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LAI FUNG HOLDINGS

Lai Fung Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1125)

UPDATE ON THE STATUS OF THE PUBLIC FLOAT

References are made to (i) the announcement of Lai Fung Holdings Limited (the "**Company**") dated 10 November 2022 in relation to, among other things, the resumption of trading in the shares of the Company (the "**Shares**") on the Stock Exchange (the "**Resumption Announcement**"), and (ii) the various announcements of the Company published since 10 February 2023 regarding the update on the status of the public float of the Company. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Resumption Announcement.

BACKGROUND ON THE PUBLIC FLOAT SHORTFALL

Based on the information available to the Company at the relevant time, Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk (collectively, the "**YUs**") had been accumulating Shares for a number of years prior to 30 May 2022.

On 30 May 2022, the YUs purchased 113,600 Shares, representing approximately 0.03% of the then total issued Shares, which increased their aggregate holdings to 33,161,037 Shares, or approximately 10.02% of the then total issued Shares. As a result, the YUs became substantial shareholders and core connected persons of the Company under the Listing Rules. Pursuant to Rule 8.24 of the Listing Rules, all of their Shares were excluded from the Company's public float on 30 May 2022 and the Company's public float reduced from approximately 24.77% to approximately 14.75%.

Since 30 May 2022, the Company's public float has fallen below 15% following the purchase of Shares by the YUs. Trading in the Shares on the Stock Exchange was suspended on 1 June 2022 and was resumed on 11 November 2022.

(a) Measures for Restoration of Public Float

Since 1 June 2022 (being the date trading in the Shares on the Stock Exchange was originally suspended as a result of the purchase of Shares by the YUs), the Company had explored all available and practical means to resolve the public float issue. These steps include:

1. Potential sell-down by controlling shareholder

The Company had explored the possibility of a disposal of shareholdings by its controlling shareholders (the "**Parents**") to restore the public float of the Company. After serious consideration and lengthy deliberations, the board of directors of the Parents has decided against a sell-down of its shareholdings in the Company on the following grounds:

(i) the Company was a material and important subsidiary of the Parents and any meaningful sale (the "**Parents' Sale**") to satisfactorily address the public float issue would require a substantial reduction of their direct or indirect interests in the Company;

(ii) the disposal of Shares for the sole purpose of rectifying the public float issue would not be a long-term answer or a real solution to the public float issue if certain core connected persons of the Company continue to accumulate Shares without regard of the Company's public float shortfall;

(iii) the Parents' sale would likely:

(a) create substantial downward pressure on the price of the Shares which is detrimental to the Company and the interests of its shareholders;

(b) be conducted at a significant discount to the price paid by Lai Sun Development Company Limited ("**LSD**") under the general offer for the Shares in February 2020, taking into account the current market conditions;

(c) constitute a major transaction or very substantial disposal of each of the Parents and therefore subject to the approval by their respective shareholders under the Listing Rules; and

(d) result in the Company ceasing to be a subsidiary of the Parents and the deconsolidation of the Company from the financial statements of the Parents; and

(iv) each of the Parents is itself a Hong Kong listed company and its respective board of directors was of the view that, on the basis of the above, it would not be in its interests and shareholders to proceed with a sell-down of its shareholdings in the Company.

2. *Potential sell-down by its core connected persons (including the YUs)*

The Company had discussed with its core connected persons (including the YUs) to potentially dispose of some of their respective shareholdings in the Company in order to restore the public float. However, any potential sell-down would be subject to, among other things, the market conditions and the independent judgment of such core connected persons (including the YUs).

The Company had previously discussed with the YUs to resolve the public float issue but the YUs had not agreed to engage in any meaningful discussion with the Company.

3. *Engagement of financial advisors to explore potential measures to restore the public float*

As mentioned in the Resumption Announcement, since the suspension of trading of Shares became effective on 1 June 2022, the Company had engaged financial advisors to explore potential means to restore the Company's public float.

In addition to the sell-down options as discussed above, such potential means include but not limited to issuing new Shares to independent investors, rights issue and scrip dividends. However, all of these corporate actions face its own challenges (such as timing, pricing, market conditions and potential approvals from the shareholders of the Parents) and may result in the potential dilution of the Shares held by the shareholders of the Company. More importantly, there is no guarantee that the consummation of such corporate actions would resolve the public float issue if certain core connected persons of the Company continue to accumulate Shares without regard of the Company's public float shortfall.

Despite the Company's efforts, the Company had not been able to fulfill the public float requirement under the Listing Rules.

(b) Trading Resumption

The Company considered that the suspension of trading in the Shares was to the detriment of the Company and its shareholders given that the non-compliance of public float was purely caused by certain group of uncooperative and independent shareholders, and there existed an open market in the Shares as the Company had a vast and widespread shareholder base and a substantive amount of market capitalisation was held in the public hands for the Company. The prolonged suspension of trading in the Shares was unfair to the Company and its shareholders, had denied the shareholders of the Company (in particular the individual retail shareholders) access to market and had deprived them of the means to trade in the Shares. The Company considered that the resumption of trading in the Shares would facilitate the Company to restore its public float.

Trading in the Shares on the Stock Exchange was resumed on 11 November 2022, taking into account that an open market continued to exist and that resumption would facilitate the Company to carry out steps to restore its public float.

BUSINESS UPDATE

The Company and its subsidiaries have continued their normal business operations since the resumption of trading of the Shares on 11 November 2022.

PUBLIC FLOAT STATUS AND SHAREHOLDING TABLE

After the resumption of trading of the Shares on 11 November 2022, the Company continued to engage in discussions with the controlling shareholder of the Company and the core connected persons of the Company as to their potential sell-down, and had engaged financial advisors to explore potential measures to restore the public float.

To the best knowledge, information and belief of the Directors, the table below sets out the shareholding structure of the Company as at the date of this announcement:

Shareholders	**Number of Shares**	**Approximate percentage of the total issued Shares** *(Note 1)*
LSD	182,318,266 *(Note 2)*	55.08%
Other connected persons	2,303,120	0.70%
CapitaLand LF (Cayman) Holdings Co., Ltd.	64,400,000	19.45%
YUs	33,161,037 *(Note 3)*	10.02%
Public shareholders	48,851,020	14.76%
Total	**331,033,443**	**100.00%**

Notes:

1. *The total number of issued Shares as at the date of this announcement (331,033,443 Shares) has been used in the calculation of the approximate percentage.*

2. *These interests in the Company represented all the Shares beneficially owned by Holy Unicorn Limited (180,600,756 Shares or approximately 54.56% of the total issued Shares) and Transtrend Holdings Limited (1,717,510 Shares or approximately 0.52% of the total issued Shares), both being wholly-owned subsidiaries of LSD.*

3. *Based on the disclosure of interests notices received by the Company, as at 30 May 2022, Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk were both taken to be interested in the same 33,161,037 Shares (approximately 10.02% of the total issued Shares), which were held jointly by them.*

4. *Numbers may not add up to 100% due to rounding.*

PROGRESS UPDATE ON THE RESTORATION OF PUBLIC FLOAT

The Company will continue to engage in discussions with its Parents, core connected persons and financial advisors to seek to restore the public float as soon as reasonably practicable.

For so long as the Company remains non-compliant with Rule 13.32B of the Listing Rules, the Company will continue to:

(i) provide regular update on the public float status and its public float restoration plan. Announcement(s) will be made by the Company on a monthly basis until the public float of the Company is restored in accordance with the Listing Rules, so as to keep shareholders of the Company and the market informed on the progress made in carrying out the public float restoration plans; and

(ii) observe other requirements under Rule 13.32E of the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

By order of the Board
Lai Fung Holdings Limited
Lam Kin Ngok, Peter
Chairman

Hong Kong, 2 February 2026

As at the date of this announcement, the Board comprises seven Executive Directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Lam Kin Hong, Matthew (Executive Deputy Chairman), Mr. Lam Hau Yin, Lester (Chief Executive Officer) (also alternate to Madam U Po Chu), Madam U Po Chu and Messrs. Cheng Shin How, Lee Tze Yan, Ernest and Cheung Sum, Sam; and six Independent Non-executive Directors, namely Messrs. Lam Bing Kwan, Ku Moon Lun, Law Kin Ho, Mak Wing Sum, Alvin, Shek Lai Him, Abraham and Au Hoi Fung.