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LAI SUN GARMENT
Lai Sun Garment (International) Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code:191)



CROCODILE GARMENTS LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code:122)

CONTINUING CONNECTED TRANSACTIONS

SUMMARY

Crocodile and Lai Sun Textiles on June 29, 2004 entered into the Tenancy Agreement and the License Agreement.

Mr. Lim Por Yen together with his wife Madam U Po Chu (holding approximately 0.26%) owns approximately 33.99% interest in LSG and therefore is a substantial shareholder of LSG. LSG and its wholly-owned subsidiary beneficially own 54.93% interest of Crocodile. Mr. Lim is also a director and chairman of both LSG and Crocodile and owns 78.67% interest of Lai Sun Textiles. Madam U Po Chu, Mr. Lam Kin Ngok, Peter, Mr. Lam Kin Ming and Ms. Lam Shook Yue, Mabel respectively holds approximately 6.67%, 6.67%, 1.33% and 6.67% interest of Lai Sun Textiles. Madam U Po Chu, Mr. Lam Kin Ngok, Peter and Mr. Lam Kin Ming are directors of both LSG and Crocodile. Therefore, Lai Sun Textiles is a connected person to both LSG and Crocodile.

The transactions contemplated under the Tenancy Agreement and the License Agreement constitute a continuing connected transaction under the Listing Rules. As the aggregate amount of the annual rentals and license fees payable by Crocodile to Lai Sun Textiles is less than 2.5% of the assets ratio, revenue ratio and consideration ratio of both LSG and Crocodile, no independent shareholder approval is required for LSG or Crocodile. Each of LSG and Crocodile will include details of the tenancy and the license in its published annual report and accounts in accordance with Rules 14A.45 and 14A.46 of the Listing Rules.

TENANCY AGREEMENT

On June 29, 2004, Crocodile entered into the Tenancy Agreement with Lai Sun Textiles in respect of the Premises. Major terms of the Tenancy Agreement are as follows:

Landlord	: Lai Sun Textiles
Tenant	: Crocodile
Location	: Unit 1B, whole of 2/F, Units 402-3 and Units 407-10, Park Sun Building, Nos. 97-107 Wo Yi Hop Road, Kwai Chung, N.T. (covering a gross floor area of approximately 60,400 square feet)
Use	: Restricted for industrial use
Rent:	: HK\$169,120 per month (inclusive of management fee, rates and government rent)
Rent Free Period:	: 31 days from July 1, 2004 to July 31, 2004 and 31 days from July 1, 2005 to July 31, 2005 (both days inclusive) Crocodile shall pay management fee currently of HK\$51,340 per month to Lai Sun Textiles, and rates and government rent currently of HK\$25,484 per quarter to the Hong Kong government during the rent free period
Term:	: 2 years' fixed term commencing from July 1, 2004 which is not subject to early termination save and except for occurrence of certain events, e.g. Crocodile breaches the Tenancy Agreement and the Premises becomes unfit for industrial use through no default on the part of Crocodile.

LICENSE AGREEMENT

On June 29, 2004 Crocodile entered into the License Agreement with Lai Sun Textiles. Major terms of the License Agreement are as follows:

Licensor	: Lai Sun Textiles
Licensee	: Crocodile
Car Parking Space	: Portion described as car parking spaces Nos. L5 and L6 and loading bay G2b on the Ground Floor of Park Sun Building, Nos. 97-107 Wo Yi Hop Road, Kwai Chung, N.T.
License Fee:	: HK\$7,500 per month
Term:	: 2 years from July 1, 2004 to June 30, 2006 subject to early termination by one month's written notice

The rentals and license fees were agreed after arm's length negotiations in light of the current market conditions and with reference to the open market rental value of comparable premises of HK\$169,120 per month and license fee of comparable car parking spaces of HK\$7,500 per month. The respective directors (including the independent non-executive directors) of both LSG and Crocodile consider that the terms of the Tenancy Agreement and the License Agreement are entered into in the ordinary and usual course of business of Crocodile, on normal commercial terms and are fair and reasonable.

CONNECTED TRANSACTIONS

Mr. Lim Por Yen together with his wife Madam U Po Chu (holding approximately 0.26%) owns approximately 33.99% interest in LSG and therefore is a substantial shareholder of LSG. LSG and its wholly-owned subsidiary beneficially own 54.93% interest of Crocodile. Mr. Lim is also a director and chairman of both LSG and Crocodile and owns 78.67% interest of Lai Sun Textiles. Madam U Po Chu, Mr. Lam Kin Ngok, Peter, Mr. Lam Kin Ming and Ms. Lam Shook Yue, Mabel respectively holds approximately 6.67%, 6.67%, 1.33% and 6.67% interest of Lai Sun Textiles. Madam U Po Chu, Mr. Lam Kin Ngok, Peter and Mr. Lam Kin Ming are directors of both LSG and Crocodile. Therefore, Lai Sun Textiles is a connected person to both LSG and Crocodile.

The transactions contemplated under the Tenancy Agreement and the License Agreement constitute a continuing connected transaction under the Listing Rules. The aggregate amount of total annual rentals and the management fees during the rent free period payable under the Tenancy Agreement amounts to HK\$1,911,660. The total annual license fees payable under the License Agreement amount to HK\$90,000. As the aggregate amount of the annual rentals and license fees payable by Crocodile to Lai Sun Textiles is less than 2.5% of the assets ratio, revenue ratio and consideration ratio of both LSG and Crocodile, no independent shareholder approval is required for LSG or Crocodile. Each of LSG and Crocodile will include details of the tenancy and the license in its published annual report and accounts in accordance with Rules 14A.45 and 14A.46 of the Listing Rules.

REASONS FOR THE TENANCY AGREEMENT AND THE LICENSE AGREEMENT

The transactions under the Tenancy Agreement and the License Agreement will facilitate the operations of Crocodile as it needs space for storage of goods. The respective directors (including the independent non-executive directors) of both LSG and Crocodile consider that the transactions are fair and reasonable and in the interest of LSG and Crocodile and their respective shareholders as a whole.

GENERAL

LSG Group's principal activities include garment manufacturing, retail and wholesale, property development, property investment, China property, hotel, telecommunications, and media and entertainment. Crocodile is engaged in the manufacturing, retailing and wholesaling of fashion in Hong Kong and the PRC. Lai Sun Textiles is engaged in the business of property investment for rental income purposes.

DEFINITIONS

"Car Parking Space"	portion described as car parking spaces Nos. L5 and L6 and loading bay G2b on the Ground Floor of Park Sun Building, Nos. 97-107 Wo Yi Hop Road, Kwai Chung, N.T.
"Crocodile"	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)
"Lai Sun Textiles"	Lai Sun Textiles Company Limited (麗新紡織有限公司), a company incorporated in Hong Kong with limited liability
"License Agreement"	a license agreement dated June 29, 2004 and entered into between Lai Sun Textiles and Crocodile in respect of the Car Parking Space
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"LSG Group"	LSG and its subsidiaries
"LSG"	Lai Sun Garment (International) Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
"PRC"	the People's Republic of China
"Premises"	the premises situated at Unit 1B, whole of 2/F, Units 402-3 and Units 407-10, Park Sun Building, Nos. 97-107 Wo Yi Hop Road, Kwai Chung, N.T.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tenancy Agreement"	a tenancy agreement dated June 29, 2004 and entered into between Lai Sun Textiles and Crocodile in respect of the Premises.

By order of the Board
Lai Sun Garment (International) Limited
Yeung Kam Hoi
Company Secretary

By order of the Board
Crocodile Garments Limited
Yeung Kam Hoi
Company Secretary

Hong Kong, July 5, 2004

As at the date of this announcement, the respective boards of LSG and Crocodile comprise the following persons:

LSG

Executive Directors: Lim Por Yen (*Chairman & Managing Director*), Lam Kin Ngok, Peter (*Deputy Chairman*), Lam Kin Ming (*Deputy Chairman*), Shiu Kai Wah, Lee Po On, Lam Kin Hong, Matthew
Non-Executive Directors: U Po Chu, Chiu Wai, Lai Yuen Fong, Lam Wai Kei, Vicky#

Alternate director to Madam Lai Yuen Fong

Independent Non-Executive Directors: Wan Yee Hwa, Edward, Leung Shu Yin, William

Crocodile

Executive Directors: Lim Por Yen (*Chairman*), Lam Kin Ming (*Deputy Chairman*), Lam Kin Ngok, Peter, Lam Kin Hong, Matthew
Non-Executive Directors: U Po Chu, Shiu Kai Wah, Chiu Wai
Independent Non-Executive Directors: Wan Yee Hwa, Edward, Yeung Sui Sang