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LAI SUN DEVELOPMENT

Lai Sun Development Company Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 488)

CONTINUING CONNECTED TRANSACTION

Lease of Office Space in Lai Sun Commercial Centre

SUMMARY

On 14 October 2011, LSD as landlord entered into the Offer Letter with CGL as tenant in respect of the lease of the Premises.

Dr. KM Lam, a non-executive director of LSD, owns approximately 50.94% of the existing issued shares in CGL. Therefore, CGL is an associate of Dr. KM Lam and a connected person of LSD. Accordingly, the transaction contemplated under the Offer Letter constitutes a continuing connected transaction of LSD under the Listing Rules.

As each of the applicable Percentage Ratios in respect of the maximum aggregate amount of the rent receivable by LSD from CGL on an annual basis is more than 0.1% but less than 5%, the subject continuing connected transaction is only subject to the reporting, announcement and annual review requirements of the Listing Rules and is exempt from independent Shareholders' approval requirement of the Listing Rules.

OFFER LETTER

The Board announces that on 14 October 2011, LSD entered into the Offer Letter with CGL in respect of the lease of the Premises and the principal particulars of the Offer Letter are set out below:

Landlord	:	LSD
Tenant	:	CGL
Premises	:	Unit 1001, 10th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong with a gross floor area of about 20,270 sq. ft.
Usage	:	Office
Term	:	24 months from 1 October 2011 to 30 September 2013 (both days inclusive)

Rent	:	HK$222,970.00 per month (exclusive of rates, government rent, management fee and air-conditioning charges) payable in advance on the first day of each calendar month
Management fee and air-conditioning charges	:	HK$72,972.00 per month (subject to revision by LSD from time to time) payable in advance on the first day of each calendar month
Deposit	:	HK$928,866.00, equivalent to the aggregate of three months' rent, management fee, air-conditioning charges, rates and government rent
Break-clause	:	CGL giving not less than three months' notice in writing to terminate the lease

A formal tenancy agreement in respect of the lease of the Premises will be entered into between LSD and CSD shortly.

AGGREGATE ANNUAL CAP

The rent receivable by LSD from CGL under the Offer Letter during the following periods/year set out below will be subject to the maximum aggregate annual cap which is determined by reference to the rent stated in the Offer Letter.

	Amount (HK$)
Period from 1 October 2011 to 31 July 2012	2,229,700.00
Financial year ending 31 July 2013	2,675,640.00
Period from 1 August 2013 to 30 September 2013	445,940.00

LISTING RULES IMPLICATIONS

Dr. KM Lam, a non-executive director of LSD, owns approximately 50.94% of the existing issued shares in CGL. Therefore, CGL is an associate of Dr. KM Lam and a connected person of LSD. Accordingly, the lease of the Premises contemplated under the Offer Letter constitutes a continuing connected transaction of LSD under the Listing Rules.

As each of the applicable Percentage Ratios in respect of the maximum aggregate amount of the rent receivable by LSD from CGL, on an annual basis, is more than 0.1% but less than 5%, the subject continuing connected transaction is only subject to the reporting, announcement and annual review requirements under Rules 14A.45 to 14A.47 and Rules 14A.37 to 14A.40 of the Listing Rules, and is exempt from independent Shareholders' approval requirement under Rules 14A.48 of the Listing Rules.

REASONS AND BENEFITS FOR THE LEASE

Lai Sun Commercial Centre is held by LSD as an investment property for rental income. Prior to the entering into of the Offer Letter, the Premises were leased by LSD to CGL as office at the then prevailing market rent. The lease contemplated under the Offer Letter will maintain the high occupancy rate of the Lai Sun Commercial Centre and will provide rental income to LSD.

The terms and conditions of the Offer Letter were arrived at after arm's length negotiations between LSD and CGL. The rent of the Premises has been determined by reference to (1) the current rents payable by tenants for other premises in the Lai Sun Commercial Centre; (2) the location and area of the Premises and the quality of the tenant concerned; and (3) the prevailing market conditions. An independent professional property valuer has issued a valuation letter, confirming that the rent charged by LSD for the Premises is at the market level prevailing as at the commencement date of the lease and is considered to be fair and reasonable.

Dr. KM Lam, a non-executive director of LSD, is an executive director, the chairman and the chief executive officer of CGL and Mr. Wan, another non-executive director of LSD, is an executive director of CGL. In view of their material interests in the transaction, Dr. KM Lam did not attend the Board meeting at which the lease contemplated under the Offer Letter was considered by the Board while Mr. Wan abstained from voting on the resolution(s) approving the said lease thereat.

The other directors (including the independent non-executive directors) of LSD consider that the Offer Letter was entered into (i) in the ordinary and usual course of business of LSD; (ii) on normal commercial terms after arm's length negotiations between LSD and CGL; and (iii) on terms that are fair and reasonable under the prevailing market conditions and in the interest of LSD and its Shareholders as a whole. They are also of the view that the subject annual caps are fair and reasonable.

PRINCIPAL ACTIVITIES

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

CGL and its subsidiaries are engaged in the manufacture and sale of garments in Hong Kong, Macau and the PRC, as well as property investment in Hong Kong and the PRC.

DEFINITIONS

In this announcement, the following expressions have the following respective meanings set out below unless the context requires otherwise:

"associate"	has the same meaning ascribed to it under the Listing Rules;
"Board"	the board of directors of LSD;
"CGL"	Crocodile Garments Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 122);
"connected person"	has the same meaning ascribed to it under the Listing Rules;
"Dr. KM Lam"	Dr. Lam Kin Ming, a non-executive director of LSD;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;

"Lai Sun Commercial Centre"	a 13-storey commercial/carpark complex with a total gross floor area of about 188,540 sq. ft. and 450 car-parking spaces and 71 lorry-parking spaces completed in 1987 and owned by LSD;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"LSD"	Lai Sun Development Company Limited, a company incorporated in Hong Kong with limited liability and the issued Shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488);
"LSD Group"	LSD and its subsidiaries;
"Macau"	the Macau Special Administrative Region of the PRC;
"Mr. Wan"	Mr. Wan Yee Hwa, Edward, a non-executive director of LSD;
"Offer Letter"	the offer letter entered into between LSD as landlord and CGL as tenant on 14 October 2011, pursuant to which LSD has agreed to lease the Premises to CGL;
"Percentage Ratio(s)"	the percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
"PRC"	the People's Republic of China and, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan;
"Premises"	Unit 1001, 10th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong with a gross floor area of about 20,270 sq. ft.;
"Share(s)"	the ordinary shares of HK$0.01 each in the capital of LSD;
"Shareholders"	the holders of the Share(s);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"sq. ft."	square feet;
"subsidiary"	has the same meaning ascribed to it under the Listing Rules; and
"%"	per cent.

By Order of the Board
Lai Sun Development Company Limited
Kwok Siu Man
Company Secretary

Hong Kong, 14 October 2011

As at the date of this announcement, the Board comprises:

Executive Directors:	*Dr. Lam Kin Ngok, Peter (Chairman) and Messrs. Lau Shu Yan, Julius (Chief Executive Officer), Tam Kin Man, Kraven, Cheung Wing Sum, Ambrose, Lui Siu Tsuen, Richard and Cheung Sum, Sam;*
Non-executive Directors:	*Dr. Lam Kin Ming, Madam U Po Chu and Mr. Wan Yee Hwa, Edward; and*
Independent Non-executive Directors:	*Messrs. Lam Bing Kwan, Leung Shu Yin, William and Ip Shu Kwan, Stephen.*