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LUEN THAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 311)

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE LEASE MASTER AGREEMENT

Reference is made to the Previous Announcement dated 13 December 2024 in respect of the Existing Lease Master Agreement.

THE LEASE MASTER AGREEMENT

On 29 September 2025 (after trading hours), LTO (a direct wholly-owned subsidiary of the Company) and LTG entered into the Lease Master Agreement with a term commencing from 1 October 2025 to 30 June 2027.

TERMINATION OF EXISTING CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE EXISTING LEASE MASTER AGREEMENT

Pursuant to the Lease Master Agreement, LTO and LTG also agreed to terminate the Existing Lease Master Agreement with effect from the commencement date of the term of the Lease Master Agreement. As disclosed in the Previous Announcement, LTO had entered into the Existing Lease Master Agreement with LTG in respect of the leasing of factory premises and dormitories from LTG for a term of one year commencing from 1 January 2025 to 31 December 2025.

The Directors confirm that (i) neither the Company nor the LTG Group has to pay the other party any compensation as a result of the termination of the Existing Lease Master Agreement; and (ii) the termination of the Existing Lease Master Agreement is fair and reasonable and on normal commercial terms and will not cause any material adverse impact on the business, operations or financial conditions of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, LTG is ultimately owned as to 30% by a discretionary family trust founded by Dr. Tan Siu Lin, an executive Director of the Company and he controls the composition of the board of directors of the discretionary trustee of the said family trust. LTG is therefore an associate and a connected person of the Company. No other connected person of the Company holds any interest in the shares of LTG. Therefore, under Chapter 14A of the Listing Rules, (a) the entering into of the Lease Master Agreement and the payment of the Fixed Lease Payments thereunder constitute a one-off connected transaction of the Company, and (b) the payment of the Auxiliary Service Payments thereunder constitutes continuing connected transactions of the Company and the Group is required to set an annual cap on the annual payable Auxiliary Service Payments.

Given that (i) all the applicable percentage ratios in respect of the value of the right-of-use asset under the Lease Master Agreements are more than 0.1% but less than 5%; and (ii) all the applicable percentage ratios in respect of the Lease Master Agreement on the basis of the highest annual cap amount of the Auxiliary Services Payments are more than 0.1% but less than 5%, the Lease Master Agreement and the transactions contemplated thereunder are exempt from the independent shareholders' approval requirement, but are subject to the reporting, announcement and (to the extent constituting continuing connected transactions of the Company) annual review requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 29 September 2025 (after trading hours), LTO (a direct wholly-owned subsidiary of the Company) and LTG entered into the Lease Master Agreement with a term commencing from 1 October 2025 to 30 June 2027.

LEASE MASTER AGREEMENT

The principal terms of the Lease Master Agreement are as follows:

- Date:** 29 September 2025
- Parties:** (i) LTO (a direct wholly-owned subsidiary of the Company), for itself and on behalf of the Group
- (ii) LTG, for itself and on behalf of the LTG Group
- Premises:** The factory located at Fenggang Town, Dongguan City, Guangdong Province, the PRC (the “**Lease Property**”)
- Term:** From 1 October 2025 to 30 June 2027

- Gross floor area:** Total floor area of 18,826 square meters
- Use:** The Lease Property may be used as factory and office only
- Rental payment:** 1 October 2025 to 31 December 2026: RMB395,346 per month
1 January 2027 to 30 June 2027: RMB414,172 per month
- Management fee:** The Group shall pay the LTG Group management fees in connection with the use of the Lease Property at the following rates:
- 1 October 2025 to 31 December 2026: RMB39,535 per month
1 January 2027 to 30 June 2027: RMB41,417 per month
- Utility charges:** Utility charges are payable to the LTG Group for the use of the Lease Property, as the Group does not maintain its own accounts with the applicable public utility providers.
- These utility charges are calculated based on the tariffs of the relevant public utility providers and the actual amount of consumption by the Group.
- Rental payments for the right to use the Dormitories:** In addition to leasing the Lease Property for factory and office purposes, during the term of the Lease Master Agreement, the Group shall pay the LTG Group additional rental fees for the use of the Dormitories at the following rates:
- (i) fixed dormitory for workers: monthly rate ranging from RMB500 to RMB580 per room;
 - (ii) staff quarter for employees: monthly rate ranging from RMB1,500 to RMB2,000 per room; and
 - (iii) temporary dormitory for temporary workers or guests: daily rate ranging from RMB280 to RMB380 per room.
- The rental fees for the use of the Dormitories will be based on the Occupancy Rate.
- The Dormitories and the Leased Property are located within the same industrial park in the Fenggang Town. There are 372 rooms available for the Group to lease as the Dormitories.

Pricing policy: The monthly rent of the Lease Property and lease rate of the Dormitories were based on normal commercial terms, negotiated on an arm's length basis with reference to market prices of other independent third party providers of similar sized premises in the vicinity, on similar basis as the Group leases property from independent third party landlords, and on terms which are no less favorable to the Group than those offered by independent third party landlords.

ACCOUNTING IMPLICATION AND TREATMENT UNDER THE LISTING RULES

In accordance with the HKFRS applicable to the Group, the payments contemplated under the Lease Master Agreement comprise different components to which different accounting treatments will be applied.

In accordance with HKFRS, the Fixed Lease Payments to be made by the Group under the Lease Master Agreement is capital in nature for the Company and the Lease Property will be recognized as right-of-use assets of the Group at the commencement date of the Lease Master Agreement for an amount of approximately US\$1,140,000 (approximately RMB8,100,000).

Since Variable Lease Payments are linked to the Occupancy Rate, no right-of-use asset in relation to the Variable Lease Payments is recognized, and the Variable Lease Payments will form part of the Auxiliary Services Payments which will be recognized as expenses of the Group over the term of the Lease Master Agreement in accordance with HKFRS 16.

The Group expects that the rental payments payable under the Lease Master Agreement will be financed primarily by internal resources of the Group.

HISTORICAL AMOUNTS AND ANNUAL CAPS

As the Auxiliary Services Payments under the Lease Master Agreement constitute continuing connected transactions for the Company, the Group is required to set an annual cap on the annual Auxiliary Services Payments payable to the LTG Group.

The proposed annual caps in respect of the Auxiliary Services Payments payable under the Lease Master Agreement for the following periods are as follows:

TERM	Annual cap in relation to the Auxiliary Services Payments USD'000
For the period from 1 October 2025 to 31 December 2025	250
For the financial year ending 2026	950
For the period from 1 January 2027 to 30 June 2027	500

The above annual caps were determined with reference to the (i) agreed lease rates for the Dormitories and management fees for the use of the Lease Property which were arrived at on normal commercial terms after arm's length negotiation; (ii) the anticipated Occupancy Rate; (iii) the tariffs of the public utility service providers and the estimated consumption rate of the Group; and (iv) the aggregate amount of the management fees, Variable Lease Payments and utilities charges estimated to be payable under the Lease Master Agreement during the relevant period or year, including a buffer for adjustments relating to possible increment of utilities charges and Variable Lease Payments and with reference to the historical amounts paid under the Existing Lease Master Agreement.

Taking into account the above factors, the Directors (including the independent non-executive Directors) consider that the above proposed annual caps in relation to the Auxiliary Services Payments under the Lease Master Agreement are fairly and reasonably determined.

The historical amounts of Auxiliary Services Payments paid by LTO to LTG under previous lease master agreements (including the Existing Lease Master Agreement) for the past three years are as follows:

TERM	Auxiliary Services Payments USD'000
For the financial year ended 2023	841
For the financial year ended 2024	848
For the period from 1 January 2025 to 31 August 2025	537

REASONS FOR ENTERING INTO THE LEASE MASTER AGREEMENT

The LTG Group, with a diverse and wide business network, has been leasing the factory premises and dormitories in the PRC to the Group since 2017. The Directors believe that such transactions are beneficial to the Group as a whole as the Group is able to leverage on its long-established relationship with the LTG Group.

To cope with the commercial need for production and avoid any relocation costs and any unnecessary business interruption, the Directors believe that it is reasonable and necessary for the Company to enter into the Lease Master Agreement. Furthermore, the Directors believe that the Lease Master Agreement, with a term of 21 months, is concluded on standard commercial terms. A longer agreement duration is expected to enhance the Company's ability to negotiate more favorable terms, such as a freeze on rent increases.

The terms of the Lease Master Agreement (including the Fixed Lease Payments and the Auxiliary Services Payments) reflect normal commercial terms negotiated on an arm's length basis, are comparable to the terms given by independent third party landlords and were determined with reference to the prevailing market rates of similar properties in the vicinity of such properties.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Lease Master Agreement (including the proposed annual caps) is entered into on normal commercial terms that are fair and reasonable and in the ordinary and usual course of business of the Company, and the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole.

Dr. Tan Siu Lin, an executive Director, has a material interest in the transactions contemplated under the Lease Master Agreement and has therefore abstained from voting on the Board resolutions approving the same. Mr. Tan Cho Lung, Raymond, son of Dr. Tan Siu Lin and an executive Director, has also voluntarily abstained from voting on the relevant Board resolutions.

TERMINATION OF EXISTING CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE EXISTING LEASE MASTER AGREEMENT

Pursuant to the Lease Master Agreement, LTO and LTG also agreed to terminate the Existing Lease Master Agreement with effect from the commencement date of the term of the Lease Master Agreement. As disclosed in the Previous Announcement, LTO had entered into the Existing Lease Master Agreement with LTG in respect of the lease of the Lease Property for a term of one year commencing from 1 January 2025 to 31 December 2025.

The Directors confirm that (i) neither the Company nor the LTG Group has to pay the other party any compensation as a result of the termination of the Existing Lease Master Agreement; and (ii) the termination of the Existing Lease Master Agreement is fair and reasonable and on normal commercial terms and will not cause any material adverse impact on the business, operations or financial conditions of the Company.

The Directors also confirm that the actual transaction amounts under the Existing Lease Master Agreement have not exceeded the relevant annual caps contemplated thereunder as disclosed in the Previous Announcement.

INFORMATION ON THE PARTIES

LTO is an investment holding company and a direct wholly-owned subsidiary of the Company. The Group is principally engaged in the manufacturing and trading of apparels and accessories.

LTG is an investment holding company and is ultimately owned as to 30% by a discretionary family trust founded by Dr. Tan Siu Lin, an executive Director of the Company. No other connected person of the Company holds any interest in the shares of LTG. Dr. Tan Henry (son of Dr. Tan Siu Lin and an independent third party) ultimately owns 49% of the interests in LTG. No other person holds 30% or more of the voting power of LTG. The remaining interests are ultimately owned as to 15% and 6%, respectively, by Mr. Tan Willie (son of Dr. Tan Siu Lin) and Mr. Tan Jeffrey Shaw Ying who are both independent third parties.

INTERNAL CONTROL

The Company has established various internal control measures in order to ensure that the transactions contemplated under the Lease Master Agreement will be conducted in accordance with the pricing policies of the Group and that the terms of the Lease Master Agreement are on normal commercial terms or on terms no less favorable than those terms offered by independent third parties for similar products or services (as the case may be) in the ordinary and usual course of business.

Such internal control measures mainly include the following:

- The finance department of the Company is responsible for collecting data and statistics of the continuing connected transactions contemplated under the Lease Master Agreement on a monthly basis to ensure the annual caps approved are not exceeded.
- The finance department of the Company will also submit such information for the Board's review not less than three times annually, including but not limited to the historical and actual transaction amounts, to ensure that the relevant transactions are carried out in accordance with the terms of the Lease Master Agreement and will not exceed the respective annual caps.

- The external auditors of the Company will report by issuing a letter to the Board annually on the continuing connected transactions of the Company in relation to the pricing policies and annual caps of the continuing connected transactions (including the transactions contemplated under the Lease Master Agreement) of the Company conducted during the preceding financial year pursuant to the Listing Rules.
- The internal audit team of the Company will conduct regular review of the transactions in accordance with the established terms and the pricing policy under the Lease Master Agreement and perform sampling inspections to ensure the related internal control procedures were properly followed. The internal audit assessment on the adequacy and effectiveness of such internal control measures will be reported to the audit committee of the Company.
- The independent non-executive Directors will conduct an annual review with respect to the continuing connected transactions of the Company throughout the preceding financial year and confirm on the transactional amounts and terms of the continuing connected transactions in the annual report of the Company pursuant to the requirements under the Listing Rules, and to ensure that the transactions are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of the relevant agreements governing the continuing connected transactions.

LISTING RULES IMPLICATIONS

As at the date of this announcement, LTG is ultimately owned as to 30% by a discretionary family trust founded by Dr. Tan Siu Lin, an executive Director of the Company and he controls the composition of the board of directors of the discretionary trustee of the said family trust. LTG is therefore an associate and a connected person of the Company. No other connected person of the Company holds any interest in the shares of LTG. Therefore, under Chapter 14A of the Listing Rules, (a) the entering into of the Lease Master Agreement and the payment of the Fixed Lease Payments thereunder constitute a one-off connected transaction of the Company, and (b) the payment of the Auxiliary Service Payments thereunder constitutes continuing connected transactions of the Company and the Group is required to set an annual cap on the annual payable Auxiliary Service Payments.

Given that (i) all the applicable percentage ratios in respect of the value of the right-of-use asset under the Lease Master Agreements are more than 0.1% but less than 5%; and (ii) all the applicable percentage ratios in respect of the Lease Master Agreement on the basis of the highest annual cap amount of the Auxiliary Services Payments are more than 0.1% but less than 5%, the Lease Master Agreement and the transactions contemplated thereunder are exempt from the independent shareholders' approval requirement, but are subject to the reporting, announcement and (to the extent constituting continuing connected transactions of the Company) annual review requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Auxiliary Services Payments”	collectively, the Variable Lease Payment for the use of the Dormitories, and the management fees and utility charges payable by the Group to the LTG Group for the use of the Lease Property
“Board”	board of Directors
“Company”	Luen Thai Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange (stock code: 311)
“connected person(s)”	shall have the meaning as ascribed to it under the Listing Rules
“continuing connected transaction(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dormitories”	the dormitories for workers, employees or guests of the Group
“Existing Lease Master Agreement”	the factory premises and dormitories lease master agreement entered into between LTO and LTG on 13 December 2024, details of which were disclosed in the Previous Announcement
“Fixed Lease Payments”	the rental fees payable by the Group to the LTG Group at a monthly rate for the right to use the Lease Property under the Lease Master Agreement, excluding any Auxiliary Services Payments
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants from time to time

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third parties”	persons who are independent of the Company and its connected persons
“Lease Master Agreement”	the factory premises and dormitories lease master agreement entered into between LTO and LTG on 29 September 2025
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LTG”	Luen Thai Group Ltd, a company incorporated in the Bahamas
“LTG Group”	LTG and its subsidiaries
“LTO”	Luen Thai Overseas Limited, a company incorporated in the Bahamas and a direct wholly-owned subsidiary of the Company
“Occupancy Rate”	the monthly occupancy rate for the Dormitories
“percentage ratios”	shall have the meaning as ascribed to it under Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China
“Previous Announcement”	the announcement of the Company dated 13 December 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“Variable Lease Payments”	the amount payable by the Group to LTG Group for the right to use the Dormitories during the term of the Lease Master Agreement which varies based on the actual occupancy rate of the Dormitories
“%”	per cent

For illustration purpose, in this announcement, amounts in RMB have been translated into US\$ at the exchange rate of RMB7.10 to US\$1.00. 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
Chan Hiu Leong
Company Secretary

Hong Kong, 29 September 2025

As at the date hereof, 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, Mr. Lee Cheuk Yin, Dannis and Ms. Shi Min as independent non-executive Directors.

Company website: www.luenthai.com