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LAI FUNG HOLDINGS

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

CONNECTED TRANSACTION DISPOSAL OF PROPERTY

On 25 May 2015, Zhongshan Bao Li, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser pursuant to which the Purchaser agreed to purchase a townhouse unit (including a basement carpark) under Phase I of the Zhongshan Palm Spring Project.

The Purchaser was a director of the Company in the last 12 months and is therefore a connected person of the Company. Hence, the transaction contemplated under the Agreement constitutes a connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the transaction contemplated under the Agreement are more than 0.1% but less than 5%, the transaction constitutes a connected transaction of the Company which is subject to the reporting and announcement requirements but is exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE AGREEMENT

The principal terms of the Agreement are set out below:-

Date:

25 May 2015

Parties:

Vendor: Zhongshan Bao Li, an indirect wholly-owned subsidiary of the Company

Purchaser: Mr. Lau Shu Yan, Julius

The Purchaser was a director of the Company in the last 12 months and is therefore a connected person of the Company under the Listing Rules.

Information on the Property:

The Property is a townhouse unit of Phase I of the Zhongshan Palm Spring Project with a total gross floor area of approximately 239.91 square metres and a basement carpark of approximately 214.83 square metres. All townhouse units in Phase I of the Zhongshan Palm Spring Project are currently on sale to the public.

Consideration: RMB2,954,800 (approximately HK\$3.75 million) payable by the Purchaser in cash in the following manner:-

- (a) RMB200,000 has been paid upon signing of the Agreement as preliminary deposit;
- (b) RMB1,184,800 to be paid on or before 9 June 2015 as down payment; and
- (c) RMB1,570,000 to be paid on or before 8 September 2015 as balance of the Consideration.

Completion: Completion shall take place on or before 30 September 2015.

The Consideration was determined on arm's length basis and with reference to the quoted price of the unit and the applicable discount as stated in the quoted price list for the townhouse units of Phase I of the Zhongshan Palm Spring Project.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The unaudited carrying amount of the Property as included in the unaudited consolidated statement of financial position of the Group as at 31 January 2015 was approximately HK\$2.90 million. Upon completion of the Disposal, the Group is expected to record a gain (before tax) of approximately HK\$0.62 million.

The sale proceeds arising from the Disposal will be applied to the working capital of the Group.

The principal activities of the Group include property development for sale and property investment for rental purposes in the PRC.

As property development for sale is one of the core businesses of Zhongshan Bao Li, the Disposal is in the ordinary course of the business of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

GENERAL

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the transaction contemplated under the Agreement are more than 0.1% but less than 5%, the transaction constitutes a connected transaction of the Company which is subject to the reporting and announcement requirements but is exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As none of the Directors has any material interest in the transaction contemplated under the Agreement, no Director was required to abstain from voting on the relevant Board resolutions to approve the same.

DEFINITIONS

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

“Agreement”	the provisional sale and purchase agreement dated 25 May 2015 and entered into between Zhongshan Bao Li and the Purchaser for the sale and purchase of the Property;
“Board”	the board of Directors;
“Company”	Lai Fung Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and 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 thereto under the Listing Rules;
“Consideration”	the consideration in the sum of RMB2,954,800 payable by the Purchaser under the Agreement;
“Director(s)”	director(s) of the Company;
“Disposal”	the sale of the Property to the Purchaser pursuant to the Agreement;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Property”	No. 17 (including a basement carpark), Block 15, The Palm Townhouses Phase I, Palm Spring, 23 Cui Sha Road, Western District, Zhongshan, the PRC;
“Purchaser”	Mr. Lau Shu Yan, Julius, a former Director;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Zhongshan Bao Li”	中山市寶麗房地產發展有限公司 (Zhongshan Bao Li Properties Development Company Limited*), a limited liability company established and validly existing under the laws of the PRC and is an indirect wholly-owned subsidiary of the Company;
“Zhongshan Palm Spring Project”	a mixed-use and multi-phase project located in Caihong Planning Area, Western District of Zhongshan in the PRC, comprising high-rise residential towers, townhouses, serviced apartments and commercial blocks, and is entirely owned and being developed by Zhongshan Bao Li;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	per cent.

In this announcement, amounts in RMB are converted into HK\$ on the basis of RMB1 = HK\$1.2682. The conversion rate is for illustrative purpose only and should not be taken as a representation that RMB could actually be converted in HK\$ at such rate or at all.

** For identification purposes only*

By order of the Board
Lai Fung Holdings Limited
Chew Fook Aun
Chairman

Hong Kong, 28 May 2015

As at the date of this announcement, the Board comprises seven Executive Directors, namely 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), Madam U Po Chu, Mr. Cheng Shin How and Mr. Lee Tze Yan, Ernest; two Non-executive Directors, namely Mr. Lucas Ignatius Loh Jen Yuh and Mr. Chan Boon Seng (also alternate to Mr. Lucas Ignatius Loh Jen Yuh); and five Independent Non-executive Directors, namely Messrs. Lam Bing Kwan, Ku Moon Lun, Law Kin Ho, Mak Wing Sum, Alvin and Shek Lai Him, Abraham.