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LAI SUN GARMENT

Lai Sun Garment (International) Limited
(Incorporated in Hong Kong with limited liability)

(Stock Code: 191)



LAI SUN DEVELOPMENT

Lai Sun Development Company Limited
(Incorporated in Hong Kong with limited liability)

(Stock Code: 488)

JOINT ANNOUNCEMENT

MAJOR TRANSACTION

ACQUISITION OF A PROPERTY IN LONDON, UNITED KINGDOM

The LSG Board and the LSD Board are pleased to announce that the Purchaser has entered into the Agreement with the Vendor for the Acquisition of the Property on 8 November 2014.

The Acquisition constitutes a major transaction for each of LSG and LSD and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

LSG

The Acquisition is subject to the approval of LSG Shareholders at the LSG GM. A circular containing further details of the Acquisition, the valuation report on the Property and the notice convening the LSG GM is expected to be despatched within 15 business days after the publication of this joint announcement.

LSD

Pursuant to Rule 14.44 of the Listing Rules, subject to LSG obtaining LSG Shareholders' approval for the Acquisition, LSG and its wholly-owned subsidiaries, which together hold more than 50% of the issued share capital of LSD, will give their written approvals for the Acquisition in lieu of holding a general meeting. Accordingly, no general meeting will be convened by LSD to approve the Acquisition. A circular containing further details of the Acquisition and the valuation report on the Property is expected to be despatched within 15 business days after the publication of this joint announcement.

ACQUISITION

The principal terms of the Agreement are summarised below:

Date:	8 November 2014
Parties:	
(i) Vendor:	Nordcapital Immobilienfonds London 1 GMBH & Co. KG
(ii) Purchaser:	Frontier Dragon Limited, a wholly-owned subsidiary of LSD
Property:	100 Leadenhall Street, London EC3, United Kingdom (subject to the Lease).
Consideration and Deposit:	The consideration for the Acquisition shall be £107,000,000 (approximately HK\$1,317,170,000).

The Purchaser has paid a Deposit of £5,350,000 (approximately HK\$65,858,500), being 5% of the consideration, as part payment of the consideration. The balance of the consideration will be paid upon Completion and is subject to deduction of any rent received by the Vendor under the Lease attributable to a period after Completion.

Completion:	Completion is conditional upon approval from the Vendor's investors, LSG Shareholders' Approval and LSD Shareholders' Approval, and shall be no later than the Long Stop Date.
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Default:	<u>Vendor's default</u>
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If the Vendor fails to obtain its investors' approval for the Acquisition by 2 p.m. on 30 November 2014 (London time), either party to the Agreement may give written notice to the other party to terminate the Agreement. In such event, the Deposit will be returned to the Purchaser together with any accrued interest.

Purchaser's default

(a) If any or both of LSG Shareholders' Approval and LSD Shareholders' Approval is/are not obtained by 2 p.m. on the Stipulated Date (London time), subject to (b) below, either party to the Agreement may give written notice to the other party to terminate the Agreement. In such event, the Deposit will be returned to the Purchaser together with any accrued interest and the Purchaser will pay to the Vendor the Stipulated Sum as liquidated damages; and

(b) the Purchaser may give written notice to the Vendor before, on or immediately after the Stipulated Date to proceed with Completion on the basis that both LSG Shareholders' Approval and LSD Shareholders' Approval will be obtained on or before the Long Stop Date. If any or both of LSG Shareholders' Approval and LSD Shareholders' Approval is/are not obtained by 2 p.m. on the Long Stop Date (London time), either party to the Agreement may give written notice to the other party to terminate the Agreement. In such event, the entire Deposit together with any accrued interest will be forfeited by the Vendor as liquidated damages.

The consideration was arrived at after taking into account the prevailing market price of comparable properties and will be satisfied by internal resources and bank financing.

The terms and conditions of the Agreement and the consideration for the Acquisition are on normal commercial terms and are determined after arm's length negotiations between the Purchaser and the Vendor.

INFORMATION ON THE VENDOR

The Vendor is a German limited partnership organised under the laws of the Federal Republic of Germany. To the best of the Directors' knowledge and information, the Vendor is an investment by Nordcapital Real Estate, a Hamburg based German closed ended fund manager which creates syndicated commercial property funds. Nordcapital Real Estate is part of the Nordcapital Group which invests in shipping, real estate, private equity and energy.

To the best of the LSG Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of LSG and its connected persons.

To the best of the LSD Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of LSD and its connected persons.

INFORMATION ON LSG AND LSD

LSG is 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. The principal activities of the LSG Group include property investment, property development, investment in and operation of hotels and restaurants and investment holding. LSG owns approximately 51.97% of the total issued shares of LSD as at the date of this joint announcement.

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

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Property is located in the heart of the financial district within the City of London. The Property comprises a basement, a lower ground floor and nine upper floors and provides approximately 126,539 square feet (approximately 11,755.8 square meters) of offices and ancillary accommodation.

Based on the information provided by the Vendor, the Property is currently let to ACE Global Markets Limited at a term of 16 years expiring on 17 January 2018 and generates gross rental income of £6,250,000 (approximately HK\$76,937,500) per annum. Taking such rental income against the consideration of £107,000,000 (approximately HK\$1,317,170,000), the gross rental income would have given a historical gross rental yield of approximately 5.8%.

The LSG Board and the LSD Board consider that the Acquisition is in the interests of LSG and LSD, respectively, as it will enhance and enlarge LSG Group's strategic property investment portfolio in the City of London, United Kingdom.

The LSG Directors are of the view that the Acquisition is in the interests of LSG and the LSG Shareholders as a whole and the terms thereof are fair and reasonable. The LSD Directors are of the view that the Acquisition is in the interests of LSD and the LSD Shareholders as a whole and the terms thereof are fair and reasonable.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a major transaction for each of LSG and LSD as the applicable percentage ratio is greater than 25% but less than 100% and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

LSG

The Acquisition is subject to the approval of the LSG Shareholders at the LSG GM by way of poll. A circular containing, among other things, further details of the Acquisition, the valuation report on the Property and notice convening the LSG GM is expected to be despatched by LSG to the LSG Shareholders within 15 business days after the publication of this joint announcement.

LSD

To the best of the knowledge, information and belief of the LSD Directors having made all necessary enquiries, no LSD Shareholders or any of their respective associates have any material interest in the Acquisition. Therefore, no LSD Shareholders would be required to abstain from voting under the Listing Rules if LSD were to convene a general meeting for obtaining shareholders' approval for the Acquisition.

As at the date of this joint announcement, LSG owns, and controls through its wholly-owned subsidiaries (namely Joy Mind Limited and Zimba International Limited) a total of 10,425,699,353 LSD Shares, representing approximately 51.97% of all the issued shares of LSD. Pursuant to Rule 14.44 of the Listing Rules, subject to LSG obtaining LSG Shareholders' Approval, LSG, Joy Mind Limited and Zimba International Limited will give their written approvals for the Acquisition in lieu of holding a general meeting. Accordingly, no general meeting will be convened by LSD to approve the Acquisition.

A circular containing, among other things, further details of the Acquisition and the valuation report on the Property is expected to be despatched by LSD to the LSD Shareholders for their information within 15 business days after the publication of this joint announcement.

DEFINITIONS

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

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreement;
“Agreement”	the agreement dated 8 November 2014 entered into by the Purchaser and the Vendor in respect of the Acquisition;
“Board”	the board of directors;
“Completion”	the completion of the Acquisition;
“connected person(s)”	has the meaning as ascribed thereto in the Listing Rules;
“Deposit”	a deposit in the sum of £5,350,000 (approximately HK\$65,858,500);
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Lease”	the lease in respect of the Property;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	12 February 2015;

“LSD”	Lai Sun Development Company Limited (麗新發展有限公司), 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 Board”	the board of LSD Directors;
“LSD Directors”	the directors of LSD;
“LSD Group”	LSD and its subsidiaries;
“LSD Shareholders”	the shareholders of LSD;
“LSD Shareholders’ Approval”	LSD Shareholders’ approval for the Acquisition;
“LSD Shares”	shares in the issued capital of LSD;
“LSG”	Lai Sun Garment (International) Limited (麗新製衣國際有限公司), 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), the ultimate holding company of LSD;
“LSG Board”	the board of LSG Directors;
“LSG Directors”	the directors of LSG;
“LSG GM”	a general meeting of LSG to be convened and held for approving the Acquisition;
“LSG Group”	LSG and its subsidiaries, including LSD Group;
“LSG Shareholders”	the shareholders of LSG;
“LSG Shareholders’ Approval”	LSG Shareholders’ approval for the Acquisition;
“Property”	the freehold property at 100 Leadenhall Street, London EC3, United Kingdom;
“Purchaser”	Frontier Dragon Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of LSD;
“Stipulated Date”	31 December 2014;

“Stipulated Sum”	£350,000 (approximately HK\$4,308,500);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Nordcapital Immobilienfonds London 1 GMBH & Co. KG;
“£”	Pounds Sterling, the lawful currency of the United Kingdom; and
“%”	per cent.

For the purpose of this joint announcement, £ has been translated into HK\$ at the rate of £1 = HK\$12.31 for reference purposes only.

By order of the Board of
Lai Sun Garment (International) Limited
Chew Fook Aun
Executive Director and Deputy Chairman

By order of the Board of
Lai Sun Development Company Limited
Chew Fook Aun
Executive Director and Deputy Chairman

Hong Kong, 9 November 2014

As at the date of this joint announcement,

(a) the LSG Board comprises six executive directors, namely Dr. Lam Kin Ming (Chairman), Dr. Lam Kin Ngok, Peter (Deputy Chairman), Mr. Chew Fook Aun (Deputy Chairman), Madam U Po Chu, Mr. Lam Hau Yin, Lester (also alternate to Madam U Po Chu) and Mr. Lam Kin Hong, Matthew; and three independent non-executive directors, namely, Messrs. Chow Bing Chiu, Lam Bing Kwan and Leung Shu Yin, William; and

(b) the LSD Board comprises four executive directors, namely Dr. Lam Kin Ngok, Peter (Chairman) and Messrs. Chew Fook Aun (Deputy Chairman), Lau Shu Yan, Julius (Chief Executive Officer) and Lam Hau Yin, Lester; two non-executive directors, namely Dr. Lam Kin Ming and Madam U Po Chu; and three independent non-executive directors, namely Messrs. Lam Bing Kwan, Leung Shu Yin, William and Ip Shu Kwan, Stephen.