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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

The Board announces that the Company has on 28 October 2008 entered into the Offer Letter with Big Honor, a company which is an associate of a Director, pursuant to which the Company agreed to lease to Big Honor the Premises for a term of two years commencing from 1 July 2008.

Big Honor is a company which is owned as to 50% by Mr. Lam, a non-executive Director of the Company and as to the remaining 50% by his daughter. Big Honor is therefore an associate of a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Offer Letter between the Company and Big Honor constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios for the transaction under the Offer Letter is on an annual basis less than 2.5%, the transaction under the Offer Letter is subject to reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but no independent shareholders' approval is required.

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THE OFFER LETTER

Date	: 28 October 2008
Parties	: the Company as landlord Big Honor as tenant
Premises	: Unit 1105, 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong
Gross Floor Area	: 7,933 sq. ft.
Term	: two years, from 1 July 2008 to 30 June 2010

Rent	:	the rent payable on a monthly basis (exclusive of Government rates, Government rent, management fee and air-conditioning charges) during the term is HK\$95,200
Rent Free Period	:	31 days from 1 July 2008 to 31 July 2008
Management Fee and Air-conditioning Charges	:	the aggregate monthly management fee and air-conditioning charges (subject to revision from time to time by the Company's prior notice) is HK\$27,765.50
Government Rates	:	the government rates per quarter (subject to adjustment made by the Government from time to time) is HK\$8,625.52
Government Rent	:	The government rent per quarter (subject to adjustment made by the Government from time to time) is HK\$5,175.32
User	:	Restricted for office use only

A formal standard tenancy agreement shall be signed between the Company and Big Honor. The Offer Letter shall continue to be a binding tenancy agreement between the parties until it is superseded by the formal tenancy agreement subsequently entered into.

The aggregate annual rental (exclusive of other charges) payable by Big Honor to the Company under the Offer Letter for each of the financial years ending 31 July 2009 and 2010 will be subject to the cap amounts of HK\$1,142,400 and HK\$1,047,200 respectively. The cap amounts are determined with reference to the annual rent payable by Big Honor to the Company pursuant to the Offer Letter.

REASONS FOR THE TRANSACTION

The terms and conditions of the Offer Letter were determined after arm's length negotiations between the parties. The rental and other fees have been determined by reference to open market rates for comparable premises in Lai Sun Commercial Centre and having taken into account the space committed and the quality of the tenant concerned.

Lai Sun Commercial Centre is held by the Group as investment for rental purposes. The Directors (including the independent non-executive Directors) are of the opinion that the Offer Letter was entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms after arm's length negotiations between the parties; and (iii) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES REQUIREMENTS

Big Honor is a company which is owned as to 50% by Mr. Lam, a non-executive Director of the Company and as to the remaining 50% by his daughter. Big Honor is thus an associate of a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Offer Letter between the Company and Big Honor constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios for the transaction under the Offer Letter is on an annual basis less than 2.5%, the transaction under the Offer Letter is a continuing connected transaction under Rule 14A.34 of the Listing Rules, and is thus subject to reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but no independent shareholders' approval is required. The Company will also comply with the requirements under Rules 14A.37 to 14A.40 of the Listing Rules in relation to the Offer Letter during each of the two financial years ending 31 July 2009 and 2010.

GENERAL

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

The principal activities of Big Honor are provision of property consultancy, accounting service and investment holding.

DEFINITIONS

Unless otherwise defined, the following expressions shall have the following meanings in this announcement:

“associate”	has the meaning ascribed to it under the Listing Rules
“Big Honor”	Big Honor Asia Limited, a company incorporated in Hong Kong with limited liability
“Board”	the board of Directors
“Company”	Lai Sun Development Company Limited, a company limited by shares incorporated in Hong Kong, the shares of which are listed on the Stock Exchange
“Director(s)”	the directors of the Company
“Government”	Government of Hong Kong
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lam”	Mr. Lam Kin Ming
“Offer Letter”	the offer letter dated 28 October 2008 from the Company and

accepted by Big Honor pursuant to which the Company has leased the Premises to Big Honor

“Premises”	Unit 1105, 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Lai Sun Development Company Limited
Yeung Kam Hoi
Company Secretary

Hong Kong, 30 October 2008

As at the date of this announcement, the executive Directors are Mr. Lam Kin Ngok, Peter, Mr. Lau Shu Yan, Julius, Mr. Tam Kin Man, Kraven, Mr. Cheung Wing Sum, Ambrose; Mr. Cheung Sum, Sam and Miss Leung Churk Yin, Jeanny, the non-executive Directors are Mr. Lam Kin Ming and Madam U Po Chu and the independent non-executive Directors are Mr. Lam Bing Kwan, Mr. Leung Shu Yin, William and Mr. Wan Yee Hwa, Edward.