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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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 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)**

**PROPOSALS INVOLVING  
GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE SHARES  
AND  
AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION**

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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.

The notice convening the 2014 AGM to be held at Gloucester Room II, 3/F., The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 9 December 2014 at 9:00 a.m. is contained in the Annual Report. Shareholders are advised to read the AGM Notice and if you are not able to attend the 2014 AGM but wish to exercise your right as a Shareholder, please complete and sign the form of proxy enclosed with the Annual Report 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 2014 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the 2014 AGM or any adjournment thereof should you so wish.

10 November 2014

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*This circular in both English and Chinese is available in printed form and published on the respective websites of the Company at “www.laifung.com” and Hong Kong Exchanges and Clearing Limited at “www.hkexnews.hk”. The English version will prevail in case of any inconsistency between the English and Chinese version of this circular.*

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## DEFINITIONS

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*Unless the context otherwise requires, terms used in this circular shall have the following respective meanings:*

“2014 AGM”	the AGM to be convened and held at Gloucester Room II, 3/F., The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 9 December 2014 at 9:00 a.m. or any adjournment thereof;
“AGM”	the annual general meeting of the Company;
“AGM Notice”	the notice convening the 2014 AGM;
“Annual Report”	annual report of the Company for the year ended 31 July 2014;
“Articles of Association”	the articles of association of the Company, as amended, modified and/or supplemented from time to time;
“Board”	the board of Directors;
“close associate(s)”	has the meaning ascribed to it under the Listing Rules;
“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);
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“eSun”	eSun Holdings Limited, 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), and is the ultimate holding company of the Company;
“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 People’s Republic of China;

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## DEFINITIONS

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“Latest Practicable Date”	4 November 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LSD”	Lai Sun Development Company Limited, 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), and is the controlling shareholder of eSun;
“LSG”	Lai Sun Garment (International) Limited, 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), and is the ultimate holding company of LSD;
“Memorandum of Association”	the memorandum of association of the Company, as amended, modified and/or supplemented from time to time;
“SFC”	Securities and Futures Commission in Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Share Option Holders”	the holders of the share options granted under the share option schemes adopted by the Company on 21 August 2003 and 18 December 2012, respectively;
“Shareholder(s)”	the duly registered holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Codes on Takeovers and Mergers issued by the SFC; and
“%”	per cent.

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## LETTER FROM THE BOARD

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# LAI FUNG HOLDINGS

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

*Executive Directors:*

Mr. Chew Fook Aun (*Chairman*)  
Dr. Lam Kin Ming (*Deputy Chairman*)  
Mr. Lam Kin Hong, Matthew (*Executive Deputy Chairman*)  
Mr. Lam Hau Yin, Lester (*Chief Executive Officer*)  
Mr. Cheng Shin How  
Mr. Lau Shu Yan, Julius  
Madam U Po Chu

*Registered Office:*

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

*Non-executive Directors:*

Mr. Lucas Ignatius Loh Jen Yuh  
Mr. Chan Boon Seng  
(*also alternate director to*  
*Mr. Lucas Ignatius Loh Jen Yuh*)

*Principal Place of Business  
in Hong Kong:*

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

*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

10 November 2014

*To the Shareholders and for information only,  
the Share Option Holders*

Dear Sir or Madam,

**PROPOSALS INVOLVING  
GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE SHARES  
AND  
AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION**

**1. INTRODUCTION**

At the last AGM held on 22 November 2013, general mandates were granted by the Shareholders to the Directors to exercise the powers of the Company to repurchase its own Share(s) and to issue Shares. Pursuant to the provisions of the Listing Rules, these general mandates will lapse at the conclusion of the 2014 AGM unless renewed at that meeting.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with an explanatory statement as required by the Listing Rules and the information regarding resolutions to be proposed at the 2014 AGM relating to, among others, (1) to grant general mandates to the Directors to: (i) exercise the powers of the Company to repurchase its own Shares; (ii) issue new Shares; and (iii) increase the number of Shares which the Directors may issue under the general mandate to issue new Shares by the number of the Shares repurchased; and (2) to amend the Memorandum and Articles of Association.

### 2. GENERAL MANDATE TO REPURCHASE SHARES

At the 2014 AGM, an ordinary resolution will be proposed which, if passed, will grant the Directors a general and unconditional mandate to exercise all the powers of the Company to purchase not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution (“**Repurchase Mandate**”) (i.e. the date of the 2014 AGM), for the period from the said date until the conclusion of the next AGM or such other period as stated in the resolution.

An explanatory statement, as required by the Listing Rules to be given to the Shareholders concerning the Repurchase Mandate, is set out in the Appendix to this circular and contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the ordinary resolution relating to the Repurchase Mandate.

### 3. GENERAL MANDATE TO ISSUE SHARES

It will be proposed at the 2014 AGM two ordinary resolutions respectively granting to the Directors a general and unconditional mandate to issue, allot and deal with Shares representing up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution (i.e. the date of the 2014 AGM), for the period from the said date until the conclusion of the next AGM or such other period as stated in the resolution and adding to such mandate so granted to the Directors any Shares repurchased by the Company under the Repurchase Mandate.

### 4. AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

With a view to bringing the Memorandum and Articles of Association in line with certain amendments made to the Listing Rules and Cayman Islands law, incorporating certain housekeeping amendments and updating certain provisions, the Board proposes to put forward to the Shareholders for approval at the 2014 AGM by way of a special resolution to amend the Memorandum and Articles of Association and to adopt the amended and restated Memorandum and Articles of Association which consolidate all of the proposed amendments referred to in the AGM Notice and all previous amendments made pursuant to resolutions passed by the Shareholders.

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## LETTER FROM THE BOARD

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A summary of the key proposed changes to the Memorandum and Articles of Association is set out below:

1. To amend the objects clause to provide the Company full power and authority to carry out any object not prohibited by the laws of the Cayman Islands;
2. To insert the definition of “close associate” and revise the provisions in the Articles of Association containing references to “associate” in light of the amendments to the Listing Rules;
3. To include provisions allowing for execution and delivery of documents by means of electronic signatures and electronic records;
4. To add a new provision to allow the Board to accept the surrender for no consideration of any fully paid share;
5. To revise the provisions related to the giving of notice for closure of register to comply with the requirements of the Listing Rules;
6. To add a new provision to allow the Board to fix a record date for determination of members entitled to receive notice or payment of any dividend or for any other purpose;
7. To allow the Company to hold general meetings in more than one location using any technology that enables the members to listen, speak and vote at the different venues;
8. To revise the provisions in the Articles of Association related to re-election of director appointed to fill a casual vacancy at the next following general meeting to comply with the requirements of the Listing Rules;
9. To revise the provisions in the Articles of Association related to restrictions of making loans by the Company to its directors and their close associates in view of the enactment of the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
10. To provide that an ordinary resolution is required for removal of a director of the Company from office to comply with the requirements of the Listing Rules; and
11. To adopt certain changes to reflect recent amendments made to the Companies Law of the Cayman Islands and make other miscellaneous amendments to update, modernise or clarify provisions of the Articles of Association where it is considered desirable.

The full text of the proposed amendments to the Memorandum and Articles of Association is set out in the AGM Notice. The Chinese translation of the amendments to the Memorandum and Articles of Association set out in the Chinese version of the AGM Notice is for your reference only and the English version shall prevail if there is any inconsistency or discrepancy between the English version and its Chinese translation.

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## LETTER FROM THE BOARD

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The legal advisers of the Company as to Hong Kong law have confirmed to the Company that the proposed amendments to the Memorandum and Articles of Association comply with the requirements of the Listing Rules and the legal advisers of the Company as to Cayman Islands law have confirmed to the Company that the proposed amendments to the Memorandum and Articles of Association are not inconsistent with the laws of the Cayman Islands. In addition, the Company has confirmed to the Stock Exchange that there is nothing unusual about the proposed amendments to the Memorandum and Articles of Association.

The amended and restated Memorandum and Articles of Association are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. (save for Saturdays, Sundays and public holidays in Hong Kong) at the office of the Company at 11/F., Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong from the date of this circular up to and including the date of the 2014 AGM and at the 2014 AGM.

### **5. 2014 AGM**

The AGM Notice is contained in the Annual Report. Shareholders are advised to read the AGM Notice and if you are not able to attend the 2014 AGM or any adjournment thereof but wish to exercise your right as a Shareholder, please complete and sign the form of proxy enclosed with the Annual Report 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 2014 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the 2014 AGM or any adjournment thereof should you so wish.

### **6. VOTING BY WAY OF POLL**

Pursuant to Rule 13.39(4) of the Listing Rules, save for resolutions which relate purely to procedural or administrative matter to be voted by a show of hands, any vote of the Shareholders at a general meeting of the Company must be taken by way of a poll. Accordingly, each of the resolutions to be considered and, if thought fit, passed at the 2014 AGM will be voted by way of a poll by the Shareholders. Article 85 of the Articles of Association 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 2014 AGM. 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 2014 AGM.



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## LETTER FROM THE BOARD

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### 7. RECOMMENDATION

The Directors consider that the proposed Repurchase Mandate and the granting of general mandate to issue new Shares and the extension of such general mandate and the amendments to the Memorandum and Articles of Association as mentioned above are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolutions to be proposed at the 2014 AGM.

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

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## **APPENDIX EXPLANATORY STATEMENT ON REPURCHASE MANDATE**

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This explanatory statement contains all the information required by Rule 10.06(1)(b) of the Listing Rules to be given to the Shareholders reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution relating to the Repurchase Mandate.

### **(I) SHARE CAPITAL**

As at Latest Practicable Date, the share capital of the Company comprised 16,101,899,257 issued and fully-paid up Shares.

Subject to the passing of the relevant ordinary resolution, the Company would be allowed under the Repurchase Mandate to repurchase Shares up to a maximum of 1,610,189,925 Shares on the basis that there will be no change in the issued share capital of the Company prior to the date of the 2014 AGM.

### **(II) REASONS FOR REPURCHASES**

Although the Directors have no present intention of repurchasing any Shares, they believe that the flexibility afforded by the Repurchase Mandate will be in the best interests of the Company and the Shareholders as a whole. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net assets value and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole (e.g. if there are occasions in the future when depressed market conditions arise and the Shares are trading at a discount to their underlying value).

### **(III) FUNDING OF REPURCHASES**

Pursuant to the Repurchase Mandate, the Company may only apply funds legally available for repurchases in accordance with the laws of the Cayman Islands in which the Company is incorporated and the Memorandum and Articles of Association.

The Directors propose that such repurchases of Shares would be appropriately financed by the Company's internal resources and/or available banking facilities. There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the published audited consolidated financial statements of the Company for the year ended 31 July 2014) in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse impact on the working capital of the Company or the gearing position which is, in the opinion of the Directors, appropriate for the Company from time to time.

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**APPENDIX EXPLANATORY STATEMENT ON REPURCHASE MANDATE**

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**(IV) SHARE PRICES**

The highest and lowest prices per Share at which the Shares had been traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

<b>Month</b>	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2013</b>		
November	0.2040	0.1900
December	0.2180	0.1840
<b>2014</b>		
January	0.1990	0.1850
February	0.1920	0.1690
March	0.1750	0.1640
April	0.1720	0.1620
May	0.1660	0.1500
June	0.1590	0.1480
July	0.1880	0.1510
August	0.1850	0.1730
September	0.1820	0.1600
October	0.1760	0.1630
November (up to the Latest Practicable Date)	0.1660	0.1590

**(V) REPURCHASE BY THE COMPANY**

The Company had not made any purchase of Shares (whether on the Stock Exchange or otherwise) during the six months immediately preceding the Latest Practicable Date.

**(VI) INTENTION AND UNDERTAKING**

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, any of their respective close associates have any present intention to sell any Shares held by them to the Company under the Repurchase Mandate if such Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Articles of Association and the laws of the Cayman Islands applicable to the Company.

No core connected person has notified the Company that he has a present intention to sell the Shares held by him to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

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## APPENDIX EXPLANATORY STATEMENT ON REPURCHASE MANDATE

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### (VII) IMPLICATIONS OF THE TAKEOVERS CODE AND THE LISTING RULES

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of a share repurchase by the Company, such increase will be treated as an acquisition of voting rights for the purpose of Rule 32 of the Takeovers Code and Rule 6 of the Code on Share Buy-backs issued by the SFC. Accordingly, a Shareholder or a group of Shareholders acting in concert could, depending on the level of increase in their shareholding interest(s), obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer for Shares in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the controlling shareholders of the Company named below were interested or were deemed to be interested under the SFO in the issued Shares as follows:

Name	Capacity	Nature of Interests	Number of issued Shares	Approximate percentage of total issued Shares
Lam Kin Ngok, Peter ("Dr. Lam")	Owner of controlled corporations	Corporate	8,274,270,422 (Note 1)	51.39%
eSun	Owner of controlled corporations	Corporate	8,274,270,422 (Note 2)	51.39%
LSD	Owner of controlled corporations	Corporate	8,274,270,422 (Note 3)	51.39%
LSG	Owner of controlled corporations	Corporate	8,274,270,422 (Note 3)	51.39%

*Notes:*

- (1) Dr. Lam was deemed to be interested in 8,274,270,422 Shares owned by eSun in the issued share capital of the Company by virtue of his personal and deemed shareholding interests in approximately 42.64% in LSG which in turn owned approximately 51.97% shareholding interest in LSD which in turn owned approximately 41.92% shareholding interests in eSun.
- (2) These interests in the Company represented all the Shares beneficially owned by Merit Worth Limited ("MWL") and Silver Glory Securities Limited ("SGS"). SGS is wholly-owned by MWL which in turn is wholly-owned by eSun. SGS and MWL beneficially owned 3,889,038,698 and 4,385,231,724 Shares respectively.
- (3) LSD and LSG were deemed to be interested in the same 8,274,270,422 Shares in which eSun had interest.

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**APPENDIX EXPLANATORY STATEMENT ON REPURCHASE MANDATE**

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In the event that the Company exercises the Repurchase Mandate in full and taking no account of the issue of new Shares by the Company pursuant to any general or specific mandate given by the Shareholders at any general meeting and the share option schemes adopted by the Company on 21 August 2003 and 18 December 2012, respectively or any other scheme or otherwise, the aggregate beneficial shareholding interests and deemed shareholding interests of Dr. Lam, eSun, LSD and LSG in the Company will be (for illustration) as follows:

<b>Name</b>	<b>Approximate percentage of total issued Shares</b>
Dr. Lam	57.10%
eSun	57.10%
LSD	57.10%
LSG	57.10%

In the opinion of the Directors, the controlling shareholders of the Company would not be obliged to make a mandatory offer under Rule 26 and Rule 32 of the Takeovers Code as a result of such increase.

Assuming that there is no change in the issued Shares between the Latest Practicable Date and the date of repurchase, the exercise of the Repurchase Mandate whether in whole or in part might result in less than 25% of the total issued Shares being held by the public as required by Rule 8.08 of the Listing Rules. However, the Directors have no present intention to exercise the Repurchase Mandate to such an extent as would result in a public shareholding of less than such prescribed minimum percentage.