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LAI SUN DEVELOPMENT

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

CONNECTED TRANSACTION ESTABLISHMENT OF A JOINT VENTURE COMPANY

The Directors of the Company are pleased to announce that on 29 January 2010, the Agreement relating to the formation of the JV Company was entered into between TIL (a wholly-owned subsidiary of the Company), Capital Well, the Investors and the JV Company. The JV Company is intended to act primarily as a vehicle to invest in the food and beverage business, in particular, Italian cuisine in Hong Kong.

Pursuant to the Agreement, (i) TIL has agreed to subscribe 29 new Shares, Capital Well has agreed to subscribe 28 new Shares, and each of the Investors has agreed to subscribe 14 new Shares respectively; (ii) TIL, Capital Well and the Investors have also agreed to advance shareholders' loan of HK\$13,000,000 in cash to the JV Company, of which TIL's share of shareholders' loan is HK\$3,900,000, Capital Well's share of shareholders' loan is HK\$3,640,000 and each of the Investors' share of shareholders' loan is HK\$1,820,000. Upon allotment and issue of the Shares, the JV Company will be owned as to 30% by TIL, 28% by Capital Well and 14% by each of the Investors. TIL, Capital Well and the Investors further agreed that the JV Company may, in future, require them to provide further shareholders' loan up to a total of HK\$6,000,000, which shall be contributed by them in accordance with their shareholdings in the JV Company at the time further shareholders' loan is made.

As at the date of this announcement, each of Capital Well and Bright Fame is a substantial shareholder of an existing subsidiary of the Company and hence, both Capital Well and Bright Fame are connected persons to the Company. Therefore, the Agreement constitutes a connected transaction of the Company under the Listing Rules.

As each of the applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) is less than 2.5%, the transaction under the Agreement is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules. The Company will also disclose the relevant details in the next published annual report and accounts of the Company in accordance with the relevant requirements as set out in Rule 14A.45 of the Listing Rules.

INTRODUCTION

The Directors of the Company are pleased to announce that on 29 January 2010, the Agreement relating to the formation of the JV Company was entered into between TIL (a wholly-owned subsidiary of the Company), Capital Well, the Investors and the JV Company.

THE AGREEMENT

Date 29 January 2010

Parties (i) TIL
(ii) Capital Well
(iii) Bright Fame
(iv) Direct Gain
(v) Ease Win
(vi) JV Company.

SCOPE OF BUSINESS OF THE JV COMPANY

The JV Company is intended to act primarily as a vehicle to invest in the food and beverage business, in particular, Italian cuisine in Hong Kong.

SHARES SUBSCRIPTION AND SHAREHOLDERS' LOANS

Pursuant to the Agreement, TIL, Capital Well and the Investors agreed to subscribe new Shares and advance shareholders' loans to the JV Company as follows:

- (i) TIL to subscribe 29 new Shares at the subscription price of US\$1 per Share and to advance shareholders' loan of HK\$3,900,000 in cash to the JV Company;
- (ii) Capital Well to subscribe 28 new Shares at the subscription price of US\$1 per Share and to advance shareholders' loan of HK\$3,640,000 in cash to the JV Company;
- (iii) Bright Fame to subscribe 14 new Shares at the subscription price of US\$1 per Share and to advance shareholders' loan of HK\$1,820,000 in cash to the JV Company;
- (iv) Direct Gain to subscribe 14 new Shares at the subscription price of US\$1 per Share and to advance shareholders' loan of HK\$1,820,000 in cash to the JV Company; and
- (v) Ease Win to subscribe 14 new Shares at the subscription price of US\$1 per Share and to advance shareholders' loan of HK\$1,820,000 in cash to the JV Company.

Upon allotment of the new Shares as mentioned above, the JV Company is owned as to 30% by TIL; 28% by Capital Well; 14% by Bright Fame; 14% by Direct Gain; and 14% by Ease Win.

The shareholders' loan shall be fully paid by TIL, Capital Well and the Investors on or before 31 January 2010 (or other date as agreed by the shareholders). The shareholders' loan of HK\$3,900,000 payable by TIL is satisfied by the internal resources of the Company.

Pursuant to the Agreement, TIL, Capital Well and the Investors agreed that the JV Company may, in future, require them to provide further shareholders' loan up to a total of HK\$6,000,000 to the JV Company which shall be contributed by them in accordance

with their shareholdings in the JV Company at the time further shareholders' loan is made. Base on TIL's shareholding of 30% upon the completion of the Agreement, TIL's share of such further shareholders' loan is anticipated to be HK\$1,800,000. Apart from the funding commitments set out above, there are no further capital commitments that are required to be contributed by the parties to the JV Company at this time.

If any further capital commitments are required to be made by the shareholders of the JV Company, further announcement will be made by the Company if and when appropriate pursuant to the requirements under the Listing Rules.

COMPOSITION OF THE BOARD OF DIRECTORS

The board of directors of the JV Company will comprise 8 directors, of which 3 will be nominated by TIL. Capital Well will nominate 2 directors. The Investors will each nominate 1 director. The chairman of the JV Company shall be appointed by TIL.

PROFIT DISTRIBUTION

Profits of the JV Company will be shared among its shareholders in accordance with their respective shareholding in the JV Company.

REASONS FOR THE AGREEMENT

The main purpose of the Company to establish the JV Company is to further develop the food and beverage businesses of the Group.

The terms and conditions of the Agreement were determined as a result of arm's length negotiations between the parties to the Agreement.

The Directors (including the independent non-executive Directors) consider that the Agreement is on normal commercial terms, is fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION RELATING TO THE JV COMPANY

The JV Company is a company incorporated in the British Virgin Islands with limited liability. Prior to entering into the Agreement, the JV Company was a wholly-owned subsidiary of TIL of which 1 Share has been issued to, and fully paid up by, TIL. Upon completion of the Agreement, the JV Company becomes an associate of the Company and will not be consolidated as a subsidiary in the accounts of the Group.

INFORMATION RELATING TO THE COMPANY

The Company is an investment and property holding company. Members of the Group are engaged principally in the development of and investment in property and investment in and operation of hotels and restaurants. The Company also owns an interest of approximately 36.08% in eSun Holdings Limited, whose subsidiaries and associates are engaged in media, entertainment, music production and distribution, advertising agency services and the development of the Cotai site into a multi-purpose complex comprising retail, entertainment and world-class hotels in the name of "Macao Studio City".

INFORMATION RELATING TO CAPITAL WELL AND THE INVESTORS

Capital Well's principal business activity is investment in the food and beverage business.

Bright Fame's principal business activity is investment in the food and beverage business.

Direct Gain's principal business activity is investment in the food and beverage business.

Ease Win's principal business activity is investment in the food and beverage business.

LISTING RULES IMPLICATIONS

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Ease Win and Direct Gain and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

As at the date of this announcement, each of Capital Well and Bright Fame is a substantial shareholder of Modern Charm Limited, a subsidiary of the Company which principally engaged in the operation of Chinese cuisine in Hong Kong. Both Capital Well and Bright Fame are therefore connected persons to the Company, and the Agreement constitutes a connected transaction of the Company under the Listing Rules.

As each of the applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) is less than 2.5%, the transaction under the Agreement is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules. The Company will also disclose the relevant details in the next published annual report and accounts of the Company in accordance with the relevant requirements as set out in Rule 14A.45 of the Listing Rules.

DEFINITIONS

In this announcement, the following terms and expressions (unless the context otherwise requires) shall have the following meanings:

“Agreement”	the subscription and shareholders' agreement entered into between TIL, Capital Well, the Investors and the JV Company on 29 January 2010;
“Board”	the board of Directors;
“Bright Fame”	Bright Fame International Limited, a company incorporated in Hong Kong with limited liability;
“Capital Well”	Capital Well Holdings Limited, a company incorporated in the British Virgin Islands with limited liability;
“Company”	Lai Sun Development Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;

“Direct Gain”	Direct Gain International Limited, a company incorporated in the British Virgin Islands with limited liability;
“Directors”	the directors of the Company;
“Ease Win”	Ease Win International Limited, a company incorporated in the British Virgin Islands with limited liability;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Investors”	Bright Fame, Direct Gain and Ease Win;
“JV Company”	Prompt Result Limited, a company incorporated in the British Virgin Islands with limited liability;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Shares”	shares of par value of US\$1 in the share capital of the JV Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“TIL”	Transformation International Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“US\$”	United States dollars, the lawful currency of the United States of America;
“%”	percentage.

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

Hong Kong, 29 January 2010

As at the date of this announcement, the executive Directors of the Company are Mr. Lam Kin Ngok, Peter, Mr. Lau Shu Yan, Julius, Mr. Tam Kin Man, Kraven, Mr. Cheung Wing Sum, Ambrose 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, Mr. Wan Yee Hwa, Edward and Mr. Ip Shu Kwan, Stephen.