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

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LAI FUNG HOLDINGS

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

CONNECTED TRANSACTION

DEED OF CONDITIONAL WAIVER

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



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

A letter from the Board is set out on pages 6 to 15 of this circular.

A letter from the Independent Board Committee is set out on page 16 of this circular and a letter from CIMB, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 25 of this circular.

A notice convening the EGM to be held at Gloucester Room II, 3rd Floor, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 18 December 2012 at 9:00 a.m. (or as soon thereafter as the AGM convened at the same place and on the same date at 8:15 a.m. shall have been concluded or adjourned) is set out on pages 30 to 35 of this circular. **The subject matter of this circular relates only to the proposed Ordinary Resolution no. 5, the text of which is contained in the notice of the EGM on pages 33 and 34 of this circular.**

Shareholders are advised to read the above notice and if you are not able to attend the EGM but wish to exercise your right as a Shareholder, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's branch share registrars in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the respective meanings set out below:

“Affiliated Groups”	the LSG Group, the LSD Group, the eSun Group and the MAGH Group while the “ Affiliated Group ” shall refer to any one of them and “ its Affiliated Group ” shall refer to the Affiliated Group of the respective Affiliated Issuer to which it relates
“Affiliated Issuers”	LSG, LSD, eSun and MAGH while the “ Affiliated Issuer ” shall refer to any one of them
“AGM”	the 2012 annual general meeting of the Company to be convened and held at Gloucester Room II, 3rd Floor, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 18 December 2012 at 8:15 a.m.
“Announcement”	the announcement dated 30 October 2012 made by the Company in relation to the Deed of Conditional Waiver
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“chief executive”	has the same meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Lai Fung Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and registered in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1125)
“connected person”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Covenantors”	means the covenantors that are listed corporations under the Existing Undertakings, namely LSG and LSD

DEFINITIONS

“Deed of Conditional Waiver”	the deed of conditional waiver dated 30 October 2012 and executed by the Company in favour of the Covenantors (as supplemented by the Supplemental Deed), the details of which are summarised in the section headed “ <i>Letter From The Board</i> ” in this circular
“Director(s)”	director(s) of the Company
“Dr. KM Lam”	Dr. Lam Kin Ming, the deputy chairman of the Board and an executive Director, the chairman and an executive director of LSG and a non-executive director of LSD
“Dr. Peter Lam”	Dr. Lam Kin Ngok, Peter, the chairman of the Board and an executive Director (before 1 November 2012), an executive director of eSun, a deputy chairman and an executive director of LSG as well as the chairman and an executive director of both of LSD and MAGH
“EGM”	the extraordinary general meeting of the Company to be convened and held at Gloucester Room II, 3rd Floor, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 18 December 2012 at 9:00 a.m. (or as soon thereafter as the AGM convened at the same place and on the same date at 8:15 a.m. shall have been concluded or adjourned) to, inter alia, consider and, if thought fit, approve the Deed of Conditional Waiver
“Eligible Director(s)”	Director(s) who is(are) not materially interested in the matters to be resolved at the relevant meeting of the Special Committee
“eSun”	eSun Holdings Limited, an exempted company incorporated in Bermuda with limited liability and registered in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571), holding indirectly approximately 48.69% of the issued Shares and was held indirectly as to approximately 39.23% by LSD as at the Latest Practicable Date
“eSun Group”	eSun and its subsidiaries other than the MAGH Group and the Group
“eSun Independent Shareholders”	shareholders of eSun other than LSD, Dr. Peter Lam, Mr. Lam Hau Yin, Lester and their respective associates, if any, and shareholders of eSun who are required to abstain from voting on the relevant resolution(s) in respect of the Deed of Conditional Waiver under the Listing Rules

DEFINITIONS

“Existing Undertakings”	the undertakings provided in the spin-off agreement between LSD and the Company, a deed of undertaking provided by LSD and the non-compete agreement among LSG, Messrs. Lam, the late Mr. Lim Por Yen and the Company, all dated 12 November 1997, details of which have been disclosed in the listing document of the Company dated 18 November 1997
“Group”	the Company and its subsidiaries
“HKFRS(s)”	the Hong Kong Financial Reporting Standard(s) issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising two of the independent non-executive Directors, namely Mr. Ku Moon Lun and Mr. Law Kin Ho, established to advise the Independent Shareholders in respect of the Deed of Conditional Waiver
“Independent Financial Adviser” or “CIMB”	CIMB Securities Limited, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Deed of Conditional Waiver
“Independent Shareholders”	Shareholders other than eSun and its associates and Shareholders who are required to abstain from voting on the resolution(s) in respect of the Deed of Conditional Waiver under the Listing Rules
“Latest Practicable Date”	28 November 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LSD”	Lai Sun Development Company Limited, a company incorporated under the Laws of Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488) which was held directly and indirectly as to approximately 48.55% by LSG as at the Latest Practicable Date

DEFINITIONS

“LSD Group”	LSD and its subsidiaries and associated companies other than the eSun Group, the MAGH Group and the Group
“LSG”	Lai Sun Garment (International) Limited, a company incorporated under the Laws of Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 191) which was held directly and indirectly as to approximately 38.06% by Dr. Peter Lam as at the Latest Practicable Date
“LSG Group”	LSG and its subsidiaries and associated companies except the LSD Group, the eSun Group, the MAGH Group and the Group
“Macau”	the Macau Special Administrative Region of the PRC
“MAGH”	Media Asia Group Holdings Limited, a company incorporated in the Cayman Islands and continued as an exempted company in Bermuda with limited liability as well as registered in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance, the issued shares of which are listed and traded on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8075), which was held indirectly as to approximately 51.09% by eSun as at the Latest Practicable Date
“MAGH Group”	MAGH and its subsidiaries
“Messrs. Lam”	Dr. Peter Lam and Dr. KM Lam
“PRC”	the People’s Republic of China and for the purpose of this circular, excluding Hong Kong and Macau
“PRC Infrastructure Projects”	infrastructure projects involving the development, ownership, operation and/or management of infrastructure operations/ business of all kinds in the PRC including container terminals, cargo handling and storage facilities, airports, power stations, toll roads, expressways, bridges, tunnels and water treatment plants
“PRC Property Projects”	development, investment or management of property or land in the PRC (save for the interests of LSG, LSD and Messrs. Lam from time to time in the management of serviced apartments, club or resort operations and in financial, trading, manufacturing, hospitality, leisure and entertainment businesses, bonded areas and any property development, investment and management incidental and ancillary to such businesses)

DEFINITIONS

“Restricted Opportunity(ies)”	in respect of each Affiliated Issuer, any bona fide offer or invitation of business opportunity(ies), the pursuance of which by any member of its Affiliated Group is prohibited under the Existing Undertakings, such restrictions having been summarised under “ Background ” in the section headed “ Letter From The Board ” in this circular below
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Special Committee”	an independent Board committee set up in accordance with the Deed of Conditional Waiver for considering and, if thought fit, confirming the provision of the Waiver in respect of a Restricted Opportunity
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“Supplemental Deed”	the supplemental deed executed by the Company on 19 November 2012 supplementing the conditions precedent in the Deed of Conditional Waiver
“Waiver”	the waiver provided by the Company in favour of the Covenantors pursuant to the Deed of Conditional Waiver in respect of the conduct of Restricted Opportunities by the Affiliated Groups, subject to such terms as may be imposed by the Special Committee, as it may see fit
“%”	per cent.

LETTER FROM THE BOARD



LAI FUNG HOLDINGS

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

Executive Directors:

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

Non-executive Directors:

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

Independent Non-executive Directors:

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

Registered office:

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

*Principal place of business
in Hong Kong:*

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

1 December 2012

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION DEED OF CONDITIONAL WAIVER

INTRODUCTION

Reference is made to the Announcement and the announcement of the Company of 19 November 2012, respectively regarding the Deed of Conditional Waiver and the Supplemental Deed.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) information about the Deed of Conditional Waiver; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Deed of Conditional Waiver; (iii) a letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Deed of Conditional Waiver; and (iv) information on the notice of EGM at which, among others, **Ordinary Resolution no. 5** (the text of which is contained in the notice of EGM on pages 33 and 34 of this circular) will be proposed.

BACKGROUND

In view of the listing of the Shares on the Stock Exchange in 1997, LSD and the Company executed a spin-off agreement on 12 November 1997 and, on the same date, LSD provided a deed of undertaking, under both of which LSD has effectively undertaken (and has undertaken to procure its subsidiaries and associated companies) not to have any direct or indirect interest or otherwise be engaged (other than through the Group and associated companies of the Company) in any PRC Property Projects and PRC Infrastructure Projects, save for their own use or occupation.

On the same date, LSG and the Company also entered into a non-compete agreement, together with Messrs. Lam and the late Mr. Lim Por Yen, the founder of the Lai Sun group, under which the parties thereto agreed effectively that none of Messrs. Lam, the late Mr. Lim Por Yen and LSG (other than through the LSD Group, the Group and associated companies of the Company) will (and will procure his/its respective subsidiaries, associated companies and associates, as the case may be) directly or indirectly participate in, hold any right or interest in or otherwise be involved in any PRC Property Projects or PRC Infrastructure Projects, save for their own use or occupation.

Under the Existing Undertakings, if the Group shall participate in any PRC Infrastructure Project, LSG, LSD and Messrs. Lam shall (and shall procure the respective members of the LSG Group, the LSD Group and their respective associates to) transfer to the Group any interest they may have in PRC Infrastructure Projects at the then prevailing market price. However, with the Deed of Conditional Waiver, the Company will not require such transfer since the activities previously restricted under the Existing Undertakings, including the PRC Property Projects and PRC Infrastructure Projects, (i.e. the Restricted Opportunities) will be within the scope of the Waiver and subject to the determination of the Special Committee.

The Existing Undertakings shall continue to have effect so long as LSG, LSD and Messrs. Lam shall remain the controlling shareholder of the Company as defined under the Listing Rules. Reference is made to the listing document of the Company dated 18 November 1997 for further details on the Existing Undertakings.

DEED OF CONDITIONAL WAIVER

On 30 October 2012, in order to enhance the business potential available to the Company which may otherwise be restricted by the Existing Undertakings, the Company executed the Deed of Conditional Waiver in favour of the Covenantors, pursuant to which the Company conditionally waives any claim, action, proceedings, damages or equitable remedy that it may be entitled to under the Existing Undertakings in respect of the participation by any member of the Affiliated Groups in any Restricted Opportunity which may otherwise be prohibited under the Existing Undertakings, subject to their compliance with the provisions of the Deed of Conditional Waiver.

LETTER FROM THE BOARD

The Waiver will not apply to Messrs. Lam but will affect them only to the extent if any member of the Affiliated Groups is allowed to participate in a Restricted Opportunity, and such member also constitutes an associate of any of Messrs. Lam, Messrs. Lam will not be regarded as being in breach of the Existing Undertakings.

The terms and conditions of the Existing Undertakings provided by LSG, LSD and Messrs. Lam shall remain unchanged and in full force and effect save to the extent of any Restricted Opportunity to which the Waiver applies.

(a) Conditions precedent to the Deed of Conditional Waiver

The Deed of Conditional Waiver shall only become effective upon the following conditions precedent being fulfilled on or before 31 December 2012 (or such other date as the Company may determine) and shall continue for so long as the Existing Undertakings are in effect:–

- (a) the Independent Shareholders having approved the Deed of Conditional Waiver in accordance with applicable requirements of the Listing Rules;
- (b) the eSun Independent Shareholders having approved the Deed of Conditional Waiver in accordance with the applicable requirements of the Listing Rules; and
- (c) any other consents, approvals or authorisations as may be required under the law or applicable rules and regulations of governmental or regulatory authorities, including the Stock Exchange,

failing which the Deed of Conditional Waiver shall lapse.

As disclosed in the section headed “*Listing Rules Implications*” below, since the execution of the Deed of Conditional Waiver also constitutes a transaction of eSun and is also subject to the reporting, announcement and eSun Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules, on 19 November 2012, the Company had executed the Supplemental Deed supplementing the conditions precedent in the original Deed of Conditional Waiver with condition precedent (b) as disclosed above.

Save for the Independent Shareholders’ approval and the eSun Independent Shareholders’ approval, the Company confirms that no further consents, approvals or authorisations need to be obtained under condition precedent (c) as disclosed above.

(b) Scope and application of the Waiver

The Waiver shall apply strictly in relation to any prospective Restricted Opportunity (whether sourced by the Company on its own or introduced by any member of the Affiliated Groups) involving the joint participation of the Group and any member of the Affiliated Groups. The usual authority of the Board in considering and approving any business opportunities, including any investment by the Group in a Restricted Opportunity solely or jointly with party(ies) other than member(s) of the Affiliated Groups shall remain unaffected. No Waiver shall be required in respect of such opportunities, which are at the sole and unfettered discretion of the Board.

LETTER FROM THE BOARD

Any Restricted Opportunity sourced by or available to any member of the Affiliated Groups shall be referred to the Company for review and determination as follows:

- (a) each Affiliated Issuer shall, upon notice of a Restricted Opportunity having arisen, forthwith and unconditionally refer such Restricted Opportunity to the Company in writing for its consideration;
- (b) each Affiliated Issuer shall provide such information and facilitate such due diligence procedures and the obtaining of such valuations, appraisals and advice as the Company may at its discretion deem necessary or desirable to make an informed assessment;
- (c) the Affiliated Issuers shall allow the Company reasonable time to consider and decide on all matters in relation to the Restricted Opportunities pursuant to the Deed of Conditional Waiver;
- (d) in respect of each Restricted Opportunity, the Affiliated Issuer shall procure that the Group is entitled to take up or jointly participate in such Restricted Opportunity on terms no less favourable than those available to the relevant member(s) of its Affiliated Group; and
- (e) unless and until the Company has confirmed to an Affiliated Issuer the provision of the Waiver, (i) such Affiliated Issuer shall not, and it shall procure that no member of its Affiliated Group shall, refer the Restricted Opportunity to any party other than members of the Group; and (ii) such Affiliated Issuer shall not, and it shall procure that no member of its Affiliated Group shall, enter into any legally binding agreement or arrangement whatsoever in respect of the Restricted Opportunity.

(c) Decision making process of the Board

Upon receipt of a Restricted Opportunity, the Company shall refer the matter to the Board which may, at its sole discretion, make any of the following decisions:–

- (a) to reject a Restricted Opportunity and the terms and conditions of the Existing Undertakings shall remain in full force and effect;
- (b) to invest or participate in a Restricted Opportunity on a sole or joint basis with any party other than member(s) of the Affiliated Groups and the terms and conditions of the Existing Undertakings shall remain in full force and effect; or
- (c) to refer the Restricted Opportunity to the Special Committee for review and consideration on a joint investment basis (involving the investment of one or more members of the Affiliated Groups) in accordance with the Deed of Conditional Waiver as summarised in the section headed ***“Decision making process of the Special Committee”*** below.

The Directors will be required to abstain from voting on any resolution of the Board approving a Restricted Opportunity in which he or any of his associates has a material interest.

LETTER FROM THE BOARD

(d) Decision making process of the Special Committee

Any decision of the Waiver in relation to a Restricted Opportunity referred by the Board shall be made by the Special Committee in a meeting duly convened and held in the following manner:–

- (a) the Special Committee shall comprise Eligible Directors only;
- (b) the quorum of any meeting of the Special Committee shall comprise the Eligible Directors (with a minimum quorum of one Eligible Director), of which the number of independent non-executive Directors attending shall constitute a majority, provided that the Eligible Directors (other than the independent non-executive Directors) shall determine as to who amongst themselves will attend in order to comply with this quorum requirement; in the event the remaining Eligible Directors are unable to decide on their attendance, so far as necessary, one or more Eligible Director(s) (other than the independent non-executive Directors) with the lowest seniority in tenure shall forego attendance, so as to achieve and maintain the required quorum and majority;
- (c) the chairman at any meeting of the Special Committee shall be an independent non-executive Director; and
- (d) no decision of the Special Committee shall be valid or binding on the Company unless it is approved in the meeting by the simple majority (i.e. over half in number of) votes of the Eligible Directors present and voting or, in case of a deadlock, by the casting vote of the chairman at the meeting.

The Special Committee shall make only one of the following decisions:–

- (a) reject the Restricted Opportunity, in which case the terms and conditions of the Existing Undertakings shall remain in full force and effect in respect thereof; or
- (b) accept joint participation by the Group in a Restricted Opportunity with member(s) of the Affiliated Groups, subject to all applicable legal, regulatory and compliance requirements, including the Listing Rules, and the additional considerations provided under the section headed “***Bases and terms of joint participation***” below, in which case the Waiver shall be valid in respect of such joint participation.

If the Restricted Opportunity is referred to the Company by an Affiliated Issuer, the Company shall notify such Affiliated Issuer of the decision of the Board or the Special Committee, as the case may be, and its terms shall be final and binding on the Affiliated Issuer(s) for all intents and purposes without further evidence of the fact.

LETTER FROM THE BOARD

(e) Bases and terms of joint participation

If the Company (through the Special Committee's decision making process) decides to proceed with a Restricted Opportunity involving one or more members of the Affiliated Groups (and any third party investor(s) if appropriate):–

- (a) the Company shall solely determine the basis of participation by each participating member of the Affiliated Groups (whether on a joint venture basis or otherwise), including but not limited to the composition, role and investment proportion of such participant, and the structure and terms of such joint participation;
- (b) the Company's joint participation in any Restricted Opportunity shall be for a minimum of 30% of such project, in terms of, inter alia, investment contribution and the losses or return, if any, shall be proportionate to the level of investment contribution in the Restricted Opportunity; and
- (c) the Company shall maintain a leadership role over the Affiliated Groups in any Restricted Opportunity, and its participation in any Restricted Opportunity in terms of, inter alia, investment contribution shall be no less than the aggregate total of the Affiliated Groups' participation.

REASONS AND BENEFITS FOR ENTERING INTO THE DEED OF CONDITIONAL WAIVER

As part of the listing of its Shares by the Company in 1997 in the midst of the Asian financial crisis, customary non-compete undertakings were given by the then controlling shareholders in favour of the Company. These Existing Undertakings effectively allow only the Company, and not the grantors of the undertakings, to conduct property development and investment business activities in the PRC. In light of the present shareholding structure of the Group and the Affiliated Groups after the re-organisation in 2010, the rapid pace in development of the PRC which favours large scale participation in property projects by conglomerates and the private sector and the PRC government's recent austerity measures which have restricted bank financing in the PRC, the Company proposes the Deed of Conditional Waiver to meet the Group's present expectations and goals to maintain a prudent yet flexible approach to build on its investment and for-sale property portfolio and continue to replenish its land bank, with a view to delivering long-term competitive growth and performance drivers for the Group and the Shareholders. Under the Deed of Conditional Waiver, the already close relationship between the Affiliated Issuers and the Group can be expected to promote the concentrated development efforts by the parties on a larger scale under the Group's leadership and ultimately help bolster a greater presence of the Group in the property market.

LETTER FROM THE BOARD

As a unilateral instrument, the Deed of Conditional Waiver does not create any obligation for the Affiliated Issuers, unless they wish to embark on any real estate projects in the PRC. As a condition for any participation, the Affiliated Issuers are required to unconditionally and exclusively refer any Restricted Opportunity to the Group in order to avail themselves of the Waiver, without which any participation by the Affiliated Groups in such activities is strictly prohibited. The Deed of Conditional Waiver is intended to open up an avenue of joint participation with the Affiliated Issuers in addition to (and not in exclusion of) the existing route of co-operating with external independent property developers by the Group. Subject to commercial merits and on a case by case basis, the Group will be free to jointly participate with the Affiliated Issuers and/or external independent property developers under the terms of the Deed of Conditional Waiver.

With the Deed of Conditional Waiver in place, not only will the Group be able to diversify its risks through joint participation of PRC projects with the Affiliated Groups, the Group will also have the opportunity to leverage on the diverse resources and expertise of the Affiliated Groups, particularly for large scale projects which might otherwise be difficult for the Group to solely conduct. The scope and application of the Deed of Conditional Waiver are confined such as to only permit the Company to explore the possible sharing of Restricted Opportunities with the Affiliated Groups only on the fundamental basis and term of joint participation with the Group as project leader, and any joint participation must also meet with the Special Committee's approval in a disinterested decision making process, with fair and prudent safeguards including the ultimate authority to reject any Restricted Opportunity, in which case the terms and conditions of the Existing Undertakings shall remain in full force and effect in respect thereof. The Existing Undertakings will continue to protect the Group and, in conjunction with the Deed of Conditional Waiver, aim to watchfully and in moderation allow the Group to strengthen its market competitiveness and future growth prospects.

The Company considers the Deed of Conditional Waiver beneficial to the Group and the Shareholders as a whole, since it encourages the Affiliated Groups to introduce Restricted Opportunities to the Company, thereby enhancing the Group's access to greater business opportunities in the PRC, while preserving the Company's power to determine whether or not, and to what extent, the Affiliated Groups may participate in any Restricted Opportunities. It further provides the opportunity for the Company to maintain a leadership role in co-invested PRC property projects, which may not otherwise be available in a joint participation project with an independent third party.

Reference is made to the joint announcement of the Company and eSun of 16 September 2011, save in respect of the preliminary co-operation agreement entered into by the Company and eSun with the Hengqin New District Management Committee and the potential joint investment in and development of the project in Hengqin Cultural and Creative Zone, Zhuhai, Guangdong Province, the PRC, as at the Latest Practicable Date, the Group has no agreement, arrangement, intention or negotiation (concluded or otherwise) to jointly participate in a specific Restricted Opportunity with the Affiliated Groups and the Group has not identified or been referred any specific Restricted Opportunity by the Affiliated Groups.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

LSG and LSD are associates of Dr. Peter Lam and are, therefore, connected persons of the Company. The execution of the Deed of Conditional Waiver constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Due to the early adoption by eSun of certain new and revised HKFRSs (including HKFRS 10 "*Consolidated Financial Statements*") for the financial year ended 31 July 2012, the Company has been accounted for and consolidated in the consolidated financial statements of eSun as a subsidiary. Accordingly, the execution of the Deed of Conditional Waiver (as supplemented by the Supplemental Deed) also constitutes a transaction of eSun, in addition to constituting a transaction of the Company, and is also subject to the reporting, announcement and independent shareholders approval requirements for eSun under Chapter 14A of the Listing Rules.

INFORMATION ON THE GROUP AND THE AFFILIATED GROUPS

The principal business activities of the Group include property development for sale and property investment for rental in the PRC.

The principal business activities of LSG and its subsidiaries include property development and investment in Hong Kong and investment holding.

The principal business activities of LSD and its subsidiaries include property investment, property development, investment in and operation of hotels and restaurants as well as investment holding.

eSun acts as an investment holding company and the principal activities of its subsidiaries include the development and operation of and investment in media, entertainment, music production and distribution, the investment in and production and distribution of television programs, film and video format products, the provision of advertising agency services, and the sale of cosmetic products and property development and investment.

MAGH acts as an investment holding company and the principal activities of its subsidiaries 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; cinema investment and operation; provision of consultancy services in planning and management of cultural, entertainment and live performance projects; provision of contents to new media; and operation of new media and related business primarily in the PRC and Macau.

LETTER FROM THE BOARD

EGM

The notice convening the EGM is set out on pages 30 to 35 of this circular. The EGM will be held at Gloucester Room II, 3rd Floor, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 18 December 2012 at 9:00 a.m. (or as soon thereafter as the AGM of the Company convened at the same place and on the same date at 8:15 a.m. shall have been concluded or adjourned) to, inter alia, consider and, if thought fit, approve the Deed of Conditional Waiver, the proposed resolution is set out under **Ordinary Resolution no. 5**, the text of which is contained in the notice of EGM on pages 33 and 34 of this circular.

A form of proxy for use at the EGM is accompanied with this circular. If you are not able to attend the EGM but wish to exercise your right as a Shareholder, please complete and sign the form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's branch share registrars in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. The resolutions to be proposed at the EGM are required to be voted upon by way of poll.

Any connected person of the Company with a material interest in the Deed of Conditional Waiver, and any Shareholder with a material interest in such transaction and its associates, shall not vote on the resolution in relation to the Deed of Conditional Waiver proposed at the EGM. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, eSun and its associates (which were interested in approximately 48.69% of all issued Shares) are required to abstain from voting on the relevant resolution at the EGM.

VOTING BY WAY OF POLL

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

RECOMMENDATION

Having taken into account the factors as disclosed in the section headed "**Reasons And Benefits For Entering Into The Deed Of Conditional Waiver**" above, the Directors (other than the Excluded Directors as described below) consider that the terms of the Deed of Conditional Waiver are fair and reasonable and are in the interests of the Group and the Independent Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the **Ordinary Resolution no. 5** (the text of which is contained in the notice of EGM on pages 33 and 34 of this circular) to be proposed at the EGM to approve the Deed of Conditional Waiver.

LETTER FROM THE BOARD

For the purpose of the above paragraph, the Excluded Directors are: Dr. Peter Lam, Mr. Chew Fook Aun, Dr. KM Lam, Mr. Lam Kin Hong, Matthew, Mr. Lam Hau Yin, Lester, Madam U Po Chu, Mr. Lau Shu Yan, Julius and Mr. Lui Siu Tsuen, Richard, all of whom are executive Directors except for Dr. Peter Lam and Mr. Lui Siu Tsuen, Richard whose respective resignations as executive Director became effective on 1 November 2012, and Mr. Lam Bing Kwan, an independent non-executive Director. The Excluded Directors abstained from voting on the Board resolutions approving the Deed of Conditional Waiver as (i) Dr. Peter Lam is also a director of each of LSG, LSD, eSun and MAGH; (ii) each of Dr. KM Lam and Mr. Lam Bing Kwan is also a director of each of LSD and LSG; (iii) each of Mr. Chew Fook Aun, Mr. Lam Hau Yin, Lester and Madam U Po Chu is also a director of each of LSG, LSD and eSun; (iv) Mr. Lam Kin Hong, Matthew is also a director of LSG; (v) Mr. Lau Shu Yan, Julius is also a director of LSD; and (vi) Mr. Lui Siu Tsuen, Richard is also a director of each of eSun and MAGH.

The Independent Board Committee comprising two of the independent non-executive Directors, namely Mr. Ku Moon Lun and Mr. Law Kin Ho, has been established to advise the Independent Shareholders in respect of the Deed of Conditional Waiver. Since Mr. Mak Wing Sum, Alvin was appointed as an independent non-executive Director on 1 November 2012 and not involved in the consideration of matters relating to the Deed of Conditional Waiver, he is not appointed as a member of Independent Board Committee. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on page 16 of this circular and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which is set out on pages 17 to 25 of this circular containing their advice and recommendation to the Independent Board Committee and the Independent Shareholders regarding the terms of the Deed of Conditional Waiver as well as the principal factors and reasons taken into consideration in arriving at their advice.

ADDITIONAL INFORMATION

Your attention is drawn to the general information set out in the Appendix to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



LAI FUNG HOLDINGS

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

1 December 2012

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

DEED OF CONDITIONAL WAIVER

We refer to the circular of the Company dated 1 December 2012 (the “**Circular**”) despatched to the Shareholders of which this letter forms part. Unless the context requires otherwise, terms and expressions defined or adopted in the Circular shall have the same respective meanings in this letter.

We have been appointed by the Board to advise the Independent Shareholders on the Deed of Conditional Waiver and whether its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Board Committee appointed CIMB as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Deed of Conditional Waiver.

We wish to draw your attention to the letter from the Board as set out on pages 6 to 15 of the Circular and the letter from CIMB as set out on pages 17 to 25 of the Circular.

Having taken into account the principal factors and reasons considered by CIMB, its conclusion and advice, we concur with the opinion of CIMB that the terms of the Deed of Conditional Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the **Ordinary Resolution no. 5** (the text of which is contained in the notice of EGM on pages 33 and 34 of this circular) to be proposed at the EGM to approve the Deed of Conditional Waiver.

Yours faithfully,
Independent Board Committee
Lai Fung Holdings Limited

Ku Moon Lun

Law Kin Ho

Independent Non-executive Directors

LETTER FROM CIMB

The following is the text of a letter of advice from the Independent Financial Adviser prepared for the purpose of inclusion in the circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Deed of Conditional Waiver.



Units 7706-08, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

1 December 2012

*To the Independent Board Committee and the Independent Shareholders of
Lai Fung Holdings Limited*

Dear Sirs,

CONNECTED TRANSACTION IN RELATION TO DEED OF CONDITIONAL WAIVER

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to the Deed of Conditional Waiver, details of which are set out in the Letter from the Board in a circular dated 1 December 2012 to the Shareholders (the “Circular”) of which this letter forms part. Unless the context otherwise requires, capitalized terms used in this letter shall have the same meanings as those defined in the Circular.

On 30 October 2012, in order to enhance the business potential available to the Company which may otherwise be restricted by the Existing Undertakings, the Company executed the Deed of Conditional Waiver in favour of the Covenantors, pursuant to which the Company conditionally waives any claims, actions, proceedings, damages or equitable remedy that it may be entitled to under the Existing Undertakings in respect of the participation by any member of the Affiliated Groups in any Restricted Opportunity which may otherwise be prohibited under the Existing Undertakings, subject to their compliance with the provisions of the Deed of Conditional Waiver.

LSG and LSD are associates of Dr. Peter Lam, and are therefore connected persons of the Company under the Listing Rules. The execution of the Deed of Conditional Waiver constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising Mr. Ku Moon Lun and Mr. Law Kin Ho, being the two independent non-executive Directors has been formed to advise the Independent Shareholders in relation to the Deed of Conditional Waiver. The Company will propose ordinary resolutions at the next EGM for the Shareholders to consider and, if thought fit, approve the Deed of Conditional Waiver.

LETTER FROM CIMB

BASIS OF OPINION

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and the senior management of the Company. The Directors have declared in a responsibility statement set out in the Circular that they collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement herein or this Circular misleading. We have also assumed that the information and the representations made as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so at the date of the despatch of the Circular. Shareholders will be informed as soon as reasonably practicable after we have become aware of any material change to the above during the period from the date of the Circular and up to the time of the EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and senior management of the Company.

We consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules including the notes thereto to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Affiliated Groups, the Company or any of its subsidiaries or associates. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. In rendering this opinion, we have not provided legal, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion as to whether the execution of the Deed of Conditional Waiver is fair and reasonable in so far as the Company and the Independent Shareholders as a whole are concerned, we have taken into account the following principal factors and reasons:

1. Background of the Existing Undertakings

The principal business activities of the Group include property development for sale and property investment for rental in the PRC. The principal business activities of LSG and its subsidiaries include property development and investment in Hong Kong and investment holding. The principal business activities of LSD and its subsidiaries include property investment, property development, investment in and operation of hotels and restaurants as well as investment holding. eSun acts as an investment holding company and the principal activities of its subsidiaries include the development and operation of and investment in media, entertainment, music production and distribution, the investment in and production and distribution of television programs, film and video format products, the provision of advertising agency services, and

LETTER FROM CIMB

the sale of cosmetic products and property development and investment (exclusively through the Company). MAGH acts as an investment holding company and the principal activities of its subsidiaries include film production and distribution; organization, management and production of concerts and live performances; artiste management; production and distribution of television drama series; music production and publishing; cinema investment and operation; provision of consultancy services in planning and management of cultural, entertainment and live performance projects; provision of contents to new media; and operation of new media and related business primarily in the PRC and Macau.

In view of the listing of the Shares on the Stock Exchange in 1997, LSD and the Company executed a spin-off agreement on 12 November 1997 and, on the same date, LSD provided a deed of undertaking, under both of which LSD has effectively undertaken (and has undertaken to procure its subsidiaries and associated companies) not to have any direct or indirect interest or otherwise be engaged (other than through the Group and associated companies of the Company) in any PRC Property Projects and PRC Infrastructure Projects, save for their own use or occupation.

On 12 November 1997, LSG and the Company also entered into a non-compete agreement, together with Messrs. Lam and the late Mr. Lim Por Yen, the founder of the Lai Sun Group, under which the parties thereto agreed, effectively, that none of Messrs. Lam, the late Mr. Lim Por Yen and LSG (other than through the LSD Group, the Group and associated companies of the Company) will (and will procure his/its respective subsidiaries, associated companies and associates, as the case may be) directly or indirectly participate in, hold any right or interest in or otherwise be involved in any PRC Property Projects or PRC Infrastructure Projects, save for their own use or occupation.

As stated in the Letter from the Board, under the Existing Undertakings, if the Group shall participate in any PRC Infrastructure Project, LSG, LSD and Messrs. Lam shall (and shall procure the respective members of the LSG Group, the LSD Group and their respective associates to) transfer to the Group any interest they may have in PRC Infrastructure Projects at the then prevailing market price. However, with the Deed of Conditional Waiver, the Company will not require such transfer since all of the activities previously restricted under the Existing Undertakings, including the PRC Property Projects and PRC Infrastructure Projects, (i.e. the Restricted Opportunities) will be within the scope of the Waiver and subject to the determination of the Special Committee.

The Existing Undertakings shall continue to have effect so long as LSG, LSD and Messrs. Lam shall remain the controlling shareholder of the Company as defined under the Listing Rules.

On 30 October 2012, in order to enhance the business potential available to the Company which may otherwise be restricted by the Existing Undertakings, the Company executed the Deed of Conditional Waiver in favour of the Covenantors, pursuant to which the Company conditionally waives any claim, action, proceedings, damages or equitable remedy that it may be entitled to under the Existing Undertakings in respect of the participation by any member of the Affiliated Groups in any Restricted Opportunity which may otherwise be prohibited under the Existing Undertakings, subject to their compliance with the provisions of the Deed of Conditional Waiver. The Waiver will not apply to Messrs. Lam but will affect them only to the

LETTER FROM CIMB

extent if any member of the Affiliated Groups is allowed to participate in a Restricted Opportunity, and such member also constitutes an associate of any of Messrs. Lam, Messrs. Lam will not be regarded as being in breach of the Existing Undertakings. As the execution of the Deed of Conditional Waiver merely opened up the avenue of joint participation with the Affiliated Issuers for the Restricted Opportunities and any future transactions will be subject to the provisions of the Deed of Conditional Waiver, the execution of the Deed of Conditional Waiver shall have no immediate material impact on the financial and operational position of the Group. The terms and conditions of the Existing Undertakings provided by LSG, LSD and Messrs. Lam shall remain unchanged and in full force and effect save to the extent of any Restricted Opportunity to which the Waiver applies.

2. Reasons and benefits for the execution of the Deed of Conditional Waiver

As stated in the Letter from the Board, as part of the listing of its Shares by the Company in 1997 in the midst of the Asian financial crisis, customary non-compete undertakings were given by the then controlling shareholders in favour of the Company primarily to minimize potential conflict of interest. In light of the rapid pace of development in the PRC which favours large scale property projects by conglomerates and the PRC government's recent austerity measures which have restricted bank financing in the PRC, the Company proposes the Deed of Conditional Waiver to meet the Group's present expectations and goals to maintain a prudent yet flexible approach to build on its investment and for-sale property portfolio and continue to replenish its land bank, with a view to deliver long-term competitive growth and performance drivers for the Group and the Shareholders. Under the Deed of Conditional Waiver, the already close relationship between the Affiliated Issuers and the Group can be expected to promote the concentrated development efforts by the parties on a larger scale under the Group's leadership and ultimately help bolster a greater presence of the Group in the property market.

As a unilateral instrument, the Deed of Conditional Waiver does not create any obligation for the Affiliated Issuers, unless they wish to embark on any real estate projects in the PRC. As a condition for any participation, the Affiliated Issuers are required to unconditionally and exclusively refer to the Group any Restricted Opportunity in order to avail themselves of the Waiver, without which any participation by the Affiliated Groups in such activities is strictly prohibited. The Deed of Conditional Waiver is intended to open up an avenue of joint participation with the Affiliated Issuers in addition to (and not in exclusion of) the existing route of co-operating with external independent property developers by the Group. Subject to commercial merits and on a case by case basis, the Group will be free to jointly participate with the Affiliated Issuers and/or external independent property developers under the terms of the Deed of Conditional Waiver.

With the Deed of Conditional Waiver in place, not only will the Group be able to diversify its risks through joint participation of PRC projects with the Affiliated Groups, the Group will also have the opportunity to leverage on the diverse resources and expertise of the Affiliated Groups, particularly for large scale projects (beyond the Group's capability) which might otherwise be difficult for the Group to solely conduct. The Existing Undertakings will continue to protect the Group while, in conjunction with the Deed of Conditional Waiver, aim to watchfully and in moderation allow the Group to strengthen its market competitiveness and future growth prospects.

LETTER FROM CIMB

The Company considers the Deed of Conditional Waiver beneficial to the Group and the Shareholders as a whole, since it encourages the Affiliated Groups to introduce Restricted Opportunities to the Company, thereby enhancing the Group's access to greater business opportunities in the PRC, while preserving the Company's power to determine whether or not, and to what extent, the Affiliated Groups may participate in any Restricted Opportunities. It further provides the opportunity for the Company to maintain a leadership role in co-invested PRC property projects, which may not otherwise be available in a joint participation project with an independent third party.

3. Principal terms of the Deed of Conditional Waiver

- (i) If the Company (through the Special Committee's decision making process) decides to proceed with a Restricted Opportunity involving one or more members of the Affiliated Groups (and any third party investor(s) if appropriate):
- the Company shall solely determine the basis of participation by each participating member of the Affiliated Groups (whether on a joint venture basis or otherwise), including but not limited to the composition, role and investment proportion of such participant, and the structure and terms of such joint participation;
 - the Company's joint participation in any Restricted Opportunity shall be for a minimum of 30% of such project, in terms of, inter alia, investment contribution and the losses or return, if any, shall be proportionate to the level of investment contribution in the Restricted Opportunity; and
 - the Company shall maintain a leadership role over the Affiliated Groups in any Restricted Opportunity and its participation in a Restricted Opportunity, in terms of, inter alia, investment contribution shall be no less than the aggregate total of the Affiliated Groups' participation.
- (ii) Any Restricted Opportunity sourced by or available to any member(s) of the Affiliated Groups shall be referred to the Company for review and determination as follows:
- each Affiliated Issuer shall, upon notice of a Restricted Opportunity having arisen, forthwith and unconditionally refer such Restricted Opportunity to the Company in writing for its consideration;
 - each Affiliated Issuer shall provide such information and facilitate such due diligence procedures and the obtaining of such valuations, appraisals and advice as the Company may at its discretion deem necessary or desirable to make an informed assessment;
 - the Affiliated Issuer shall allow the Company reasonable time to consider and decide on all matters in relation to the Restricted Opportunities pursuant to the Deed of Conditional Waiver;
 - in respect of each Restricted Opportunity, the Affiliated Issuers shall procure that the Group is entitled to take up or jointly participate in such Restricted Opportunity on terms no less favourable than those available to the relevant member(s) of its Affiliated Groups; and

LETTER FROM CIMB

- unless and until the Company has confirmed to an Affiliated Issuer the provision of Waiver, (i) such Affiliated Issuer shall not, and that it shall procure that no member of its Affiliated Group shall refer the Restricted Opportunity to any party other than members of the Group; and (ii) such Affiliated Issuer shall not, and it shall procure that no member of the Affiliated Group shall, enter into any legally binding agreement or arrangement whatsoever in respect of the Restricted Opportunity.
- (iii) Upon receipt of a Restricted Opportunity, the Company shall refer the matter to the Board which may, at its sole discretion, make any of the following decisions:–
- to reject a Restricted Opportunity and the terms and conditions of the Existing Undertakings shall remain in full force and effect;
 - to invest or participate in a Restricted Opportunity on a sole or joint basis with any party other than member(s) of the Affiliated Groups and the terms and conditions of the Existing Undertakings shall remain in full force and effect; or
 - to refer the Restricted Opportunity to the Special Committee for review and consideration on a joint investment basis (involving the investment of one or more members of the Affiliated Groups) in accordance with the Deed of Conditional Waiver.

The Directors will be required to abstain from voting on any resolution of the Board approving a Restricted Opportunity in which he or any of his associates has a material interest.

- (iv) Any decision of the Waiver in relation to a Restricted Opportunity referred by the Board shall be made by the Special Committee in a meeting duly convened and held in the following manner:
- the Special Committee shall comprise Eligible Directors only;
 - the quorum of any meeting of the Special Committee shall comprise the Eligible Directors (with a minimum quorum of one Eligible Director), of which the number of independent non-executive Directors attending shall constitute a majority, provided that the Eligible Directors (other than the independent non-executive Directors) shall determine as to who amongst themselves will attend in order to comply with this quorum requirement; in the event the remaining Eligible Directors are unable to decide on their attendance, so far as necessary, the Eligible Director(s) with the lowest seniority in tenure shall forego attendance, so as to achieve and maintain the required quorum and majority;
 - the chairman at any meeting of the Special Committee shall be an independent non-executive Director; and

LETTER FROM CIMB

- no decision of the Special Committee shall be valid or binding on the Company unless it is approved in the meeting by the simple majority (i.e. over half in number of) votes of the Eligible Directors present and voting or, in case of a deadlock, by the casting vote of the chairman at the meeting.

Our view on principal terms of the Deed of Conditional Waiver

Having taken into account, in particular, (i) the Existing Undertakings will continue to protect the Group while, with the Deed of Conditional Waiver in place, the Group will be able to co-operate with the Affiliated Groups which can strengthen the Group's market competitiveness and future growth prospects; (ii) the proposed change will encourage the Affiliated Issuers to introduce Restricted Opportunities to the Company, which will provide the Company opportunities to participate in potential Restricted Opportunity; (iii) the Company shall have the sole discretion to determine whether or not to decline or to jointly participate with any member(s) of the Affiliated Groups in a Restricted Opportunity and to determine the basis of participation by each participant, which will give flexibility to the Company in handling transactions, particularly, some large scale projects requiring expertise or financial support from the Affiliated Groups, as the resources to be contributed to the project will not depend on the Group only but also the Affiliated Groups; (iv) the Company shall maintain a leadership role among the Affiliated Groups in any Restricted Opportunity and the joint participation by the Company in the Restricted Opportunity shall not be lower than 30% of such project, which can avoid the situation of the Group being involved in a large number of projects with minimal control and participation; (v) the Directors with material interest in the matter shall not be counted in the quorum or entitled to vote on any resolution approving a Restricted Opportunity; and (vi) the quorum in the meeting to approve the Waiver in relation to a Restricted Opportunity will comprise the Eligible Directors, of which the number of independent non-executive Directors attending shall constitute a majority and affirmative votes in simple majority shall be obtained from the Special Committee, we consider there are adequate measures adopted in the grant of Waiver by the Company to the Affiliated Issuers in order to safeguard the interests of the Independent Shareholders in the Group. Hence, we hold the view that the terms of the Deed of Conditional Waiver are fair and reasonable and in the interests of the Group and Independent Shareholders as a whole and consider that no material adverse impact of executing of the Deed of Conditional Waiver should be drawn to the Independent Shareholders' attention.

4. Recent non-compete undertakings

Based on the information published on the website of the Stock Exchange, we have reviewed, to our best knowledge, an exhaustive list of non-compete undertakings entered into between controlling shareholders and those companies which were listed on the Main Board of the Stock Exchange from 1 January 2010 and up to the Latest Practicable Date and are principally engaged in property development for sale and property investment in the PRC (the "Comparable Companies"). The non-compete undertakings provided by the controlling shareholders of these Comparable Companies provide industry specific reference as recently approved by the regulatory bodies for us to consider whether it is uncommon for the other listed issuers engaging in the same industry to allow their controlling shareholders to engage in the similar businesses subject to certain approval mechanism. On this basis, we have identified 9 Comparable Companies. Details of which are summarized as follows:

LETTER FROM CIMB

Date of listing	Stock code	Name of listed company	Would the non-compete undertakings allow the controlling shareholder to engage in the similar businesses	Mechanism on the listed issuer's decision making process as to whether to pursue or decline the opportunity
5 Feb 2010	1966	China SCE Property Holdings Limited	Yes	Any property development business which the listed issuer decided not to make an investment will have to be approved in writing by a majority of all the independent non-executive directors (the "INEDs").
15 Jul 2010	2118	Tian Shan Development (Holding) Limited	Yes	Any decision of the listed issuer will have to be approved by INEDs.
7 Oct 2010	1918	Sunac China Holdings Limited	Yes	The listed issuer shall seek approval as to whether to pursue or decline the opportunity from the board or board committee, comprising, among others, INEDs.
23 Mar 2011	3688	Top Spring International Holdings Limited	Yes	The listed issuer has a right to decide whether to take up or decline the opportunity.
13 Jul 2011	2098	Zall Development (Cayman) Holding Co., Ltd.	No	N/A
22 Jul 2011	1663	Sino Harbour Property Group Limited	Yes	The listed issuer shall only exercise the first right of refusal to decline the opportunity upon approval of a committee comprising all the INEDs.
12 Jan 2012	1281	Kai Shi China Holdings Co. Limited	No	N/A
13 Nov 2012	0884	CIFI Holdings (Group) Co. Ltd.	Yes	Any property development business which the listed issuer decided not to make an investment will have to be approved in writing by a majority of all the INEDs.
19 Nov 2012	1030	Future Land Development Holdings Limited	No	N/A

From the above table, we note that it is not uncommon for non-compete undertakings between the listed issuer and its controlling shareholder to allow the controlling shareholder to engage in the similar businesses given that (i) the listed issuer has the first right to decide whether or not to pursue or decline the opportunity; and (ii) the approval mechanism is in place for any decision made by the listed issuer.

LETTER FROM CIMB

Our view

Having considered the above principal factors and reasons, in particular that,

- (i) the reasons and benefits as mentioned in our view under the section headed “3. Principal Terms of the Deed of Conditional Waiver”;
- (ii) it is not uncommon for non-compete undertakings to allow its controlling shareholders to take up the opportunity given that approval mechanism is in place to protect the interests of its shareholders; and
- (iii) transactions between the Company and connected persons of the Company are already governed by provisions in Chapter 14A of the Listing Rules pursuant to which, where applicable, the transactions will be subject to, among other things, independent shareholders’ approval and, for continuing connected transactions, will also be subject to annual review requirement,

we are of the view that the execution of the Deed of Conditional Waiver is on normal commercial terms, is in the interests of the Group and the Shareholders as a whole and the terms thereof are fair and reasonable so far as the Group and the Independent Shareholders are concerned. As the execution of the Deed of Conditional Waiver is intended to open up the avenue of joint participation with the Affiliated Issuers for the Restricted Opportunities which are the principal business of the Group, we also consider that the execution of the Deed of Conditional Waiver is in the ordinary and usual course of business of the Group. Accordingly, we advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Deed of Conditional Waiver.

Yours faithfully,

For and on behalf of

CIMB Securities Limited

Alex Lau

Director

Corporate Finance

Mabel Lam

Director

Corporate Finance

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF DIRECTORS' INTERESTS

- (a) As at the Latest Practicable Date, save as disclosed below, none of the Directors and the chief executive of the Company had any interest or short position in any Shares, underlying shares (within the meaning of Part XV of the SFO) or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein, or (iii) pursuant to the Code of Practice for Securities Transactions by Directors and Designated Employees adopted by the Company to be notified to the Company and the Stock Exchange:

(1) The Company

(a) Interests in Shares and underlying Shares

Director	Capacity	Number of Shares	Number of underlying Shares	Approximate % of shareholding to total issued Shares
Mr. Lau Shu Yan, Julius	Beneficial owner	12,917,658	Nil	0.08
Mr. Chew Fook Aun	Beneficial owner	Nil	80,479,564 (Note)	0.50

Note: A share option comprising a total of 80,479,564 underlying Shares in the Company was granted to Mr. Chew Fook Aun at an exercise price of HK\$0.133 per Share on 12 June 2012 and is exercisable during the period from 12 June 2012 to 11 June 2020.

(b) Interests in the 9.125% Senior Notes due 2014 issued by the Company

Director	Capacity	Principal Amount
Mr. Lau Shu Yan, Julius	Beneficial owner	US\$300,000

(2) Associated corporation

Interests in shares and underlying shares of eSun

Director	Capacity	Number of shares	Number of underlying shares	Approximate % of shareholding to total issued shares
Mr. Chew Fook Aun	Beneficial owner	Nil	6,216,060 <i>(Note)</i>	0.50
Mr. Lam Hau Yin, Lester	Beneficial owner	2,794,443	Nil	0.22

Note: A share option was granted by eSun to Mr. Chew Fook Aun on 5 June 2012 to subscribe for a total of 6,216,060 eSun shares at an exercise price of HK\$0.92 per eSun share during the period from 5 June 2012 to 4 June 2022.

- (b) As at the Latest Practicable Date, as LSG, LSD and eSun are indirectly interested in approximately 48.69% of all issued Shares, the names of those Directors who are also directors of LSG, LSD and/or eSun are disclosed in the section headed “**Recommendation**” under the “**Letter From The Board**” in this circular.

3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which did not expire or was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTEREST

As at the Latest Practicable Date, save for Mr. Chew Fook Aun, Dr. KM Lam, Mr. Lam Kin Hong, Matthew, Mr. Lam Hau Yin, Lester, Madam U Po Chu, Mr. Lau Shu Yan, Julius, Mr. Cheng Shin How, Mr. Leow Juan Thong, Jason and Mr. Lucas Ignatius Loh Jen Yuh, who held shareholding or other interests and/or directorships in companies or entities engaged in the businesses of property investment and development in the PRC, none of the Directors or their respective associate(s) are considered to have interests in business which compete or are likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules. In any event, such Directors will be subject to the usual requirement to abstain from voting on resolutions of the Board approving any proposal in which any Director or his associate has a material interest, such that the decision making of the Board should not be affected by such material interest. Reference is also made to the section headed “**Recommendation**” under the “**Letter From The Board**” in this circular for the Excluded Directors who abstained from voting on the Board resolutions in respect of the Deed of Conditional Wavier.

5. INTEREST IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 July 2012, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Company.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 July 2012, being the date to which the latest published audited financial statements of the Company were made up.

7. EXPERT AND CONSENT

- (a) The following is the qualification of the Independent Financial Adviser which has given its opinion or advice contained in this circular:

Name	Qualification
CIMB Securities Limited	A licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activity under the SFO

- (b) As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) As at the Latest Practicable Date, the Independent Financial Adviser did not have any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 July 2012, being the date to which the latest published audited financial statements of the Company were made up.
- (d) The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and reference to its name in the form and context in which they appear.
- (e) The letter and recommendation given by the Independent Financial Adviser are given as at of the date of this circular for incorporation herein.

8. GENERAL

In the event of any inconsistency, the English language text of this circular and the form of proxy shall prevail over the Chinese language text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Messrs. Woo, Kwan, Lee & Lo at 26th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours between 10:00 a.m. to 6:00 p.m. (except 1:00 p.m. to 2:00 p.m.) on weekdays from the date of this circular up to and including the date of the EGM and at the EGM:

- (a) the spin-off agreement between LSD and the Company dated 12 November 1997;
- (b) the deed of undertaking provided by LSD dated 12 November 1997;
- (c) the non-compete agreement between LSG, Messrs. Lam, the late Mr. Lim Por Yen and the Company dated 12 November 1997;
- (d) the Deed of Conditional Waiver;
- (e) the Supplemental Deed;
- (f) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 17 to 25 of this circular; and
- (g) the written consent of the Independent Financial Adviser referred to in paragraph 7(d) of the Appendix to this circular.

NOTICE OF EGM



LAI FUNG HOLDINGS

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

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

ORDINARY RESOLUTION NO. 1

1. “**THAT:**

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

NOTICE OF EGM

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

ORDINARY RESOLUTION NO. 2

2. **“THAT:**

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

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

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- (d) for the purposes of this Resolution,

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

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

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

ORDINARY RESOLUTION NO. 3

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

ORDINARY RESOLUTION NO. 4

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

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

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

ORDINARY RESOLUTION NO. 5

5. **“THAT:**

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

NOTICE OF EGM

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

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

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

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

Hong Kong, 1 December 2012

NOTICE OF EGM

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

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

Notes:

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

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

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

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

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