
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 with the accompanying form of proxy 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)

CONTINUING CONNECTED TRANSACTION

LAISUN CREATIVE CULTURE PROPERTY MANAGEMENT SERVICES AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

BALLAS
CAPITAL

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.

A letter from the Board is set out on pages 5 to 14 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 15 and 16 of this circular. A letter from Ballas Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 27 of this circular.

A notice convening the EGM to be held at Grand Ballroom 5, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Friday, 6 September 2019 at 9:00 a.m. is set out on pages 38 to 40 of this circular. Shareholders are advised to read the Notice of EGM and if you are not able to attend the EGM or its adjournment (as the case may be) in person but wish to exercise your right as a Shareholder, please complete and sign the accompanying form of proxy 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 54, 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 EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

21 August 2019

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DEFINITIONS

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

“Annual Caps”	the proposed annual caps payable by Laisun Creative Culture to Novotown Business Management under the Laisun Creative Culture Property Management Services Agreement in respect of the services to be provided before and after the completion and delivery of Novotown Phase I for each of the three years ending 31 July 2022;
“associate(s)”	has the same meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	Lai Fung Holdings Limited (麗豐控股有限公司), 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 to it under the Listing Rules;
“connected subsidiary”	has the same meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held at Grand Ballroom 5, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Friday, 6 September 2019 at 9:00 a.m., or any adjournment thereof, to consider and, if thought fit, approve, among other things, the Laisun Creative Culture Property Management Services Agreement and the Annual Caps;
“eSun”	eSun Holdings Limited (豐德麗控股有限公司), an exempted company incorporated in Bermuda with limited liability and the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571);
“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 PRC;

DEFINITIONS

“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, established to advise the Independent Shareholders in respect of the Laisun Creative Culture Property Management Services Agreement and the Annual Caps;
“Independent Financial Adviser”	Ballas Capital Limited, a corporation licensed to carry out Type 1 and Type 6 regulated activities under the SFO and the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders as to the Laisun Creative Culture Property Management Services Agreement and the Annual Caps;
“Independent Shareholders”	the Shareholders, other than eSun and its associates, who do not have any material interest in and are not required to abstain from voting at the EGM to consider and approve the Laisun Creative Culture Property Management Services Agreement and the Annual Caps;
“Laisun Creative Culture”	珠海橫琴麗新文創天地有限公司 (Zhuhai Hengqin Laisun Creative Culture City Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Rosy Commerce;
“Laisun Creative Culture Property Management Services Agreement”	the agreement entered into between Laisun Creative Culture and Novotown Business Management on 23 July 2019 in relation to the provision of property management services;
“Land”	the piece of land located at the east side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Road, Hengqin New Area, Zhuhai City, Guangdong Province of the PRC* (中國廣東省珠海市橫琴新區藝文二道東側、彩虹路南側、天羽道西側及橫琴大道北側);
“Latest Practicable Date”	19 August 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“LFHQ”	Lai Fung (Hengqin) Development Company Limited (麗豐(橫琴)發展有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;

DEFINITIONS

“Lionsgate Entertainment World™”	a themed indoor experience centre using the intellectual property licenses granted by Lionsgate LBC, Inc;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended and supplemented from time to time);
“National Geographic Ultimate Explorer”	a themed indoor experience centre using the intellectual property licenses granted by National Geographic Partners, LLC;
“Novotown Business Management”	珠海橫琴創新方商業管理有限公司 (Zhuhai Hengqin Novotown Business Management Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Novotown Creative Culture”	珠海橫琴創新方文化創意有限公司 (Zhuhai Hengqin Novotown Creative Culture Co., Ltd.*), a company established in the PRC with limited liability and an indirect 70%-owned subsidiary of Rosy Commerce;
“Novotown Creative Culture Property Management Services Agreement”	the agreement entered into between Novotown Creative Culture and Novotown Business Management on 16 July 2019 in relation to the provision of property management services, of which the details are set out in the announcement of the Company dated 16 July 2019;
“Novotown Entertainment”	珠海橫琴創新方娛樂有限公司 (Zhuhai Hengqin Novotown Entertainment Co., Ltd.*), a company established in the PRC with limited liability and an indirect 70%-owned subsidiary of Rosy Commerce;
“Novotown Entertainment Property Management Services Agreement”	the agreement entered into between Novotown Entertainment and Novotown Business Management on 16 July 2019 in relation to the provision of property management services, of which the details are set out in the announcement of the Company dated 16 July 2019;
“Novotown Phase I”	Zhuhai Hengqin Novotown Project (Phase I)* (珠海橫琴創新方項目一期), a property comprising cultural related facilities which was built on the Land;
“PRC”	the People’s Republic of China and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

DEFINITIONS

“Rosy Commerce”	Rosy Commerce Holdings Limited (業佳控股有限公司), a company incorporated in the British Virgin Islands with limited liability and directly owned by LFHQ and SHIL as to 80% and 20%, respectively;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Share(s)”	the ordinary share(s) of HK\$5.00 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“SHIL”	Sunny Horizon Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of eSun;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules; and
“%”	per cent.

* *All the English translations of certain Chinese names or words in this circular are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

LETTER FROM THE BOARD



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. Lee Tze Yan, Ernest
Madam U Po Chu
Mr. Tham Seng Yum, Ronald (appointed on 19 August 2019)

Non-executive Directors:

Mr. Lucas Ignatius Loh Jen Yuh
Mr. Puah Tze Shyang
(also alternate to Mr. Lucas Ignatius Loh Jen Yuh)

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

Registered Office:

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

*Principal Place of Business in
Hong Kong:*

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

21 August 2019

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

LAISUN CREATIVE CULTURE PROPERTY MANAGEMENT SERVICES AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 23 July 2019 in relation to the Laisun Creative Culture Property Management Services Agreement.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) details of the Laisun Creative Culture Property Management Services Agreement and the Annual Caps; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Laisun Creative Culture Property Management Services Agreement and the Annual Caps; (iii) a letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Laisun Creative Culture Property Management Services Agreement and the Annual Caps; and (iv) the notice of EGM.

THE LAISUN CREATIVE CULTURE PROPERTY MANAGEMENT SERVICES AGREEMENT

On 23 July 2019, Novotown Business Management and Laisun Creative Culture entered into the Laisun Creative Culture Property Management Services Agreement, pursuant to which Novotown Business Management will provide property management services to Laisun Creative Culture from 1 October 2019 to 30 September 2022, the principal terms of which are set out below.

Parties: (a) Novotown Business Management (as the service provider);
and
(b) Laisun Creative Culture (as the customer).

Property to be managed: Office, cultural workshop, commercial area and cultural studios and 2,088 car parking spaces of Novotown Phase I except the commercial areas which have been leased to Novotown Creative Culture and Novotown Entertainment, the total gross floor area of which excluding car-parking spaces and ancillary facilities is approximately 176,700 square metres. The gross floor area of office, cultural workshop, commercial area and cultural studios are approximately 50,400 square metres, 39,900 square metres, 63,600 square metres and 22,800 square metres, respectively.

LETTER FROM THE BOARD

Subject matter:

Novotown Business Management was newly established to provide property management related services to Novotown Phase I. Novotown Business Management will provide to Laisun Creative Culture the following services, amongst others: (i) before the completion and delivery of Novotown Phase I — Novotown Business Management will need to perform property management costs estimation to prepare the costs analysis and budget planning for providing property management services to Laisun Creative Culture as described in (ii) below, recruit staff at all levels of seniority, including senior staff with relevant experience, to provide property management services to Laisun Creative Culture as described in (ii) below and provide induction and on-going staff trainings, and provide consultation services for facilities installation; and (ii) after the completion and delivery of Novotown Phase I — various property management services, the scope of which includes cleaning and maintenance of common areas, greening and landscape maintenance, security control, parking and carparks management, maintenance and management of common facilities and fire safety control.

Given Novotown Phase I comprises different types of properties which include, offices, cultural workshop, commercial area and cultural studios and car parking spaces, the timing of completion and delivery of each type of properties may vary. It is expected that the completion and delivery of all properties in Novotown Phase I will take place on or around October 2019. Therefore, it is expected that the services to be provided before the completion and delivery of Novotown Phase I will be no more than one month and the property management services will be provided thereafter throughout the remaining term of the Laisun Creative Culture Property Management Services Agreement.

The transactions under the Laisun Creative Culture Property Management Services Agreement are in the ordinary and usual course of business of the Group.

Term:

From 1 October 2019 to 30 September 2022

LETTER FROM THE BOARD

Payment and pricing policy: Before the completion and delivery of Novotown Phase I — Laisun Creative Culture as the developer will pay to Novotown Business Management a fee, to be calculated based on the wages of the personnel and other expenses incurred in providing the relevant services.

After the completion and delivery of Novotown Phase I — Laisun Creative Culture will pay to Novotown Business Management a monthly property management fee, to be calculated based on the fixed charging rates which vary according to the types of properties and the gross floor area or usable area (whichever applicable) of the relevant properties.

The payment for the services to be provided by Novotown Business Management before the completion and delivery of Novotown Phase I is one-off in nature and is to be determined based on the actual personnel cost and other necessary expenses incurred in providing the relevant services. Taking into account the prevailing market wages in Zhuhai City, Guangdong Province of the PRC, the seniority of personnel to be hired and the scope of services to be provided, the Directors consider that the charging basis of the fees before the completion and delivery of Novotown Phase I is reasonable and on normal commercial terms.

The payment for the services to be provided by Novotown Business Management after the completion and delivery of Novotown Phase I has been determined on an arm's length basis by reference to the market price of services of comparable nature in Zhuhai City, Guangdong Province of the PRC and taking into account the operating costs and wages expected to be incurred in provision of property management services, the development status of Hengqin area as well as the tenants' and buyers' expectations. Details of the market rates of property management fee of comparable nature in Zhuhai City are set out below:

Types of property	Monthly management fee at market rate (based on gross floor area) (RMB/square meter)
Commercial area	18 – 65
Office	16 – 45
Cultural workshop	2.5 – 25
Cultural studios	2.5 – 25

LETTER FROM THE BOARD

**Monthly management fee
at market rate
per car-parking space
(RMB)**

Car-parking spaces 180 – 200

Based on the estimated total gross floor area of the properties to be managed by Novotown Business Management and the prevailing market rates, the Directors consider that the fees to be charged by Novotown Business Management under the Laisun Creative Culture Property Management Services Agreement are within a reasonable range of fees in the market for a similar scope of services.

Historical transaction
amounts:

Nil

Annual caps:

The maximum annual amount payable to Novotown Business Management under the Laisun Creative Culture Property Management Services Agreement in respect of the services to be provided before and after the completion and delivery of Novotown Phase I for the years ending 31 July 2020, 2021 and 2022 will not exceed the caps set out below:

	Year ending 31 July		
	2020	2021	2022
	<i>(in HK\$ millions)</i>		
Total Fees	<u>59.1</u>	<u>70.9</u>	<u>70.9</u>

When calculating the Annual Caps, the Directors have taken into consideration that the completion and delivery of all properties in Novotown Phase I will take place in early October 2019 and property management services may commence thereon. Therefore, the services to be provided before the completion and delivery of Novotown Phase I will be less than one month after the Laisun Creative Culture Property Management Services Agreement commences and the fees payable during such period, which has been included in the Annual Caps, is expected to be less than the monthly fee payable for the services to be provided after the completion and delivery of Novotown Phase I.

LETTER FROM THE BOARD

On the assumption that the earliest time for completion and delivery of all properties in Novotown Phase I to take place is on or before 1 October 2019, the property management services will commence on 1 October 2019 the earliest, services to be provided before completion and delivery of Novotown Phase I will no longer be required and that no fees will be charged for services to be provided before completion and delivery of Novotown Phase I in such circumstances. Hence, in arriving at the Annual Caps, the Directors have assumed that all properties in Novotown Phase I will be completed and delivered on 1 October 2019. Further, in respect of the year ending 31 July 2020, it is expected that the aggregate annual fees payable before and after the completion and delivery of Novotown Phase I will not exceed the Annual Caps.

The monthly property management fees to be paid by Laisun Creative Culture to Novotown Business Management is calculated based on the charging rates fixed at different level according to different type of properties. Taking into account the development status of Hengqin area and the expected future trend of the market rate for property management services for different types of properties in the vicinity for the coming three years, the Directors consider that the charging basis of a fixed rate throughout the term of the Laisun Creative Culture Property Management Services Agreement is reasonable.

The Company will monitor the monthly fees to be charged by Novotown Business Management under the Laisun Creative Culture Property Management Services Agreement and ensure it will be on normal commercial terms that are no less favourable to the Company than those available to independent third party customers and will not exceed the Annual Caps. The independent non-executive Directors and the auditors of the Company will also review the transactions contemplated under the Laisun Creative Culture Property Management Services Agreement annually pursuant to the requirements under the Listing Rules. If the fees exceed the Annual Caps, the Company will re-comply with the requirements under Chapter 14A of the Listing Rules.

Basis of determining
annual caps:

The above Annual Caps are determined with reference to (i) the expected construction timelines and milestones of Novotown Phase I; (ii) the gross floor area or useable area (whichever applicable) of different types of properties of Novotown Phase I requiring property management services; (iii) the rates chargeable by Novotown Business Management per square metre of each type of the properties of Novotown Phase I requiring property management services; and (iv) a reasonable buffer to cater for any unexpected property management work.

LETTER FROM THE BOARD

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE LAISUN CREATIVE CULTURE PROPERTY MANAGEMENT SERVICES AGREEMENT

The Directors are of the view that it is in the interest of the Group to enter into the Laisun Creative Culture Property Management Services Agreement since it will provide the Company with stable revenue and is in line with the Group's business strategy in centralising the property management of its portfolio.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Laisun Creative Culture Property Management Services Agreement and the Annual Caps are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Each of Mr. Chew Fook Aun, Mr. Lam Hau Yin, Lester and Madam U Po Chu had declared his/her interest in Laisun Creative Culture Property Management Services Agreement by virtue of his/her relationship with eSun and hence with Laisun Creative Culture, and had abstained from voting on the relevant Board resolutions in respect of the Laisun Creative Culture Property Management Services Agreement. Save as disclosed above, none of the Directors has an interest in the Laisun Creative Culture Property Management Services Agreement, and therefore no other Director had abstained from voting on the relevant Board resolutions in respect of Laisun Creative Culture Property Management Services Agreement. Mr. Tham Seng Yum, Ronald was appointed an executive Director with effect from 19 August 2019 and therefore did not take part in voting on the relevant Board resolutions on 23 July 2019.

LISTING RULES IMPLICATIONS

eSun is an intermediate holding company of the Company with approximate 50.53% shareholding interest in the Company and hence a connected person of the Company at the issuer level. Therefore, Laisun Creative Culture is a connected subsidiary of the Company pursuant to Rule 14A.16(2) of the Listing Rules by virtue of being an indirect subsidiary of Rosy Commerce, which is in turn a connected subsidiary of the Company controlled as to 20% by eSun indirectly. Accordingly, the Laisun Creative Culture Property Management Services Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Reference is made to the Company's announcement dated 16 July 2019 in relation to the Novotown Creative Culture Property Management Services Agreement and the Novotown Entertainment Property Management Services Agreement. Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, as the transactions under the Laisun Creative Culture Property Management Services Agreement, the Novotown Creative Culture Property Management Services Agreement and the Novotown Entertainment Property Management Services Agreement are of similar nature and have been entered into with parties who are connected with one another within a 12-month period, therefore, transactions contemplated under the Laisun Creative Culture Property Management Services Agreement are required to be aggregated with those contemplated under the Novotown Creative Culture Property Management Services Agreement and the Novotown Entertainment Property Management Services Agreement as a series of transactions.

LETTER FROM THE BOARD

As one or more applicable percentage ratios in respect of the annual caps under the Laisun Creative Culture Property Management Services Agreement and when aggregated with the Novotown Creative Culture Property Management Services Agreement and Novotown Entertainment Property Management Services Agreement, are more than 5%, the Laisun Creative Culture Property Management Services Agreement will be subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION IN RELATION TO THE GROUP, NOVOTOWN BUSINESS MANAGEMENT, eSUN, ROSY COMMERCE AND LAISUN CREATIVE CULTURE

The Group

The principal activity of the Company is investment holding. The principal activities of the Group include property development for sale and property investment for rental purposes, and development and operation of and investment in cultural, leisure, entertainment and related facilities in the PRC.

Novotown Business Management

Novotown Business Management is a wholly-owned subsidiary of the Company established in the PRC. It is principally engaged in provision of property management services for properties of the Group in Hengqin, Zhuhai City, Guangdong Province of the PRC.

eSun

eSun, an intermediate holding company of the Company and connected person of the Company, is 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. eSun acts as an investment holding company and the principal activities of eSun and its subsidiaries include the development, operation of and investment in media and entertainment, music production and distribution, the investment in and production and distribution of television programmes, films and video format products, cinema operation, property development for sale and property investment for rental purposes as well as the development and operation of and investment in cultural, leisure, entertainment and related facilities.

Rosy Commerce and Laisun Creative Culture

Rosy Commerce is an investment holding company incorporated in the British Virgin Islands with limited liability and is directly owned by LFHQ and SHIL as to 80% and 20%, respectively. Rosy Commerce is principally engaged in design, development and operation of Novotown Phase I through Laisun Creative Culture. Novotown Phase I is an integrated tourism and entertainment project comprising of "Lionsgate Entertainment WorldTM", "National Geographic Ultimate Explorer", hotel, offices, serviced apartments, cultural studios and shopping and leisure facilities.

LETTER FROM THE BOARD

EGM

The notice of EGM is set out on pages 38 to 40 of this circular. The EGM will be held at Grand Ballroom 5, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Friday, 6 September 2019 at 9:00 a.m. to consider and, if thought fit, approve the Laisun Creative Culture Property Management Services Agreement and the Annual Caps.

Any Shareholder and its/his associates with a material interest in the Laisun Creative Culture Property Management Services Agreement will abstain from voting on the ordinary resolution in respect of the Laisun Creative Culture Property Management Services Agreement and the Annual Caps at the EGM. As such, eSun (which was interested in approximately 50.53% of the total issued Shares) and its associates (being Mr. Chew Fook Aun, an executive Director of both the Company and eSun, having a deemed interest in 709,591 Shares, representing approximately 0.22% of the total issued Shares) will abstain from voting on the ordinary resolution to be proposed at the EGM in relation to the above matters.

Shareholders are advised to read the notice of EGM and if you are not able to attend the EGM or its adjournment (as the case may be) in person but wish to exercise your right as a Shareholder, please complete and sign the accompanying form of proxy 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 54, 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 EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, save for resolutions which relate purely to a procedural or administrative matter to be voted by a show of hands, any vote of the shareholders at a general meeting must be taken by poll. Accordingly, the ordinary resolution to be proposed at the EGM will be voted by way of a poll by the Shareholders. Article 85 of the Amended and Restated Articles of Association of the Company 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 EGM. Tricor Tengis Limited, the branch share registrar of the Company in Hong Kong, will serve as the scrutineers for the vote-taking. 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 EGM pursuant to Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

RECOMMENDATION

Having taken into account the factors as disclosed in the section headed “**REASONS FOR, AND BENEFITS OF, ENTERING INTO THE LAISUN CREATIVE CULTURE PROPERTY MANAGEMENT SERVICES AGREEMENT**” above, the Directors (other than the excluded Directors) consider that the Laisun Creative Culture Property Management Services Agreement and the Annual Caps are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Laisun Creative Culture Property Management Services Agreement and the Annual Caps.

The excluded Directors are Mr. Chew Fook Aun, Mr. Lam Hau Yin, Lester and Madam U Po Chu by virtue of his/her relationship with eSun and hence with Laisun Creative Culture. The excluded Directors present at the relevant Board meeting had abstained from voting on the Board resolution approving the Laisun Creative Culture Property Management Services Agreement to avoid any conflict of interests.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the terms of the Laisun Creative Culture Property Management Services Agreement and the Annual Caps.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 15 and 16 of this circular and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which is set out on pages 17 to 27 of this circular containing their advice and recommendation to the Independent Board Committee and the Independent Shareholders regarding the Laisun Creative Culture Property Management Services Agreement and the Annual Caps as well as the principal factors and reasons taken into consideration in arriving at their advice.

ADDITIONAL INFORMATION

Your attention is drawn to the general information as set out in the appendix to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



LAI FUNG HOLDINGS

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

21 August 2019

To the Independent Shareholders,

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

LAISUN CREATIVE CULTURE PROPERTY MANAGEMENT SERVICES AGREEMENT

We refer to the circular of the Company dated 21 August 2019 (the “**Circular**”) despatched to the Shareholders of which this letter forms part. Unless the context requires otherwise, terms and expressions defined or adopted in the Circular shall have the same respective meanings in this letter.

We have been appointed by the Board to advise the Independent Shareholders as to whether the Laisun Creative Culture Property Management Services Agreement and the Annual Caps were entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and whether its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Board Committee appointed Ballas Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Laisun Creative Culture Property Management Services Agreement and the Annual Caps.

We wish to draw your attention to the “Letter from the Board” as set out on pages 5 to 14 of the Circular and the “Letter from the Independent Financial Adviser” as set out on pages 17 to 27 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the principal factors and reasons considered by the Independent Financial Adviser, its conclusion and advice, we concur with the opinion of the Independent Financial Adviser that the Laisun Creative Culture Property Management Services Agreement and the Annual Caps are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution (the text of which is contained in the notice of EGM) to be proposed at the EGM to approve the Laisun Creative Culture Property Management Services Agreement and the Annual Caps.

Yours faithfully,
Independent Board Committee
Lai Fung Holdings Limited

Ku Moon Lun

Lam Bing Kwan

Law Kin Ho

Mak Wing Sum, Alvin

Shek Lai Him, Abraham

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from Ballas Capital Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this Circular.

BALLAS
C A P I T A L

Unit 1802, 18/F
1 Duddell Street
Central
Hong Kong

21 August 2019

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

LAISUN CREATIVE CULTURE PROPERTY MANAGEMENT SERVICES AGREEMENT

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Laisun Creative Culture Property Management Services Agreement and the Annual Caps, particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 21 August 2019 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As set out in the Letter from the Board, on 23 July 2019, Novotown Business Management and Laisun Creative Culture entered into the Laisun Creative Culture Property Management Services Agreement, pursuant to which Novotown Business Management will provide property management services to Laisun Creative Culture from 1 October 2019 to 30 September 2022.

Novotown Business Management is a wholly-owned subsidiary of the Company. eSun is an intermediate holding company of the Company with approximate 50.53% shareholding interest in the Company and hence a connected person of the Company at the issuer level. Therefore, Laisun Creative Culture is a connected subsidiary of the Company pursuant to Rule 14A.16(2) of the Listing Rules by virtue of being an indirect subsidiary of Rosy Commerce, which is in turn a connected subsidiary of the Company controlled as to 20% by eSun indirectly. Accordingly, the Laisun Creative Culture Property Management Services Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

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Reference is made to the Company's announcement dated 16 July 2019 in relation to the Novotown Creative Culture Property Management Services Agreement and the Novotown Entertainment Property Management Services Agreement. Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, as the transactions under the Laisun Creative Culture Property Management Services Agreement, the Novotown Creative Culture Property Management Services Agreement and the Novotown Entertainment Property Management Services Agreement are of similar nature and have been entered into with parties who are connected with one another within a 12-month period, therefore, the Laisun Creative Culture Property Management Services Agreement is required to be aggregated with the Novotown Creative Culture Property Management Services Agreement and the Novotown Entertainment Property Management Services Agreement as a series of transactions.

As one or more applicable percentage ratios in respect of the annual caps under the Laisun Creative Culture Property Management Services Agreement and when aggregated with the Novotown Creative Culture Property Management Services Agreement and the Novotown Entertainment Property Management Services Agreement, are more than 5%, the Laisun Creative Culture Property Management Services Agreement will be subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, being namely Messrs. Lam Bing Kwan, Ku Moon Lun, Law Kin Ho, Mak Wing Sum, Alvin and Shek Lai Him, Abraham, has been established to advise the Independent Shareholders in respect of the terms of the Laisun Creative Culture Property Management Services Agreement and the Annual Caps.

INDEPENDENCE DECLARATION

As at the Latest Practicable Date, Mr. Alex Lau and Ms. Cathy Leung of Ballas Capital Limited ("**Ballas Capital**") are not aware of any relationships or interests between Ballas Capital and the Company or any other parties that could be reasonably regarded as a hindrance to Ballas Capital's independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Laisun Creative Culture Property Management Services Agreement and the Annual Caps.

BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and the senior management of the Company.

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The Directors have declared in the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and that there are no other matters the omission of which would make any statement in the Circular misleading. We have also assumed that the information and the representations made by the Directors as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the senior management of the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, Laisun Creative Culture, or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

A. Background for the entering into of the Laisun Creative Culture Property Management Services Agreement

As set out in the Letter from the Board, the principal activities of the Group include property development for sale and property investment for rental purposes, and development and operation of and investment in cultural, leisure, entertainment and related facilities in the PRC. Novotown Business Management is a wholly-owned subsidiary of the Company established in the PRC. It is principally engaged in provision of property management services for properties of the Group in Hengqin, Zhuhai City, Guangdong Province of the PRC.

Pursuant to the Laisun Creative Culture Property Management Services Agreement, the Group will provide various property management services at Novotown Phase I to Laisun Creative Culture. Novotown Phase I is a property comprising cultural related facilities located at the east side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Road, Hengqin New Area, Zhuhai City, Guangdong Province of the PRC.

Given the above and our analysis on major terms of the Laisun Creative Culture Property Management Services Agreement (as elaborated below), we are of the view that the entering into of the Laisun Creative Culture Property Management Services Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Group and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

B. Principal terms of the Laisun Creative Culture Property Management Services Agreement

(i) Principal Terms

For details of the terms of the Laisun Creative Culture Property Management Services Agreement, please refer to the paragraph headed “THE LAISUN CREATIVE CULTURE PROPERTY MANAGEMENT SERVICES AGREEMENT” in the Letter form the Board.

Principal terms of the Laisun Creative Culture Property Management Services Agreement are summarised below:

Date: 23 July 2019

Parties: (1) Laisun Creative Culture, as the customer; and
(2) Novotown Business Management, as the service provider

Property to be managed: Office, cultural workshop, commercial area and cultural studios and 2,088 car parking spaces of Novotown Phase I except the commercial areas which have been leased to Novotown Creative Culture and Novotown Entertainment, the total gross floor area of which excluding car-parking spaces and ancillary facilities is approximately 176,700 square metres

Term: From 1 October 2019 to 30 September 2022

Provision of services: (i) before the completion and delivery of Novotown Phase I — performing property management costs estimation to prepare the costs analysis and budget planning for providing property management services to Laisun Creative Culture as described in (ii) below, recruitment of property management staff from various levels to provide property management services to Laisun Creative Culture as described in (ii) below, provision of induction and on-going staff trainings, and provision of consultation services for facilities installation;

(ii) after the completion and delivery of Novotown Phase I — various property management services, the scope of which includes cleaning and maintenance of common areas, greening and landscape maintenance, security control, parking and car parks management, maintenance and management of common facilities and fire safety control

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**Payment and
pricing policy:**

Payment

- (i) before the completion and delivery of Novotown Phase I — a fee, to be calculated based on the wages of the personnel, and other expenses incurred in providing the relevant services
- (ii) after the completion and delivery of Novotown Phase I — a monthly property management fee, to be calculated based on the fixed charging rates which vary according to the types of properties and the gross floor area or usable area (whichever applicable) of the relevant properties

Pricing policy

- (i) before the completion and delivery of Novotown Phase I — one off in nature and to be determined based on the actual personnel cost and other necessary expenses incurred in providing the relevant services
- (ii) after the completion and delivery of Novotown Phase I — determined on an arm's length basis by reference to the market price of services of comparable nature in Zhuhai City, Guangdong Province of the PRC

Types of property	Monthly management fee at market rate (based on gross floor area) (RMB/square meter)
	Monthly management fee at market rate per car-parking space (RMB)
Commercial area	18-65
Office	16-45
Cultural workshop	2.5-25
Cultural studios	2.5-25
	180-200

The Group has not provided property management services to any independent third party of a similar nature and hence, the Company has appointed an independent property consultancy firm (the “**Valuer**”) to give an independent opinion on the property management fee under the Laisun Creative Culture Property Management Services Agreement with reference to the market price of property management fee of comparable properties in the Zhuhai City, Guangdong Province of the PRC.

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In respect of the services to be provided to Laisun Creative Culture by Novotown Business Management before the completion and delivery of Novotown Phase I, we understand from the management that the services will be provided as an ancillary services during the transitional and temporary phase before the commencement of the main services which is the property management services after the completion and delivery of Novotown Phase I. The Group expects that the services to be provided during this stage will be minimal and the fee, which will be charged based on the wages of personnel and other expenses incurred in providing such services, will be immaterial. We concur with the management that such pricing basis is justifiable considering that the services are complimentary to the property management services and will only be provided during the transitional period. We have also discussed with the Valuer and understand from the Valuer that such pricing basis is common in the industry.

In respect of the property management fees to be charged after the completion and delivery of Novotown Phase I, we have reviewed the opinion letters issued by the Valuer dated 8 May 2019 and 18 July 2019 (the “**Opinion Letters**”) and note that the Valuer is of the opinion that the property management fee of different types of properties, including commercial area, office, cultural workshop, cultural studio and car parking space, pursuant to the Laisun Creative Culture Property Management Services Agreement, are within normal range with reference to the market price in Zhuhai City, Guangdong Province of the PRC.

In relation to the Valuer, we (i) have interviewed the Valuer as to its expertise and any current or prior relationships with the Company, Novotown Business Management or any of their respective subsidiaries or associates; (ii) have reviewed the terms of engagement (in particular whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the level of assurance given by the Opinion Letters); (iii) have reviewed the relevant track record and qualification of the Valuer; and (iv) have discussed with the Valuer in respect of its work done. Based on our discussions with the Valuer and review of the aforesaid information, we understand that the Valuer has the required qualification and experience in performing the independent assessment on the property management fees in the PRC.

Furthermore, we note that in assessing whether the property management fees for different types of properties pursuant to the Laisun Creative Culture Property Management Services Agreement are comparable to the prevailing market prices, the Valuer has adopted the direct comparison method and made reference to the property management fees for comparable properties in the relevant locality. Comparable properties of similar nature in Zhuhai City, Guangdong Province of the PRC were analysed and carefully selected in order to arrive at a fair comparison of the property management fee. We have also been advised by the Valuer that the above valuation methodology is commonly used in arriving at the assessment of property management fee. Based on our discussion with the Valuer, the Valuer has included all of the most suitable comparables which meets their selection criteria as identified by them based on their best information, knowledge and belief. As advised by the Valuer, in selecting comparable properties (“**Comparable Properties**”), the Valuer has taken into account properties (i) to which the Valuer has provided property management services or

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consultancy services such that the relevant property management rate is accessible to the Valuer; (ii) are relatively larger in scale and more popular located in the relevant locality; and (iii) are of the same property type (i.e. retail, office, workshop, studio and car parking space). As confirmed by the Valuer, the property management fee of the Comparable Properties as shown in the Opinion Letters are prevailing rates. We consider that the aforesaid selection criteria are reasonable. Summary of the Comparable Properties area as follows:

Types of property	Number of Comparable Properties	Location	Monthly management fee at market rate (based on gross floor area) (RMB/square meter)
Commercial area	21	Zhuhai City	18-65
Office	18	Zhuhai City	16-45
Cultural workshop	12	Zhuhai City	2.5-25
Cultural studios	12	Zhuhai City Hengqin, Zhuhai City	2.5-25
			Monthly management fee at market rate per car-parking space (RMB)
Car-parking spaces	3	Zhuhai City	180-200

We note that the proposed property management fees under the Laisun Creative Culture Property Management Services Agreement are within range of the market rates of the Comparable Properties. Furthermore, as advised by the Company, the proposed property management fee for different types of properties were determined taking into account (i) the market rates of the Comparable Properties; (ii) the operating costs and wages expected to be incurred in provision of property management services; (iii) the development status of Hengqin area; and (iv) the tenants' expectations.

We have discussed with the Company on the charging basis of a fixed rate throughout the term of the Laisun Creative Culture Property Management Services Agreement and note that (i) the Company has taken into account the development of Hengqin area and the potential fluctuation of market rate of the property management services in determining the fixed rate; (ii) the Company will monitor the monthly fees charged and ensured that it will be on normal commercial terms and no less favorable to the Company; and (iii) the Directors consider that the charging basis of a fixed rate throughout the term of the Laisun Creative Culture Property Management Services Agreement is reasonable. Furthermore, as advised by the Valuer that it is a common market practice to set a fixed property management fee for the whole term at the commencement of the engagement for property management services.

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Having considered the above, we are of the view that the terms of the Laisun Creative Culture Property Management Services Agreement are on normal commercial terms and fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

(ii) *The Annual Caps*

Historical transaction amounts

As disclosed in the Letter from the Board, the historical amounts in respect of the property management services transactions were nil.

The Annual Caps

As disclosed in the Letter from the Board, the following table sets out the Annual Caps payable to Novotown Business Management under the Laisun Creative Culture Property Management Services Agreement in respect of the services to be provided before and after the completion and delivery of Novotown Phase I for the years ending 31 July 2020, 2021 and 2022:

	For the year ending 31 July		
	2020	2021	2022
	in HK\$ millions	in HK\$ millions	in HK\$ millions
The Laisun Creative Culture Property Management Services Agreement	59.1	70.9	70.9

With respect to the Laisun Creative Culture Property Management Services Agreement, as set out in the Letter from the Board, the Property Management Services Annual Caps have been determined based on the following factors:

- a. the expected construction timelines and milestones of Novotown Phase I;
- b. the gross floor area or useable area (whichever applicable) of different type of properties of Novotown Phase I requiring property management services;
- c. the rates chargeable by Novotown Business Management per square metre of each type of the properties of Novotown Phase I requiring the relevant property management services, which is agreed at a fixed schedule; and
- d. a reasonable buffer to cater for any unexpected property management work.

We have obtained from the management of the Company a schedule for the Annual Caps, and discussed with the management of the Company the basis and assumptions when determining the Annual Caps.

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Based on our discussion with the Company, we understand that given Novotown Phase I comprises different types of properties which include, offices, cultural workshop, commercial area and cultural studios and car parking spaces, the timing of completion and delivery of each type of properties may vary. It is expected that the completion and delivery of all properties in Novotown Phase I will take place in early October 2019 and property management services may commence thereon. Therefore, the services to be provided before the completion and delivery of Novotown Phase I will be less than one month after the Laisun Creative Culture Property Management Services Agreement commences and the fees payable during such period, which has been included in the Annual Caps, is expected to be less than the monthly fee payable for the services to be provided after the completion and delivery of Novotown Phase I. We have discussed with the Company and understand that they assumed the fees payable for the services to be provided before the completion and delivery of Novotown Phase I to be less than the monthly property management fee, taking into account (i) the fact that such services will be provided for less than one month; (ii) the services to be provided and the corresponding wages and expenses to be incurred will be minimal, and thus the service fee, which will be charged based on the wages and other expenses incurred, will also be minimal. We consider that the aforesaid basis are reasonable. When arriving at the Annual Caps, the Company assumed that the earliest time for completion and delivery of all properties in Novotown Phase I to take place is on or before 1 October 2019, such that the property management services will commence on 1 October 2019 the earliest, services to be provided before completion and delivery of Novotown Phase I will no longer be required and that no fees will be charged for services to be provided before completion and delivery of Novotown Phase I in such circumstances.

When calculating the Annual Caps, the Company has applied the monthly property management fees to be paid by Laisun Creative Culture to Novotown Business Management based on the charging rates fixed at different level according to different type of properties for each year between 2020 and 2022.

We concur with the Directors that given the uncertainty in the actual timing of completion of different types of properties and the minimal expected fee to be received for the transitional stage before the commencement of the property management services, it is reasonable for the Company to set the Annual Caps based on the expected fees to be received for property management services for prudence purpose.

In addition, we understand that the management of the Company, when determining the Annual Caps, applies an exchange rate of RMB against HKD at 1.27, with reference to the historical exchange rate of RMB against HKD. In relation to the exchange rate of RMB against HKD, we have reviewed the statistics from Hong Kong Monetary Authority and noted that during the last 5 years from 2014 to 2019, the highest exchange rate of RMB against HKD was at 1.2840 and the average exchange rate was at 1.1944. We have discussed with the management of the Company and understand that based on the management's experience, there may be unforeseeable exchange rate fluctuations. Thus, we believe the exchange rate applied by the management of the Company when determining the Annual Caps is justifiable.

We understand that the management of the Company includes a buffer of 5% in the above annual caps for the Laisun Creative Culture Property Management Services Agreement to give flexibility to the Group to transact with Laisun Creative Culture in an efficient manner, for any unexpected property management work. We consider such flexibility is fair and reasonable and beneficial to the Group as it allows the Group to increase its property management services revenue by delivering additional property management work to Laisun Creative Culture at arm's length market price, when the right opportunity arises.

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Having considered the basis and assumptions on which the Annual Caps for the transactions under the Laisun Creative Culture Property Management Services Agreement were determined as described above, we are of the view that the Annual Caps for the transactions under the Laisun Creative Culture Property Management Services Agreement are fair and reasonable.

C. Requirements of the Listing Rules in relation to the transactions contemplated under the Laisun Creative Culture Property Management Services Agreement

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the transactions contemplated under the Laisun Creative Culture Property Management Services Agreement are subject to the following annual review requirements:

- (i) each year the independent non-executive Directors must review the transactions contemplated under the Laisun Creative Culture Property Management Services Agreement and confirm in the annual report that they have been entered into:
 - a. in the ordinary and usual course of business of the Group;
 - b. on normal commercial terms or better; and
 - c. according to the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.
- (ii) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report) confirming whether anything has come to their attention that causes them to believe that the transactions contemplated under the Laisun Creative Culture Property Management Services Agreement:
 - a. have not been approved by the Board;
 - b. were not, in all material respects, in accordance with the pricing policies of the Group if the transactions contemplated under the Laisun Creative Culture Property Management Services Agreement involve the provision of goods or services by the Group;
 - c. were not entered into, in all material respects, in accordance with the terms of the relevant agreement(s) governing the transactions contemplated under the Laisun Creative Culture Property Management Services Agreement; and
 - d. have exceeded the Annual Caps.

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- (iii) the Company must allow, and ensure that the relevant counterparties to the transactions contemplated under the Laisun Creative Culture Property Management Services Agreement allow, the Company's auditors sufficient access to their records for the purpose of reporting on the transactions contemplated under the Laisun Creative Culture Property Management Services Agreement.
- (iv) the Company must promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if the independent non-executive Directors and/or the auditors of the Company cannot confirm the matters set out in paragraphs (i) and/or (ii) above respectively. The Stock Exchange may require the Company to re-comply with the announcement and Shareholders' approval requirements and may impose additional conditions.

In light of the reporting requirements attached to the Laisun Creative Culture Property Management Services Agreement, in particular, (i) the restriction of the transaction value by way of the annual caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company on the transactions contemplated under the Laisun Creative Culture Property Management Services Agreement and the Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the transactions contemplated under the Laisun Creative Culture Property Management Services Agreement and safeguard the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the entering into of the Laisun Creative Culture Property Management Services Agreement are in the ordinary and usual course of business of the Group and the terms of the Laisun Creative Culture Property Management Services Agreement are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the ordinary resolution at the EGM to approve the Laisun Creative Culture Property Management Services Agreement and the transactions contemplated thereunder and the Annual Caps and we recommend the Independent Shareholders to vote in favour of the ordinary resolution in this regard.

Yours faithfully,
For and on behalf of
Ballas Capital Limited

Alex Lau **Cathy Leung**
Managing Director *Director*

Note: Mr. Alex Lau of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activity since 2003 and Ms. Cathy Leung of Ballas Capital Limited has been a licensed representative of Type 6 (advising on corporate finance) regulated activity since 2009.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Code of Practice for Securities Transactions by Directors and Designated Employees adopted by the Company (“**Securities Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules were disclosed as follows:

(1) The Company

Long positions in the ordinary Shares and underlying Shares

Name of Director	Capacity	Number of Shares		Number of underlying Shares	Total	Approximate percentage of total issued Shares
		Personal interests	Corporate interests	Personal interests (Note 1)		
Chew Fook Aun (“Mr. FA Chew”)	Beneficial owner/ Owner of controlled corporation	Nil	709,591 (Note 3)	900,000	1,609,591	0.49%
Lam Hau Yin, Lester (“Mr. Lester Lam”)	Beneficial owner	Nil	Nil	3,219,182	3,219,182	0.98%
Cheng Shin How (“Mr. SH Cheng”)	Beneficial owner	Nil	Nil	643,836	643,836	0.20%
Lee Tze Yan, Ernest (“Mr. Ernest Lee”)	Beneficial owner	Nil	Nil	640,000	640,000	0.20%
Tham Seng Yum, Ronald (“Mr. Ronald Tham”)	Beneficial owner	Nil	Nil	500,000	500,000	0.15%

Notes:

1. These interests in underlying Shares represented interests in share options granted to the Directors under the share option schemes of the Company, particulars of which are as follows:

<i>Name of Director</i>	<i>Date of grant</i>	<i>Number of underlying Shares comprised in share options</i>	<i>Option period</i>	<i>Exercise price per Share (HK\$)</i>
<i>Mr. FA Chew</i>	<i>12/06/2012</i>	<i>900,000</i>	<i>12/06/2012-11/06/2020</i>	<i>6.65</i>
<i>Mr. Lester Lam</i>	<i>18/01/2013</i>	<i>3,219,182</i>	<i>18/01/2013-17/01/2023</i>	<i>11.40</i>
<i>Mr. SH Cheng</i>	<i>18/01/2013</i>	<i>643,836</i>	<i>18/01/2013-17/01/2023</i>	<i>11.40</i>
<i>Mr. Ernest Lee</i>	<i>18/01/2013</i>	<i>640,000</i>	<i>18/01/2013-17/01/2023</i>	<i>11.40</i>
<i>Mr. Ronald Tham</i>	<i>19/08/2019</i>	<i>500,000</i>	<i>19/08/2019-18/08/2029</i>	<i>6.784</i>

2. The percentage has been compiled based on the total number of issued Shares as at the Latest Practicable Date (i.e. 327,496,556 Shares).
3. These Shares are held by The Orchid Growers Association Limited, the entire issued share capital of which is beneficially owned by Mr. FA Chew.

(2) Associated corporations of the Company

(i) eSun

Long positions in the ordinary shares of HK\$0.50 each of eSun (“eSun Shares”)

<i>Name of Director</i>	<i>Capacity</i>	<i>Number of eSun Shares Personal interests</i>	<i>Approximate percentage of total issued eSun Shares (Note)</i>
<i>Mr. Lester Lam</i>	<i>Beneficial owner</i>	<i>2,794,443</i>	<i>0.19%</i>

Note: The percentage has been compiled based on the total number of issued eSun Shares as at the Latest Practicable Date (i.e. 1,491,854,598 eSun Shares).

(ii) *Lai Sun Development Company Limited (“LSD”)**Long positions in the ordinary shares of LSD (“LSD Shares”) and underlying LSD Shares*

Name of Director	Capacity	Number of LSD Shares		Number of underlying LSD Shares	Total	Approximate percentage of total issued LSD Shares
		Personal interests	Corporate interests	Personal interests (Note 1)		
Mr. FA Chew	Beneficial owner/ Owner of controlled corporation	Nil	400,000 (Note 3)	3,773,081	4,173,081	0.69%
Mr. Lester Lam	Beneficial owner	Nil	Nil	4,173,081	4,173,081	0.69%
U Po Chu (“Madam U”)	Beneficial owner	26,919	Nil	Nil	26,919	0.01%
Mr. Ernest Lee	Beneficial owner	Nil	Nil	832,000	832,000	0.14%
Mr. Ronald Tham	Beneficial owner	Nil	Nil	800,000	800,000	0.13%

Notes:

- These interests in underlying LSD Shares represented interests in share options granted to the Directors under a share option scheme of LSD, particulars of which are as follows:

Name of Director	Date of grant	Number of underlying LSD Shares comprised in share options	Option period	Exercise price per LSD Share (HK\$)
Mr. FA Chew	05/06/2012	3,773,081	05/06/2012-04/06/2022	5.35
Mr. Lester Lam	18/01/2013	4,173,081	18/01/2013-17/01/2023	16.10
Mr. Ernest Lee	18/01/2013	832,000	18/01/2013-17/01/2023	16.10
Mr. Ronald Tham	19/08/2019	800,000	19/08/2019-18/08/2029	9.92

- The percentage has been compiled based on the total number of issued LSD Shares as at the Latest Practicable Date (i.e. 606,464,125 LSD Shares).
- These LSD Shares are held by The Orchid Growers Association Limited, the entire issued share capital of which is beneficially owned by Mr. FA Chew.

(iii) *Lai Sun Garment (International) Limited (“LSG”)**Long positions in the ordinary shares of LSG (“LSG Shares”) and underlying LSG Shares*

Name of Director	Capacity	Number of LSG Shares		Number of underlying LSG Shares	Total	Approximate percentage of total issued LSG Shares (Note 2)
		Personal interests	Corporate interests	Personal interests (Note 1)		
Lam Kin Ming (“Dr. KM Lam”)	Beneficial owner	1,013,879	Nil	Nil	1,013,879	0.26%
Mr. FA Chew	Beneficial owner/ Owner of controlled corporation	Nil	202,422 (Note 3)	3,819,204	4,021,626	1.04%
Madam U	Beneficial owner	825,525	Nil	Nil	825,525	0.21%
Mr. Lester Lam	Beneficial owner	12,366,937	Nil	7,571,626	19,938,563	5.15%

Notes:

1. *These interests in underlying LSG Shares represented interests in share options granted to the Directors under the share option schemes of LSG, particulars of which are as follows:*

<i>Name of Director</i>	<i>Date of grant</i>	<i>Number of underlying LSG Shares comprised in share options</i>	<i>Option period</i>	<i>Exercise price per LSG Share (HK\$)</i>
<i>Mr. FA Chew</i>	<i>19/06/2017</i>	<i>3,819,204</i>	<i>19/06/2017-18/06/2027</i>	<i>15.00</i>
<i>Mr. Lester Lam</i>	<i>18/01/2013</i>	<i>3,752,422</i>	<i>18/01/2013-17/01/2023</i>	<i>6.05</i>
<i>Mr. Lester Lam</i>	<i>19/06/2017</i>	<i>3,819,204</i>	<i>19/06/2017-18/06/2027</i>	<i>15.00</i>

2. *The percentage has been compiled based on the total number of issued LSG Shares as at the Latest Practicable Date (i.e. 386,879,622 LSG Shares).*
3. *These LSG Shares are held by The Orchid Growers Association Limited, the entire issued share capital of which is beneficially owned by Mr. FA Chew.*

*(iv) LSD Bonds (2017) Limited**Long position in the 4.6% guaranteed notes due 2022*

Name of Director	Capacity	Nature of interests	Principal amount
Mak Wing Sum, Alvin ("Mr. Alvin Mak")	Beneficial owner	Personal	US\$200,000 (Note)

Note: These notes were jointly held by Mr. Alvin Mak and his spouse.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company was interested or was deemed to be interested in the long and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, which were required to be notified to the Company and the Stock Exchange, recorded in the Register of Directors and Chief Executive, notified under the Securities Code, or otherwise known to the Directors.

Save as disclosed below (and their respective interests disclosed above), as at the Latest Practicable Date, there was no Director who is a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

1. Mr. FA Chew (an executive Director) is also an executive director of each of eSun, LSD and LSG;
2. Dr. KM Lam (an executive Director) is also a non-executive director of LSD and an executive director of LSG;
3. Mr. Lam Kin Hong, Matthew (an executive Director) is also an executive director of LSG;
4. Mr. Lester Lam (an executive Director) is also an executive director of each of eSun, LSD and LSG;
5. Madam U (an executive Director) is also a non-executive director of each of eSun and LSD, and an executive director of LSG;
6. Mr. Ernest Lee (an executive Director) is also an employee of LSD;
7. Mr. Lam Bing Kwan (an independent non-executive Director) is also an independent non-executive director of each of LSD and LSG; and
8. Mr. Ronald Tham (an executive Director) is also an executive director of LSD.

3. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTEREST

As at the Latest Practicable Date, so far as is known or otherwise notified to any Director or the chief executive of the Company, the particulars of the corporations or individuals who had 5% or more interests in the following long positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept under section 336 of the SFO or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

Name	Capacity	Number of Shares		Number of underlying Shares	Total	Approximate percentage of total issued Shares (Note 1)
		Personal interests	Corporate interests	Personal interests		
eSun	Owner of controlled corporations	Nil	165,485,406 (Note 2)	Ni	165,485,406	50.53%
LSD	Owner of controlled corporations	Nil	165,502,573 (Note 3)	Ni	165,502,573	50.54%
LSG	Owner of controlled corporations	Nil	165,502,573 (Note 3)	Ni	165,502,573	50.54%
Lam Kin Ngok, Peter ("Dr. Peter Lam")	Owner of controlled corporations/ Beneficial owner	Nil	165,502,573 (Note 4)	321,918 (Note 5)	165,824,491	50.63%
Merit Worth Limited ("MWL")	Beneficial owner and owner of controlled corporation	Nil	165,485,406 (Note 6)	Ni	165,485,406	50.53%
Silver Glory Securities Limited ("SGS")	Beneficial owner	Nil	77,780,773 (Note 6)	Ni	77,780,773	23.75%

Name	Capacity	Number of Shares		Number of underlying shares of the Company	Total	Approximate percentage of total issued Shares (Note 1)
		Personal interests	Corporate interests	Personal Interests		
CapitaLand China Holdings Pte Ltd (“ CapitaLand China ”)	Owner of controlled corporation	Nil	64,400,000 (Note 7)	Ni	64,400,000	19.66%
CapitaLand China Investments Limited (“ CapitaLand Investments ”)	Owner of controlled corporations	Nil	64,400,000 (Note 7)	Ni	64,400,000	19.66%
CapitaLand LF (Cayman) Holdings Co., Ltd. (“ CapitaLand Cayman ”)	Beneficial owner	Nil	64,400,000 (Note 7)	Ni	64,400,000	19.66%
CapitaLand Limited	Owner of controlled corporations	Nil	64,400,000 (Note 7)	Ni	64,400,000	19.66%
Temasek Holdings (Private) Limited (“ Temasek ”)	Owner of controlled corporations	Nil	64,400,000 (Note 7)	Ni	64,400,000	19.66%
Moerus Capital Management LLC	Investment manager	Nil	26,189,425 (Note 8)	Ni	26,189,425	7.99%
Yu Cheuk Yi	Beneficial owner	29,544,237 (Note 9)	Nil	Ni	29,544,237	9.02%
Yu Siu Yuk	Beneficial owner	29,544,237 (Note 9)	Nil	Ni	29,544,237	9.02%

Notes:

1. The percentage has been compiled based on the total number of issued Shares as at the Latest Practicable Date (i.e. 327,496,556 Shares).
2. These interests in the Company represented all the Shares beneficially owned by MWL (87,704,633 Shares or approximately 26.78% of the total issued Shares) and SGS (77,780,773 Shares or approximately 23.75% of the total issued Shares), both being wholly-owned subsidiaries of eSun as at the Latest Practicable Date.

3. *LSG owned approximately 56.07% shareholding interests in LSD while LSD owned approximately 74.62% shareholding interests in eSun. As such, LSG and LSD were both deemed to be interested in the same 165,485,406 Shares in which eSun had interests.*

Transtrend Holdings Limited (“Transtrend”, a wholly-owned subsidiary of LSD) received valid acceptances in respect of 17,167 Shares in relation to its mandatory general offer for the Shares from 15 August 2018 to 13 September 2018. LSG and LSD were both deemed to be interested in the same 17,167 Shares owned by Transtrend.

4. *Dr. Peter Lam was deemed to be interested in 165,485,406 Shares held by eSun and 17,167 Shares held by Transtrend in the issued share capital of the Company by virtue of his personal and deemed interests in approximately 41.96% (excluding share option) of the issued share capital of LSG, which in turn owned approximately 56.07% shareholding interests in LSD while LSD owned approximately 74.62% shareholding interests in eSun which in turn owned approximately 50.53% shareholding interests in the Company.*
5. *Dr. Peter Lam was granted a share option to subscribe for a total of 321,918 Shares on 18 January 2013 at an exercise price of HK\$11.40 per Share with the option period between 18 January 2013 and 17 January 2023.*
6. *SGS is wholly owned by MWL which in turn is wholly owned by eSun. Therefore, MWL was deemed to be interested in the 77,780,773 Shares held by SGS and eSun was deemed to be interested in the 165,485,406 Shares held and deemed to be held by MWL.*
7. *These interests in the Company represented the Shares beneficially owned by CapitaLand Cayman which is wholly owned by CapitaLand China which in turn is wholly owned by CapitaLand Investments while CapitaLand Investments is wholly owned by CapitaLand Limited. Temasek was deemed to be interested in the same 64,400,000 Shares held by CapitaLand Cayman by virtue of its approximate 40.79% interest in the issued share capital of CapitaLand Limited.*
8. *Based on the disclosure of interests notices published on the website of the Stock Exchange as at the Latest Practicable Date, Moerus Capital Management LLC held 26,189,425 Shares in the capacity of investment manager.*
9. *Based on the disclosure of interests notices published on the website of the Stock Exchange as at the Latest Practicable Date, Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk were both taken to be interested in the same 29,544,237 Shares which were held jointly by them.*

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which will not expire or be determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, none of the members of the Group were engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, save for Mr. FA Chew, Dr. KM Lam, Mr. Lam Kin Hong, Matthew, Mr. Lester Lam, Madam U, Mr. Ernest Lee, Mr. Ronald Tham, Mr. Lucas Ignatius Loh Jen Yuh and Mr. Puah Tze Shyang, who held shares or other interests and/or directorships in companies/entities engaged in the businesses of property investment and development in the PRC, none of the Directors or their respective associate(s) are considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules. In any event, such Directors will be required to abstain from voting on the Board resolutions approving any proposal in which any Director or his/her associate has a material interest, such that the decision making of the Board should not be affected by such material interest. Reference is also made to the section headed “Recommendation” under the “Letter from the Board” in this circular for the excluded Directors who abstained from voting on the Board resolution in respect of the Laisun Creative Property Management Services Agreement.

7. DIRECTORS’ INTEREST IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date,

- (a) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at such date and which was significant in relation to the business of the Group; and
- (b) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 July 2018, being the date to which the latest published audited consolidated financial statements of the Company were made up.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 July 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. EXPERT’S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Ballas Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO.

The expert above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion as set out in this circular and references to its name in the form and context in which they appear in this circular.

As at the Latest Practicable Date, the expert above did not have any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 July 2018, being the date to which the latest published audited consolidated financial statements of the Company were made up.

As at the Latest Practicable Date, the expert above did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

10. GENERAL

In the event of any inconsistency, the English language text of this circular and the form of proxy shall prevail over the Chinese language text.

11. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Laisun Creative Culture Property Management Services Agreement will be available for inspection at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong during normal business hours between 9:30 a.m. to 12:30 p.m. and from 2:30 p.m. to 5:30 p.m. on any weekday (excluding any Saturdays, Sundays and public holidays) unless (a) a tropical cyclone warning signal number 8 or above is hoisted; or (b) a black rainstorm warning signal is issued, from the date of this circular up to and including the date of the EGM.

NOTICE OF EGM



LAI FUNG HOLDINGS

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“**EGM**”) of the members (“**Members**”) of Lai Fung Holdings Limited (“**Company**”) will be held at Grand Ballroom 5, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong, on Friday, 6 September 2019 at 9:00 a.m. for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the agreement dated 23 July 2019 entered into between 珠海橫琴麗新文創天地有限公司 (Zhuhai Hengqin Laisun Creative Culture City Co., Ltd.*) (“**Laisun Creative Culture**”) and 珠海橫琴創新方商業管理有限公司 (Zhuhai Hengqin Novotown Business Management Co., Ltd.*) (“**Novotown Business Management**”) in respect of the provision of property management services (“**Laisun Creative Culture Property Management Services Agreement**”), a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps payable by Laisun Creative Culture to Novotown Business Management in respect of the Laisun Creative Culture Property Management Services Agreement for each of the three years ending 31 July 2022 be and are hereby approved and confirmed; and
- (c) the directors of the Company be and are hereby authorised to do all things and acts, enter into all transactions, arrangements and agreements, and sign and execute all documents (under hand or under the common seal of the Company) which they consider desirable or expedient to implement and/or to give effect to the transactions contemplated under the Laisun Creative Culture Property Management Services Agreement.”

NOTICE OF EGM

- * *All the English translations of certain Chinese names or words in this notice are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

By order of the Board
Lai Fung Holdings Limited
Yim Lai Wa
Company Secretary

Hong Kong, 21 August 2019

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

Principal Place of Business in Hong Kong:
11th Floor
Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Kowloon
Hong Kong

Notes:

- 1. A Member entitled to attend and vote at the EGM convened by the above notice ("Notice") or its adjourned meeting (as the case may be) is entitled to appoint one (or, if he/she/it holds two or more shares of HK\$5.00 each in the share capital of the Company ("Shares"), more than one) proxy to attend and, on a poll, vote on his/her/its behalf in accordance with the Amended and Restated Articles of Association of the Company. A proxy need not be a Member.*
- 2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited ("**Registrar**"), at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or its adjourned meeting (as the case may be) and in default, the proxy will not be treated as valid. Completion and return of the form of proxy shall not preclude Members from attending in person and voting at the EGM or any of its adjourned meeting (as the case may be) should they so wish. In that event, the said form(s) of proxy shall be deemed to be revoked.*

The contact phone number of the Registrar is (852) 2980 1333.

- 3. To ascertain the entitlements to attend and vote at the EGM, Members must lodge the relevant transfer document(s) and share certificate(s) at the office of the Registrar no later than 4:30 p.m. on Monday, 2 September 2019 for registration.*
- 4. Where there are joint registered holders of any Shares, any one of such joint holders may attend and vote at the EGM or its adjourned meeting (as the case may be), either in person or by proxy, in respect of such Shares as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the EGM or its adjourned meeting (as the case may be) personally or by proxy, then one of such holders so present whose name stands first in the Register of Members or Hong Kong Branch Register of Members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.*

NOTICE OF EGM

5. *In compliance with Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”), voting on the resolution proposed in this Notice will be decided by way of a poll.*
6. *If a tropical cyclone warning signal No. 8 or above is expected to be hoisted or a black rainstorm warning signal is expected to be in force at any time after 7:00 a.m. on the date of the EGM, the EGM will be postponed and the Members will be informed of the date, time and venue of the postponed EGM by a supplementary notice posted on the respective websites of the Company and the Stock Exchange.*

If a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is cancelled at or before 7:00 a.m. on the date of the EGM and where conditions permit, the EGM will be held as scheduled.

The EGM will be held as scheduled when an amber or red rainstorm warning signal is in force.

Having considered their own situations, Members should decide on their own whether or not they would attend the EGM under any bad weather condition and if they do so, they are advised to exercise care and caution.