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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

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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*)
Mr. Cheng Shin How
Mr. Lee Tze Yan, Ernest
Madam U Po Chu

Non-executive Directors:

Mr. Lucas Ignatius Loh Jen Yuh
Mr. Puah Tze Shyang
(*also alternate to Mr. Lucas Ignatius Loh Jen Yuh*)

Independent Non-executive Directors:

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

Registered Office:

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*Principal Place of Business in
Hong Kong:*

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Hong Kong

3 January 2018

To the Shareholders

Dear Sir or Madam,

**SCRIP DIVIDEND SCHEME IN RELATION TO
THE FINAL DIVIDEND FOR THE YEAR ENDED 31 JULY 2017**

1. INTRODUCTION

On 15 December 2017, the shareholders (“**Shareholders(s)**”) of Lai Fung Holdings Limited (“**Company**”) have upon the recommendation of the board of directors (“**Board**”) of the Company approved at the annual general meeting of the Company the distribution of a final dividend of HK\$0.20 per share in the capital of the Company of HK\$5.00 each (“**Share(s)**”) for the year ended 31 July 2017 (“**Final Dividend**”) to the Shareholders whose names appear on the Hong Kong Branch Register of Members of the Company (“**Register of Members**”) at the close of business on Friday, 22 December 2017 (“**Record Date**”).

The Shareholders are provided with an option to receive the Final Dividend in form of new fully paid Shares (“**Scrip Shares**”), in lieu of cash (“**Scrip Dividend Scheme**”). The procedures which apply in relation to the Scrip Dividend Scheme and the action which should be taken by the Shareholders in relation thereto are set out hereunder for the Shareholders’ attention. Please read carefully the instructions hereunder and the instructions on the form of election in relation to the Scrip Dividend Scheme for Final Dividend (“**Election Form**”) enclosed with this circular.

Whether or not it is to your advantage to elect to receive Scrip Shares in lieu of cash, in whole or in part, for the Final Dividend will depend on your own individual circumstances and the decision in this regard, and all effects resulting therefrom, will be your sole responsibility. If you are in doubt as to what to do, you should consult your professional advisers.

2. PARTICULARS OF THE SCRIP DIVIDEND SCHEME FOR FINAL DIVIDEND

Under the Scrip Dividend Scheme, the Shareholders have the following choices in respect of the Final Dividend for the existing Shares registered in their names on the Record Date:

- (i) a cash dividend of HK\$0.20 for each Share; or
- (ii) an allotment of Scrip Shares (the number of which is determined by methods set out below); or
- (iii) partly in cash and partly in form of Scrip Shares.

The Scrip Shares will, on issue, rank *pari passu* in all other respects with the existing issued Shares save that they will not be eligible for the Final Dividend.

For the purpose of calculating the number of Scrip Shares to be issued pursuant to the Scrip Dividend Scheme for Final Dividend, the market value of a Scrip Share has been fixed at HK\$12.592, which is the average closing price of the Share (“**Average Closing Price**”) as quoted on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) for the five consecutive trading days up to and including the Record Date.

Accordingly, the number of the Scrip Shares which Shareholders will receive in respect of the Final Dividend for existing Shares registered in their names on the Record Date will be calculated as follows:

$$\begin{array}{rcccl} \text{Number of} & & \text{Number of existing Shares} & & \text{HK\$0.20} \\ \text{Scrip Shares} & & \text{held on the Record Date} & & \text{(Final Dividend per Share)} \\ \text{to be received} & = & \text{for which election for} & \times & \text{HK\$12.592} \\ & & \text{Scrip Shares is made} & & \text{(Average Closing Price)} \end{array}$$

The number of the Scrip Shares to be issued to each Shareholder will be rounded down to the nearest whole number. Fractional entitlements to the Scrip Shares will not be issued to the Shareholders and will be cancelled accordingly.

Based on 325,921,734 Shares in issue as at the close of business on the Record Date, if all Shareholders choose to receive Scrip Shares in lieu of cash in respect of the Final Dividend, the Company will issue approximately 5,176,647 Scrip Shares, an increase of approximately 1.59% of the existing issued share capital of the Company.

3. BOOK CLOSURE PERIOD AND LAST DATE OF TRANSFER

For the purpose of determining Shareholders who qualify for the Final Dividend, the Register of Members was closed on Thursday, 21 December 2017 and Friday, 22 December 2017.

The last date and time by which transfers were accepted for registration for participation in the Scrip Dividend Scheme for Final Dividend was Wednesday, 20 December 2017 at 4:30 p.m.

4. **ADVANTAGES OF THE SCRIP DIVIDEND SCHEME**

The Scrip Dividend Scheme will give the Shareholders an opportunity to increase their investment in the Company at market value without incurring brokerage fees, stamp duty and related dealing costs. The Scrip Dividend Scheme will also benefit the Company to the extent that such cash which would otherwise have been paid to Shareholders who elect to receive the Scrip Shares, in whole or in part in lieu of a cash dividend, will be retained for use as working capital by the Company.

5. **ELECTION FORM**

The Election Form is enclosed with this circular for use by the Shareholders should they wish to receive the Final Dividend wholly or partly in form of Scrip Shares in lieu of cash. **The Election Form should be completed in accordance with the instructions printed thereon and returned to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited ("Registrar") at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 17 January 2018.** Failure to complete and return the Election Form in accordance with the instructions printed thereon will result in the relevant qualifying Shareholder's Final Dividend being paid wholly in the form of cash. No acknowledgement of receipt of the Election Form will be issued. No elections in respect of the Final Dividend may be in any way withdrawn, revoked, superseded or altered after the relevant Election Forms are signed and returned to the Registrar.

- (a) **To receive Final Dividend in form of cash only**, you do not need to take any action.
- (b) **To receive Final Dividend in form of Scrip Shares only**, please SIGN, DATE and RETURN the Election Form to the Registrar.
- (c) **To receive Final Dividend partly in cash and partly in form of Scrip Shares**, please ENTER in Box C of the Election Form the number of shares which you held on the Record Date for which you require the Final Dividend to be paid in form of Scrip Shares and then SIGN, DATE and RETURN the Election Form to the Registrar. For the avoidance of doubt, if you do not specify the number of shares for which you wish to receive the Final Dividend in form of Scrip Shares or if your specified number is greater than your registered holding on the Record Date, then in either case you will be deemed to have elected to receive your Final Dividend in form of Scrip Shares only.

6. **CONDITIONS OF THE SCRIP DIVIDEND SCHEME FOR FINAL DIVIDEND**

The Scrip Dividend Scheme for Final Dividend is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Scrip Shares to be issued thereunder.

In the event that the above condition of the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Scrip Shares to be issued is not satisfied, the Scrip Dividend Scheme for Final Dividend will not be effective and the Final Dividend will be paid wholly in cash.

7. **EFFECT OF THE SCRIP DIVIDEND SCHEME FOR FINAL DIVIDEND**

Shareholders should note that the Scrip Shares to be issued under the Scrip Dividend Scheme for Final Dividend may give rise to disclosure requirements under the provision of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). If Shareholders are in any doubt as to how these provisions may affect them as a result of the allotment of the Scrip Shares, they are recommended to seek their own professional advice.

8. SHAREHOLDERS RESIDING OUTSIDE HONG KONG

No person receiving a copy of this circular and/or an Election Form in any jurisdiction outside Hong Kong may treat the same as an offer to elect to receive Scrip Shares unless in the relevant jurisdiction such offer could lawfully be made to him/her/it without the Company being required to comply with any legal, governmental or regulatory procedures, restrictions or any other similar formalities. Shareholders residing in a jurisdiction where it would be illegal for the Company to make such an invitation will be deemed to have received this circular and/or the form of election for information only.

According to the Register of Members on the Record Date, there was one Shareholder with registered address in England. The Company has been advised by its legal advisers on the laws of England and having considered their advice, the Company is satisfied that there are exemptions available to the Company under the laws or regulatory requirements of England with respect to the offer of the Scrip Shares and the despatch of this circular and the Election Form to such Shareholder. Accordingly, the Scrip Dividend Scheme is extended to such Shareholder.

9. LISTING AND DEALINGS

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Scrip Shares to be issued pursuant to the Scrip Dividend Scheme for Final Dividend.

Dealings in the Scrip Shares may be settled through the Central Clearing and Settlement System and you should seek advice from your licensed securities dealer or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

The Shares and the CNY1,800,000,000 6.875% senior notes due 2018 of the Company are listed, and dealt in, on the Stock Exchange.

Save as disclosed above, no equity or debt securities of the Company is listed, or dealt in, on any other stock exchange, nor is listing, or permission to deal in, on any other exchange being, or proposed to be, sought.

10. TIMETABLE

Set out below is a summary of the events in relation to the Scrip Dividend Scheme:

Event	Time/Date (Hong Kong time)
Record Date	Friday, 22 December 2017
Closing time for return of Election Form	4:30 pm on Wednesday, 17 January 2018
Expected despatch of dividend warrants and /or scrip share certificates by ordinary post at the risk of recipients	Tuesday, 30 January 2018
Expected first day of dealings in Scrip Shares	Wednesday, 31 January 2018

Note: References to time and dates in this circular are to Hong Kong time and dates.

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