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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
DISCLOSEABLE TRANSACTION**

**DISPOSAL OF A PROPERTY, PLANT AND EQUIPMENT
AND
PROVISION OF FINANCIAL ASSISTANCE**

THE DISPOSAL

On 23 October 2026 (after trading hours), the Seller (a direct wholly-owned subsidiary of LSD and an indirect non-wholly-owned subsidiary of LSG (through LSG's shareholding in LSD)) entered into the Agreement with the Buyer, an Independent Third Party individual, pursuant to which the Seller has agreed to sell, and the Buyer has agreed to purchase, the Vessel at the Purchase Price of US\$7,100,000 (equivalent to approximately HK\$55,380,000) pursuant to the terms and conditions contained therein. The Vessel shall be sold on an "as is" basis.

Completion shall take place on 10 November 2026 (or such earlier date as may be agreed in writing by the Seller and the Buyer), subject to the fulfilment of the terms and conditions as stipulated in the Agreement. Upon Completion, the LSG Group and the LSD Group shall cease to have any interest in the Vessel.

THE INDEMNITY

Pursuant to the Agreement, LSD, as the holding company of the Seller, shall execute and deliver on Completion the Deed of Indemnity in favour of the Buyer, whereby LSD shall indemnify the Buyer against any direct losses, liabilities, costs and expenses reasonably incurred by the Buyer arising directly from any breach by the Seller of the warranties under the Agreement relating to, among other things, the Seller's title to the Vessel and the Vessel being free from encumbrances and tax liabilities up to the time of delivery. The aggregate liability of LSD under the Deed of Indemnity shall not exceed 50% of the Purchase Price actually paid by the Buyer to the Seller and any claim must be notified in writing within twelve (12) months after delivery of the Vessel.

LISTING RULES IMPLICATIONS

LSG

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal and the Indemnity exceeds 5% but all of them are less than 25%, each of the Disposal and the Indemnity constitutes a discloseable transaction for LSG and is therefore subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

LSD

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction for LSD and is therefore subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As all applicable percentage ratios (as defined under the Listing Rules) in respect of the Indemnity are less than 5%, the Indemnity does not constitute a notifiable transaction for LSD under Chapter 14 of the Listing Rules.

THE DISPOSAL

On 23 October 2026 (after trading hours), the Seller (a direct wholly-owned subsidiary of LSD and an indirect non-wholly-owned subsidiary of LSG (through LSG's shareholding in LSD)) entered into the Agreement with the Buyer, an Independent Third Party individual, pursuant to which the Seller has agreed to sell, and the Buyer has agreed to purchase, the Vessel at the Purchase Price of US\$7,100,000 (equivalent to approximately HK\$55,380,000) pursuant to the terms and conditions contained therein. The Vessel shall be sold on an "as is" basis.

Completion shall take place on 10 November 2026 (or such earlier date as may be agreed in writing by the Seller and the Buyer), subject to the fulfilment of the terms and conditions as stipulated in the Agreement. Upon Completion, the LSG Group and the LSD Group shall cease to have any interest in the Vessel.

The Agreement

The principal terms of the Agreement are set out below:

Date	:	23 October 2026 (after trading hours)
Parties	:	(i) the Seller, a wholly-owned subsidiary of LSD, as seller; and (ii) the Buyer, an Independent Third Party individual, as buyer.

To the best of the knowledge, information and belief of the LSG Directors and the LSD Directors, having made all reasonable enquiries, the Buyer is an individual whom is an Independent Third Party.

Asset disposed of : The Vessel, being a motor vessel built in Italy in 2016. Further details of the Vessel are set out in the section headed “*Information on the Vessel*” below.

The Buyer carried out a sea trial, condition survey and other due diligence on the Vessel prior to the signing of the Agreement and accepted the Vessel on an “as is” basis.

Purchase Price : The Purchase Price for the Vessel is US\$7,100,000 (equivalent to approximately HK\$55,380,000), of which:

(i) US\$710,000 (equivalent to approximately HK\$5,538,000), representing 10% of the Purchase Price, shall be paid by the Buyer to the Seller within four (4) London banking days of the date of the Agreement; and

(ii) US\$6,390,000 (equivalent to approximately HK\$49,842,000), representing 90% of the Purchase Price, shall be settled by the Buyer upon Completion.

Completion : Completion shall take place on 10 November 2026 (or such earlier date as may be agreed in writing by the Seller and the Buyer), upon which the Vessel shall be delivered to the Buyer in Hong Kong, subject to the fulfilment of the terms and conditions as stipulated in the Agreement.

Governing law : The Agreement is governed by English law, with disputes to be referred to arbitration in London, United Kingdom.

Purchase Price

The Purchase Price of US\$7,100,000 (equivalent to approximately HK\$55,380,000) was determined after arm’s length negotiations between the Seller and the Buyer on a willing-buyer, willing-seller basis, with reference to (i) the prevailing market prices of comparable motor vessels of similar age and specifications in the second-hand vessel market; and (ii) the age, condition and specifications of the Vessel as verified through the Buyer’s sea trial and condition survey.

Taking into consideration the basis of determination of the Purchase Price as described above, the expected net gain from the Disposal in the section headed “*Financial Effect of the Disposal*” below, and the reasons for and benefits of the Disposal as set out in the section headed “*Reasons for and Benefits of the Disposal and the Indemnity, and Intended Use of Proceeds*” below, each of the LSG Directors and the LSD Directors considers that the Purchase Price is fair and reasonable and in the interests of LSG and its shareholders as a whole and LSD and its shareholders as a whole, respectively.

THE INDEMNITY

Pursuant to the Agreement, LSD, as the holding company of the Seller, shall execute and deliver on Completion the Deed of Indemnity in favour of the Buyer, whereby LSD shall indemnify the Buyer against any direct losses, liabilities, costs and expenses reasonably incurred by the Buyer arising directly from any breach by the Seller of the warranties under the Agreement relating to, among other things, the Seller's title to the Vessel and the Vessel being free from encumbrances and tax liabilities up to the time of delivery. The aggregate liability of LSD under the Deed of Indemnity shall not exceed 50% of the Purchase Price actually paid by the Buyer to the Seller and any claim must be notified in writing within twelve (12) months after delivery of the Vessel.

INFORMATION ON THE VESSEL

The Vessel is a motor vessel built in Italy in 2016. It was registered as a pleasure vessel in the Cayman Islands and was lying in Hong Kong prior to Completion. Prior to Completion, the Vessel was legally and beneficially owned by the Seller and was acquired by the LSD Group in 2020.

As the Vessel was held for the LSD Group's own use and was not chartered out or otherwise used to generate income, no revenue was generated from the Vessel and accordingly no net profit (both before and after taxation) was attributable to the Vessel for each of the two financial years ended 31 July 2025 and 2026.

As at 31 July 2026, the net book value of the Vessel, which was recognised as property, plant and equipment, was approximately HK\$10.5 million in respect of each of the LSD Group and the LSG Group.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Vessel shall cease to be an asset (as property, plant and equipment) of the LSG Group and the LSD Group.

Based on the Purchase Price of US\$7,100,000 (equivalent to approximately HK\$55,380,000) and the net book value of the Vessel as at 31 July 2026 of approximately HK\$10.5 million, each of the LSG Group and the LSD Group is expected to recognise an estimated net gain (after deducting relevant legal costs, commission and expenses) of approximately HK\$42.0 million from the Disposal.

The aforesaid amount is arrived at based on the difference between the Purchase Price and the net book value of the Vessel as at 31 July 2026, after deducting the estimated relevant costs. The definitive amount of the gain will depend on the net book value of the Vessel as at the date of Completion and the actual costs incurred, and is subject to audit to be performed by the auditors of LSG and LSD respectively. It is expected to be recorded in the financial statements of each of LSG and LSD for the financial year ending 31 July 2027.

INFORMATION ON THE BUYER

The Buyer is an individual whom is an Independent Third Party, to the best of the knowledge, information and belief of the LSG Directors and the LSD Directors, having made all reasonable enquiries.

INFORMATION ON LSG, LSD AND THE SELLER

LSG is 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. The principal activities of the LSG Group include property investment, property development, investment in and operation of hotels and restaurants, production and distribution of films and TV programs, music production and publishing, management and production of concerts, artiste management, cinema operation, development and operation of and investment in cultural, leisure, entertainment and related facilities and investment holding. LSG owns approximately 55.60% of the total issued shares of LSD as at the date of this joint announcement.

LSD is 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. The principal activities of the LSD Group include property investment, property development, investment in and operation of hotels and restaurants, production and distribution of films and TV programs, music production and publishing, management and production of concerts, artiste management, cinema operation, development and operation of and investment in cultural, leisure, entertainment and related facilities and investment holding.

The Seller is a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of LSD and an indirect non-wholly-owned subsidiary of LSG (through LSG's shareholding in LSD). The principal activity of the Seller is the holding of the Vessel.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE INDEMNITY, AND INTENDED USE OF PROCEEDS

The Vessel was a non-core asset of the LSD Group (being recognised as property, plant and equipment) which had been used for the LSD Group's own use and did not generate revenue, while giving rise to ongoing operating costs. The Disposal represents the LSD Group's continued commitment to its non-core asset disposal plan, enabling the LSD Group to reallocate financial resources towards capital structure enhancement and/or general corporate purposes, reduce recurring operating expenses, and enhance the cashflow and financial position (in particular having taken into account the expected net gain from the Disposal in the section headed "*Financial Effect of the Disposal*" above) of the LSG Group and the LSD Group as a whole; whilst the Indemnity provided by LSD is limited to the existing obligations of the Seller under the Agreement and capped at 50% of the Purchase Price paid by the Buyer.

The estimated gross proceeds from the Disposal amount to US\$7,100,000 (equivalent to approximately HK\$55,380,000). The estimated net proceeds from the Disposal (after deducting relevant legal costs, commission and expenses) amount to approximately HK\$52.5 million for each of the LSD Group and the LSG Group. The net proceeds from the Disposal are intended to be applied towards repayment of bank loans and/or as general working capital of the LSD Group.

In light of the above, the LSG Directors are of the view that the Disposal and the Indemnity are in the interests of LSG and its shareholders as a whole and the terms and consideration thereof are fair and reasonable.

In light of the above, the LSD Directors are of the view that the Disposal and the Indemnity are in the interests of LSD and its shareholders as a whole and the terms and consideration thereof are fair and reasonable.

LISTING RULES IMPLICATIONS

LSG

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal and the Indemnity exceeds 5% but all of them are less than 25%, each of the Disposal and the Indemnity constitutes a discloseable transaction for LSG and is therefore subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

LSD

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction for LSD and is therefore subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As all applicable percentage ratios (as defined under the Listing Rules) in respect of the Indemnity are less than 5%, the Indemnity does not constitute a notifiable transaction for LSD under Chapter 14 of the Listing Rules.

DEFINITIONS

In this joint announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Agreement”	the memorandum of agreement (including the addendum one thereto) dated 23 October 2026 entered into between the Seller and the Buyer in relation to the sale and purchase of the Vessel;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Buyer”	an Independent Third Party individual, being the purchaser of the Vessel under the Agreement;
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Agreement, which shall take place on 10 November 2026 (or such earlier date as may be agreed in writing by the Seller and the Buyer);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Deed of Indemnity”	the deed of indemnity to be executed and delivered on Completion by LSD in favour of the Buyer as described in the section headed “ <i>The Indemnity</i> ” in this joint announcement;

“Disposal”	the disposal of the Vessel by the Seller to the Buyer pursuant to the terms and conditions of the Agreement;
“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;
“Indemnity”	the limited indemnity to be granted by LSD in favour of the Buyer under the Deed of Indemnity;
“Independent Third Party(ies)”	a third party or third parties independent of and not connected with (within the meaning of the Listing Rules) any directors, chief executive, substantial shareholders of each of LSG and LSD, its subsidiaries or any of their respective connected persons and associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time);
“LSD”	Lai Sun Development Company Limited (麗新發展有限公司), 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 Directors”	the directors of LSD;
“LSD Group”	LSD and its subsidiaries;
“LSG”	Lai Sun Garment (International) Limited (麗新製衣國際有限公司), 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 Directors”	the directors of LSG;
“LSG Group”	LSG and its subsidiaries (including, for the avoidance of doubt, the LSD Group);
“Purchase Price”	the purchase price of US\$7,100,000 (equivalent to approximately HK\$55,380,000) paid by the Buyer to the Seller for the Vessel under the Agreement;
“Seller”	Widewood Limited (浩楠有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of LSD and an indirect non-wholly-owned subsidiary of LSG (through LSG’s shareholding in LSD);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“US\$”	United States dollars, the lawful currency of the United States of America;
“Vessel”	the motor vessel built in Italy in 2016 and owned by the Seller prior to Completion, being the subject of the Agreement, as described in the section headed “ <i>Information on the Vessel</i> ” in this joint announcement; and
“%”	per cent.

For the purpose of this joint announcement and for illustration only, amounts denominated in US\$ have been translated into HK\$ at the rate of US\$1.00 = HK\$7.80. No representation is made that any amounts in US\$ or HK\$ have been, could have been or could be converted at such rate or at any other rate.

By order of the board
Lai Sun Garment (International) Limited
Lam Kin Ngok, Peter
Chairman

By order of the board
Lai Sun Development Company Limited
Lam Kin Ngok, Peter
Chairman

Hong Kong, 23 October 2026

As at the date of this joint announcement,

- (a) *the board of LSG comprises six executive directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Yang Yiu Chong, Ronald Jeffrey, Mr. Cheung Sum, Sam, Madam U Po Chu, Mr. Lam Kin Hong, Matthew and Mr. Lam Hau Yin, Lester (also alternate to Madam U Po Chu); and four independent non-executive directors, namely Messrs. Leung Shu Yin, William, Lam Bing Kwan, Chow Bing Chiu and Ng Chi Ho, Dennis; and*
- (b) *the board of LSD comprises four executive directors, namely Dr. Lam Kin Ngok, Peter (Chairman) and Messrs. Cheung Sum, Sam, Lam Hau Yin, Lester (also alternate to Madam U Po Chu) and Lee Tze Yan, Ernest; one non-executive director, namely Madam U Po Chu; and four independent non-executive directors, namely Messrs. Lam Bing Kwan, Leung Shu Yin, William, Ip Shu Kwan, Stephen and Luk Hon Man.*