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LAI FUNG HOLDINGS

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

CONNECTED TRANSACTIONS DISPOSAL OF PROPERTIES

The Directors announce that Guangzhou Honghui, a wholly-owned subsidiary of the Company, entered into the Provisional Agreements on 12 October 2009 with the Purchaser in relation to the disposal of the Properties.

The Purchaser is a director of the Company and is a connected person of the Company under the Listing Rules.

The Provisional Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the relevant percentage ratios are higher than 0.1 per cent but lower than 2.5 per cent, the Provisional Agreements are subject to the reporting and announcement requirements, but are exempt from independent shareholders' approval under the Listing Rules.

THE PROVISIONAL AGREEMENTS

Date:

12 October 2009

Parties:

Vendor: Guangzhou Honghui, a wholly-owned subsidiary of the Company

Purchaser: Mr. Lau Shu Yan, Julius

The Purchaser is a director of the Company and a connected person of the Company under the Listing Rules.

Information on the Properties:

- (a) Property A is an office unit of West Point Centre of the Project with a total gross floor area of approximately 68.08 square metres.
- (b) Property B is an office unit of West Point Centre of the Project with a total gross floor area of approximately 68.32 square metres.

Office units of West Point Centre of the Project are currently on sale to the public.

Consideration of the Properties:

- (a) The consideration of Disposal A is RMB882,000 (approximately HK\$1,001,158) payable in cash in three instalments. The first instalment of the consideration was paid by the Purchaser to Guangzhou Honghui upon signing of the Provisional Agreement A and the last instalment shall be paid within 14 days from the issue of the delivery notice of Property A by Guangzhou Honghui.
- (b) The consideration of Disposal B is RMB884,940 (approximately HK\$1,004,495) payable in cash in three instalments. The first instalment of the consideration was paid by the Purchaser to Guangzhou Honghui upon signing of the Provisional Agreement B and the last instalment shall be paid within 14 days from the issue of the delivery notice of Property B by Guangzhou Honghui.

The consideration of each of Disposal A and Disposal B (collectively, the “Disposals”) was agreed between the parties based on the price list available to all potential buyers of the office units of West Point Centre. The Project is still under construction and the cost specific to the Properties could only be more accurately assessed after completion of the construction work. The current estimation of the gain (before tax) arising from the Disposals that will be recognised in the consolidated income statement of the Company upon completion of the Disposals is approximately HK\$400,000.

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

REASONS FOR AND BENEFITS OF THE DISPOSALS

The Company is the holding company of various subsidiaries (including Guangzhou Honghui) which are principally engaged in property development for sale and property investment for rental purposes in the PRC. The Group's core businesses include investment and development of residential, office and commercial properties and serviced apartments in prime locations in major gateway cities in the PRC with excellent accessibility and infrastructure.

As property development for sale is one of the core businesses of Guangzhou Honghui, the Disposals are in the ordinary course of the business of the Company.

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

GENERAL

The Provisional Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the relevant percentage ratios are higher than 0.1 per cent but lower than 2.5 per cent, the Provisional Agreements are subject to the reporting and announcement requirements, but are exempt from independent shareholders' approval under the Listing Rules.

DEFINITIONS

“Board”	the board of Directors
“Company”	Lai Fung Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal A”	the sale of the Property A to the Purchaser pursuant to the Provisional Agreement A
“Disposal B”	the sale of the Property B to the Purchaser pursuant to the Provisional Agreement B
“Group”	the Company and its subsidiaries
“Guangzhou Honghui”	Guangzhou Honghui Real Estate Development Co., Ltd. (廣州宏輝房產開發有限公司), a Sino-foreign co-operative joint venture enterprise incorporated in the PRC and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People's Republic of China and for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Project”	a project with a total gross floor area of approximately 72,000 square meters comprising residential and office units, commercial spaces, car parks and ancillary facilities in Li Wan District, Guangzhou Province, PRC owned and being developed by Guangzhou Honghui

“Property A”	Unit 1111, 11th Floor, West Point Centre of the Project
“Property B”	Unit 1112, 11th Floor, West Point Centre of the Project
“Provisional Agreement A”	the provisional sale and purchase agreement dated 12 October 2009 and entered into between Guangzhou Honghui and the Purchaser for the sale and purchase of the Property A
“Provisional Agreement B”	the provisional sale and purchase agreement dated 12 October 2009 and entered into between Guangzhou Honghui and the Purchaser for the sale and purchase of the Property B
“HK\$”	Hong Kong dollar, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC

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

Hong Kong, 15 October 2009

As at the date of this announcement, the executive directors of the Company are Mr. Lam Kin Ngok, Peter, Mr. Lam Kin Ming, Mr. Lam Kin Hong, Matthew, Mr. Lam Hau Yin, Lester, Madam U Po Chu, Mr. Lau Shu Yan, Julius, Mr. Tam Kin Man, Kraven, Miss Leung Churk Yin, Jeanny and Mr. Cheng Shin How; the non-executive director is Mr. Lim Ming Yan (alternate director: Mr. Leow Juan Thong, Jason); and the independent non-executive directors are Mr. Lam Bing Kwan, Mr. Ku Moon Lun and Mr. Law Kin Ho.

** The informal English translation or transliterations of Chinese formal names are for reference purposes.*

For the purpose of this announcement, the translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 = HK\$1.1351.