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LAI FUNG HOLDINGS

Lai Fung Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1125)

ANNOUNCEMENT MEMORANDUM OF COOPERATION

On 15th November 2004, the Company entered into a binding memorandum of cooperation with East Asia — Televisão por Satélite, Limitada in respect of the granting in principle to the Company a right to participate in the development and profit distribution of a proposed residential properties project in Macau. Pursuant to the memorandum of cooperation, the parties will, subject to the satisfaction of certain conditions, enter into a formal cooperation agreement no later than July 2005 (or such later date as may be agreed between the parties) relating to proposed project.

The proposed transaction under the memorandum of cooperation may or may not proceed. Pursuant to the memorandum of cooperation, a sum of HK\$46,000,000 will be paid by the Company as earnest money. This announcement is made pursuant to the disclosure obligation under Rule 13.09 of the Listing Rules. Further announcement will be issued upon the signing of the formal cooperation agreement.

Trading in the shares of the Company has been suspended since 9:30 a.m. on 15th November 2004 at the request of the Company pending the release of this announcement. The Company has applied to the Stock Exchange for resumption of trading in its shares with effect from 9:30 a.m. on 18th November 2004. As the proposed transaction under the memorandum of cooperation may or may not proceed, shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

On 15th November 2004, the Company entered into a binding memorandum of cooperation with East Asia — Televisão por Satélite, Limitada, a company incorporated in Macau with limited liability (the "Proposed Partner"). The Proposed Partner is an indirect wholly-owned subsidiary of eSun Holdings Limited ("eSun").

As at the date hereof, Lai Sun Development Limited ("LSD") and its wholly-owned subsidiaries hold approximately 42.54% interest of the eSun. Lai Sun Garment (International) Limited ("LSG") and its wholly-owned subsidiary, hold approximately 42.25% interest of LSD.

As at the date hereof, LSG and its wholly-owned subsidiary hold in aggregate an approximately 45.13% interest in the Company.

As at the date hereof, Mr. Lim Por Yen is a director of LSG, the Company and LSD. Mr. Lim retired from the board of directors of the Proposed Partner effective from 25th May 2004. Mr. Lim together with his wife Madam U Po Chu (holding approximately 0.26%) holds an approximately 33.99% interest in LSG. He also owns interests of approximately 1.96% and 5.28% in the Company and LSD respectively.

To the best of the knowledge, information and belief of the Directors, other than the relationship described above, the Proposed Partner is independent of the Company and its connected persons (as defined in the Listing Rules).

Pursuant to the memorandum of cooperation, a sum of HK\$46,000,000 will be paid by the Company to the Proposed Partner as earnest money in two installments. The Proposed Partner shall obtain the relevant governmental licence or approval for the design of works of the proposed project no later than June 2005 (or such later date as the Company may agree). In the event that the Proposed Partner fails to obtain such licence or approval before the prescribed time, the Company shall have the right to withdraw from the proposed project and request the Proposed Partner to refund the earnest money.

After the Proposed Partner obtains the relevant governmental licence or approval for the proposed project, the parties shall enter into a formal cooperation agreement no later than July 2005. It is planned that the Company will contribute to and share 40% of the development costs and profit of the proposed project respectively and will also become the project manager of the proposed project in accordance with the terms of the formal cooperation agreement. The cooperation between the parties may be effected through the setting-up of a joint-venture company or through contractual arrangement between the parties. The detailed terms of cooperation, rights and obligations of the parties will be included in the formal cooperation agreement. The Company will issue a further announcement and comply with the relevant requirements under Chapter 14 of the Listing Rules upon the signing of the formal cooperation agreement.

The proposed project will be situated on a piece of land with an area of approximately 20,000 square metres in the reclamation area between Taipa and Coloane in Macau. It is planned that around 30 residential detached houses will be constructed. The Company will act as project manager for the proposed project.

The principal activities of the Company and its subsidiaries are property development for sale and property investment for rental purposes in the mainland of China. The investment and development property portfolio of the Company and its subsidiaries currently includes properties and projects in Guangzhou, Zhongshan and Shanghai. In view of the positive macro-economic outlook for and growing property market in Macau, the Company considers that it is an appropriate time to identify and participate in projects with growth potential in Macau. The Company will finance the payment of the earnest money from its internal resources. The amount of the earnest money and the payment terms are determined after arm's length negotiation between the parties. The amount of the earnest money is also determined with reference to the valuation of the site of the proposed project made by an independent valuer, who estimates that the market value of the site is approximately HK\$115 million in its existing state as at November 2004.

The proposed transaction under the memorandum of cooperation may or may not proceed. Pursuant to the memorandum of cooperation, a sum of HK\$46,000,000 will be paid by the Company as earnest money. This announcement is made pursuant to the disclosure obligation under Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). Further announcement will be issued upon the signing of the formal cooperation agreement.

Trading in the shares of the Company has been suspended since 9:30 a.m. on 15th November 2004 at the request of the Company pending the release of this announcement. The Company has applied to the Stock Exchange for resumption of trading in its shares with effect from 9:30 a.m. on 18th November 2004. As the proposed transaction under the memorandum of cooperation may or may not proceed, shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

The Company confirms that, save as referred to above, there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules. Also, the Company is not aware of any other matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

By order of the Board
Lai Fung Holdings Limited
Yeung Kam Hoi
Company Secretary

Hong Kong, 17th November 2004

As at the date hereof, the executive directors of the Company are Mr. Lim Por Yen, Mr. Lam Kin Ming (alternate director to Mr. Ho Wing Tim, Mr. Lam Kin Ko, Stewart, Mr. Chiu Wai, Mr. Shiu Kai Wah, Mr. Siu Fai Wing and Ms. Yu Po Kwan), Mr. Lam Kin Hong, Matthew, Mr. Ho Wing Tim, Mr. Lam Kin Ngok, Peter, Mr. Lee Po On, Madam U Po Chu and Mr. Yew Yat Ming, the non-executive directors are Mr. Lam Kin Ko, Stewart, Mr. Chiu Wai, Mr. Shiu Kai Wah, Mr. Siu Fai Wing and Ms. Yu Po Kwan and the independent non-executive directors are Mr. Wong Yee Sui, Andrew, Mr. Lam Bing Kwan and Mr. Mui Ying Chun, Robert.