



LAI FUNG HOLDINGS

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

GENERAL DISCLOSURE ANNOUNCEMENT

Termination of Cross Currency Swap Agreements

The board of directors of the Company wishes to announce that on 28 October 2008, the Company terminated the cross currency swap agreements and received approximately HK\$65,130,000 as proceeds. Together with the reversal of fair value loss on the cash flow hedges arising from the cross currency swap agreements and the balance of related hedge reserve as at 31 July 2008, total gains of approximately HK\$256,311,000 are expected to be recognized in the consolidated income statement for the six months ending 31 January 2009. The above accounting treatments are subject to review and confirmation by the auditors of the Group.

After the termination of the cross currency swap agreements, the Group does not have any derivative financial instruments or hedging instruments outstanding.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the announcement of Lai Fung Holdings Limited (the “Company”) dated 2 April 2007 regarding issue of US\$200,000,000 9.125% fixed rate senior notes (the “Notes”), which will mature on 4 April 2014 with bullet repayment. The Notes bear interest from 4 April 2007, payable semi-annually in arrears on 4 April and 4 October of each year, commencing on 4 October 2007 (each, an “Interest Payment Date”).

In the same month, the Company entered into cross currency swap agreements (the “CCS”) with financial institutions with an aggregate notional amount of US\$200,000,000 to hedge the currency risk arising from the Notes.

Pursuant to the terms of the CCS, the Company receives interest payments semi-annually at a fixed rate of 9.125% per annum on the aggregate notional amount of US\$200,000,000 during the period from 4 April 2007 to 4 April 2014 on each Interest Payment Date of the Notes, and makes interest payments semi-annually at a fixed rate of 6.45% per annum on the aggregate notional amount of RMB1,545,100,000 (being the RMB equivalent amount of US\$200,000,000, translated at a contracted exchange rate of RMB7.7255 to US\$1.00) during the period from 4 April 2007 to 4 April 2014 on each Interest Payment Date. On 4 April 2014, the Company receives the aggregate notional amount of US\$200,000,000 and pays the aggregate notional amount of RMB1,545,100,000.

The terms of the CCS were disclosed in the annual report of the Company and its subsidiaries (the “Group”) for the year ended 31 July 2007 (the “2006-2007 Annual Report”) and the financial impact arising from the CCS was also disclosed in the 2006-2007 Annual Report and in the interim report of the Group for the six months ended 31 January 2008.

The Company will hold a board meeting on 7 November 2008 to discuss and approve the results for the year ended 31 July 2008. The impact of the CCS for the year ended 31 July 2008, which is subject to review and approval by the board of directors of the Company on 7 November 2008 and confirmation by the auditors of the Group, could be as follows:

- For the year ended 31 July 2008, the net interest savings from the CCS is HK\$30,322,000, which is included in the consolidated income statement.
- As the Company’s reporting currency is in HK\$, there is a translation loss of HK\$160,102,000 as a result of translating the Notes from RMB (after swap pursuant to CCS) into HK\$, which is recognized in the consolidated income statement.
- As at 31 July 2008, the fair value loss on the cash flow hedges arising from the CCS is HK\$185,462,000 (the “Fair Value Loss”), which is recognized as non-current liabilities in the consolidated balance sheet. As at 31 July 2008, the balance of related hedge reserve of HK\$5,719,000 (the “Hedge Reserve”) is recognized as equity in the consolidated balance sheet.

On 28 October 2008, the Company terminated the CCS with financial institutions (the “Termination”) and received approximately HK\$65,130,000 (the “Proceeds”). As a result of the Termination, the Fair Value Loss and the Hedge Reserve will be reversed as gains, and together with the Proceeds, total gains of approximately HK\$256,311,000 are expected to be recognized in the consolidated income statement for the six months ending 31 January 2009. This will also have a positive impact on the consolidated net asset value of the Group. The above accounting treatments of the termination of the CCS are subject to review and confirmation by the auditors of the Group.

After the Termination, the Group does not have any derivative financial instruments or hedging instruments outstanding.

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

Hong Kong, 28 October 2008

As at the date of this announcement, the executive directors of the Company are Mr. Lam Kin Ngok, Peter, Mr. Lam Kin Ming, Mr. Lam Kin Hong, Matthew, Mr. Lam Hau Yin, Lester, Madam U Po Chu, Mr. Lau Shu Yan, Julius, Mr. Tam Kin Man, Kraven, Miss Leung Churk Yin, Jeanny, Mr. Cheung Sum, Sam and Mr. Cheng Shin How; the non-executive director is Mr. Lim Ming Yan (alternate director: Mr. Cheong Kwok Mun); and the independent non-executive directors are Mr. Wong Yee Sui, Andrew, Mr. Lam Bing Kwan and Mr. Ku Moon Lun.