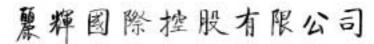
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LAI FAI INTERNATIONAL HOLDINGS LIMITED



(Incorporated in the Cayman Islands with limited liability)

ANNOUNCEMENT FOR PRICE SENSITIVE INFORMATION AND CHANGE OF SUBSTANTIAL SHAREHOLDER

The Board announces that it has been informed by SIIS and SBF on 27th February 2004 that an agreement was entered into on the same day in relation to the sale by SIIS to SBF of the Sale Shares which, as at the date of this announcement, represents approximately 8.06 % of the issued share capital of the Company. The Board has been advised by SIIS that the Share Transfer was completed on 27th February 2004 and that the consideration for the Sale Shares was approximately HK\$0.686 per Sale Share, representing a premium of approximately 24.73% over the closing price of HK\$0.55 per Share on 26th February, 2004, being the last trading day preceding the date of such Share Transfer. In addition, the Board was informed that such consideration has been arrived at through arm's length negotiations between SIIS and SBF and that it represents approximately 8.9% premium over the cost of investment per Share by SIIS in the Sale Shares but approximately 31.40% discount over the issue price per Share at the time of the listing of the Shares on GEM.

This announcement is made pursuant to pursuant to paragraph 17.10 of the GEM Listing Rules.

SHARE TRANSFER DETAILS

The Board announces that it has been informed by SIIS and SBF on 27th February 2004 that an agreement was entered into on the same date in relation to the sale by SIIS to SBF of the Sale Shares which, as at the date of this announcement, represents approximately 8.06% of the issued share capital of the Company. The Board has been advised by SIIS that the Share Transfer was completed on 27th February 2004 and that the consideration for the Sale Shares was approximately HK\$0.686 per Sale Share, representing a premium of approximately 24.73% over the closing price of HK\$0.55 per Share on 26th February, 2004, being the last trading day preceding the date of such Sale Transfer. In addition, the Board was informed that such consideration has been arrived at through arm's length negotiations between SIIS and SBF and that it represents approximately 8.9% premium over the cost of investment per Share by SIIS in the Sale Shares but approximately 31.40% discount over the issue price per Share at the time of the listing of the Shares on GEM. The Company understands that in arriving at such consideration for the Sale Shares, SIIS and SBF had taken into account the length of time during which SIIS had held the Sale Shares and the opportunity cost to SIIS in terms of alternative investments.

Shareholders are reminded that the Shares commenced trading on GEM on 26th February 2003 (the "Listing") and that on such date, SIIS provided undertakings to the Stock Exchange, the Company and the Company's then sponsors not to dispose of its Shares for a period of 12 months thereafter. Shareholders should note that such 12 month moratorium period against any disposal of the Shares by SIIS as an initial management shareholder of the Company expired on 25th February, 2004.

The Board wishes to remind Shareholders that at the time of the Listing, SBF was directly and indirectly interested in the aggregate amount of approximately 47.94 % of the issued share capital of SIIS. The Board has been informed that, since 4 November 2003, SBF is no longer interested in any shares of SIIS (please refer to the announcement dated 4 November 2003 for further details) and that the Share Transfer has been entered into between SBF and SIIS for commercial reasons.

Shareholding structure of the Company before and after the completion of the Share Transfer:

Based on the Company's records, the shareholding structure of the Company before and after the completion of the Share Transfer as a percentage of the issued share capital of the Company is as follows:

	Before the completion of the Share Offer	After the completion of the Share Offer
Best Perfect International Limited	40.20%	40.20%
SIIS	10.96%	2.90%
SBF		8.06%
Artfolio	21.84%	21.84%
Funaya Esturo	2.00%	2.00%
Public	25.00%	25.00%
	100.00%	100.00%

After the completion of the Share Offer, SIIS has ceased to be a substantial shareholder of the Company from 27th February, 2004 and SBF has become, directly and indirectly (through its shareholding interest in Artfolio), interested in approximately 29.9% of the issued share capital of the Company and continue to be a substantial shareholder of the Company.

PUBLIC PLACING OF THE REMAINING SIIS SHARES

The Board has been advised by SIIS that SIIS intends to appoint a placing agent to sell its remaining Shares, representing approximately 2.9% of the Company's entire issued share capital, in the public market as soon as practicable.

GENERAL

Save as disclosed in this announcement, the Board confirms that it is not aware of any negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Chapters 19 and 20 of the GEM Listing Rules or of any matter discloseable under the general obligation imposed by rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

DEFINITIONS

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

"Artfolio" Artfolio Corporation, a company incorporated in Japan with limited liability owned as to 84.02% by SBF and a substantial shareholder of the Company 'Board" the board of directors of the Company "Company" Lai Fai International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on GEM "GEM" the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited "GEM Listing Rules" The Rules Governing the Listing of Securities on GEM the Company and its subsidiaries "Group"

"initial management shall have the meaning ascribed to it under the GEM Listing Rules shareholder"

"Main Board" the securities market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) and which stock market continues to be operated by the Stock Exchange in parallel with GEM and for the avoidance of doubt, such securities market excludes

GEM

"Sale Shares" 10,316,800 Shares transferred to SBF pursuant to the Share Transfer

"SBF" Softbank Finance Corporation, a company incorporated in Japan whose shares are listed on the First Session of the Tokyo Stock Exchange Inc, and

an indirect substantial shareholder of the Company

"Shares" shares of HK\$0.10 each in the capital of the Company

holders of the Shares "Shareholder"

"Share Transfer" the disposal of the Sale Shares by SIIS to SBF pursuant to the agreement

entered into between SIIS and SBF on 27th February, 2004

"SIIS" Softbank Investment International (Strategic) Limited, a company

incorporated in Hong Kong with limited liability whose shares are listed on the Main Board and prior to the Share Transfer, a substantial shareholder

of the Company

"Stock Exchange" The Stock Exchange of Hong Kong Limited

"substantial shareholder" shall have the meaning ascribed to it under the GEM Listing Rules

By Order of the Board

Lai Fai International Holdings Limited

Li Shui

Chairman

Hong Kong, 27th February 2004

This announcement, for which the Directors of the Company (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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.