



LAI FUNG HOLDINGS

Lai Fung Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1125)

GENERAL DISCLOSURE ANNOUNCEMENT

2nd Supplemental Memorandum of Cooperation Residential Property Project in Cotai, Macau

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Company will keep shareholders informed of the progress in the development of the Project relating to the 2nd Supplemental MOU, in accordance with the Listing Rules.

The Directors of Lai Fung Holdings Limited (the "Company") refer to the announcements of the Company dated 17th November, 2004, 30th May, 2005 and 4th July, 2005 and announce that East Asia — Televisão por Satélite, Limitada ("EAST"), a wholly-owned subsidiary of eSun Holdings Limited incorporated in Macau, and the Company have executed a 2nd supplemental memorandum of cooperation (the "2nd Supplemental MOU") on 28th December, 2005 to extend the time limit set out under the memorandum of cooperation (as revised by the supplemental memorandum dated 29th June, 2005) between the Company and EAST dated 15th November, 2004 (the "MOU").

The MOU (as revised by the supplemental memorandum dated 29th June, 2005) sets out the major terms of the proposed transaction relating to the granting of the participation rights by EAST to the Company in the proposed residential property development project ("the Project") of the piece of land with an area of approximately 20,000 square metres situated within the site in Cotai City more particularly described as Zona de Aterro entre Taipa e Coloane, Lotes G300, G310 e G400, Estrada Flor de Lotus, Taipa, Macau SAR which has an area of approximately 141,000 square metres (the "Cotai Site"). The parties would, subject to the satisfaction of certain conditions, enter into a formal agreement no later than January 2006 (or such later dates as may be agreed between the parties).

EAST has informed the Company that conditional approval has been given to the proposed development plans in respect of the Cotai Site submitted by EAST on 4th February, 2005 in respect of the construction of a television/film studio, concert hall, convention and exhibition centre and retail complex, two four- to five-star hotels, and an all-suite hotel covering a total gross floor area of approximately 340,000 square metres in an area representing approximately 87% of the Cotai Site. The remaining 13% of the Cotai Site will be reserved tentatively for community and/or other uses. EAST has proposed to initiate negotiations with the Company as soon as possible with a view to agreeing on amendments to the MOU which would serve the best interests of both parties.

Subsequent to the negotiations between the Company and EAST, the 2nd Supplemental MOU was executed to include, inter alia, the following changes to the MOU (as revised by the supplemental memorandum dated 29th June, 2005):

- (i) the parties agreed to extend the deadline for obtaining the relevant governmental licence or approval for the design of works of the Project to no later than 30th June, 2006; in the event that EAST fails to obtain such licence or approval before the prescribed time, the Company shall have the right during the period from 1st to 31st July, 2006 to withdraw from the proposed transaction and request EAST to refund the earnest money (without interest); and
- (ii) after EAST has obtained the relevant governmental licence or approval for the design of works of the Project, the Company shall serve a written notice to EAST in early July 2006 to confirm the proposed transaction and the parties shall enter into the formal cooperation agreement within 14 days (or such later date as may be agreed between the parties) after the date of such notice.

This announcement is made under the general disclosure requirements under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company will keep shareholders informed of the progress in the development of the Project relating to the 2nd Supplemental MOU in accordance with the Listing Rules. **In the meantime, shareholders and the investing public are advised to exercise caution when dealing in the listed securities of the Company.**

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

Hong Kong, 29th December, 2005

As at the date of this announcement, the executive directors of the Company are Mr. Lam Kin Ngok, Peter, Mr. Lam Kin Ming, Mr. Lam Kin Hong, Matthew, Mr. Lam Hau Yin, Lester, Mr. Ho Wing Tim, Mr. Lee Po On, Madam U Po Chu, Mr. Lau Shu Yan, Julius and Mr. Tam Kin Man, Kraven; the non-executive director is Mr. Lam Kin Ko, Stewart, and the independent non-executive directors are Mr. Wong Yee Sui, Andrew, Mr. Lam Bing Kwan and Mr. Wan Yee Hwa, Edward.