CAPITALAND LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No.: 198900036N

ANNOUNCEMENT

SUBSCRIPTION OF NEW SHARES IN THE CAPITAL OF LAI FUNG HOLDINGS LIMITED

CapitaLand Limited ("CapitaLand") wishes to announce that its indirect wholly-owned subsidiary, CapitaLand China Holdings Pte Ltd ("CCH") had on 10 March 2006 entered into a subscription agreement (the "Subscription Agreement") with Lai Fung Holdings Limited ("Lai Fung Holdings"), a company incorporated in the Cayman Islands and whose shares are listed on The Stock Exchange of Hong Kong Limited ("HKSE"), for CCH or its nominees to subscribe for 1,610,000,000 new ordinary shares (the "Subscription Shares"), representing 20% of the enlarged issued share capital of Lai Fung Holdings[1] (the "Subscription"). The principal activities of Lai Fung Holdings are property development for sale and investment for rental purposes.

The aggregate cash consideration for the Subscription was HK$644 million (approximately S$135 million) at HK$0.40 (approximately S$0.08) per share (the "Subscription Price"). The Subscription Price was arrived at on a willing-buyer-willing-seller basis, taking into account, amongst other factors, the market value of Lai Fung Holdings shares at HK$0.40 (approximately S$0.08) per share as at 6 March 2006.

The net tangible asset value of Lai Fung Holdings based on the latest available audited accounts as at 31 July 2005 was HK$4,183 million (approximately S$875 million).

As the Subscription Price of HK$0.40 (approximately S$0.08) per share is lower than the net tangible asset value per share as at 31 July 2005 adjusted for the New Lai Fung Consideration Shares[1], it is estimated that a negative goodwill of HK$370 million (approximately S$77 million) will arise from this transaction. The negative goodwill will be recalculated based on the actual net tangible asset value of Lai Fung Holdings at the date of completion.

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[1] The enlarged issued share capital of Lai Fung Holdings takes into consideration the allotment and issuance of 565,000,000 new Lai Fung Holdings shares to Lai Sun Garment (International) Limited ("Lai Sun Garment") (or its nominee) (the "New Lai Fung Consideration Shares") pursuant to the Conditional Share Purchase Agreement dated 28 February 2006 (the "Share Purchase Agreement") as described at Note 2 below.

The Subscription is conditional upon, *inter alia*:

(a) Completion of the Share Purchase Agreement[2] as announced jointly by Lai Fung Holdings and Lai Sun Garment on 4 March 2006 (announcement annexed hereto this Announcement);

(b) the approval of the independent shareholders of Lai Fung Holdings in respect of the allotment and issue of the Subscription Shares;

(c) the Listing Committee of HKSE granting an approval for the listing of and permission to deal in all the Subscription Shares on the HKSE;

(d) a written ruling from the Securities and Futures Commission of Hong Kong confirming that CapitaLand is not a party acting in concert with Lai Sun Garment under the Hong Kong Code on Takeover and Mergers; and

(e) all necessary approvals being received from the relevant authorities in Hong Kong and Singapore (if any).

The Subscription is expected to be completed by end of May 2006. Upon completion, Lai Fung Holdings will become an associated company of CapitaLand.

By Order of the Board

Ng Chooi Peng
Assistant Company Secretary
12 March 2006

[2] Lai Fung Holdings has entered into the Share Purchase Agreement with (i) Lai Sun Garment, a company incorporated in Hong Kong and whose shares are listed on HKSE; (ii) Goldthorpe Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Lai Fung Holdings ("Goldthorpe"); and (iii) Rightop Asia Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Lai Sun Garment ("Rightop") whereby Rightop has conditionally agreed to sell and Goldthorpe has conditionally agreed to purchase the entire issued share capital of Assetop Asia Limited ("Assetop") together with shareholder's loan provided by Rightop to Assetop ("Conditional Sale and Purchase"). Part of the consideration for the Conditional Sale and Purchase shall be satisfied by the New Lai Fung Consideration Shares.