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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 to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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LAI FUNG HOLDINGS

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

**DISCLOSEABLE TRANSACTION-
PURCHASE OF 87.5% EQUITY INTEREST IN
FRANK LIGHT DEVELOPMENT LIMITED
AND ASSIGNMENT OF LOANS**

A letter from the board of directors of Lai Fung Holdings Limited is set out on pages 4 to 12 of this circular.

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DEFINITIONS

In this circular, the following expressions have the following meanings, unless the context otherwise requires:

“Baiyun Construction”	廣州市白雲城市建設開發有限公司 (Guangzhou City Baiyun Chengshi Construction and Development Co. Ltd.), the PRC investor of Guangzhou Honghui;
“Business Day”	a day which banks in Hong Kong are generally open for business (other than a Saturday, a Sunday or a public holiday)
“Company”	Lai Fung Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Conditions”	the conditions precedent to Completion provided in the Sale and Purchase Agreement, a summary thereof is set out in this circular
“Completion”	completion of the Transaction
“Completion Date”	the date on which Completion takes place in accordance with the terms of the Sale and Purchase Agreement
“Consideration”	the aggregate consideration for the sale and purchase of the Sale Shares and the Sale Loans, being HK\$230,000,000 plus the Further Loans (if any)
“Directors”	the directors of the Company
“First Long Stop Date”	8 December 2006 or such other date as the Vendors and Purchaser may agree in writing
“Final Long Stop Date”	8 December 2008 or such other date as the Vendors and Purchaser may agree in writing
“Frank Light”	Frank Light Development Limited, a company incorporated in Hong Kong with limited liability
“Further Loans”	as such term is defined in the paragraph headed “Consideration” in the Letter from the Board
“Group”	the Company and its subsidiaries
“Guangzhou Honghui”	廣州宏輝房地產開發有限公司 (Guangzhou Honghui Real Estate Development Co., Ltd.), a Sino-foreign co-operative joint venture enterprise established in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Latest Practicable Date”	5 December 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which for the purpose of this circular excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Project Property”	as such term defined under the paragraph headed “Information on Frank Light — Property owned by Guangzhou Honghui” in the Letter from the Board
“Purchaser”	Beamunion Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Sale and Purchase Agreement”	the agreement dated 13 November 2006 entered into between the Vendors, the Vendor Guarantors, the Purchaser and the Company pursuant to which the Vendors have agreed to sell and the Purchaser has agreed to purchase the Sale Shares and the Sale Loans
“Sale Loans”	the aggregate amount of the shareholders’ loans as shall be owing by Frank Light to the Vendors respectively and outstanding as at the Completion Date (which shall not be less than HK\$151,753,000 plus the amount of the Further Loans (if any)) which loans are unsecured, non-interest bearing and not repayable until and unless there are proceeds from the development project concerning the Project Property generating sufficient funds (or part thereof) to repay the loans due by Frank Light to its shareholders
“Sale Shares”	17,499,999 ordinary shares of HK\$1 each in Frank Light which are legally and beneficially owned by the Vendors
“Shares”	shares in the capital of the Company
“Shareholders”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the purchase of the Sale Shares by the Purchaser from the Vendors and the assignment to the Purchaser of the entire benefits of and interests in the Sale Loans pursuant to the terms and conditions of the Sale and Purchase Agreement

DEFINITIONS

“Vendor A”	Dragon Lake Development Limited, a company incorporated in Hong Kong with limited liability which is the legal and beneficial owner of (i) 5,833,333 shares in the issued share capital of Frank Light; and (ii) part of the Sale Loans, the amount of which as at the date of the Sale and Purchase Agreement was HK\$50,785,000
“Vendor B”	Fonfull Enterprises Limited, a company incorporated in Hong Kong with limited liability which is the legal and beneficial owner of (i) 5,833,333 shares in the issued share capital of Frank Light; and (ii) part of the Sale Loans, the amount of which as at the date of the Sale and Purchase Agreement was HK\$50,950,000
“Vendor C”	Sea Horse Investment Limited, a company incorporated in Hong Kong with limited liability which is the legal and beneficial owner of (i) 5,833,333 shares in the issued share capital of Frank Light; and (ii) part of the Sale Loans, the amount of which as at the date of the Sale and Purchase Agreement was HK\$50,000,000
“Vendor Guarantor A”	Chan Tai Ho (陳大河), legal and beneficial owner of 50% of the total issued share capital of Vendor A
“Vendor Guarantor B”	Ip Hing Chung (葉慶忠), legal and beneficial owner of 2.5 % of the total issued share capital of Vendor B
“Vendor Guarantor C”	Lin Tsang Kit (連增傑), legal and beneficial owner of 86.67% of the total issued share capital of Vendor C
“Vendor Guarantors”	Vendor Guarantor A, Vendor Guarantor B and Vendor Guarantor C
“Vendors”	Vendor A, Vendor B and Vendor C
“%”	per cent.

For the purposes of this circular, unless otherwise defined, RMB has been converted to HK\$ at the rate of RMB1.01 = HK\$1 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

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. Lam Kin Ngok, Peter (*Chairman*)
Mr. Lam Kin Ming (*Deputy Chairman*)
Mr. Lam Kin Hong, Matthew (*Executive Deputy Chairman*)
Mr. Lam Hau Yin, Lester (*Chief Executive Officer*)
Mr. Lee Po On
Madam U Po Chu
Mr. Lau Shu Yan, Julius
Mr. Tam Kin Man, Kraven

Non-Executive Directors:

Mr. Lim Ming Yan
Mr. Lui Chong Chee

Independent Non-Executive Directors:

Mr. Wong Yee Sui, Andrew
Mr. Lam Bing Kwan
Mr. Ku Moon Lun

Registered Office:

Ugland House
South Church Street
P.O. Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

Principal place of

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

7 December 2006

To the Shareholders,

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION-
PURCHASE OF 87.5% EQUITY INTEREST IN
FRANK LIGHT DEVELOPMENT LIMITED
AND ASSIGNMENT OF LOANS**

INTRODUCTION

By an announcement dated 15 November 2006, the Company announced that the Vendors, the Vendor Guarantors, the Purchaser and the Company entered into the Sale and Purchase Agreement pursuant

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to which the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, representing approximately 87.5% of the issued share capital of Frank Light, and the Sale Loans, representing all shareholders loans owing by Frank Light to the Vendors, at the Consideration.

As the relevant percentage ratios calculated pursuant to Rule 14.07(4) of the Listing Rules for the Transaction exceed 5% but are less than 25%, the Transaction constitutes a discloseable transaction of the Company under the Listing Rules.

The purpose of this circular is to provide further information on the Sale and Purchase Agreement and the Transaction and other information relating to the Group.

THE SALE AND PURCHASE AGREEMENT DATED 13 NOVEMBER 2006

Date : 13 November 2006

The Parties

Vendors : (i) Dragon Lake Development Limited (Vendor A);
(ii) Fonfull Enterprises Limited (Vendor B); and
(iii) Sea Horse Investment Limited (Vendor C)

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

Vendor Guarantors : (i) Chan Tai Ho (陳大河), as guarantor of Vendor A;
(ii) Ip Hing Chung (葉慶忠), as guarantor of Vendor B; and
(iii) Lin Tsang Kit (連增傑), as guarantor of Vendor C

Purchaser's Guarantor : the Company

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this circular, each of the Vendors and its ultimate beneficial owner and the Vendor Guarantors are third parties independent of the Company and its connected persons as defined under the Listing Rules.

Guarantee

The Vendor Guarantors had agreed to enter into the Sale and Purchase Agreement to guarantee the performance by the Vendors of their obligations under the Sale and Purchase Agreement.

LETTER FROM THE BOARD

The Company had agreed to enter into the Sale and Purchase Agreement to guarantee the performance by the Purchaser of its obligations under the Sale and Purchase Agreement.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to (i) purchase from the Vendors the Sale Shares, representing the entire shareholdings held by the Vendors in Frank Light and together constitute approximately 87.5% of the issued share capital of Frank Light; and (ii) take up the assignment of the Sale Loans, representing all shareholders loans owing by Frank Light to the Vendors. Frank Light will become a subsidiary of the Company upon Completion.

As at the date of the Sale and Purchase Agreement, the Sale Shares and the Sale Loans were owned as follows:

<u>Vendors</u>	<u>No. of Sale Shares</u>	<u>Amount of Sale Loans</u> <i>HK\$</i>
Vendor A:	5,833,333	50,785,000
Vendor B:	5,833,333	50,950,000
Vendor C:	<u>5,833,333</u>	<u>50,000,000</u>
Total:	17,499,999	151,735,000

Consideration

The total consideration for the sale and purchase of the Sale Shares and the assignment of the benefits of and interests in the Sale Loans shall be an amount equal to (i) HK\$230,000,000 plus (ii) any further shareholders' loans ("Further Loans") that may be made by the Vendors after the date of the Sale and Purchase Agreement to Frank Light and which has been on-lent to Guangzhou Honghui by Frank Light and applied by Guangzhou Honghui towards settlement of the outstanding amounts payable by Guangzhou Honghui pursuant to certain contracts entered into by Guangzhou Honghui in connection with the development and construction of the Project Property and receipt issued in favour of Guangzhou Honghui in respect of such payments as has been delivered to the Purchaser at or before Completion. The Vendors have warranted such outstanding amount to be not more than RMB145,151,784.64 (approximately HK\$143.7 million) (the "Outstanding Amount"). The amount of the Further Loans is limited to the Outstanding Amount.

The consideration for the Sale Loans shall be an amount equal to HK\$151,735,000 plus the Further Loans (if any). The consideration for the Sale Shares shall be an amount equal to the difference between the Consideration less the consideration for the Sale Loans.

The Consideration has been paid or shall be payable as follows:

- (i) the amount of HK\$26,000,000 has been paid by the Purchaser to the Vendors' solicitors as stakeholder prior to the signing of the Sale and Purchase Agreement and such amount has been paid to the Vendors as initial deposit upon signing of the Sale and Purchase Agreement;

LETTER FROM THE BOARD

- (ii) on 18 November 2006, a further deposit in the amount of HK\$23,000,000 has been paid by the Purchaser to the Vendors' solicitors as agent of the Vendors;
- (iii) an amount equal to HK\$204,000,000 plus the amount of the Further Loans less the initial deposit and the further deposit mentioned above shall be paid by the Purchaser to the Vendors on the Completion Date and such initial deposit and further deposit shall be applied towards, and shall constitute part payment by the Purchaser to the Vendors of the Consideration; and
- (iv) the remaining HK\$26,000,000 shall be paid by the Purchaser to the Vendors on the date being two months after the date on which Pass of Examination on Completion of Construction Work Certificate (竣工驗收合格證) in respect of the Project Property is issued by the relevant government authority in the PRC.

The Consideration was arrived at after arm's length negotiations between the Vendors and the Vendor Guarantors on the one hand and the Purchaser and the Company on the other hand by reference to net asset value of Frank Light and Guangzhou Honghui, adjusted for loans due to shareholders. In determining the Consideration, the Directors have taken into account the net asset value of Frank Light, prevailing market conditions, the expected growth in the local property market, and the development potential of the Project Property. No independent valuation on the Project Property has been obtained by the Group, as the Company is a developer with extensive experience in property development in Guangzhou and Shanghai. The Purchaser will fund the Transaction through internal resources of the Group.

As at the Latest Practicable Date, deposits (being the initial deposits and further deposit mentioned above) in the total amount of HK\$49,000,000 has been paid pursuant to the Sale and Purchase Agreement.

Conditions

Completion is subject to the satisfaction or waiver of certain Conditions, which are summarised below:

- (i) due diligence on, *inter alia*, the state of affairs, assets and liabilities, financial position and business operation of each of Frank Light and Guangzhou Honghui being completed to the reasonable satisfaction of the Purchaser;
- (ii) the delivery by the Vendors to the Purchaser of a legally binding supplemental contract entered into between the Company, Guangzhou Honghui and Baiyun Construction pursuant to which Baiyun Construction agrees and undertakes to perform various obligations with regard to the Land, the Project Property and the co-operation arrangement including the issue of receipts (being receipts approved by the relevant tax authority in the PRC) to Guangzhou Honghui in respect of the fixed distribution already paid in 1998 and to be paid to Baiyun Construction and the demolition and removal cost, construction fee and resettlement fee;
- (iii) all other consents, approvals and waivers as may be required or necessary under any instrument, contract, document or agreement to which the Vendors or Frank Light is a party or by which the

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Vendors or Frank Light or their respective assets are bound, for the sale and transfer of the Sale Shares and the assignment of the Sale Loans and to give effect to the transactions contemplated under the Sale and Purchase Agreement being obtained and where any consent or approval is subject to conditions, such conditions being reasonably satisfactory to the Purchaser; and

- (iv) the representations, warranties and undertakings set out in the Sale and Purchase Agreement given by the Vendors remaining true, accurate and not misleading as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date.

The Conditions may be waived by the Purchaser in writing at any time either in whole or in part and such waiver(s) may be made subject to such terms and conditions as the Purchaser may require.

The supplemental contract referred to in (ii) above is not related to the Further Loans.

As at the Latest Practicable Date, the Condition referred to in (i) above had been fulfilled.

Completion

If (a) on or before 17 November 2006 or such later date (which date shall not be later than the First Long Stop Date) the Purchaser shall notify the Vendors in writing that the Condition referred to in (i) above has not been fulfilled or waived; or (b) if the Conditions referred to in (ii) to (iv) above are not fulfilled or waived by the First Long Stop Date (except the Conditions referred to in (iv) above which shall be fulfilled simultaneously upon Completion), the Sale and Purchase Agreement shall lapse and be terminated with immediate effect and, save in respect of any antecedent breaches, all rights and liabilities of the parties to the Sale and Purchase Agreement under the Sale and Purchase Agreement shall cease and determine and no party thereto shall have any claim against the others but such termination shall be without prejudice to any rights or remedies of the parties thereto which have accrued prior to such termination.

If at any time after the signing of the Sale and Purchase Agreement there shall be any petition presented or other legal proceedings commenced for the winding up of Frank Light thereby resulting in any representations, warranties and undertakings set out in the Sale and Purchase Agreement given by the Vendors being untrue, inaccurate and misleading but otherwise all other representations, warranties and undertakings set out in the Sale and Purchase Agreement given by the Vendors remain true, accurate and not misleading by reference to the facts and circumstances subsisting as at the First Long Stop Date and the Conditions referred to in (ii) and (iii) above are fulfilled as of the First Long Stop Date, the Sale and Purchase Agreement shall not lapse or be terminated as mentioned above. However, if such petition or legal proceedings are not successfully struck out, dismissed by court, settled, concluded, terminated or otherwise determined on or before the Final Long Stop Date; or (b) an order for the winding up of Frank Light has been granted by a court of competent jurisdiction which remains in force and effect as of the Final Long Stop Date; or (c) the condition referred to in (iv) above is not fulfilled simultaneously upon Completion, the Sale and Purchase Agreement shall lapse and be terminated with immediate effect and, save in respect of any antecedent breaches, all rights and

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liabilities of the parties to the Sale and Purchase Agreement under the Sale and Purchase Agreement shall cease and determine and no party thereto shall have any claim against the other under the Sale and Purchase Agreement but such termination shall be without prejudice to any rights or remedies of the parties thereto which have accrued prior to such termination.

Completion of the sale and purchase of the Sale Shares and the Sale Loans shall occur at the same time and place and shall take place on or before the second Business Day after all the Conditions (except the Condition set out in (iv) above which shall be fulfilled simultaneously upon Completion) have either been fulfilled or waived.

INFORMATION ON FRANK LIGHT

Frank Light

Frank Light is a company limited by shares incorporated in Hong Kong with an issued share capital of HK\$19,999,999. The issued share capital of Frank Light is currently owned as to approximately 87.5% by the Vendors and the remaining 12.5% by a company incorporated in Hong Kong which is a third party independent of the Company and its connected persons.

Frank Light is an investment holding company. The principal activity of Frank Light is the holding of interest in Guangzhou Honghui.

Guangzhou Honghui

Guangzhou Honghui is a Sino-foreign co-operative joint venture enterprise established in the PRC for a joint venture period of 15 years from 11 February 1993 with a registered capital of RMB79.72 million (approximately HK\$78.93 million) which had been fully paid up as at the date of the Sale and Purchase Agreement.

Frank Light is the foreign investor of Guangzhou Honghui and the PRC investor of Guangzhou Honghui is Baiyun Construction, a third party independent of the Company and its connected persons. Pursuant to the agreement in relation to the establishment of Guangzhou Honghui, the registered capital should be fully paid up by Frank Light while Baiyun Construction shall be responsible for providing the land use right of the Land for the development of the Project Property.

Other than a fixed distribution of approximately RMB36 million (approximately HK\$35.6 million) calculated according to the floor area of the Project Property as approved by the relevant PRC authorities less the area for common use, Baiyun Construction is not entitled to any other interest in the joint venture and will not be involved in the construction, sale and management of the Project Property. All profits of Guangzhou Honghui after payment of taxes and duties according to PRC laws and payment of the fixed distribution to Baiyun Construction and all remaining assets of Guangzhou Honghui on the expiry of the joint venture period shall belong to Frank Light.

LETTER FROM THE BOARD

Frank Light is entitled to appoint 2 directors and the chairman of the board of directors of Guangzhou Honghui and Baiyun Construction is entitled to appoint 1 director and the vice chairman of the board of directors of Guangzhou Honghui.

Guangzhou Honghui is principally engaged in the development, construction, sale, leasing and management of self-constructed commercial and residential building.

Property owned by Guangzhou Honghui

Guangzhou Honghui is the legal and beneficial owner of a piece of land located at the junction of Zhongshan Qi Road and Guangfu Road of Li-wan District, Guangzhou City with a total site area of approximately 6,000 square meters (the “Land”) and the buildings erected thereon with a total gross floor area of approximately 72,000 square meters for office, commercial and residential use (the “Buildings”, and together with the Land, the “Project Property”). The Project Property is a semi-finished mixed use property located in the urban area of Guangzhou, the PRC. It is currently estimated that outstanding construction costs and payables contracted by Guangzhou Honghui for the Project Property (including bank loans) would amount to approximately RMB145.2 million (approximately HK\$143.7 million) which is also the Outstanding Amount referred to in paragraph headed “Consideration” above. There is no contractual commitment on the part of the Purchaser or the Company to finance such outstanding construction costs and payables. However, should it become necessary for the Purchaser to fund such costs and payables, it is the current intention of the Company to finance the same through internal resources of the Group or bank financing.

Financial information

According to Frank Light’s audited financial statements which have been prepared in accordance with accounting principles generally accepted in Hong Kong (which include Hong Kong Financial Reporting Standards) and the requirements of the Hong Kong Companies Ordinance:

- (i) as at 31 December 2005, the audited total assets of Frank Light were approximately HK\$197.8 million. The loans owing to the shareholders were approximately HK\$197.3 million of which approximately HK\$149.5 million was owing to the Vendors. The audited net assets of Frank Light (after deducting, inter alia, the loans owing to shareholders) was approximately HK\$0.2 million;
- (ii) the audited net loss (both before and after tax) of Frank Light for the year ended 31 December 2005 was HK\$1.9 million (2004: approximately HK\$2.4 million).

According to Guangzhou Honghui’s audited financial statements which have been prepared in accordance with 企業會計準則 (“Accounting Standard for Business Enterprises”) of the PRC and 企業會計制度 (“Accounting System for Business Enterprises”) of the PRC:

- (i) as at 31 December 2005, the audited total assets of Guangzhou Honghui was RMB190.8 million (approximately HK\$183.5 million calculated at the exchange rate of HK\$1: RMB1.04) and audited net assets of Guangzhou Honghui was approximately RMB93.5 million (approximately HK\$89.9 million calculated at the exchange rate of HK\$1: RMB1.04);

LETTER FROM THE BOARD

- (ii) the audited net loss (both before and after tax) of Guangzhou Honghui for the year ended 31 December 2005 was approximately RMB4.9 million (approximately HK\$4.7 million calculated at the exchange rate of HK\$1: RMB1.04) (2004: Nil); and
- (iii) as at 31 December 2005, the Project Property was stated at cost with carrying amount of approximately RMB184.3 million (approximately HK\$177.2 million calculated at the exchange rate of HK\$1: RMB1.04) in the audited financial statements of Guangzhou Honghui.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors consider that the Transaction enables the Group to acquire, indirectly, the Project Property, thereby expanding its development property portfolio in Guangzhou, the PRC. The Directors also consider that the location and proposed use of the Project Property should complement the development property portfolio of the Group in Guangzhou. As the Group is indirectly acquiring an interest in the Project Property (through the acquisition of interest in Frank Light) as a property under development, whether or not the Project Property is a vacant site or a semi-finished property would not significantly affect the fundamental factors taken into account by the Directors before making the investment.

The Directors consider that the Transaction is within the course of ordinary business of the Group and in view of the aforesaid, the Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE TRANSACTION

Both Frank Light and Guangzhou Honghui will become subsidiaries of the Company upon Completion and will thereafter be consolidated into the consolidated financial statements of the Company. The Completion will have no material impact on the consolidated net assets and consolidated profit and loss accounts of the Company.

GENERAL

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

The principal activities of Vendor A, Vendor B and Vendor C are investment holding.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios calculated pursuant to Rule 14.07(4) of the Listing Rules for the Transaction are not less than 5% but are less than 25%, the Transaction constitutes a discloseable transaction of the Company under the Listing Rules.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

Yours faithfully,
By Order of the Board
Lai Fung Holdings Limited
Lam Kin Ngok, Peter
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief there are no other matters the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“the SFO”)) which (i) were required 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) were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) were required, pursuant to the Code for Securities Transaction by Directors adopted by the Company (on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules), to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in the Shares

Name of Director	Type of interests	Capacity	Number of Shares held	Approximate Percentage
Lam Kin Ngok, Peter	Corporate	Beneficial owner	3,265,688,037 (Note)	40.58%
Lau Shu Yan, Julius	Personal	Beneficial owner	2,258,829	0.03%

Note: These interests in the Company represented the shares beneficially owned by Lai Sun Garment (International) Limited (“LSG”) (1,869,206,362 shares) and Silver Glory Securities Limited (“SGS”) (1,396,481,675 shares), a wholly owned subsidiary of LSG. Mr. Lam Kin Ngok, Peter was deemed to be interested in the 3,265,688,037 shares in the Company held by LSG and SGS since he held (1) a 50% interest in Wisdoman Limited which held 484,991,750 shares in LSG and (2) a personal interest of 124,644,319 shares in LSG, representing in aggregate approximately 37.69% of the issued share capital of LSG.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares of equity derivatives and debentures of the Company or its associated corporation which were required to be notified to the Company and the Stock Exchange or recorded in the register as aforesaid.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the following persons or corporations (not being Directors or chief executive of the Company), had an interest in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Shareholder	Nature of interests	Capacity	Number of Shares held	Approximate percentage
Lai Sun Garment (International) Limited ("LSG")	Corporate	Beneficial owner	3,265,688,037 (Note)	40.58%
CapitaLand China Holdings Pte Ltd.	Corporate	Owner of controlled corporation	1,610,000,000	20.00%
CapitaLand LF (Cayman) Holdings Co., Ltd	Corporate	Beneficial owner	1,610,000,000	20.00%
CapitaLand Limited	Corporate	Owner of controlled corporation	1,610,000,000	20.00%
CapitaLand Residential Limited	Corporate	Owner of controlled corporation	1,610,000,000	20.00%
Temasek Holdings (Private) Limited	Corporate	Owner of controlled corporation	1,610,000,000	20.00%
Silver Glory Securities Limited ("SGS")	Corporate	Beneficial owner	1,396,481,675	17.35%
Allianz Aktiengesellschaft	Corporate	Owner of controlled corporation	596,681,180	7.41%
Dresdner Bank Aktiengesellschaft	Corporate	Owner of controlled corporation	596,681,180	7.41%
Veer Palthe Voute NV	Corporate	Investment manager	596,681,180	7.41%

Note: These interests in the Company represented the shares beneficially owned by LSG (1,869,206,362) and SGS (1,396,481,675 shares), a wholly-owned subsidiary of LSG. SGS's interest constituted part of the interest held by LSG.

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following party (other than Directors or chief executive of the Company) was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including any options in respect of such capital) carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of member of the Group	Name of the shareholder	Approximate percentage
Farron Assets Limited	Goldmark Pacific Limited	22.5%

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

5. LITIGATION

As at the Latest Practicable Date and so far as the Directors are aware, no member of the Group is engaged in any litigation or arbitration proceedings of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any member of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, the following Directors are considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group:

Mr. Lam Kin Ngok, Peter, Mr. Lam Kin Ming, Mr. Lam Kin Hong, Matthew, Mr. Lau Shu Yan, Julius, Madam U Po Chu, Mr. Lim Ming Yan and Mr. Lui Chong Chee held interests and/or directorships in companies engaged in the businesses of property investment and development in Hong Kong and the PRC.

As the board of directors of the Company (“the Board”) is independent from the boards of directors of the aforesaid companies and none of the above directors of the Company can control the Board, the Group is capable of carrying on its business independently of, and at arm’s length from, the businesses of such companies.

7. GENERAL

- (a) The secretary of the Company is Mr. Yeung Kam Hoi, who is an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries and a member of Hong Kong Securities Institute.
- (b) The qualified accountant of the Company is Mr. Hui Hon Pong, who is a fellow of Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.
- (c) The registered office of the Company is situated at Uglan House, South Church Street, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies. The principal place of business of the Company in Hong Kong is situated at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong.
- (d) The principal share registrar and transfer office of the Company is Butterfield Fund Services (Cayman) Limited of Butterfield House, 68 Fort Street, P.O. Box 705, George Town, Grand Cayman, Cayman Islands. The Hong Kong branch share registrar and transfer office of the Company is Tengis Limited of 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in case of inconsistency.