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**STANDBROOK
ENTERPRISES LIMITED**

*(Incorporated in the British Virgin Islands
with limited liability)*



**LAI FAI INTERNATIONAL
HOLDINGS LIMITED**

麗輝國際控股有限公司

*(Incorporated in the Cayman Islands
with limited liability)*
(Stock code: 8183)

**COMPLETION OF ACQUISITION OF SHARES OF
LAI FAI INTERNATIONAL HOLDINGS LIMITED
BY THE OFFEROR FROM THE VENDORS**

AND

MANDATORY UNCONDITIONAL CASH OFFER

BY

KINGSWAY FINANCIAL SERVICES GROUP LIMITED

**ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF
LAI FAI INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY THE OFFEROR,
PARTIES ACTING IN CONCERT WITH IT AND THE VENDORS)**

AND

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

**Financial adviser to
the Offeror**



KINGSWAY CAPITAL LIMITED

Reference is made to the Announcement. The boards of directors of the Company and the Offeror are pleased to announce that Completion of the Sale and Purchase Agreement took place on 12th April, 2005.

Kingsway Financial, on behalf of the Offeror, will make an unconditional cash offer in compliance with Rule 26 of the Takeovers Code to all Shareholders (other than the Offeror and parties acting in concert with it) to acquire all the issued Shares (including any Shares that may fall to be issued under any Share Options prior to the close of the Offer) not owned by the Offeror (and parties acting in concert with it) at HK\$0.80 per Share, and to offer HK\$0.70 (being the see-through price) to the Option Holders for each Share Option held by them in consideration of their agreeing to cancel their Share Options.

The board of directors of the Company is also pleased to announce that AMS Corporate Finance Limited has been appointed as the IFA to the Independent Board Committee to be formed in respect of the Offer.

Unless otherwise defined herein, capitalized terms shall have the same meanings as used in the announcement (the “Announcement”) of the Company dated 7th April, 2005.

COMPLETION OF THE SALE AND PURCHASE AGREEMENT

Reference is made to the Announcement regarding the Sale and Purchase Agreement and the Offer. The boards of directors of the Company and the Offeror are pleased to announce that Completion of the Sale and Purchase Agreement took place on 12th April, 2005.

As such, the Offeror (and its concert parties) now beneficially owns 92,688,000 Shares, representing approximately 71.88% of the total issued share capital of the Company as at the date of this announcement.

MANDATORY UNCONDITIONAL CASH OFFER

Kingsway Financial, on behalf of the Offeror, will make an unconditional cash offer in compliance with Rule 26 of the Takeovers Code to all Shareholders (other than the Offeror and parties acting in concert with it) to acquire all the issued Shares (including any Shares that may fall to be issued under any Share Options prior to the close of the Offer) not owned by the Offeror (and parties acting in concert with it) at HK\$0.80 per Share, and to offer HK\$0.70 (being the see-through price) to the Option Holders for each Share Option held by them in consideration of their agreeing to cancel their Share Options. Principal terms of the Offer have been set out in the Announcement.

COMPULSORY ACQUISITION OR MAINTAINING THE LISTING STATUS OF THE COMPANY

To the extent applicable and pursuant to the compulsory acquisition power under Section 88 of the Companies Law (2004 Revision) of the Cayman Islands, if the Offeror acquires the prescribed percentage of Shares (being not less than 90% of the Shares affected by the Offer) as required by Section 88 of the Companies Law (2004 Revision) of the Cayman Islands, the Offeror may consider exercising the compulsory acquisition power in accordance with Section 88 of the Companies Law (2004 Revision) of the Cayman Islands.

According to Rule 15.6 of the Takeovers Code, as the Offeror may consider exercising its rights under the relevant provisions of the Companies Law (2004 Revision) of the Cayman Islands to compulsorily acquire those Shares not acquired by the Offeror under the Offer, the Offer may not remain open for

acceptance for more than four months from the posting of the offer document, unless the Offeror has by that time become entitled to exercise the power of compulsory acquisition available to it under the Companies Law (2004 Revision) of the Cayman Islands, in which event the Offeror will do so without delay.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise the Company by means of the Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirements imposed by the Companies Law (2004 Revision) of the Cayman Islands, acceptance of the Offer and purchases (in each case of the disinterested Shares) made by the Offeror and persons acting in concert with it during the period of four months after posting of the offer document total 90% of the disinterested Shares.

Furthermore, if the level of acceptances reaches the prescribed level (being not less than 90% of the Shares affected by the Offer) under Section 88 of the Companies Law (2004 Revision) of the Cayman Islands and Rule 2.11 of the Takeovers Code permits a compulsory acquisition and the Offeror proceeds with the privatisation of the Company and withdrawal of listing of the Company's securities from GEM pursuant to Rule 9.23 of the GEM Listing Rules, the Company will apply for a suspension of dealings in the securities of the Company from the closing of the Offer up to the withdrawal of listing of the Company's securities from GEM.

In the event that the Offeror does not effect the compulsory acquisition (whether by reason of not having acquired the requisite percentage as required under the Companies Law (2004 Revision) of the Cayman Islands or otherwise), the Offeror may either (i) seek a withdrawal of listing of the Shares from GEM in accordance with the requirements of Rule 9.20 of the GEM Listing Rules and the Takeovers Code (which include (a) with respect to the requirements of the GEM Listing Rules, the approval of the independent Shareholders (being Shareholders other than any controlling Shareholder and its associates) at general meeting passed as a resolution with a majority of at least 75%, and not voted against by 10% (or more), of the votes cast at such meeting, and (b) with respect to the requirements under Rule 2.2 of the Takeovers Code, the approval of Shareholders by means of a resolution at a general meeting with a majority in number representing at least 75% (and not voted against by more than 10%) of the votes attaching to the disinterested Shares voting either in person or by proxy at the meeting must vote in favour of the resolution) and, or privatise the Company by means of a scheme of arrangement, or (ii) the Offeror will either itself or procure the Company to take such steps as are necessary to ensure that the Company maintains an adequate public float so as to comply with the applicable requirements of the GEM Listing Rules.

As at the date of this announcement, the Offeror has not decided whether to maintain the listing of the Company on GEM or to privatise the Company, further announcement will be made in this respect accordingly.

The Stock Exchange has stated that, if less than 25% of the issued Shares are in public hands following close of the Offer, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or that there are insufficient number of Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares. In this connection, it should be noted that upon the close of the Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained. The Directors, the director of the Offeror and the new

director to be nominated by the Offeror and appointed to the Board will jointly and severally agree to undertake to the Stock Exchange to take appropriate steps to ensure that there will be sufficient public float in the Shares if Listing is to be maintained.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The board of directors of the Company is also pleased to announce that AMS Corporate Finance Limited has been appointed as the IFA to the Independent Board Committee to be formed in respect of the Offer.

A Composite Offer Document containing, among other things, the information relating to the Group and the Offeror, the terms of the Offer, the recommendation of the Independent Board Committee of the Company and the advice of the IFA in respect of the Offer, together with forms of acceptance and transfer, will be sent to the Shareholders as soon as practicable in accordance with Rule 8.2 of the Takeovers Code, which shall be within 21 days of the date of the Announcement, or such later date as the Executive may approve.

By order of the board of
Standbrook Enterprises Limited
Mr. Sadao Hisaaki
Director

By order of the board of
Lai Fai International Holdings Limited
Mr. Li Shui
Director and Executive Chairman

Hong Kong, 12th April, 2005

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

This announcement, for which the directors of the Company 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 of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (1) the information contained in this announcement (other than that relating to the Offeror and its shareholder and related parties, but including the Group) 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 (other than that relating to the Offeror and its shareholder and related parties, but including the Group) misleading; and (3) all opinions expressed in this announcement (other than that relating to the Offeror and its shareholder and related parties, but including the Group) have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this announcement concerning the Offeror and its shareholder and related parties (other than the Group) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement concerning the Offeror and its shareholder and related parties (other than the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement concerning the Offeror and its shareholder and related parties (other than the Group) the omission of which would make any statement in this announcement misleading.

This announcement will remain on the GEM website on the "Latest Company Announcements" page for 7 days from the date of its posting.