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LAI FAI INTERNATIONAL HOLDINGS LIMITED

廉輝國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8183

Announcement PROPOSED CHANGE OF AUDITORS AND NOTICE OF SPECIAL GENERAL MEETING

The Board of Directors (the “Board”) of Lai Fai International Holdings Limited (the “Company”) announces that Messrs Ernst & Young and the Company cannot arrive at consensus on the audit fees for the year ending 31st December 2004. Consequently, Messrs Ernst & Young have resigned as auditors of the Company and its subsidiaries with effect from 22nd December 2004. Accordingly, the Company wishes to appoint Messrs Albert Lam & Co. as its auditors for the year ending 31st December 2004. Messrs Ernst & Young have confirmed on 22nd December 2004 that there were no circumstances connected with their resignation which they considered ought to be brought to the attention of the members or creditors of the Company and its subsidiaries. Prior to its resignation, Ernst & Young did not engage in any audit work in respect of the accounts of the Company and its subsidiaries for the year ending 31st December 2004.

The Directors confirm that there are no other matters that need to be brought to the attention of the shareholders.

In accordance with the Bye-laws of the Company, the Board shall as soon as practicable convene an extraordinary general meeting to fill the vacancy following the resignation of Messrs Ernst & Young as the Company’s auditors. Consequently, an extraordinary general meeting will be held to approve the change of auditors. The Company will make further announcement in due course regarding the notice of the extraordinary general meeting.

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

Hong Kong, 22nd December 2004

As at the date of this announcement, the Board of Directors of the Company comprises the following Directors: Mr. Li Shui and Mr. Lee You (executive Directors); Mr. Yoshitaka Kitao and Mr. Yu Kam Kee, Lawrence (non-executive Directors); Mr. Ho Hou Chiu, William, Mr. Mak Tak Cheong, Edmund and Mr. Che King Lun, Frankly (independent non-executive Directors).

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 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.