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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Luen Thai Holdings Limited** (the “Company”), you should at once hand this circular to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**LUEN THAI HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 311)**

**CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO  
FABRIC PURCHASE MASTER AGREEMENT**

**Independent Financial Adviser to  
the Independent Board Committee and Independent Shareholders**



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A letter from the Board is set out on pages 4 to 13 and a letter from the Independent Board Committee is set out on pages IBC-1 to IBC-2 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-14 of this circular.

A notice convening the EGM of the Company to be held at the Boardroom, Rooms 1001–1005, 10th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong on Friday, 24 October 2025 at 2:30 p.m. is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned thereof (as the case may be) should you so wish.

*In case of inconsistency between the Chinese version and the English version of this circular, the English version will prevail.*

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following respective meanings:*

“Announcements”	the announcements issued by the Company on 27 August 2025, 12 September 2025, 25 September 2025 and 3 October 2025 in relation to the Agreement
“Articles”	the articles of association of the Company, as amended from time to time
“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 transactions”	shall have the meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Effective Date”	the date on which the Fabric Purchase Master Agreement becomes effective upon approval by the Independent Shareholders at the EGM
“EGM”	the extraordinary general meeting of the Company to be held at the Boardroom, Rooms 1001–1005, 10th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong on 24 October 2025 at 2:30 p.m. to consider and (if appropriate) to approve the resolutions contained in the notice set out on pages EGM-1 to EGM-3 of this circular, or its adjournment
“Fabric Purchase Master Agreement”	the Fabric Purchase Master Agreement dated 27 August 2025 entered into between LTO and Shangtex, the principal terms of which are set out in the section headed “Fabric Purchase Master Agreement — Principal Terms” of this circular
“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 PRC

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## DEFINITIONS

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“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders in connection with the Fabric Purchase Master Agreement, the transactions contemplated thereunder, and the proposed annual caps thereof
“Independent Financial Adviser”	Lego Corporate Finance Limited, a licenced corporation to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Fabric Purchase Master Agreement
“Independent Shareholders”	Shareholders other than those who have a material interest in the Fabric Purchase Master Agreement and the transactions contemplated thereunder
“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
“Latest Practicable Date”	30 September 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular prior to its publication
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“LTO”	Luen Thai Overseas Limited, a company incorporated in the Bahamas and a direct wholly-owned subsidiary of the Company
“LTO Group”	LTO and its subsidiaries
“percentage ratios”	shall have the meaning as ascribed to it under Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China
“Purchase Transactions”	the purchase of fabric by members of the LTO Group from members of the Shangtex Group from time to time contemplated under the Fabric Purchase Master Agreement
“Shangtex”	Shangtex Holding Co., Ltd.* (上海紡織(集團)有限公司), a company incorporated in the PRC with limited liability
“Shangtex Group”	Shangtex and its subsidiaries (excluding the Group)

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## DEFINITIONS

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“Shangtex HK”	Shangtex (Hong Kong) Limited, a company incorporated in Hong Kong and a substantial shareholder of the Company
“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
“substantial shareholder”	shall have the meaning as ascribed to it under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

*For illustration purpose, in this circular, amounts in US\$ have been translated into HK\$ at the exchange rate of US\$1.00 to HK\$7.85. Such translations do not constitute a representation that any amount has been, could have been or may be exchanged at such rates.*



**LUEN THAI HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 311)**

*Executive Directors:*

Wang Weimin (*Chairman*)  
Tan Siu Lin (*Honorary Life Chairman*)  
Tan Cho Lung, Raymond  
*(Chief Executive Officer)*  
Zhang Min  
Jin Xin

*Non-executive Director:*

Fok Yue San, Sandy

*Independent Non-executive Directors:*

Chan Henry  
Lee Cheuk Yin, Dannis  
Shi Min

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681, Grand Cayman  
KY1-1111, Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

Rooms 1001–1005, 10/F  
Nanyang Plaza  
57 Hung To Road  
Kwun Tong, Kowloon  
Hong Kong

6 October 2025

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO  
FABRIC PURCHASE MASTER AGREEMENT**

**INTRODUCTION**

Reference is made to the Announcements in respect of the Fabric Purchase Master Agreement and the transactions contemplated thereunder.

On 27 August 2025 (after trading hours), LTO (a direct wholly-owned subsidiary of the Company) and Shangtex (a connected person of the Company) entered into the Fabric Purchase Master Agreement in relation to the purchase of fabric by the LTO Group from the Shangtex Group from time to time from the Effective Date to 31 December 2027.

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## LETTER FROM THE BOARD

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Shangtex, through its wholly owned subsidiary, Shangtex HK, holds approximately 70.64% of the issued share capital of the Company and is a substantial shareholder of the Company. Accordingly, Shangtex and its associates are connected person of the Company. Therefore, the transaction contemplated under the Fabric Purchase Master Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the highest proposed annual caps for the aggregate fees for the transactions contemplated under the Fabric Purchase Master Agreement for each of the years ending on 31 December 2025, 2026 and 2027 is more than 5% and more than HK\$10,000,000 on an annual basis, the transactions contemplated under the Fabric Purchase Master Agreement will be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Company will hold the EGM for the Independent Shareholders to consider and, if thought fit, approve the Fabric Purchase Master Agreement and the transactions contemplated thereunder, and the proposed annual caps thereof. The Independent Board Committee has been established to advise the Independent Shareholders on the transactions contemplated under the Fabric Purchase Master Agreement and the proposed annual caps thereof. Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to (i) provide the Shareholders with further information in respect of the Fabric Purchase Master Agreement and the proposed annual caps thereof; (ii) set out the recommendation of the Independent Board Committee to the Independent Shareholders and the advice of the Independent Financial Adviser in respect of the Fabric Purchase Master Agreement and the proposed annual caps thereof; and (iii) give the Shareholders the notice of the EGM and other information as required under the Listing Rules.

### FABRIC PURCHASE MASTER AGREEMENT

The principal terms of the Fabric Purchase Master Agreement are as follows:

- Date:** 27 August 2025
- Parties:**
- (i) LTO, for itself and on behalf of the LTO Group; and
  - (ii) Shangtex, for itself and on behalf of the Shangtex Group

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## LETTER FROM THE BOARD

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**Term:** Subject to the Independent Shareholders' approval of the Fabric Purchase Master Agreement and the transactions contemplated thereunder, the term of the Fabric Purchase Master Agreement shall commence on the Effective Date and shall end on 31 December 2027, unless terminated earlier by an instrument signed by both parties or by either party by giving the other party not less than 30-day written notice.

**Nature of Transactions:** Pursuant to the Fabric Purchase Master Agreement, Shangtex has undertaken to supply, or procure its subsidiaries to supply, woven and knit fabrics required by the Group. These fabrics will be utilized by the Group for the manufacture of its apparel products.

The LTO Group and the Shangtex Group will enter into individual orders or purchase agreements setting out specific terms of the Purchase Transactions. The terms of the individual orders or purchase agreements will be consistent with the principles and the terms of the Fabric Purchase Master Agreement. If there is any conflict between the terms of an individual order or purchase agreement and the Fabric Purchase Master Agreement, the latter shall prevail.

**Payment:** The purchase price, payment time and method, and other specific terms or conditions (if any) for the Purchase Transactions shall be fixed by relevant parties in the individual agreements, individual contracts or purchase orders on a case-by-case basis. The Purchase Transactions will normally be settled in the form of cash payment on a monthly, quarterly or agreed period basis and shall be consistent with the payment terms in the market.

### **Pricing Policy**

As per the terms of the Fabric Purchase Master Agreement, the general pricing principles and terms of the individual order in respect of the Purchase Transactions will be charged on normal commercial terms, negotiated on an arm's length basis, set with reference to the market price and on similar basis as the Group transacts business with other independent third party suppliers (which in any event shall not be higher than those charged by independent third party suppliers on the Group for comparable goods) and shall be on terms which are no less favourable to the Group than those provided by independent third party suppliers.

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## LETTER FROM THE BOARD

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Subject to the general pricing principles disclosed above, the Group will also take into account the following factors when determining the purchase price payable by the Group under the individual orders in respect of the Purchase Transactions:

- The Company will obtain at least two written quotations from independent suppliers of similar products (where available), and/or reputable industry sources, with reference to the publicly available fabric prices on Alibaba's procurement and wholesale website (<http://www.alibaba.com/>), which is an e-commerce platform operated by Alibaba Group Holding Limited, to establish prevailing market prices. These quotations shall be in writing and specify key commercial terms and technical specifications (including unit price and lead time). For transactions involving connected persons, the Company will require such suppliers to provide a formal written quotation, which will be evaluated alongside at least two quotations from independent third parties. In cases where a customer nominates a sole supplier for the required fabric, the requirement for multiple quotations may be waived, and the procurement department of the Company will compare the prices of fabric as quoted from Alibaba's procurement and wholesale website (<http://www.alibaba.com/>), such process shall be properly documented as a part of comparative assessment.
- The Company will evaluate the suppliers' quotations based on the following factors:
  - comparison of quoted prices against those of independent suppliers for identical or substantially similar fabric products;
  - compliance with the technical requirements and industry standards specified by the Company and its customers;
  - reliability of the supplier's supply chain, timeliness of delivery, and transport costs;
  - whether the payment and credit terms granted by the supplier align with standard industry practices; and
  - the supplier's history of compliance, reliability, and after-sales service.
- The Company's procurement department will prepare a comparative assessment to summarize the above criteria for each order. This assessment will be submitted for final review and approval by the merchandising manager or a more senior officer;
- Taking into account the above, the Company will ensure that the Purchase Transactions are entered into on normal commercial terms that are fair and reasonable, and at terms not less favourable than those offered by independent third parties for supply of similar products. The Company will retain all relevant documentation for audit trail and corporate governance purposes.

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## LETTER FROM THE BOARD

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For the avoidance of doubt, such pricing mechanism should apply to any orders issued during the term of the Fabric Purchase Master Agreement and each order shall be conducted in compliance with the provisions of the Fabric Purchase Master Agreement.

### **Historical Transaction Value and Proposed Annual Caps**

There is no historical transaction amounts with respect to the purchase of fabric by the LTO Group from the Shangtex Group.

The proposed annual caps for the transactions contemplated under the Fabric Purchase Master Agreement for the period from the Effective Date to 31 December 2025 and the two years ending 31 December 2026 and 2027 are US\$5,000,000 (or approximately HK\$39,250,000), US\$20,000,000 (or approximately HK\$157,000,000) and US\$20,000,000 (or approximately HK\$157,000,000), respectively.

The proposed annual caps in respect of the purchase of fabric under the Fabric Purchase Master Agreement as set out above were determined by the Board after considering the following factors and taking into account (i) the volume of fabric purchased by the Group from the existing suppliers during the 7-month period from 1 January 2025 to 31 July 2025; (ii) the current market price of fabric; and (iii) the expected volume of fabric required by the LTO Group for its production during the term of the Fabric Purchase Master Agreement based on the sales forecasts and fabric requirements of the LTO Group.

Prior to the entering into of the Fabric Purchase Master Agreement, the LTO Group made reference to the projection of the production and development of LTO Group's apparel business for the period from 1 October (i.e. the estimated and target commencement date of the term of the Fabric Purchase Master Agreement) to 31 December 2025 and each of the two years ending 31 December 2027. Based on the projections, it is estimated that the Group's total fabric purchase amounts from all of the Company's fabric suppliers (including existing and new suppliers) will be approximately US\$20,000,000, US\$80,000,000 and US\$80,000,000 for the period from 1 October to 31 December 2025 and the two years ending 31 December 2026 and 2027 respectively. After taking into account the Group's business plan, projected demand for fabrics and historical fabric purchase volumes from existing suppliers, the Group estimates that the annual caps for the Purchase Transactions from Shangtex Group will constitute approximately 25.0%, 25.0% and 25.0% of the Group's total fabric purchases for the corresponding period and years.

The Group intends to enhance its cost competitiveness by reallocating approximately 25% of the purchase of fabric from existing suppliers to the Shangtex Group during the terms of the Fabric Purchase Master Agreement. Having considered that (i) the 25% reallocation represents a prudent and measured approach to ensure a seamless transition, allowing the Group to integrate new supplier relationships without disrupting existing operations; (ii) the reallocation preserves the LTO Group's flexibility to achieve its procurement objectives by maintaining a diversified supplier base, so that it can support business growth and adapt to market dynamics without compromising operational stability, the Directors are of the view that the proposed annual caps under the Fabric Purchase Master Agreement are fair and reasonable in light of the LTO Group's development plan for their apparel business.

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## LETTER FROM THE BOARD

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Taking into account the above factors, the Directors (including the independent non-executive Directors) are of the view that the proposed annual caps for the transactions contemplated under the Fabric Purchase Master Agreement are fairly and reasonably determined.

### **Reasons for and Benefits of entering into the Fabric Purchase Master Agreement**

The Group is principally engaged in the business of manufacturing and trading of apparel products with a consistent demand of high-quality fabric for production. As one of the principal activities of the Shangtex Group is textile manufacturing, the entering into of the Fabric Purchase Master Agreement will allow the Group to better manage quality control and its production lead time.

It is believed that the Fabric Purchase Master Agreement will enable the Group to secure a long term and stable supply of high-quality fabric at competitive prices in the long run, which will be beneficial to the overall business operation and development of the Group.

In view of the aforesaid, the Directors (excluding the independent non-executive Directors who will provide their view after receiving the advices from the Independent Financial Adviser) are of the view that the transactions contemplated under the Fabric Purchase Master Agreement (and the annual caps related thereto) are and will be entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Fabric Purchase Master Agreement (and the annual caps related thereto) were negotiated on an arm's length basis and are fair and reasonable and in the interest of the Group and the Shareholders as a whole. In addition, the Directors are also of the view that the proposed annual caps were fairly and reasonably determined.

### **DIRECTORS' MATERIAL INTERESTS**

Three Directors, namely Mr. Wang Weimin, Mr. Zhang Min and Mr. Jin Xin, each hold positions in Shangtex and/or its associated companies and hence have a material interest in the transactions contemplated under the Fabric Purchase Master Agreement. Accordingly, each of the said Directors has abstained from voting on the Board resolution of the Company approving the entering into of the Fabric Purchase Master Agreement and the transactions contemplated thereunder.

### **INTERNAL CONTROL MEASURES**

The Company has established various internal control measures in order to ensure that the transactions under the Fabric Purchase Master Agreement will be conducted in accordance with the pricing policies of the Group and the terms of the Fabric Purchase Master Agreement, on normal commercial terms and in its ordinary and usual course of business.

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## LETTER FROM THE BOARD

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Such internal control measures mainly include the following:

- The Group will collect market information and keep track of the latest changes in the industry on a monthly basis, especially the purchase prices of similar fabric products through different sources, including at least two market quotations from other independent third party suppliers and/or reputable industry sources, on an ongoing basis.
- The finance department of the Company will conduct monthly checks on whether the transactions contemplated under the relevant continuing connected transactions are being conducted in accordance with the terms and the pricing policy of the Fabric Purchase Master Agreement.
- The finance department of the Company is responsible for collecting data and statistics of the continuing connected transactions under the Fabric Purchase Master Agreement on a monthly basis to ensure the annual caps approved are not exceeded.
- The internal audit team of the Company will conduct quarterly review of the transactions in accordance with the established terms and the pricing policy under the Fabric Purchase 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.
- All abovementioned personnel involved in the Group's internal control procedures are independent of the Shangtex Group and its associates.
- The external auditors of the Company will report by issuing a letter to the Board every year 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 under the Fabric Purchase Master Agreement) of the Company conducted during the preceding financial year pursuant to the Listing Rules.
- 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 and in the interest of the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### 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 apparel and accessories.

Shangtex is an investment holding company. The Shangtex Group is principally engaged in the manufacturing and trading of apparels and accessories.

Shangtex is owned as to 96.65% by Orient International (Holding) Co., Ltd. Orient International (Holding) Co., Ltd. is ultimately owned as to 93.4% by the Shanghai State-owned Assets Supervision and Administration Commission.

### IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, Shangtex, through its wholly owned subsidiary, Shangtex HK, holds 730,461,936 Shares, representing approximately 70.64% of the issued share capital of the Company and is a substantial shareholder of the Company. Accordingly, Shangtex and its associates are connected person of the Company. Therefore, the transaction contemplated under the Fabric Purchase Master Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the proposed annual caps for the aggregate fees for the transactions contemplated under the Fabric Purchase Master Agreement for each of the years ending on 31 December 2025, 2026 and 2027 is more than 5% and more than HK\$10,000,000 on an annual basis, the transactions contemplated under the Fabric Purchase Master Agreement will be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Three Directors, namely Mr. Wang Weimin, Mr. Zhang Min and Mr. Jin Xin, each hold positions in Shangtex and/or its associated companies and hence have a material interest in the transactions contemplated under the Fabric Purchase Master Agreement. Accordingly, each of the said Directors has abstained from voting on the Board resolution of the Company approving the entering into of the Fabric Purchase Master Agreement and the transactions contemplated thereunder.

### EGM

The Company will hold the EGM for the Independent Shareholders to consider and, if thought fit, approve the Fabric Purchase Master Agreement and the transactions contemplated thereunder, and the proposed annual caps thereof.

A notice convening the EGM which will be held at the Boardroom, Rooms 1001–1005, 10th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong on Friday, 24 October 2025 at 2:30 p.m. is set out on pages EGM-1 to EGM-3 of this circular

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## LETTER FROM THE BOARD

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for the Shareholders to consider and, if thought fit, pass the ordinary resolutions to approve the Fabric Purchase Master Agreement, the transactions contemplated thereunder and the proposed annual caps thereof.

Pursuant to Rule 13.39(4) of the Listing Rules and Article 66(1) of the Articles, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, allows a resolution which relates purely to a procedural or administration matter to be voted or by a show of hands. Therefore, all proposed resolutions put to vote at the EGM shall be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

As at the Latest Practicable Date, Shangtex HK, which holds 730,461,936 Shares representing approximately 70.64% of the issued share capital of the Company, shall abstain from voting at the EGM for approving the Fabric Purchase Master Agreement and the transactions to be contemplated thereunder pursuant to Rule 14A.36 of the Listing Rules.

To the best of the Directors' knowledge and belief having made all reasonable enquiries, save as disclosed above, no other Shareholder has a material interest in the Fabric Purchase Master Agreement and the transactions contemplated thereunder and therefore no other Shareholder is required to abstain from voting at the EGM for the relevant resolutions.

A form of proxy for use at the EGM is also enclosed herewith. Whether or not you intend to attend the EGM, you are advised to read the notice and complete the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and return the form of proxy to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investors Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

### **RECOMMENDATIONS**

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages IBC-1 to IBC-2 of this circular which contains its recommendations to the Independent Shareholders on the terms of the Fabric Purchase Master Agreement, the transactions contemplated thereunder and the proposed annual caps thereof; and (ii) the letter from the Independent Financial Adviser set out on pages IFA-1 to IFA-14 of this circular which contains, among other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Fabric Purchase Master Agreement, the transactions contemplated thereunder and the proposed annual caps thereof together with the principal factors and reasons considered by it in concluding its advice.

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## LETTER FROM THE BOARD

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Having considered the factors mentioned above, the Directors (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular) are of the view that the terms of the Fabric Purchase Master Agreement, the transactions contemplated thereunder, and the proposed annual caps thereof are on normal commercial terms and in the ordinary course of business of the Company, are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular) recommends that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Fabric Purchase Master Agreement and the transactions contemplated thereunder and the proposed annual caps thereof.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in Appendix I to this circular and the notice of the EGM.

Yours faithfully,  
For and on behalf of the Board  
**Tan Cho Lung, Raymond**  
*Chief Executive Officer  
and Executive Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter from the Independent Board Committee to the Independent Shareholders in relation to the Fabric Purchase Master Agreement, the transactions contemplated thereunder and the proposed annual caps thereof for inclusion in this circular:*



### **LUEN THAI HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 311)**

6 October 2025

*To the Independent Shareholders*

Dear Sir or Madam,

### **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO FABRIC PURCHASE MASTER AGREEMENT**

We refer to the circular of the Company dated 6 October 2025 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

We have been appointed by the Board as members of the Independent Board Committee to give a recommendation to the Independent Shareholders in respect of the terms of Fabric Purchase Master Agreement, the transactions contemplated thereunder and the proposed annual caps thereof.

We wish to draw your attention to (i) the letter from the Board as set out on pages 4 to 13 of the Circular and (ii) the letter from the Independent Financial Adviser containing details of the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, together with the principal factors and reasons it has taken into consideration, as set out on pages IFA-1 to IFA-14 of the Circular.

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Having considered the terms of the Fabric Purchase Master Agreement, the transactions contemplated thereunder and the proposed annual caps thereof, and the advice of Independent Financial Adviser in relation thereto, the Independent Board Committee considers that the terms of the Fabric Purchase Master Agreement, the transactions contemplated thereunder and the proposed annual caps thereof are on normal commercial terms and in the ordinary and usual course of business of the Company, are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Fabric Purchase Master Agreement, the transactions contemplated thereunder and the proposed annual caps thereof.

Yours faithfully,  
For and on behalf of  
the Independent Board Committee

**Chan Henry**

**Lee Cheuk Yin, Dannis**  
*Independent Non-Executive Directors*

**Shi Min**

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter of advice from Lego Corporate Finance Limited to the Independent Board Committee and the Independent Shareholders in respect of the Fabric Purchase Master Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.*



6 October 2025

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs or Madams,

### **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO FABRIC PURCHASE MASTER AGREEMENT**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Fabric Purchase Master Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 6 October 2025 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Reference is made to the Announcements in respect of the Fabric Purchase Master Agreement and the transactions contemplated thereunder.

On 27 August 2025 (after trading hours), LTO (a direct wholly-owned subsidiary of the Company) and Shangtex (a connected person of the Company) entered into Fabric Purchase Master Agreement in relation to the purchase of fabric by the LTO Group from the Shangtex Group from time to time.

As at the Latest Practicable Date, Shangtex, through its wholly owned subsidiary, Shangtex HK, holds 730,461,936 Shares, representing approximately 70.64% of the issued share capital of the Company and is a substantial shareholder of the Company. Accordingly, Shangtex and its associates are connected persons of the Company. Therefore, the transactions contemplated under the Fabric Purchase Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the highest proposed annual caps for the aggregate fees for the transactions contemplated under the Fabric Purchase Master Agreement for each of the years ending on 31 December 2025, 2026 and 2027 is more than 5% and more than HK\$10,000,000 on an annual basis, the transactions contemplated under the Fabric Purchase Master Agreement will be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

### INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Chan Henry, Mr. Lee Cheuk Yin, Dannis and Ms. Shi Min, has been established to advise the Independent Shareholders as to (i) whether the terms of the Fabric Purchase Master Agreement (including the proposed annual caps) are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the transactions contemplated under the Fabric Purchase Master Agreement are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote on the relevant ordinary resolutions to be proposed at the EGM. We, Lego Corporate Finance Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in such regard.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, save for the appointment as the independent financial adviser to the then independent board committee and independent shareholders of the Company in respect of the continuing connected transactions with respect to (i) the OEM services master agreement; (ii) the OBM products purchase master agreement; and (iii) the sales and services framework agreement, details of which were disclosed in the circular of the Company dated 29 December 2023, there was no engagement between the Company and Lego Corporate Finance Limited. Apart from normal professional fees paid or payable to us in connection with the previous engagement and this appointment as the Independent Financial Adviser, no arrangement exists whereby we had received or will receive any fees or benefits from the Company or any other party to the transactions. Accordingly, we consider that we are eligible to give independent advice in respect of the Fabric Purchase Master Agreement and the transactions contemplated thereunder.

### BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Company and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Company (the "**Management**"); and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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and complete in all material respects at the time they were made and up to the Latest Practicable Date and may be relied upon. We have also assumed that all such statements of belief, opinions and intention of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and/or the Management. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the Management were true, accurate, complete and not misleading in all material respects at the time they were made and continued to be so up to the date of the EGM.

We consider that we have reviewed sufficient information currently available, among others, (i) the announcement of the Company dated 27 August 2025; (ii) the annual report of the Company for the year ended 31 December 2024 (the “**2024 Annual Report**”); (iii) the interim report of the Company for the six months ended 30 June 2025 (the “**2025 Interim Report**”) and (iv) other information contained in this letter, to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, Shangtex Group or any of their respective subsidiaries or associates.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Fabric Purchase Master Agreement and the transactions contemplated thereunder, we have considered the following principal factors and reasons:

#### 1. Information on the parties

##### *1.1. The Group*

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, the Shares of which have been listed on the Main Board of the Stock Exchange since 15 July 2004. The Group is principally engaged in the manufacturing and trading of apparel and accessories and its manufacturing plants are primarily located in the PRC, Cambodia, the Philippines, India and Myanmar.

##### *1.2. The LTO Group*

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

### ***1.3. The Shangtex Group***

Shangtex is an investment holding company. The Shangtex Group is principally engaged in the manufacturing and trading of apparels and accessories. Shangtex is owned as to 96.65% by Orient International (Holding) Co., Ltd. Orient International (Holding) Co., Ltd. is ultimately owned as to 93.4% by the Shanghai State-owned Assets Supervision and Administration Commission.

## **2. The Fabric Purchase Master Agreement**

### ***2.1. Reasons for and benefits of entering into the Fabric Purchase Master Agreement***

The Group is principally engaged in the manufacturing and trading of apparel and accessories while one of the principal activities of the Shangtex Group is textile manufacturing. Therefore, the purchase of fabric by the LTO Group from the Shangtex Group under the Fabric Purchase Master Agreement is in line with the principal business of the Group and allow the Group to better manage quality control and its production lead time.

As disclosed in the Letter from the Board, it is believed that the Fabric Purchase Master Agreement will enable the Group to secure a long term and stable supply of high-quality fabric at competitive prices in the long run, which will be beneficial to the overall business operation and development of the Group. As one of the largest and most historic textile conglomerates in the PRC, the Shangtex Group controls every step of the production process, from sourcing premium raw materials and advanced fiber development to weaving, dyeing, and finishing. Furthermore, the Shangtex Group's massive scale and logistical expertise provide the Group with remarkable reliability and efficiency, minimising production delays and ensuring that bulk orders are completed and delivered on schedule, which is crucial for maintaining tight manufacturing timelines.

We have discussed with the Management and were given to understand that beyond reliability and quality, the Shangtex Group serves as a powerhouse of innovation and a comprehensive sourcing solution. Their extensive portfolio encompasses a vast array of fabric types, including high-performance technical textiles for medical, automotive, and protective applications, as well as luxurious natural fibers and cutting-edge sustainable materials made from recycled or organic sources. Such advantage allows the Group to source diverse product needs from a reliable supplier and simplifying the procurement process. By conducting the transactions contemplated under the Fabric Purchase Master Agreement, it will enable the Group to secure the procurement source on normal commercial terms.

Having considered the above reasons and benefits and the terms of the Fabric Purchase Master Agreement being on normal commercial terms and fair and reasonable as discussed below, we are of the view that the Fabric Purchase Master Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

**2.2. Principal terms of the Fabric Purchase Master Agreement**

The principal terms of the Fabric Purchase Master Agreement are set out below:

- Date:** 27 August 2025
- Parties:** (i) LTO, for itself and on behalf of the LTO Group;  
and  
(ii) Shangtex, for itself and on behalf of the Shangtex Group
- Term:** Subject to the Independent Shareholders' approval of the Fabric Purchase Master Agreement and the transactions contemplated thereunder, the term of the Fabric Purchase Master Agreement shall commence on the Effective Date and shall end on 31 December 2027, unless terminated earlier by an instrument signed by both parties or by either party by giving the other party not less than 30-day written notice.
- Nature of Transactions:** Pursuant to the Fabric Purchase Master Agreement, Shangtex has undertaken to supply, or procure its subsidiaries to supply, woven and knit fabrics required by the Group. These fabrics will be utilized by the Group for the manufacture of its apparel products.

The LTO Group and the Shangtex Group will enter into individual orders or purchase agreements setting out specific terms of the Purchase Transactions. The terms of the individual orders or purchase agreements will be consistent with the principles and the terms of the Fabric Purchase Master Agreement. If there is any conflict between the terms of an individual order or purchase agreement and the Fabric Purchase Master Agreement, the latter shall prevail.

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**Payment:**

The purchase price, payment time and method, and other specific terms or conditions (if any) for the Purchase Transactions shall be fixed by relevant parties in the individual agreements, individual contracts or purchase orders on a case-by-case basis. The Purchase Transactions will normally be settled in the form of cash payment on a monthly, quarterly or agreed period basis and shall be consistent with the payment terms in the market.

**Pricing Policy:**

As per the terms of the Fabric Purchase Master Agreement, the general pricing principles and terms of the individual order in respect of the Purchase Transactions will be charged on normal commercial terms, negotiated on an arm's length basis, set with reference to the market price and on similar basis as the Group transacts business with other independent third party suppliers (which in any event shall not be higher than those charged by independent third party suppliers on the Group for comparable goods) and shall be on terms which are no less favourable to the Group than those provided by independent third party suppliers.

Subject to the general pricing principle disclosed above, the Group will also take into account the following factors when determining the purchase price payable by the Group under the individual orders in respect of the Purchase Transactions:

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- The Company will obtain at least two written quotations from independent suppliers of similar products (where available), and/or reputable industry sources, with reference to the publicly available fabric prices on Alibaba's procurement and wholesale website (<http://www.alibaba.com/>), which is an e-commerce platform operated by Alibaba Group Holding Limited, to establish prevailing market prices. These quotations shall be in writing and specify key commercial terms and technical specifications (including unit price and lead time). For transactions involving connected persons, the Company will require such suppliers to provide a formal written quotation, which will be evaluated alongside at least two quotations from independent third parties. In cases where a customer nominates a sole supplier for the required fabric, the requirement for multiple quotations may be waived, and the procurement department of the Company will compare the prices of fabric as quoted from Alibaba's procurement and wholesale website (<http://www.alibaba.com/>), such process shall be properly documented as a part of comparative assessment.
- The Company will evaluate the suppliers' quotations based on the following factors:
  - comparison of quoted prices against those of independent suppliers for identical or substantially similar fabric products;
  - compliance with the technical requirements and industry standards specified by the Company and its customers;
  - reliability of the supplier's supply chain, timeliness of delivery, and transport costs;
  - whether the payment and credit terms granted by the supplier align with standard industry practices; and
  - the supplier's history of compliance, reliability, and after-sales service.

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- The Company's procurement department will prepare a comparative assessment to summarize the above criteria for each order. This assessment will be submitted for final review and approval by the merchandising manager or a more senior officer;
- Taking into account the above, the Company will ensure that the Purchase Transactions are entered into on normal commercial terms that are fair and reasonable, and at terms not less favourable than those offered by independent third parties for supply of similar products. The Company will retain all relevant documentation for audit trail and corporate governance purposes.

For the avoidance of doubt, such pricing mechanism should apply to any orders issued during the term of the Fabric Purchase Master Agreement and each order shall be conducted in compliance with the provisions of the Fabric Purchase Master Agreement.

As disclosed in the Letter from the Board, the Company will put in place internal control procedures to regularly monitor the prevailing market prices of fabric products to ensure proper determination of the purchase price of fabric products to be purchased from the Shangtex Group, pursuant to which the Group will compare the purchase price obtained from the formal quotation from Shangtex Group through different sources, including at least two market quotations from other independent third party fabric products suppliers, and/or reputable industry sources with reference to the publicly available fabric prices on the Alibaba's procurement and wholesale website (<http://www.alibaba.com/>), on an ongoing basis. We have reviewed the internal policy and procedure manual (the "**Manual**") currently adopted by the Group, and noted that it is stated in the Manual that at least three quotations (including the Shangtex Group) should be obtained by the Group from potential suppliers for comparison in selecting the suppliers in general, as such, the abovementioned procedure is in line with the Manual.

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Based on the Fabric Purchase Master Agreement, the Group shall enter into individual purchase orders with the Shangtex Group on a case-by-case basis for confirming the purchase by the LTO Group and the terms of such transaction. We have discussed with the Management and were given to understand that the LTO Group will only place purchase order with the Shangtex Group after a comparative assessment is performed to assess the criteria (including (i) price competitiveness, (ii) quality and specifications, (iii) delivery and logistics and (iv) payment and credit terms, etc.) as compared to at least two quotations from independent third parties, to ensure the terms offered by the Shangtex Group are no less favourable to the LTO Group than those offered by independent third parties.

As advised by the Management, in the case that the lone supplier of fabric is specifically nominated by the customer, the procurement department of the LTO Group will conduct a comparative assessment to compare the prices and terms of fabric from around three suppliers sorted by reputation level as quoted from the Alibaba's procurement and wholesale website (<http://www.alibaba.com/>), which is an e-commerce platform operated by Alibaba Group Holding Limited, and such process shall be properly documented. Alibaba Group Holding Limited is a company incorporated in the Cayman Islands with its American depositary shares listed on the New York Stock Exchange (Stock Symbol: BABA) and ordinary shares listed on the Main Board of the Stock Exchange (stock code: 9988). Its e-commerce platform is reputable and widely recognised in the Greater-China region. As such, we considered the price quoted from the website of Alibaba can provide a reliable reference for prevailing market prices of products, and is fair and reasonable for the Company to make reference to in such circumstance.

We have reviewed the Manual and noted that (i) the procurement department will be responsible to assess new suppliers entering into the master supplier list of the Group and prepare a comparative assessment for each purchase; (ii) the payment should be finally approved by finance and other related/responsible management; and (iii) all suppliers of the Company are subject to annual review by the supplier audit committee. With the above procedures, alongside with obtaining at least two market quotations from other independent third-party suppliers, and/or reputable industry sources, we consider that the Company has sufficient and effective segregation of duties and internal control measures in place to ensure that the purchase price of the LTO Group under the Fabric Purchase Master Agreement will be fair and reasonable and no less favourable to the LTO Group than those offered by independent third parties.

Based on the above, we are of the view that the terms of the Fabric Purchase Master Agreement, which shall be on terms no less favourable to the LTO Group than those provided by independent third party suppliers, are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2.3. Assessment of the proposed annual caps

The following table sets out the proposed annual caps for the transactions contemplated under the Fabric Purchase Master Agreement for the period from the Effective Date to 31 December 2025 and the two years ending 31 December 2027 (the “**Fabric Purchase Annual Caps**”):

	<b>From the Effective Date to 31 December 2025</b>	<b>For the year ending 31 December</b>	
	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Proposed annual cap	5,000 (equivalent to approximately HK\$39,250,000)	20,000 (equivalent to approximately HK\$157,000,000)	20,000 (equivalent to approximately HK\$157,000,000)

In assessing the fairness and reasonableness of the Fabric Purchase Annual Caps, we have discussed with the Management regarding the following principal bases and assumptions adopted in determining the Fabric Purchase Annual Caps:

- (i) As disclosed in the Letter from the Board, the Fabric Purchase Annual Caps were determined with reference to the volume of fabric purchased by the Group from the existing suppliers during the 7-month period from 1 January 2025 to 31 July 2025. The historical transaction of fabric purchased with the existing suppliers amounted to approximately US\$45.9 million (equivalent to approximately HK\$360.3 million) for the period from 1 January 2025 to 31 July 2025, with a monthly average of approximately US\$6.6 million (equivalent to approximately HK\$51.8 million) (the “**Monthly Average Purchase Amount**”).

We have discussed with the Management and were given to understand that there are no historical transaction amounts with respect to the purchase of fabric by the LTO Group from the Shangtex Group, and the Group is intended to enhance its cost competitiveness by shifting approximately 25% of the purchase of fabric from existing suppliers to the Shangtex Group during the terms of the Fabric Purchase Master Agreement. Having considered that (i) such cooperation requires a transitional phase to ensure seamless implementation with the 25% reallocation (the “**25% Reallocation**”) representing a cautious approach to balance cost optimization and risk diversification; and (ii) it preserves the LTO Group’s flexibility to meet its procurement goals without constraining business growth or compromising operational stability, we are of the view that shifting approximately 25% of the purchase of fabric from existing suppliers to the Shangtex Group during the terms of the Fabric Purchase Master Agreement is justifiable.

As such, the monthly average purchase of fabric from the Shangtex Group by the LTO Group, which is calculated based on 25% of the Monthly Average Purchase Amount of approximately US\$6.6 million (equivalent to approximately HK\$51.8 million), is expected to be approximately US\$1.65 million (equivalent to approximately HK\$12.95 million) (the “**Expected Monthly Average Purchase Amount**”).

We noted that the pro-rata amount of the purchase of fabric from the Shangtex Group by the LTO Group for the period from Effective Date to 31 December 2025 and the two years ending 31 December 2027, which is calculated based on the Expected Monthly Average Purchase Amount of approximately US\$1.65 million (equivalent to approximately HK\$12.95 million), amounts to approximately US\$4.95 million (equivalent to approximately HK\$38.85 million), US\$19.8 million (equivalent to approximately HK\$155.4 million) and US\$19.8 million (equivalent to approximately HK\$155.4 million), respectively.

Taking into consideration that such pro-rata amount of the purchase of fabric represent approximately 99.0%, 99.0% and 99.0% of the Fabric Purchase Annual Caps for the period from 1 October 2025 to 31 December 2025 and the two years ending 31 December 2027, respectively, we consider that the Fabric Purchase Annual Caps are justifiable.

- (ii) We noted from the 2024 Annual Report and the 2025 Interim Report that majority of the Group’s revenue were generated from the United States of America and the PRC markets. According to the public data from Trade Map (<https://www.trademap.org/>), a trade statistics database for international business development, the global export value of apparel and clothing accessories (knitted or crocheted) increased from approximately US\$213.0 billion in 2020 to approximately US\$280.2 billion in 2024. Based on the public data from the United States Bureau of Economic Analysis (<https://www.bea.gov/>), the disposable income per capita in current dollars by quarter increased from US\$49,832.0 in the first quarter of 2020 to US\$64,264.0 in the fourth quarter of 2024, representing a compound annual growth rate (“**CAGR**”) of approximately 5.2%. We also noted the personal consumption expenditures on clothing and footwear by quarter increased from US\$376,097 million in the first quarter of 2020 to US\$528,815 million in the fourth quarter of 2024, representing a CAGR of approximately 7.1%.

According to the public data from the National Bureau of Statistics of the PRC (中華人民共和國國家統計局) (<https://www.stats.gov.cn/>), the disposable income per resident increased from approximately RMB32,189.0 in 2020 to RMB41,314.0 in 2024, representing a CAGR of approximately 5.2%. We also noted that the expenditure on clothing per resident for increased from approximately RMB1,238.0 in 2020 to approximately RMB1,521.0 in 2024, representing a CAGR of approximately 4.2%.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In light of the foregoing, we are of the view that the prospect of the apparel industry in the United States of America and the PRC would be generally positive in near future, which shall in turn impose positive impacts on the expected sales of the LTO Group, and thus increase the purchase from the Shangtex Group during the terms of the Fabric Purchase Master Agreement. Notwithstanding the above, we are of the view that the Fabric Purchase Annual Caps will be sufficient after considering the 25% Reallocation as discussed above and the Fabric Purchase Master Agreement does not preclude the LTO Group from choosing other fabric suppliers and hence constrain the LTO Group's ability to meet its sales-driven demand.

- (iii) We have discussed with the Management and were given to understand that the current market unit price of major fabric products is an appropriate benchmark for determining the anticipated purchase prices for the period from Effective Date to 31 December 2025 and the two years ending 31 December 2027 as it is more prudent to cater for the inflation in market price during the term of the Fabric Purchase Master Agreement in case of supply chain disruption or other factors beyond control of the Company.

We further noted that the Fabric Purchase Annual Cap for the period from Effective Date to 31 December 2025, if annualised, will be the same as the Fabric Purchase Annual Caps for the two years ending 31 December 2027. Taking into consideration of the above and a prudent approach is adopted to assume the current market price of the fabric and the Fabric Purchase Annual Caps remain steady during the terms of the Fabric Purchase Master Agreement, we consider the Fabric Purchase Annual Caps are justifiable.

Based on the above, we are of the view that the Fabric Purchase Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

However, the Shareholders should note that as the Fabric Purchase Annual Caps are determined based on various factors relating to future events and assumptions which may or may not remain valid for the entire period up to 31 December 2027, and they do not represent any forecasts or estimations of the Group's financial performance. Consequently, we express no opinion as to how closely the actual future transaction amounts of the continuing connected transactions will correspond with the Fabric Purchase Annual Caps for the three years ending 31 December 2027.

**3. Internal control measures**

We have discussed with the Management and noted that the Group has established the following internal control measures to monitor the transactions contemplated under the Fabric Purchase Master Agreement:

- (i) the Group will collect market information and keep track of the latest changes in the industry on a monthly basis, especially the purchase prices of similar fabric products through different sources, including at least two market quotations from other independent third party suppliers and/or reputable industry sources, on an ongoing basis;
- (ii) the finance department of the Company will conduct monthly checks on whether the transactions contemplated under the relevant continuing connected transactions are being conducted in accordance with the terms and the pricing policy of the Fabric Purchase Master Agreement;
- (iii) the finance department of the Company is responsible for collecting data and statistics of the continuing connected transactions under the Fabric Purchase Master Agreement on a monthly basis to ensure the annual caps approved are not exceeded;
- (iv) the internal audit team of the Company will conduct quarterly review of the transactions in accordance with the established terms and the pricing policy under the Fabric Purchase 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;
- (v) all abovementioned personnel involved in the Group's internal control procedures are independent of Shangtex Group and its associates;
- (vi) the external auditors of the Company will report by issuing a letter to the Board every year 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 under the Fabric Purchase Master Agreement) of the Company conducted during the preceding financial year pursuant to the Listing Rules; and
- (vii) 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 and in the interest of the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We noted from the above that the Group has adopted a set of internal control measures to assign specific responsibilities to various designated departments and management of the Group in performing regular reviews and monitoring transaction amount to ensure that the transactions contemplated under the Fabric Purchase Master Agreement will be conducted on normal commercial terms and in accordance with the respective pricing policies and terms of the Fabric Purchase Master Agreement.

Taking into account the above, we are of the view that there are appropriate measures in place to govern the conduct of the Fabric Purchase Master Agreement and the transactions contemplated thereunder, thereby safeguarding the interests of the Independent Shareholders.

### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that the terms of the Fabric Purchase Master Agreement (including the proposed annual caps) are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and the Fabric Purchase Master Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Fabric Purchase Master Agreement and the transactions contemplated thereunder (including the proposed annual caps thereof).

Yours faithfully,  
For and on behalf of  
**Lego Corporate Finance Limited**  
**Joshua Liu**  
*Managing Director*

*Mr. Joshua Liu is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in the securities and investment banking industries.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (i) Interests of Directors and chief executive in the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange, were as follows:

#### *Long positions in the Shares:*

Name of Director	Capacity	Number of Shares	Approximate percentage of shareholding in the Company (Note 3)
Tan Siu Lin	Trustee (Note 1)	1,840,757	0.18%
	Interest of corporation controlled by the director (Note 1)	10,992,986	1.06%
	Founder of a discretionary trust who can influence how the trustee exercises his discretion (Note 1)	13,916,124	1.35%
Tan Cho Lung, Raymond	Interest of corporation controlled by the director (Note 2)	15,655,639	1.51%
	Interest of spouse (Note 2)	2,050,000	0.20%

*Notes:*

1. Dr. Tan Siu Lin as a trustee indirectly controls the entire issued capital of Wincare International Company Limited, which in turn holds directly 1,840,757 Shares. Dr. Tan Siu Lin also controls and is a subscriber and founding member of Tan Siu Lin Foundation Limited, which in turn owns directly 10,992,986 Shares. Dr. Tan Siu Lin is also the founder of TSL Bahamas Trust, he is therefore deemed under Part XV of the SFO to be interested in all of the 13,916,124 Shares as a founder of a discretionary trust who can influence how the trustee exercises his discretion.
2. Mr. Tan Cho Lung, Raymond controls the Flying Base Limited, which in turns own directly 15,655,639 Shares. A total of 2,050,000 Shares was held by an associate of Mr. Tan Cho Lung, Raymond. Mr. Tan is therefore deemed under Part XV of the SFO to be interested in all of the 2,050,000 Shares acquired by his associate.
3. The percentage has been compiled based on the total number of the Shares in issue (i.e. 1,034,112,666) as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and Stock Exchange.

**(ii) Interests of Substantial Shareholders under the SFO**

As at the Latest Practicable Date, so far as was known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity	Number of ordinary shares	Approximate percentage of shareholding in the Company (Note 8)
Shangtex HK	Beneficial owner (Note 1)	730,461,936	70.64%
Shangtex Investment Co., Ltd.	Interest of controlled corporation (Note 1)	730,461,936	70.64%
Shangtex	Interest of controlled corporation (Note 1)	730,461,936	70.64%
Orient International (Holding) Co., Ltd.	Interest of controlled corporation (Note 1)	730,461,936	70.64%
Shanghai Guosheng Group Co., Ltd.	Interest of controlled corporation (Note 1)	730,461,936	70.64%
Double Joy Investments Limited	Beneficial owner (Note 2)	71,975,726	6.96%
Luen Thai Capital Limited	Beneficial owner (Note 3)	17,203,999	1.66%
Luen Thai Group Limited	Beneficial owner (Note 4)	13,916,124	1.35%
Dr. Tan Henry	Interest of controlled corporation (Note 2 to 7)	103,095,849	9.97%
Ms. Tan Chiu Joise	Interest of controlled corporation; interest of spouse (Note 2 to 7)	103,095,849	9.97%

*Notes:*

1. Based on the information recorded in the register required to be kept under section 336 of the SFO, Shangtex HK directly holds 730,461,936 Shares. Shangtex HK is 100% directly owned by Shangtex Investment Co., Ltd. (“**Shangtex Investment**”). Shangtex Investment is 100% directly owned by Shangtex. Orient International (Holding) Co., Ltd. (“**Orient International**”) directly holds 96.65% in Shangtex. Shanghai Guosheng Group Co., Ltd. directly holds 34% in Orient International.
2. Double Joy Investments Limited (“**Double Joy**”) is a company incorporated in the British Virgin Islands with limited liability and is owned by Ms. Tan Chiu Joise and Dr. Tan Henry in equal shares. Each of Ms. Tan Chiu Joise and Dr. Tan Henry is deemed to be interested in the 71,975,726 Shares held by Double Joy.
3. Luen Thai Capital Limited (“**LTCL**”) is a company incorporated in the British Virgin Islands with limited liability and is owned by Dr. Tan Henry. Dr. Tan Henry is deemed to be interested in the 17,203,999 Shares held by LTCL under the SFO.
4. Luen Thai Group Ltd. (“**LTG**”) is a company incorporated in Bahamas with limited liability and is owned as to 41% by Dr. Tan Henry. Dr. Tan Henry is deemed to be interested in the 13,916,124 Shares held by LTG under the SFO.
5. Both Dr. Tan Henry and Ms. Tan Chiu Joise are deemed to be interested in the 71,975,726 Shares held by Double Joy as mentioned in note 2 above;
6. Dr. Tan Henry wholly owns LTCL (formerly known as Hanium Industries Limited), which directly owns 17,203,999 Shares. Ms. Tan Chiu Joise is the wife of Dr. Tan Henry and is deemed to be interested in the shares which are interested by Dr. Tan Henry under Part XV of the SFO.
7. Dr. Tan Henry wholly owns LTG, which directly owns 13,916,124 Shares. Ms. Tan Chiu Joise is the wife of Dr. Tan Henry and is deemed to be interested in the shares which are interested by Dr. Tan Henry under Part XV of the SFO.
8. The percentage has been compiled based on the total number of the Shares in issue (i.e. 1,034,112,666) as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person, other than the Directors and the chief executives of the Company, who had, or was deemed to have, interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or any of their respective close associates had a controlling interest in a business which competes or is likely to compete, either directly or indirectly with the business of the Group.

#### 4. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, save as disclosed in the announcement of the Company dated 27 August 2025 and in this circular, and the Company's annual report for the year ended 31 December 2024:

- (a) none of the Directors had any interest, either direct or indirect, in any assets which have been, since 31 December 2024 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which is subsisting as at the Latest Practicable Date and is significant in relation to the business of the Group.

#### 5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contract/appointment letter or has an unexpired service contract/appointment letter with any member of the Group which is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

#### 6. EXPERT AND CONSENT

The following is the qualification of the expert who has made statement in this circular:

<b>Name</b>	<b>Qualification</b>
Lego Corporate Finance Limited	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Lego Corporate Finance Limited:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, recommendation, opinion and/or references to its name in the form and context in which they are included;
- (b) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which have been, since 31 December 2024, being the date to which the latest published audited consolidated accounts of the Company were made up, acquired, disposed of by, or leased to, any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

**7. LITIGATION**

As at the Latest Practicable Date, the Directors were not aware of any litigation or claim of material importance pending or threatened against any member of the Group.

**8. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, save as disclosed in the interim report of the Company for the six months ended 30 June 2025, the Directors confirm that there has been no material adverse change in the financial position or trading position of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Group was made up.

**9. MISCELLANEOUS**

- (a) The registered head office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (c) The share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (d) The company secretary of the Company is Mr. Chan Hiu Leong.
- (e) In the event of any inconsistency, the English text of this Circular shall prevail over the Chinese text.

**10. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.luenthai.com](http://www.luenthai.com)) for a period of 14 days from the date of this circular:

- (a) the Fabric Purchase Master Agreement;
- (b) the letter from the Board as set out in this circular;
- (c) the letter from the Independent Board Committee as set out in this circular;
- (d) the letter from the Independent Financial Adviser as set out in this circular;
- (e) the written consent from the Independent Financial Adviser referred to in the section headed "Expert and Consent" of this Appendix I; and
- (f) this circular.



**LUEN THAI HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 311)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Luen Thai Holdings Limited (the “Company”) will be held at the Boardroom, Rooms 1001–1005, 10th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong on Friday, 24 October 2025 at 2:30 p.m. for the shareholders of the Company to consider, and if thought fit, pass the following resolutions as ordinary resolutions of the Company. Capitalised terms used in this notice shall have the meanings as defined in the circular of the Company dated 6 October 2025, unless otherwise specified.

**ORDINARY RESOLUTIONS**

**1. Fabric Purchase Master Agreement**

“**THAT:**

- (a) the Fabric Purchase Master Agreement (as defined and described in the circular of the Company dated 6 October 2025) and the transactions contemplated thereunder be and are approved, confirmed and ratified;
- (b) the execution and delivery of the Fabric Purchase Master Agreement and all documents in connection therewith for and on behalf of the Company be and are approved, confirmed and ratified;
- (c) the proposed annual caps in respect of the Fabric Purchase Master Agreement for each of the years ending 31 December 2025, 2026 and 2027 as set out in the Circular be and are approved, confirmed and ratified; and
- (d) any one or more directors of the Company be and are authorised to take all steps necessary or expedient in his/their opinion to implement and/or to give effect of the Fabric Purchase Master Agreement and the transactions thereunder.”

Yours faithfully,  
By Order of the Board  
**Luen Thai Holdings Limited**  
**Chan Hiu Leong**  
*Company Secretary*

Hong Kong, 6 October 2025

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## NOTICE OF THE EGM

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*Registered Office:*  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111, Cayman Islands

*Head Office and Principal Place of  
Business in Hong Kong:*  
Rooms 1001–1005, 10/F  
Nanyang Plaza  
57 Hung To Road  
Kwun Tong, Kowloon  
Hong Kong

### Notes:

1. Any Shareholder entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a Shareholder. A proxy shall be entitled to exercise the same powers on behalf of a Shareholder who is an individual and for whom he acts as proxy as such Shareholder could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such Shareholder could exercise if it were an individual Shareholder.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting or poll (as the case may be) at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. Delivery of an instrument appointing a proxy shall not preclude a Shareholder from attending and voting in person at the meeting or poll concerned.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy or by representative, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register. Several executors or administrators of a deceased Shareholder in whose name any share stands shall for such purpose be deemed joint holders thereof.

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## NOTICE OF THE EGM

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5. The register of members of the Company will be closed from Wednesday, 22 October 2025 to Friday, 24 October 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the EGM, non-registered Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 21 October 2025.
6. Subject to paragraph 7 below, if a tropical cyclone warning signal No. 8 or above is expected to be hoisted or a black rainstorm warning signal is expected to be in force at any time between 7:00 a.m. and 5:00 p.m. on the date of the EGM, the EGM will be postponed and the Shareholders will be informed of the date, time and venue of the postponed EGM by an announcement posted on the respective websites of the Company and the Stock Exchange.
7. If a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is lowered or cancelled at or before three hours before the time fixed for holding the EGM and where conditions permit, the EGM will be held as scheduled.
8. The EGM will be held as scheduled when an amber or a thunderstorm warning signal or typhoon signal No. 3 or below is in force.
9. After considering their own situations, the Shareholders should decide on their own as to whether they would attend the EGM under any bad weather condition and if they do so, they are advised to exercise care and caution.
10. The translation into Chinese language of this Notice is for reference only. In case of any inconsistency, the English version shall prevail.

As at the date hereof, the Board comprises the following Directors:

*Executive Directors:*

Wang Weimin (*Chairman*)

Tan Siu Lin (*Honorary Life Chairman*)

Tan Cho Lung, Raymond (*Chief Executive Officer*)

Zhang Min

Jin Xin

*Non-executive Director:*

Fok Yue San, Sandy

*Independent non-executive Directors:*

Chan Henry

Lee Cheuk Yin, Dannis

Shi Min

Company website: [www.luenthai.com](http://www.luenthai.com)