LAI SUN DEVELOPMENT

Lai Sun Development Company Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 488)

CONTINUING CONNECTED TRANSACTION

SUMMARY

LSD and CGL entered into the Offer Letter on 4 January 2007.

Mr. Lam Kin Ming, a non-executive director of LSD, owns approximately 51.01% interests in CGL. CGL is an associate of Mr. Lam Kin Ming and therefore a connected person of LSD within the meaning of the Listing Rules. Mr. Lam Kin Ming is also a director, chairman and chief executive officer of CGL.

The transaction contemplated under the Offer Letter constitutes a continuing connected transaction under the Listing Rules. As each of the applicable percentage ratios is less than 2.5% on an annual basis, no independent shareholder approval is required for LSD . LSD will include details of the tenancy in its published annual report and accounts in accordance with Rules 14A.45 and 14A.46 of the Listing Rules.

OFFER LETTER

On 4 January 2007 LSD and CGL entered into the Offer Letter in respect of the Premises. Major terms of the Offer Letter are as follows:

Landlord	:	LSD
Tenant	:	CGL
Location	:	Unit 1001, 10th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon
Use	:	Restricted for office use
Rent	:	HK$202,700 per month (exclusive of management fee, air-conditioning charges, rates and government rent)
Management Fee and Air-conditioning Charges	:	HK$68,918 per month (subject to revision from time to time by LSD)

Government Rates	:	HK$17,700 per quarter (subject to the Government's assessment from time to time)
Government Rent	:	HK$10,620 per quarter (subject to the Government‘s assessment from time to time)
Rent-free period	:	A total of 93 days rent-free period as follows: Thirty-one (31) days from 1 October 2006 to 31 October 2006; Thirty-one (31) days from 1 October 2007 to 31 October 2007; Thirty-one (31) days from 1 October 2008 to 31 October 2008 CGL shall pay management fee and air-conditioning charges, Government Rates, Government Rent and other outgoings during the rent-free period.
Term	:	36 months from 1 October 2006 to 30 September 2009 (both days inclusive)

A formal tenancy agreement shall be signed between the parties.

The annual rentals (exclusive of other charges) payable by CGL to LSD under the Offer Letter for each of the financial years ending 31 July 2007, 2008, 2009 and 2010 will be subject to the cap amount of HK$1,824,300, HK$2,229,700, HK$2,229,700 and HK$405,400 respectively. The cap amounts are determined by reference to the annual rent payable by CGL to LSD under the Offer Letter.

LISTING RULES IMPLICATIONS

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REASONS FOR THE TENANCY AGREEMENT

The terms and conditions of the Offer Letter were determined after arm's length negotiations between the parties. The rental and other fees have been determined by reference to open market rates for comparable premises in Lai Sun Commercial Centre and having taken into account the space committed and the quality of the tenant concerned.

Lai Sun Commercial Centre is held by the LSD Group as investment for rental purpose. The directors (including the independent non-executive directors) of LSD are of the opinion that the Offer Letter was entered into (i) in the ordinary and usual course of business of the LSD Group; (ii) on normal commercial terms after arm's length negotiations between the parties; and (iii) on terms that are fair and reasonable and in the interest of LSD and its shareholders as a whole.

GENERAL

The principal activities of the LSD Group include property investment, property development for sale, investment in and operation of hotels and restaurants and investment holding.

CGL is engaged in the manufacture, retail and wholesale of fashion in Hong Kong and the PRC.

DEFINITIONS

"CGL"	Crocodile Garments Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
"HK$"	Hong Kong dollar(s)
"LSD"	Lai Sun Development Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"LSD Group"	LSD and its subsidiaries
"Offer Letter"	the offer letter dated 4 January 2007 from LSD and accepted by CGL pursuant to which LSD has leased the Premises to CGL
"PRC"	the People's Republic of China
"Premises"	Unit 1001, 10th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By order of the Board
Lai Sun Development Company Limited
Yeung Kam Hoi
Company Secretary

Hong Kong, 9 January 2007

As at the date hereof, the executive directors of LSD are Mr. Lam Kin Ngok, Peter, Mr. Lau Shu Yan, Julius, Mr. Tam Kin Man, Kraven and Mr. Cheung Wing Sum, Ambrose; the non-executive directors are Mr. Lam Kin Ming and Madam U Po Chu and the independent non-executive directors are Mr. David Tang, Mr. Lam Bing Kwan and Mr. Leung Shu Yin, William.

Please also refer to the published version of this announcement in The Standard.