

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**STANDBROOK ENTERPRISES  
LIMITED**

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

**LAI FAI INTERNATIONAL HOLDINGS  
LIMITED**

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

**MANDATORY UNCONDITIONAL CASH OFFER  
BY  
KINGSWAY FINANCIAL SERVICES GROUP LIMITED  
ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES AND THE  
SHARE OPTIONS OF  
LAI FAI INTERNATIONAL HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED BY THE OFFEROR AND  
PARTIES ACTING IN CONCERT WITH IT)**

**INTENTION TO PRIVATISE  
LAI FAI INTERNATIONAL HOLDINGS LIMITED  
AND  
EXTENSION OF THE OFFER**

**Financial adviser to  
the Offeror**



**KINGSWAY CAPITAL LIMITED**

**ACCEPTANCE LEVEL OF THE OFFER**

As at 4:00 p.m. on 18th May, 2005, the Offeror had received valid acceptances in respect of 35,029,000 Shares under the Offer for Shares, representing approximately 96.61% of the Shares under the Offer and approximately 27.17% of the entire issued share capital of the Company. Ten valid acceptances in respect of 1,095,000 Share Options under the Offer for Share Options had also been received, representing 100% of the outstanding Share Options granted under the Pre-IPO Share Option Scheme. Prior to the opening of the Offer, the Offeror (and its concert parties) beneficially owned 92,688,000 Shares, representing approximately 71.88% of the entire issued share capital of the Company. Taking into account the valid acceptances under the Offer, the Offeror (and its concert parties) are interested in 127,717,000 Shares, representing approximately 99.05% of the entire issued share capital of the Company as at the date of this announcement.

## **EXTENSION OF THE OFFER**

The Offeror has decided to extend the closing time and date of the Offer to until 4:00 p.m. on 1st June, 2005 (the “Latest Closing Time”) so as to give the Shareholders who have not yet accepted the Offer further opportunity to accept the Offer if they wish to do so.

## **INTENTION TO PRIVATISE THE COMPANY**

**As more than 90% of the Shares subject to the Offer had been tendered (and accepted by the Offeror under the Offer) as at 4:00 p.m. on 18th May, 2005, the Offeror is entitled to implement the compulsory acquisition process under Section 88 of the Companies Law (2004 Revision) of the Cayman Islands. The Offeror has decided to proceed to privatise the Company and will implement the compulsory acquisition procedure (pursuant to the compulsory acquisition power under Section 88 of the Companies Law (2004 Revision) of the Cayman Islands) with respect to the Shares held by Shareholders who shall not have accepted the Offer after close of the Offer at the Latest Closing Time and apply for the withdraw of listing of the Company under Rule 9.23 of the GEM Listing Rules.**

**Upon closing of the Offer at the Latest Closing Time, there will not be sufficient public float in the Shares and trading of the Shares on the Stock Exchange will be suspended from the close of the Offer up to the withdrawal of listing of the Company’s securities from GEM pursuant to Rule 9.23 of the GEM Listing Rules. Accordingly, there may not be an open market for trading in Shares on the Stock Exchange for those Shareholders who choose not to tender their Shares under the Offer by the Latest Closing Time.**

**Notices of compulsory acquisition will be despatched to the Shareholders who shall not have accepted the Offer after the close of the Offer at the Latest Closing Time under the Companies Law (2004 Revision) of the Cayman Islands. In light of the compulsory acquisition, Shareholders who have not yet accepted the Offer are advised to tender their duly completed form of acceptance and transfer, together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, as soon as possible and in any event not later than 4:00 p.m. on 1st June, 2005 if they wish to receive the consideration for their Offer Shares earlier, instead of waiting for the notices of compulsory acquisition to be served on them when the compulsory acquisition procedure is effected. Shareholders whose Shares are to be acquired pursuant to the compulsory acquisition will not receive their consideration for such Shares until completion of the compulsory acquisition, which is currently expected to take place on or about the date falling five months from the opening date of the Offer.**

Reference is made to the joint announcements of the Company and Standbrook Enterprise Limited dated 7th April, 2005 and 12th April, 2005, and the composite offer document dated 27th April, 2005 (“Composite Offer Document”). Unless otherwise defined herein, capitalised terms shall have the same meanings as used in the Composite Offer Document.

## **ACCEPTANCE LEVEL OF THE OFFER**

As at 4:00 p.m. on 18th May, 2005, the Offeror had received valid acceptances in respect of 35,029,000 Shares under the Offer for Shares, representing approximately 96.61% of the Shares under the Offer and approximately 27.17% of the entire issued share capital of the Company. Ten valid acceptances in respect of 1,095,000 Share Options under the Offer for Share Options had also been received, representing 100% of the outstanding Share Options granted under the Pre-IPO Share Option Scheme. Prior to the opening of the Offer, the Offeror (and its concert parties) beneficially owned 92,688,000 Shares, representing approximately 71.88% of the entire issued share capital of the Company. Taking into account the valid acceptances under the Offer, the Offeror (and its concert parties) are interested in 127,717,000 Shares, representing approximately 99.05% of the entire issued share capital of the Company as at the date of this announcement.

## **EXTENSION OF THE OFFER**

The Offeror has decided to extend the closing time and date of the Offer to until 4:00 p.m. on 1st June, 2005 so as to give the Shareholders who have not yet accepted the Offer further opportunity to accept the Offer if they wish to do so.

Shareholders intending to accept the Offer should submit their completed WHITE form of acceptance and transfer, together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title to Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong in an envelope marked “Lai Fai Offer” **by no later than 4:00 p.m. on 1st June, 2005.**

If their Shares have been lodged with a broker/custodian bank through CCASS, Shareholders should instruct their broker/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on their behalf on or before the deadline set out by HKSCC Nominees Limited, in this case, on 31st May, 2005.

## **INTENTION TO PRIVATISE THE COMPANY**

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 as required by Section 88 of the Companies Law (2004 Revision) of the Cayman Islands (being not less than 90% of the Shares affected by the Offer), the Offeror has the right under the Section 88 of the Companies Law (2004 Revision) of the Cayman Islands to proceed to compulsorily acquire those Shares not acquired by the Offeror under the Offer.

**As more than 90% of the Shares subject to the Offer had been tendered (and accepted by the Offeror under the Offer) as at 4:00 p.m. on 18th May, 2005, the Offeror is entitled to implement the compulsory acquisition process under Section 88 of the Companies Law (2004 Revision) of the Cayman Islands. The Offeror has decided to privatise the Company and will implement the compulsory acquisition procedure (pursuant to the compulsory acquisition power under Section 88 of the Companies Law (2004 Revision) of the Cayman Islands) with respect to the Shares held by Shareholders who shall not have accepted the Offer after close of the Offer at the Latest Closing Time and apply for the withdraw of listing of the Company under Rule 9.23 of the GEM Listing Rules.**

Upon closing of the Offer at the Latest Closing Time, there will not be sufficient public float in the Shares and trading of the Shares on the Stock Exchange will be suspended from the close of the Offer up to the withdrawal of listing of the Company's securities from GEM pursuant to Rule 9.23 of the GEM Listing Rules. Accordingly, there may not be an open market for trading in Shares on the Stock Exchange for those Shareholders who choose not to tender their Shares under the Offer by the Latest Closing Time.

Notices of compulsory acquisition will be despatched to the Shareholders who shall not have accepted the Offer after the close of the Offer at the Latest Closing Time under the Companies Law (2004 Revision) of the Cayman Islands. In light of the compulsory acquisition, Shareholders who have not yet accepted the Offer are advised to tender their duly completed form of acceptance and transfer, together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, as soon as possible and in any event not later than 4:00 p.m. on 1st June, 2005 if they wish to receive the consideration for their Offer Shares earlier, instead of waiting for the notices of compulsory acquisition to be served on them when the compulsory acquisition procedure is effected. Shareholders whose Shares are to be acquired pursuant to the compulsory acquisition will not receive their consideration for such Shares until completion of the compulsory acquisition, which is currently expected to take place on or about the date falling five months from the opening date of the Offer.

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, 18th May, 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.*