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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)

LAI FUNG HOLDINGS

Lai Fung Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1125)

JOINT ANNOUNCEMENT
POSSIBLE SPIN-OFF AND SEPARATE LISTING OF THE REIT ON THE SHANGHAI STOCK EXCHANGE

This joint announcement is made by LSG, LSD and Lai Fung pursuant to PN15 in relation to the Proposed Spin-Off.

PROPOSED SPIN-OFF

Lai Fung proposes to conduct the Proposed Spin-Off on the SSE in relation to the Asset, which forms part of the Plaza (i.e. Shanghai Hong Kong Plaza). The Plaza is a mixed-use property located at 282 & 283 Huaihai Middle Road, Huangpu District, Shanghai, PRC. As at the date of this joint announcement, the Asset is indirectly wholly-owned by Lai Fung through Shanghai Li Xing Real Estate Development Co., Ltd. (上海麗興房地產有限公司).

The Proposed Spin-Off will be subject to market conditions and conditional upon, among other things, the approval of the CSRC of the registration of the REIT and the issuance of a no objection letter by the SSE in respect of the proposed listing of the REIT. As at the date of this joint announcement, the Application Materials have not yet been submitted to the CSRC or the SSE.

The Proposed Spin-Off constitutes a spin-off under PN15. LSG (in its capacity as the holding company of Lai Fung), LSD (in its capacity as the holding company of Lai Fung) and Lai Fung have made an application pursuant to PN15 in relation to the Proposed Spin-Off to the Stock Exchange and the Stock Exchange has confirmed the Proposed Spin-Off may proceed.

WAIVERS FROM STRICT COMPLIANCE WITH PN15

Waiver from strict compliance with paragraph 3(c) of PN15

Paragraph 3(c) of PN15 provides the Listing Committee must be satisfied that, after the Parent conducts a spin-off, the Parent would retain a sufficient level of operations and sufficient assets to support its separate listing status. Further, the Parent is required to retain sufficient assets and operations of its own, excluding its interest in the spun-off entity, to satisfy independently the requirements of Chapter 8 of the Listing Rules.

Save as disclosed below, the LSG Retained Group, the LSD Retained Group and the Lai Fung Retained Group would satisfy the applicable requirements under Chapter 8 of the Listing Rules:

(a) the Lai Fung Retained Group would not meet (i) the Rule 8.05(2) Market Cap Requirement and (ii) the Rule 8.09(2) Market Cap Requirement;

(b) the LSG Retained Group would not meet (i) the Rule 8.05(1) Profit Requirement and (ii) the Rule 8.09(2) Market Cap Requirement; and

(c) the LSD Retained Group would not meet (i) the Rule 8.05(1) Profit Requirement and (ii) the Rule 8.09(2) Market Cap Requirement.

LSG, LSD and Lai Fung have applied to the Stock Exchange for a waiver from strict compliance with paragraph 3(c) of PN15 to the extent they are required to satisfy the Rule 8.05(1) Profit Requirement, the Rule 8.09(2) Market Cap Requirement and/or the Rule 8.05(2) Market Cap Requirement on the following grounds:

(a) Subject to market conditions, the Proposed Spin-Off is currently the only commercially feasible and available option for Lai Fung to raise meaningful proceeds to repay in a timely manner and unwind the onshore asset/offshore lending structure[1] under the Loan[2] for the following reasons:

    (i) based on current conditions of the commercial real estate market in the PRC, there is very limited prospect of completing a bilateral sale of the Plaza prior to maturity of the Loan due to reasons including weak demand and limited buyers' appetite for en bloc acquisition of commercial property in the PRC. In any event, a bilateral sale of the Plaza is not eligible for policies and practices in favour of REIT offerings in the PRC, including the streamlined land tenure renewal procedures and permission to use proceeds from the REIT offering to settle land tenure renewal costs;

    (ii) given (A) the Lai Fung Group does not have operations or material assets outside the PRC and (B) the current conditions of the financing and regulatory environment in the PRC, it is not commercially feasible for Lai Fung to obtain long term onshore or offshore refinancing for the Loan in full on terms which are commercially acceptable to Lai Fung;

    (iii) the trading price and the low daily trading volume of the Shares make it commercially impracticable for Lai Fung to conduct equity fundraising in a manner which is value accretive to its shareholders (see sub-paragraph (c) below for further information on the trading price of the Shares); and

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[1] *In March 2013, Lai Fung first obtained offshore syndicated loans which, alongside onshore syndicated loans, were backed by indirect security and intercreditor arrangements in respect of the Plaza.*

[2] *For illustration only, if Lai Fung fails to meet its repayment obligations under the Loan and as a result the mortgage over the Plaza is enforced, Lai Fung will likely be required to sell the Plaza at a significant discount. Non-payment and/or security enforcement under the Loan will also trigger acceleration and/or other implications under other outstanding loans of the Lai Fung Group.*

(iv) based on their respective financial position, LSG and LSD are currently not in a position to sustainably provide Lai Fung with liquidity for full repayment of the Loan in addition to the existing intercompany loans under their financial assistance framework arrangements in favour of Lai Fung.

In addition, the Proposed Spin-Off would also allow Lai Fung to: (A) unlock and realise the value of the Asset; (B) take advantage of policies and practices in favour of REIT offerings in the PRC, including streamlined land tenure renewal procedures and permission to use proceeds from the REIT offering to settle land tenure renewal costs; and (C) retain partial interest in the Asset, while enjoying stable income by virtue of distributions/fees to Lai Fung in its capacity as a REIT unitholder and/or provider of management services.

(b) The Proposed Spin-Off is essentially a disposal of a single property (i.e. the Asset). The Lai Fung Retained Group will continue its operations with a portfolio of commercial and residential properties in Shanghai, Guangzhou, Zhongshan and Hengqin. Except for the Rule 8.05(2) Market Cap Requirement, the Lai Fung Retained Group would satisfy both the revenue and cash flow requirements under the market capitalisation/revenue/cash flow test pursuant to Rule 8.05(2) of the Listing Rules.

(c) With regard to Lai Fung's application for waiver from the Rule 8.05(2) Market Cap Requirement, due to reasons including challenging conditions in the PRC property market and industry downturn, the Shares have been trading at a steep discount (by way of illustration, the closing price of HK$0.72 per Share as at 31 July 2026 represented a discount of approximately 98.1% to the net asset value per Share attributable to owners of Lai Fung of HK$37.74 as at 31 July 2026). The current market capitalisation of Lai Fung does not reflect the value of the assets and operations of the Lai Fung Group notwithstanding its asset-heavy business nature. As at 31 July 2026, the audited net assets attributable to owners of Lai Fung amounted to approximately HK$12,492 million.

(d) As the Asset is wholly-owned by Lai Fung, which was spun off by LSG and LSD in 1997 and has since been separately listed on the Stock Exchange, the Lai Fung Group (which includes the Asset) does not form part of the LSG Retained Group and the LSD Retained Group for the purposes of PN15. Accordingly, the Proposed Spin-Off (which only relates to the Asset that is entirely held within the Lai Fung Group) does not alter the portfolio of operations and assets of the LSG Retained Group and the LSD Retained Group which respectively support the listing statuses of LSG and LSD for the purposes of PN15.

In the light of the specific facts and circumstances of LSG, LSD and Lai Fung as well as the exceptional circumstances mentioned above, the Stock Exchange has granted a waiver from strict compliance with paragraph 3(c) of PN15 with respect to LSG, LSD and Lai Fung respectively.

Waiver from strict compliance with paragraph 3(f) of PN15

LSG, LSD and Lai Fung have also applied for, and the Stock Exchange has granted, a waiver from strict compliance with paragraph 3(f) of PN15. Paragraph 3(f) of PN15 requires the Parent contemplating a spin-off to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to shares in the spun-off entity, either by way of a distribution in specie of existing shares in the spun-off entity or by way of preferred application in any offering of existing or new shares in the spun-off entity.

As advised by Lai Fung's PRC legal adviser:

(a) According to the Fund Guidelines, only the following types of investors can invest in Units:

    (i) offline investors, which are securities companies, fund management companies, trust companies, financial companies, insurance companies, qualified foreign institutional investors, commercial banks and their wealth management subsidiaries, qualified private equity fund managers, other professional institutional investors recognised by the CSRC, and security funds, such as the National Social Security Fund, basic pension insurance funds and annuity funds;

    (ii) strategic investors, which are professional institutional investors; and

    (iii) public investors, who are investors holding securities accounts or over-the-counter fund accounts, including Chinese citizens, foreigners with Chinese permanent residence status, common institutional investors, Hong Kong, Macao and Taiwan residents living and working in Chinese Mainland, other special institutions and lawfully established products (including but not limited to securities companies and their asset management subsidiaries, insurance companies, fund management companies, trust companies, securities investment funds, social security funds, qualified foreign institutional investors and Renminbi qualified foreign institutional investors).

(b) In addition to the requirements under the Fund Guidelines, the "Administrative Measures for Domestic Securities and Futures Investments by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors" also requires foreign investors (i.e. those outside of Chinese Mainland) to be "qualified foreign institutional investors" and "RMB qualified foreign institutional investors" approved by the CSRC (investors referred to in paragraph (a) and this paragraph (b) collectively, the "**Qualified Investors**").

Pursuant to the No. 4 Announcement, foreign institutional investors admitted to the interbank bond market (including sovereign institutions, commercial banks, insurance companies, securities companies, fund management companies and other financial institutions established outside the PRC, as well as pension funds, charitable funds and endowment funds) may invest in exchange-traded bond market products directly or through interconnection arrangements. However, as advised by Lai Fung's PRC legal adviser, it remains to be clarified by the relevant PRC authorities whether commercial real estate investment trust funds listed on the SSE fall within the scope of products which such foreign institutional investors are permitted to invest in under the No. 4 Announcement.

Save for the shareholders who have made disclosure of interest filings pursuant to the Securities and Futures Ordinance, each of LSG, LSD and Lai Fung is unable to ascertain the identity of shareholders whose shares are held through HKSCC Nominees Limited and further assess whether such shareholders are Qualified Investors. Accordingly, not all, if any, of the existing shareholders may be permitted under the applicable PRC regulations to hold Units pursuant to the provision of an assured entitlement under PN15.

Even if certain shareholders were Qualified Investors, none of LSG, LSD and Lai Fung would be able to guarantee that such shareholders would be allocated Units in the REIT offering. Under the Fund Guidelines and the relevant rules of the SSE, the REIT offering comprises three tranches, namely (a) strategic placing, (b) offline placing and (c) public offering, none of which would enable provision of assured entitlement to shareholders:

(a) **strategic placing**: the REIT manager has discretion to determine the strategic placing ratio and to select strategic investors. Accordingly, none of LSG, LSD and Lai Fung is able to guarantee that any professional institutional investors among shareholders would be able to participate in, or obtain Units through, the strategic placing;

(b) **offline placing**: participation by offline investors is conditional upon such investors submitting valid bids during the price inquiry process, and the conditions for participation, valid bid requirements, placing principles and methods are determined by the REIT manager and the financial adviser. Accordingly, none of LSG, LSD and Lai Fung is able to guarantee that all Qualified Investors among shareholders would be able to obtain Units through the offline placing; and

(c) **public offering**: Qualified Investors among shareholders who participate as public investors would be on an equal footing with all other public investors and would not enjoy any priority over other public investors. None of LSG, LSD and Lai Fung is able to determine in advance the results of the public offering and it is impracticable for LSG, LSD or Lai Fung to preferentially allocate Units to shareholders. Accordingly, none of LSG, LSD and Lai Fung is able to guarantee that all Qualified Investors among shareholders would be able to obtain Units through the public offering.

In addition, pursuant to relevant requirements of the Fund Guidelines, the total proportion of fund units strategically placed with the original equity holder or its related parties under common control must not be less than 20% of the total fund units sold, of which 20% of the total fund units offered shall be held for a period of not less than 60 months from the listing date, whilst the portion exceeding 20% shall be held for a period of not less than 36 months from the listing date. Since it is proposed that Lai Fung (by itself or through its subsidiary) will subscribe for at least 20% of the Units under the REIT offering, Lai Fung (by itself or through its subsidiary) will be required to hold 20% of the Units for at least 60 months from the date of completion of the REIT offering and accordingly it is not possible to transfer or distribute the Units to the shareholders during the said lock-up period after the listing of the REIT.

Given the PRC legal impediments set out above, it is not feasible for LSG, LSD or Lai Fung to comply with paragraph 3(f) of PN15 in connection with the Proposed Spin-Off.

GENERAL

The board of directors of each of LSG, LSD and Lai Fung is of the view that the Proposed Spin-Off (including waivers from strict compliance with paragraphs 3(c) and 3(f) of PN15) is fair and reasonable and in the interests of LSG, LSD and Lai Fung respectively, as well as their respective shareholders as a whole.

As at the date of this joint announcement, the Application Materials have not yet been submitted to the CSRC or the SSE. LSG, LSD and Lai Fung will make a further announcement in accordance with PN15 upon submission of the Application Materials to the CSRC or the SSE.

Based on the information available as at the date of this joint announcement, if the Proposed Spin-Off proceeds, it is expected to constitute a very substantial disposal for each of LSG, LSD and Lai Fung. LSG, LSD and Lai Fung will make further announcement(s) in accordance with the requirements of the Listing Rules and comply with the applicable requirements under Chapter 14 of the Listing Rules in relation to the Proposed Spin-Off.

DEFINITIONS

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

"Application Materials"	application materials in relation to the registration and listing of the REIT;
"Asset"	the Plaza, excluding the serviced apartments known as Ascott Huaihai Road Shanghai;
"CSRC"	China Securities Regulatory Commission;
"eSun"	eSun Holdings Limited (豐德麗控股有限公司), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571);
"Fund Guidelines"	"Guidelines for Public Offering of Infrastructure Securities Investment Fund (Trial)" (CSRC Announcement No. 54 of 2020), as updated by the "Decision on Amending Article 50 of the Guidelines for Public Offering of Infrastructure Securities Investment Fund (Trial)" (CSRC Announcement No. 55 of 2023);
"Lai Fung"	Lai Fung Holdings Limited (麗豐控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1125);
"Lai Fung Group"	Lai Fung and its subsidiaries;
"Lai Fung Retained Group"	the remaining business of Lai Fung for the purpose of paragraph 3(c) of PN15, which excludes the Asset;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time);

"Loan"	certain offshore syndicated loans in the facility amount of HK$2,467 million due March 2027, which is secured by, among other things, a mortgage over the Plaza. The Loan, alongside an onshore facility, is subject to an intercreditor agreement governing, among other things, consent requirements and enforcement arrangements between the offshore and onshore lenders. Assuming the Proposed Spin-Off proceeds as disclosed in the application pursuant to PN15 in relation to the Proposed Spin-Off by LSG, LSD and Lai Fung, it is expected the proceeds from the Proposed Spin-Off would be sufficient for full repayment of the Loan. For completeness only, in the event proceeds from the Proposed Spin-Off alone would not be sufficient for full repayment of the Loan due to market conditions, the Proposed Spin-Off would only proceed if the Lai Fung Retained Group is in a position to fully discharge the Loan with a combination of proceeds from the Proposed Spin-Off, internal financial resources and/or external financing/refinancing;
"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 Group"	LSD and its subsidiaries (including, for the avoidance of doubt, the Lai Fung Group, eSun and its subsidiaries);
"LSD Retained Group"	the remaining business of LSD for the purpose of paragraph 3(c) of PN15, which excludes the Lai Fung Group, eSun 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 Retained Group"	the remaining business of LSG for the purpose of paragraph 3(c) of PN15, which excludes the LSD Group;
"No. 4 Announcement"	Announcement No. 4 of 2022 of the People's Bank of China, the CSRC and the State Administration of Foreign Exchange;
"Parent"	for the purposes of PN15, the listed issuer seeking to conduct a spin-off;
"Plaza"	Shanghai Hong Kong Plaza;
"PN15"	Practice Note 15 of the Listing Rules;

"PRC"	the People's Republic of China and for the purpose of this joint announcement, excludes Hong Kong, Macao and Taiwan;
"Proposed Spin-Off"	the possible spin-off and separate listing of the REIT on the SSE, with the underlying asset being the Asset;
"Qualified Investors"	has the meaning ascribed to it in the section of this joint announcement headed "Waiver from strict compliance with paragraph 3(f) of PN15";
"REIT"	a publicly offered commercial real estate investment trust fund set up by the REIT manager;
"Rule 8.05(1) Profit Requirement"	the profit requirement under the profit test pursuant to Rule 8.05(1) of the Listing Rules;
"Rule 8.05(2) Market Cap Requirement"	the market capitalisation requirement under the market capitalisation/revenue/cash flow test pursuant to Rule 8.05(2) of the Listing Rules;
"Rule 8.09(2) Market Cap Requirement"	the market capitalisation requirement under Rule 8.09(2) of the Listing Rules;
"Share(s)"	share(s) of Lai Fung;
"SSE"	Shanghai Stock Exchange;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited; and
"Unit(s)"	unit(s) in the REIT.

Shareholders and potential investors of LSG, LSD and Lai Fung should note that the Proposed Spin-Off is subject to, among other things, the prevailing market conditions and approvals from relevant authorities, including the CSRC and the SSE. Accordingly, the Proposed Spin-Off may or may not proceed. Shareholders and potential investors of LSG, LSD and Lai Fung are advised to exercise caution when dealing in the securities of LSG, LSD and Lai Fung.

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

By Order of the Board
Lai Fung Holdings Limited
Lam Kin Ngok, Peter
Chairman

Hong Kong, 17 November 2026

As at the date of this joint announcement:

(a) the board of directors of LSG comprises six executive directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Yang Yiu Chong, Ronald Jeffrey, Mr. Cheung Sum, Sam (Group Chief Financial Officer), 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;

(b) the board of directors of LSD comprises four executive directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Cheung Sum, Sam (Group Chief Financial Officer), Mr. Lam Hau Yin, Lester (also alternate to Madam U Po Chu) and Mr. 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; and

(c) the board of directors of Lai Fung comprises seven executive directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Lam Kin Hong, Matthew (Executive Deputy Chairman), Mr. Lam Hau Yin, Lester (Chief Executive Officer) (also alternate to Madam U Po Chu), Madam U Po Chu and Messrs. Cheng Shin How, Lee Tze Yan, Ernest and Cheung Sum, Sam (Group Chief Financial Officer); and six independent non-executive directors, namely Messrs. Lam Bing Kwan, Ku Moon Lun, Law Kin Ho, Mak Wing Sum, Alvin, Shek Lai Him, Abraham and Au Hoi Fung.