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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)

ANNOUNCEMENT

The Board announces that the audited combined profit after tax but before extraordinary items of the Relevant Subsidiaries for the 12 months ended 31 March 2003 is HK\$11.2 million, which exceeds the minimum requirement under the Personal Guarantee. Accordingly, the obligation of Mr. Li under the Personal Guarantee is fully discharged.

This announcement is made by the board of directors (the “Board”) of Lai Fai International Holdings Limited (the “Company”) in connection with a personal guarantee given by Mr. Li Shui (“Mr. Li”), the chairman of the Company, details of which are set out on pages 9 and 10 of the prospectus of the Company dated 11 February 2003 (the “Prospectus”).

BACKGROUND

In March 2002, Artfolio Corporation and Softbank Investment International (Strategic) Limited (the “Strategic Investors”) acquired an aggregate of approximately 41.0% interests in Lai Fai International (BVI) Limited (“LFBVI”) from Mr. Li (“the Pre-IPO Placing”). LFBVI is wholly owned by the Company and is the intermediate holding company of Lai Fai Jewellery Trading Limited and Champion Force Industrial Limited (the “Relevant Subsidiaries”), being the two operating subsidiaries of the Company. Mr. Li is the chairman of the Company.

In relation to the Pre-IPO Placing, Mr. Li provided a personal guarantee (“Personal Guarantee”) on 27 March 2002 to the Strategic Investors that the combined audited profit after taxation but before extraordinary items of the Relevant Subsidiaries for the 12-month period ending 31 March 2003 (being the first anniversary of the Pre-IPO Placing) would not be less than HK\$10 million (the “Guaranteed Profit”) and that he would personally reimburse to the Group any shortfall from the Guarantee Profit within the first calendar week of June 2003.

However, the Company’s shareholders and the public investors should note that the Personal Guarantee is purely a private contractual arrangement made between Mr. Li and the Strategic Investors. The Company and its shareholders are not parties to the contract and are not entitled to enforce the performance of the Personal Guarantee even if the combined audited profit after tax but before extraordinary items of the Relevant Subsidiaries falls short of the Guaranteed Profit. For further details of the Pre-IPO Placing and

the Personal Guarantee, please refer to pages 9 and 10 of the Prospectus and the announcement made by Softbank Investment International (Strategic) Limited on 28 March 2002.

RESULTS

Ernst & Young, certified public accountants, are the Group's auditors who were appointed by Mr. Li, at his own expense, to perform a special audit for the results of the Relevant Subsidiaries for the 12 months ended 31 March 2003.

The Board announces that the combined profit after tax but before extraordinary items of the Relevant Subsidiaries for the 12 months ended 31 March 2003 as audited by Ernst & Young is HK\$11.2 million.

CONCLUSION

Since the Guaranteed Profit was achieved, the obligation of Mr. Li under the Personal Guarantee is fully discharged.

By Order of the Board
Lai Fai International Holdings Limited
Lam King Pui
Company Secretary

Hong Kong, 30th May 2003

This announcement, for which the Directors of the Company (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 for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquires, 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 remain on the "Latest Company Announcements" page of the GEM website for at least seven days from its date of publication.