THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

Luenthai

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

Independent Financial Adviser to
the Independent Board Committee and Independent Shareholders

Lego Corporate Finance Limited
力高企業融資有限公司

A letter from the Board is set out on pages 4 to 18 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-16 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, 14 August 2026 at 11:00 a.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.

23 July 2026

CONTENTS

In this circular, unless the context otherwise requires, the following expressions 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
"Announcements"	the announcements issued by the Company on 29 May 2026, 30 June 2026, 10 July 2026 and 17 July 2026 in relation to the Master Mutual Subcontracting 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"	1 July 2026 or the date on which the Company obtains the Independent Shareholders' approval (whichever is the later) 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 14 August 2026 at 11:00 a.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
"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

"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 Master Mutual Subcontracting 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 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 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"	20 July 2026, 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
"Master Mutual Subcontracting Agreement"	the Master Mutual Subcontracting Agreement dated 29 May 2026 entered into between LTO and Shangtex, the principal terms of which are set out in the section headed "Master Mutual Subcontracting Agreement" of this circular
"percentage ratios"	shall have the meaning as ascribed to it under Chapter 14 of the Listing Rules
"PRC"	the People's Republic of China

"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 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 (excluding the Group)
"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 identification purpose only*

For illustration purpose, in this circular, amounts in US$ have been translated into HK$ at the exchange rate of US$1.00 to HK$7.8. 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
Shi Min
Luo Guihua

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

23 July 2026

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO MASTER MUTUAL SUBCONTRACTING AGREEMENT

INTRODUCTION

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

On 29 May 2026 (after trading hours), LTO (a direct wholly-owned subsidiary of the Company) and Shangtex HK (a connected person of the Company) entered into the Master Mutual Subcontracting Agreement 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 the Effective Date and expiring on 31 December 2028.

As at the Latest Practicable Date, 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 thereof. 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.

The purpose of this circular is to (i) provide the Shareholders with further information in respect of the Master Mutual Subcontracting 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 Master Mutual Subcontracting 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.

MASTER MUTUAL SUBCONTRACTING AGREEMENT

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

Date: 29 May 2026

Parties:
(i) LTO, for itself and on behalf of the LTO Group; and
(ii) Shangtex HK, for itself and on behalf of the Shangtex HK Group

Term: For a term commencing on the Effective Date and expiring on 31 December 2028.

Nature of Transactions: Pursuant to the Master Mutual Subcontracting Agreement, 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).

NATURE OF THE SUBCONTRACTING SERVICES

The subcontracting services contemplated under the Master Mutual Subcontracting Agreement include (i) subcontracting services to be provided by the LTO Group to the Shangtex HK Group and (ii) subcontracting services to be provided by the Shangtex HK Group to the LTO Group from time to time.

It is expected that such subcontracting services will include the knitting, linking, and finishing processes for knitwear to produce semi-finished or finished knitwear products. The subcontractor will perform these processes and pack the items in accordance with the specifications and orders provided by the principal under the relevant definitive subcontracting agreement.

While each definitive subcontracting agreement will set out the detailed terms of the specific order, including the price for each unit (as determined based on the pricing policy agreed under the Master Mutual Subcontracting Agreement), the quantity, specification, quality requirements, place and date of delivery etc., the principal terms (including the provision of raw materials and payment terms agreed under the Master Mutual Subcontracting Agreement) will be identical in each case whether the LTO Group acts as principal or subcontractor.

Subcontracting services to be provided to the Shangtex HK Group

The Shangtex HK Group been engaging the LTO Group to provide subcontracting services for the manufacturing of their apparel products from time to time since the commencement of the 2025 Master Subcontracting Agreement. The LTO Group usually accepts subcontracting orders from the Shangtex HK Group during non-peak seasons when there is a lower volume of planned orders, and the LTO Group's production capacity is not fully utilized.

The subcontracting services provided by the LTO Group to the Shangtex HK Group generally involve knitwear products requiring higher technical specifications, more sophisticated production processes and/or stricter quality control requirements. The Shangtex HK Group engages the LTO Group for such orders due to the LTO Group's established technical expertise, production capability and proven track record of quality and timely delivery.

Subcontracting services to be provided by the Shangtex HK Group

In the ordinary course of its business, the LTO Group engages various subcontractors to provide subcontracting services from time to time to manage demand, especially during peak seasons when the LTO Group is at maximum production capacity. The Shangtex HK Group did not previously provide subcontracting services to the LTO Group, but has recently expressed interest in offering such services to the LTO Group at a competitive pricing from time to time when required.

The LTO Group generally prioritizes its internal production resources for higher value-added products requiring more sophisticated production techniques and stricter quality control standards. It is expected that, where the LTO Group engages the Shangtex HK Group as subcontractor pursuant to the Master Mutual Subcontracting Agreement, the subcontracting services will generally comprise more standardized production processes with less technically demanding production requirements, mainly for the purpose of covering overflow production needs during peak production periods.

By outsourcing certain standardized production processes or overflow orders to the Shangtex HK Group, it would enable the LTO Group to preserve internal capacity for higher-margin and more technically demanding orders, while maintaining production flexibility and meeting customer delivery schedules.

INTERNAL PRICING POLICY AND PROCEDURES

The Group established the internal pricing policy and procedures 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 (for example, comparable quotations obtained by the Shangtex HK Group from its independent third-party subcontractors for services in relation to products of the same specifications and order requirements) 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 seek to obtain at least two quotations from independent third party subcontractors for other comparable subcontracting services and/or products. The management of the Group would then compare the service fee offered by the Shangtex HK Group against the said quotations obtained from independent third party subcontractors, and assess whether the difference in the service fee offered by the Shangtex HK Group (if any) is fair and reasonable by evaluating the difference in the complexity of the subcontracting services involved (in terms of labor intensity, production time and technical requirements). A cost analysis will be performed to ensure the service fee offered is in line with the prevailing market rate.

(e) Once the Group has received the requested information from the Shangtex HK Group and the comparable quotations and the cost analysis has been completed, 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 seek to obtain at least two quotations from independent third party subcontractors for other comparable subcontracting services and/or products. The management of the Group would then compare the service fee quoted by the Shangtex HK Group against the said quotations obtained from independent third party subcontractors, and assess whether the difference in the service fee quoted by the Shangtex HK Group (if any) is fair and reasonable by evaluating the difference in the complexity of the subcontracting services involved (in terms of labor hours, technical processes and production requirements). A cost analysis will be performed to ensure that the pricing is in line with the prevailing market rate. Once the Group has received the comparable quotations and completed the cost analysis, 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

As mentioned in the 2025 Announcements, the annual caps for the aggregate fees payable by the Shangtex HK Group to the LTO Group under the 2025 Master Subcontracting Agreement were US$1,400,000 (or approximately HK$10,920,000) and US$1,400,000 (or approximately HK$10,920,000) for each of the years ended 31 December 2025 and 2026 respectively.

The actual aggregate transaction amounts received by the Group from the Shangtex HK Group under the 2025 Master Subcontracting Agreement for the year ended 31 December 2025 and for the four months ended 30 April 2026 were US$1,384,000 (or approximately HK$10,795,200) and US$1,156,000 (or approximately HK$9,016,800), respectively.

The Company confirms that the total actual transaction amount under the 2025 Master Subcontracting Agreement for the period from 1 January 2026 up to the Latest Practicable Date was US$1,160,000, which 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 transactions closely to ensure that the total actual transaction amount for the transactions 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 transaction amounts to be received by the LTO 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 US$3,000,000 (or approximately HK$23,400,000), US$4,500,000 (or approximately HK$35,100,000) and US$4,500,000 (or approximately HK$35,100,000), respectively.

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% to allow for future business growth.

In relation to the historical transaction amounts, the Directors noted that the aggregate transaction amount of US$1,156,000 under the 2025 Master Subcontracting Agreement for the four months ended 30 April 2026 represented a monthly average of approximately US$289,000 which, when annualized, amounted to approximately US$3,500,000 for the year ending 31 December 2026. The Directors further noted that such transaction volume was achieved notwithstanding the constraints imposed by the existing annual cap of US$1,400,000 for the year ending 31 December 2026 under the 2025 Master Subcontracting Agreement. As the remaining headroom available under the existing annual cap was limited, certain subcontracting orders and production plans had been deferred pending the implementation of the Master Mutual Subcontracting Agreement.

As such, when determining the proposed annual cap of US$3,000,000 for the period from the Effective Date to 31 December 2026, the management of the Group estimated the demand of subcontracting services required by the Shangtex HK Group taking into account: (i) the annualized transaction run-rate of US$3,500,000 as mentioned above (representing an amount of approximately US$1,750,000 for a six-month period), (ii) the estimated transaction amount of approximately US$900,000 (subject to the actual Effective Date) for deferred orders from before the Effective Date in view of the existing annual cap; and (iii) a buffer of 10% or US$350,000 for the expectation of continued increase in demand, driven by the expanding apparel production requirements of the Shangtex HK Group.

When determining the proposed annual caps for the two years ending 31 December 2027 and 2028, the management of the Group took into account (i) the historical utilization rates of the existing annual caps under the 2025 Master Subcontracting Agreement, being approximately 98.9% for the six months ended 31 December 2025 and 82.6% for the four months ended 30 April 2026 (with certain orders having been deferred); (ii) the estimated utilization rate of approximately 86.5% for the aggregate annual caps for the year ending 31 December 2026 (being US$1,400,000 for the 2025 Master Subcontracting Agreement and US$3,000,000 for the Master Mutual Subcontracting Agreement); and (iii) a buffer of approximately 10% for future business growth.

Taking into account the above factors, the Directors (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee included in this circular) consider that the above proposed annual caps for the transactions contemplated under the Master Mutual Subcontracting Agreement are fairly and reasonably determined.

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 LTO 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 US$2,500,000 (or approximately HK$19,500,000), US$3,500,000 (or approximately HK$27,300,000) and US$3,500,000 (or approximately HK$27,300,000), respectively.

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 from the Shangtex HK Group during each period; (ii) the estimated unit cost of processing fees, which is estimated with reference to quotations provided by independent third party subcontractors for similar services in relation to similar products assuming the same to remain relatively stable over the relevant periods; and (iii) an additional buffer of approximately 10% to allow for future business growth.

In relation to the estimation of demand of subcontracting services required by the LTO Group, the estimate was determined by the management of the Group with reference to the following:

(i) the historical subcontracting expenses of the LTO Group paid to independent third party subcontractors, which was approximately US$1.1 million for the four months ended 30 April 2026, representing a monthly average of approximately US$275,000 which, when annualized, amounts to approximately US$3,300,000 for the year ending 31 December 2026 (or approximately US$1,650,000 for a six-month period);

(ii) the estimated portion of subcontracting services (comprising relatively standardized or lower-skill production processes and overflow orders during peak seasons) expected to be gradually reallocated from existing independent third party subcontractors to the Shangtex HK Group during each period (provided that the service fees and terms offered by the Shangtex HK Group are competitive, no less favorable than those offered by independent third party subcontractors and acceptable based on the pricing policy), taking into account the capabilities of the Shangtex HK Group and the type of subcontracting services expected to be required by the LTO Group from time to time; and

(iii) an expected gradual increase in the utilization of subcontracting services by the LTO Group in order for the LTO Group to focus its internal production resources on higher value-added products with more stringent quality and technical requirements with relatively higher profit margins.

Taking into account the above factors, the Directors (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee included in this circular) consider that the above proposed annual caps 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. Such subcontracting services are provided in the ordinary course of business of the Group and are undertaken to optimize production capacity utilization, particularly during non-peak seasons when there is a lower volume of planned orders and the Group's production capacity is not fully utilized. 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 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 subcontracting services to be provided under the Master Mutual Subcontracting Agreement include the knitting, linking, and finishing processes for knitwear products. The specific scope of services under each definitive agreement will vary according to the specifications, technical requirements, and production complexity of the relevant products.

The LTO Group will consider accepting subcontracting orders from the Shangtex HK Group when the planned utilization rate of its relevant production capacity is below 80%, subject to compliance with its internal control and pricing policies, in order to optimize production capacity utilisation and improve operational efficiency. Conversely, the LTO Group will consider engaging the Shangtex HK Group to provide subcontracting services when its internal production capacity is fully utilized or where necessary to meet production schedules and customer demand, provided that the service fee quoted is fair and reasonable as assessed under the Group's internal pricing procedures.

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 whose views are set out in the letter from the Independent Board Committee included in this circular) 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.

DIRECTORS' MATERIAL INTERESTS

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.

INTERNAL CONTROL MEASURES

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).

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 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, 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.

IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, 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 will be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

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 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, 14 August 2026 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular for the Shareholders to consider and, if thought fit, pass the ordinary resolutions to approve the Master Mutual Subcontracting 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.

Any Shareholder with a material interest in the Master Mutual Subcontracting Agreement and the transactions contemplated thereunder shall not vote on the resolutions to be proposed at the EGM. 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 Master Mutual Subcontracting 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 Master Mutual Subcontracting 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 Master Mutual Subcontracting 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-16 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 Master Mutual Subcontracting 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.

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 Master Mutual Subcontracting 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 Master Mutual Subcontracting 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

The following is the text of a letter from the Independent Board Committee to the Independent Shareholders in relation to the Master Mutual Subcontracting 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)

23 July 2026

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO MASTER MUTUAL SUBCONTRACTING AGREEMENT

We refer to the circular of the Company dated 23 July 2026 (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 Master Mutual Subcontracting 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 18 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-16 of the Circular.

Having considered the terms of the Master Mutual Subcontracting 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 Master Mutual Subcontracting 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 Master Mutual Subcontracting Agreement, the transactions contemplated thereunder and the proposed annual caps thereof.

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

Chan Henry **Shi Min** **Luo Guihua**
Independent Non-Executive Directors

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 Master Mutual Subcontracting Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.

Lego Corporate Finance Limited
力高企業融資有限公司

23 July 2026

To the Independent Board Committee and the Independent Shareholders

Dear Sirs or Madams,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO MASTER MUTUAL SUBCONTRACTING 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 Master Mutual Subcontracting 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 23 July 2026 (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 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 and the Announcements in relation to the Master Mutual Subcontracting Agreement.

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. Upon the Master Mutual Subcontracting Agreement becoming unconditional, the 2025 Master Subcontracting Agreement shall be superseded in its entirety.

As at the Latest Practicable Date, 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 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.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Chan Henry, Ms. Shi Min and Mr. Luo Guihua, has been established to advise the Independent Shareholders as to (i) whether the terms of the Master Mutual Subcontracting 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 Master Mutual Subcontracting 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 the fabric purchase master agreement, details of which were disclosed in the circular of the Company dated 6 October 2025, 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 Master Mutual Subcontracting 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 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 2025 Announcements and the Announcements; (ii) the annual report of the Company for the year ended 31 December 2025 (the "**2025 Annual Report**"); and (iii) 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, the Shangtex HK Group or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Master Mutual Subcontracting 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 HK Group

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.

2. The Master Mutual Subcontracting Agreement

2.1 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 to expand its income streams, especially during non-peak seasons while the principal activities of the Shangtex HK Group are manufacturing and trading of apparels and accessories. Such subcontracting services are provided in the ordinary course of business of the Group and are undertaken to optimize production capacity utilisation, particularly during non-peak seasons when there is a lower volume of planned orders and the Group's production capacity is not fully utilised. Therefore, the provision of subcontracting services for apparel products by the LTO Group to the Shangtex HK Group under the Master Mutual Subcontracting Agreement is in line with the principal activities of the Group and allow the Group to better utilise its production facilities and capacity.

As disclosed in the Letter from the Board, the LTO Group will consider accepting subcontracting orders from the Shangtex HK Group when the planned utilisation rate of its relevant production capacity is below 80%, subject to compliance with its internal control and pricing policies, in order to optimize production capacity utilisation and improve operational efficiency. 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 and the Board believes that the Master Mutual Subcontracting Agreement will enable the Group to (i) generate additional revenue by continuing to provide subcontracting services to the Shangtex HK Group; and (ii) utilise the Group's production facilities and capacity more efficiently, especially during non-peak seasons, which will be beneficial to the overall business operation and development of the Group.

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. We have discussed with the Management and were given to understand that the LTO Group will consider engaging the Shangtex HK Group to provide subcontracting services when its internal production capacity is fully utilised or where necessary to meet production schedules and customer demand, provided that the service fee quoted is fair and reasonable as assessed under the Group's internal pricing procedures. As such, we concur that the procurement of Shangtex HK Group for the subcontracting services will (i) provide an option for the Group to obtain cost-effective subcontracting services to manage demand from time to time, especially during peak seasons; and (ii) nurture the cooperative relationship between the Group and the Shangtex HK Group, which will be conducive to the Group's overall business operation and development.

Having considered the above and the terms of the Master Mutual Subcontracting Agreement being on normal commercial terms and fair and reasonable as discussed below, we concur with the Directors that the entering into of the Master Mutual Subcontracting Agreement is in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

2.2 Principal terms of the Master Mutual Subcontracting Agreement

The principal terms of the Master Mutual Subcontracting Agreement are set out below:

Date:	29 May 2026
Parties:	(i) LTO, for itself and on behalf of the LTO Group; and (ii) 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 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 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 LTO Group than those offered by the Shangtex HK Group to independent third party subcontractors/principals (as the case may be).

NATURE OF THE SUBCONTRACTING SERVICES

As disclosed in the Letter from the Board, the subcontracting services contemplated under the Master Mutual Subcontracting Agreement include (i) subcontracting services to be provided by the LTO Group to the Shangtex HK Group and (ii) subcontracting services to be provided by the Shangtex HK Group to LTO Group from time to time.

It is expected that such subcontracting services will include the knitting, linking, and finishing processes for knitwear to produce semi-finished or finished knitwear products. The subcontractor will perform these processes and pack the items in accordance with the specifications and orders provided by the principal under the relevant definitive subcontracting agreement.

While each definitive subcontracting agreement will set out the detailed terms of the specific order, including the price for each unit (as determined based on the pricing policy agreed under the Master Mutual Subcontracting Agreement), the quantity, specification, quality requirements, place and date of delivery etc., the principal terms (including the provision of raw materials and payment terms agreed under the Master Mutual Subcontracting Agreement) will be identical in each case whether the LTO Group acts as principal or subcontractor.

Subcontracting services to be provided to the Shangtex HK Group

The Shangtex HK Group has been engaging the LTO Group to provide subcontracting services for the manufacturing of their apparel products from time to time since the commencement of the 2025 Master Subcontracting Agreement. The LTO Group usually accepts subcontracting orders from the Shangtex HK Group during non-peak seasons when there is a lower volume of planned orders, and the LTO Group's production capacity is not fully utilised.

The subcontracting services provided by the LTO Group to the Shangtex HK Group generally involve knitwear products requiring higher technical specifications, more sophisticated production processes and/or stricter quality control requirements. The Shangtex HK Group engages the LTO Group for such orders due to the LTO Group's established technical expertise, production capability and proven track record of quality and timely delivery.

Subcontracting services to be provided by the Shangtex HK Group

In the ordinary course of its business, the LTO Group engages various subcontractors to provide subcontracting services from time to time to manage demand, especially during peak seasons when the LTO Group is at maximum production capacity. Shangtex HK Group did not previously provide subcontracting services to the LTO Group, but has recently expressed interest in offering such services to the LTO Group at a competitive pricing from time to time when required.

The LTO Group generally prioritizes its internal production resources for higher value-added products requiring more sophisticated production techniques and stricter quality control standards. It is expected that, where the LTO Group engages the Shangtex HK Group as subcontractor pursuant to the Master Mutual Subcontracting Agreement, the subcontracting services will generally comprise more standardized production processes with less technically demanding production requirements, mainly for the purpose of covering overflow production needs during peak production periods.

By outsourcing certain standardized production processes or overflow orders to the Shangtex HK Group, it would enable the LTO Group to preserve internal capacity for higher-margin and more technically demanding orders, while maintaining production flexibility and meeting customer delivery schedules.

As disclosed in the Letter from the Board, the Company has put in place internal pricing policy and procedures 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.

In assessing the fairness and reasonableness of service fees payable to the Group and payment terms for providing subcontracting services to the Shangtex HK Group under the 2025 Master Subcontracting Agreement, we have randomly selected and reviewed a total of six subcontracting transactions (including the purchase order, invoice, payment record, the Group's cost and pricing analysis and at least two comparable quotations between the Shangtex HK Group and its independent third party subcontractors for each transaction) during the period from 1 July 2025, being the effective date of the 2025 Master Subcontracting Agreement, up to and including 30 April 2026 (the "**Review Period**") in respect of the provision of subcontracting services from the Group to the Shangtex HK Group under the 2025 Master Subcontracting Agreement during the Review Period.

Based on our review, we noted that the service fee payable to the Group by the Shangtex HK Group and the payment term were no less favourable than those comparable quotations provided by the independent third party subcontractors and were in line with the internal pricing policy and procedures as disclosed in the section headed "INTERNAL PRICING POLICY AND PROCEDURES" of the Letter from the Board.

We also reviewed the Group's cost and pricing analysis and noted that the service fee payable to the Group by the Shangtex HK Group was not 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**"). Taking into consideration of the Group's gross profit margin amounted to approximately 11.0% and 14.8% for the two years ended 31 December 2025, respectively, we are of the view that the Baseline Fee of 10% or more is justifiable.

On the other hand, as regards service fee payable by the LTO Group for subcontracting services to be provided by the Shangtex HK Group under the Master Mutual Subcontracting Agreement, the Company will put in place internal control procedures as disclosed in the section headed "INTERNAL PRICING POLICY AND PROCEDURES" of the Letter from the Board, pursuant to which the Group will compare the quotation from the Shangtex HK Group with at least two comparable quotations from independent third party subcontractors to assess whether the service fee quoted by the Shangtex HK Group is in line with the prevailing market rate. We have reviewed the Group's internal policy and procedure manual in relation to engaging subcontractors for any subcontracting services effective from 1 July 2026 (the "**Manual**"), and noted that the disclosed procedure is in line with the Manual.

We have reviewed the Manual and noted that the Group specify the procedure for any subcontracting order, including (i) the procurement department will be responsible to assess new subcontractors entering into the master subcontractors list of the Group with the proper authorization of the Group's customers and assess the potential subcontractor for each subcontracting service order with several factors considered, such as production capacity, manpower, equipment of the subcontractors, expected delivery date, pricing quotation and payment term; (ii) the procurement department will also be responsible for continuously detailed quality control for each subcontracting service order including the pre-production sample checking, transportation and use of raw material, in-line and final inspection; (iii) the payment should be finally reviewed and approved by finance and other related/responsible management; and (iv) the designated subcontractor will be subject to quarterly review by the Group. With the above procedures, alongside with obtaining at least two market quotations from other independent third-party subcontractors, we consider that the

Company has sufficient and effective segregation of duties and internal control measures in place to ensure that the service fees to be payable by the LTO Group under the Master Mutual Subcontracting Agreement will be fair and reasonable and no less favourable to the LTO Group than those offered by independent third parties.

As advised by the Management, it shall not be difficult to obtain at least two comparable quotations from other independent third-party subcontractors considering there are at least 30 subcontractors engaged by the Group for the year ended 31 December 2025, which provides a sufficient pool of comparable data.

As disclosed in the Letter from the Board, if quotations from other independent third party subcontractors for the same services are not available or cannot practically be obtained, a contingency mechanism is in place where the Management would seek to obtain at least two quotations from independent third party subcontractors for other comparable subcontracting services and/or products. The Management would then compare the service fee quoted by the Shangtex HK Group against the said 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 by evaluating the difference in the complexity of the subcontracting services involved (in terms of labour hours, technical process and production requirements). A cost analysis will be performed to ensure that the pricing is in line with the prevailing market rate. Once the Group has received the comparable quotations and completed the cost analysis, 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.

We have discussed with the Management and were given to understand that the detailed comparison with and the assessment on quotations for subcontracting services relating to similar product would be conducted in the following manner. The Group would (i) identify the specific complexity factors relevant to the service fee quoted by Shangtex HK Group, such as labour hours, type of machinery/equipment required, estimated production time, unit cost of processing fees and the level of expertise required; (ii) make reference to the historical figures of providing similar subcontracting services in terms of the above specific complexity factors; (iii) adjust the comparable quotations to reflect the differences in complexity factors, and they would be adjusted proportionally to establish a like-for-like comparison; and (iv) perform the cost and pricing analysis to confirm the service fee quoted by Shangtex HK Group is above the Baseline Fee of 10% or above and in line with prevailing market rate. The entire process would be documented in writing and subject to review by the finance department and the Management.

We have considered the above comparison with and the assessment on quotations for subcontracting services relating to similar product types to be fair and reasonable after taking into consideration that (i) the apparel manufacturing industry involves a wide variety of product types, specifications and complexities, and it is not always feasible to obtain comparable quotations for every specific product type, particularly for customised or niche products. The approach of comparable quotations for different product types is a practical and commercially reasonable solution to this limitation; (ii) the Group has established a structured adjustment that takes into account differences in complexity based on objective factors such as labour hours, type of machinery/equipment required, estimated production time, unit cost of processing fees and the level of expertise required, allowing for a meaningful like-for-like comparison even when the products themselves differ; and (iii) the Group has documented procedures to ensure the assessment is conducted in a consistent and transparent manner, with the involvement of the finance department and the Management in the review and approval process.

Based on the above, we are of the view that (i) the internal control measures are in place to govern the conduct of the transactions contemplated under the Master Mutual Subcontracting Agreement, thereby safeguarding the interests of the Independent Shareholders; and (ii) the terms of the Master Mutual Subcontracting Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

3. Historical transaction amounts and the assessment of proposed annual caps under the Master Mutual Subcontracting Agreement in relation to the service fees payable to the LTO Group by the Shangtex HK Group (the "LTO Subcontracting Annual Caps")

The table below sets out (i) the actual service fees payable to the LTO Group and the existing annual caps (the "**Existing Annual Cap(s)**") for the transactions under the 2025 Master Subcontracting Agreement for the period from 1 July 2025 to 31 December 2025 and the two years ending 31 December 2027; and (ii) the proposed LTO Subcontracting Annual Caps for the three years ending 31 December 2028.

	For the period from 1 July 2025 to 31 December 2025	**For the year ending 31 December 2026**	**For the period from Effective Date to 31 December 2026**	**For the year ending 31 December 2027**	**For the year ending 31 December 2028**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Actual aggregate amounts received by the Group	1,384	1,156 *(Note)*	N/A	N/A	N/A
Existing Annual Caps	1,400	1,400	N/A	1,400	N/A
Utilisation rate	98.9%	82.6% *(Note)*	N/A	N/A	N/A
LTO Subcontracting Annual Caps	N/A	N/A	3,000	4,500	4,500

Note: The figures represent the transaction amount and the utilisation rate for the four months ended 30 April 2026.

As illustrated in the table above, the service fees received by the Group under the 2025 Master Subcontracting Agreement was approximately US$1.38 million for the period from 1 July 2025 to 31 December 2025, representing approximately 98.9% of the Existing Annual Cap of US$1.4 million for the year ended 31 December 2025.

For the four months ended 30 April 2026, the service fees received by the Group under the 2025 Master Subcontracting Agreement amounted to approximately US$1.2 million, representing approximately 82.6% of the Existing Annual Cap of US$1.4 million for the year ending 31 December 2026. As advised by the Management, the growth in service fees stemmed from increased demand for the Group's subcontracting services, which is attributed to its consistent quality assurance and track record of timely delivery.

In assessing the fairness and reasonableness of the LTO Subcontracting Annual Caps, we have discussed with the Management regarding the principal bases and assumptions adopted in determining the LTO Subcontracting Annual Caps.

During our review of the estimation of the LTO Subcontracting Annual Caps, we noted that the LTO Subcontracting Annual Caps were primarily determined with reference to the historical transaction amounts, in particular, the historical transaction amount for the four months ended 30 April 2026. We noted that the actual service fees received by the Group for the six months ended 31 December 2025 was approximately US$1.38 million, which was close to the full utilisation of the Existing Annual Caps. As such, the Company considers the Existing Annual Caps will not be sufficient to meet its requirements.

Having considered that (i) the service fees received by to the Group under the 2025 Master Subcontracting Agreement amounted to approximately US$1.2 million for the four months ended 30 April 2026, indicating a strong demand for the Group's subcontracting services from the Shangtex HK Group; (ii) the Group exercised caution in accepting additional subcontracting orders from the Shangtex HK Group in order to ensure that the Existing Annual Cap would not be exceeded, which the deferred orders and production plans have already been factored into the estimated calculation for the LTO Subcontracting Annual Cap of US$3.0 million for the period from Effective Date to 31 December 2026; and (iii) the Existing Annual Caps were very close to full utilisation, which implied that the Company had taken a prudent approach in estimating the transaction amounts in the past, we consider that the LTO Subcontracting Annual Cap of US$3.0 million for the period from Effective Date to 31 December 2026 is justifiable.

For illustrative purpose, the annualised service fees received by the Group for the year ending 31 December 2026 (which is calculated based on the amounts received by the Group of approximately US$1.2 million for the four months ended 30 April 2026) amounts to approximately US$3.5 million (the "**Annualised Service Fees**"), which exceeds the Existing Annual Caps of approximately US$1.4 million for each of the two years ending 31 December 2027.

Taking into consideration (i) of the Annualised Service Fees of approximately US$3.5 million represents approximately 77.8% and 77.8% of the LTO Subcontracting Annual Caps of US$4.5 million and US$4.5 million, respectively; (ii) that the Group intentionally curtailed the provision of subcontracting service for Shangtex HK Group until the commencement of the term of the Master Mutual Subcontracting Agreement, which certain deferred orders and production plans have already been taken into account for the estimated demand for the subcontracting services; and (iii) that the Company will monitor the transaction amount on a monthly basis to ensure the LTO Subcontracting Annual Caps approved will not be exceeded, we are of the view that the increase in the LTO Subcontracting Annual Caps from US$3.0 million for the period from Effective Date to 31 December 2026 to US$4.5 million for the two years ending 31 December 2028 are justifiable.

However, the Shareholders should note that the LTO Subcontracting Annual Caps are determined based on assumptions relating to future business demand, production planning and market conditions which may or may not materialise. The LTO Subcontracting Annual Caps should therefore not be regarded as any indication of the future revenues, profitability or business prospects of the Group. Consequently, we express no opinion as to how closely the actual future transaction amounts of the continuing connected transactions will correspond with the LTO Subcontracting Annual Caps for the three years ending 31 December 2028.

4. Assessment of the proposed annual caps under the Master Mutual Subcontracting Agreement in relation to service fees payable by the LTO Group to the Shangtex HK Group (the "Shangtex Subcontracting Annual Caps")

The LTO Group had not engaged the Shangtex HK Group for subcontracting services as contemplated under the 2025 Master Subcontracting Agreement, thus no historical transaction figure is available.

The following table sets out the Shangtex Subcontracting Annual Caps for the three years ending 31 December 2028.

	For the period from Effective Date to 31 December 2026	**For the year ending 31 December 2027**	**For the year ending 31 December 2028**
	US$'000	*US$'000*	*US$'000*
Shangtex Subcontracting Annual Caps	2,500	3,500	3,500

In assessing the fairness and reasonableness of the Shangtex Subcontracting Annual Caps, we have discussed with the Management regarding the principal bases and assumptions adopted in determining the Shangtex Subcontracting Annual Caps.

During our review of the estimation of the Shangtex Subcontracting Annual Caps, we noted that the Shangtex Subcontracting Annual Caps were primarily determined with reference to the estimated demand on subcontracting services required by the LTO Group during each period. We have reviewed the schedule provided by the Management and noted that the historical service fees payable by the Group to existing subcontractors amounted to approximately US$3.4 million and US$1.1 million for the year ended 31 December 2025 and for the four months ended 30 April 2026, respectively, with a monthly average of approximately US$283,333 and US$275,000.

We have discussed with the Management and were given to understand that as the Group gains operational experience with the Shangtex HK Group following implementation of the Master Mutual Subcontracting Agreement, the Shangtex HK Group may undertake part of the subcontracting services currently performed by independent third-party subcontractors, subject to its pricing competitiveness, production capability, quality standards and delivery performance. Accordingly, the Shangtex Subcontracting Annual Caps principally represent the existing subcontracting expenditure ceiling rather than a material expansion of the Group's overall subcontracting requirements.

For illustrative purposes only, assuming the Shangtex HK Group were to eventually absorb the subcontracting services currently performed by independent third-party subcontractors, the Shangtex Subcontracting Annual Caps have been structured as the maximum threshold across three distinct phases. In the initial phase, from July 2026, the Group may commence with small-scale orders, targeting a monthly average consistent with historical third-party subcontracting service fee, with a pro-rata maximum amount of approximately US$1.7 million for the six-month period ending 31 December 2026. In the second phase in 2027, the Group may gradually increase subcontracting service volume and expand to a wider range of product types, subject to Shangtex HK Group's production capacity and quality standards, targeting a pro-rata maximum amount of approximately US$3.3 million. In the final phase in 2028, the Group will stabilise the allocation at the planned monthly average, with a pro-rata maximum amount of approximately US$3.3 million, and evaluate further expansion based on transaction amount during the three years ending 31 December 2028. The Management will monitor the performance of Shangtex HK Group on an ongoing basis to ensure it continuously meets expectations regarding pricing competitiveness, production capability, quality standards, and delivery performance.

Taking into consideration that such pro-rata maximum amount of the subcontracting services payable to the Shangtex HK Group from the LTO Group represent approximately 68.0%, 94.3% and 94.3% of the Shangtex Subcontracting Annual Caps during the terms of the Master Mutual Subcontracting Agreement, respectively, we consider that the Shangtex Subcontracting Annual Caps are justifiable.

However, the Shareholders should note that the Shangtex Subcontracting Annual Caps are determined based on assumptions relating to future business demand, production planning and market conditions which may or may not materialise. The Shangtex Subcontracting Annual Caps should therefore not be regarded as any indication of the future revenues, profitability or business prospects of the Group. Consequently, we express no opinion as to how closely the actual future transaction amounts of the continuing connected transactions will correspond with the Shangtex Subcontracting Annual Caps for the three years ending 31 December 2028.

5. Internal control measures

We have discussed with the Management and noted that the Group has established the following internal control measures in order to ensure that the transactions contemplated 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:

(i) the management of the Group will obtain (a) 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 (b) 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;

(ii) 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;

(iii) 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;

(iv) 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; and

(v) 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).

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 Master Mutual Subcontracting Agreement will be conducted on normal commercial terms and in accordance with the respective pricing policies and terms of the Master Mutual Subcontracting Agreement.

Taking into account the above, we are of the view that there are appropriate measures in place to govern the conduct of the Master Mutual Subcontracting 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 Master Mutual Subcontracting 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 Master Mutual Subcontracting 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 Master Mutual Subcontracting 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 indirectly controls 1,840,757 Shares as trustee of a discretionary trust. He is therefore deemed under Part XV of the SFO to be interested in all of the 1,840,757 Shares as trustee of a trust. 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 a discretionary trust which indirectly holds 13,916,124 Shares. 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 wholly owns Flying Base Limited, which owns 15,655,639 Shares. The spouse of Mr. Tan Cho Lung, Raymond holds a total of 2,050,000 Shares as beneficial owner. He is therefore deemed under Part XV of the SFO to be interested in all of the 2,050,000 Shares held by his spouse.

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 5)*
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%
Dr. Tan Henry	Interest of controlled corporation *(Note 2 to 4)*	103,095,849	9.97%
Ms. Tan Chiu Joise	Interest of controlled corporation; interest of spouse *(Note 2 to 4)*	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. Under the SFO, Dr. Tan Henry is deemed to be interested in (i) 71,975,726 Shares held by Double Joy as disclosed in note (2); (ii) 17,203,999 Shares held by Luen Thai Capital Limited ("**LTCL**"), a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Dr. Tan Henry; and (iii) 13,916,124 Shares held by Luen Thai Group Ltd. ("**LTG**") a company incorporated in Bahamas with limited liability and is owned as to 41% by Dr. Tan Henry. Dr. Tan Henry is hence deemed to be interested in a total of 103,095,849 Shares held by his controlled corporations under the SFO.

4. Under the SFO, Ms. Tan Chiu Joise is deemed to be interested in 71,975,726 Shares held by Double Joy as disclosed in note (2). As Ms. Tan Chiu Joise is the spouse of Dr. Tan Henry, she is also deemed to be interested in the 103,095,849 Shares held by his controlled corporations as disclosed in note (3).

5. 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 Announcements and in this circular, and the Company's annual report for the year ended 31 December 2025:

(a) none of the Directors had any interest, either direct or indirect, in any assets which have been, since 31 December 2025 (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:

Name	Qualification
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 2025, 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, the Directors confirm that there has been no material adverse change in the financial position or trading position of the Group since 31 December 2025, 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) and the Company (www.luenthai.com) for a period of 14 days from the date of this circular:

(a) the Master Mutual Subcontracting Agreement;

(b) the 2025 Master Subcontracting Agreement;

(c) the letter from the Board as set out in this circular;

(d) the letter from the Independent Board Committee as set out in this circular;

(e) the letter from the Independent Financial Adviser as set out in this circular;

(f) the written consent from the Independent Financial Adviser referred to in the section headed "Expert and Consent" of this Appendix I; and

(g) 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, 14 August 2026 at 11:00 a.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 23 July 2026, unless otherwise specified.

ORDINARY RESOLUTIONS

1. **Master Mutual Subcontracting Agreement**

   "**THAT**:

   (a) the Master Mutual Subcontracting Agreement (as defined and described in the circular of the Company dated 23 July 2026) and the transactions contemplated thereunder be and are approved, confirmed and ratified;

   (b) the execution and delivery of the Master Mutual Subcontracting 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 Master Mutual Subcontracting Agreement for each of the years ending 31 December 2026, 2027 and 2028 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 Master Mutual Subcontracting Agreement and the transactions thereunder."

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

Hong Kong, 23 July 2026

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.

5. The register of members of the Company will be closed from Tuesday, 11 August 2026 to Friday, 14 August 2026, 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 Monday, 10 August 2026.

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
Shi Min
Luo Guihua

Company website: www.luenthai.com