LUEN THAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 311)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

GROUP FINANCIAL HIGHLIGHTS

	Six-month period ended 30 June	
	2025	2024
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Revenue	**295,824**	304,522
Operating profit/(loss)	**4,583**	(2,602)
Profit/(loss) attributable to owners of the Company	**373**	(9,728)
Earnings/(loss) per share *(US cents)*	**0.04**	(0.94)

The board (the "Board") of directors (the "Directors") of Luen Thai Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group" or "Luen Thai") for the six-month period ended 30 June 2025.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six-month period ended 30 June 2025

	Note	**Six-month period ended 30 June** **2025** ***US$'000*** **(Unaudited)**	2024 *US$'000* (Unaudited)
Revenue	3	**295,824**	304,522
Cost of sales		**(254,645)**	(265,901)
Gross profit		**41,179**	38,621
Other gain/(loss) — net		**328**	(17)
Selling and distribution expenses		**(792)**	(809)
General and administrative expenses		**(36,211)**	(40,356)
Reversal of/(provision for) impairment of trade receivables		**79**	(41)
Operating profit/(loss)	4	**4,583**	(2,602)
Finance income	5	**408**	343
Finance costs	5	**(5,203)**	(6,755)
Finance costs — net	5	**(4,795)**	(6,412)
Share of profits of joint ventures and associates — net		**311**	360
Profit/(loss) before income tax		**99**	(8,654)
Income tax credit/(expense)	6	**155**	(1,154)
Profit/(loss) for the period		**254**	(9,808)
Profit/(loss) attributable to			
Owners of the Company		**373**	(9,728)
Non-controlling interests		**(119)**	(80)
		254	(9,808)
Earnings/(loss) per share attributable to owners of the Company, expressed in US cents per share			
— Basic and diluted	7	**0.04**	(0.94)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2025

	Six-month period ended 30 June	
	2025	2024
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	**254**	(9,808)
Other comprehensive (loss)/income		
Item that may be reclassified to profit or loss:		
Currency translation differences	**(251)**	465
Total comprehensive income/(loss) for the period	**3**	(9,343)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**122**	(8,946)
Non-controlling interests	**(119)**	(397)
	3	(9,343)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Note	**As at 30 June 2025** ***US$'000*** **(Unaudited)**	As at 31 December 2024 *US$'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**81,952**	87,386
Right-of-use assets		**25,542**	23,202
Intangible assets		**43,229**	43,563
Interests in joint ventures and associates		**4,975**	5,078
Deferred income tax assets		**3,735**	3,385
Deposits, prepayments and other receivables	9	**3,065**	3,197
Total non-current assets		**162,498**	165,811
Current assets			
Inventories		**70,943**	55,584
Trade and other receivables	9	**170,482**	165,439
Prepaid income tax		**4,245**	4,247
Derivative financial instruments		**—**	31
Cash and bank balances		**72,756**	54,871
Total current assets		**318,426**	280,172
Total assets		**480,924**	445,983
EQUITY			
Equity attributable to owners of the Company			
Share capital		**10,341**	10,341
Other reserves	11	**(6,936)**	(6,685)
Retained earnings		**152,671**	152,298
		156,076	155,954
Non-controlling interests		**629**	748
Total equity		**156,705**	156,702

	Note	**As at 30 June 2025** *US$'000* **(Unaudited)**	As at 31 December 2024 *US$'000* (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		**22,536**	19,514
Retirement benefit obligations		**4,573**	4,351
Deferred income tax liabilities		**2,157**	2,214
Total non-current liabilities		**29,266**	26,079
Current liabilities			
Trade and other payables	10	**93,377**	86,796
Provisions		**19,054**	19,078
Borrowings		**169,587**	143,501
Lease liabilities		**2,535**	3,202
Derivative financial instruments		**167**	—
Current income tax liabilities		**10,233**	10,625
Total current liabilities		**294,953**	263,202
Total liabilities		**324,219**	289,281
Total equity and liabilities		**480,924**	445,983

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six-month period ended 30 June 2025

1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six-month period ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2024 and any public announcements made by Luen Thai Holdings Limited during the interim reporting period.

2. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2024, as described in those annual financial statements, except for the adoption of amended standards and interpretation for the financial year ending 31 December 2025 as described below.

Taxes on income in the six-month period ended are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) Amended standards relevant to and adopted by the Group

The following amended standards have been adopted by the Group for the first time for the financial period beginning on or after 1 January 2025:

- Amendments to HKAS 21 and HKFRS 1 — Lack of Exchangeability

These amended standards have no material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

The Group has not adopted any other new and amended standards, interpretation and annual improvement interpretation that are not yet effective for this interim period.

(b) New and amended standards, interpretation and annual improvement not yet adopted by the Group

Certain new standards and amendments to existing standards, interpretation and an annual improvement have been published but are not effective for the financial year beginning on or after 1 January 2025 reporting periods and have not been early adopted by the Group.

- Amendments to HKFRS 9 and HKFRS 7 — Amendments to the Classification and Measurement of Financial Instruments and Contracts Referencing Nature-dependent Electricity
- HKFRS 18 — Presentation and Disclosure in Financial Statements
- Annual improvements to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7
- HKFRS 19 — Subsidiaries without Public Accountability: Disclosures
- Amendments to Hong Kong Interpretation 5 — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
- Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group will apply the above new standards and amendments to existing standards and interpretation when they become effective.

The new standard and amendments to existing standards and interpretation are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions, except for HKFRS 18 which will mainly impact the presentation in the consolidated statement of profit and loss and consolidated statement of cash flows. The Group is still in the process of evaluating the impact of adoption of HKFRS 18.

3. SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and trading of apparels and accessories. Revenue consists of sales revenue from apparel and accessories.

The executive directors have been identified as the Group's chief operating decision-maker. The executive directors have determined the operating segments based on the information reviewed by them that are used to make strategic decisions. The executive directors exclude certain one-off items that might not occur regularly and which introduce volatility into the results of the segment.

The executive directors assess the performance of each segment based on a measure of segment profit/(loss) primarily. Assets and liabilities of the Group are regularly reviewed on a consolidated basis. The segment information provided to the executive directors for the reportable segments for the six-month period ended 30 June 2025 and 2024 is as follows:

	Apparel	**Accessories**	**Group Total**
	US$'000	***US$'000***	***US$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Six-month period ended 30 June 2025			
Revenue (from external customers)	**171,553**	**124,271**	**295,824**
Revenue recognized under HKFRS15			
— At a point in time	**171,527**	**123,726**	**295,253**
Rental income recognized under HKFRS16	**26**	**545**	**571**
	171,553	**124,271**	**295,824**
Segment (loss)/profit for the period	**(2,741)**	**5,040**	**2,299**
(Loss)/profit for the period includes:			
Cost of inventories	**(149,674)**	**(104,971)**	**(254,645)**
Depreciation and amortization	**(5,148)**	**(3,170)**	**(8,318)**
Share of profits of joint ventures and associates — net	**311**	**—**	**311**
Income tax (expense)/credit	**(702)**	**857**	**155**

	Apparel	Accessories	Group Total
	US$'000	*US$'000*	*US$'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Six-month period ended 30 June 2024			
Revenue (from external customers)	183,362	121,160	304,522
Revenue recognized under HKFRS15			
— At a point in time	183,336	120,943	304,279
Rental income recognized under HKFRS16	26	217	243
	183,362	121,160	304,522
Segment (loss)/profit for the period	(9,635)	5,277	(4,358)
(Loss)/profit for the period includes:			
Cost of inventories	(162,959)	(102,942)	(265,901)
Depreciation and amortization	(6,313)	(3,824)	(10,137)
Share of profits of joint ventures and associates — net	360	—	360
Income tax expense	(1,007)	(147)	(1,154)

The revenue from external parties is derived from numerous external customers and the revenue reported to management is measured in a manner consistent with that in the condensed consolidated statement of profit or loss. Management assesses the performance of the operating segments based on a measure of profit before corporate expenses for the period.

A reconciliation of total segment profit to the profit for the period is provided as follows:

	Six-month period ended 30 June	
	2025	2024
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Segment profit/(loss) for the period	**2,299**	(4,358)
Corporate expenses *(Note)*	**(2,045)**	(5,450)
Profit/(loss) profit for the period	**254**	(9,808)

Note: Corporate expenses represent general corporate expenses such as executive salaries and other unallocated general and administrative expenses and losses incurred by corporate investments.

4. OPERATING PROFIT/(LOSS)

The following items have been charged/(credited) to the operating profit during the period:

	Six-month period ended 30 June	
	2025	2024
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Amortization of intangible assets	**334**	334
Depreciation of property, plant and equipment	**6,058**	7,271
Depreciation of right-of-use assets	**1,985**	2,766
(Gain)/loss on disposals of property, plant and equipment	**(199)**	56
(Reversal of)/provision for impairment of trade receivables	**(79)**	41
Provision for inventory obsolescence	**907**	—

5. FINANCE COSTS — NET

	Six-month period ended 30 June	
	2025	2024
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Interest expenses arisen from lease liabilities from related companies	**(42)**	(66)
Interest expense on lease liabilities with third parties	**(746)**	(809)
Interest expense on bank loans and overdrafts	**(4,415)**	(5,880)
Finance costs	**(5,203)**	(6,755)
Interest income from bank deposits	**395**	328
Interest income from amounts due from an associate	**13**	15
Finance income	**408**	343
Finance costs — net	**(4,795)**	(6,412)

6. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2024: Same) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six-month period ended 30 June	
	2025	2024
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current income tax	**1,912**	1,243
Over provision in prior year	**(1,660)**	—
Deferred income tax	**(407)**	(89)
	(155)	1,154

Notes

(i) The Inland Revenue Department ("IRD") has been reviewing the eligibility of a Hong Kong incorporated subsidiary's 50% or 100% offshore profits claim for previous years.

The IRD tentatively disallowed the 50% or 100% offshore profits claim for the previous years and issued notices of additional assessments/assessments for the years of assessment 2000/01 to 2014/15 on the basis of no 50:50 apportionment for 2000/01 to 2011/12 and no 100% offshore profit for 2012/13 to 2014/15 with the amount of US$3,820,000 (equivalent to approximately HK$29,797,000). A settlement agreement has been reached with the IRD in March 2025 for the years of assessment 2000/01 to 2014/15 in which the additional tax payable is US$4,150,000 (equivalent to approximately HK$32,373,000). The total sum of US$3,695,000 (equivalent to approximately HK$28,823,000) in the form of tax reserve certificates previously purchased in respect of the tax in dispute up to and including the year of assessment 2014/15 will be fully utilised to set off with the additional tax payable which is due for payment in August 2025.

In view of the case development, a tax provision of US$4,150,000 (equivalent to approximately HK$32,373,000) has been made for the years of assessment 2000/01 to 2024/25, based on settlement agreement and the latest communication with IRD.

While the settlement basis for the years of assessment 2000/01 to 2014/15 has been agreed with the IRD up to the date of this announcement, the negotiation of the settlement basis for the years of assessment 2015/16 to 2024/25 is still on going as at the date of this announcement and has not been finalized.

(ii) During the year ended 31 December 2019, the Group entered into an agreement with an independent third party to dispose of certain of its subsidiaries. The disposed subsidiaries were engaged in the investment holdings, manufacturing and trading of accessories and leasing of the properties. The disposal resulted in an indirect transfer of a Chinese company, which was captured under Public Notice [2015] No. 7 ("Public Notice 7"), the supplementary notice of Circular 698 issued by the PRC State Taxation Administration, of which any capital gain from the transaction was subject to withholding income tax ("WIT") at 10%.

At the date of disposal, there was a receivable balance on book of the disposed subsidiary. Management considers that there were sufficient supporting documents to substantiate the nature and amount and therefore this receivable balance could be excluded from WIT calculation and there will be no capital gain from the disposal transaction. The case is currently under review by the in-charge tax authority and there is no final assessment as at 30 June 2025. Management assessed that the maximum WIT exposure to be approximately RMB10,005,000 (equivalent to US$1,533,000). Despite the uncertain outcomes of the above case, management has provided for the abovementioned amount in full and considers that such provision to be sufficient but not excessive as at 30 June 2025.

(iii) Certain Cambodia incorporated subsidiaries of the Group have been under tax audits by the local tax authority since the year ended 31 December 2016. According to management's experience, the tax audits have been carried out by the local tax authority on a routine basis. On a case-by-case basis, management will determine whether or not to make provision, depending on the expected outcomes of the tax audits. They consider the provisions as at 30 June 2025 to be adequate but not excessive.

(iv) The Group is within the scope of the OECD Pillar Two model rules. In respect of fiscal year commencing on or after 1 January 2025, Pillar Two Rules are effective and applicable in various jurisdictions in which the Company, its subsidiaries and joint venture operate, such as Hong Kong and Vietnam. In particular, the enactment of Hong Kong minimum top-up tax and Income Inclusion Rule in Hong Kong and applicable to the Company will bring the whole of the Group under the scope of Pillar Two in respect of the year ending 31 December 2025. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in July 2023.

The Group has conducted relevant assessment on its top-up tax and has recognised a current tax expense of US$562,000 for the six-month period ended 30 June 2025 which is expected to be levied on the Company and its relevant subsidiaries. However, if there is any potential top-up tax from the ultimate parent entity ("UPE"), it is possible that the UPE may further allocate or recharge the relevant tax to the respective entities that contribute to the top-up tax.

Please note that the above assessment has been conducted based on data available for the Group only. The actual calculation at the UPE level may lead to different results due to jurisdictional blending with UPE and its other subsidiaries. The Group will continue to monitor developments of the Pillar Two Rules and assess its impact to the Group as appropriate.

7. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six-month period ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to owners of the Company *(US$'000)*	**373**	(9,728)
Weighted average number of ordinary shares in issue *(thousands)*	**1,034,113**	1,034,113
Basic earnings/(loss) per share *(US cents per share)*	**0.04**	(0.94)

(b) Diluted

Diluted earnings/(loss) per share for the six-month period ended 30 June 2025 and 2024 are the same as the basic earnings/(loss) per share as there were no potential dilutive ordinary shares outstanding during the periods.

8. DIVIDENDS

No interim dividend was declared by the Board for the six-month period ended 30 June 2025 and 2024.

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2025	As at 31 December 2024
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Current portion		
Trade receivables	**112,749**	108,440
Less: loss allowances	**(4,164)**	(4,243)
Trade receivables — net	**108,585**	104,197
Amounts due from related parties	**18,364**	19,548
Less: loss allowances	**(314)**	(314)
Amounts due from related parties — net	**18,050**	19,234
Deposits, prepayments and other receivables	**27,124**	25,285
Indemnified assets	**16,723**	16,723
	170,482	165,439
Non-current portion		
Deposits	**1,988**	2,120
Others	**1,077**	1,077
	3,065	3,197

The Group normally grants credit terms to its customers up to 120 days. The aging analysis of the trade receivables based on invoice date is as follows:

	As at 30 June 2025 *US$'000* **(Unaudited)**	As at 31 December 2024 *US$'000* (Audited)
0 to 30 days	**56,356**	45,356
31 to 60 days	**25,421**	25,712
61 to 90 days	**16,517**	20,864
91 to 120 days	**10,241**	11,608
Over 120 days	**4,214**	4,900
	112,749	108,440

10. TRADE AND OTHER PAYABLES

	As at 30 June 2025 *US$'000* **(Unaudited)**	As at 31 December 2024 *US$'000* (Audited)
Trade payables	**50,635**	40,404
Contract liabilities	**70**	74
Other taxes payables	**9,266**	9,033
Accrued wages and salaries	**19,306**	23,177
Accrued professional fees	**2,732**	2,941
Amounts due to related parties	**800**	1,004
Others	**10,568**	10,163
Trade and other payables	**93,377**	86,796

As at 30 June 2025 and 31 December 2024, the aging analysis of the trade payables based on invoice date is as follows:

	As at 30 June 2025 *US$'000* **(Unaudited)**	As at 31 December 2024 *US$'000* (Audited)
0 to 30 days	**44,680**	32,445
31 to 60 days	**3,437**	4,683
61 to 90 days	**863**	1,349
Over 90 days	**1,655**	1,927
	50,635	40,404

11. OTHER RESERVES

	Capital reserve *US$'000* (Unaudited)	**Other capital reserves** *US$'000* (Unaudited)	**Employment benefit reserve** *US$'000* (Unaudited)	**Exchange reserve** *US$'000* (Unaudited)	**Total** *US$'000* (Unaudited)
As at 1 January 2025	**7,891**	**(4,031)**	**870**	**(11,415)**	**(6,685)**
Currency translation differences	**—**	**—**	**43**	**(294)**	**(251)**
As at 30 June 2025	**7,891**	**(4,031)**	**913**	**(11,709)**	**(6,936)**
As at 1 January 2024	7,891	(2,795)	4,602	(12,378)	(2,680)
Transfer of accumulated remeasurements of defined benefits obligations to retained earnings upon settlement	—	—	(3,530)	—	(3,530)
Currency translation differences	—	—	(60)	842	782
As at 30 June 2024	7,891	(2,795)	1,012	(11,536)	(5,428)

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS AND OVERVIEW

2025 started on a relatively pleasant note with expectations of mild global economic growth due to tailwinds from falling interest rates and falling inflation, despite continuing threats of geopolitical instability and economic nationalism. However, the unleashing of reciprocal tariff policy by the United States of America ("Policy") on 2 April 2025 has plunged the world economy into new chaos.

Enormous uncertainties have been created by the ever-changing Policy, causing many brand customers with exposure to the market in the United States of America (the "USA") to adopt a wait-and-see approach and curtail or suspend their buying. In light of this, the Group recorded a revenue of approximately US$295,824,000 for the six months ended 30 June 2025, representing a slight decline of approximately 2.9% compared with the same period of last year. Despite decrease in revenue, the gross profit increased by 6.6% from approximately US$38,621,000 for the six months ended 30 June 2024 to approximately US$41,179,000 for the period ended 30 June 2025, primarily due to the improvement of gross profit margin as discussed below.

The improvement in the Group's financial performance was mainly attributable to (i) the absence of various non-recurring general, administrative and legal expenses relating to customs law and regulations in the USA ("Issues") for the six months ended 30 June 2025 as compared to relevant expenses of approximately US$3,900,000 incurred in the corresponding period in 2024, which mainly comprised of severance payments paid by the Group to former employees who were laid-off pursuant to the management decision to reduce operating costs for the Group's manufacturing plants in the longer run in view of the adverse impact of the Issues; (ii) the overall gross profit margin of the Group increased by 1.2 percentage point to 13.9% due to the settlement of the Issues and the continued effect of the stringent cost control measures implemented by the management of the Group; and (iii) the decrease in finance cost from approximately US$6,412,000 for corresponding period in 2024 to approximately US$4,795,000 for the six months ended 30 June 2025 resulting from a decline in interest rates and strategic deployment of funding streams.

As a result of the foregoing, the Group recorded a profit attributable to owners of the Company ("Net Profit") amounting to approximately US$373,000 for the six months ended 30 June 2025, as compared to a loss attributable to owners of the Company of approximately US$9,728,000 for the six months ended 30 June 2024.

SEGMENTAL REVIEW

Our Apparel and Accessories businesses respectively accounted for approximately 58.0% and 42.0% of the Group's total revenue for the period under review.

Apparel

For the first half of 2025, revenue generated from the Apparel Division was approximately US$171,553,000, representing a decrease of approximately 6.4% or US$11,809,000 when compared with corresponding period last year. Such decrease in segment revenue was mainly attributable to streamlining and restructuring of customer's portfolio. Notwithstanding the decrease in segment revenue, the segment loss of the Apparel Division reduced from approximately US$9,635,000 to approximately US$2,741,000, representing an improvement of approximately US$6,894,000 or 71.6% when compared with same period last year. Such improvement of the Apparel Division's result was mainly due to the absence of various non-recurring expenses factors as mentioned under the section headed "Results of Operations and Overview" above.

Accessories

The Accessories Division recorded a revenue of approximately US$124,271,000 for the six months ended 30 June 2025, representing a period-to-period increase of approximately US$3,111,000 or 2.6% when compared with corresponding period last year. The Accessories Division recorded a segment profit of approximately US$5,040,000, a drop of 4.5% compared to approximately US$5,277,000 in the same period last year.

MARKETS

Geographically, Europe and the USA remained our major export markets for the period under review. The total revenue derived from customers in Europe and the USA collectively was approximately US$185,196,000, which accounted for approximately 62.6% of the Group's total revenue in the first half of 2025.

The Group's revenue from the Asia market (mainly the People's Republic of China (the "PRC") and Japan) was approximately US$60,773,000, which accounted for approximately 20.5% of the Group's total revenue in the first half of 2025.

LIQUIDITY AND FINANCIAL RESOURCES

The financial position of the Group remained healthy. As at 30 June 2025, the total cash and bank deposits of the Group amounted to approximately US$72,756,000, representing an increase of approximately US$17,885,000 over the balance as at 31 December 2024. The Group's total bank borrowings as at 30 June 2025 was approximately US$169,587,000, representing an increase of approximately US$26,086,000 as compared to approximately US$143,501,000 as at 31 December 2024.

As at 30 June 2025, based on the scheduled repayments set out in the relevant loan agreements with banks, all the Group's bank borrowings of approximately US$169,587,000 are repayable within one year.

Gearing ratio is defined as net debt (representing bank borrowings net of cash and bank balances) divided by shareholders' equity. As at 30 June 2025, the gearing ratio of the Group was approximately 62.0%.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group adopts a prudent policy to hedge against the fluctuations in exchange rates. Most of the Group's operating activities are denominated in US dollar, Euro, Hong Kong dollar, Cambodian Riel, Chinese Yuan, Burmese Kyat and Philippine Peso. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and to mitigate the impact on exchange rate fluctuations by entering into currency hedge arrangement if necessary. During the six months ended 30 June 2025 and 2024, no forward foreign exchange or hedging contracts had been entered into by the Group.

FUTURE PLANS AND PROSPECT

Looking ahead, the management of the Group believes that the overall operating environment remains highly challenging, particularly due to uncertainties posed by the Policy, as the Group's performance has already been adversely affected by this Policy to a certain extent for the six months ended 30 June 2025.

Since promulgation of the Policy in April 2025, the global outlook has significantly worsened compared to forecasts made at the beginning of the year. According to the latest global economic prospects report published by the World Bank, the global economic growth is projected to slow to 2.3 percent in 2025 due to the heightened trade tensions, nearly half a percentage point lower than the rate that had been expected at the start of the year.

In view of this continuing turbulent situation, the Group's management will continue to assess the impact of the global economic backdrop on the Group's financial performance and business operations, and closely monitor the Group's exposure to the market uncertainties and business risks in connection therewith. In order to minimize the potential risks and to promote healthy and sustainable development of the Group, the Group will continue to adopt appropriate financial management measures to well prepare for the upcoming challenges and to seize advantage of any opportunities that may arise in the future.

In addition, the Group will continue to implement stringent cost control measures, including reducing manufacturing costs, distribution costs and administrative expenses, and achieving greater synergies on overall administrative efficiency by sharing internal resources. The Group will also pay relentless focus on our long-term sustainable strategy, further streamlining and consolidating our diversified production bases, and reinforcing our strategic resilience to serve and grow with our customers. The Group will also continue to closely monitor the market conditions and will make timely adjustments to its business strategies whenever necessary.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no significant investments and material acquisition or disposal of subsidiaries, associates and joint ventures during the period ended 30 June 2025.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 June 2025 (2024: Nil) or as at the date of this announcement.

CHARGE OF ASSETS

The Group's assets were not charged to third parties as of 30 June 2025 (2024: Nil).

CONTINGENT LIABILITIES

The Group has contingent liabilities regarding potential exposures to import duties, other taxes and penalties in various overseas countries with aggregated amounts of approximately US$16,723,000 as at 30 June 2025 (31 December 2024: US$16,723,000).

Among the abovementioned contingent liabilities, US$5,504,000 was recognized upon business combination of Universal Elite Holdings Limited ("Universal") and its subsidiaries in October 2018. Pursuant to the agreement for sale and purchase of the shares in Universal, such taxation claim in relation to periods prior to October 2018 will be indemnified entirely by the sellers. Accordingly, the Group has recognized an indemnification asset of US$5,504,000 as at the acquisition date.

During the year ended 31 December 2022, one subsidiary of Universal has paid the IRD an amount of US$22,000 to settle a tax case related to periods prior to the acquisition. The amount has been recovered from the previous owners in full. Accordingly, the amounts of contingent liability and indemnified assets have been reduced to US$5,482,000 as at 31 December 2022. Settlement in the amount of US$22,000 was made up to the period ended 30 June 2025.

Also, a contingent liability of US$11,461,000 was recognized upon business combination of Sachio Investments Limited ("Sachio") and its subsidiary in April 2020. Pursuant to the agreement for sale and purchase of the shares in Sachio, such taxation claim in relation to periods prior to April 2020 will be indemnified entirely by the sellers. Accordingly, the Group has recognized an indemnification asset of US$11,461,000 as at the acquisition date.

During the year ended 31 December 2022, the subsidiary of Sachio has paid the Cambodia tax authority a total amount of US$220,000 on cases related to periods prior to the acquisition. The amount has been recovered from the previous owner in full. Accordingly, the amounts of contingent liability and indemnified assets have been reduced to US$11,241,000. Settlement in the amount of US$220,000 was made up to the period ended 30 June 2025.

HUMAN RESOURCES, AND CORPORATE SOCIAL RESPONSIBILITY

Luen Thai continues to be an employer of choice through focused and strategic human resources strategies and social responsibility programmes that are aligned with the Company's growth and changing needs. Improved governance and strengthened partnership serve as the foundation for all these initiatives as Luen Thai maintains its position as a leader in Corporate Social Responsibility in the apparel and accessories manufacturing industry.

Luen Thai continuously strives to foster open communications with employees through various channels. Under its employee care initiatives, Luen Thai has provided safe and enjoyable work and living environments, equitable compensation and benefit schemes, and opportunities for career growth through a variety of formal and informal learning and development programmes, and a strong corporate culture where employee' contributions are recognized and rewarded.

As a global corporate citizen, Luen Thai is conducting business and developing a sustainable business strategy with a long-term view, which creates a positive impact for our worldwide supply chain and the surrounding environment. We not only focus on profit maximization, but we must also understand the needs and concerns of other stakeholders.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2025 (2024: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six-month period ended 30 June 2025.

CORPORATE GOVERNANCE PRACTICES

Throughout the six-month period ended 30 June 2025, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in the Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Luen Thai acknowledges the need for and importance of corporate governance as one of the key elements in creating shareholders' value. It is committed to ensuring high standards of corporate governance in the interests of shareholders and taking care to identify practices designed to achieve effective oversight, transparency and ethical behavior.

As at the date of this announcement, the Company has formed the following committees at the Board level:

Audit Committee: The Audit Committee has been set up to provide advice and recommendations to the Board. Ms. Fok Yue San, Sandy and the three independent non-executive Directors of the Company, namely, Mr. Chan Henry, Ms. Shi Min and Mr. Lee Cheuk Yin, Dannis as the Committee Chairman, comprise the Audit Committee. Each committee member possesses appropriate finance and/or industry expertise to advise the Board.

Remuneration Committee: The Remuneration Committee has been set up with the responsibility of recommending to the Board the remuneration policy for all Directors and the senior management. Mr. Zhang Min, Mr. Jin Xin and the three independent non-executive Directors of the Company, namely, Mr. Lee Cheuk Yin, Dannis, Ms. Shi Min and Mr. Chan Henry as the Committee Chairman, comprise the Remuneration Committee.

Nomination Committee: The Nomination Committee has been set up with responsibility of making recommendation to the Board on the appointment or re-appointment of Directors. Mr. Wang Weimin as the Committee Chairman and the three independent non-executive Directors of the Company, namely, Mr. Chan Henry, Ms. Shi Min and Mr. Lee Cheuk Yin, Dannis, comprise the Nomination Committee.

Financing and Banking Committee: The Financing and Banking Committee has been set up to review and approve any banking facility of the Group, and to ensure that each facility is in the best commercial interest of the Group as a whole. The Financing and Banking Committee comprises two members, namely Mr. Tan Cho Lung, Raymond and Mr. Jin Xin, with Mr. Tan Cho Lung, Raymond as the Committee Chairman.

Corporate governance practices of the Company during the six-month period ended 30 June 2025 were in line with those practices set out in the Corporate Governance Report in the Company's 2024 Annual Report.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules. After having made specific enquiry of all Directors, all the Directors confirmed that they have complied with the required standards as set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company during the six-month period ended 30 June 2025.

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has discussed with the management regarding the auditing, internal control and financial reporting matters. The Audit Committee has discussed and reviewed the unaudited interim financial information and the interim report for the six-month period ended 30 June 2025.

At the request of the Board, the Company's external auditor, PricewaterhouseCoopers, has carried out a review of the unaudited condensed consolidated interim financial information in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT

This results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.luenthai.com). The interim report of the Company for the six-month period ended 30 June 2025 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above websites in due course.

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

Hong Kong, 27 August 2025

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