

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



LAI FUNG HOLDINGS

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

PURCHASE OF 30% EQUITY INTEREST IN A FORTUNE INC. AND ASSIGNMENT OF LOAN CONSTITUTING A CONNECTED TRANSACTION

The Directors announce that on 16 October 2009, the Vendor and the Purchaser entered into the Sale and Purchase Agreement pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, representing 30% of the issued share capital of A Fortune, and the Sale Loan, representing all shareholder's loan advanced to A Fortune by the Vendor at the Consideration. A Fortune is currently an indirect subsidiary of the Company, in which the Company has 70% interest. Upon Completion, the Company will indirectly hold 100% of the issued share capital of A Fortune.

A Fortune is an investment holding company and its principal activity is the holding of 100% interest in CIL which in turn possesses the right to acquire the Land.

As the Vendor is a connected person of the Company, the Transaction constitutes a connected transaction of the Company under the Listing Rules. As the relevant percentage ratios are higher than 0.1% but lower than 2.5%, the Transaction is only subject to the reporting and announcement requirements, and is exempt from independent shareholders' approval requirements under the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date:

16 October 2009

Parties:

Vendor: Trump Glory International Limited

Purchaser: Lai Fung Company Limited, a wholly-owned subsidiary of the Company

The Vendor is a substantial shareholder of A Fortune and a connected person of the Company under the Listing Rules.

Assets to be acquired:

Pursuant to the Sale and Purchase Agreement, the Purchaser agreed to purchase from the Vendor and the Vendor agreed to sell (i) the Sale Shares, representing 30% of the issued share capital of A Fortune and (ii) the Sale Loan, representing all shareholder's loan advanced by the Vendor to A Fortune.

Consideration:

The total consideration payable by the Purchaser to the Vendor for the Sale Shares and the Sale Loan is HK\$5,500,000 and is payable in cash upon Completion.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser. In determining the Consideration, the Purchaser has taken into account the prevailing market conditions and the potential growth in the property market of the PRC.

The original purchase cost paid for the Sale Loan and the Sale Shares by the Vendor is US\$450,000 (representing HK\$3,510,000).

INFORMATION ON A FORTUNE

A Fortune is a company limited by shares incorporated in the British Virgin Islands with an issued share capital of US\$100 (representing HK\$780). The issued share capital of A Fortune is currently owned as to 70% by the Purchaser and 30% by the Vendor. A Fortune will become an indirect wholly-owned subsidiary of the Company upon Completion.

A Fortune is an investment holding company and its principal activity is the holding of 100% interest in CIL which in turn possesses the right to acquire a parcel of land in Li Wan District, Guangzhou, Guangdong Province, the PRC (the "Land").

The unaudited consolidated net loss (both before and after taxation and extraordinary items) of A Fortune and its subsidiaries ("A Fortune Group") for the financial year ended 31 July 2008 was approximately HK\$12 million. The unaudited consolidated net loss (both before and after taxation and extraordinary items) of A Fortune Group for the financial year ended 31 July 2009 was HK\$182.

The unaudited consolidated total assets of A Fortune Group as at 31 July 2009 were HK\$6. The unaudited consolidated net liabilities of A Fortune Group as at 31 July 2009 were approximately HK\$12.4 million.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors consider that the Transaction enables the Group to consolidate control of A Fortune, which will enhance the flexibility in its future development to the benefit of the Company and its shareholders as a whole. The right to acquire the Land should enable the Group to increase the potential for growth of its development property portfolio in Guangzhou, the PRC.

The Directors consider that the Transaction is in the ordinary and usual course of business of the Group and the Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

The Vendor is a substantial shareholder of A Fortune and accordingly a connected person of the Company. The Transaction therefore constitutes a connected transaction of the Company under the Listing Rules. As the relevant percentage ratios are higher than 0.1% but lower than 2.5%, the Transaction is only subject to the reporting and announcement requirements, and is exempt from independent shareholders' approval requirements under the Listing Rules.

GENERAL

The Group is principally engaged in the business of property development for sale and property investment for rental purpose in Shanghai, Guangzhou and Zhongshan, the PRC.

The principal activity of the Vendor is investment holding.

DEFINITIONS

“A Fortune”	A Fortune Inc., a company incorporated in the British Virgin Islands with limited liability
“Board”	the board of Directors
“CIL”	The Coin International Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Company”	Lai Fung Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited
“Completion”	completion of the Transaction in accordance with the terms of the Sale and Purchase Agreement
“Consideration”	the aggregate consideration for the sale and purchase of the Sale Shares and the Sale Loan, being HK\$5,500,000
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People's Republic of China and for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Purchaser”	Lai Fung Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 16 October 2009 and entered into between the Vendor and the Purchaser
“Sale Loan”	the loans advanced by the Vendor to A Fortune, being HK\$3,706,441.68
“Sale Shares”	30 ordinary shares of US\$1 each in A Fortune registered in the name of the Vendor
“Transaction”	the purchase of the Sale Shares by the Purchaser from the Vendor and the assignment to the Purchaser of the entire benefits of and interests in the Sale Loan pursuant to the terms and conditions of the Sale and Purchase Agreement
“Vendor”	Trump Glory International Limited, a company incorporated in Hong Kong with limited liability
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 19 October 2009

As at the date of this announcement, the executive directors of the Company are Mr. Lam Kin Ngok, Peter, Mr. Lam Kin Ming, Mr. Lam Kin Hong, Matthew, Mr. Lam Hau Yin, Lester, Madam U Po Chu, Mr. Lau Shu Yan, Julius, Mr. Tam Kin Man, Kraven, Miss Leung Churk Yin, Jeanny and Mr. Cheng Shin How; the non-executive director is Mr. Lim Ming Yan (alternate director: Mr. Leow Juan Thong, Jason); and the independent non-executive directors are Mr. Lam Bing Kwan, Mr. Ku Moon Lun and Mr. Law Kin Ho.

For the purpose of this announcement, the translation of US\$ into HK\$ is based on the approximate exchange rate of US\$1.00 = HK\$7.80.