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LAI SUN DEVELOPMENT

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

CONTINUING CONNECTED TRANSACTIONS

Lease of Carpark in Crocodile Center in Hong Kong

2010 Tenancy Agreement

Reference is made to the 2010 Tenancy Agreement entered into between Winfield as tenant and Mass Energy as landlord relating to the lease of the Premises from 1 December 2009 to 30 November 2011 at the basic rent of HK\$120,000.00 per month or at the turnover rent equivalent to 52% of the gross monthly revenue of Winfield's business carried on at the Premises, whichever is higher.

As the actual amount of the rent for the period from 1 August 2011 to 30 November 2011 exceeded HK\$19,414.00 from the cap amount of HK\$520,000.00 as determined by reference to the projected occupancy rate stated in the 2010 Announcement, the Board has resolved to revise the cap for the relevant period from HK\$520,000.00 to HK\$539,414.00.

Save for the revised cap for the relevant period aforesaid, all the other terms and conditions of the 2010 Tenancy Agreement remain unchanged.

2012 Tenancy Agreement

The 2012 Tenancy Agreement was entered into between Winfield as tenant and Mass Energy as landlord on 13 January 2012 for the lease of the Premises from 1 December 2011 to 30 November 2013 at the basic rent of HK\$120,000.00 per month or at the turnover rent being the amount of 52% of the monthly turnover of Winfield's business carried on at the Premises, whichever is higher.

Winfield is a wholly-owned subsidiary of LSD and Mass Energy is owned as to 50% each by LSG and CGL. LSG is a substantial shareholder of LSD and CGL is owned as to 50.99% by Dr. KM Lam, a non-executive director of LSD. Therefore, Mass Energy is an associate of the connected persons of LSD and the entering into of the 2012 Tenancy Agreement constitutes a continuing connected transaction of LSD under the Listing Rules.

As one of the applicable Percentage Ratios in respect of the maximum aggregate amount of the rent payable by Winfield to Mass Energy under the 2012 Tenancy Agreement 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.

REVISION OF THE ANNUAL CAP OF THE 2010 TENANCY AGREEMENT

Reference is made to the 2010 Announcement of the Company in respect of the 2010 Tenancy Agreement entered into between Winfield as tenant and Mass Energy as landlord relating to the lease of the Premises for a term of twenty four months from 1 December 2009 to 30 November 2011 at the basic rent of HK\$120,000.00 per month or at the turnover rent equivalent to 52% of the gross monthly revenue of Winfield's business carried on at the Premises, whichever is higher.

As the actual amount of the rent for the period from 1 August 2011 to 30 November 2011 in respect of the 2010 Tenancy Agreement exceeded HK\$19,414.00 from the cap amount of HK\$520,000.00 (as determined by reference to the projected occupancy rate stated in the 2010 Announcement) resulting from higher gross monthly revenue of Winfield's business carried on at the Premises, the Board has resolved to revise upwards the cap for the relevant period by 3.73% from HK\$520,000.00 to HK\$539,414.00.

Save for the revised cap for the relevant period aforesaid, all the other terms and conditions of the 2010 Tenancy Agreement remain unchanged.

ENTERING INTO THE 2012 TENANCY AGREEMENT

Among other operators invited by Mass Energy to tender for the lease of the Premises, Winfield had submitted a tender to renew the above lease and its tender was accepted by Mass Energy on 13 January 2012. Accordingly, the 2012 Tenancy Agreement has been entered into and the principal particulars thereof are set out below:

Date	:	13 January 2012
Landlord	:	Mass Energy
Tenant	:	Winfield
Premises	:	Carpark of Crocodile Center, 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong comprising all the car-parking spaces thereof
Usage	:	Carpark
Term	:	Twenty four months commencing on 1 December 2011 and expiring on 30 November 2013 (both days inclusive)
Rent	:	The basic rent of HK\$120,000.00 per month (exclusive of rates, government rent and management fees) payable in advance on the first day of each calendar month or the turnover rent being the amount of 52% of the monthly turnover of Winfield's business carried on at the Premises, whichever is higher
Management fees	:	Payable by Winfield on an actual reimbursement basis per amount charged by the management company

Deposit : HK\$360,000.00 equivalent to the aggregate amount of the basic rent for three months payable by Winfield and transferred from the previous deposit paid under the 2010 Tenancy Agreement

AGGREGATE ANNUAL CAP

The rent payable by Winfield to Mass Energy under the 2012 Tenancy Agreement during the following periods / year set out below will be subject to the maximum aggregate annual cap which is determined by reference to the projected occupancy rate and prevailing market rent for carparks in Kwun Tong where the Premises are located.

	Amount (HK\$)
Period from 1 December 2011 to 31 July 2012	1,100,000.00
Financial year ending 31 July 2013	1,800,000.00
Period from 1 August 2013 to 30 November 2013	652,000.00

REASONS AND BENEFITS FOR THE LEASE

Winfield is holding various car-parking spaces for lease and is experienced in the operation and management of carparks in Hong Kong. Crocodile Center is a landmark office building in Kwun Tong, Kowloon East, Hong Kong and Mass Energy is only an investment holding company. Given the past business track record of Winfield, Mass Energy has accepted the tender made by Winfield to renew the lease of the Premises and operate and manage the car-parking spaces in the Crocodile Center.

The terms and conditions of the 2012 Tenancy Agreement were determined after arm's length negotiations between Winfield and Mass Energy. The rent of the Premises has been arrived at by reference to the open market rates for comparable carparks in Kwun Tong. Winfield has also taken into account the location, quality and existing leasing conditions of the Premises. An independent professional property valuer has issued a valuation letter, confirming that the above rent for the Premises was at market level prevailing as at the commencement date of the letting and was considered as fair and reasonable.

All the Directors (except Mr. Lau Shu Yan, Julius, an executive Director and the chief executive officer, Mr. Cheung Sum, Sam, an executive Director and Mr. Ip Shu Kwan, Stephen, an independent non-executive Director) are directors of LSG; Dr. KM Lam, a non-executive Director and Mr. Wan Yee Hwa, Edward, a non-executive Director are also directors of CGL and Dr. Lam Kin Ngok, Peter, an executive Director and chairman of the Board, Dr. KM Lam and Mr. Tam Kin Man, Kraven, an executive Director are also directors of Mass Energy. In view of their interests in the transaction, they either did not attend the Board meeting at which the 2012 Tenancy Agreement was considered by the Board or abstained from voting on the resolutions approving the 2012 Tenancy Agreement thereat.

Messrs. Lau Shu Yan, Julius, Cheung Sum, Sam and Ip Shu Kwan, Stephen consider that the revision of the cap for the relevant period from 1 August 2011 to 30 November 2011 of the 2010 Tenancy Agreement and the entering into of the 2012 Tenancy Agreement were (i) in the ordinary and usual course of business of the LSD Group; (ii) on normal commercial terms after arm's length negotiations between Winfield and Mass Energy; and (iii) on terms that are fair and reasonable and in the interests of LSD and the Shareholders as a whole. They are also of the view that the subject annual caps are fair and reasonable.

LISTING RULES IMPLICATIONS

Winfield is a wholly-owned subsidiary of LSD and Mass Energy is owned as to 50% each by LSG and CGL. LSG is a substantial shareholder of LSD and CGL is owned as to 50.99% by Dr. KM Lam, a non-executive director of LSD. Therefore, Mass Energy is an associate of the connected persons of LSD and the entering into of the 2012 Tenancy Agreement constitutes a continuing connected transaction of LSD under Chapter 14A of the Listing Rules.

As one of the applicable Percentage Ratios in respect of the maximum rent payable by Winfield to Mass Energy under the 2012 Tenancy Agreement on an annual basis is more than 0.1% but less than 5%, the subject continuing connected transaction is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but is exempted from the independent Shareholders' approval requirement. LSD will comply with the annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules in relation to the 2012 Tenancy Agreement during each of the relevant financial years.

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.

The principal business activities of the LSG Group include property development, property investment and investment holding.

The CGL Group is 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);
“CGL Group”	CGL and its subsidiaries;
“connected person”	has the same meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of LSD;
“Dr. KM Lam”	Dr. Lam Kin Ming, a non-executive Director of LSD, an executive director and the chairman of LSG as well as an executive director, the chairman and chief executive officer of CGL ;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“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, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488);
“LSD Group”	LSD and its subsidiaries;
“LSG”	Lai Sun Garment (International) 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: 191);
“LSG Group”	LSG and its subsidiaries;
“Macau”	the Macau Special Administrative Region of the PRC;
“Mass Energy”	Mass Energy Limited, a company incorporated in Hong Kong with limited liability and owned as to 50% each by LSG and CGL;
“Percentage Ratios”	the percentage ratios set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“Premises”	Carpark of Crocodile Center, 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong comprising all the car-parking spaces thereof;
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan;
“Shares”	the ordinary shares of HK\$0.01 each in LSD;
“Shareholders”	the holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the same meaning ascribed to it under the Listing Rules;
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules;
“Winfield”	Winfield Properties Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of LSD;
“2010 Announcement”	an announcement of LSD dated 13 August 2010 in respect of the 2010 Tenancy Agreement;

- “2010 Tenancy Agreement” the tenancy agreement dated 13 August 2010 and entered into between Winfield as tenant and Mass Energy as landlord for the lease of the Premises from 1 December 2009 to 30 November 2011;
- “2012 Tenancy Agreement” the tenancy agreement dated 13 January 2012 and entered into between Winfield as tenant and Mass Energy as landlord for the lease of the Premises from 1 December 2011 to 30 November 2013; and
- “%” per cent.

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

Hong Kong, 13 January 2012

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

- Executive Directors: Dr. Lam Kin Ngok, Peter (Chairman) and Messrs. Lau Shu Yan, Julius (Chief Executive Officer), Tam Kin Man, Kraven, 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.*