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LUEN THAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 311)

DISCLOSEABLE TRANSACTION RENEWAL OF LEASE FOR FACTORY PREMISES IN CAMBODIA

The Board announces that, on 30 September 2024 (after trading hours), the Lessee (an indirect wholly-owned subsidiary of the Company) entered into the Lease Agreement with the Lessor (an independent third party) for the renewal of the existing lease of the Premises for a Term of five (5) years commencing from 1 April 2025 to 31 March 2030. The Premises are currently used by the Lessee as the Group's factory premises in Cambodia.

In accordance with HKFRS 16 "Leases", the Group will recognise a right-of-use asset on its consolidated statement of financial position in connection with the entering into of the Lease Agreement. Accordingly, the entering into of the Lease Agreement will be regarded as an acquisition of asset by the Group pursuant to Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the estimated value of the right-of-use asset to be recognised by the Group under the Lease Agreement exceeds 5% but all applicable percentage ratios are less than 25%, the transaction contemplated under the Lease Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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THE LEASE AGREEMENT

The principal terms of the Lease Agreement are as follows:

- Date:** 30 September 2024
- Parties:**
1. The Lessor (an independent third party)
 2. The Lessee (an indirect wholly-owned subsidiary of the Company)
- Premises:** 7 plots of land with a total area of around 40,400 square meters located at National Road #5, Trapeang Chek Sa Village, Kampong Chhnang Commune, Kampong Chhnang City, Kampong Chhnang Province, Cambodia and all existing buildings erected thereon and all fixtures therein and thereof
- Term:** Five (5) years commencing from 1 April 2025 to 31 March 2030
- Renewal:** The Lessee shall, to the extent permissible under the applicable laws, have the option to renew the lease of the Premises for an additional term of five (5) years subject to terms and conditions to be mutually agreed between the Parties. Such option shall be conditional upon the Lessee having observed all the terms and conditions of the Lease Agreement and, in the event that the Parties fail to agree on the new terms and conditions six (6) months before the expiry of the Term, then the right of renewal shall be deemed null and void, and not exercised by the Lessee.
- Rent:**
1. From 1 April 2025 to 31 March 2028: US\$2.00 per square meter, in the total amount of US\$80,800.00 per month (inclusive of withholding tax)
 2. From 1 April 2028 to 31 March 2030: approximately US\$2.1568 per square meter, in the total amount of US\$87,133.00 per month (inclusive of withholding tax)
- Taxes:** The Lessor shall be responsible for withholding tax and annual property tax; and the Lessee shall be responsible for all taxes associated with and incidental to the business carried out at the Premises
- Other charges:** The Lessee shall pay and discharge all water, gas and electricity charges payable in respect of the Premises (property tax and expenses of a capital nature excepted)

- Security Deposit:** The Lessee shall pay to the Lessor as security deposit the sum of US\$161,600.00 upon execution on the Lease Agreement and a further sum of US\$12,928.00 on or before 1 April 2028
- Payment terms:** The Lessee shall pay one (1) month's rent in advance to the Lessor without deduction whatsoever no later than the 1st day of each calendar month of the Term by check or wire transfer
- Use:** The Lessee shall be entitled to use the Premises for the purposes of manufacturing, related business and administrative activities and any other lawful business activities
- Construction:** During the Term, the Lessee may, with the prior written approval of the Lessor, have the full right to construct at the Lessee's expense any kind of building and other structures or improvements on the Premises, and to renovate and repair any such construction in accordance with the applicable laws and regulations of Cambodia, and any such construction shall belong to and remain the property of the Lessor. For the avoidance of doubt, any equipment or structure affixed by the Lessee to the Premises or such construction during the Term shall belong to and remain the property of the Lessee.
- Sub-letting:** The Lessee shall be entitled to sublet the Premises, in whole or in part, to any of the Company's subsidiaries under the same terms and conditions of the Lease Agreement

The aggregate amount of rent payable under the Lease Agreement (inclusive of withholding tax) is US\$4,999,992, which will be financed by internal resources of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

The Group has been leasing the Premises from the Lessor since 2020 and the existing lease will expire on 31 March 2025. To cope with the Group's commercial need for production and avoid any relocation costs and disruption of operation, the Directors believe that it is reasonable, necessary and beneficial to the Group as a whole to renew the lease of the Premises, so to enable the Group to continue to operate its factory premises after the expiry of the existing lease of the Premises.

The terms of the Lease Agreement (including the rent payable) were arrived at after arm's length negotiations between the Lessor and the Lessee by reference to the prevailing market rentals for comparable properties in the vicinity of the Premises and the existing rent of the Premises under the existing lease.

The Directors (including the independent non-executive Directors) consider that the entering into of the Lease Agreement is in the ordinary and usual course of business of the Group, is on normal commercial terms and such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Lessor is a Cambodian national and the lawful owner of the Premises. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Lessor is an independent third party.

The Lessee is a company incorporated and registered in Cambodia and an indirect wholly-owned subsidiary of the Company. The Group is principally engaged in the manufacturing and trading of apparel and accessories.

LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 “Leases”, the Group will recognise a right-of-use asset on its consolidated statement of financial position in connection with the entering into of the Lease Agreement. Accordingly, the entering into of the Lease Agreement will be regarded as an acquisition of asset by the Group pursuant to Chapter 14 of the Listing Rules.

The estimated value of the right-of-use asset to be recognised by the Group upon execution of the Lease Agreement is approximately US\$4,440,000 (equivalent to approximately HK\$34,632,000), which includes the present value of the aggregate rent payments to be made during the Term in accordance with HKFRS 16 “Leases”. A discount rate of 10.10% per annum is adopted in calculating the present value of the lease payments.

As one or more of the applicable percentage ratios in respect of the estimated value of the right-of-use asset to be recognised by the Group under the Lease Agreement exceeds 5% but all applicable percentage ratios are less than 25%, the transaction contemplated under the Lease Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

“Board”	board of Directors
“Cambodia”	The Kingdom of Cambodia
“Company”	Luen Thai Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares are listed on the Stock Exchange (stock code: 311)

“connected person(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“independent third party(ies)”	third party(ies) which, together with its beneficial owner(s) (if any) and to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, are independent of the Company and its connected persons
“Lease Agreement”	the Lease Agreement dated 30 September 2024 and entered into between the Lessor and the Lessee, the principal terms of which are set out in the section headed “The Lease Agreement” of this announcement
“Lessee”	M&V International Manufacturing Limited, a company incorporated and registered in Cambodia and an indirect wholly-owned subsidiary of the Company
“Lessor”	Mr. Tomas LEONG
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the Lessor and the Lessee, collectively
“percentage ratios”	shall have the meaning as ascribed to it under Chapter 14 of the Listing Rules
“Premises”	the premises described in the section headed “The Lease Agreement — Term” of this announcement
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term”	the term of the Lease Agreement as set out in the section headed “The Lease Agreement — Term” of this announcement

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent

For illustration purpose, in this announcement, amounts in US\$ have been translated into HK\$ at the exchange rate of US\$1.00 to HK\$7.80. Such translations do not constitute a representation that any amount has been, could have been or may be exchanged at such rates.

By order of the Board
Luen Thai Holdings Limited
Tan Cho Lung, Raymond
Chief Executive Officer and Executive Director

Hong Kong, 30 September 2024

As at the date of this announcement, the Board comprises Mr. Wang Weimin, Dr. Tan Siu Lin, Mr. Tan Cho Lung, Raymond, Mr. Zhang Min and Mr. Jin Xin as executive Directors; Ms. Fok Yue San, Sandy as non-executive Director; Mr. Chan Henry, Dr. Wang Ching and Mr. Lee Cheuk Yin, Dannis as independent non-executive Directors.

Company website: www.luenthai.com