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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.

If you have sold or transferred all your shares in **Lai Fung Holdings Limited**, you should at once hand this circular with the accompanying form of proxy to the purchaser(s) or 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

2019 SUPPLEMENTAL DEED IN RELATION TO AMENDMENTS TO THE EXISTING NON-COMPETITION UNDERTAKINGS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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



Capitalised terms used in the lower portion of this cover page shall 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 5 to 12 of this circular. A letter from the Independent Board Committee is set out on page 13 of this circular and a letter from Somerley Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 14 to 22 of this circular.

A notice convening the EGM to be held at Grand Ballroom 1, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Tuesday, 30 April 2019 at 9:30 a.m. is set out on pages 30 and 31 of this circular. Shareholders are advised to read the Notice of EGM and if you are not able to attend the EGM or its adjournment (as the case may be) in person 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 registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will 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, the following expressions have the following meanings unless the context requires otherwise:

“2019 Supplemental Deed”	the supplemental deed dated 8 March 2019 executed by the Company in favour of LSD, LSG and the Lim Family in respect of the Proposed Amendments;
“associate(s)”	has the same meaning ascribed to it under the Listing Rules; for the avoidance of doubt, as the definition of “associate(s)” under the Listing Rules was amended on 1 July 2014, “associate(s)” in the context of the Existing Undertakings, the Deed of Conditional Waiver and the 2019 Supplemental Deed shall have the same meaning as ascribed to it under the Listing Rules in effect at the time the respective Undertaking Documents and the Deed of Conditional Waiver were executed, which was before the taking effect of the said amendment;
“Board”	the board of Directors;
“chief executive”	has the same meaning ascribed to it under the Listing Rules;
“Company”	Lai Fung Holdings Limited (麗豐控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1125);
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the same meaning ascribed to it under the Listing Rules;
“Deed of Conditional Waiver”	the deed of conditional waiver dated 30 October 2012 executed by the Company in favour of LSD and LSG (as supplemented by the supplemental deed executed by the Company on 19 November 2012);
“Director(s)”	the director(s) of the Company;
“Dr. KM Lam”	Dr. Lam Kin Ming, the deputy chairman of the Company and an executive Director, the chairman and an executive director of LSG as well as a non-executive director of LSD;
“Dr. Peter Lam”	Dr. Lam Kin Ngok, Peter, the deputy chairman and an executive director of LSG, the chairman and an executive director of both of LSD and MAGHL as well as the ultimate controlling shareholder of LSG;

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened and held at Grand Ballroom 1, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Tuesday, 30 April 2019 at 9:30 a.m., or any adjournment thereof;
“eSun”	eSun Holdings Limited (豐德麗控股有限公司), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571);
“eSun Group”	eSun and its subsidiaries other than the MAGHL Group and the Group;
“Existing Undertakings”	the undertakings provided in the Undertaking Documents;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors (except Mr. Lam Bing Kwan), established to advise the Independent Shareholders in respect of the 2019 Supplemental Deed;
“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the 2019 Supplemental Deed;
“Independent Shareholders”	Shareholders other than those who are required to abstain from voting on the resolution(s) in respect of the 2019 Supplemental Deed at the EGM pursuant to the Listing Rules;
“Lai Sun Group”	LSG, LSD, eSun, the Company, MAGHL and their respective subsidiaries;
“Latest Practicable Date”	12 March 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;

DEFINITIONS

“Lim Family”	the late Mr. Lim Por Yen, Messrs. Lam and their respective associates;
“Listed Securities Exemption”	has the meaning ascribed to it in the section headed “ Background — The Existing Undertakings ” in the “Letter from the Board” of this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LSD”	Lai Sun Development Company Limited (麗新發展有限公司), a company incorporated in 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);
“LSD Group”	LSD and its subsidiaries and associated companies (including the eSun Group and the MAGHL Group) other than the Group;
“LSG”	Lai Sun Garment (International) Limited (麗新製衣國際有限公司), a company incorporated in 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);
“LSG Group”	LSG and its subsidiaries and associated companies other than the LSD Group and the Group;
“MAGHL”	Media Asia Group Holdings Limited (寰亞傳媒集團有限公司), an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed and traded on GEM of the Stock Exchange (Stock Code: 8075);
“MAGHL Group”	MAGHL and its subsidiaries;
“Messrs. Lam”	Dr. KM Lam and Dr. Peter Lam;
“Notice of EGM”	the notice convening the EGM as set out on pages 30 and 31 of this circular;
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan);

DEFINITIONS

“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);
“Proposed Amendments”	the proposed amendments to the Existing Undertakings pursuant to the 2019 Supplemental Deed, a summary of which is set out in the section headed “ <i>The 2019 Supplemental Deed</i> ” in the “Letter from the Board” of this circular;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Share(s)”	the ordinary share(s) of HK\$5.00 each in the share capital of the Company;
“Shareholder(s)”	the duly registered holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules;
“Undertaking Documents”	has the meaning ascribed to it under the section headed “ <i>Background — The Existing Undertakings</i> ” in the “Letter from the Board” in this circular;
“USD”	the United States dollars, the lawful currency of the United States of America; and
“%”	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*)
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:

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

*Principal Place of Business in
Hong Kong:*

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

19 March 2019

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

2019 SUPPLEMENTAL DEED IN RELATION TO AMENDMENTS TO THE EXISTING NON-COMPETITION UNDERTAKINGS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement jointly issued by the Company, LSG, LSD and eSun dated 8 March 2019 in relation to, among others, the 2019 Supplemental Deed.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) information about the 2019 Supplemental Deed; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the 2019 Supplemental Deed; (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 2019 Supplemental Deed; and (iv) the Notice of EGM.

BACKGROUND

The Existing Undertakings

In connection with the listing of the Shares on the Stock Exchange back 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 members of the LSD Group) 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. However, there was no restriction on ownership of shares in any company whose shares are listed on the Stock Exchange or on any other stock exchange and which compete with the Company, provided that such shares do not exceed 15% of such listed company's issued share capital and provided further that at no time shall the LSG Group, Messrs. Lam, the late Mr. Lim Por Yen and their respective associates (whether individually or collectively) exercise control over the board of the relevant company and provided that there is at any time at least one other independent shareholder holding more shares in the relevant company than their aggregate shareholding ("**Listed Securities Exemption**") (The spin-off agreement, the deed of undertaking and the non-compete agreement above are collectively referred to as "**Undertaking Documents**").

Further details on the Existing Undertakings were set out in the listing document of the Company dated 18 November 1997.

LETTER FROM THE BOARD

Deed of Conditional Waiver

On 30 October 2012, the Company executed the Deed of Conditional Waiver in favour of LSG and LSD, 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 (defined under the Deed of Conditional Waiver to mean the LSG Group and the LSD Group) in any business opportunities 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 extent if any member of the above affiliated groups is allowed to participate in a business opportunity prohibited under the Existing Undertakings, 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.

Further details of the Deed of Conditional Waiver were set out in the circular of the Company dated 1 December 2012 in relation to the Deed of Conditional Waiver.

THE 2019 SUPPLEMENTAL DEED

The Proposed Amendments

On 8 March 2019, the Company executed the 2019 Supplemental Deed in favour of LSD, LSG and the Lim Family in relation to certain amendments to the Existing Undertakings to expand the scope and application of the Listed Securities Exemption.

Pursuant to the 2019 Supplemental Deed, notwithstanding anything contained in the Undertaking Documents and the Deed of Conditional Waiver, and to the extent not already exempted under the Undertaking Documents:

- (i) in respect of LSD, there will be no restriction on ownership of or participation in any business or entity (whether structured as a body corporate, partnership, trust or any unincorporated entity carrying on business) provided that such direct or indirect ownership or participation do not exceed the higher of, (a) 15% of such entity's capital (or equivalent total investment amount) or a 15% share of its annual dividends and distributions (if any); or (b) an investment value of USD30 million, provided further that (aa) at no time shall the LSD Group exercise control (i.e. being in a position to cast a majority of the voting rights, appoint or remove a majority of the directors or otherwise dictate or dominate the decision making) of the relevant entity; and (bb) there is at any time at least one other shareholder or investor independent of the LSD Group having a larger ownership or participating interest in the relevant entity than that of the LSD Group; and

LETTER FROM THE BOARD

- (ii) in respect of LSG and the Lim Family, there will be no restriction on ownership of or participation in any business or entity (whether structured as a body corporate, partnership, trust or any unincorporated entity carrying on business) provided that such direct or indirect ownership or participation do not exceed the higher of, (a) 15% of such entity's capital (or equivalent total investment amount) or a 15% share of its annual dividends and distributions (if any); or (b) an investment value of USD30 million, provided further that (aa) at no time shall the LSG Group and the Lim Family (whether individually or collectively) exercise control (i.e. being in a position to cast a majority of the voting rights, appoint or remove a majority of the directors or otherwise dictate or dominate the decision making) of the relevant entity; and (bb) there is at any time at least one other shareholder or investor independent of the LSG Group and the Lim Family having a larger ownership or participating interest in the relevant entity than that of the LSG Group and/or the Lim Family in aggregate.

The terms and conditions of the Existing Undertakings and the Deed of Conditional Waiver remain unchanged and in full force and effect save to the extent the 2019 Supplemental Deed applies.

Conditions precedent

The 2019 Supplemental Deed shall only become effective upon the following conditions precedent being fulfilled on or before 31 May 2019 (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 2019 Supplemental Deed in accordance with the applicable requirements of the Listing Rules;
- (b) the independent shareholders of eSun having approved the 2019 Supplemental Deed in accordance with the applicable requirements of the Listing Rules;
- (c) the independent shareholders of LSD having approved the 2019 Supplemental Deed in accordance with the applicable requirements of the Listing Rules;
- (d) the independent shareholders of LSG having approved the 2019 Supplemental Deed in accordance with the applicable requirements of the Listing Rules; and
- (e) any other consents, approvals or authorisations as may be required under the laws or applicable rules and regulations of governmental or regulatory authorities, including the Stock Exchange,

failing which the 2019 Supplemental Deed shall lapse.

Save as disclosed above, the Company confirms that no further consents, approvals or authorisations need to be obtained under condition precedent (e) above.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2019 SUPPLEMENTAL DEED

Following the voluntary general cash offer in respect of eSun in August 2018 and the unconditional mandatory general cash offer in respect of the Company in September 2018, eSun and the Company have become full-fledged members of the Lai Sun Group, instead of associated companies thereof as they were at the time of the Deed of Conditional Waiver and before. The Existing Undertakings were devised well over two decades ago at a time when the Company was only an associated company in the Lai Sun Group. The Company recognises the ever-evolving PRC property market landscape and the archaic nature of the Listed Securities Exemption in the face of prevailing investment trends. It is hoped that the updating of the scope of such exemption through the 2019 Supplemental Deed to cover both listed and unlisted securities could contribute to a more pragmatic and flexible investment decisions to be made by the Lai Sun Group.

The Proposed Amendments would impact the Company by lifting the decades-old restrictions on the Lai Sun Group (excluding the Group) to participate in the opportunities permitted under the 2019 Supplemental Deed which are otherwise prohibited under the Existing Undertakings, and would affect the Lai Sun Group as a whole by evening the playing field with respect to such opportunities. Under the Deed of Conditional Waiver, if for whatever reason the Company does not take up or participate at all in an opportunity restricted under the Existing Undertakings, the LSG Group and the LSD Group, being bound by the Existing Undertakings, will be prohibited from pursuing the same, which will not help shore up the image of the Lai Sun Group standing by or stepping in for the Company, but will promote an image of the Company being isolated from the Lai Sun Group. Also, the Directors believe that a controlled and friendly participation in the relevant opportunities by the greater Lai Sun Group would present a strong unified front to the Company's competitors to combat the fierce competition faced by the Company in the PRC property market, which would be beneficial to the Group as a whole. The parties are vigilant in exploring new forms of participation for the benefit of the Company and the Lai Sun Group as a whole in an attempt to keep pace with the fast-changing market.

LISTING RULES IMPLICATIONS

As each of LSD, LSG and the Lim Family is the controlling shareholder of the Company, each of them is a connected person of the Company. The execution of the 2019 Supplemental Deed constitutes a connected transaction of the Company and is therefore subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

The Company is an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries include property development for sale and property investment for rental purposes, and development and operation of and investment in cultural, leisure, entertainment and related facilities in the PRC.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Lim Family owns approximately 45.66% of the total issued shares of LSG.

LSG is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activities of the LSG and its subsidiaries include property investment, property development, investment in and operation of hotels and restaurants and investment holding. As at the Latest Practicable Date, LSG owns approximately 56.07% of the total issued shares of LSD.

LSD is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activities of the LSD and its subsidiaries include property investment, property development, investment in and operation of hotels and restaurants and investment holding. As at the Latest Practicable Date, LSD owns approximately 74.62% of the total issued shares of eSun.

eSun is an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. eSun acts as an investment holding company and the principal activities of its subsidiaries include the development, operation of and investment in media and entertainment, music production and distribution, the investment in and production and distribution of television programmes, films and video format products, cinema operation, property development for sale and property investment for rental purposes as well as the development, operation of and investment in cultural, leisure, entertainment and related facilities. As at the Latest Practicable Date, eSun owns approximately 50.55% of the total issued Shares and approximately 67.56% of the total issued shares of MAGHL.

MAGHL is an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed and traded on GEM of the Stock Exchange. The principal activities of the MAGHL Group include film production and distribution; organisation, management and production of concerts and live performances; artiste management; production and distribution of television programs; music production and publishing; licensing of media contents; provision of consultancy services in planning and management of cultural, entertainment and live performance projects.

EGM

The Notice of EGM is set out on pages 30 and 31 of this circular. The EGM will be held at Grand Ballroom 1, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Tuesday, 30 April 2019 at 9:30 a.m. to consider and, if thought fit, approve the 2019 Supplemental Deed.

Shareholders are advised to read the Notice of EGM and if you are not able to attend the EGM or its adjournment (as the case may be) in person 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 registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

Any connected person of the Company with a material interest in the 2019 Supplemental Deed, and any Shareholder with a material interest in such transaction and its associates, shall not vote on the resolution in relation thereto. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) Transtrend Holdings Limited (a wholly-owned subsidiary of LSD which was interested in approximately 0.01% of total issued Shares); and (ii) eSun (which was interested in approximately 50.55% of total issued Shares), which are parties under the 2019 Supplemental Deed and their respective associates are required to abstain from voting on the relevant resolution at the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, save for resolutions which relate purely to a procedural or administrative matter to be voted by a show of hands, any vote of the shareholders at a general meeting must be taken by poll. Accordingly, the ordinary resolution to be proposed at the EGM will be voted by way of a poll by the Shareholders. Article 85 of the Amended and Restated 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. Tricor Tengis Limited, the branch share registrar of the Company in Hong Kong, will serve as the scrutineers for the vote-taking. 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" after the conclusion of the EGM pursuant to Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

Having taken into account the factors as disclosed in the section headed "**REASONS FOR AND BENEFITS OF ENTERING INTO THE 2019 SUPPLEMENTAL DEED**" above, the Directors (other than the excluded Directors) consider that the terms of the 2019 Supplemental Deed are fair and reasonable and are in the interests of the Group and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the 2019 Supplemental Deed.

The excluded Directors are: (i) Dr. KM Lam; (ii) Mr. Lam Kin Hong, Matthew; (iii) Mr. Lam Hau Yin, Lester; and (iv) Madam U Po Chu, all for being parties under the 2019 Supplemental Deed or associates thereof, as well as Mr. Chew Fook Aun, for also being a director of each of eSun, LSD and LSG and Mr. Lam Bing Kwan, for also being a director of each of LSD and LSG. The excluded Directors present at the relevant Board meeting abstained from voting on the Board resolution approving the 2019 Supplemental Deed to avoid any conflict of interests.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors (except Mr. Lam Bing Kwan) has been established to advise the Independent Shareholders in respect of the 2019 Supplemental Deed.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on page 13 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 14 to 22 of this circular containing their advice and recommendation to the Independent Board Committee and the Independent Shareholders regarding the terms of the 2019 Supplemental Deed 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 as 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)

19 March 2019

To the Independent Shareholders,

Dear Sir or Madam,

CONNECTED TRANSACTION

2019 SUPPLEMENTAL DEED IN RELATION TO AMENDMENTS TO THE EXISTING NON-COMPETITION UNDERTAKINGS

We refer to the circular of the Company dated 19 March 2019 (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 as to whether the 2019 Supplemental Deed was entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, 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 Somerley Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2019 Supplemental Deed.

We wish to draw your attention to the “Letter from the Board” as set out on pages 5 to 12 of the Circular and the “Letter from the Independent Financial Adviser” as set out on pages 14 to 22 of the Circular.

Having taken into account the principal factors and reasons considered by the Independent Financial Adviser, its conclusion and advice, we concur with the opinion of the Independent Financial Adviser that although the 2019 Supplemental Deed was not entered into in the ordinary and usual course of business of the Group, the terms of the 2019 Supplemental Deed are on normal commercial terms and 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 (the text of which is contained in the Notice of EGM) to be proposed at the EGM to approve the 2019 Supplemental Deed.

Yours faithfully,
Independent Board Committee
Lai Fung Holdings Limited

Ku Moon Lun Law Kin Ho Mak Wing Sum, Alvin Shek Lai Him, Abraham
Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this Circular.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

19 March 2019

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

Dear Sirs,

CONNECTED TRANSACTION

2019 SUPPLEMENTAL DEED IN RELATION TO AMENDMENTS TO THE EXISTING NON-COMPETITION UNDERTAKINGS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to the 2019 Supplemental Deed in relation to certain amendments to the Existing Undertakings, details of which are set out in the Letter from the Board in a circular dated 19 March 2019 to the Shareholders (the “**Circular**”) of which this letter forms part. Unless the context requires, capitalized terms used in this letter shall have the same meanings as those defined in the Circular and the letter from the Board therein.

On 8 March 2019, the Company executed the 2019 Supplemental Deed in favour of LSD, LSG and the Lim Family in relation to certain amendments to the Existing Undertakings to expand the scope and application of the Listed Securities Exemption. As each of LSD, LSG and the Lim Family is the controlling shareholder of the Company, each of them is a connected person of the Company. The execution of the 2019 Supplemental Deed constitutes a connected transaction of the Company and is therefore 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, Mr. Law Kin Ho, Mr. Mak Wing Sum, Alvin and Mr. Shek Lai Him, Abraham, being the four independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the 2019 Supplemental Deed. The Company will propose an ordinary resolution at the EGM for the Independent Shareholders to consider and, if thought fit, approve the 2019 Supplemental Deed.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We are not associated with the Company, LSG, LSD, the Lim Family or their respective substantial shareholders or associates and accordingly we are considered eligible to give independent advice on the 2019 Supplemental Deed and the transactions contemplated thereunder. Apart from the normal professional fees payable to us in connection with this and similar appointments, no arrangement exists whereby we will receive any fees or benefits from the Company, LSG, LSD, the Lim Family or their respective substantial shareholders or associates.

During the past two years, Somerley Capital Limited acted as the independent financial adviser and issued the opinion letter contained in the composite offer and response document dated 23 July 2018 of eSun, a controlling shareholder of the Company, in relation to a conditional voluntary general cash offer. The past engagement was limited to providing independent advisory services to the independent board committee and independent shareholders pursuant to the Listing Rules. Under the past engagement, Somerley Capital Limited received normal professional fees from eSun. Notwithstanding the past engagement, as at the Latest Practicable Date, there were no relationships or interests between Somerley Capital Limited on one hand and the Group, LSD, LSG, the Lim Family and their associates on the other hand that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and Independent Shareholders in connection with the 2019 Supplemental Deed.

In formulating our opinion, we have reviewed, amongst others, the 2019 Supplemental Deed, the annual reports of the Company for the years ended 31 July 2014, 2015, 2016, 2017 and 2018 and the information contained in the Circular. We have also discussed with and reviewed information provided by the management of the Group regarding the businesses of the Group, the prospects of execution of the 2019 Supplemental Deed and the transactions contemplated thereunder.

We have relied on the information and facts supplied, and the opinions expressed to us, by management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and considered that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the businesses and affairs of the Group, nor have we carried out any independent verification of the information supplied.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our advice and recommendation as to whether the terms of the 2019 Supplemental Deed are fair and reasonable in so far as the Company and the Independent Shareholders as a whole are concerned, we have taken into account the principal factors and reasons set out below:

1. Information on the parties involved in the 2019 Supplemental Deed

The Company is an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries include property development for sale and property investment for rental purposes, and development and operation of and investment in cultural, leisure, entertainment and related facilities in the PRC.

LSG is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activities of the LSG Group include property investment, property development, investment in and operation of hotels and restaurants and investment holding. As at the Latest Practicable Date, LSG owns approximately 56.07% of the total issued shares of LSD.

LSD is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activities of the LSD Group include property investment, property development, investment in and operation of hotels and restaurants and investment holding. As at the Latest Practicable Date, LSD owns approximately 74.62% of the total issued shares of eSun.

eSun is an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. eSun acts as an investment holding company and the principal activities of its subsidiaries include the development, operation of and investment in media and entertainment, music production and distribution, the investment in and production and distribution of television programmes, films and video format products, cinema operation, property development for sale and property investment for rental purposes as well as the development, operation of and investment in cultural, leisure, entertainment and related facilities. As at the Latest Practicable Date, eSun owns approximately 50.55% of the total issued Shares and approximately 67.56% of the total issued shares of MAGHL.

MAGHL is an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed and traded on GEM of the Stock Exchange. The principal activities of the MAGHL Group include film production and distribution; organisation, management and production of concerts and live performances; artiste management; production and distribution of television programs; music production and publishing; licensing of media contents; provision of consultancy services in planning and management of cultural, entertainment and live performance projects.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, the Lim Family owns approximately 45.66% of the total issued shares of LSG.

2. Background of the Existing Undertakings

The Existing Undertakings

In connection with the listing of the Shares on the Stock Exchange back 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 members of the LSD Group) 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. However, there was no restriction on ownership of shares in any company whose shares are listed on the Stock Exchange or on any other stock exchange and which compete with the Company, provided that such shares do not exceed 15% of such listed company's issued share capital and provided further that at no time shall the LSG Group, Messrs. Lam, the late Mr. Lim Por Yen and their respective associates (whether individually or collectively) exercise control over the board of the relevant company and provided that there is at any time at least one other independent shareholder holding more shares in the relevant company than their aggregate shareholding ("**Listed Securities Exemption**").

Further details on the Existing Undertakings were set out in the listing document of the Company dated 18 November 1997.

Deed of Conditional Waiver

On 30 October 2012, the Company executed the Deed of Conditional Waiver in favour of LSG and LSD, 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 (defined under the Deed of Conditional Waiver to mean the LSG Group and the LSD Group) in any business opportunities 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 INDEPENDENT FINANCIAL ADVISER

The waiver will not apply to Messrs. Lam but will affect them only to the extent if any member of the above affiliated groups is allowed to participate in a business opportunity prohibited under the Existing Undertakings, 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.

Further details of the Deed of Conditional Waiver were set out in the circular of the Company dated 1 December 2012 in relation to the Deed of Conditional Waiver.

3. Reasons for and benefits of entering into the 2019 Supplemental Deed

As stated in the letter from the Board, following the voluntary general cash offer in respect of eSun in August 2018 and unconditional mandatory general cash offer in respect of the Company in September 2018, eSun and the Company have become full-fledged members of the Lai Sun Group, instead of associated companies thereof as they were at the time of the Deed of Conditional Waiver and before. The Existing Undertakings were devised well over two decades ago at a time when the Company was only an associated company in the Lai Sun Group. The Company recognises the ever-evolving PRC property market landscape and the archaic nature of the Listed Securities Exemption in the face of prevailing investment trends. It is hoped that the updating of the scope of such exemption through the 2019 Supplemental Deed to cover both listed and unlisted securities could contribute to a more pragmatic and flexible investment decisions to be made by the Lai Sun Group.

As stated in the letter from the Board, the Proposed Amendments would impact the Company by lifting the decades-old restrictions on the Lai Sun Group (excluding the Group) to participate in the opportunities permitted under the 2019 Supplemental Deed which are otherwise prohibited under the Existing Undertakings, and would affect the Lai Sun Group as a whole by evening the playing field with respect to such opportunities. Under the Deed of Conditional Waiver, if for whatever reason the Company does not take up or participate at all in an opportunity restricted under the Existing Undertakings, the LSG Group and the LSD Group, being bound by the Existing Undertakings, will be prohibited from pursuing the same, which will not help shore up the image of the Lai Sun Group standing by or stepping in for the Company, but will promote an image of the Company being isolated from the Lai Sun Group. Also, the Directors believe that a controlled and friendly participation in the relevant opportunities by the greater Lai Sun Group would present a strong unified front to the Company's competitors to combat the fierce competition faced by the Company in the PRC property market, which would be beneficial to the Group as a whole. The parties are vigilant in exploring new forms of participation for the benefit of the Company and the Lai Sun Group as a whole in an attempt to keep pace with the fast-changing market.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the discussion with the management of the Group, we are given to understand that although the 2019 Supplemental Deed would allow further flexibility for the LSG Group, the LSD Group and the Lim Family to pursue investment opportunities in the PRC property market, the network and relationship built by them would possibly be beneficial to the Group by enhancing its business opportunities in the PRC on a long term basis given other terms under the Existing Undertakings and the Deed of Conditional Waiver remain intact. Also, based on the Company's annual reports in the past five years and as advised by the management of the Group, the Group has not made any investment in entities with 15% or below equity interest. On this basis, the entering into of the 2019 Supplemental Deed, in our view, would not have any significant adverse impact on the operations and financial position of the Group but could possibly enhance its business network and opportunities in a long run. Pursuant to the 2019 Supplemental Deed, it is noted that the 2019 Supplemental Deed is, in case 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), essentially to extend the Listed Securities Exemption to include the unlisted securities with restriction threshold remaining the same as agreed in 1997 and, in case of LSD, to align with that 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) and recent market practice. Similar exemptions covering both listed and unlisted securities are seen in recent initial public offerings which are discussed in the section headed "5. Recent non-compete undertakings" below.

4. Principal terms of the Proposed Amendments

The Proposed Amendments

On 8 March 2019, the Company executed the 2019 Supplemental Deed in favour of LSD, LSG and the Lim Family in relation to certain amendments to the Existing Undertakings to expand the scope and application of the Listed Securities Exemption.

Pursuant to the 2019 Supplemental Deed, notwithstanding anything contained in the Undertaking Documents and the Deed of Conditional Waiver, and to the extent not already exempted under the Undertaking Documents:

- (i) in respect of LSD, there will be no restriction on ownership of or participation in any business or entity (whether structured as a body corporate, partnership, trust or any unincorporated entity carrying on business) provided that such direct or indirect ownership or participation do not exceed the higher of, (a) 15% of such entity's capital (or equivalent total investment amount) or a 15% share of its annual dividends and distributions (if any); or (b) an investment value of USD30 million, provided further that (aa) at no time shall the LSD Group exercise control (i.e. being in a position to cast a majority of the voting rights, appoint or remove a majority of the directors or otherwise dictate or dominate the decision making) of the relevant entity; and (bb) there is at any time at least one other shareholder or investor independent of the LSD Group having a larger ownership or participating interest in the relevant entity than that of the LSD Group; and

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- (ii) in respect of LSG and the Lim Family, there will be no restriction on ownership of or participation in any business or entity (whether structured as a body corporate, partnership, trust or any unincorporated entity carrying on business) provided that such direct or indirect ownership or participation do not exceed the higher of, (a) 15% of such entity's capital (or equivalent total investment amount) or a 15% share of its annual dividends and distributions (if any); or (b) an investment value of USD30 million, provided further that (aa) at no time shall the LSG Group and the Lim Family (whether individually or collectively) exercise control (i.e. being in a position to cast a majority of the voting rights, appoint or remove a majority of the directors or otherwise dictate or dominate the decision making) of the relevant entity; and (bb) there is at any time at least one other shareholder or investor independent of LSG Group and the Lim Family having a larger ownership or participating interest in the relevant entity than that of the LSG Group and/or the Lim Family in aggregate.

The terms and conditions of the Existing Undertakings and the Deed of Conditional Waiver remain unchanged and in full force and effect save to the extent the 2019 Supplemental Deed applies.

Conditions precedent

The 2019 Supplemental Deed shall become effective subject to the approval of independent shareholders of the Company, eSun, LSD and LSG and shall continue for so long as the Existing Undertakings are in effect.

5. 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 companies which were listed on the Main Board of the Stock Exchange from 1 January 2017 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**") and the non-compete undertakings entered into between controlling shareholders and 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 invest in but not to gain control of unlisted entities which engage in similar businesses. On this basis, a total of 10 Comparable Companies are identified and summarized as follows:

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Date of prospectus	Stock code	Company name	Any non-compete undertakings provided by the controlling shareholders? ^(Note)	Would the non-compete undertakings contain any exemption clause for the controlling shareholders to invest in but not to gain control of both listed and unlisted entities which engage in similar businesses?
22-Feb-19	1902	Yincheng International Holding Co., Ltd.	Yes	No
14-Feb-19	2019	Dexin China Holdings Company Limited	Yes	Yes
10-Dec-18	2892	Million Cities Holdings Limited	Yes	Yes
30-Oct-18	3616	Ever Reach Group (Holdings) Company Limited	Yes	No
28-Sep-18	6111	DaFa Properties Group Limited	Yes	Yes
28-Sep-18	3990	Midea Real Estate Holding Limited	Yes	Yes
29-Jun-18	1996	Redsun Properties Group Limited	Yes	Yes
29-Dec-17	3699	Everbright Grand China Assets Limited	Yes	No
28-Dec-17	6158	Zhenro Properties Group Limited	Yes	Yes
9-Nov-17	1997	Wharf Real Estate Investment Company Limited (“Wharf Real Estate”)	No	n.a.

Source: the website of the Stock Exchange

Note: The listed groups have the right of first refusal to take up all business opportunities of restricted business under the non-compete undertakings.

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From the above table, it is noted that (i) Wharf Real Estate has not been provided with any non-compete undertakings from its controlling shareholders; (ii) 6 out of 9 Comparable Companies (other than Wharf Real Estate) have allowed their controlling shareholders to invest in other listed and unlisted entities which have similar businesses with those of the Comparable Companies' subject to certain conditions. We note that it is not uncommon, pursuant to the non-compete undertakings, to allow the controlling shareholders to invest in other listed and unlisted entities which are engaged in similar businesses given that the total number of shares held by the controlling shareholders does not exceed certain percentage of the issued shares of such entity provided that (i) such investment or interest does not grant the controlling shareholders or their respective close associates any right to control the composition of the board of the directors or managers of such entity; and (ii) such investment interest does not grant the controlling shareholders or their respective close associates any right to participate directly or indirectly in such entity.

Given that (i) it is not uncommon to allow the controlling shareholders to invest in but not to gain control of other listed and unlisted entities which are engaged in similar businesses; and (ii) the reasons and benefits as set out in the section "3. Reasons for and benefits of entering into the 2019 Supplemental Deed", we consider that the terms of the 2019 Supplemental Deed are on normal commercial terms and fair and reasonable as far as the Independent Shareholders are concerned.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that although the entering into of the 2019 Supplemental Deed is not in the ordinary and usual course of business of the Company, the terms of the 2019 Supplemental Deed are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned, that the execution of the 2019 Supplemental Deed is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders, to vote in favor of the ordinary resolution to be proposed at the EGM in relation to the 2019 Supplemental Deed.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Jenny Leung
Director

Jenny Leung is a licensed person and a responsible officer of Somerley Capital Limited registered with the Securities and Futures Commission to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

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

As at the Latest Practicable Date, save as disclosed below, none of the Directors and the chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Code of Practice for Securities Transactions by Directors and Designated Employees adopted by the Company on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

(1) The Company

Long positions in the ordinary shares of HK\$5.00 each of the Company (“Shares”) and underlying Shares

Name of Director	Capacity	Number of Shares		Number of underlying Shares	Total	Approximate percentage of total issued Shares
		Personal interests	Corporate interests	Personal interests (Note 1)		(Note 2)
Chew Fook Aun (“Mr. FA Chew”)	Beneficial owner/ Owner of controlled corporation	Nil	600,000 (Note 3)	1,009,591	1,609,591	0.49%
Lam Hau Yin, Lester (“Mr. Lester Lam”)	Beneficial owner	Nil	Nil	3,219,182	3,219,182	0.98%
Cheng Shin How (“Mr. SH Cheng”)	Beneficial owner	Nil	Nil	643,836	643,836	0.20%
Lee Tze Yan, Ernest (“Mr. Ernest Lee”)	Beneficial owner	Nil	Nil	640,000	640,000	0.20%

Notes:

1. These interests in underlying Shares represented interests in share options granted to the Directors under the share option schemes of the Company, particulars of which are as follows:

<i>Name of Director</i>	<i>Date of grant</i>	<i>Number of underlying Shares comprised in share options</i>	<i>Option period</i>	<i>Exercise price per Share (HK\$)</i>
<i>Mr. FA Chew</i>	<i>12/06/2012</i>	<i>1,009,591</i>	<i>12/06/2012 - 11/06/2020</i>	<i>6.65</i>
<i>Mr. Lester Lam</i>	<i>18/01/2013</i>	<i>3,219,182</i>	<i>18/01/2013 - 17/01/2023</i>	<i>11.40</i>
<i>Mr. SH Cheng</i>	<i>18/01/2013</i>	<i>643,836</i>	<i>18/01/2013 - 17/01/2023</i>	<i>11.40</i>
<i>Mr. Ernest Lee</i>	<i>18/01/2013</i>	<i>640,000</i>	<i>18/01/2013 - 17/01/2023</i>	<i>11.40</i>

2. The percentage has been compiled based on the total number of issued Shares as at the Latest Practicable Date (i.e. 327,386,965 Shares).
3. These Shares are held by The Orchid Growers Association Limited, the entire issued share capital of which is beneficially owned by Mr. FA Chew.

(2) Associated corporations of the Company

(i) eSun

Long positions in the ordinary shares of HK\$0.50 each of eSun (“eSun Shares”)

<i>Name of Director</i>	<i>Capacity</i>	<i>Number of eSun Shares Personal interests</i>	<i>Approximate percentage of total issued eSun Shares (Note)</i>
<i>Mr. Lester Lam</i>	<i>Beneficial owner</i>	<i>2,794,443</i>	<i>0.19%</i>

Note: The percentage has been compiled based on the total number of issued eSun Shares as at the Latest Practicable Date (i.e. 1,491,854,598 eSun Shares).

(ii) LSD***Long positions in the ordinary shares of LSD (“LSD Shares”) and underlying LSD Shares***

Name of Director	Capacity	Number of LSD Shares		Number of underlying LSD Shares	Total	Approximate percentage of total issued LSD Shares <i>(Note 2)</i>
		Personal interests	Corporate interests	Personal interests <i>(Note 1)</i>		
Mr. FA Chew	Beneficial owner/ Owner of controlled corporation	Nil	400,000 <i>(Note 3)</i>	3,773,081	4,173,081	0.69%
Mr. Lester Lam	Beneficial owner	Nil	Nil	4,173,081	4,173,081	0.69%
U Po Chu (“Madam U”)	Beneficial owner	26,919	Nil	Nil	26,919	0.01%
Mr. Ernest Lee	Beneficial owner	Nil	Nil	832,000	832,000	0.14%

Notes:

1. *These interests in underlying LSD Shares represented interests in share options granted to the Directors under a share option scheme of LSD, particulars of which are as follows:*

<i>Name of Director</i>	<i>Date of grant</i>	<i>Number of underlying LSD Shares comprised in share options</i>	<i>Option period</i>	<i>Exercise price per LSD Share (HK\$)</i>
<i>Mr. FA Chew</i>	<i>05/06/2012</i>	<i>3,773,081</i>	<i>05/06/2012 - 04/06/2022</i>	<i>5.35</i>
<i>Mr. Lester Lam</i>	<i>18/01/2013</i>	<i>4,173,081</i>	<i>18/01/2013 - 17/01/2023</i>	<i>16.10</i>
<i>Mr. Ernest Lee</i>	<i>18/01/2013</i>	<i>832,000</i>	<i>18/01/2013 - 17/01/2023</i>	<i>16.10</i>

2. *The percentage has been compiled based on the total number of issued LSD Shares as at the Latest Practicable Date (i.e. 606,464,125 LSD Shares).*
3. *These LSD Shares are held by The Orchid Growers Association Limited, the entire issued share capital of which is beneficially owned by Mr. FA Chew.*

(iii) LSG***Long positions in the ordinary shares of LSG (“LSG Shares”) and underlying LSG Shares***

Name of Director	Capacity	Number of LSG Shares		Number of underlying LSG Shares	Total	Approximate percentage of total issued LSG Shares (Note 2)
		Personal interests	Corporate interests	Personal interests (Note 1)		
Lam Kin Ming (“Dr. KM Lam”)	Beneficial owner	1,013,879	Nil	Nil	1,013,879	0.26%
Mr. FA Chew	Beneficial owner/ Owner of controlled corporation	Nil	202,422 (Note 3)	3,819,204	4,021,626	1.04%
Madam U	Beneficial owner	825,525	Nil	Nil	825,525	0.21%
Mr. Lester Lam	Beneficial owner	12,366,937	Nil	7,571,626	19,938,563	5.16%

Notes:

1. *These interests in underlying LSG Shares represented interests in share options granted to the Directors under the share option schemes of LSG, particulars of which are as follows:*

Name of Director	Date of grant	Number of underlying LSG Shares comprised in share options	Option period	Exercise price per LSG Share (HK\$)
Mr. FA Chew	19/06/2017	3,819,204	19/06/2017 - 18/06/2027	15.00
Mr. Lester Lam	18/01/2013	3,752,422	18/01/2013 - 17/01/2023	6.05
Mr. Lester Lam	19/06/2017	3,819,204	19/06/2017 - 18/06/2027	15.00

2. *The percentage has been compiled based on the total number of issued LSG Shares as at the Latest Practicable Date (i.e. 386,604,822 LSG Shares).*
3. *These LSG Shares are held by The Orchid Growers Association Limited, the entire issued share capital of which is beneficially owned by Mr. FA Chew.*

*(iv) LSD Bonds (2017) Limited**Long position in the 4.6% guaranteed notes due 2022*

Name of Director	Capacity	Nature of interests	Principal amount
Mak Wing Sum, Alvin (“ Mr. Alvin Mak ”)	Beneficial owner	Personal	USD200,000 <i>(Note)</i>

Note: These notes were jointly held by Mr. Alvin Mak and his spouse.

Save as disclosed below (and their respective interests disclosed above), as at the Latest Practicable Date, there was no Director who is a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

1. Mr. FA Chew (an executive Director) is also an executive director of each of eSun, LSD and LSG;
2. Dr. KM Lam (an executive Director) is also a non-executive director of LSD and an executive director of LSG;
3. Mr. Lam Kin Hong, Matthew (an executive Director) is also an executive director of LSG;
4. Mr. Lester Lam (an executive Director) is also an executive director of each of eSun, LSD and LSG;
5. Madam U (an executive Director) is also a non-executive director of each of eSun and LSD, and an executive director of LSG;
6. Mr. Ernest Lee (an executive Director) is also an employee of LSD; and
7. Mr. Lam Bing Kwan (an independent non-executive Director) is also an independent non-executive director of each of LSD and LSG.

3. COMPETING INTERESTS

As at the Latest Practicable Date, save for Mr. FA Chew, Dr. KM Lam, Mr. Lam Kin Hong, Matthew, Mr. Lester Lam, Madam U, Mr. Ernest Lee, Mr. Lucas Ignatius Loh Jen Yuh and Mr. Puah Tze Shyang, who held shareholding or other interests and/or directorships in companies/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 businesses 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 the Board resolutions approving any proposal in which any Director or his/her 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 resolution in respect of the 2019 Supplemental Deed.

4. DIRECTORS’ INTEREST IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date,

- (a) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at such date and which was significant in relation to the business of the Group; and
- (b) none of the Directors had 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 were proposed to be acquired or disposed of by or leased to any member of the Group since 31 July 2018, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. 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 which will not expire or be determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

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 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Somerley Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

The expert above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion as set out in this circular and references to its name in the form and context in which they appear in this circular.

As at the Latest Practicable Date, the expert above 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 2018, being the date to which the latest published audited consolidated financial statements of the Company were made up.

As at the Latest Practicable Date, the expert above did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

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 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong during normal business hours between 9:30 a.m. to 12:30 p.m. and from 2:30 p.m. to 5:30 p.m. on any weekday (Saturdays, Sundays and public holidays excepted) unless (a) a tropical cyclone warning signal number 8 or above is hoisted; or (b) a black rainstorm warning signal is issued, from the date of this circular up to and including the date of the EGM and at the EGM:

- (a) the Undertaking Documents;
- (b) the Deed of Conditional Waiver; and
- (c) the 2019 Supplemental Deed.

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 (“**EGM**”) of the members (“**Members**”) of Lai Fung Holdings Limited (“**Company**”) will be held at Grand Ballroom 1, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong, on Tuesday, 30 April 2019 at 9:30 a.m. for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the 2019 Supplemental Deed in relation to certain amendments to the Existing Undertakings, a copy of which is tabled at the meeting and marked “**A**” and initialled by the chairman of the meeting for identification purpose, be and is hereby approved, confirmed and ratified; **AND THAT** any director of the Company be and is hereby authorised to do all such further acts and things and execute such further documents on behalf of the Company and take all such steps which in his/her opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of the 2019 Supplemental Deed and to make and agree with such changes in the terms of the 2019 Supplemental Deed as he/she may in his/her discretion consider necessary, desirable and expedient and in the interest of the Company.”

By order of the Board
Lai Fung Holdings Limited
Yim Lai Wa
Company Secretary

Hong Kong, 19 March 2019

Registered Office:
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

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

NOTICE OF EGM

Notes:

1. A Member entitled to attend and vote at the EGM convened by the above notice (“**Notice**”) or its adjourned meeting (as the case may be) is entitled to appoint one (or, if he/she/it holds two or more shares of HK\$5.00 each in the share capital of the Company (“**Shares**”), more than one) proxy to attend and, on a poll, vote on his/her/its behalf in accordance with the Amended and Restated Articles of Association of the Company. A proxy need not be a Member.
2. 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 registrar in Hong Kong, Tricor Tengis Limited (“**Registrar**”), at Level 22, Hopewell Centre, 183 Queen’s Road East, 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 proxy will 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 any of its adjourned meeting should they so wish. In that event, the said form(s) of proxy shall be deemed to be revoked.

The contact phone number of the Registrar is (852) 2980 1333.

3. 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 Registrar no later than 4:30 p.m. on Wednesday, 24 April 2019 for registration.
4. Where there are joint registered holders of any Shares, 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 Shares shall alone be entitled to vote in respect thereof.
5. In compliance with Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”), voting on the resolution proposed in this Notice will be decided by way of a poll.
6. 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 after 7:30 a.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 cancelled at or before 7:30 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 or not they would attend the EGM under any bad weather condition and if they do so, they are advised to exercise care and caution.