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LAI SUN GARMENT
Lai Sun Garment (International) Limited
(Incorporated in Hong Kong with limited liability)

LAI SUN DEVELOPMENT
Lai Sun Development Company Limited
(Incorporated in Hong Kong with limited liability)

LAI FUNG HOLDINGS
Lai Fung Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

JOINT ANNOUNCEMENT

ISSUE OF NEW ORDINARY SHARES IN LAI FUNG HOLDINGS LIMITED PURSUANT TO A MANDATORY CONVERSION OF OUTSTANDING CONVERTIBLE BONDS

On 10th January, 2001, an aggregate of 2,023,713,337 new LFH Shares were allotted and issued to Bondholders at a conversion price of HK\$0.464 per new LFH Share, in accordance with the terms and conditions of the Convertible Bonds.

As a result of the allotment and issue of the new LFH Shares, LSG acquired a further direct interest in LFH and LFH ceased to be a subsidiary of LSD.

ISSUE OF NEW LFH SHARES

The directors of LFH refer to the announcement of LFH dated 30th November, 2000 in relation to the election by LFO to mandatorily convert all outstanding Convertible Bonds held by Bondholders, in the aggregate amount of US\$120,385,000, into new LFH Shares at a conversion price of HK\$0.464 per new LFH Share and announce that on 10th January, 2001, an aggregate of 2,023,713,337 new LFH Shares were allotted and issued to Bondholders, in accordance with the terms and conditions of the Convertible Bonds. As a result, the total number of issued LFH Shares increased from 1,047,113,586 to 3,070,826,923. The new LFH Shares represent approximately 193.27 per cent. of the then issued share capital of LFH and approximately 65.90 per cent. of the existing issued share capital of LFH (as enlarged by the allotment and issue of the new LFH Shares).

Application has been made to the Stock Exchange for the listing of and permission to deal in the new LFH Shares. Certificates for the new LFH Shares are expected to be despatched on or before 29th January, 2001.

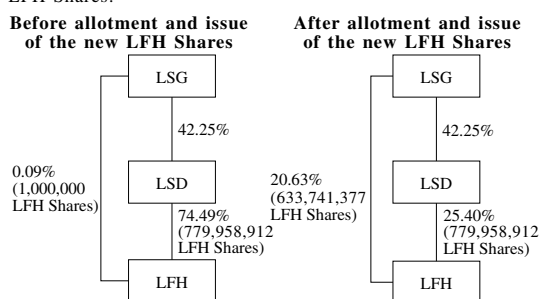
SHAREHOLDINGS OF LSG AND LSD IN LFH BEFORE AND AFTER CONVERSION

The directors of LSG refer to the announcement of LSG dated 24th November, 2000 in relation to its acquisition of Convertible Bonds with an aggregate principal value of US\$37,640,000 and announce that pursuant to the allotment and issue of the new LFH Shares to the Bondholders, 632,741,377 new LFH Shares were allotted and issued to LSG and Silver Glory Securities Limited (a wholly-owned subsidiary of LSG) as Bondholders, representing approximately 20.60 per cent. of the existing issued share capital of LFH (as enlarged by the allotment and issue of the new LFH Shares).

As a result of the allotment and issue of the new LFH Shares, the shareholding percentage of LSG in LFH (the shareholding being 1,000,000 LFH Shares) reduced, by way of dilution, from approximately 0.09 per cent. of the then issued share capital of LFH to approximately 0.03 per cent. of the existing issued share capital of LFH (as enlarged by the allotment and issue of the new LFH Shares). Further, through its approximately 42.25 per cent. shareholding in LSD, LSG is deemed, by virtue of the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong) (the "SDI Ordinance"), to be interested in LFH to the same extent as LSD is interested in LFH from time to time. As a result of the decrease of LSD's shareholding percentage in LFH (as more particularly described in the following paragraph), LSG's deemed interest in LFH has reduced to approximately 25.40 per cent. of the existing issued share capital of LFH (as enlarged by the allotment and issue of the new LFH Shares). Accordingly, together with the 0.03 per cent. diluted direct interest and the newly acquired approximately 20.60 per cent. direct interest mentioned in the above paragraph, LSG is currently interested in approximately 46.03 per cent. of the existing issued share capital of LFH (as enlarged by the allotment and issue of the new LFH Shares) for the purpose of the SDI Ordinance.

The directors of LSD refer to the announcement of LSD dated 30th November, 2000 in relation to the election by LFO to mandatorily convert all outstanding Convertible Bonds held by Bondholders, in the aggregate amount of US\$120,385,000, into new LFH Shares at a conversion price of HK\$0.464 per new LFH Share and announce that as a result of the allotment and issue of the new LFH Shares to the Bondholders on 10th January, 2001, the shareholding percentage of LSD in LFH (the shareholding being 779,958,912 LFH Shares) reduced, by way of dilution, from approximately 74.49 per cent. of the then issued share capital of LFH to approximately 25.40 per cent. of the existing issued share capital of LFH (as enlarged by the allotment and issue of the new LFH Shares). Accordingly, LFH ceased to be a subsidiary of LSD, and LFH and its results ceased to be consolidated in the accounts of LSD immediately following the allotment and issue of the new LFH Shares.

Set out below are charts showing the shareholdings of LSG and LSD in LFH before and after the allotment and issue of the new LFH Shares:—



Note: The above charts only illustrate the shareholdings of LSG and LSD in LFH and are not complete structure charts of the LSG group or the LSD group.

SUBSTANTIAL SHAREHOLDERS

Apart from LSG (together with Silver Glory Securities Limited, its wholly-owned subsidiary), Mr. Lim Por Yen (through his shareholding in LSG) and LSD, LFH has as at the date of this announcement ascertained, on the basis of a notice filed pursuant to the requirements of the SDI Ordinance, that Credit Suisse First Boston (Hong Kong) Limited is also a substantial shareholder of LFH which beneficially owns 442,112,068 LFH Shares, representing approximately 14.40 per cent. of the existing issued share capital of LFH (as enlarged by the allotment and issue of the new LFH Shares). LFH will be in a position to identify if there are other substantial shareholders upon receipt of notices filed by allottees of the new LFH Shares pursuant to the requirements of the SDI Ordinance.

DEFINITIONS

Term	Meaning
"Bondholders"	holders of Convertible Bonds
"Convertible Bonds"	US\$150,000,000 convertible guaranteed bonds issued by LFO and guaranteed by and convertible into shares of LFH, as constituted by a trust deed dated 5th January, 1994
"LFH"	Lai Fung Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
"LFH Shares"	shares of HK\$0.10 each in the share capital of LFH
"LFO"	Lai Fung Overseas Finance Limited, a wholly-owned subsidiary of LFH
"LSD"	Lai Sun Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
"LSG"	Lai Sun Garment (International) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By Order of the Board Lai Sun Garment (International) Limited Yeung Kam Hoi Company Secretary	By Order of the Board Lai Sun Development Company Limited Yeung Kam Hoi Company Secretary	By Order of the Board Lai Fung Holdings Limited Yeung Kam Hoi Company Secretary
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Hong Kong, 17th January, 2001