than or equal to 50%;
 - X=5.5 if GOP margin is less than 60% but more than or equal to 55%; and
 - X=6 if GOP margin is more than or equal to 60%)
 - (iii) Other service fee : — RMB160 per serviced apartment unit per month for provision of computer modular programs for use in connection with the management and operation of a serviced apartment
 - RMB2,000,000 per annum adjusted annually from year 3 onwards in accordance with the Singapore Consumer Price Index subject to a cap of RMB2,500,000 per annum for global marketing services and use of the intellectual property rights of Ascott Group
- In the course of our valuation, we have taken into account of the above-mentioned management agreement.
4. We have been provided with the eSun Group’s PRC legal adviser’s opinion, which inter-alia, contains the following:
 - (i) Good Strategy Limited legally owns the building ownership of the property;
 - (ii) The property is subject to mortgage and the mortgage is valid and enforceable;
 - (iii) Good Strategy Limited can sell, lease, transfer or re-mortgage the property according to the relevant laws and regulations and subject to approval from the mortgagee; and
 - (iv) Except for the mortgage mentioned in note (4) (ii), the property is free from encumbrances.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
3 B3 Hui Yi Garden No 18 of Alley 905 Huashan Road Xuhui District Shanghai The PRC	<p>The property comprises a 3-storey detached house, a garden and a car parking lot all standing on a levelled site with an area of 415.98 sq m (4,478 sq ft).</p> <p>The 3-storey detached house is of brick/reinforced concrete structure completed in 1993 with a total gross floor area of approximately 317.80 sq m (3,421 sq ft) and the site area of the garden is approximately 179 sq m (1,927 sq ft).</p> <p>The land use rights of the property have been granted for an unspecified term (<i>please see note 2 below for details</i>).</p>	As advised, the property is currently vacant.	<p>HK\$46,000,000 (HONG KONG DOLLARS FORTY SIX MILLION ONLY)</p> <p>(50.6% interest attributable to the eSun Group: HK\$23,276,000)</p> <p>(<i>please see note 2</i>)</p>

Notes:

1. Pursuant to the Real Estate Title Certificate No Hu Fang Di Shi Zi (2002) Di 010907 dated 30 October 2002 issued by the Shanghai Real Estate and Land Resources Administration Bureau, the title to the property with a site area of approximately 415.98 sq m and the 3-storey building with a gross floor area of approximately 317.80 sq m is vested in Canvex Limited, a 50.6% owned subsidiary of eSun, for residential use for an unspecified term.
2. As advised by eSun, land use rights of the property will be granted for a land use right term of 70 years for residential use subject to a land premium of approximately RMB6,360,000 and we have deducted the aforesaid land premium in the course of our valuation.
3. We have been provided with the eSun Group's PRC legal adviser's opinion, which inter-alia, contains the following:
 - (i) Canvex Limited legally owns the building ownership of the property;
 - (ii) Canvex Limited can sell, lease, transfer or mortgage the property according to the relevant laws and regulations; and
 - (iii) The property is free from mortgage and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
4 Commercial portion of Regents Park 88 Huichuan Road Changning District Shanghai The PRC	<p>Regents Park (the “Development”) is a large-scale residential/commercial composite development developed in two phases.</p> <p>The property comprises commercial portion of the Development with a total gross floor area of approximately 7,623.79 sq m (82,062 sq ft) completed in 2006.</p> <p>The land use rights of the Development have been granted for a term of 70 years commencing from 4 May 1996 for residential use.</p>	<p>According to the information provided, the property is fully leased subject to various tenancies yielding a total monthly rental of approximately RMB1,430,000 with the last tenancy expiring on 15 March 2027.</p>	<p>HK\$247,000,000 (HONG KONG DOLLARS TWO HUNDRED AND FORTY SEVEN MILLION ONLY)</p> <p>(48.07% interest attributable to the eSun Group: HK\$118,732,900)</p>

Notes:

- Pursuant to the Shanghai Real Estate Title Certificate No Hu Fang Di Chang Zi (2006) Di 010832 issued by the Shanghai Housing and Land Resources Administration Bureau dated 10 June 2006, the title to portion of the Development (Phase I and basement car park) with a total gross floor area of 114,009.40 sq m is held by Shanghai Wa Yee Real Estate Development Co., Limited (“**Shanghai Wa Yee**”), a 48.07% owned subsidiary of eSun, for a land use rights term of 70 years from 4 May 1996 to 3 May 2066 for residential use. As advised by eSun, portion of the property under this Title Certificate has been sold.
- Pursuant to the Equity Joint Venture Contract entered into between Kingscord Investment Limited, interest held in trust for Lai Fung Holdings Limited (a 50.6% owned subsidiary of eSun), (“**Party A**”), Wide Angle Development Limited, (a 50.6% owned subsidiary of eSun), (“**Party B**”) and 上海長寧房地產(集團)公司 (Shanghai Changning Real Estate (Group) Company) (“**Party C**”) on 1 March 1996, all parties agreed to establish a joint-venture company named Shanghai Wa Yee Real Estate Development Co., Limited. The said contract contains, inter-alia, the following salient conditions:
 - Total investment amount : US\$25,000,000
 - Registered capital : US\$10,000,000
Party A : 70%
Party B : 25%
Party C : 5%
 - Period of operation : 70 years
- Pursuant to the Business Licence with Unified Social Credit No 9131000060737771XE dated 3 June 2016, Shanghai Wa Yee was established with an operation period from 3 September 1997 to 19 August 2067.
- We have been provided with the eSun Group’s PRC legal adviser’s opinion, which inter-alia, contains the following:
 - Shanghai Wa Yee legally owns the building ownership of the property;
 - Shanghai Wa Yee can sell, lease, transfer or mortgage the property according to the relevant laws and regulations; and
 - The property is free from mortgage and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018																													
5 Various portions of Shanghai May Flower Plaza the junction of Da Tong Road and Zhi Jiang Xi Road Sujiaxiang Jing'an District Shanghai The PRC	<p>Shanghai May Flower Plaza (the “Development”) is a composite development with residential and office apartment towers erected on a commercial podium. The Development also comprises a 3-storey basement for car park use.</p> <p>The property comprises commercial portion and 239 office apartment units in Tower 4 of the Development with a total gross floor area of approximately 29,757.87 sq m (320,314 sq ft) and 13,363.58 sq m (143,846 sq ft) respectively completed in 2011 with gross floor areas as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2">Use/Level</th> <th colspan="2">Approximate Gross Floor Area</th> </tr> <tr> <th>sq m</th> <th>sq ft</th> </tr> </thead> <tbody> <tr> <td>Commercial (Basement 1)</td> <td>11,961.06</td> <td>128,749</td> </tr> <tr> <td>Commercial (Level 1)</td> <td>6,413.88</td> <td>69,039</td> </tr> <tr> <td>Commercial (Level 2)</td> <td>7,260.09</td> <td>78,148</td> </tr> <tr> <td>Commercial (Level 3)</td> <td>1,541.54</td> <td>16,593</td> </tr> <tr> <td>Commercial (Level 4)</td> <td>1,639.54</td> <td>17,648</td> </tr> <tr> <td>Commercial (Level 5)</td> <td>941.76</td> <td>10,137</td> </tr> <tr> <td>Office apartment</td> <td>13,363.58</td> <td>143,846</td> </tr> <tr> <td>Total:</td> <td>43,121.45</td> <td>464,160</td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for terms of 70 years for residential use, 40 years for commercial use and 50 years for office use commencing from 5 February 2007.</p>	Use/Level	Approximate Gross Floor Area		sq m	sq ft	Commercial (Basement 1)	11,961.06	128,749	Commercial (Level 1)	6,413.88	69,039	Commercial (Level 2)	7,260.09	78,148	Commercial (Level 3)	1,541.54	16,593	Commercial (Level 4)	1,639.54	17,648	Commercial (Level 5)	941.76	10,137	Office apartment	13,363.58	143,846	Total:	43,121.45	464,160	<p>According to the information provided, commercial portion of the property with a total leasable area of approximately 25,527 sq m is let under various tenancies yielding a total monthly rental of approximately RMB2,440,000 with the last tenancy expiring on 14 September 2027 whilst the remaining commercial portion of the property is vacant or for self-use.</p> <p>The office apartment portion of the property is currently operated as serviced apartment.</p>	<p>HK\$1,304,000,000 (HONG KONG DOLLARS ONE BILLION THREE HUNDRED AND FOUR MILLION ONLY)</p> <p>(50.6% interest attributable to the eSun Group: HK\$659,824,000)</p> <p><i>(please see note 7)</i></p>
Use/Level	Approximate Gross Floor Area																															
	sq m	sq ft																														
Commercial (Basement 1)	11,961.06	128,749																														
Commercial (Level 1)	6,413.88	69,039																														
Commercial (Level 2)	7,260.09	78,148																														
Commercial (Level 3)	1,541.54	16,593																														
Commercial (Level 4)	1,639.54	17,648																														
Commercial (Level 5)	941.76	10,137																														
Office apartment	13,363.58	143,846																														
Total:	43,121.45	464,160																														

Notes:

1. Pursuant to the Shanghai Certificate of Real Estate Ownership Hu Fang Di Zha Zi No (2007) 017286 issued by the Shanghai Housing and Land Resources Administration Bureau dated 12 November 2007, the land use rights of the property, having a site area of 19,742 sq m, is vested in Shanghai Hu Xin Real Estate Development Co., Ltd (“**Shanghai Hu Xin**”), a 50.6% owned subsidiary of eSun, for land use rights terms of 70 years for residential use, 40 years for commercial use and 50 years for office use commencing from 5 February 2007.
2. Pursuant to the Shanghai Certificate of Real Estate Ownership No Hu Fang Di Zha Zi (2012) Di 006136 issued by the Shanghai Planning, Land and Resources Administration Bureau dated 30 June 2012, the title to the Development with a total gross floor area of 137,129.94 sq m is held by Shanghai Hu Xin.
3. Pursuant to the Equity Joint Venture Contract entered into between 上海和田城市建设开发公司 (Shanghai He Tian City Construction Development Co) (“**Party A**”), Kingscord Investment Limited (“**Party B**”) and Fore Bright Limited (“**Party C**”), all parties agreed to establish a joint venture company named Shanghai Hu Xin Real Estate Development Co., Ltd. Both Party B and Party C are 50.6% owned subsidiaries of eSun. The said contract contains, inter-alia, the following salient conditions:
 - (i) Total investment amount : US\$80,000,000
 - (ii) Registered capital : US\$40,000,000
Party A : 5%
Party B : 55%
Party C : 40%
 - (iii) Period of operation : 70 years
 - (iv) Profit sharing/risk bearing ratio : According to the respective shares of each party in the registered capital
4. Pursuant to the Agreement for Share Transfer, Party A agreed to sell its entire interest in Shanghai Hu Xin to Party B. Consequently, the interest of Party B in Shanghai Hu Xin is 60%.
5. Pursuant to the Business Licence with Unified Social Credit No 91310000607350656K dated 4 March 2016, Shanghai Hu Xin was established with an operation period from 23 April 1995 to 22 April 2065.
6. Pursuant to the Construction Work Completion Recording Certificate No 2011SH0470 dated 13 December 2011, the construction work of the Development with a total gross floor area of 147,923 sq m was completed and recorded.
7. As per your specific terms of instruction, we have valued the office apartment portion of the property on vacant possession basis.
8. We have been provided with the eSun Group’s PRC legal adviser’s opinion, which inter-alia, contains the following:
 - (i) Shanghai Hu Xin legally owns the building ownership of the property;
 - (ii) Shanghai Hu Xin can sell, lease, transfer or mortgage the property according to the relevant laws and regulations; and
 - (iii) The property is free from mortgage and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
6 May Flower Plaza 68 Zhongshanwu Road Yuexiu District Guangzhou Guangdong Province The PRC	<p>May Flower Plaza is erected on an irregular-shaped site with an area of approximately 3,912.27 sq m (42,112 sq ft).</p> <p>The property comprises the whole of May Flower Plaza including a 13-storey office and commercial tower erected over four basement levels completed in 2005 with approximate gross floor areas (excluding public ancillary facilities area of about 1,037.04 sq m) as follows:</p>	<p>According to the information provided, office and retail portion of the property (including cinema) with a total gross floor area of approximately 40,019 sq m is subject to various tenancies yielding a total monthly rental of approximately RMB7,520,000 with the last tenancy expiring on 31 October 2030 whilst the remaining portion of the property is vacant or for self-use.</p>	<p>HK\$2,254,000,000 (HONG KONG DOLLARS TWO BILLION TWO HUNDRED AND FIFTY FOUR MILLION ONLY)</p> <p>(50.6% interest attributable to the eSun Group: HK\$1,140,524,000)</p>

Use	Floor	Approximate Gross Floor Area	
		sq m	sq ft
Car park	B4	3,864.36	41,596
Car park	B3	3,677.21	39,581
Retail/Car park	B2	3,430.32	36,924
Retail/Car park	B1	2,544.93	27,394
Retail	L1	2,288.92	24,638
Retail	L2	4,245.21	45,695
Retail	L3	4,103.83	44,174
Retail	L4	3,978.91	42,829
Retail	L5	3,406.65	36,669
Cinema	L6	3,310.88	35,638
Cinema/Office	L7	1,732.81	18,652
Retail	L8	3,363.03	36,200
Retail	L9	2,140.67	23,042
Office	L10	2,079.35	22,382
Office	L11	1,760.05	18,945
Office	L12	1,769.96	19,052
Office	L13	1,769.96	19,052
Total:		49,467.05	532,463

The basement level of the property accommodates a total of approximately 136 car parking spaces and the property also comprises various advertising boards.

The land use rights of the property have been granted for terms of 40 years for commercial use and 50 years for other uses commencing from 14 October 1997.

Notes:

1. Pursuant to nineteen Guangzhou Real Estate Title Certificates all issued by the Guangzhou Land Resources and Real Estate Administration Bureau in 2016, the title to the property with a total gross floor area of approximately 49,467.05 sq m is vested in Guangzhou Jieli Real Estate Co Ltd (“**Guangzhou Jieli**”), a 50.6% owned subsidiary of eSun. Details of which are as follows:

Certificate No	Level	Use	Gross Floor Area sq m
1. Yue (2016) Guangzhou Shi Bu Dong Chan Quan Di 00243486	Basement 4	Car park	3,864.36
2. Yue (2016) Guangzhou Shi Bu Dong Chan Quan Di 00243505	Basement 3	Car park	3,677.21
3. Yue (2016) Guangzhou Shi Bu Dong Chan Quan Di 00243488	Basement 2	Commercial and catering	2,707.16
4. Yue (2016) Guangzhou Shi Bu Dong Chan Quan Di 00243489	Basement 2	Car park	723.16
5. Yue (2016) Guangzhou Shi Bu Dong Chan Quan Di 00243490	Basement 1	Commercial and catering	1,927.46
6. Yue (2016) Guangzhou Shi Bu Dong Chan Quan Di 00243491	Basement 1	Car park	617.47
7. Yue (2016) Guangzhou Shi Bu Dong Chan Quan Di 00243492	Level 1	Commercial	2,288.92
8. Yue (2016) Guangzhou Shi Bu Dong Chan Quan Di 00243493	Level 2	Commercial and catering	4,245.21
9. Yue (2016) Guangzhou Shi Bu Dong Chan Quan Di 00243494	Level 3	Commercial and catering	4,103.83
10. Yue (2016) Guangzhou Shi Bu Dong Chan Quan Di 00243503	Level 4	Commercial	3,978.91
11. Yue (2016) Guangzhou Shi Bu Dong Chan Quan Di 00243495	Level 5	Catering	3,406.65
12. Yue (2016) Guangzhou Shi Bu Dong Chan Quan Di 00243496	Level 6	Cinema	3,310.88
13. Yue (2016) Guangzhou Shi Bu Dong Chan Quan Di 00243497	Level 7	Cinema	1,732.81
14. Yue (2016) Guangzhou Shi Bu Dong Chan Quan Di 00243498	Level 8	Catering	3,363.03
15. Yue (2016) Guangzhou Shi Bu Dong Chan Quan Di 00243487	Level 9	Catering	2,140.67
16. Yue (2016) Guangzhou Shi Bu Dong Chan Quan Di 00243499	Level 10	Office	2,079.35
17. Yue (2016) Guangzhou Shi Bu Dong Chan Quan Di 00243500	Level 11	Office	1,760.05
18. Yue (2016) Guangzhou Shi Bu Dong Chan Quan Di 00243501	Level 12	Office	1,769.96
19. Yue (2016) Guangzhou Shi Bu Dong Chan Quan Di 00243502	Level 13	Office	1,769.96
		Total:	49,467.05

2. Pursuant to the State-owned Land Use Right Certificate No Sui Fu Guo Yong (1997) Zi Di Te 028 issued by the People’s Government of Guangzhou dated 14 October 1997, the title to the property with a site area of approximately 5,782 sq m is held by Guangzhou Jieli for land use rights terms of 70 years for residential use, 40 years for commercial uses and 50 years for other uses.
3. Pursuant to the Business Licence No Wai S0102014023301 dated 11 July 2016, Guangzhou Jieli was established with an operation period from 31 December 1993 to 31 December 2033.
4. We have been provided with the eSun Group’s PRC legal adviser’s opinion, which inter-alia, contains the following:
- Guangzhou Jieli legally owns the property;
 - The property is subject to a mortgage and the mortgage is valid and enforceable;
 - Guangzhou Jieli can sell, lease or transfer the property according to the relevant laws and regulations and subject to approval from the mortgagee; and
 - Except for the mortgage mentioned in note (4) (ii), the property is free from encumbrances.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018																																		
7 Commercial portion of West Point the junction of Zhongshan Qi Road and Guangfu Road Liwan District Guangzhou Guangdong Province The PRC	<p>West Point (the “Development”) is a composite development comprising a residential tower and an office tower both erected on a 4-level commercial podium and a 2-level basement car park completed around 2010.</p> <p>The property comprises the commercial portion on Levels 1 to 4 of the Development having a total gross floor area of approximately 16,940.18 sq m (182,344 sq ft) with gross floor areas as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th rowspan="2">Level</th> <th colspan="2">Approximate Gross Floor Area</th> </tr> <tr> <th>sq m</th> <th>sq ft</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>Level 1</td> <td>3,158.96</td> <td>34,003</td> </tr> <tr> <td>Retail</td> <td>Level 2</td> <td>4,384.20</td> <td>47,192</td> </tr> <tr> <td>Retail</td> <td>Level 3</td> <td>4,546.58</td> <td>48,939</td> </tr> <tr> <td>Retail</td> <td>Level 4</td> <td>3,886.49</td> <td>41,834</td> </tr> <tr> <td colspan="2">Sub-total:</td> <td>15,976.23</td> <td>171,968</td> </tr> <tr> <td colspan="2">Clubhouse and kiosk</td> <td>963.95</td> <td>10,376</td> </tr> <tr> <td colspan="2">Total:</td> <td>16,940.18</td> <td>182,344</td> </tr> </tbody> </table>	Use	Level	Approximate Gross Floor Area		sq m	sq ft	Retail	Level 1	3,158.96	34,003	Retail	Level 2	4,384.20	47,192	Retail	Level 3	4,546.58	48,939	Retail	Level 4	3,886.49	41,834	Sub-total:		15,976.23	171,968	Clubhouse and kiosk		963.95	10,376	Total:		16,940.18	182,344	<p>According to the information provided, portion of the property with a total gross floor area of approximately 15,976 sq m is subject to various tenancies yielding a total monthly rental of approximately RMB1,190,000 with last tenancy expiring on 30 April 2024 whilst the remaining portion is vacant or for self-use.</p>	<p>HK\$335,300,000 (HONG KONG DOLLARS THREE HUNDRED THIRTY FIVE MILLION AND THREE HUNDRED THOUSAND ONLY)</p> <p>(50.6% interest attributable to the eSun Group: HK\$169,661,800)</p>
Use	Level			Approximate Gross Floor Area																																	
		sq m	sq ft																																		
Retail	Level 1	3,158.96	34,003																																		
Retail	Level 2	4,384.20	47,192																																		
Retail	Level 3	4,546.58	48,939																																		
Retail	Level 4	3,886.49	41,834																																		
Sub-total:		15,976.23	171,968																																		
Clubhouse and kiosk		963.95	10,376																																		
Total:		16,940.18	182,344																																		
	<p>The land use rights of the Development have been granted for terms of 70 years for residential use, 40 years for commercial, tourism and entertainment uses and 50 years for other use.</p>																																				

Notes:

1. Pursuant to seven Guangzhou Real Estate Title Certificates Nos Yue Fang Di Quan Zheng Sui Zi Di 0120285921 to 0120285927 all issued by the Guangzhou Land Resources and Real Estate Administration Bureau dated 11 November 2011, the title to the property with a total gross floor area of approximately 16,940.18 sq m is vested in Guangzhou Honghui Real Estate Development Co., Ltd. (“**Guangzhou Honghui**”), a 50.6% owned subsidiary of eSun.
2. Pursuant to the State-owned Land Use Right Certificate No Sui Guo Yong (2005) Di 348 issued by the People’s Government of Guangzhou dated 11 January 2006, the title to the Development with a site area of approximately 6,003 sq m is held by Guangzhou Honghui for land use rights terms of 70 years for residential use, 40 years for commercial, tourism and entertainment uses and 50 years for other use.
3. Pursuant to three Supplementary Agreements of Co-operative Joint Venture Contract all entered into between 廣州市白雲城市建設開發有限公司 (Guangzhou Bai Yun City Construction Development Co Ltd) (“**Party A**”) and Frank Light Development Limited (“**Party B**”) on 29 September 1998, 4 February 2008 and 8 April 2010, Guangzhou Honghui was established by Party A and Party B with a total investment amount of RMB182,510,000 and registered capital of RMB79,720,000 which is fully paid by Party B and Party A is entitled to receive an amount of RMB35,866,500 from Party B as fixed profit. As advised by eSun, portion of the aforesaid fixed profit (RMB16,500,000) had been settled as at the valuation date.
4. Pursuant to the Business Licence No Wai S0102014021917 dated 11 November 2015, Guangzhou Honghui was established with an operation period from 11 February 1993 to 11 February 2019.
5. We have been provided with the eSun Group’s PRC legal adviser’s opinion, which inter-alia, contains the following:
 - (i) Guangzhou Honghui legally owns the property;
 - (ii) Guangzhou Honghui can sell, lease or transfer the property according to the relevant laws and regulations; and
 - (iii) The property is free from mortgage and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
8 Various portions of Stage I of Palm Spring Caihong Planning Area Western District Zhongshan Guangdong Province The PRC	<p>Palm Spring (the “Development”) is a large-scale residential development having a total site area of approximately 236,649.80 sq m (2,547,298 sq ft).</p> <p>The Development is planned to be developed by various stages with a total gross floor area of approximately 564,388 sq m (6,075,072 sq ft).</p> <p>The property comprises various units on Levels 1 to 3 of the commercial centre of Stage I of the Development with a total gross floor area of 11,880.70 sq m (127,884 sq ft) and serviced apartments with a total gross floor area of 9,156.10 sq m (98,556 sq ft) completed in 2012 with gross floor areas as follows:</p>	<p>According to the information provided, commercial portion of the property with a total gross floor area of approximately 10,186 sq m is leased subject to various tenancies yielding a total monthly rental of approximately RMB293,000 with last tenancy expiring on 31 October 2030 whilst the remaining commercial portion of the property is vacant.</p> <p>The serviced apartments portion of the property is currently operated.</p>	<p>HK\$280,500,000 (HONG KONG DOLLARS TWO HUNDRED EIGHTY MILLION AND FIVE HUNDRED THOUSAND ONLY)</p> <p>(50.6% interest attributable to the eSun Group: HK\$141,933,000)</p> <p>(please see note 5)</p>

Use	Approximate Gross Floor Area	
	sq m	sq ft
Commercial (Level 1)	3,391.74	36,509
Commercial (Level 2)	4,266.74	45,927
Commercial (Level 3)	4,222.22	45,448
Serviced apartments	9,156.10	98,556
Total:	21,036.80	226,440

The land use rights of the property have been granted for various terms with the last term expiring on 30 March 2075 for commercial/residential uses.

Notes:

1. Pursuant to two State-owned Land Use Right Certificates Nos Zhong Fu Guo Yong (2004) Di 201494 and (2011) Di 2000310 both issued by the People's Government of Zhongshan, the title to portion of the Development with a site area of approximately 10,679.70 sq m and 12,902.60 sq m respectively are both held by 中山市寶麗房地產發展有限公司 (Zhongshan Bao Li Properties Development Co. Ltd.) ("**Zhongshan Bao Li**"), a 50.6% owned subsidiary of eSun for various terms expiring on 17 May 2074 and 30 March 2075 respectively for commercial/residential uses.
2. Pursuant to the Real Estate Title Proof No 2013-011052 dated 27 August 2013, the title to the serviced apartment portion of the Development (Tower 8) with a total gross floor area of approximately 9,169.6 sq m is vested in Zhongshan Bao Li.
3. Pursuant to twenty seven Real Estate Title Certificates, the title to commercial portion of the Development with a total gross floor area of 16,875.23 sq m is vested in Zhongshan Bao Li.
4. Pursuant to the Business Licence with Unified Social Credit No 914420007480421393 dated 5 November 2015, Zhongshan Bao Li was established with an operation period from 17 April 2003 to 16 April 2053.
5. As per your specific terms of instruction, we have valued the serviced apartments portion of the property on vacant possession basis.
6. We have been provided with the eSun Group's PRC legal adviser's opinion, which inter-alia, contains the following:
 - (i) Zhongshan Bao Li legally owns the property;
 - (ii) Zhongshan Bao Li can sell, lease or transfer the property according to the relevant laws and regulations; and
 - (iii) The property is free from mortgage and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018																										
9 Lai Fung Tower 787 Dongfeng East Road Yuexiu District Guangzhou Guangdong Province The PRC	<p>Eastern Place is a large-scale commercial/residential composite development developed by phases.</p> <p>The property comprises the whole of Lai Fung Tower in Phase V of Eastern Place with a total gross floor area of approximately 65,579.11 sq m (705,894 sq ft) completed in 2015 and 313 basement car parking spaces (including 216 mechanical car parking spaces). Gross floor areas are as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th rowspan="2">Level</th> <th colspan="2">Approximate Gross Floor Area</th> </tr> <tr> <th>sq m</th> <th>sq ft</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>L1</td> <td>3,319.59</td> <td>35,732</td> </tr> <tr> <td>Retail</td> <td>L2</td> <td>1,517.89</td> <td>16,339</td> </tr> <tr> <td>Retail</td> <td>L3&4</td> <td>4,396.86</td> <td>47,328</td> </tr> <tr> <td>Office</td> <td>L5-28</td> <td>56,344.77</td> <td>606,495</td> </tr> <tr> <td>Total:</td> <td></td> <td>65,579.11</td> <td>705,894</td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for terms of 70 years for residential use, 40 years for commercial, tourism and entertainment uses and 50 years for other use.</p>	Use	Level	Approximate Gross Floor Area		sq m	sq ft	Retail	L1	3,319.59	35,732	Retail	L2	1,517.89	16,339	Retail	L3&4	4,396.86	47,328	Office	L5-28	56,344.77	606,495	Total:		65,579.11	705,894	<p>According to the information provided, the property with a total gross floor area of approximately 65,387 sq m is let under various tenancies yielding a total monthly rental of approximately RMB7,520,000 with the last tenancy expiring on 14 January 2027 whilst the remaining portion of the property is vacant or for self-use.</p>	<p>HK\$3,245,600,000 (HONG KONG DOLLARS THREE BILLION TWO HUNDRED FORTY FIVE MILLION AND SIX HUNDRED THOUSAND ONLY)</p> <p>(50.6% interest attributable to the eSun Group: HK\$1,642,273,600)</p>
Use	Level			Approximate Gross Floor Area																									
		sq m	sq ft																										
Retail	L1	3,319.59	35,732																										
Retail	L2	1,517.89	16,339																										
Retail	L3&4	4,396.86	47,328																										
Office	L5-28	56,344.77	606,495																										
Total:		65,579.11	705,894																										

Notes:

1. Pursuant to the State-owned Land Use Right Certificate No Sui Fu Guo Yong (2003) Di 309 issued by the People's Government of Guangzhou dated 30 October 2003, the title to the subject development with an area of approximately 17,293.00 sq m is held by Guangzhou Grand Wealth Properties Ltd ("**Guangzhou Grand Wealth**"), a 50.6% owned subsidiary of eSun, for land use rights terms of 70 years for residential use, 40 years for commercial, tourism and entertainment uses and 50 years for other use.
2. Pursuant to the Construction Work Completion Recording Certificate No Sui Gui Yan Zheng (2015) 279 dated 2 June 2015, construction work of portion of Phase V of Eastern Place with a total gross floor area of 59,139 sq m is completed and recorded.
3. Pursuant to the Construction Work Completion Recording Certificate No Sui (Jian) Jian Yan Bei 2016-015 dated 30 June 2016, construction work of portion of Phase V of Eastern Place with a total gross floor area of 70,522 sq m is completed and recorded.
4. Pursuant to 310 Real Estate Title Certificates, the title to 310 car parking spaces of the property is vested in Guangzhou Grand Wealth.
5. Pursuant to the Co-operative Joint Venture Contract and eleven Supplemental Contracts all entered into between Guangzhou Light Industry Real Estate Development Company (formerly known as Guangzhou Yuexing Real Estate Development Company) ("**Party A**") and Grand Wealth Ltd ("**Party B**") dated 23 November 1993, 3 June 1996, 31 December 1996, 3 May 1997, 5 August 1997, 14 February 2006, 10 May 2006, 2 April 2007, 10 July 2008, 8 May 2009, 5 March 2014 and 15 January 2015 respectively, both parties agreed to establish a joint venture company named Guangzhou Grand Wealth Properties Limited. The said contracts contain, inter-alia, the following conditions:
 - (i) Total investment amount : HK\$560,000,000
 - (ii) Registered capital : HK\$280,000,000
 - (iii) Party B shall be responsible for the total investment amount as stipulated in the contract.
 - (iv) Party A shall be entitled to a gross floor area of 19,500 sq m whilst Party B shall be entitled to the remaining floor area of the Development and sale proceeds derived therefrom.
 - (v) The portion mentioned in 5 (iv) entitled by Party A comprises various units in Lai Fung Tower with a total gross floor area of approximately 7,539.4 sq m.
 - (vi) Both parties agreed that instead of the property mentioned in note 5 (v) above, Gangjing Shangwulou, Nos 407 and 409 Yan Jiang Dong Road, Yuexiu District, Guangzhou with a total gross floor area of approximately 12,395 sq m shall be allocated to Party A.
6. Pursuant to the Business Licence No Wai S0102014007787 dated 12 July 2016, Guangzhou Grand Wealth was established with an operation period from 15 June 1994 to 15 June 2019.
7. We have been provided with the eSun Group's PRC legal adviser's opinion, which inter-alia, contains the following:
 - (i) Guangzhou Grand Wealth legally owns the property;
 - (ii) Portion of the property is subject to a mortgage and the mortgage is valid and enforceable;
 - (iii) Guangzhou Grand Wealth should hold the retail portion with a total gross floor area of 2,312.26 sq m and 216 mechanical car parking spaces of the property and has the right to lease such portions and to grant the lessee to sublease;
 - (iv) Save as abovementioned, Guangzhou Grand Wealth can sell, lease or transfer the property according to the relevant laws and regulations and subject to approval from the mortgagee; and
 - (v) Except for the mortgage mentioned in note (7) (ii), the property is free from encumbrances.

Group II — Property interests held by the eSun Group in the PRC for sale purpose

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
10 Unsold car parking spaces of Regents Park 88 Huichuan Road Changning District Shanghai The PRC	Regents Park (the “ Development ”) is a large-scale residential/commercial composite development developed in two phases. The property comprises 406 basement car parking spaces of the Development with a total gross floor area of approximately 13,085.38 sq m (140,851 sq ft) completed in 2006. The land use rights of the Development have been granted for a term of 70 years commencing from 4 May 1996 for residential use.	As advised, the property is currently subject to various licences with terms ranging from 1 month to 1 year.	HK\$249,000,000 (HONG KONG DOLLARS TWO HUNDRED AND FORTY NINE MILLION ONLY) (48.07% interest attributable to the eSun Group: HK\$119,694,300)

Notes:

- Pursuant to the Shanghai Real Estate Title Certificate No Hu Fang Di Chang Zi (2009) Di 003008 issued by the Shanghai Housing and Land Resources Administration Bureau dated 20 March 2009, the title to the property (406 basement car parking spaces) with a total gross floor area of 13,085.38 sq m is held by Shanghai Wa Yee Real Estate Development Co., Limited (“**Shanghai Wa Yee**”), a 48.07% owned subsidiary of eSun for a land use rights term of 70 years from 4 May 1996 to 3 May 2066 for residential use.
- Pursuant to the Equity Joint Venture Contract entered into between Kingscord Investment Limited, interest held in trust for Lai Fung Holdings Limited (a 50.6% owned subsidiary of eSun), (“**Party A**”), Wide Angle Development Limited, (a 50.6% owned subsidiary of eSun), (“**Party B**”) and 上海長寧房地產(集團)公司 (Shanghai Changning Real Estate (Group) Company) (“**Party C**”) on 1 March 1996, all parties agreed to establish a joint-venture company named Shanghai Wa Yee Real Estate Development Co., Limited. The said contract contains, inter-alia, the following salient conditions:
 - Total investment amount : US\$25,000,000
 - Registered capital : US\$10,000,000
Party A : 70%
Party B : 25%
Party C : 5%
 - Period of operation : 70 years
- Pursuant to the Business Licence with Unified Social Credit No 9131000060737771XE dated 3 June 2016, Shanghai Wa Yee was established with an operation period from 3 September 1997 to 19 August 2067.
- We have been provided with the eSun Group’s PRC legal adviser’s opinion, which inter-alia, contains the following:
 - Shanghai Wa Yee legally owns the property;
 - Shanghai Wa Yee can sell, lease, transfer or mortgage the property according to the relevant laws and regulations; and
 - The property is free from mortgage and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
11 Unsold car parking spaces of Shanghai May Flower Plaza the junction of Da Tong Road and Zhi Jiang Xi Road Sujiaxiang Jing'an District Shanghai The PRC	Shanghai May Flower Plaza (the "Development") is a composite development with residential and office apartment towers erected on a commercial podium. The Development also comprises a 3-storey basement for car park use. The property comprises 458 basement car parking spaces of the Development completed in 2011. The land use rights of the Development have been granted for terms of 70 years for residential use, 40 years for commercial use and 50 years for office use commencing from 5 February 2007.	As advised, the property is currently subject to various licences with terms ranging from one month to one year.	HK\$168,600,000 (HONG KONG DOLLARS ONE HUNDRED SIXTY EIGHT MILLION AND SIX HUNDRED THOUSAND ONLY) (50.6% interest attributable to the eSun Group: HK\$85,311,600)

Notes:

- Pursuant to the Shanghai Certificate of Real Estate Ownership No Hu Fang Di Zha Zi (2012) Di 006136 issued by the Shanghai Planning, Land and Resources Administration Bureau dated 30 June 2012, the title to the Development with a total gross floor area of 137,129.94 sq m is held by Shanghai Hu Xin Real Estate Development Co., Ltd ("Shanghai Hu Xin"), a 50.6% owned subsidiary of eSun.
- Pursuant to the Shanghai Certificate of Real Estate Ownership Hu Fang Di Zha Zi (2007) Di 017286 issued by the Shanghai Housing and Land Resources Administration Bureau dated 12 November 2007, the land use rights of the Development, having a site area of 19,742 sq m, is vested in Shanghai Hu Xin for land use rights terms of 70 years for residential use, 40 years for commercial use and 50 years for office use commencing from 5 February 2007.
- Pursuant to the Equity Joint Venture Contract entered into between 上海和田城市建设开发公司 (Shanghai He Tian City Construction Development Co) ("Party A"), Kingscord Investment Limited ("Party B") and Fore Bright Limited ("Party C"), all parties agreed to establish a joint venture company named Shanghai Hu Xin Real Estate Development Co., Ltd. Both Party B and Party C are 50.6% owned subsidiaries of eSun. The said contract contains, inter-alia, the following salient conditions:
 - Total investment amount : US\$80,000,000
 - Registered capital : US\$40,000,000
Party A : 5%
Party B : 55%
Party C : 40%
 - Period of operation : 70 years
 - Profit sharing/risk bearing ratio : According to the respective shares of each party in the registered capital

4. Pursuant to the Agreement for Share Transfer, Party A agreed to sell its entire interest in Shanghai Hu Xin to Party B. Consequently, the interest of Party B in Shanghai Hu Xin is 60%.
5. Pursuant to the Business Licence with Unified Social Credit No 91310000607350656K dated 4 March 2016, Shanghai Hu Xin was established with an operation period from 23 April 1995 to 22 April 2065.
6. Pursuant to the Construction Work Completion Recording Certificate No 2011SH0470 dated 13 December 2011, construction work of the Development with a total gross floor area of 147,923 sq m is completed and recorded.
7. We have been provided with the eSun Group's PRC legal adviser's opinion, which inter-alia, contains the following:
 - (i) Shanghai Hu Xin legally owns the property;
 - (ii) Shanghai Hu Xin can sell, lease, transfer or mortgage the property according to the relevant laws and regulations; and
 - (iii) The property is free from mortgage and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
12 Unsold car parking spaces of West Point the junction of Zhongshan Qi Road and Guangfu Road Liwan District Guangzhou Guangdong Province The PRC	West Point (the “Development”) is a composite development comprising a residential tower and an office tower both erected on a 4-level commercial podium and a 2-level basement car park completed around 2010. The property comprises 127 basement car parking spaces of the Development. The land use rights of the Development have been granted for terms of 70 years for residential use, 40 years for commercial, tourism and entertainment uses and 50 years for other use.	As advised, the property is currently let on hourly basis.	HK\$98,800,000 (HONG KONG DOLLARS NINETY EIGHT MILLION AND EIGHT HUNDRED THOUSAND ONLY) (50.6% interest attributable to the eSun Group: HK\$49,992,800)

Notes:

- Pursuant to 127 Guangzhou Real Estate Title Certificates Nos Yue Fang Di Quan Zheng Sui Zi Di 0120285929, 0120285935, 0120285939, 0120285941 to 0120285971, 0120285973 to 0120285977, 0120285979 to 0120285991, 0120285993 to 0120285994, 0120286000 to 0120286040 and 0120286043 to 0120286074 all issued by the Guangzhou Land Resources and Real Estate Administration Bureau dated 11 November 2011, the title to the property is held by Guangzhou Honghui Real Estate Development Co., Ltd. (“Guangzhou Honghui”), a 50.6% owned subsidiary of eSun for car park use.
- Pursuant to the State-owned Land Use Right Certificate No Sui Guo Yong (2005) Di 348 issued by the People’s Government of Guangzhou dated 11 January 2006, the title to the Development with a site area of approximately 6,003 sq m is held by Guangzhou Honghui for land use rights terms of 70 years for residential use, 40 years for commercial, tourism and entertainment uses and 50 years for other use.
- Pursuant to three Supplementary Agreement of Co-operative Joint Venture Contracts all entered into between 廣州市白雲城市建設開發有限公司 (Guangzhou Bai Yun City Construction Development Co Ltd) (“Party A”) and Frank Light Development Limited (“Party B”) dated 29 September 1998, 4 February 2008 and 8 April 2010, Guangzhou Honghui was established by Party A and Party B with a total investment amount of RMB182,510,000 and registered capital of RMB79,720,000 which is fully paid by Party B and Party A is entitled to receive an amount of RMB35,866,500 from Party B as fixed profit. As advised by eSun, portion of the aforesaid fixed profit (RMB16,500,000) had been settled as at the valuation date.
- Pursuant to the Business Licence No Wai S0102014021917 dated 11 November 2015, Guangzhou Honghui was established with an operation period from 11 February 1993 to 11 February 2019.
- We have been provided with the eSun Group’s PRC legal adviser’s opinion, which inter-alia, contains the following:
 - Guangzhou Honghui legally owns the property;
 - Guangzhou Honghui can sell, lease or transfer the property according to the relevant laws and regulations; and
 - The property is free from mortgage and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
13 Unsold car parking spaces of King's Park Nos 558-596/1006-1044 Donghua Dong Road Yuexiu District Guangzhou Guangdong Province The PRC	King's Park (the "Development") is a residential development erected on a roughly rectangular-shaped site with a site area of approximately 2,405.00 sq m (25,887 sq ft). The property comprises 15 basement car parking spaces of the Development completed in 2013. The land use rights of the Development will be granted for terms of 70 years for residential use, 40 years for commercial, tourism and entertainment uses and 50 years for other use.	As advised, the property is currently vacant.	HK\$12,000,000 (HONG KONG DOLLARS TWELVE MILLION ONLY) (50.6% interest attributable to the eSun Group: HK\$6,072,000) <i>(please see note 4)</i>

Notes:

1. Pursuant to the State-owned Land Use Right Certificate No Sui Fu Guo Yong (2012) Di 01100013 issued by the People's Government of Guangzhou dated 6 April 2012, the title to the Development, having a site area of 2,405 sq m, is held by Guangzhou Gentle Real Estate Co Ltd ("Guangzhou Gentle"), a 50.6% owned subsidiary of eSun, for land use rights terms of 70 years for residential use, 40 years for commercial, tourism & entertainment uses and 50 years for other use.
2. Pursuant to the Business Licence No Wai S0102014021483 dated 12 July 2016, Guangzhou Gentle was established with an operation period from 15 June 2007 to 15 June 2027.
3. Pursuant to fifteen Guangzhou Real Estate Title Certificates, the title to the property is vested in Guangzhou Gentle.
4. As advised by eSun, 2 car parking spaces of the property have been sold at a total consideration of approximately RMB1,332,800 prior to the date of valuation. According to eSun's instruction, the title of the sold portion was still held by Guangzhou Gentle as at the date of valuation and was thus included in this valuation. We have also made reference to the contracted consideration in the course of our valuation.
5. We have been provided with the eSun Group's PRC legal adviser's opinion, which inter-alia, contains the following:
 - (i) Guangzhou Gentle legally owns the property;
 - (ii) Except for the sold portion as mentioned in note(4), Guangzhou Gentle can sell, lease or transfer the property according to the relevant laws and regulations; and
 - (iii) The property is free from mortgage and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
14 Unsold portions of Stage I and II of Palm Spring Caihong Planning Area Western District Zhongshan Guangdong Province The PRC	<p>Palm Spring (the “Development”) is a large-scale residential development having a total site area of approximately 236,649.80 sq m (2,547,298 sq ft).</p> <p>The Development is planned to be developed by various stages with a total gross floor area of approximately 564,388 sq m (6,075,072 sq ft).</p> <p>The property comprises various unsold residential units and commercial centre of Stage I and II of the Development with a total gross floor area of 52,115.22 sq m (560,968 sq ft) together with 1,186 car parking spaces completed in 2012 and 2017 respectively. The area details are as follows:</p>	According to the information provided, the property is either vacant or for self-use.	<p>HK\$1,296,500,000 (HONG KONG DOLLARS ONE BILLION TWO HUNDRED NINETY SIX MILLION AND FIVE HUNDRED THOUSAND ONLY)</p> <p>(50.6% interest attributable to the eSun Group: HK\$656,029,000)</p> <p><i>(please see note 14)</i></p>

Use	Approximate Gross Floor Area	
	sq m	sq ft
Residential (apartment)	25,619.62	275,770
Residential (terrace house)	19,584.11	210,803
Club house	1,966.96	21,172
Commercial centre	4,944.53	53,223
Total:	52,115.22	560,968

In addition, the property also comprise 1,186 basement car parking spaces of the Development. (As advised by eSun, 230 basement car parking spaces among the 1,186 car parking spaces cannot be sold and will be leased on long-term basis).

The land use rights of the property have been granted for various terms with the last term expiring on 30 March 2075 for commercial/ residential uses.

Notes:

1. Pursuant to three State-owned Land Use Right Certificates Nos Zhong Fu Guo Yong (2004) Di 201494, (2011) Di 2000310 and (2011) Di 2000745 all issued by the People's Government of Zhongshan, the title to portions of the Development with site areas of approximately 10,679.70 sq m, 12,902.60 sq m and 16,608.00 sq m respectively are all held by 中山市寶麗房地產發展有限公司 (Zhongshan Bao Li Properties Development Co. Ltd.) ("**Zhongshan Bao Li**"), a 50.6% owned subsidiary of eSun for various terms expiring on 17 May 2074, 30 March 2075 and 23 October 2073 respectively for commercial/residential uses.
2. Pursuant to the Real Estate Title Certificate No Yue (2017) Zhongshan Shi Bu Dong Chan Quan Di 0294136, the title to the club house portion of the Development with a total gross floor area of 1,966.96 sq m is vested in Zhongshan Bao Li.
3. Pursuant to twenty seven Real Estate Title Certificates, the title to commercial portion of the Development with a total gross floor area of 16,875.23 sq m is vested in Zhongshan Bao Li.
4. Pursuant to two Real Estate Title Certificates Nos Yue (2017) Zhongshan Shi Bu Dong Chan Quan Di 0294133 and 0294136, the title to the residential (apartment) portion of the Development with a total gross floor area of 25,635.74 sq m is vested in Zhongshan Bao Li.
5. Pursuant to fifteen Real Estate Title Certificates, the title to residential (terrace house) portion of the Development with a total gross floor area of 21,183.72 sq m is vested in Zhongshan Bao Li.
6. Pursuant to two Real Estate Title Proof Nos 2013-011237 and 2013-011239, the title to the residential (terrace house) portion of the Development with a total gross floor area of 792.11 sq m is vested in Zhongshan Bao Li.
7. Pursuant to two Real Estate Title Certificates Nos Yue (2017) Zhongshan Shi Bu Dong Chan Quan Di 0294244 and 0090718, the title to 1,052 car parking spaces of the Development is vested in Zhongshan Bao Li.
8. Pursuant to the Real Estate Title Proof No 2013-011235, the title to 55 car parking spaces of the Development is vested in Zhongshan Bao Li.
9. Pursuant to the Business Licence with Unified Social Credit No 914420007480421393 dated 5 November 2015, Zhongshan Bao Li was established with an operation period from 17 April 2003 to 16 April 2053.
10. Pursuant to the Construction Work Completion Recording No Zhong Jian Yan Zi 2017 Nian Di 720 and 1121 dated 17 March 2017 and 25 April 2017 issued by the Zhongshan Housing and Urban and Rural Construction Bureau, the construction work of portion of the Development with a total gross floor area of 175,327.06 sq m is completed and recorded.
11. Pursuant to two Zhongshan Commodity Housing Pre-sale Permits Nos Zhong Jian Fang (Yu) Zi Di 2011346 and 2011445 both issued by the Zhongshan Housing and Urban and Rural Construction Bureau, pre-sale of portion of the Development with a total gross floor area of 46,807.03 sq m is permitted.
12. Pursuant to four Zhongshan Commodity Housing Pre-sale Permits Nos Zhong Jian Fang (Yu) Zi Di 2011269, 2012024, 2012023 and 2012029 all issued by the Zhongshan Housing and Urban and Rural Construction Bureau, pre-sale of portion of the Development with a total gross floor area of 27,756.91 sq m is permitted.
13. Pursuant to four Zhongshan Commodity Housing Pre-sale Permits Nos Zhong Jian Fang (Yu) Zi Di 2015103, 2015115, 2015119 and 2016181 all issued by the Zhongshan Housing and Urban and Rural Construction Bureau, pre-sale of portion of the Development with a total gross floor area of 107,887.80 sq m is permitted.
14. As advised by eSun, residential (apartment) portion of the property with a total gross floor area of 121.38 sq m have been sold at a total consideration of RMB1,408,008 prior to the date of valuation. According to eSun's instruction, the title of the sold portion was still held by Zhongshan Bao Li as at the date of valuation and was thus included in this valuation. We have also made reference to the contracted consideration in the course of our valuation.
15. We have been provided with the eSun Group's PRC legal adviser's opinion, which inter-alia, contains the following:
 - (i) Zhongshan Bao Li legally owns the property;
 - (ii) Except for the sold portion as mentioned in note (14), Zhongshan Bao Li can sell, lease or transfer the property according to the relevant laws and regulations; and
 - (iii) The property is free from mortgage and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
15 Unsold portions of Dolce Vita (Xunfeng Yujinsha Yuan) Jinshazhou Heng Sha Baiyun District Guangzhou Guangdong Province The PRC	<p>Dolce Vita (the “Development”) comprises an irregular-shaped site with an area of approximately 298,938 sq m (3,217,769 sq ft).</p> <p>The Development is a residential development developed in five phases with a total gross floor area of approximately 507,167 sq m (5,459,146 sq ft) and comprises medium to high-rise apartments, terraced houses, semi-detached houses, commercial, school, kindergarten and car parking spaces.</p> <p>The property comprises various unsold retail units of the Development with a total gross floor area of 1,747 sq m (18,805 sq ft) together with 60 car parking spaces completed in 2014 to 2017.</p> <p>The land use rights of the Development have been granted for terms of 70 years for residential use, 40 years for commercial, tourist and entertainment uses and 50 years for other use commencing from 14 October 2008.</p>	As advised, the property is currently vacant.	<p>HK\$73,200,000 (HONG KONG DOLLARS SEVENTY THREE MILLION AND TWO HUNDRED THOUSAND ONLY)</p> <p>(24.04% interest attributable to the eSun Group: HK\$17,597,280)</p> <p><i>(please see note 5)</i></p>

Notes:

1. Pursuant to the State-owned Land Use Right Certificate No Sui Fu Guo Yong (2008) Di 01100190 issued by the People's Government of Guangzhou dated 17 October 2008, the title to portion of the Development, having a site area of 226,912.48 sq m, is held by Guangzhou Beautiwin Real Estate Development Co., Ltd. ("**Guangzhou Beautiwin**", a 95% owned subsidiary of Beautiwin Limited ("**Beautiwin**", a 25.3% owned joint venture of eSun)) for land use rights terms of 70 years for residential use, 40 years for commercial, tourist and entertainment uses and 50 years for other use commencing from 14 October 2008.
2. Pursuant to the Business Licence No 440101400026872 dated 16 August 2011, Guangzhou Beautiwin was established with an operation period from 31 July 1998 to 31 July 2028.
3. Pursuant to two Real Estate Certificates No Sui (2017) Guangzhou Shi Bu Dong Chan Quan Zheng Di 00066699 and 00066700 both issued by the Guangzhou Land Resources and Real Estate Administration Bureau, the title to the retail portion of the property with a total gross floor area of approximately 1,746.50 sq m is vested in Guangzhou Beautiwin.
4. Pursuant to sixty Guangzhou Real Estate Title Certificates all issued by the Guangzhou Land Resources and Real Estate Administration Bureau, the title to the car park portion of the property is vested in Guangzhou Beautiwin.
5. As advised by eSun, 2 car parking spaces of the property have been sold at a total consideration of RMB616,479 prior to the date of valuation. According to eSun's instruction, the title of the sold portion was still held by Guangzhou Beautiwin as at the date of valuation and were thus included in this valuation. We have also made reference to the contracted consideration in the course of our valuation.
6. We have been provided with the eSun Group's PRC legal adviser's opinion, which inter-alia, contains the following:
 - (i) Guangzhou Beautiwin legally owns the property;
 - (ii) Except for the sold portion as mentioned in note (5), Guangzhou Beautiwin can sell, lease or transfer the property according to the relevant laws and regulations; and
 - (iii) The property is free from mortgage and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
16 Unsold car parking spaces of Phase V of Eastern Place 787 Dongfeng East Road Yuexiu District Guangzhou Guangdong Province The PRC	Eastern Place (the “ Development ”) is a large-scale commercial/residential composite development developed by phases. The property comprises 21 basement car parking spaces of Phase V of the Development completed in 2015. The land use rights of the Development have been granted for terms of 70 years for residential use, 40 years for commercial, tourism and entertainment uses and 50 years for other use.	The property is currently vacant.	HK\$22,900,000 (HONG KONG DOLLARS TWENTY TWO MILLION AND NINE HUNDRED THOUSAND ONLY) (50.6% interest attributable to the eSun Group: HK\$11,587,400) <i>(please see note 10)</i>

Notes:

- Pursuant to the State-owned Land Use Right Certificate No Sui Fu Guo Yong (2003) Di 309 issued by the People’s Government of Guangzhou dated 30 October 2003, the title to portion of the Development with a site area of approximately 17,293.00 sq m is held by Guangzhou Grand Wealth Properties Ltd (“**Guangzhou Grand Wealth**”), a 50.6% owned subsidiary of eSun, for land use rights terms of 70 years for residential use, 40 years for commercial, tourism and entertainment uses and 50 years for other use.
- Pursuant to 20 Real Estate Title Certificates, the title to 20 car parking spaces of the property is vested in Guangzhou Grand Wealth.
- Pursuant to the Contract for Grant of State-owned Land Use Right No Sui Guo Di Chu He (1997) 359 and its supplemental contracts all entered into between Guangzhou State Land Bureau (“**Party A**”) and Guangzhou Grand Wealth (“**Party B**”) dated 30 September 1997, 1 November 2000, 8 August 2008, 28 November 2013 and 12 January 2017 respectively, Party A agreed to grant the land use rights of portion of the land, comprising a site area of approximately 43,161 sq m to Party B. The said contract contains, inter-alia, the following salient conditions:
 - Use : Office, residential and commercial
 - Land use term : 70 years for residential, 40 years of commercial, tourism and entertainment, 50 years for office
 - Total gross floor area : 236,698.97 sq m
 - Maximum height : 36 storeys
 - Land grant fee : RMB198,831,203
- Pursuant to the Business Licence No Wai S0102014007787 dated 12 July 2016, Guangzhou Grand Wealth was established with an operation period from 15 June 1994 to 15 June 2019.
- Pursuant to the Construction Engineering Planning Permit No Sui Gui Jian Zheng (2011) 1415 issued by the Guangzhou Urban Planning Bureau dated 11 July 2011, portion of the Development with a total gross floor area of 35,846 sq m (above ground) and 22,979 sq m (below ground) is permitted to be constructed.

6. Pursuant to the Construction Engineering Planning Permit No Sui Gui Jian Zheng (2012) 1660 issued by the Guangzhou Urban Planning Bureau dated 12 September 2012, portion of the Development with a total gross floor area of 70,505.9 sq m is permitted to be constructed.
7. Pursuant to the Construction Work Commencing Permit No 440101201206150101 dated 15 June 2012, portion of the Development with a total gross floor area of 58,825 sq m is permitted to be commenced.
8. Pursuant to the Construction Work Commencing Permit No 440101201304190101 dated 19 April 2013, portion of the Development with a total gross floor area of 70,505.9 sq m is permitted to be commenced.
9. Pursuant to the Co-operative Joint Venture Contract and eleven Supplemental Contracts all entered into between Guangzhou Light Industry Real Estate Development Company (formerly known as Guangzhou Yuexing Real Estate Development Company) (“**Party C**”) and Grand Wealth Ltd (“**Party D**”) dated 23 November 1993, 3 June 1996, 31 December 1996, 3 May 1997, 5 August 1997, 14 February 2006, 10 May 2006, 2 April 2007, 10 July 2008, 8 May 2009, 5 March 2014 and 15 January 2015 respectively, both parties agreed to establish a joint venture company named Guangzhou Grand Wealth Properties Limited. The said contracts contain, inter-alia, the following conditions:
 - (i) Total investment amount : HK\$560,000,000
 - (ii) Registered capital : HK\$280,000,000
 - (iii) Party D shall be responsible for the total investment amount as stipulated in the contract.
 - (iv) Party C shall be entitled to a gross floor area of 19,500 sq m whilst Party D shall be entitled to the remaining floor area of the Development and sale proceeds derived therefrom.
 - (v) The portion mentioned in 9 (iv) entitled by Party C comprises various units in the office tower of Phase V of Eastern Place with a total gross floor area of approximately 7,539.4 sq m.
 - (vi) Both parties agreed that instead of the property mentioned in note 9 (v) above, Gangjing Shangwulou, Nos 407 and 409 Yan Jiang Dong Road, Yuexiu District, Guangzhou with a total gross floor area of approximately 12,395 sq m shall be allocated to Party C.
10. As advised by eSun, a car parking space of the property has been sold at a consideration of RMB1,000,000 prior to the date of valuation. According to eSun’s instruction, the title of the sold portion was still held by Guangzhou Grand Wealth as at the date of valuation and were thus included in this valuation. We have also made reference to the contracted consideration in the course of our valuation.
11. We have been provided with the eSun Group’s PRC legal adviser’s opinion, which inter-alia, contains the following:
 - (i) Guangzhou Grand Wealth legally owns the property;
 - (ii) Except for the sold portion as mentioned in note (10), Guangzhou Grand Wealth can sell, lease or transfer the property according to the relevant laws and regulations; and
 - (iii) The property is free from mortgage and other encumbrances.

Group III — Property interest held by the eSun Group in the PRC for owner occupation purpose

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018																														
17 Commercial portion of Eastern Place 787 Dongfeng East Road Yuexiu District Guangzhou Guangdong Province The PRC	<p>Eastern Place (the “Development”) is a large-scale commercial/residential composite development developed by phases.</p> <p>The property comprises a 3-level commercial block of the Development with a total gross floor area of 4,042 sq m (43,508 sq ft) completed in 2000. Details of gross floor area breakdown are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2">Use</th> <th rowspan="2">Floor</th> <th colspan="2">Approximate Gross Floor Area</th> </tr> <tr> <th>sq m</th> <th>sq ft</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>1</td> <td>235</td> <td>2,529</td> </tr> <tr> <td>Retail</td> <td>2</td> <td>552</td> <td>5,942</td> </tr> <tr> <td>Office</td> <td>2</td> <td>874</td> <td>9,408</td> </tr> <tr> <td>Club house</td> <td>1-2</td> <td>2,358</td> <td>25,381</td> </tr> <tr> <td>Others</td> <td>1-3</td> <td>23</td> <td>248</td> </tr> <tr> <td>Total:</td> <td></td> <td>4,042</td> <td>43,508</td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term of 50 years commencing from 30 September 1997 for composite use.</p>	Use	Floor	Approximate Gross Floor Area		sq m	sq ft	Retail	1	235	2,529	Retail	2	552	5,942	Office	2	874	9,408	Club house	1-2	2,358	25,381	Others	1-3	23	248	Total:		4,042	43,508	<p>According to the information provided, portion of the property with a total gross floor area of approximately 3,145 sq m is let under various tenancies yielding a total monthly rental of approximately RMB103,000 with the last tenancy expiring on 31 December 2021 whilst the remaining portion of the property is for self-use or operated by the eSun Group as a club house.</p>	<p>HK\$55,000,000 (HONG KONG DOLLARS FIFTY FIVE MILLION ONLY)</p> <p>(50.6% interest attributable to the eSun Group: HK\$27,830,000)</p>
Use	Floor			Approximate Gross Floor Area																													
		sq m	sq ft																														
Retail	1	235	2,529																														
Retail	2	552	5,942																														
Office	2	874	9,408																														
Club house	1-2	2,358	25,381																														
Others	1-3	23	248																														
Total:		4,042	43,508																														

Notes:

1. Pursuant to the Guangzhou Real Estate Title Proof No A0001036 issued by the Guangzhou Land Resources and Real Estate Administration Bureau dated 8 June 2007, the title of the club house and basement car park portion of the Development with a total gross floor area of 12,369.26 sq m is vested in Guangzhou Grand Wealth Properties Ltd (“**Guangzhou Grand Wealth**”), a 50.6% owned subsidiary of eSun, for a term of 50 years commencing from 30 September 1997 for composite use.
2. Pursuant to the Co-operative Joint Venture Contract and eleven Supplemental Contracts all entered into between Guangzhou Light Industry Real Estate Development Company (formerly known as Guangzhou Yuexing Real Estate Development Company) (“**Party A**”) and Grand Wealth Ltd (“**Party B**”) dated 23 November 1993, 3 June 1996, 31 December 1996, 3 May 1997, 5 August 1997, 14 February 2006, 10 May 2006, 2 April 2007, 10 July 2008, 8 May 2009, 5 March 2014 and 15 January 2015 respectively, both parties agreed to establish a joint venture company named Guangzhou Grand Wealth Properties Limited. The said contracts contain, inter-alia, the following conditions:
 - (i) Total investment amount : HK\$560,000,000
 - (ii) Registered capital : HK\$280,000,000
 - (iii) Party B shall be responsible for the total investment amount as stipulated in the contract.
 - (iv) Party A shall be entitled to a gross floor area of 19,500 sq m whilst Party B shall be entitled to the remaining floor area of the Development and sale proceeds derived therefrom.
 - (v) The portion mentioned in 2 (iv) entitled by Party A comprises various units in the office tower of Phase V of Eastern Place with a total gross floor area of approximately 7,539.4 sq m.
 - (vi) Both parties agreed that instead of the property mentioned in note 2 (v) above, Gangjing Shangwulou, Nos 407 and 409 Yan Jiang Dong Road, Yuexiu District, Guangzhou with a total gross floor area of approximately 12,395 sq m shall be allocated to Party A.
3. Pursuant to the Business Licence No Wai S0102014007787 dated 12 July 2016, Guangzhou Grand Wealth was established with an operation period from 15 June 1994 to 15 June 2019.
4. We have been provided with the eSun Group’s PRC legal adviser’s opinion, which inter-alia, contains the following:
 - (i) Guangzhou Grand Wealth legally owns the property;
 - (ii) Guangzhou Grand Wealth can transfer the property provided that, inter alia, 1) prior to title transfer, there is a 15-day public notice within the Development; 2) no individual owners of the Development raise objection in the period of 15-day public notice; and 3) the nature of the property for club house use would not change;
 - (iii) Save as abovementioned, Guangzhou Grand Wealth can sell, lease or transfer the property according to the relevant laws and regulations; and
 - (iv) The property is free from mortgage and other encumbrances.

Group IV — Property interests held under development by the eSun Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018																							
18 A commercial development located at Tian Mu Road West and Da Tong Road Jing'an District Shanghai The PRC	<p>The property comprises a parcel of land with a site area of 9,961 sq m (107,220 sq ft).</p> <p>The property is planned to be developed into a 33-storey office building erected upon a 3-level commercial podium and three levels of car park basement with a total gross floor area of approximately 100,255 sq m (1,079,145 sq ft). The area details are listed as follows:</p>	Foundation work of the property is in progress and the construction work of the property is scheduled to be completed in the fourth quarter of 2021.	<p>HK\$1,834,000,000 (HONG KONG DOLLARS ONE BILLION EIGHT HUNDRED AND THIRTY FOUR MILLION ONLY)</p> <p>(50.6% interest attributable to the eSun Group: HK\$928,004,000)</p> <p>(please see notes 1, 7 and 8)</p>																							
	<table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Approximate Gross Floor Area</th> </tr> <tr> <th>sq m</th> <th>sq ft</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>55,688</td> <td>599,426</td> </tr> <tr> <td>Office (transfer to government)</td> <td>5,392</td> <td>58,039</td> </tr> <tr> <td>Retail</td> <td>8,749</td> <td>94,174</td> </tr> <tr> <td>Other</td> <td>6,636</td> <td>71,430</td> </tr> <tr> <td>Car park (basement)</td> <td>23,790</td> <td>256,076</td> </tr> <tr> <td>Total:</td> <td>100,255</td> <td>1,079,145</td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area		sq m	sq ft	Office	55,688	599,426	Office (transfer to government)	5,392	58,039	Retail	8,749	94,174	Other	6,636	71,430	Car park (basement)	23,790	256,076	Total:	100,255	1,079,145		
Use	Approximate Gross Floor Area																									
	sq m	sq ft																								
Office	55,688	599,426																								
Office (transfer to government)	5,392	58,039																								
Retail	8,749	94,174																								
Other	6,636	71,430																								
Car park (basement)	23,790	256,076																								
Total:	100,255	1,079,145																								

The land use rights of the property have been granted for terms of 40 years and 50 years from 30 September 2016 for commercial use and office use respectively.

Notes:

1. Pursuant to the Contract for Grant of Shanghai State-owned Construction Land Use Right No Hu Jing Gui Tu (2016) Chu Rang He Tong Bu Zi Di 15 (the “**Land Grant Contract**”) entered into between the Shanghai Jingan Planning, Land and Resources Administrative Bureau (“**Party A**”), Shanghai Hankey Real Estate Development Co Ltd (“**Shanghai Hankey**”) and Shanghai Zhabei Plaza Real Estate Development Co. Ltd (“**Shanghai Zhabei**”), 50.6% owned subsidiaries of eSun (collectively referred to as “**Party B**”) dated 30 September 2016, Party A agreed to grant the land use rights of a parcel of land to Party B. The said contract contains, inter-alia, the following salient conditions:

(i)	Total site area	:	9,961.30 sq m
(ii)	Use	:	Commercial and office
(iii)	Land use term	:	40 years for commercial use and 50 years for office use commencing from 30 September 2016
(iv)	Plot ratio	:	7.1 (above ground)
(v)	Total gross floor area	:	70,557 sq m (above ground) (commercial gross floor area \leq 20% and office gross floor area \geq 80%) and 23,790 sq m (below ground)
(vi)	Building height	:	Not exceeding 180 m
(vii)	Green area ratio	:	Not less than 20% of site area
(viii)	Land grant fee	:	RMB91,114,703.98
(ix)	Interest	:	Shanghai Hankey: 46% Shanghai Zhabei: 54%
(x)	Building covenant	:	Construction works should be commenced on or before 30 September 2017 and construction works should be completed on or before 29 September 2021
(xi)	Remarks:	:	<ul style="list-style-type: none"> — portion of the office portion of the property with a total gross floor area of 5,392 sq m will be transferred to the government at nil consideration upon completion. — office and commercial portion of the property must be held by Party B for self-operation for not less than 20 years from the date of real estate title registration. — 150 basement car parking spaces of the property, upon completion, will be used by the government at nil rent.
2. Pursuant to the Real Estate Certificate No Hu (2017) Jing Zi Bu Dong Chan Quan Di 016752 issued by the Shanghai Real Estate Registration Bureau dated 25 September 2017, the land use rights of a site with site area of approximately 9,961 sq m have been granted to Shanghai Hankey and Shanghai Zhabei for a term of 40 years for commercial use and 50 years for office use commencing from 30 September 2016. The office and commercial portion of the property must be held by Party B for self-operation for not less than 20 years from the date of real estate title registration.
3. Pursuant to the Business Licences Nos 00000002201707270023 and 00000002201707270021 dated 27 July 2017, Shanghai Hankey and Shanghai Zhabei were established with operation periods from 25 October 1993 to 24 October 2066 and from 12 September 1994 to 11 September 2067, respectively.
4. Pursuant to the Construction Land Use Planning Permit No Hu Jing Di (2016) EA31010620165117 issued by the Shanghai Planning and Land Resources Administration Bureau dated 1 December 2016, the proposed development of the property with a site areas of 9,961.3 sq m and a total gross floor area of 70,557 sq m was permitted to be developed.

5. Pursuant to the Construction Engineering Planning Permit No Hu Jing Jian (2017) FA31010620174768 issued by the Shanghai Jiangan District Planning and Land Administration Bureau dated 27 July 2017, the proposed development of the property was permitted to be constructed.
6. Pursuant to the Construction Work Commencement Permit No 1702JA0113D01 issued by the Shanghai Jiangan District Construction and Management Committee dated 26 September 2017, piling work of the proposed development of the property was permitted to be commenced.
7. According to note 1 (xi) as mentioned above, portion of the office portion of the property with a total gross floor area of 5,392 sq m will be transferred to the government at nil consideration upon completion. In addition, 150 basement car parking spaces of the property, upon completion, will be used by the government at nil rent. In the course of our valuation, we have not opined any market value to such portions.
8. As advised by eSun, the outstanding construction costs (including professional fees) and outstanding ancillary facilities cost of the property were approximately RMB1,004,000,000 and RMB80,200,000 respectively as at the date of valuation. Accordingly, we have taken into account the said costs in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming it were complete as at the valuation date, was estimated approximately as RMB3,092,000,000.
9. We have been provided with the eSun Group's PRC legal adviser's opinion, which inter-alia, contains the following:
 - (i) Shanghai Hankey and Shanghai Zhabei legally own the land use right and construction works of the property;
 - (ii) Shanghai Hankey and Shanghai Zhabei can transfer, lease or mortgage the land use right and construction works of the property subject to the compliance of the Contract for Grant of Shanghai State-owned Construction Land Use Right as mentioned in note (1); and
 - (iii) The property is free from mortgage and other encumbrances.

2. Pursuant to the Co-operative Joint Venture Contract and three Amendment Contracts all entered into between Guang Yuan Industry & Commerce Company Limited (“Party C”) and Nicebird Co., Ltd (“Party D”) dated 8 December 1992, 3 September 1996, 18 May 1997 and 29 April 2008 respectively and an approval letter No Sui Wai Jing Mao Zi Pi (2008) 177 dated 4 June 2008, both parties agreed to establish a joint venture company named Guangzhou Guang Bird Property Development Ltd. The salient conditions stipulated in the contract as amended by the Amendment Contracts are, inter-alia, as follows:
 - (i) Total investment amount : US\$92,000,000
 - (ii) Registered capital : US\$46,000,000
 - (iii) Period of operation : 20 years from the date of issue of business licence
 - (iv) Party C shall provide the land use rights of a plot of land with a site area of approximately 8,000 sq m whilst Party D shall contribute the entire amount of development fund including the land grant fee.
 - (v) Party C shall complete the demolition, resettlement, compensation and site leveling works before the end of March 1998.
 - (vi) After deducting the development costs, taxes and Party C’s investment capital and interest, the remaining profit will be distributed as to 20% for Party C and as to 80% for Party D.
3. Pursuant to two Amendment Contracts and a Resolution Agreement all entered into between Party C and Party D dated 22 January 2000, the salient conditions stipulated in the contracts and agreement are, inter-alia, as follows:
 - (i) Party C shall assist Guangzhou Guang Bird to resume the planned land use of the proposed development to commercial and high-end residential uses.
 - (ii) Party C shall assist Guangzhou Guang Bird to apply to relevant authority to reduce or exempt from the public facilities construction levy and composite development levy.
 - (iii) The completed building of the proposed development will be sold to domestic and overseas purchasers in the ratio of 80% and 20%. The board of directors can apply to relevant authority to adjust this ratio according to the market condition.
 - (iv) The income of Guangzhou Guang Bird for selling the building will be primarily to settle the investment costs and interests and any tax and levy. All remaining after-tax profit will be distributed to Party D.
4. Pursuant to the Business Licence No Wai S0102014005781 dated 8 July 2016, Guangzhou Guang Bird was established with an operation period from 18 September 1993 to 18 September 2023.
5. As advised by eSun, the outstanding relocation cost and ancillary facilities cost of the property was approximately RMB98,300,000 as at the date of valuation. Accordingly, we have taken into account the said costs in our valuation.
6. According to the information provided by eSun, the development is in preliminary planning stage and no estimated completion date of the proposed development can be provided for the time being.
7. We have been provided with the eSun Group’s PRC legal adviser’s opinion, which inter-alia, contains the following:
 - (i) The Contract for Grant of State-owned Land Use Right is valid;
 - (ii) Guangzhou Guang Bird has no legal obstacles to obtaining State-owned Land Use Right Certificate in compliance with related legal procedures;
 - (iii) After obtaining the State-owned Land Use Right Certificate, Guangzhou Guang Bird can sell, lease or transfer the property according to the relevant laws and regulations; and
 - (iv) The property is free from mortgage and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
20 Remaining stage of Palm Spring Caihong Planning Area Western District Zhongshan Guangdong Province The PRC	<p>Palm Spring (the “Development”) is a large-scale residential development comprising four roughly rectangular-shaped sites (namely plot A, B, C and D) with a total area of approximately 236,649.80 sq m (2,547,298 sq ft).</p> <p>The Development is planned to be developed by various stages with a total gross floor area of approximately 564,388 sq m (6,075,072 sq ft).</p> <p>The property comprises the remaining stage of the Development with a proposed total gross floor area of 257,255 sq m (2,769,093 sq ft). The area details are listed as follows:</p>	The property is currently under construction and scheduled to be completed in between the third quarter of 2020 to the third quarter of 2022.	<p>HK\$1,540,300,000 (HONG KONG DOLLARS ONE BILLION FIVE HUNDRED FORTY MILLION AND THREE HUNDRED THOUSAND ONLY)</p> <p>(50.6% interest attributable to the eSun Group: HK\$779,391,800)</p> <p><i>(please see note 6)</i></p>

Use	Approximate Gross Floor Area	
	sq m	sq ft
Residential (apartment)	182,801	1,967,670
Commercial	12,216	131,493
Others	4,280	46,070
Car park (basement)	57,958	623,860
Total:	257,255	2,769,093

The land use rights of the property have been granted for a term expiring on 30 March 2075 for commercial/residential uses.

Notes:

1. Pursuant to two State-owned Land Use Right Certificates Nos Zhong Fu Guo Yong (2005) Di 200204 and Zhong Fu Guo Yong (2011) Di 2000311 both issued by the People's Government of Zhongshan, the titles to portion of the Development with a site area of approximately 55,434.0 sq m and 31,614.9 sq m respectively are both held by 中山市寶麗房地產發展有限公司 (Zhongshan Bao Li Properties Development Co. Ltd.) ("Zhongshan Bao Li"), a 50.6% owned subsidiary of eSun for a common term expiring on 30 March 2075 for commercial/residential uses.
2. Pursuant to the Business Licence with Unified Social Credit No 914420007480421393 dated 5 November 2015, Zhongshan Bao Li was established with an operation period from 17 April 2003 to 16 April 2053.
3. Pursuant to the Construction Land Use Planning Permit No De Zi Di 281222010030037(Bu) issued by the Zhongshan Planning Bureau dated 7 April 2010, portion of the Development with a site area of approximately 181,095.20 sq m was permitted to be developed.
4. Pursuant to two Construction Engineering Planning Permit No Jian Zi Di 281212017010039 and 281212017010038 both issued by the Zhongshan Urban and Rural Planning Bureau dated 19 June 2017, portion of the Development with a total gross floor area of approximately 272,347.90 sq m is permitted to be constructed.
5. Pursuant to two Construction Work Commencing Permits Nos 442000201712012201 and 442000201712051801 both issued by the Zhongshan Housing, Urban and Rural Construction Bureau dated 1 December 2017 and 5 December 2017 respectively, portion of the Development with a total gross floor area of 272,347.90 sq m is permitted to be commenced.
6. As advised by eSun, the outstanding construction cost (including professional fee) of the proposed development of the property was approximately RMB969,500,000 as at the date of valuation. Accordingly, we have taken into account the said cost in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming it were complete as at the valuation date, was estimated approximately as RMB3,265,000,000.
7. We have been provided with the eSun Group's PRC legal adviser's opinion, which inter-alia, contains the following:
 - (i) Zhongshan Bao Li legally owns the property;
 - (ii) Zhongshan Bao Li can sell, lease or transfer the property according to the relevant laws and regulations; and
 - (iii) The property is free from mortgage and other encumbrances.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
21 Two parcels of land located at the east side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Main Road Hengqin New Area Zhuhai Guangdong Province The PRC	<p>The property comprises two parcels of adjacent land located at the east side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Main Road in Hengqin New Area of Zhuhai. The total site area is approximately 130,173.16 sq m.</p> <p>The property is located at Hengqin New Area which is situated at the southern part of Zhuhai. The locality is mainly construction sites and is planned to be a tourist and leisure area. It takes about 30 minutes to drive to the city centre of Zhuhai.</p> <p>The property is planned to be developed into a comprehensive development including commercial, office, hotel, cultural development with a total plot ratio gross floor area of approximately 260,342.92 sq m (2,802,331 sq ft).</p>	The property is currently under construction and scheduled to be completed in the fourth quarter of 2018.	<p>HK\$5,808,000,000 (HONG KONG DOLLARS FIVE BILLION EIGHT HUNDRED AND EIGHT MILLION ONLY)</p> <p>(60.48% interest attributable to the eSun Group: HK\$3,512,678,400)</p> <p><i>(please see notes 11 and 12)</i></p>

Market Value in
existing state as at
31 May 2018

Property Description and tenure Particulars of occupancy

The area details are listed as follows:

Use	Approximate Gross Floor Area	
	<i>sq m</i>	<i>sq ft</i>
Office	50,394.55	542,447
Office/serviced apartment (cultural workshop)	39,914.65	429,641
Retail (cultural/commercial area)	48,666.15	523,843
Cultural (cultural attractions)	26,593.00	286,247
Cultural (performance halls)	15,605.91	167,982
Villa (cultural studios)	22,755.14	244,936
Hotel (cultural themed hotel)	55,437.33	596,727
Sub-total:	259,366.73	2,791,823
Car park (below ground)	40,165.70	432,344
Car park (above ground)	13,980.18	150,483
Others	78,485.38	844,817
Total:	391,997.99	4,219,467

The land use rights of the property have been granted for terms of 40 years for office, commercial and servicing, hotel uses and 50 years for other uses commencing from 31 December 2013.

Notes:

1. Pursuant to two Guangdong Province Real Estate Title Certificates Nos Yue Fang Di Quan Zheng Zhu Zi Di 0100244267 and 0100244268 both issued by the Zhuhai Real Estate Registration Centre dated 27 May 2014, the title to the property, having a total site area of 130,173.16 sq m, is held by 珠海橫琴麗新文創天地有限公司 (“**珠海橫琴**”), a 60.48% owned subsidiary of eSun for land use rights terms of 40 years for office, commercial and servicing, hotel uses and 50 years for other uses commencing from 31 December 2013.
2. Pursuant to the Contract for Grant of State-owned Construction Land Use Right No. 440401-2013-000023 (the “**Land Grant Contract**”) entered into between the Land and Resources Bureau of Zhuhai (“**Party A**”) and Winfield Concept Limited (永輝基業有限公司) (“**Party B**”) dated 27 September 2013, Party A agreed to grant the land use rights of two parcels of land to Party B. The said contract contains, inter-alia, the following salient conditions:

(i)	Total site area	:	130,173.16 sq m (Land parcel 1: 93,137.04 sq m, Land parcel 2: 37,036.12 sq m)
(ii)	Use	:	Cultural/creative and commercial/servicing
(iii)	Land use term	:	50 years for cultural and creative uses and 40 years for commercial, office and hotel uses
(iv)	Plot ratio	:	Not exceeding 2.0
(v)	Total gross floor area	:	Not exceeding 260,346.32 sq m (Land parcel 1: 186,274.08 sq m, Land parcel 2: 74,072.24 sq m)
(vi)	Building height	:	Not exceeding 100 m
(vii)	Green area ratio	:	Not less than 30% of site area
(viii)	Land grant fee	:	RMB523,296,103.2
(ix)	Building covenant	:	Construction works should be commenced within twelve months since the handover of the land and construction works should be completed within forty eight months since the handover of the land
(x)	Remarks:	:	<p>— Gross floor areas allocation for commercial use and hotel and office uses should not be greater than 10% and 20% respectively whilst that for cultural use should not be less than 70%.</p> <p>— Saleable gross floor area is restricted to 50% of total countable plot ratio gross floor area of the property.</p>
3. Advised by eSun, Party B is a 60.48% owned subsidiary of eSun.
4. After signing of the Land Grant Contract, Winfield Concept Limited has established 珠海橫琴 with Business Licence No 440003490000497 dated 3 January 2014 and 珠海橫琴 has obtained two Guangdong Province Real Estate Title Certificates as mentioned in note 1.
5. Pursuant to the Construction Land Use Planning Permit No Zhu Heng Xin Gui Tu (Di Gui) (2014) 13 issued by the Zhuhai Hengqin New District Management Committee — Land & Planning Bureau dated 11 March 2014, the property with a total site area of 130,173.16 sq m was permitted to be developed.
6. Pursuant to five Construction Engineering Planning Permits Nos Zhu Heng Xin Gui Tu (Jian) (2016) 008, 009, 085, 086 and 087 all issued by Zhuhai Hengqin New District Management Committee — Land & Planning Bureau in 2016, portion of the property with a total gross floor area of 392,050.93 sq m is permitted to be constructed.
7. Pursuant to the Construction Work Commencing Permit No 440405201510270101 dated 5 August 2016 issued by Zhuhai Hengqin New District Management Committee — Construction and Environmental Bureau, construction works of portion of the property with a total gross floor area of 340,862.50 sq m is permitted to be commenced.
8. Pursuant to four Construction Work Commencing Permit No 440405201605240101, 440410201611180101, 440410201611170101 and 440405201609300301 all issued by Zhuhai Hengqin New District Management Committee — Construction and Environmental Bureau in 2016, construction works of portion of the property with a total gross floor area of 381,055.03 sq m is permitted to be commenced.

9. Pursuant to the Construction Work Commencing Permit No 440405201803090101 dated 9 March 2018 issued by Zhuhai Hengqin New District Management Committee — Construction and Environmental Bureau, construction works of portion of the property with a total gross floor area of 8,623.48 sq m is permitted to be commenced.
10. Pursuant to the Zhuhai Commodity Housing Pre-sale Permit No HQS2017009 dated 7 December 2017, pre-sale of portion of the property with a total gross floor area of 18,342.35 sq m was permitted.
11. As advised by eSun, the outstanding construction cost (including professional fee) of the property (excluding the cultural attractions portion) was approximately RMB1,985,400,000 as at the date of valuation. Accordingly, we have taken into account the said costs in our valuation. In our opinion, the gross development value of the proposed developments of the property (excluding the cultural attractions portion), assuming it were complete as at the valuation date, was estimated approximately as RMB7,597,000,000.
12. Due to the specific purpose for which the buildings and structures of cultural attractions portion of property no 21 which is held by the eSun Group under development have been designed, there is no readily identifiable market comparable, we have thus valued the property by using Cost Approach. Our valuation is based on an estimate of the market value for the existing use of the land, plus the current Gross Replacement Cost of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimization, if any. We would define “Gross Replacement Cost” as the estimated cost of erecting the building or a modern substitute building having the same area as the existing building at price levels as at the valuation date. The estimated building cost includes professional fees and finance charges payable during the construction period and other associated expenses directly related to the construction of the building. We must state that cessation of the existing business (if any) would have significant impact on the market value of the property as derived by the Cost Approach. While the cultural attractions portion was under construction as at the date of the valuation, we relied upon the information including but not limited to the profit forecast of the cultural attractions provided that revenue of the cultural attractions will be able to sustain the future on-going operation.
13. We have been provided with the eSun Group’s PRC legal adviser’s opinion, which inter-alia, contains the following:
 - (i) 珠海橫琴 legally owns the property;
 - (ii) As mentioned in note (2) (x), 50% of the total countable plot ratio gross floor area of the property is restricted for sale at the moment. 珠海橫琴 should hold such portion and has the right to lease such portion and to grant the lessee to sub-lease;
 - (iii) Portion of the property (including land and construction work) is subject to a mortgage and the mortgage is valid and enforceable;
 - (iv) Save as abovementioned, 珠海橫琴 can sell, lease or transfer the property according to the relevant laws and regulations and subject to approval from the mortgagee; and
 - (v) Except for the mortgage mentioned in note (13) (iii), the property is free from encumbrances.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018																										
22 A parcel of land located at Wuliqiao Road 104 Jie Fang Huangpu District Shanghai The PRC	<p>The property comprises a parcel of land roughly rectangular in shape located at the Wuliqiao Road in Huangpu District of Shanghai. The total site area is approximately 6,885.20 sq m.</p> <p>The property is planned to be developed into a residential development with a total gross floor area of approximately 15,798.04 sq m (170,050 sq ft). The area details are as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Approximate Gross Floor Area</th> </tr> <tr> <th>sq m</th> <th>sq ft</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>6,579.05</td> <td>70,817</td> </tr> <tr> <td>Residential (basement)</td> <td>1,196.55</td> <td>12,880</td> </tr> <tr> <td>Residential (Indemnificatory apartment)</td> <td>2,785.00</td> <td>29,978</td> </tr> <tr> <td>Club house (basement)</td> <td>434.74</td> <td>4,679</td> </tr> <tr> <td>Car park (basement)</td> <td>4,368.71</td> <td>47,025</td> </tr> <tr> <td>Others</td> <td>433.99</td> <td>4,671</td> </tr> <tr> <td>Total:</td> <td>15,798.04</td> <td>170,050</td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area		sq m	sq ft	Residential	6,579.05	70,817	Residential (basement)	1,196.55	12,880	Residential (Indemnificatory apartment)	2,785.00	29,978	Club house (basement)	434.74	4,679	Car park (basement)	4,368.71	47,025	Others	433.99	4,671	Total:	15,798.04	170,050	The property is currently under construction and scheduled to be completed in the first quarter of 2019.	<p>HK\$1,014,000,000 (HONG KONG DOLLARS ONE BILLION AND FOURTEEN MILLION ONLY)</p> <p>(50.6% interest attributable to the eSun Group: HK\$513,084,000)</p> <p><i>(please see notes 8 and 9)</i></p>
Use	Approximate Gross Floor Area																												
	sq m	sq ft																											
Residential	6,579.05	70,817																											
Residential (basement)	1,196.55	12,880																											
Residential (Indemnificatory apartment)	2,785.00	29,978																											
Club house (basement)	434.74	4,679																											
Car park (basement)	4,368.71	47,025																											
Others	433.99	4,671																											
Total:	15,798.04	170,050																											
	<p>The land use rights of the property have been granted for terms of 70 years for residential use expiring on 24 March 2085.</p>																												

Notes:

1. Pursuant to the Shanghai Certificate of Real Estate Ownership Hu Fang Di Huang Zi (2015) Di 053145 issued by the Shanghai Housing and Land Resources Administration Bureau dated 23 September 2015, the land use rights of the property, having a site area of 6,885.2 sq m, is vested in 上海麗星房地產發展有限公司 (“上海麗星”), a 50.6% owned subsidiary of eSun, for a land use rights term of 70 years for residential use commencing from 25 March 2015 and expiring on 24 March 2085.
2. Pursuant to the Business Licence No 00000002201511090064 dated 9 November 2015, 上海麗星 was established with an operation period from 16 September 2014 to 15 September 2064.
3. Pursuant to the Construction Land Use Planning Permit No Hu Gui Di (2015) EA31000020154388 issued by the Shanghai Planning and Land Resources Administration Bureau dated 23 April 2015, the property with a total site area of 6,885.20 sq m was permitted to be developed.
4. Pursuant to the Construction Engineering Planning Permit No Hu Jing Jian (2017) FA31000020174306 issued by the Shanghai Planning and Land Administration Bureau dated 31 March 2017, piling work of the proposed development of the property was permitted to be constructed.
5. Pursuant to the Construction Engineering Planning Permit No Hu Jing Jian (2017) FA31000020174766 issued by the Shanghai Planning and Land Administration Bureau dated 24 July 2017, the proposed development of the property with a total gross floor area of 15,798.04 sq m was permitted to be constructed.
6. Pursuant to the Construction Work Commencement Permit No 1601HP0003D01 issued by the Shanghai Housing and Rural & Urban Construction Management Committee dated 14 April 2017, piling work of the proposed development of the property was permitted to be commenced.
7. Pursuant to the Construction Work Commencement Permit No 1601HP0003D02 issued by the Shanghai Housing and Rural & Urban Construction Management Committee dated 16 August 2017, construction work of the proposed development of the property with a total gross floor area of 15,798.04 sq m was permitted to be commenced.
8. As advised by eSun, residential portion of the property with a total gross floor area of 2,785 sq m will be transferred to the government as indemnificatory apartment upon completion without consideration. Therefore, in the course of our valuation of the aforesaid portion, we have only taken into account the construction cost while no value was assigned.
9. As advised by eSun, the outstanding construction cost (including professional fee) of the property was approximately RMB152,800,000 as at the date of valuation and the outstanding ancillary facilities cost of the property was approximately RMB950,000 as at the date of valuation. Accordingly, we have taken into account the said costs in our valuation. In our opinion, the gross development value of the proposed developments of the property, assuming it were complete as at the valuation date, was estimated approximately as RMB1,144,000,000.
10. We have been provided with the eSun Group’s PRC legal adviser’s opinion, which inter-alia, contains the following:
 - (i) 上海麗星 legally owns the building ownership and construction works of the property;
 - (ii) The property is subject to a mortgage and the mortgage is valid and enforceable;
 - (iii) 上海麗星 can sell, lease or transfer the land use right and construction works of the property according to the relevant laws and regulations and subject to approval from the mortgagee; and
 - (iv) Except for the mortgage mentioned in note (10) (ii), the property is free from encumbrances.

Group V — Property interests held by the eSun Group in Hong Kong for owner occupation purpose

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
23 20th Floor of May Tower II and Car Parking Space No 57 on Ground Floor of May Towers I and II Nos 5 and 7 May Road Mid-Levels Hong Kong	May Tower II is a 26-storey centrally air-conditioned apartment building surmounting a 3-storey carparking/recreational podium completed in 1992. The property comprises an apartment unit within May Tower II with a gross floor area of approximately 315.22 sq m (3,393 sq ft). The property also comprises a covered car parking space on Ground Floor.	As advised, the property is currently owner-occupied.	HK\$115,000,000 (HONG KONG DOLLARS ONE HUNDRED AND FIFTEEN MILLION ONLY) (50.6% interest attributable to the eSun Group: HK\$58,190,000)
35/2,480th shares of and in Inland Lot No 1772 and the Extension thereto	The property is held from the Government under a Government Lease and Conditions of Extension No 6018 for a term of 75 years commencing from 8 April 1907 renewable for a further term of 75 years. The Government Rent payable for the whole lot and the extension is HK\$140,400 per annum.		

Notes:

1. The registered owner of the property is South Hill Limited, a 50.6% owned subsidiary of eSun.
2. The property lies within an area zoned “Residential (Group B)” under Mid-Levels West Outline Zoning Plan No S/H11/15 as at the date of valuation.
3. The property was subject to the following encumbrances:
 - i. Occupation Permit vide memorial no UB5225592 dated 12 March 1992.
 - ii. Deed of Mutual Covenant and Management Agreement in favour of Kerry Real Estate Agency Limited “The Manager” vide memorial no UB5247138 dated 30 March 1992.
 - iii. Permission Letter with plan (Re from District Lands Officer, Hong Kong West and South) vide memorial no 08042101880013 dated 19 March 2008.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018																				
24 4th, 5th Floors and Roof, East Commercial Block, South Horizons, 18A South Horizon Drive, Ap Lei Chau, Hong Kong	South Horizons is a large private residential estate located on the eastern portion of Ap Lei Chau district of Hong Kong Island. The whole estate comprises a total of 34 high rise residential towers together with ancillary recreational and carparking facilities completed in phases from 1991 to 1995. Commercial facilities are provided within the two commercial blocks in South Horizons and were respectively known as East Commercial Block and West Commercial Block (also known as Marina Square).	As advised, the property is currently owner-occupied. As at the date of valuation, 4/F and 5/F and the roof of the property were subject to an intra-group tenancy for a term of 10 years and 2 months from 22 January 2016 with rent free period for the first 2 months and stepped rents as below:	HK\$137,000,000 (HONG KONG DOLLARS ONE HUNDRED AND THIRTY SEVEN MILLION ONLY) (100% interest attributable to the eSun Group: HK\$137,000,000)																				
202/168,000th undivided shares of and in the Remaining Portion of Ap Lei Chau Inland Lot No 121	The East Commercial Block of South Horizons is situated at the junction of South Horizon Drive and Yi Nam Road. It is a 6-storey shopping/recreational complex surmounting a 2-level underground carpark and was completed in 1994. The property comprises the whole of the 4th and 5th floors and roof of East Commercial Block and is being operated as a cinema. The approximate gross floor areas of the property, as per approved building plans, are summarized as follows:	<p style="text-align: center;">Monthly Rent (exclusive of rates and management fees)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Monthly Rent</th> </tr> </thead> <tbody> <tr> <td>Year 1 - 3</td> <td>HK\$260,000</td> </tr> <tr> <td>Year 4 - 6</td> <td>HK\$273,000</td> </tr> <tr> <td>Year 7 - 9</td> <td>HK\$286,650</td> </tr> <tr> <td>Year 10</td> <td>HK\$300,983</td> </tr> </tbody> </table> <p>There are also additional turnover rent provisions which are summarized as follows:</p> <table border="1"> <thead> <tr> <th>Annual Cumulative gross box-office receipt</th> <th>Turnover Rent payable to the Landlord</th> </tr> </thead> <tbody> <tr> <td>At or below HK\$22m</td> <td>Nil</td> </tr> <tr> <td>HK\$22m – HK\$26m</td> <td>16% of gross box-office receipt in excess of HK\$22 million</td> </tr> <tr> <td>HK\$26m – HK\$30m</td> <td>HK\$640,000 +18% of gross box-office receipt in excess of HK\$26 million</td> </tr> <tr> <td>Over HK\$30m</td> <td>HK\$1,360,000 +20% of gross box-office receipt in excess of HK\$30 million</td> </tr> </tbody> </table>	Year	Monthly Rent	Year 1 - 3	HK\$260,000	Year 4 - 6	HK\$273,000	Year 7 - 9	HK\$286,650	Year 10	HK\$300,983	Annual Cumulative gross box-office receipt	Turnover Rent payable to the Landlord	At or below HK\$22m	Nil	HK\$22m – HK\$26m	16% of gross box-office receipt in excess of HK\$22 million	HK\$26m – HK\$30m	HK\$640,000 +18% of gross box-office receipt in excess of HK\$26 million	Over HK\$30m	HK\$1,360,000 +20% of gross box-office receipt in excess of HK\$30 million	
Year	Monthly Rent																						
Year 1 - 3	HK\$260,000																						
Year 4 - 6	HK\$273,000																						
Year 7 - 9	HK\$286,650																						
Year 10	HK\$300,983																						
Annual Cumulative gross box-office receipt	Turnover Rent payable to the Landlord																						
At or below HK\$22m	Nil																						
HK\$22m – HK\$26m	16% of gross box-office receipt in excess of HK\$22 million																						
HK\$26m – HK\$30m	HK\$640,000 +18% of gross box-office receipt in excess of HK\$26 million																						
Over HK\$30m	HK\$1,360,000 +20% of gross box-office receipt in excess of HK\$30 million																						
	<table border="1"> <thead> <tr> <th rowspan="2">Floor</th> <th colspan="2">Gross Floor Area</th> </tr> <tr> <th>(sq m)</th> <th>(sq ft)</th> </tr> </thead> <tbody> <tr> <td>4/F:</td> <td>1,732.339</td> <td>18,647</td> </tr> <tr> <td>5/F:</td> <td>250.774</td> <td>2,699</td> </tr> <tr> <td>Total:</td> <td>1,983.113</td> <td>21,316</td> </tr> </tbody> </table>	Floor	Gross Floor Area		(sq m)	(sq ft)	4/F:	1,732.339	18,647	5/F:	250.774	2,699	Total:	1,983.113	21,316								
Floor	Gross Floor Area																						
	(sq m)	(sq ft)																					
4/F:	1,732.339	18,647																					
5/F:	250.774	2,699																					
Total:	1,983.113	21,316																					

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
	<p>The property also comprises flat roofs of approximately 72.46 sq m (780 sq ft) or thereabouts and roofs of approximately 1,004.55 sq m (10,813 sq ft) or thereabouts.</p> <p>Ap Lei Chau Inland Lot No 121 is held under Conditions of Exchange No UB11998 for a term from 28 January 1988 to 31 March 2040 at an annual Government rent of 3% of the rateable value for the time being of the property.</p>		

Notes:

1. The registered owner of the property is Kaleidoscope International Limited, a 100% owned subsidiary of eSun.
2. The property lies within an area zoned “Commercial” uses under the draft Aberdeen & Ap Lei Chau Outline Zoning Plan No S/H15/32 as at the date of valuation.
3. The property was subject to the following encumbrances:
 - i. Deed of Mutual Covenant vide memorial no UB5168423 dated 14 January 1992.
 - ii. Occupation Permit no H22/94 vide memorial no UB6025073 dated 17 February 1994.
 - iii. Re-registration of Sub-Deed of Mutual Covenant Memorial No UB5675751 (Re commercial development, garage, common areas (excluding residential common areas) and government accommodation of 15,000/168,000 shares vide memorial no UB6074715 dated 15 May 1993.
 - iv. Sub-Sub-Deed of Mutual Covenant and Management Agreement in favour of Marina Square Property Management Company Limited, “The Sub-Manager” vide memorial no UB6155283 dated 10 October 1994.
 - v. Memorandum of Variation to the 3rd Schedule of Sub-Sub-Deed of Mutual Covenant and Management Agreement memorial no 6155283 in relation to the change of use of the stalls vide memorial no UB7253418 dated 4 September 1997.
 - vi. Deed of Covenant vide memorial no UB7264632 dated 25 August 1997.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
25 Car Park Nos 7, 8 and 9 on Ground Floor, Forda Industrial Building, No 16 Wang Chau Road, Yuen Long, New Territories, Hong Kong 3/1, 188th undivided shares of and in Yuen Long Town Lot No 221	Forda Industrial Building is 14-storey industrial building completed in 1978. The property comprises 3 car parking spaces on the Ground Floor of Forda Industrial Building. According to supplemental deed of mutual covenant vide memorial no YL302375, the property was designated as common area. Yuen Long Town Lot No 221 is held under a New Grant for a term of 99 years commencing from 1 July 1898 less the last 3 days and has been extended to 30 June 2047 at an annual Government rent at 3% of the rateable value for the time being of the property.	As advised, the property is currently vacant.	No commercial value

Notes:

1. The registered owner of the property is Active Light Limited, a 100% owned subsidiary of eSun.
2. The property lies within an area zoned “Residential (Group E)” uses under the approved Yuen Long Outline Zoning Plan No S/YL/23 as at the date of valuation.
3. The property was subject to the following encumbrances:
 - i. Letter with amended car parks lay-out plan vide memorial no YL214864 dated 9 December 1978.
 - ii. Mutual Covenant vide memorial no YL216183 dated 14 December 1978.
 - iii. Supplemental Deed of Mutual Covenant vide memorial no YL302375 dated 20 April 1985.
 - iv. Certified copy Certificate of Compliance vide memorial no YL347740 dated 14 June 1978.
 - v. Supplemental Deed of Mutual Covenant vide memorial no YL372993 dated 3 August 1987.
 - vi. Management Agreement vide memorial no YL565323 dated 2 September 1993.
4. By virtue of Supplemental Deed of Mutual Covenant dated 20 April 1985 and registered vide memorial no YL302375 between Town Investment Property Limited (a previous owner of all these 3 car parking spaces or “Party A”) and the other owners of the remaining interests (collectively referred to as “Party B”) in Forda Industrial Building, Party A and its successors and assigns abandon waive and disclaim its exclusive right and privilege to hold use occupy and enjoy the said parking spaces. Whilst Party B and their respective successors and assigns tenants agents servants and other authorized persons shall be entitled to (without reference to Party A) enter into and use the said parking spaces at any time hereafter in common with Party A and all others having the like right. Thereafter, these 3 car parking spaces became for common use of all the owners and occupiers in Forda Industrial Building and hence no commercial value is assigned.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
26 Store Room on 10th Floor, Forda Industrial Building, No 16 Wang Chau Road, Yuen Long, New Territories, Hong Kong	Forda Industrial Building is 14-storey industrial building, completed in 1978. The property comprises a store room on the 10th Floor of Forda Industrial Building. The saleable area of the property is approximately 7.6 sq m (82 sq ft).	As advised, the property is currently vacant.	HK\$72,000 (HONG KONG DOLLARS SEVENTY TWO THOUSAND ONLY)
1/60 of 60/1,188th undivided shares of and in Yuen Long Town Lot No 221	Yuen Long Town Lot No 221 is held under a New Grant for a term of 99 years commencing from 1 July 1898 less the last 3 days and has been extended to 30 June 2047 at an annual Government rent at 3% of the rateable value for the time being of the property.		(100% interest attributable to the eSun Group: HK\$72,000)

Notes:

1. The registered owner of the property is Active Light Limited, a 100% owned subsidiary of eSun.
2. The property lies within an area zoned “Residential (Group E)” uses under the approved Yuen Long Outline Zoning Plan No S/YL/23 as at the date of valuation.
3. The property was subject to the following encumbrances:
 - i. Mutual Covenant vide memorial no YL216183 dated 14 December 1978.
 - ii. Supplemental Deed of Mutual Covenant vide memorial no YL302375 dated 20 April 1985.
 - iii. Certified copy Certificate of Compliance vide memorial no YL347740 dated 14 June 1978.
 - iv. Supplemental Deed of Mutual Covenant vide memorial no YL372993 dated 3 August 1987.
 - v. Management Agreement vide memorial no YL565323 dated 2 September 1993.
 - vi. Mortgage to secure general credit facilities in favour of Onshine Finance Limited (Re the consideration is to an unlimited extent for partial releases see respective SDR) vide memorial no YL1069586 dated 10 January 2004.
 - vii. Sub-Deed of Mutual Covenant vide memorial no YL1108851 dated 1 November 2004.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
27 Common Areas on 10th Floor, Forda Industrial Building, No 16 Wang Chau Road, Yuen Long, New Territories, Hong Kong	Forda Industrial Building is 14-storey industrial building, completed in 1978. The property comprises common corridor, male and female lavatories on the 10th Floor of Forda Industrial Building with a saleable area of approximately 123.6 sq m (1,330 sq ft).	As advised, the property is currently vacant.	No commercial value
1/60 of 60/1,188th undivided shares of and in Yuen Long Town Lot No 221	According to supplemental deed of mutual covenant vide memorial no YL1108851, the property was designated as common area which are shown “Yellow and Yellow-Hatch Black” on the plan attached to the aforesaid memorial. Yuen Long Town Lot No 221 is held under a New Grant for a term of 99 years commencing from 1 July 1898 less the last 3 days and has been extended to 30 June 2047 at an annual Government rent at 3% of the rateable value for the time being of the property.		

Notes:

1. The registered owner of the property is Active Light Limited, a 100% owned subsidiary of eSun.
2. The property lies within an area zoned “Residential (Group E)” uses under the approved Yuen Long Outline Zoning Plan No S/YL/23 as at the date of valuation.
3. The property was subject to the following encumbrances:
 - i. Mutual Covenant vide memorial no YL216183 dated 14 December 1978.
 - ii. Supplemental Deed of Mutual Covenant vide memorial no YL302375 dated 20 April 1985.
 - iii. Certified copy Certificate of Compliance vide memorial no YL347740 dated 14 June 1978.
 - iv. Supplemental Deed of Mutual Covenant vide memorial no YL372993 dated 3 August 1987.
 - v. Management Agreement vide memorial no YL565323 dated 2 September 1993.
 - vi. Mortgage to secure general credit facilities in favour of Onshine Finance Limited (Re the consideration is to an unlimited extent for partial releases see respective SDR) vide memorial no YL1069586 dated 10 January 2004.
 - vii. Sub-Deed of Mutual Covenant vide memorial no YL1108851 dated 1 November 2004.
4. The existing owner of this property interest originally owned the whole of 10/F of Forda Industrial Building. By virtue of Sub-Deed of Mutual Covenant dated 1 November 2004 registered vide memorial no YL1108851, the whole 10/F was subdivided into Unit A, Unit B, a store room and this common area. Both Unit A and Unit B were subsequently sold to other third parties with this property interest, being the common areas on 10/F, still held under Active Light Limited.

Group VI — Property interest held by the eSun Group in Macao for owner occupation purpose

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
28 Unit B on 25th Floor of Tower 3, One Central Residences, Nos 28-248 Avenida de Sagres, Nos 18-52 Praceta 24 de Junho, Nos 945-973Y Avenida Dr Sun Yat-Sen, Macao	<p>One Central (the “Development”) is a waterfront mixed-used development comprising retail, residential and apartment facilities together with a world-class hotel managed by The Mandarin Oriental Hotel Group, which was completed in about 2009. One Central directly links to MGM Grand Macau and is in close proximity to Wynn Macau, the Macau Tower Convention and Entertainment Centre and Grand Lisboa.</p> <p>One Central Residences consists of 7 residential towers of 32 to 38 storeys erected over a 9-storey podium (3-storey retail, 4-storey carpark, 1-storey residential main lobby and 1-storey podium garden) plus 2-storey basement carpark. A 5-level indoor and outdoor leisure and recreational space is provided in the club house.</p> <p>Under Despacho No 87/2006 (第87/2006號運輸工務司司長批示), a 5-star hotel development and a residential/commercial complex are permitted to be built within the Development.</p> <p>The property comprises a residential unit on the 25th Floor of Tower 3 of One Central Residences. As per sales brochure from the web-site, the gross floor area and saleable area of the Property is approximately 279.3 sq m (3,006 sq ft) and 217.9 sq m (2,345 sq ft).</p>	As advised, the property is currently owner-occupied.	<p>HK\$37,864,000 (HONG KONG DOLLARS THIRTY SEVEN MILLION EIGHT HUNDRED AND SIXTY FOUR THOUSAND ONLY)</p> <p>(100% interest attributable to the eSun Group: HK\$37,864,000)</p>

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2018
	<p>The property is held under Concessão Por Arrendamento (政府租賃批地) for a term of 25 years commenced from 7 June 2006 and renewable in accordance with the relevant Macao's laws and the Government rent payable for the lot is as follows:—</p>		
	<p>i) During the construction period, the annual rent shall be MOP550,320 for the development while the unit rent is MOP30 per sq m.</p>		
	<p>ii) Upon completion of the construction, the annual rents are as follows:—</p>		
	5-Star Hotel	MOP15 per sq m	
	Car Park (Hotel)	MOP10 per sq m	
	Outdoor (Hotel)	MOP10 per sq m	
	Residential	MOP10 per sq m	
	Car Park		
	(Residential)	MOP10 per sq m	
	Outdoor		
	(Residential)	MOP10 per sq m	

Notes:

1. The registered owner of the property is Grandeur Limited, a 100% owned subsidiary of eSun.
2. The property is zoned for “Hotel Area, Residential and Commercial” uses as per Planta de Alinhamento Oficial (街道準線圖) issued on 22 April 2005.
3. There is no material encumbrance registered against the property.

1. RESPONSIBILITY STATEMENT

The issue of this eSun Composite Document has been approved by the LSD Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this eSun Composite Document (other than that relating to the eSun Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this eSun Composite Document (other than those expressed by the eSun Group or the eSun Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this eSun Composite Document the omission of which would make any statement in this eSun Composite Document misleading.

The issue of this eSun Composite Document has been approved by the Offeror Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this eSun Composite Document (other than that relating to the eSun Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this eSun Composite Document (other than those expressed by the eSun Group or the eSun Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this eSun Composite Document the omission of which would make any statement in this eSun Composite Document misleading.

2. DISCLOSURES OF INTERESTS IN eSUN'S SECURITIES

For the purpose of paragraphs 2 and 3 in this Appendix IV to this eSun Composite Document, "interested" has the same meaning as ascribed to that term in Part XV of the SFO.

As at the Latest Practicable Date, save as disclosed in section 10 "Shareholding structure of eSun" in the "Letter from HSBC" in this eSun Composite Document:

- (a) the Offeror did not own any eSun Shares, eSun Options or convertible securities, warrants, options or derivatives in respect of eSun Shares;
- (b) no Offeror Director was interested in any eSun Shares, eSun Options or convertible securities, warrants, options or derivatives in respect of eSun Shares; and
- (c) no Offeror Concert Party owned or controlled any eSun Shares, eSun Options or convertible securities, warrants, options or derivatives in respect of eSun Shares.

3. DEALINGS IN eSUN'S SECURITIES

During the Relevant Period, neither the Offeror, Offeror Directors nor the Offeror Concert Parties had dealt for value in any eSun Shares, eSun Options or convertible securities, warrants, options or derivatives in respect of eSun Shares.

4. ARRANGEMENTS IN CONNECTION WITH THE OFFERS

As at the Latest Practicable Date,

- (a) none of the eSun Directors had been given any benefit as compensation for loss of office or otherwise in connection with the eSun Offers;
- (b) no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or any Offeror Concert Parties and any of the eSun Directors or recent eSun Directors, eSun Shareholders or recent eSun Shareholders having any connection with or was dependent upon the outcome of the eSun Offers;
- (c) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had been entered into between the Offeror or any Offeror Concert Parties and any other person;
- (d) no person who owned or controlled eSun Shares, eSun Options or convertible securities, warrants, options or derivatives in respect of eSun Shares had irrevocably committed themselves to accept or reject the eSun Offers;
- (e) there were no eSun Shares, eSun Options or convertible securities, warrants, options or derivatives in respect of eSun Shares which the Offeror or any Offeror Concert Parties had borrowed or lent, save for borrowed securities (if any) which have been either on-lent or sold;
- (f) there was no agreement or arrangement to which the Offeror was a party which related to the circumstances in which it might or might not invoke or seek to invoke a condition to the eSun Offers; and
- (g) the Offeror had no intention to transfer, charge or pledge any eSun Shares acquired pursuant to the eSun Offers to any other persons and had no agreement, arrangement or understanding with any third party to do so.

5. MISCELLANEOUS

- (a) The Offeror is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of LSD. The address of the registered office of the Offeror is 11/F., Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong.
- (b) The Offeror Board comprises four directors, namely Dr. Lam Kin Ngok, Peter and Messrs. Chew Fook Aun, Lau Shu Yan, Julius and Lam Hau Yin, Lester.
- (c) LSD is a company incorporated in Hong Kong with limited liability. The address of the registered office of LSD is 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong.
- (d) The LSD Board comprises four executive directors, namely Dr. Lam Kin Ngok, Peter (Chairman) and Messrs. Chew Fook Aun (Deputy Chairman), Lau Shu Yan, Julius (Chief Executive Officer) and Lam Hau Yin, Lester; two non-executive directors, namely Dr. Lam Kin Ming and Madam U Po Chu; and three independent non-executive directors, namely Messrs. Lam Bing Kwan, Leung Shu Yin, William and Ip Shu Kwan, Stephen.
- (e) The registered office of HSBC is situated at 1 Queen's Road Central, Hong Kong.

1. RESPONSIBILITY STATEMENT

This eSun Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the eSun Group.

The information contained in this eSun Composite Document relating to the eSun Group has been supplied by eSun. The eSun Directors jointly and severally accept full responsibility for the accuracy of the information contained in this eSun Composite Document relating to the eSun Group and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this eSun Composite Document by the eSun Group or eSun Directors have been arrived at after due and careful consideration and there are no other facts not contained in this eSun Composite Document the omission of which would make any statement in this eSun Composite Document relating to the eSun Group misleading.

2. SHARE CAPITAL OF eSUN

As at the Latest Practicable Date:

- (a) the authorised share capital of eSun was HK\$1,250,000,000 divided into 2,500,000,000 eSun Shares;
- (b) the issued share capital of eSun was approximately HK\$745,927,299 divided into 1,491,854,598 eSun Shares;
- (c) No new eSun Shares had been issued since 31 July 2017, being the end of the last financial year of eSun;
- (d) all of the eSun Shares ranked pari passu in all respects as regards rights to capital, dividends and voting;
- (e) there were 32,850,665 eSun Options. As set out in the table setting out the exercise price applicable to each eSun Option in the section headed “The eSun Option Offer and the eSun Option Offer Price” in the “Letter from HSBC” in this eSun Composite Document, if any eSun Option is vested and is exercised in accordance with the terms of the eSun Share Option Schemes prior to the eSun Share Offer Closing Date, any eSun Shares issued as a result of the exercise of such eSun Options prior to the eSun Share Offer Closing Date will be subject to and eligible to participate in the eSun Share Offer.

Pursuant to the terms of the eSun Share Option Schemes, the eSun Optionholders will be entitled to exercise the eSun Options in full (to the extent not already exercised) at any time before the close of the eSun Share Offer and any eSun Option not so exercised will lapse (following which the holder of such eSun Option will not be able to accept the eSun Option Offer in respect of such eSun Option). However, in the case of any

eSun Option granted under the share option scheme adopted by eSun on 11 December 2015 (being the 400,000 eSun Options with the exercise price of HK\$1.360 per eSun Share), if, before the close of the eSun Share Offer, the Offeror becomes entitled to exercise rights of compulsory acquisition of the eSun Offer Shares and gives its notice of compulsory acquisition, such eSun Option will remain exercisable (provided that its option period has not yet expired) until one (1) month from the date of such notice and, to the extent that such eSun Option has not been so exercised, will lapse; and

- (f) other than the eSun Options, there are no other options, derivatives, warrants or other securities convertible or exchangeable into eSun Shares which were issued by LSD, the Offeror or eSun.

3. MARKET PRICES

The table below sets out the closing price of the eSun Shares on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the Last Trading Date; and (iii) the Latest Practicable Date:

Date	Closing price for each eSun Share (HK\$)
2017	
30 November	1.29
29 December	1.28
2018	
31 January	1.33
28 February	1.27
29 March	1.29
30 April	1.25
25 May (Last Trading Date)	1.35
31 May	1.44
29 June	1.25
20 July (Latest Practicable Date)	1.25

During the Relevant Period, the highest closing price of eSun Shares as quoted on the Stock Exchange was HK\$1.51 per eSun Share on 30 May 2018 and the lowest closing price of eSun Shares as quoted on the Stock Exchange was HK\$1.18 per eSun Share on 10 May 2018, 9 May 2018, 8 May 2018, 7 May 2018, 4 May 2018, 3 May 2018, 27 April 2018, 26 April 2018 and 25 April 2018.

4. DISCLOSURES OF INTERESTS

For the purpose of this paragraph, “interested” and “interests” have the same meanings as ascribed to those terms in Part XV of the SFO.

(i) Interests and short positions in the securities of eSun and its associated corporations of the directors and chief executive of eSun

As at the Latest Practicable Date, the interests or short positions of the directors and the chief executives of eSun in the shares, underlying shares and debentures of eSun and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to eSun and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to eSun and the Stock Exchange, were as follows:

Long position in eSun Shares

Name of director or chief executive of eSun	Capacity	Long positions in the shares and underlying shares of eSun				Approximate percentage of total issued eSun Shares (Note 1)
		Number of eSun Shares		eSun Options	Total	
		Personal interests	Corporate interests	Personal interests		
Mr. Andrew Y. Yan ("Mr. Andrew Yan")	Owner of controlled corporations	Nil	150,000,000 (Note 2)	Nil	150,000,000	10.05%
Mr. Lester Lam	Beneficial owner	2,794,443	Nil	12,432,121 (Note 3)	15,226,564	1.02%
Mr. FA Chew	Beneficial owner	Nil	Nil	6,216,060 (Note 3)	6,216,060	0.42%
Mr. Lui Siu Tsuen, Richard ("Mr. Richard Lui")	Beneficial owner	Nil	Nil	3,729,636 (Note 3)	3,729,636	0.25%

Notes:

- The total number of issued eSun Shares as at the Latest Practicable Date (1,491,854,598 eSun Shares) has been used in the calculation of the approximate percentage.
- Mr. Andrew Yan, a non-executive eSun Director, was deemed to be interested in 150,000,000 eSun Shares owned by SAIF Partners IV LP, as the said limited partnership was indirectly controlled by Mr. Andrew Yan as a director and the sole shareholder of SAIF IV GP Capital Limited, which was the sole general partner of SAIF IV GP LP, which in turn was the sole general partner of SAIF Partners IV LP.

3. On 5 June 2012, eSun granted under its share option scheme adopted on 23 December 2005 (the “Scheme”) an option comprising 6,216,060 underlying eSun Shares to Mr. FA Chew, an executive eSun Director, at the exercise price of HK\$0.92 per eSun Share (subject to adjustments) with an exercise period from 5 June 2012 to 4 June 2022. On 18 January 2013, eSun granted under the Scheme (i) an option comprising 12,432,121 underlying eSun Shares to Mr. Lester Lam, an executive eSun Director, at the exercise price of HK\$1.612 per eSun Share (subject to adjustments) with an exercise period from 18 January 2013 to 17 January 2023; and (ii) an option comprising 3,729,636 underlying eSun Shares to Mr. Richard Lui, an executive Director and the chief executive officer of eSun, at the exercise price of HK\$1.612 per eSun Share (subject to adjustments) with an exercise period from 18 January 2013 to 17 January 2023.

Long position in the shares of eSun’s associated corporation — Lai Fung

		Long positions in the shares and underlying shares of Lai Fung				Approximate percentage of total issued Lai Fung Shares (Note 2)	
Name of director or chief executive of eSun	Capacity	Number of Lai Fung Shares		Lai Fung Options (Note 1)		Total	Lai Fung Shares (Note 2)
		Personal interests	Corporate interests	Personal interests			
Mr. Lester Lam	Beneficial owner	Nil	Nil	3,219,182 (Note 3)		3,219,182	0.98%
Mr. FA Chew	Beneficial owner and owner of controlled corporation	Nil	600,000 (Note 4)	1,009,591 (Note 5)		1,609,591	0.49%

Notes:

- The number of underlying shares comprised in and the exercise price of the outstanding share options of Lai Fung have been adjusted as a result of the Lai Fung Share Consolidation.
- The total number of issued Lai Fung Shares as at the Latest Practicable Date (327,044,134 Lai Fung Shares) has been used in the calculation of the approximate percentage.
- On 18 January 2013, Lai Fung granted under its share option scheme adopted on 18 December 2012 an option comprising 3,219,182 underlying Lai Fung Shares to Mr. Lester Lam, an executive eSun Director (currently also the chief executive officer and an executive director of Lai Fung) at the exercise price of HK\$11.40 per Lai Fung Share (subject to adjustments) with an exercise period from 18 January 2013 to 17 January 2023 (after the effect of the Lai Fung Share Consolidation).
- Mr. FA Chew, an executive eSun Director (currently also the chairman and an executive director of Lai Fung), was deemed to be interested in the 600,000 Lai Fung Shares owned by The Orchid Growers Association Limited by virtue of his 100% shareholding interest in the said company.
- On 12 June 2012, Lai Fung granted under its share option scheme adopted on 21 August 2003 an option of which 1,009,591 underlying Lai Fung Shares remained outstanding to Mr. FA Chew at the exercise price of HK\$6.65 per Lai Fung Share (subject to adjustments) with an exercise period from 12 June 2012 to 11 June 2020 (after the effect of the Lai Fung Share Consolidation).

(ii) Interests of substantial shareholders of eSun

As at the Latest Practicable Date, so far as it is known by or otherwise notified by any director or the chief executive of eSun, the particulars of the corporations or individuals (one being an existing eSun Director) who had 5% or more interests in the following long positions in the shares and underlying shares of eSun as recorded in the register required to be kept by eSun pursuant to Section 336 of the SFO or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of eSun (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

Name of eSun shareholder	Capacity	Long positions in the shares and underlying shares of eSun				Approximate percentage of total issued eSun Shares (Note 1)
		Number of eSun Shares		eSun Options		
		Personal interests	Corporate interests	Personal interests	Total	
LSD (Note 2)	Owner of controlled corporations	N/A	551,040,186	N/A	551,040,186	36.94% (Note 4)
LSG (Note 3)	Owner of controlled corporation	N/A	551,040,186	N/A	551,040,186	36.94% (Note 4)
Dr. Peter Lam	Beneficial owner and owner of controlled corporations	2,794,443	551,040,186	1,243,212	555,077,841	37.21% (Note 4)
SAIF Partners IV LP	Beneficial owner	N/A	150,000,000	N/A	150,000,000	10.05% (Note 5)
SAIF IV GP LP	Owner of controlled corporation	N/A	150,000,000	N/A	150,000,000	10.05% (Note 5)
SAIF IV GP Capital Limited	Owner of controlled corporation	N/A	150,000,000	N/A	150,000,000	10.05% (Note 5)
Mr. Andrew Yan	Owner of controlled corporation	N/A	150,000,000	N/A	150,000,000	10.05% (Note 5)
Yu Cheuk Yi	Beneficial owner	149,080,000	N/A	N/A	149,080,000	9.99% (Note 6)
Yu Siu Yuk	Beneficial owner	149,080,000	N/A	N/A	149,080,000	9.99% (Note 6)

Notes:

1. The total number of issued eSun Shares as at the Latest Practicable Date (1,491,854,598 eSun Shares) has been used in the calculation of the approximate percentage.
2. As at the Latest Practicable Date, Mr. FA Chew and Mr. Lester Lam, both executive eSun Directors, were also executive directors of LSD. Madam U, a non-executive eSun Director, was also a non-executive director of LSD.
3. As at the Latest Practicable Date, Mr. FA Chew and Mr. Lester Lam, both executive eSun Directors, and Madam U, a non-executive eSun Director, were also executive directors of LSG. Mr. Yip Chai Tuck, an executive eSun Director, was also the chief executive officer of LSG.
4. Dr. Peter Lam (an executive eSun Director from 15 October 1996 to 13 February 2014) and LSG were deemed to be interested in the same 551,040,186 eSun Shares held by LSD. As at the Latest Practicable Date, Dr. Peter Lam was deemed to be interested in 551,040,186 eSun Shares (approximately 36.94% of the total issued eSun Shares) indirectly owned by LSD by virtue of his personal and deemed controlling shareholding interests of approximately 41.87% (excluding share option) in LSG. LSD was approximately 56.10% directly and indirectly owned by LSG. LSG was approximately 12.49% (excluding share option) owned by Dr. Peter Lam and approximately 29.37% owned by Wisdoman Limited, which was in turn 100% beneficially owned by Dr. Peter Lam.

As at the Latest Practicable Date, Dr. Peter Lam also held 2,794,443 eSun Shares and 1,243,212 underlying eSun Shares as beneficial owner. On 18 January 2013, eSun granted under its share option scheme adopted on 23 December 2005 an option comprising 1,243,212 underlying eSun Shares to Dr. Peter Lam at the exercise price of HK\$1.612 per eSun Share (subject to adjustments) with an exercise period from 18 January 2013 to 17 January 2023.

5. Mr. Andrew Yan, a non-executive eSun Director, was deemed to be interested in the same 150,000,000 eSun Shares owned by SAIF Partners IV LP, SAIF IV GP LP and SAIF IV GP Capital Limited. Please refer to Note 2 to the sub-paragraph headed “(i) Interests and short positions in the securities of eSun and its associated corporations of the directors and chief executive of eSun — Long position in the eSun Shares” above for further details.
6. Based on the disclosures of interests notices received by eSun, as at the Latest Practicable Date, Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk were both taken to be interested in the same 149,080,000 eSun Shares (approximately 9.99% of the total issued eSun Shares), which were held jointly by them.

Confirmations

Except as disclosed in this section headed “Disclosures of Interests” in this Appendix V, as at the Latest Practicable Date:

- (a) neither eSun nor any of the eSun Directors was interested in the shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror;
- (b) none of the eSun Directors was interested in any eSun Shares or any convertible securities, warrants, options or derivatives in respect of eSun Shares;

- (c) no subsidiary of eSun, or any pension fund of eSun or of any other member of the eSun Group or any person who is presumed to be acting in concert with eSun by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of eSun by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding exempt principal traders and exempt fund managers) owned or controlled any eSun Shares or any convertible securities, warrants, options or derivatives in respect of eSun Shares;
- (d) neither eSun nor any person who is presumed to be acting in concert with eSun by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of eSun by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person;
- (e) none of the non-exempt discretionary fund managers and principal traders connected with eSun owned or controlled any eSun Shares or any convertible securities, warrants, options or derivatives in respect of eSun Shares;
- (f) neither eSun nor any of the eSun Directors had borrowed or lent any eSun Shares or any convertible securities, warrants, options or derivatives in respect of eSun Shares;
- (g) each of Mr. FA Chew and Mr. Richard Lui had indicated that he intended to accept the eSun Option Offer in respect of his own beneficial ownership in eSun Options;
- (h) Mr. Lester Lam had indicated that he did not intend to accept the eSun Share Offer in respect of his own beneficial ownership in eSun Shares, and did not intend to accept the eSun Option Offer in respect of his own beneficial ownership in eSun Options;
- (i) Mr. Andrew Yan had indicated that he intended to procure the corporations controlled by him and through which he held the eSun Shares to accept the eSun Share Offer.
- (j) As at the Latest Practicable Date, save as disclosed in the paragraph headed “4. Disclosure of Interest — (i) Interests and short positions in the securities of eSun and its associated corporations of the directors and chief executive of eSun” above, none of the Directors held any beneficial shareholdings in eSun which would otherwise entitle them to accept or reject the sSun Share Offer or the eSun Option Offer.

5. DEALINGS IN SHARES OF THE OFFEROR, eSUN SHARES AND eSUN OPTIONS

During the Relevant Period:

- (a) neither eSun nor any eSun Director had dealt for value in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror; and
- (b) none of the eSun Directors had dealt for value in any eSun Shares or any convertible securities, warrants, options or derivatives in respect of eSun Shares.

During the eSun Offer Period and up to the Latest Practicable Date:

- (a) no subsidiary of eSun, or any pension fund of eSun or of any other member of the eSun Group or any person who is presumed to be acting in concert with eSun by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of eSun by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding exempt principal traders and exempt fund managers) had dealt for value in any eSun Shares or any convertible securities, warrants, options or derivatives in respect of eSun Shares; and
- (b) none of the non-exempt discretionary fund managers and principal traders connected with eSun had dealt for value in any eSun Shares or any convertible securities, warrants, options or derivatives in respect of eSun Shares.

6. eSUN DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the eSun Directors had any existing or proposed service contract with eSun or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the date of the commencement of the eSun Offer Period; or (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

7. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the eSun Group were engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to the eSun Directors to be pending or threatened by or against any member of the eSun Group.

8. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) had been entered into by the eSun Group after the date of two years before the Announcement Date and up to and including the Latest Practicable Date:

- (a) a conditional placing agreement dated 20 January 2017 entered into between Get Nice Securities Limited as the placing agent and eSun in respect of the placing of up to 248,642,433 new eSun Shares at HK\$0.620 per eSun Share by Get Nice Securities Limited on a best effort basis;
- (b) a share purchase agreement dated 21 March 2017 entered into between Nice Sound Limited (an indirect wholly-owned subsidiary of eSun) as vendor, Alibaba Investment Limited as purchaser and Pony Media Holdings Inc. in respect of the sale of the entire shareholding interest of Nice Sound Limited in Pony Media Holdings Inc, being 1,480,994 Series C Preferred Shares of Pony Media Holdings Inc, to Alibaba Investment Limited at a consideration of US\$14,902,230;
- (c) a cooperation agreement dated 1 June 2017 entered into between Zhuhai Hengqin Laisun Creative Culture City Co. Ltd.* (珠海橫琴麗新文創天地有限公司) (“**ZH**”) (a company owned as to 20% by eSun and 80% by Lai Fung) and Trans-Island Limousine Service Limited (環島旅運有限公司) (“**Trans-Island**”) to develop cross-border bus services, whereby ZH shall lease a retail space with gross floor area of approximately 119.37 square metres in Phase I of the Novotown project at a monthly rental rate of RMB67 per square metre to Trans-Island as customer service centre together with six bus parking spaces for its provision of the aforementioned cross-border bus services, and Trans-Island shall provide the cross-border bus services and other tourist services as set out in the cooperation agreement;
- (d) a licence agreement dated 30 June 2017 entered into between Fortunate Century Limited (“**Fortunate Century**”) (a wholly-owned subsidiary of Lai Fung) (as the licensee) and Real Madrid Club de Futbol (“**Real Madrid**”) (as the licensor) in relation to the development and operation of a location based entertainment centre (“**Real Madrid LBE**”) which is planned to be launched in Phase II of the Novotown project, subject to the successful acquisition of the relevant Phase II lands by Lai Fung for the Novotown project, whereby Real Madrid shall license its licensed intellectual property rights to Fortunate Century in return for payments, largely in the form of royalties against various revenue streams of the Real Madrid LBE payable on a yearly basis (subject to adjustments pursuant to the terms of the licence agreement);

* For identification purposes only

- (e) a cooperation agreement dated 22 November 2017 (as supplemented) entered into between Supreme Motion Limited (“**Supreme Motion**”) (a wholly-owned subsidiary of Lai Fung), Harrow International (China) Management Services Limited (“**HICMS**”) and ILA Holdings Limited (“**ILA**”) in relation to the setting up of the Innovation Leadership Academy Hengqin (“**School**”) in Phase II of the Novotown project, subject to, among other things, the successful acquisition of the relevant Phase II lands by Lai Fung for the Novotown project, whereby Supreme Motion shall acquire the relevant land use right and develop the relevant land for the setting up of the School (“**Development**”) and HICMS and ILA shall pay Supreme Motion the total costs and expenses incurred by it for the Development in annual instalment of 7% of the gross revenue of the School and/or such other amounts as may be paid by HICMS and ILA pursuant to the cooperation agreement;
- (f) a shareholders agreement dated 6 December 2017 entered into between Marvel Day Ventures Limited (an indirect non-wholly-owned subsidiary of eSun), Cosmic Dragon Limited (an indirect non-wholly-owned subsidiary of LSD) and Love Grubers Limited (“**Love Grubers**”) (which is beneficially owned as to 50% by Marvel Day Ventures Limited and 50% by Cosmic Dragon Limited) pursuant to which the parties agreed to procure Love Grubers to incorporate a wholly-owned subsidiary, Grubers Telford Limited, for the purpose of operating a cafe within the premises of MCL Telford Cinema located at Level 2 (Portion) and Level 3, Telford Gardens, No. 33 Wai Yip Street, Kowloon Bay, Kowloon, Hong Kong, whereby Marvel Day Ventures Limited and Cosmic Dragon Limited shall contribute all working or investment funding or capital which is required for the business or operations of Love Grubers (including an initial share capital funding amount being US\$2 and a shareholders’ loan in the amount of HK\$8 million) pro rata to their shareholding in Love Grubers;
- (g) a sale and purchase agreement dated 13 December 2017 entered into between eSun (as seller) and Ms. Zhai Madalina-Elena (as purchaser) for the sale and purchase of all issued shares of Biu Kei Investments Limited (a wholly-owned subsidiary of eSun, holding a PRC subsidiary which engaged in cosmetic business in the PRC) at a consideration of HK\$800,000;
- (h) a cooperation agreement dated 14 December 2017 entered into between eSun Cinema Holdings (PRC) Limited (an indirect wholly-owned subsidiary of eSun) and Zhejiang Xinmu Cinema Management Co. Ltd.* (浙江新幕影院經營管理有限公司) in relation to the development of cinemas in the Tier One, Tier Two and Tier Three cities in the PRC through a 50:50 joint venture company;

- (i) a subscription agreement dated 10 January 2018 entered into between Lai Fung, Lai Fung Bonds (2018) Limited (a wholly-owned subsidiary of Lai Fung) (“**Lai Fung Bonds**”), LSD and the joint lead managers (being DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited and UBS AG Hong Kong Branch) in relation to the issue and distribution of the 5.65% guaranteed notes due 2023 in the principal amount of US\$350,000,000 to be issued by Lai Fung Bonds;
- (j) a loan agreement dated 29 June 2018 entered into between eSun (as lender) and MAGHL (as borrower) in respect of a term loan facility in the amount of HKD100,000,000 provided by eSun to MAGHL; and
- (k) a preferred stock purchase agreement entered into by Nice Sound Limited, a wholly-owned subsidiary of eSun, on 29 June 2018 and Stampede Entertainment, Inc. in respect of the subscription by Nice Sound Limited of 333,161 Series A-2 preferred stock for a consideration of US\$1,999,998.80.

9. QUALIFICATION OF EXPERTS

The following are the qualifications of each of the experts who have been named in this eSun Composite Document or who have given their opinion or advice, which is contained in this eSun Composite Document:

Name	Qualification
HSBC	a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
Sommerley	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Knight Frank	chartered surveyors and valuers

** For identification purposes only*

10. CONSENTS

Each of the experts named in the section headed “Qualifications of Experts” above has given and has not withdrawn its written consent to the issue of this eSun Composite Document with the inclusion therein of the opinions, reports and/or letters and/or the references to its name and/or opinions, reports and/or letters in the form and context in which they respectively appear.

11. MISCELLANEOUS

- (a) As at the Latest Practicable Date, none of the existing eSun Directors had been given any benefit as compensation for loss of office or otherwise in connection with the eSun Offers.
- (b) As at the Latest Practicable Date, there was no agreement or arrangement between any eSun Director and any other person which is conditional on or dependent upon the outcome of the eSun Offers or otherwise connected with the eSun Offers.
- (c) As at the Latest Practicable Date, there was no material contract entered into by the Offeror or LSD in which any of the eSun Directors has a material personal interest.
- (d) The registered office of eSun is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of eSun in Hong Kong is 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong.
- (e) The principal share registrar of eSun is MUFG Fund Services (Bermuda) Limited at The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.
- (f) The Hong Kong branch share registrar and transfer office of eSun is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (g) As at the Latest Practicable Date, the board of the eSun comprised (a) four executive directors, namely Mr. Lui Siu Tsuen, Richard (Chief Executive Officer), Mr. Chew Fook Aun, Mr. Lam Hau Yin, Lester and Mr. Yip Chai Tuck; (b) two non-executive directors, namely, Madam U Po Chu and Mr. Andrew Y. Yan, and (c) four independent nonexecutive directors, namely Mr. Low Chee Keong (Chairman), Mr. Lo Kwok Kwei, David, Mr. Alfred Donald Yap and Dr. Ng Lai Man, Carmen.
- (h) The company secretary of eSun is Ms. Wong Lai Chun, who is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (i) The principal place of business of Somerley is 20/F., China Building, 29 Queen’s Road Central, Hong Kong.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) at the office of eSun located at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong during the business hours (i.e. from 9:30 a.m. to 12:30 p.m. and from 2:30 p.m. to 5:30 p.m.) on any weekday (Saturdays and public holidays excepted) unless (a) a tropical cyclone warning signal number 8 or above is hoisted; or (b) a black rainstorm warning signal is issued, (ii) on the website of eSun at www.esun.com and (iii) the website of the SFC at www.sfc.hk from 23 July 2018 until the earlier of: (1) the eSun Share Offer Closing Date; and (2) the date on which the eSun Offers are withdrawn or lapse, whichever is the earliest:

- (a) the memorandum and articles of association of the Offeror;
- (b) the memorandum of association and bye-laws of eSun;
- (c) the annual report of eSun for the year ended 31 July 2016;
- (d) the annual report of eSun for the year ended 31 July 2017;
- (e) the interim report of eSun for the six months ended 31 January 2018;
- (f) the “Letter from HSBC”, the text of which is set out on pages 12 to 36 of this eSun Composite Document;
- (g) the eSun Option Offer Letter, the text of which is set out on pages VI-1 to VI-6 of this eSun Composite Document;
- (h) the “Letter from the eSun Board”, the text of which is set out on pages 37 to 43 of this eSun Composite Document;
- (i) the “Letter from the eSun Independent Board Committee”, the text of which is set out on pages 44 and 46 of this eSun Composite Document;
- (j) the “Letter from the eSun Independent Financial Adviser”, the text of which is set out on pages 47 to 85 of this eSun Composite Document;
- (k) the written consents referred to in the section headed “Consents” in this Appendix V to this eSun Composite Document;
- (l) the material contracts referred to in the section headed “Material Contracts” in this Appendix V to this eSun Composite Document; and
- (m) English and Chinese versions of the property valuation report of the eSun Group (including the valuation certificates) prepared by Knight Frank, which is set out in “Appendix III — Property Valuation of the eSun Group” to this eSun Composite Document.

The following is the form of the eSun Option Offer Letter being sent to the eSun Optionholders in connection with the eSun Option Offer.



23 July 2018

To the eSun Optionholders

Dear Sir or Madam,

OPTION OFFER

**IN RELATION TO THE
CONDITIONAL VOLUNTARY GENERAL CASH OFFER BY THE HONGKONG
AND SHANGHAI BANKING CORPORATION LIMITED ON BEHALF OF THE
OFFEROR, A WHOLLY-OWNED SUBSIDIARY OF LAI SUN DEVELOPMENT
COMPANY LIMITED, TO ACQUIRE ALL OF THE ISSUED SHARES OF eSUN
HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY LAI SUN DEVELOPMENT COMPANY LIMITED, THE
OFFEROR OR THEIR RESPECTIVE SUBSIDIARIES) AND TO CANCEL ALL
THE OUTSTANDING SHARE OPTIONS OF eSUN HOLDINGS LIMITED**

A composite offer and response document dated the same date as this letter jointly issued by Lai Sun Development Company Limited (“LSD”), Transtrend Holdings Limited (the “Offeror”) and eSun Holdings Limited (“eSun”) (the “eSun Composite Document”) is enclosed with this letter. Terms used but not defined in this letter shall have the same meanings and construction as in the eSun Composite Document. This letter should be read in conjunction with the eSun Composite Document and the **PINK** Form of eSun Option Offer Acceptance.

Lai Sun Garment (International) Limited, LSD, the Offeror, eSun and Lai Fung Holdings Limited issued a joint announcement dated 27 May 2018 (the “**Joint Announcement**”) which stated that, among others, HSBC, on behalf of the Offeror, a wholly owned subsidiary of LSD, intended to make a conditional voluntary cash offer to acquire all of the eSun Offer Shares. As stated in the Joint Announcement, as part of the eSun Offers, the Offeror would make an appropriate offer, namely the eSun Option Offer, to the eSun Optionholders for the cancellation of all outstanding eSun Options in accordance with Rule 13 of the Takeovers Code. The eSun Option Offer will be subject to and conditional upon the eSun Share Offer becoming or being declared unconditional in all respects.

This letter explains the actions you may take in relation to your outstanding eSun Options. You are advised to refer to the eSun Composite Document and the **PINK** Form of eSun Option Offer Acceptance when considering them.

Your attention is also drawn to the terms and conditions of the eSun Share Option Schemes.

TERMS OF THE eSUN OPTION OFFER

In accordance with Rule 13 of the Takeovers Code and on behalf of the Offeror, we are making the eSun Option Offer to you at the eSun Option Offer Price in cash for the cancellation of every eSun Option, whether vested or unvested, pursuant to Rule 13 of the Takeovers Code.

The eSun Option Offer Price represents the “see-through” price of the outstanding eSun Options (being the eSun Share Offer Price minus the exercise price of the relevant eSun Option) for the cancellation of each eSun Option, whether vested or unvested, provided that if the exercise price of any eSun Option is equal to or greater than the eSun Share Offer Price (such that the “see-through” price is zero or negative), the eSun Option Offer Price will be a nominal amount of HK\$0.01 for every 100 eSun Options (or, if lesser, any part thereof).

eSun Option exercise price per eSun Share (HK\$)	eSun Option Offer Price per eSun Share (unless otherwise indicated) (HK\$)	Number of eSun Options as at the Latest Practicable Date (each carrying the right to subscribe for one new eSun Share)	Exercise period of the eSun Options (dd/mm/yyyy)
0.728	0.572	1,800,000	21/01/2015 to 20/01/2025
0.920	0.380	6,216,060	05/06/2012 to 04/06/2022
1.360	0.01 for every 100 eSun Options (or, if lesser, any part thereof)	400,000	19/01/2018 to 18/01/2028
1.612	0.01 for every 100 eSun Options (or, if lesser, any part thereof)	24,434,605	18/01/2013 to 17/01/2023

Pursuant to the terms of the eSun Share Option Schemes, the eSun Optionholders will be entitled to exercise the eSun Options in full (to the extent not already exercised) at any time before the close of the eSun Share Offer (“**Latest eSun Option Exercise Date**”, which is also the eSun Share Offer Closing Date) and any eSun Option not so exercised will lapse (following which the holder of such eSun Option will not be able to accept the eSun Option Offer in respect of such eSun Option). However, in the case of any eSun Option granted under the share option scheme adopted by eSun on 11 December 2015 (being the 400,000 eSun Options with the exercise price of HK\$1.360 per eSun Share), if, before the close of the eSun Share Offer, the Offeror becomes entitled to exercise rights of compulsory acquisition of the eSun Offer Shares and gives its notice of compulsory acquisition, such eSun Option will remain exercisable (provided that its option period has not yet expired) until one (1) month from the date of such notice and, to the extent that such eSun Option has not been so exercised, will lapse.

As disclosed in the “Expected Timetable” in the eSun Composite Document, the first possible Latest eSun Option Exercise Date (being the first eSun Share Offer Closing Date) is Monday, 20 August 2018. Further announcement(s) will be made in the event that there is any change to the Latest eSun Option Exercise Date.

The eSun Option Offer is subject to and conditional upon the eSun Share Offer becoming or being declared unconditional in all respects. The Conditions are set out in section 6 “Conditions to the eSun Offers” in the “Letter from HSBC” in the eSun Composite Document. In addition, all payments in respect of the eSun Option Offer Price will be made by cheques in Hong Kong dollars (unless otherwise agreed between the Offeror and the relevant eSun Optionholder(s)).

You are further advised to refer to section 13 “Overseas eSun Shareholders and eSun Optionholders” and section 20 “Taxation and independent advice” in the “Letter from HSBC” in the eSun Composite Document, and section 4 “Nominee Registration” in “Appendix I — Further Terms of the eSun Offers” to the eSun Composite Document.

Your attention is drawn to the “Letter from the eSun Independent Board Committee” to the Disinterested eSun Shareholders and the eSun Optionholders set out in the eSun Composite Document and the “Letter from the eSun Independent Financial Adviser” set out in the eSun Composite Document, which contain the recommendations of the eSun Independent Board Committee and of the eSun Independent Financial Adviser, respectively, in relation to the eSun Offers.

COURSES OF ACTION AVAILABLE TO THE eSUN OPTIONHOLDERS

In summary, the choices available to you in respect of your outstanding eSun Options are:

- (a) to the extent any of your outstanding eSun Options (whether vested or unvested) is not exercised on or prior to the Latest eSun Option Exercise Date, you may accept the eSun Option Offer in accordance with its terms (as set out in the eSun Composite Document and the **PINK** Form of eSun Option Offer Acceptance) and receive the eSun Option Offer Price if the eSun Offers become or are declared unconditional in all respects, by allowing such unexercised outstanding eSun Options to remain unexercised on the Latest eSun Option Exercise Date, and returning, duly completed and signed, the **PINK** Form of eSun Option Offer Acceptance enclosed together with the relevant document(s) as soon as possible and in any event by no later than 4:00 p.m. (Hong Kong time) on the eSun Share Offer Closing Date;
- (b) you may in accordance with the terms of the eSun Share Option Schemes exercise all of your outstanding vested eSun Options (to the extent not already exercised) or only some of them to the extent specified in your notice of exercise, by submitting a notice of exercise of eSun Options to the company secretary of eSun at any time after the date of this letter (being 23 July 2018) and up to the Latest eSun Option Exercise Date. Any eSun Shares issued as a result of the exercise of such outstanding eSun Options as mentioned above will be subject to and eligible to participate in the eSun Share Offer. Please refer to the eSun Composite Document for the details of the eSun Offers in this regard; or

- (c) do nothing, in which case, if the eSun Offers become unconditional in all respects, your unexercised outstanding eSun Options (whether vested or unvested) will lapse automatically after the Latest eSun Option Exercise Date (unless the circumstances described in the “Terms of the eSun Option Offer” above apply) and you will not receive the eSun Option Offer Price.

Each outstanding eSun Option you hold is independent and you should make a separate decision for each one.

For further details, please refer to the remaining sections of this letter, the eSun Composite Document, the **PINK** Form of eSun Option Offer Acceptance and the terms and conditions of the eSun Share Option Schemes.

LAPSED eSUN OPTIONS

Please note that nothing in this letter or the eSun Composite Document serves to extend the life of an eSun Option which lapses, will lapse, or has already lapsed under the terms of the eSun Share Option Schemes. You cannot exercise or accept the eSun Option Offer in respect of an eSun Option once it lapses in accordance with its terms.

PROFESSIONAL ADVICE

The information provided in this letter is intended to give you factual details on which to base your decision as to the action you wish to take.

If you are in any doubt as to any aspect of this letter, the eSun Composite Document or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

GENERAL

- (a) All communications, notices, the **PINK** Form of eSun Option Offer Acceptance, cheques, certificates and other documents of any nature, if delivered by or sent to or from you as an eSun Optionholder or your designated agents by post, shall be posted at your own risk, and none of LSG, LSD, the Offeror, eSun, Lai Fung or HSBC and any of their respective directors, the Registrar and other parties involved in the eSun Offers and any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the eSun Composite Document and the **PINK** Form of eSun Option Offer Acceptance form part of the terms of the eSun Option Offer.
- (c) The eSun Option Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

- (d) The due execution of a **PINK** Form of eSun Option Offer Acceptance in respect of the eSun Option Offer will constitute an authority to the Offeror, HSBC or such person(s) as any of them may direct (i) to complete on behalf of the accepting eSun Optionholder the **PINK** Form of eSun Option Offer Acceptance and any other document(s) and (ii) to do any other act that may be necessary or expedient for the purpose of cancelling all rights of the eSun Optionholders in respect of the outstanding eSun Options which are the subject of such acceptance.
- (e) By completing the **PINK** Form of eSun Option Offer Acceptance in respect of a particular outstanding eSun Option, you irrevocably authorise the Offeror, HSBC and/or their respective agents to send a cheque for collection at the office of eSun in Hong Kong specified in the eSun Composite Document.

ACTIONS TO BE TAKEN FOR ACCEPTING THE eSUN OPTION OFFER

In order to accept the eSun Option Offer, you must deliver the duly completed and signed **PINK** Form of eSun Option Offer Acceptance together with the relevant certificate(s), document(s) of title or entitlement in respect of the eSun Options, and/or any other document(s) (if applicable) evidencing the grant of the eSun Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) for your holding of eSun Options (or if applicable, for not less than the number of eSun Options in respect of which you intend to accept the eSun Option Offer), by post or by hand, to the company secretary of eSun at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong marked “eSun Holdings Limited — eSun Option Offer” on the envelope so as to reach the company secretary of eSun as soon as possible but in any event by no later than 4:00 p.m. (Hong Kong time) on the eSun Share Offer Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code. If you do not return a duly completed and signed **PINK** Form of eSun Option Offer Acceptance or exercise your eSun Options, subject to and conditional upon the eSun Offers becoming unconditional in all respects, your outstanding eSun Options (whether vested or unvested) will lapse automatically after the Latest eSun Option Exercise Date (unless the circumstances described in the “Terms of the eSun Option Offer” above apply).

Before delivering the **PINK** Form of eSun Option Offer Acceptance to the company secretary of eSun, please ensure that you have signed the **PINK** Form of eSun Option Offer Acceptance and that your signature has been witnessed.

Payment of the eSun Option Offer Price is expected to be made within seven (7) Business Days following the later of (i) the date on which the eSun Offers become or are declared unconditional in all respects; and (ii) the date of receipt of the duly completed **PINK** Form of eSun Option Offer Acceptance and all relevant document(s) by the company secretary of eSun to render such acceptance, surrender and cancellation under the eSun Option Offer valid.

No acknowledgment of receipt of any **PINK** Form of eSun Option Offer Acceptance and/or eSun Options relevant certificate(s) (if applicable) and/or any other document(s) evidencing the grant of the outstanding eSun Options and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

RESPONSIBILITY STATEMENTS

The directors of LSD jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than that relating to the eSun Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter (other than those expressed by the eSun Group or the eSun Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this letter the omission of which would make any statement in this letter misleading.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than that relating to the eSun Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter (other than those expressed by the eSun Group or the eSun Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this letter the omission of which would make any statement in this letter misleading.

The eSun Directors jointly and severally accept full responsibility for the accuracy of the information contained in this letter relating to the eSun Group and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter by the eSun Group or eSun Directors have been arrived at after due and careful consideration and there are no other facts not contained in this letter the omission of which would make any statement in this letter relating to the eSun Group misleading.

Yours faithfully,

For and on behalf of

The Hongkong and Shanghai Banking Corporation Limited

Che Ning Liu

Co-Head of Global Banking, Asia-Pacific

The Hongkong and Shanghai Banking Corporation Limited is a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).