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LAI SUN DEVELOPMENT

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

## **REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTION Lease of Carpark in Crocodile Center in Hong Kong**

As the actual amount of the rent in respect of the Carpark paid by Winfield as tenant to Mass Energy as landlord for the 2012 Period exceeded the cap amount of HK\$1,100,000.00 by HK\$28,087.00, LSD has revised the cap amount for the 2012 Period upwards to HK\$1,128,087.00. Further, the cap amounts for the Year 2013 and the 2013 Period have been revised from HK\$1,800,000.00 to HK\$2,316,000.00 and from HK\$652,000.00 to HK\$812,000.00, respectively.

As one of the applicable Percentage Ratios in respect of the revised maximum aggregate amount of the rent payable by Winfield to Mass Energy under the 2012 Tenancy Agreement on an annual basis is more than 0.1% but less than 5%, the revision of the annual cap is subject to the reporting, announcement and annual review requirements of the Listing Rules.

### **REVISION OF THE ANNUAL CAP OF THE 2012 TENANCY AGREEMENT**

Reference is made to the 2012 Announcement in respect of the 2012 Tenancy Agreement entered into between Winfield as tenant and Mass Energy as landlord on 13 January 2012 for the lease of the Carpark from 1 December 2011 to 30 November 2013 at the basic rent of HK\$120,000.00 per month or at the turnover rent being the amount of 52% of the monthly turnover of Winfield's business carried on at the Carpark, whichever is higher.

Owing to higher gross monthly revenue of Winfield's business carried on at the Carpark resulting from higher occupancy, the actual amount of the rent paid by Winfield to Mass Energy for the 2012 Period under the 2012 Tenancy Agreement has exceeded the cap amount of HK\$1,100,000.00 (as determined by reference to the projected occupancy rate of the Carpark stated in the 2012 Announcement) by HK\$28,087.00 or approximately 2.55%. Accordingly, the original cap for the 2012 Period has been revised from HK\$1,100,000.00 to HK\$1,128,087.00.

Further, as it is expected that there will be an increase in the car-parking fees and the occupancy of the Carpark will continue to be maintained at a high level, the cap amounts for the Year 2013 and the 2013 Period have been revised from HK\$1,800,000.00 to HK\$2,316,000.00 (representing an increase of approximately 28.67%) and from HK\$652,000.00 to HK\$812,000.00 (representing an increase of approximately 24.54%), respectively.

Save for the revised cap for the relevant periods/year aforesaid, all the other terms and conditions of the 2012 Tenancy Agreement will remain unchanged.

## **LISTING RULES IMPLICATIONS**

Given that:

- (a) Winfield is a wholly-owned subsidiary of LSD;
- (b) Dr. KM Lam is a non-executive Director and therefore a connected person of LSD;
- (c) each of LSG and CGL has a 50% beneficial shareholding interest in Mass Energy;
- (d) LSG is a substantial shareholder of LSD and therefore a connected person of LSD; and
- (e) CGL is approximately 50.94% beneficially owned by Dr. KM Lam and is, therefore, an associate of Dr. KM Lam;

Mass Energy as an associate of the above connected persons of LSD is a connected person of LSD and the entering into of the 2012 Tenancy Agreement between Winfield and Mass Energy constitutes a continuing connected transaction of LSD under Chapter 14A of the Listing Rules.

As one of the applicable Percentage Ratios in respect of the revised maximum aggregate amount of the rent payable by Winfield to Mass Energy under the 2012 Tenancy Agreement on an annual basis is more than 0.1% but less than 5%, the said continuing connected transaction is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but is exempted from the independent Shareholders' approval requirement. LSD will comply with the annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules in relation to the 2012 Tenancy Agreement during each of the relevant financial years.

All the Directors (except Mr. Lau Shu Yan, Julius and Mr. Ip Shu Kwan, Stephen) are directors of LSG. Dr. Peter Lam, Dr. KM Lam and Mr. Wan Yee Hwa, Edward, a non-executive Director are also executive directors of CGL while Mr. Leung Shu Yin, William, an independent non-executive Director, is an independent non-executive director of CGL. Dr. Peter Lam and Dr. KM Lam are also directors of Mass Energy. In view of their interests in the 2012 Tenancy Agreement, they abstained from voting on the resolution(s) approving the above revised caps.

Mr. Lau Shu Yan, Julius, the chief executive officer and an executive Director and Mr. Ip Shu Kwan, Stephen, an independent non-executive Director consider that the revision of the caps for the Year 2013 and the 2013 Period is fair and reasonable and in the interests of LSD and its Shareholders as a whole.

## **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 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 of LSD;
“Carpark”	the carpark of Crocodile Center, 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong comprising all the covered car-parking spaces thereof;
“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;
“Director(s)”	the director(s) of LSD;
“Dr. KM Lam”	Dr. Lam Kin Ming, a non-executive Director, an executive director and the chairman of LSG as well as an executive director, the chairman and the chief executive officer of CGL;
“Dr. Peter Lam”	Dr. Lam Kin Ngok, Peter, the chairman of the Board and an executive Director, an executive director and the deputy chairman of LSG as well as an executive director of CGL;
“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 in which each of LSG and CGL has a 50% beneficial shareholding interest;
“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;
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan;
“Shares”	the ordinary shares of HK\$0.01 each in LSD;
“Shareholders”	the holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the same meaning ascribed to it under the Listing Rules;
“substantial shareholder(s)”	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;
“Year 2013”	the financial year ending 31 July 2013;
“2012 Announcement”	an announcement of LSD dated 13 January 2012 in respect of the 2012 Tenancy Agreement;
“2012 Period”	the period from 1 December 2011 to 31 July 2012;
“2013 Period”	the period from 1 August 2013 to 30 November 2013;

“2012 Tenancy Agreement” the tenancy agreement dated 13 January 2012 and entered into between Winfield as tenant and Mass Energy as landlord for the lease of the Carpark from 1 December 2011 to 30 November 2013; and

“%” per cent.

By Order of the Board  
**Lai Sun Development Company Limited**  
**Kwok Siu Man**  
*Company Secretary*

Hong Kong, 17 September 2012

*As at the date of this announcement, the Board comprises the following members:*

*Executive Directors:* Dr. Lam Kin Ngok, Peter (Chairman) and Messrs. Chew Fook Aun (Deputy Chairman), Lau Shu Yan, Julius (Chief Executive Officer) and Lui Siu Tsuen, Richard;

*Non-executive Directors:* Dr. Lam Kin Ming, Madam U Po Chu and Mr. Wan Yee Hwa, Edward; and

*Independent Non-executive Directors:* Messrs. Lam Bing Kwan, Leung Shu Yin, William and Ip Shu Kwan, Stephen.