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L A I F U N G H O L D I N G S

Lai Fung Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1125)

PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every fifty (50) issued and unissued Existing Shares of HK\$0.10 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$5.00 each in the share capital of the Company. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the EGM.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Shares are traded in board lots of 20,000 Shares. The Board further proposes to change the board lot size for trading on the Stock Exchange from 20,000 Shares to 400 Consolidated Shares conditional upon the Share Consolidation becoming effective.

GENERAL

A circular containing, among other things, further details of the Share Consolidation and a notice convening the EGM is expected to be despatched to the Shareholders on or before Wednesday, 26 July 2017.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every fifty (50) issued and unissued Existing Shares of HK\$0.10 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$5.00 each in the share capital of the Company.

Effects of the Share Consolidation

As at the date of this announcement, the authorized share capital of the Company is HK\$2,000,000,000.00 divided into 20,000,000,000 Existing Shares of par value of HK\$0.10 each, of which 16,285,086,736 Existing Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective and assuming that no new Existing Shares are issued or bought back from the date of this announcement until the effective date of the Share Consolidation, the authorized share capital of the Company shall become HK\$2,000,000,000.00 divided into 400,000,000 Consolidated Shares of a par value of HK\$5.00 each, of which not less than 325,701,734 Consolidated Shares will be in issue. Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other in accordance with the articles of association of the Company.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of the ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares.

Listing application

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought. Facility has been made to trade the Shares over-the-counter in the form of ADSs, as described further below.

Reason for the Share Consolidation

It is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price per Share. It is hoped that this will make investing in the Shares more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor, and thus help to further broaden the shareholder base of the Company. The minimum price per share varies with each institutional investor but the Board has generally found that the prescribed floor is approximately HK\$7.8 per share. Accordingly, the Board is of the view that the Share Consolidation is beneficial to the Company and the Shareholders as a whole.

As of the date of the announcement, the Company has no plans for any further corporate action or arrangement that may affect the trading in its Shares (eg. share consolidation, subdivision or change in board lot size) and it has no plans for any equity fundraising in the forthcoming twelve months.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares of the Company regardless of the number of share certificates held by such holder.

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Board lot size

Currently, the Existing Shares are traded on the Stock Exchange in the board lot size of 20,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 20,000 Existing Shares to 400 Consolidated Shares conditional upon the Share Consolidation becoming effective. The Board is of the view that the new board lot size will minimise the creation of odd lots and to address the impact of odd lots on Shareholders (if any), a matching service will be provided by the Company.

Based on the closing price of HK\$0.232 per Existing Share (equivalent to the theoretical closing price of HK\$11.6 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of Existing Shares is HK\$4,640; (ii) the value of each board lot of 20,000 Consolidated Shares would be HK\$232,200 assuming the Share Consolidation becoming effective; and (iii) the estimated market value per board lot of 400 Consolidated Shares would be HK\$4,640 assuming that the Change in Board Lot Size had also been effective.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular of the Company.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, the Shareholders may between 9:00 a.m. and 4:30 p.m. on any business day during the period from Tuesday, 15 August 2017 to Thursday, 21 September 2017 (both days inclusive) submit existing share certificates in the colour of pink for the Existing Shares to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for exchange for new share certificates in the colour of green for the Consolidated Shares at the expense of the Company.

Thereafter, share certificates of the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever is higher.

After 4:00 p.m. on Monday, 18 September 2017, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for share certificates for Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

Adjustments in relation to other securities of the Company

Share Options

As at the date of this announcement, the Company has outstanding 2003 Share Options entitling the holders thereof to subscribe for a total of 50,479,564 Existing Shares. Under the terms and conditions of the 2003 Share Option Scheme, the Share Consolidation may lead to adjustments to, amongst other things, the number of Existing Shares subject to the 2003 Share Options so far as unexercised and/or the option price.

As at the date of this announcement, the Company has outstanding 2012 Share Options entitling the holders thereof to subscribe for a total of 452,726,430 Existing Shares. Under the terms and conditions of the 2012 Share Option Scheme, the Share Consolidation may lead to adjustments to, amongst other things, the number of Existing Shares subject to the 2012 Share Options so far as unexercised and/or the option price.

The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

American Depositary Shares

As at the date of this announcement, facility has been made to trade Shares in the form of ADSs with each ADS representing 400 Existing Shares. Upon approval of the proposed Share Consolidation at the EGM, the Company intends to effect a simultaneous change to the ratio of ADSs to Shares so that one ADS will represent eight Consolidated Shares. The Company will make separate arrangements with its depository, The Bank of New York Mellon, to provide further details.

Save as disclosed above, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares, as at the date of this announcement.

GENERAL

A circular containing, among other things, further details of the Share Consolidation and a notice convening the EGM will be despatched to the Shareholders on or before Wednesday, 26 July 2017. Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser if they are in doubt about any of the above matters.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Consolidation and Change in Board Lot Size is as follows:

Despatch date of circular with notice of the EGM 26 July 2017

Latest date and time for lodging transfer documents in order to qualify for attending and voting at the EGM4:30 p.m. on 8 August 2017

Closure of Hong Kong branch register of members for the entitlement to attend and vote at the EGM9 August 2017 to 14 August 2017 (both days inclusive)

Latest date and time for lodging forms of proxy for the EGM4:00 p.m. on 12 August 2017

Record date for attending the EGM.....14 August 2017

Date and time of the EGM4:00 p.m. on 14 August 2017

Announcement of voting results of the EGM14 August 2017

Effective date of the Share Consolidation15 August 2017

First day for free exchange of existing share certificates for new share certificates for the Consolidated Shares commences15 August 2017

Dealings in the Consolidated Shares commences9:00 a.m. on 15 August 2017

Original counter for trading in the Existing Shares in board lots of 20,000 Existing Shares (in the form of existing share certificates) temporarily closes9:00 a.m. on 15 August 2017

Temporary counter for trading in the Consolidated Shares in board lots of 400 Consolidated Shares (in the form of existing share certificates) opens9:00 a.m. on 15 August 2017

Original counter for trading in the Consolidated Shares in board lots of 400 Consolidated Shares (in the form of new share certificates) re-opens9:00 a.m. on 29 August 2017

Parallel trading in the Consolidated Shares (in form of new share certificates and existing share certificates) commences9:00 a.m. on 29 August 2017

Designated broker starts to stand in the market
to provide matching services for odd lots of
the Consolidated Shares9:00 a.m. on 29 August 2017

Temporary counter for trading in the Consolidated
Shares in board lots of 400 Consolidated Shares
(in the form of existing share certificates) closes4:00 p.m. on 18 September 2017

Parallel trading in Consolidated Shares (in form
of new share certificates and existing share certificates)
ends4:00 p.m. on 18 September 2017

Designated broker ceases to stand in the market
to provide matching services for odd lots of the
Consolidated Shares.....4:00 p.m. on 18 September 2017

Last day for free exchange of existing share
certificates for new share certificates for
the Consolidated Shares21 September 2017

All times and dates in this announcement refer to Hong Kong local times and dates. The expected timetable set out above is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“ADS(s)”	American depositary share(s) of the Company, each of which represents 400 ordinary shares in the share capital of the Company before the Share Consolidation becomes effective;
“Board”	the board of Directors;
“CCASS”	the Central Clearing and Settlement System established and operated by the HKSCC;
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 20,000 Shares to 400 Consolidated Shares;
“Company”	Lai Fung Holdings Limited, 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);

“Consolidated Share(s)”	ordinary share(s) with par value of HK\$5.00 each in the share capital of the Company immediately after the Share Consolidation becoming effective;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Consolidation;
“Existing Share(s)”	ordinary share(s) with par value of HK\$0.1 each in the share capital of the Company before the Share Consolidation becomes effective;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Committee”	has the same meaning ascribed thereto in Rule 1.01 of the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Shares(s)”	Existing Share(s) and/or Consolidated Share(s), as the case may be;
“Share Consolidation”	the proposed share consolidation of every fifty (50) issued Existing Shares into one (1) Consolidated Share;
“Shareholder(s)”	the holder(s) of the Existing Share(s) or the Consolidated Share(s), as the case may be;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“2003 Share Option(s)”	the option(s) to subscribe for new shares of the Company granted under the 2003 Share Option Scheme;
“2003 Share Option Scheme”	the share option scheme adopted by the Company on 21 August 2003;
“2012 Share Option(s)”	the option(s) to subscribe for new shares of the Company granted under the 2012 Share Option Scheme; and

“2012 Share Option Scheme”

the share option scheme adopted by the Company on 18 December 2012.

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

Hong Kong, 18 July 2017

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. Puah Tze Shyang (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.