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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 MASTER MUTUAL SUBCONTRACTING AGREEMENT

Reference is made to the 2025 Announcements in relation to the 2025 Master Subcontracting Agreement made between LTO (a direct wholly-owned subsidiary of the Company) and Shangtex HK for the provision of subcontracting services by the LTO Group to the Shangtex HK Group for a term from 1 July 2025 to 31 December 2027.

On 29 May 2026 (after trading hours), LTO and Shangtex HK entered into the Master Mutual Subcontracting Agreement pursuant to which the parties have agreed to enter into a mutual arrangement for the provision of subcontracting services for the manufacturing of apparel products to each other on a non-exclusive basis for a term commencing from 1 July 2026 or the date on which the Company obtains the Independent Shareholders' approval (whichever is the later) and expiring on 31 December 2028.

The Master Mutual Subcontracting Agreement is subject to and conditional upon the Company's compliance with the Listing Rules in respect of continuing connected transactions (including but not limited to obtaining Independent Shareholders' approval). Upon the Master Mutual Subcontracting Agreement becoming unconditional, the 2025 Master Subcontracting Agreement shall be superseded in its entirety.

As at the date of this announcement, Shangtex HK holds 730,461,936 Shares, representing approximately 70.64% of the issued share capital of the Company and is a substantial shareholder and a connected person of the Company. Therefore, the subcontracting transactions contemplated under the Master Mutual Subcontracting Agreement constitute continuing connected transactions 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 Master Mutual Subcontracting Agreement for each of the years ending on 31 December 2026, 2027 and 2028 are more than 5% on an annual basis, the transactions contemplated under the Master Mutual Subcontracting Agreement are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Company will convene the EGM for the Independent Shareholders to consider and, if thought fit, approve the Master Mutual Subcontracting Agreement and the transactions contemplated thereunder, and the proposed annual caps.

The Independent Board Committee has been established to advise the Independent Shareholders on the transactions contemplated under the Master Mutual Subcontracting 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.

A circular containing further details of the Master Mutual Subcontracting Agreement, a letter from the Independent Board Committee to the Independent Shareholders, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and a notice of the EGM is expected to be despatched to the Shareholders on or before 30 June 2026.

INTRODUCTION

Reference is made to the 2025 Announcements in relation to the 2025 Master Subcontracting Agreement made between LTO (a direct wholly-owned subsidiary of the Company) and Shangtex HK for the provision of subcontracting services by the LTO Group to the Shangtex HK Group for a term from 1 July 2025 to 31 December 2027.

On 29 May 2026 (after trading hours), LTO and Shangtex HK entered into the Master Mutual Subcontracting Agreement pursuant to which the parties have agreed to enter into a mutual arrangement for the provision of subcontracting services for the manufacturing of apparel products to each other on a non-exclusive basis for a term commencing from 1 July 2026 or the date on which the Company obtains the Independent Shareholders' approval (whichever is the later) and expiring on 31 December 2028.

The Master Mutual Subcontracting Agreement is subject to and conditional upon the Company's compliance with the Listing Rules in respect of continuing connected transactions (including but not limited to obtaining Independent Shareholders' approval). Upon the Master Mutual Subcontracting Agreement becoming unconditional, the 2025 Master Subcontracting Agreement shall be superseded in its entirety.

MASTER MUTUAL SUBCONTRACTING AGREEMENT

The principal terms of the Master Mutual Subcontracting Agreement are as follows:

- Date:** 29 May 2026
- Parties:** (1) LTO, for itself and on behalf of the LTO Group
(2) Shangtex HK, for itself and on behalf of the Shangtex HK Group
- Term:** For a term commencing from 1 July 2026 or the date on which the Company obtains the Independent Shareholders' approval (whichever is the later) and expiring on 31 December 2028
- Nature of transactions:** Each party shall provide subcontracting services for the manufacturing of apparel products to the other party on a non-exclusive basis pursuant to separate and definitive subcontracting agreement(s) to be entered into between member(s) of the LTO Group (as principal or subcontractor, as the case may be) and member(s) of the Shangtex HK Group (as principal or subcontractor, as the case may be) from time to time during the term of the Master Mutual Subcontracting Agreement.

For the avoidance of doubt, the LTO Group is not contractually bound (a) to provide the subcontracting services to the Shangtex HK Group and is free to provide such services to any other independent third-party customers during the term, or (b) to engage the Shangtex HK Group to provide the subcontracting services and is free to engage any other independent third-party subcontractors to provide such services during the term.

Definitive agreements: Each definitive subcontracting agreement shall provide, among others, the exact quantity, specifications and quality requirements of the finished or semi-finished apparel products, the place and date of delivery, the price for each unit, the service fee payable by the principal to the subcontractor, the payment terms and other terms and conditions to be mutually agreed between the parties, subject always to the terms of the Master Mutual Subcontracting Agreement.

Raw materials: All raw materials shall be provided by the principal to the subcontractor, and the subcontractor shall further process the raw materials into semi-finished products or finished products in accordance with the design and specifications provided by the principal under the relevant definitive subcontracting agreement.

Payment: The principal shall settle all service fees payable to the subcontractor within 30 days from the last day of each calendar month in respect of the finished or semi-finished apparel products delivered during that calendar month.

Pricing policy: The service fee payable to the subcontractor under each definitive subcontracting agreement shall be negotiated on an arm's length basis and charged on a similar basis as the principal transacts business with other independent third party subcontractors for similar services in relation to similar products in terms of specifications, particulars and complexity, provided that:

- (i) in case the LTO Group is the subcontractor, the service fee payable by the Shangtex HK Group shall not in any event be lower than the prevailing market rate for providing such services;
- (ii) in case the LTO Group is the principal, the service fee payable to the Shangtex HK Group shall not in any event be higher than the prevailing market rate for providing such services; and
- (iii) the LTO Group shall not be obliged to accept any fee quoted by the Shangtex HK Group.

Shangtex HK has expressly warranted to LTO that the service fee payable to/by (as the case may be) the LTO Group under each definitive subcontracting agreement shall be no less favourable to the LTO Group than those offered by the Shangtex HK Group to independent third party subcontractors/principals (as the case may be) for similar services in relation to similar products in terms of specifications, particulars and complexity. Upon request by LTO, Shangtex HK shall provide documentary evidence satisfactory to LTO to prove that the service fee under a proposed subcontracting agreement is no less favourable to the LTO Group than those offered by the Shangtex HK Group to independent third party subcontractors/principals (as the case may be).

INTERNAL PRICING POLICY AND PROCEDURES

In order to ensure that the service fees payable to/by the LTO Group under each definitive subcontracting agreement are fair and reasonable and in line with the prevailing market rate, the internal pricing policy of the Group and the detailed procedures to be followed by the management of the Group when considering the service fees offered by/to the Shangtex HK Group are as follows:

1. As per the terms of the Master Mutual Subcontracting Agreement, the LTO Group is not obliged to accept any service fee quoted by the Shangtex HK Group. The management of the Group shall ensure that the LTO Group would only enter into a definitive subcontracting agreement with the Shangtex HK Group if the service fee payable to/by the LTO Group is in line with the prevailing market rate and in accordance with the internal pricing policy of the LTO Group.
2. As regards service fees payable to the LTO Group for providing subcontracting services to the Shangtex HK Group:
 - (a) The management of the Group shall ensure that such service fee shall not in any event be less than the aggregate amount of (i) labor costs to be incurred by the LTO Group in providing such services and (ii) an amount equivalent to 10% or more of such labor costs (the “**Baseline Fee**”).
 - (b) Whenever the LTO Group receives a request for subcontracting services from the Shangtex HK Group, the management of the Group would estimate the amount of labor costs to be incurred by the LTO Group in providing such services. If the service fee offered by the Shangtex HK Group is less than the Baseline Fee, the management of the Group would reject the offer from the Shangtex HK Group.

- (c) If the service fee offered is higher than the Baseline Fee, the management of the Group would request the Shangtex HK Group to provide satisfactory documentary evidence as regards the service fees payable by the Shangtex HK Group to independent third party subcontractors for similar services in relation to similar products for comparison. At the same time, the management of the Group would seek to obtain at least two additional comparable quotations from other independent third party subcontractors for similar services in relation to similar products, subject to practical availability and feasibility.
 - (d) If quotations from other independent third party subcontractors for similar services in relation to similar products are not available or cannot practically be obtained, the management of the Group would compare the service fee offered by the Shangtex HK Group against comparable quotations obtained from independent third party subcontractors for other subcontracting services in relation to other products, and assess whether the difference in the service fee offered by the Shangtex HK Group (if any) is fair and reasonable considering the difference in the complexity of the subcontracting services involved (in terms of the amount of time and labor required for providing such services).
 - (e) Once the Group has received the requested information from the Shangtex HK Group and the comparable quotations, the management of the Group would assess whether the service fee offered by the Shangtex HK Group is in line with the prevailing market rate.
3. As regards service fees payable by the LTO Group for subcontracting services to be provided by the Shangtex HK Group:
- (i) Whenever the LTO Group requires subcontracting services, the management of the Group would seek to obtain a quotation from the Shangtex HK Group and quotations from at least two other independent third party subcontractors for the same services, subject to practical availability and feasibility. Once the Group has received the quotations, the management of the Group should engage the contractor with the lowest quote provided that other material terms and conditions are no less favorable to the LTO Group.
 - (ii) If quotations from other independent third party subcontractors for the same services are not available or cannot practically be obtained, the management of the Group would compare the service fee quoted by the Shangtex HK Group against comparable quotations obtained from independent third party subcontractors for other subcontracting services in relation to other products, and assess whether the difference in the service fee quoted by the Shangtex HK Group (if any) is fair and reasonable considering the difference in the complexity of the subcontracting services involved (in terms of the amount of time and labor required for providing such services). Once the Group has

received the comparable quotations, the management of the Group would assess whether the service fee quoted by the Shangtex HK Group is in line with the prevailing market rate.

The Directors consider that, based on the Group's internal pricing policy and the procedures as set out above, the Group can ensure that the service fees payable to/by the LTO Group under each definitive subcontracting agreement are fair and reasonable and in line with the prevailing market rate, and that the transactions contemplated under the Master Mutual Subcontracting Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Independent Shareholders.

HISTORICAL TRANSACTION VALUE AND PROPOSED ANNUAL CAPS

Service fees payable to the Group

Details of the historical transaction amounts received by the Group from the Shangtex HK Group under the 2025 Master Subcontracting Agreement are set out below:

	For financial years ending 31 December	
	2025	2026
	<i>(US\$'000)</i>	<i>(US\$'000)</i>
Existing annual caps	1,400	1,400
Actual aggregate amounts received by the Group	1,384	1,156
		<i>(for the 4 months ended 30 April 2026)</i>

The Company confirms that the total year-to-date actual transaction amount contemplated under the 2025 Master Subcontracting Agreement has not exceeded the existing annual cap amount for the year ending 31 December 2026 as set out in the 2025 Announcements, and will continue to monitor the transaction closely to ensure that the total actual transaction amount contemplated under the 2025 Master Subcontracting Agreement for the year ending 31 December 2026 will not exceed the annual cap prior to the commencement of the term of the Master Mutual Subcontracting Agreement.

The proposed annual caps for the transactions amounts to be received by the Group from the Shangtex HK Group under the Master Mutual Subcontracting Agreement for the period from the effective date to 31 December 2026 and the two years ending 31 December 2027 and 2028 are as follows:

	For financial years ending 31 December		
	2026	2027	2028
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>
Proposed annual caps	3,000	4,500	4,500

In determining the said annual caps, the Directors (including the independent non-executive Directors) have taken into account: (i) the above historical transaction amounts, in particular, the historical amount for the four months ended 30 April 2026; (ii) estimation of the demand on the subcontracting services required by the Shangtex HK Group during each period; (iii) the assumption that there will not be material changes to the unit cost of processing fee; and (iv) an additional buffer of approximately 10%.

Service fees payable by the Group

The LTO Group had not engaged the Shangtex HK Group for subcontracting services as contemplated under the Master Mutual Subcontracting Agreement, thus no historical transaction figure is available.

The proposed annual caps for the transactions amounts to be payable by the Group to the Shangtex HK Group under the Master Mutual Subcontracting Agreement for the period from the effective date to 31 December 2026 and the two years ending 31 December 2027 and 2028 are as follows:-

	For financial years ending 31 December		
	2026	2027	2028
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>
Proposed annual caps	2,500	3,500	3,500

In determining the said annual caps, the Directors (including the independent non-executive Directors) have taken into account: (i) the estimated demand on subcontracting services required by the LTO Group during each period; (ii) the estimated unit cost of processing fee, which is estimated with reference to quotations provided by independent third party subcontractors for similar services in relation to similar products; and (iii) an additional buffer of approximately 10%.

Taking into account the above factors, the Directors (excluding the independent non-executive Directors, who will give their opinion after considering the advice from the Independent Financial Adviser) consider that the above proposed annual caps for the transactions contemplated under the Master Mutual Subcontracting Agreement are fairly and reasonably determined.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER MUTUAL SUBCONTRACTING AGREEMENT

The Group is principally engaged in the business of manufacturing and trading of apparel products, and has been offering subcontracting services for apparel products in recent years to expand its income streams, especially during non-peak seasons. On the other hand, the Group would also engage subcontractors to provide subcontracting services from time to time to manage demand, especially during peak seasons.

The Shangtex HK Group has been engaging the LTO Group to provide subcontracting services for the manufacturing of their apparel products since the commencement of the 2025 Master Subcontracting Agreement with increasing demand, and has recently expressed interest in providing subcontracting services to the LTO Group from time to time when required.

By entering into the Master Mutual Subcontracting Agreement which shall supersede the 2025 Master Subcontracting Agreement, it would provide more flexibility for the Group to enter into individual subcontracting agreements with the Shangtex HK Group for different services and products from time to time (either as principal and as subcontractor) within the boundaries of the Listing Rules.

The Board considers that the Master Mutual Subcontracting Agreement will (i) generate additional revenue to the Group by continuing to provide subcontracting services to the Shangtex HK Group; (ii) utilize the Group's production facilities more efficiently, especially during non-peak seasons; (iii) provide an option for the Group to obtain cost-effective subcontracting services to manage demand from time to time, especially during peak seasons; and (iv) nurture the cooperative relationship between the Group and Shangtex HK and bring new growth potential for the Group, 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 advice from the Independent Financial Adviser) are of the view that the transactions contemplated under the Master Mutual Subcontracting Agreement 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 Master Mutual Subcontracting Agreement 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.

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.

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

Shangtex HK is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Shangtex Holding Co., Ltd., a company incorporated in the PRC and 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.

INTERNAL CONTROL

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

Such internal control measures mainly include the following:

- The management of the Group will obtain (i) satisfactory documentary evidence from the Shangtex HK Group as regards the service fees offered by the Shangtex HK Group to independent third party subcontractors for similar services in relation to similar products, and (ii) comparable quotations from other independent third party subcontractors (subject to practical availability and feasibility) to ensure that the service fees payable to/by the Group are in line with the Group's pricing policy mentioned above.
- The finance department of the Company will conduct regular checks on whether the transactions under the Master Mutual Subcontracting Agreement are in accordance with the agreed terms under the definitive subcontracting agreements and the Master Mutual Subcontracting Agreement.
- The finance department of the Company is responsible for collecting data and statistics of the continuing connected transactions under the Master Mutual Subcontracting Agreement on a monthly basis to ensure the annual caps approved are not exceeded.

- 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 Master Mutual Subcontracting 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 (including the Master Mutual Subcontracting Agreement).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shangtex HK holds 730,461,936 Shares, representing approximately 70.64% of the issued share capital of the Company and is a substantial shareholder and a connected person of the Company. Therefore, the subcontracting transactions contemplated under the Master Mutual Subcontracting Agreement constitute continuing connected transactions 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 Master Mutual Subcontracting Agreement for each of the years ending on 31 December 2026, 2027 and 2028 are more than 5% on an annual basis, the transactions contemplated under the Master Mutual Subcontracting Agreement are 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 HK and/or its associated companies and hence have a material interest in the transactions contemplated under the Master Mutual Subcontracting Agreement. Accordingly, each of the said Directors has abstained from voting on the board resolution of the Company approving the entering into of the Master Mutual Subcontracting Agreement and the transactions contemplated thereunder.

EGM

The Company will convene the EGM for the Independent Shareholders to consider and, if thought fit, approve the Master Mutual Subcontracting Agreement and the transactions contemplated thereunder, and the proposed annual caps.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the transactions and its associates will abstain from voting at the general meeting to be held by the Company for (among others) considering and approving the Master Mutual Subcontracting Agreement and the transactions to be contemplated thereunder. Therefore, Shangtex HK, which holds 730,461,936 Shares as at the date of the announcement, representing approximately 70.64% of the issued share capital of the Company, shall abstain from voting at the EGM for approving the Master Mutual Subcontracting Agreement and the transactions to be contemplated thereunder, and the proposed annual caps.

The Independent Board Committee has been established to advise the Independent Shareholders on the transactions contemplated under the Master Mutual Subcontracting 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.

DESPATCH OF CIRCULAR

A circular containing further details of the Master Mutual Subcontracting Agreement, a letter from the Independent Board Committee to the Independent Shareholders, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and a notice of the EGM is expected to be despatched to the Shareholders on or before 30 June 2026.

DEFINITIONS

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

“2025 Announcements”	the announcements of the Company dated 30 June 2025, 11 July 2025 and 12 December 2025 in relation to the 2025 Master Subcontracting Agreement
“2025 Master Subcontracting Agreement”	the master subcontracting agreement entered into between LTO and Shangtex HK dated 30 June 2025, the details of which are set out in the 2025 Announcements
“associate(s)”	shall have the meaning as ascribed to it under the Listing Rules
“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
“EGM”	the extraordinary general meeting of the Company to be held for the Independent Shareholders to consider and, if thought fit, approve the Master Mutual Subcontracting Agreement and the transactions contemplated thereunder
“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 People’s Republic of China
“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 transactions contemplated under the Master Mutual Subcontracting Agreement and the proposed annual caps thereof
“Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed 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 Master Mutual Subcontracting Agreement
“Independent Shareholders”	Shareholders other than those who have a material interest in the Master Mutual Subcontracting Agreement and the transactions contemplated thereunder
“independent third parties”	persons who are independent of the Company and its connected persons
“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
“Master Mutual Subcontracting Agreement”	the master mutual subcontracting agreement entered into between LTO and Shangtex HK dated 29 May 2026, the principal terms of which are set out in this announcement
“Shangtex HK”	Shangtex (Hong Kong) Limited, a company incorporated in Hong Kong and a substantial shareholder of the Company
“Shangtex HK Group”	Shangtex HK and its subsidiaries
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholders”	holders of Shares
“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

By order of the Board
Luen Thai Holdings Limited
Chan Hiu Leong
Company Secretary

Hong Kong, 29 May 2026

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, Ms. Shi Min and Mr. Luo Guihua as independent non-executive Directors.

Company website: www.luenthai.com