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TAI SANG LAND DEVELOPMENT LIMITED

大生地產發展有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 89)

**CONTINUING CONNECTED TRANSACTION
NEW MASTER LEASING AGREEMENT WITH KAM CHEUNG**

On 18 December 2013, the Company entered into the New Master Leasing Agreement with Kam Cheung to set out the principal terms and conditions governing the Leasing Arrangements between Kam Cheung and the Group for the term of three years commencing from 1st January 2014.

The Relevant Directors are connected persons of the Company under the Listing Rules. As each of the Kam Cheung Minority Shareholders is an associate of the Relevant Directors within the meaning of Rule 14A.11(4)(c)(ii) of the Listing Rules, each of them is a connected person of the Company under the Listing Rules. As the Kam Cheung Minority Shareholders are together entitled to exercise more than 10% of the voting power at general meetings of Kam Cheung, Kam Cheung being a non wholly-owned subsidiary of the Company is a connected person of the Company under the Listing Rules.

As the Annual Caps payable by the Group to Kam Cheung in respect of the Leasing Arrangements contemplated under the New Master Leasing Agreement exceeds HK\$1,000,000 but the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules is more than 0.1% but less than 5%, the New Master Leasing Agreement and the Leasing Arrangements contemplated thereunder are only subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirement under the Listing Rules.

THE NEW MASTER LEASING AGREEMENT

The Company had in the past entered into the Leasing Arrangements with Kam Cheung whereby the Company in its ordinary and usual course of business rented various Premises from Kam Cheung as quarters for the senior management and executive directors of the Company, and it is anticipated that in the future, the Company and/or other members of the Group will from time to time in their ordinary and usual course of business continue to enter into Leasing Arrangements with Kam Cheung. As the Leasing Arrangements constitute continuing connected transactions of the Company under the Listing Rules, in compliance with the Listing Rules, Kam Cheung and the Company had entered into the Old Master Leasing Agreement on 31 August 2011 to set out the principal terms and conditions governing the Leasing Arrangements between Kam Cheung and the Group for the period from 1 September 2011 to 31 December 2013 (both days inclusive). As the Old Master Leasing Agreement will expire on 31 December 2013, in compliance with the Listing Rules, Kam Cheung and the Company entered into the New Master Leasing Agreement to set out the principal terms and conditions governing the Leasing Arrangements between Kam Cheung and the Group for the term of three years commencing from 1 January 2014. Set out below are the principal terms of the New Master Leasing Agreement:

Date:

18 December 2013

Parties:

Kam Cheung and the Company

Subject Matter:

Pursuant to the New Master Leasing Agreement, Kam Cheung agrees to enter into the Leasing Arrangements with members of the Group from time to time during the term of the New Master Leasing Agreement. Each Leasing Arrangement will be effected and governed by the relevant tenancy agreement or lease agreement to be entered into between Kam Cheung and members of the Group.

Duration:

The New Master Leasing Agreement shall be for a term of 3 years commencing from 1 January 2014 to 31 December 2016 (both days inclusive) and may be terminated by either party by giving the other party at least one month's written notice of termination.

Consideration and other terms:

Pursuant to the New Master Leasing Agreement, the terms of each Leasing Arrangement (including the amount of rental, management and other fees payable by the Group (if any) and the payment terms) shall be on normal commercial terms with reference to the prevailing market rental, negotiated on an arm's length basis and be on similar basis as the relevant members of the Group rent other premises similar to the Premises from other independent third party landlords and shall be on terms which are no less favourable than those offered by Kam Cheung to independent third party tenants.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW MASTER LEASING AGREEMENT

The New Master Leasing Agreement was entered into for the provision of quarters to the senior management and executive directors of the Company and it is in the commercial interests of the Group to lease properties within the Group's portfolio for provision of quarters to the senior management and executive directors of the Company.

The Directors (including the independent non-executive Directors) considered that the Leasing Arrangements had been and will continue to be entered into by members of the Group in the ordinary and usual course of business of the Group, and the terms of the New Master Leasing Agreement had been negotiated on arm's length basis and are on normal commercial terms and the terms of the New Master Leasing Agreement are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

ANNUAL CAPS

Pursuant to the New Master Leasing Agreement, the maximum aggregate consideration payable by the Group to Kam Cheung under the Leasing Arrangements per annum during the term of the New Master Leasing Agreement shall not exceed the amounts set out below (the "Annual Caps"):

For the financial year ending 31st December		
2014	2015	2016
HK\$3,700,000	HK\$3,900,000	HK\$4,100,000

The above Annual Caps were determined after taking into account (i) the historical aggregate annual or annualised amounts paid by the Company in respect of the Leasing Arrangements in the past two financial years ended 31 December 2011 of HK\$3,022,000 and 31 December 2012 of HK\$3,582,000 and the expected aggregate annual or annualised amount payable by the Company in respect of the Leasing Arrangements for the financial year ending 31 December 2013 of HK\$3,678,000 and (ii) the possible increment in the rental in the future.

The Directors (including the independent non-executive Directors) considered that the Annual Caps are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Relevant Directors are connected persons of the Company under the Listing Rules. As certain relatives of the Relevant Directors who are persons referred to in Rule 14A.11(4)(c)(i) of the Listing Rules together exercise or control the exercise of more than 50% of the voting power at general meetings or control the composition of a majority of the board of directors of each of the Kam Cheung Minority Shareholders, each of the Kam Cheung Minority Shareholders is an associate of the Relevant Directors within the meaning of Rule 14A.11(4)(c)(ii) of the Listing Rules and each of them is thus a connected person of the Company under the Listing Rules. As the Kam Cheung Minority Shareholders are together entitled to exercise more than 10% of the voting power at general meetings of Kam Cheung, Kam Cheung being a non wholly-owned subsidiary of the Company is a connected person of the Company under the Listing Rules. The Leasing Arrangements contemplated under the New Master Leasing Agreement therefore constitute continuing connected transactions of the Company under the Listing Rules. In light that the Kam Cheung Minority Shareholders are associates of the Relevant Directors as set out above, all the Relevant Directors have abstained from voting on the board resolution to approve the New Master Leasing Agreement and the transactions contemplated thereunder and the Annual Caps.

As the Annual Caps payable by the Group in respect of the Leasing Arrangements contemplated under the New Master Leasing Agreement exceeds HK\$1,000,000 but the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules is more than 0.1% but less than 5%, the New Master Leasing Agreement and the Leasing Arrangements contemplated thereunder are only subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirement under the Listing Rules.

GENERAL

The principal activities of the Company are investment holding and property investment. The activities of the Company's principal subsidiary companies include property rental, property development, finance, estate management and agency, investment holding, motor vehicle rental, property trading, management service and hotel operation.

The principal activity of Kam Cheung is property investment.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules
“Company”	Tai Sang Land Development Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Kam Cheung”	Kam Cheung Investment Company Limited, a company incorporated in Hong Kong with limited liability and a 75% owned subsidiary of the Company
“Kam Cheung Minority Shareholders”	Champion Enterprises Limited and Chiu Kee Company Limited, being companies in which certain relatives of the Relevant Directors who are persons referred to in Rule 14A.11(4)(c)(i) of the Listing Rules together exercise or control the exercise of more than 50% of the voting power at general meetings or control the composition of a majority of the board of directors respectively
“Leasing Arrangements”	the particular occasions of leasing of the Premises by members of the Group from Kam Cheung
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Master Leasing Agreement”	the master leasing agreement dated 18 December 2013 entered into between Kam Cheung and the Company in respect of the Leasing Arrangements during the period between 1 January 2014 to 31 December 2016

“Old Master Leasing Agreement”	the master leasing agreement dated 31 August 2011 entered into between Kam Cheung and the Company in respect of the Leasing Arrangements during the period between 1 September 2011 to 31 December 2013
“Premises”	the premises owned by Kam Cheung from time to time
“Relevant Directors”	Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Mr. Philip Ma Ching Yeung and Ms. Amy Ma Ching Sau, all being executive Directors
“Shareholders”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board of Directors
TAI SANG LAND DEVELOPMENT LIMITED
Ma Ching Man, Katy
Company Secretary

Hong Kong, 18 December 2013

As at the date of this announcement, the Board comprises nine Directors, of which Mr. Ma Ching Wai, William, Mr. Ma Ching Hang, Patrick, Mr. Ma Ching Kuen, Alfred, Ms. Ma Ching Sau, Amy, and Mr. Ma Ching Yeung, Philip are executive Directors, Mr. Cheung Wing Yui, Edward is a non-executive Director, and Mr. Chau Kwok Fun, Kevin, Mr. Tan Soo Kiu and Mr. Wong Hing Kwok, William are independent non-executive Directors.