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LAI FAI INTERNATIONAL HOLDINGS LIMITED

麗輝國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

NEW ISSUE AND OFFER FOR SALE

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF PLACING

Number of Placing Shares	:	32,000,000 Shares comprising 25,600,000 New Shares and 6,400,000 Sale Shares (subject to Over-allotment Option)
Placing Price	:	HK\$1.00 per Share
Nominal value	:	HK\$0.10 each
GEM Stock code	:	8183

Joint Lead Managers



SBI E2-Capital Securities Limited



E*Trade Securities Co., Ltd.

Sponsor



Celestial Capital Limited

Co-sponsor



SBI E2-Capital (HK) Limited

Co-Lead Managers



Celestial Capital Limited



First Shanghai Securities Limited

Co-Managers

Core Pacific-Yamaichi International (H.K.) Limited
Kingsway SW Securities Limited
OpenOffering Capital Limited
South China Securities Limited

Guotai Junan Securities (Hong Kong) Limited
Nomura International (Hong Kong) Limited
Shun Loong Securities Company Limited
Sun Hung Kai International Limited

UOB Kay Hian (Hong Kong) Limited

Valid applications for a total of 122,242,000 Placing Shares have been received from professional, institutional and other investors, equivalent to approximately 3.82 times of the 32,000,000 Placing Shares initially available under the Placing. The 32,000,000 Placing Shares have been conditionally allocated in full to 111 professional, institutional and other investors under the Placing. All the placees are independent of and not connected with any of the Directors, chief executives, Initial Management Shareholders or Substantial Shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules).

The Company has granted the Over-allotment Option to SBI E2-Capital Securities Limited at any time on or before 13 March, 2003, under which the Company may be required to issue and allot at the Placing Price up to 4,800,000 additional Shares, representing 15% of the Placing Shares initially available under the Placing, to cover over-allocations in the Placing, if any. As there is no over-allocation in the Placing, the Over-allotment Option will not be exercised.

There is a high concentration of the Shares held by a small number of Shareholders. Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares in the secondary market. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Immediately following the Placing but before the exercise of the options which may be granted under the Share Option Scheme and the options which have been granted under the Pre-IPO Share Option Scheme, the Company will have a public float of 25% of the enlarged issued share capital of the Company.

Dealings in the Shares on GEM are expected to commence at 9:30 a.m. on Wednesday, 26 February 2003.

Unless defined otherwise, terms used in this announcement shall have the same respective meanings as defined in the prospectus of Lai Fai International Holdings Limited (the "Company") dated 11 February 2003 (the "Prospectus").

LEVEL OF INTEREST

Valid applications for a total of 122,242,000 Placing Shares have been received from professional, institutional and other investors, equivalent to approximately 3.82 times of the 32,000,000 Placing Shares initially available under the Placing. The 32,000,000 Placing Shares have been conditionally allocated in full to 111 professional, institutional and other investors under the Placing. All the placees are independent of and not connected with any of the Directors, chief executives, Initial Management Shareholders or Substantial Shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules).

Out of the total 32,000,000 Placing Shares, 3,000,000, 2,000,000, 1,000,000 and 250,000 Placing Shares were allocated to UOB Realty (H.K.) Ltd., Mr. See Sin Hock, Mr. Okamoto Takasada and Mr. Yu Kit Ying, William, respectively. UOB Realty (H.K.) Ltd., an investment holding company, is a subsidiary of United Overseas Bank Limited and UOB Kay Hian (Hong Kong) Limited, being one of the Placing Managers, is an associate of United Overseas Bank Limited. Mr. See Sin Hock is one of the shareholders of Star Express, Mr. Okamoto Takasada is one of the shareholders of JTA and Mr. Yu Kit Ying, William is one of the shareholders of Tour Enterprise. Star Express, JTA and Tour Enterprise are tour operators and business partners of the Group, details of which have been disclosed in the Prospectus. UOB Realty (H.K.) Ltd., Mr. See Sin Hock, Mr. Okamoto Takasada and Mr. Yu Kit Ying, William are not connected with any of the Directors, chief executives, Initial Management Shareholders or Substantial Shareholders

of the Company or any of their respective associates. The abovementioned 3,000,000, 2,000,000, 1,000,000 and 250,000 Placing Shares represent approximately 9.38%, 6.25%, 3.13% and 0.78% of the total number of the Placing Shares and 2.34%, 1.56%, 0.78% and 0.20% of the entire issued share capital of the Company immediately after completion of the Placing.

The Directors confirm that save as disclosed above, none of the Placing Shares have been placed to any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing.

RESULTS OF ALLOCATION

Pursuant to the Placing, the 32,000,000 Placing Shares will be held by a total of 111 placees as follows:

Number of Placing Shares	Number of placees
2,000 — 10,000	53
10,001 — 50,000	9
50,001 — 100,000	11
100,001 — 500,000	19
500,001 — 1,000,000	13
1,000,001 — 5,000,000	6
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Total	<u>111</u>

The following table sets out the distribution of the 32,000,000 Placing Shares:

	Aggregate number of Placing Shares held	Approximate percentage of the Placing Shares	Approximate percentage of shareholding immediately after the completion of the Placing
Top placee	4,250,000	13.28%	3.32%
Top 5 placees	14,750,000	46.09%	11.52%
Top 10 placees	19,900,000	62.19%	15.55%
Top 25 placees	28,360,000	88.63%	22.16%

There is a high concentration of the Shares held by a small number of Shareholders. Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares in the secondary market. Shareholders and potential investors are advised to exercise extreme caution when dealing in the Shares.

OVER-ALLOTMENT OPTION

The Company has granted the Over-allotment Option to SBI E2-Capital Securities Limited at any time on or before 13 March, 2003, under which the Company may be required to issue and allot at the Placing Price up to 4,800,000 additional Shares, representing 15% of the Placing Shares initially available under the Placing, to cover over-allocations in the Placing, if any.

As there is no over-allocation in the Placing, the Over-allotment Option will not be exercised.

MINIMUM PUBLIC FLOAT REQUIREMENT

Pursuant to Rule 11.23(1) of the GEM Listing Rules, the Company is required to maintain a public float of not less than 25% of its issued share capital at all times immediately after the listing of the Shares on GEM. Immediately following the Placing but before the exercise of the options which may be granted under the Share Option Scheme and the options which have been granted under the Pre-IPO Share Option Scheme, the Company will have a public float of 25% of the enlarged issued share capital of the Company. As at the date of this announcement, i) no option has been granted under the Share Option Scheme and ii) 13 eligible participants (including certain Directors and an Initial Management Shareholder) have been granted options to subscribe for an aggregate of 8,000,000 Shares (representing 6.25% of the enlarged issued share capital after completion of the Placing) under the Pre-IPO Share Option Scheme. The said Directors and the Initial Management Shareholder who have been granted options under the Pre-IPO Share Option Scheme have undertaken to the Company and the Stock Exchange that they will not exercise their options such that it would render the public float to fall below 25%.

DEPOSIT OF SHARE CERTIFICATES INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on GEM, as well as the compliance with the stock admission requirements of Hongkong Clearing, the Shares will be accepted as eligible securities by Hongkong Clearing for deposit, clearance and settlement in CCASS. The Placing Shares will be deposited in CCASS for credit to the respective CCASS participants' stock accounts of the placing agents. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All new Shares are expected to be issued on 24 February 2003 and despatched on 25 February 2003.

COMMENCEMENT OF DEALINGS

Dealings in the Shares on GEM are expected to commence at 9:30 a.m. on Wednesday, 26 February 2003.

By order of the Board
Lai Fai International Holdings Limited
Li Shui
Executive Chairman

Hong Kong, 21 February 2003

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will appear on the GEM website at www.hkgem.com, for 7 days from the date of its posting.