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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

CONTINUING CONNECTED TRANSACTION Lease of Carpark of Crocodile Center in Hong Kong

Winfield as tenant and Mass Energy as landlord entered into an Offer to Lease on 30 November 2013 for the lease of the Premises for a term of two years commencing from 1 December 2013 to 30 November 2015 at the monthly rent of HK\$140,000.00 or 52% of the gross revenue from Winfield's business carried on at the Premises, whichever is greater (exclusive of Government rates, Government rent, management fee and electricity charges and any other outgoings).

Winfield is a wholly-owned subsidiary of LSD and Mass Energy is owned as to 50% each by LSG and CGL. LSG is the ultimate holding company of LSD, and CGL is owned as to 50.82% by Dr. KM Lam, an executive director and chairman of LSG and a non-executive director of LSD. Therefore, Mass Energy is an associate of the connected persons of LSG and LSD and the entering into of the Offer to Lease constitutes a continuing connected transaction for LSG and LSD under the Listing Rules.

As the applicable Percentage Ratio(s) in respect of the maximum rent payable by Winfield to Mass Energy under the Offer to Lease on an annual basis is/are more than 0.1% but less than 5% for LSG and LSD, the subject continuing connected transaction is only subject to the reporting, announcement and annual review requirements of the Listing Rules.

PARTICULARS OF THE OFFER TO LEASE

The principal particulars of the Offer to Lease are set out below:

Date	:	30 November 2013
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 : Two years commencing on 1 December 2013 and expiring on 30 November 2015 (both days inclusive)
- Rent : The monthly rent of HK\$140,000.00 or 52% of the gross revenue of Winfield's business carried on at the Premises, whichever is greater (exclusive of Government rates, Government rent, management fee and electricity charges and any other outgoings)
- Management fee : Payable by Winfield on an actual reimbursement basis per amount charged by the management company

AGGREGATE ANNUAL CAP

The rent payable by Winfield to Mass Energy under the Offer to Lease during the 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 car parks in Kwun Tong where the Premises are located.

	Amount (HK\$)
Period from 1 December 2013 to 31 July 2014	1,952,000.00
Financial year ending 31 July 2015	3,072,000.00
Period from 1 August 2015 to 30 November 2015	1,076,000.00

REASONS AND BENEFITS FOR THE LEASE

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

The terms and conditions of the Offer to Lease 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 car parks 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 agreed that the above rent for the Premises was at market level prevailing and was considered as fair and reasonable.

LISTING RULES IMPLICATIONS

Mass Energy is owned as to 50% each by LSG and CGL, and CGL is owned as to 50.82% by Dr. KM Lam, an executive director and chairman of LSG and a non-executive director of LSD and is therefore a connected person of LSG and LSD as defined in the Listing Rules whilst LSG is the ultimate holding company of LSD.

Mass Energy is an associate of the connected persons of LSG and LSD and the entering into of the Offer to Lease between Winfield and Mass Energy constitutes a continuing connected transaction for LSG and LSD under the Listing Rules.

As the applicable Percentage Ratio(s) in respect of the maximum rent payable by Winfield to Mass Energy under the Offer to Lease on an annual basis is/are more than 0.1% but less than 5% for LSG and LSD, the continuing connected transaction is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but is exempt from the independent shareholders' approval requirement. LSG and LSD will comply with the annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules in relation to the Offer to Lease during each of the relevant financial years.

Dr. Peter Lam and Dr. KM Lam are directors of Mass Energy and had abstained from voting on the relevant resolution(s) relating to their interest in the transaction.

The directors of LSG and LSD (including the independent non-executive directors) consider that the entering into of the Offer to Lease was (i) in the ordinary and usual course of business of the LSG Group and 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 LSG and LSD and their 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.

The principal 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 joint announcement, the following expressions have the following respective meanings set out below unless the context requires otherwise:

“associate(s)”	has the same meaning ascribed to it under the Listing Rules;
“Board”	the board of directors;
“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(s)”	has the same meaning ascribed to it under the Listing Rules;
“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;

“Dr. Peter Lam”	Dr. Lam Kin Ngok, Peter, an executive director and the chairman of LSD, an executive director and the deputy chairman of LSG as well as an executive director of CGL;
“Government”	The Government of Hong Kong;
“HK\$”	Hong Kong dollars, the lawful currency for the time being 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;
“Offer to Lease”	the Offer to Lease dated 30 November 2013 and entered into between Winfield as tenant and Mass Energy as landlord for the lease of the Premises from 1 December 2013 to 30 November 2015;
“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 car-parking spaces thereof;
“PRC”	the People’s Republic of China and for the purpose of this joint announcement, excludes Hong Kong, Macau and Taiwan;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	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; and

“%” per cent.

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

By Order of the Board
Lai Sun Development Company Limited
Lau Shu Yan, Julius
Executive Director and Chief Executive Officer

Hong Kong, 2 December 2013

As at the date of this joint announcement,

- (a) *the Board of LSG 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 Board of LSD 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.*