
THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about any aspect of this Notice, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in Lai Fai International Holdings Limited, you should immediately hand this Notice to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

STANDBROOK ENTERPRISES LIMITED

(Incorporated in the British Virgin Islands with limited liability)

NOTICE OF COMPULSORY ACQUISITION OF THE SHARES OF LAI FAI INTERNATIONAL HOLDINGS LIMITED

(Section 88(1) of the Companies Law (2004 Revision) of the Cayman Islands (the “Companies Law”))

**Following a
Mandatory unconditional cash offer
by Kingsway Financial Services Group Limited
for and on behalf of
Standbrook Enterprises Limited (the “Offeror”),
to acquire all of the issued shares of HK\$0.10 each in the capital of
Lai Fai International Holdings Limited (the “Company”)**

INTRODUCTION

On 27 April 2005 the Offeror issued an offer document (the “Offer Document”) and made an unconditional offer to, amongst others, the independent shareholders (“Independent Shareholders”) of the Company (being shareholders of the Company (“Shareholders”) other than the Offeror and parties acting in concert with it) to acquire, inter alia, all of the issued shares (“Offer Shares”) of HK\$0.10 each in the share capital of the Company for a consideration of HK\$0.80 in cash per Offer Share held by the Independent Shareholders (the “Offer”).

At 4:00 p.m. on Wednesday, 1 June 2005 the Offer closed and the Offeror had received, pursuant to the Offer, valid acceptances in respect of 35,975,000 Offer Shares which represent approximately 99.22 per cent. of the Offer Shares.

COMPULSORY ACQUISITION

Notice is hereby given that the Offer has been approved by holders of not less than ninety per cent of the Offer Shares and the Offeror intends to acquire the remainder of the Offer Shares (the “Remaining Shares”) pursuant to Section 88 of the Companies Law, at a price of HK\$0.80 in cash per Remaining Share one month from the date of this Notice.

The provisions of Section 88 of the Companies Law are set out in the Appendix to this Notice.

Shareholders should consult their legal advisers on the law of the Cayman Islands if they wish to exercise their rights under Section 88 of the Companies Law.

By Order of the Board
For and on behalf of
Standbrook Enterprises Limited
Mr. Sadao Hisaaki
Director

The sole director of Standbrook Enterprises Limited accepts full responsibility for the accuracy of the information contained in this notice and confirms, having made all reasonable enquiries, that to the best of their knowledge, opinion expressed in this notice has been arrived at after due and careful consideration and there are no other facts not contained in this notice the omission of which would make any statements in this notice misleading.

Notes:—

- I. All communications, notices, forms of transfer, share certificates, transfer receipts, other documents of title and remittances to be delivered by or sent to Shareholders will be delivered by or sent to Shareholders or their designated agents at their own risk and neither the Offeror nor the Company accepts any liability for any loss which may arise as a result.
- II. This Notice and all transfers of Offer Shares pursuant thereto is/are governed by the laws of the Cayman Islands.

APPENDIX

SECTION 88 OF THE COMPANIES LAW (2004 REVISION) OF THE CAYMAN ISLANDS

POWER TO ACQUIRE SHARES OF DISSENTIENT SHAREHOLDERS

- 88.(1) Where a scheme or contract involving the transfer of shares or any class of shares in a company (in this section referred to as “the transferor company”) to another company, whether a company within the meaning of this Law or not (in this section referred to as “the transferee company”) has, within four months after the making of the offer in that behalf by the transferee company, been approved by the holders of not less than ninety per cent in value of the shares affected, the transferee company may, at any time within two months after the expiration of the said four months, give notice in the prescribed manner to any dissenting shareholder that it desires to acquire his shares, and where such notice is given the transferee company shall, unless on an application made by the dissenting shareholder within one month from the date on which the notice was given, the Court thinks fit to order otherwise, be entitled and bound to acquire those shares on the terms on which under the scheme or contract the shares of the approving shareholders are to be transferred to the transferee company.
- (2) Where a notice has been given by the transferee company under this section and the Court has not, on an application made by the dissenting shareholder, ordered to the contrary, the transferee company shall, on the expiration of one month from the date on which the notice has been given or, if an application to the Court by the dissenting shareholder is then pending, after that application has been disposed of, transmit a copy of the notice to the transferor company and pay or transfer to the transferor company the amount or other consideration representing the price payable by the transferee company for the shares which by virtue of this section that company is entitled to acquire, and the transferor company shall thereupon register the transferee company as the holder of those shares.
- (3) Any sums received by the transferor company under this section shall be paid into a separate bank account, and any such sums and any other consideration so received shall be held by that company on trust for the several persons entitled to the shares in respect of which the said sum or other consideration were respectively received.
- (4) In this section—
- “dissenting shareholder” includes a shareholder who has not assented to the scheme or contract and any shareholder who has failed or refused to transfer his shares to the transferee company, in accordance with the scheme or contract.

Note: “Court” is defined to mean the Grand Court of the Cayman Islands by section 2(1) of the Companies Law