



TURNING THE TIDE
TOWARDS

PROFITABILITY

2025 INTERIM REPORT

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EXECUTIVE DIRECTORS

WANG Weimin, *Chairman*
TAN Siu Lin, *Honorary Life Chairman*
TAN Cho Lung Raymond, *Chief Executive Officer*
ZHANG Min
JIN Xin

NON-EXECUTIVE DIRECTOR

FOK Yue San, Sandy

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHAN Henry
LEE Cheuk Yin, Dannis
SHI Min (*appointed on 29 March 2025*)
WANG Ching (*retired on 29 March 2025*)

CHIEF FINANCIAL OFFICER

CHIU Chi Cheung

COMPANY SECRETARY

CHAN Hiu Leong

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF LUEN THAI HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 3 to 36, which comprises the condensed consolidated statement of financial position of Luen Thai Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2025 and the interim condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" as issued by the HKICPA. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" as issued by the HKICPA.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 27 August 2025

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	7	81,952	87,386
Right-of-use assets	8	25,542	23,202
Intangible assets	7	43,229	43,563
Interests in joint ventures and associates	14	4,975	5,078
Deferred income tax assets		3,735	3,385
Deposits, prepayments and other receivables	10	3,065	3,197
Total non-current assets		162,498	165,811
Current assets			
Inventories	9	70,943	55,584
Trade and other receivables	10	170,482	165,439
Prepaid income tax		4,245	4,247
Derivative financial instruments	5	—	31
Cash and bank balances	11	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	12	10,341	10,341
Other reserves	13	(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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2025

	Note	As at 30 June 2025 US\$'000 (Unaudited)	As at 31 December 2024 US\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities	8	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	16	93,377	86,796
Provisions	17	19,054	19,078
Borrowings	15	169,587	143,501
Lease liabilities	8	2,535	3,202
Derivative financial instruments	5	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

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

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	6	295,824	304,522
Cost of sales		(254,645)	(265,901)
Gross profit		41,179	38,621
Other gain/(loss) – net	18	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)	19	4,583	(2,602)
Finance income	20	408	343
Finance costs	20	(5,203)	(6,755)
Finance costs – net	20	(4,795)	(6,412)
Share of profits of joint ventures and associates – net	14	311	360
Profit/(loss) before income tax		99	(8,654)
Income tax credit/(expense)	21	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	22	0.04	(0.94)

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

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		
<i>Item that may be reclassified to profit or loss:</i>		
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)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

	Unaudited					
	Attributable to owners of the Company					Total equity US\$'000
	Share Capital US\$'000 (Note 12)	Other reserves US\$'000 (Note 13)	Retained earnings US\$'000	Total US\$'000	Non-controlling interests US\$'000	
Balance at 1 January 2025	10,341	(6,685)	152,298	155,954	748	156,702
Profit/(loss) for the period	—	—	373	373	(119)	254
Other comprehensive loss:						
Currency translation differences	—	(251)	—	(251)	—	(251)
Total comprehensive (loss)/income for the period ended 30 June 2025	—	(251)	373	122	(119)	3
Balance at 30 June 2025	10,341	(6,936)	152,671	156,076	629	156,705

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

	Unaudited					
	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share Capital US\$'000 (Note 12)	Other reserves US\$'000 (Note 13)	Retained earnings US\$'000	Total US\$'000		
Balance at 1 January 2024	10,341	(2,680)	183,007	190,668	1,018	191,686
Loss for the period	—	—	(9,728)	(9,728)	(80)	(9,808)
Other comprehensive income/(loss):						
Currency translation differences	—	782	—	782	(317)	465
Total comprehensive income/(loss) for the period ended 30 June 2024	—	782	(9,728)	(8,946)	(397)	(9,343)
Total contributions by and distributions to owners of the Company, recognized directly in equity						
Transfer of accumulated remeasurements of defined benefits obligations to retained earnings upon settlement	—	(3,530)	3,530	—	—	—
Balance at 30 June 2024	10,341	(5,428)	176,809	181,722	621	182,343

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

		Six-month period ended 30 June	
	Note	2025 US\$'000 (Unaudited)	2024 US\$'000 (Unaudited)
Cash flows from operating activities			
Cash generated from/(used in) operations		994	(2,752)
Interest paid		(5,203)	(6,755)
Income tax paid		(642)	(1,607)
Net cash outflow from operating activities		(4,851)	(11,114)
Cash flows from investing activities			
Purchases of property, plant and equipment	7	(651)	(1,405)
Proceeds from disposals of a joint venture		—	1,029
Proceeds from disposals of property, plant and equipment		303	257
Dividends received from a joint venture	14	414	—
Interest received		408	343
Net cash inflow from investing activities		474	224
Cash flows from financing activities			
Net decrease in bank borrowings of trade finances arising from transferred receivables		(844)	(866)
Net decrease in bank borrowings of other trade finance		(20,567)	(2,800)
Proceeds from borrowings		99,912	48,082
Repayments of borrowings		(52,415)	(23,065)
Repayments of principal elements of lease payments		(2,518)	(4,713)
Net cash inflow from financing activities		23,568	16,638
Net increase in cash and bank balances		19,191	5,748
Cash and bank balances at beginning of the period		54,136	75,780
Exchange losses on cash and bank balances		(571)	(316)
Cash and bank balances at end of the period		72,756	81,212

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Luen Thai Holdings Limited (the “Company”) is principally an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and trading of apparels and accessories. The Group has manufacturing plants primarily in the People’s Republic of China (the “PRC”), Cambodia, the Philippines and Myanmar.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and Rooms 1001-1005, 10/F, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong, respectively.

The Company has its primary listing on the Main Board of the Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in United States dollars (“US\$”), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 27 August 2025.

This condensed consolidated interim financial information has been reviewed, not audited.

2 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.

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

3 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.

(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 that are not yet effective for this interim period.

(b) New and amended standards, interpretation and an 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

3 ACCOUNTING POLICIES (CONTINUED)

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

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

The new standards, amendments to existing standards, interpretation and an annual improvement 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 statement of comprehensive income and statement of cash flows. The Group is still in the process of evaluating the impact of adoption of HKFRS 18.

4 ESTIMATES

The preparation of this condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2024.

There have been no changes in the risk management policies since 31 December 2024.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Fair value estimation

The table below analyzes the Group's financial instruments that are carried at fair value, by valuation method, as at 30 June 2025 and 31 December 2024. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (level 3)

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
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As at 30 June 2025

Liabilities

Derivative financial instruments	—	167	—	167
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As at 31 December 2024

Assets

Derivative financial instruments	—	31	—	31
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There were no changes in valuation techniques during the period ended 30 June 2025.

Level 2 financial instruments comprise forward foreign exchange contracts. Forward foreign exchange contracts are fair valued using forward exchange rates that are quoted in an active market. The effects of discounting are generally insignificant for level 2 derivatives.

5.3 Liquidity risk

Compared to year end, there have been no material changes to the policies and practices for the Group's liquidity and funding risks management as described in the annual financial statements for the year ended 31 December 2024.

6 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 US\$'000 (Unaudited)	Accessories US\$'000 (Unaudited)	Group Total US\$'000 (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 (Note 21)	(702)	857	155

6 SEGMENT INFORMATION (CONTINUED)

	Apparel US\$'000 (Unaudited)	Accessories US\$'000 (Unaudited)	Group Total US\$'000 (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 (<i>Note 21</i>)	(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.

6 SEGMENT INFORMATION (CONTINUED)

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 (Unaudited)	US\$'000 (Unaudited)
Segment profit/(loss) for the period	2,299	(4,358)
Corporate expenses <i>(Note)</i>	(2,045)	(5,450)
Profit/(loss) 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.

	Six-month period ended 30 June	
	2025	2024
	US\$'000 (Unaudited)	US\$'000 (Unaudited)
Analysis of revenue by category		
Sales of garment, textile products and accessories	292,347	299,592
Other revenue	3,477	4,930
Total revenue	295,824	304,522

7 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

	Intangible assets			Property, plant and equipment	Total
	Goodwill	Customer relationship	Total intangible assets		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Six-month period ended 30 June 2025

Opening net book amount as at

1 January 2025	42,320	1,243	43,563	87,386	130,949
Additions	—	—	—	651	651
Disposals and write-off	—	—	—	(104)	(104)
Depreciation and amortization <i>(Note 19)</i>	—	(334)	(334)	(6,058)	(6,392)
Exchange differences	—	—	—	77	77

Closing net book amount as at

30 June 2025	42,320	909	43,229	81,952	125,181
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Six-month period ended 30 June 2024

Opening net book amount as at

1 January 2024	42,320	1,911	44,231	105,203	149,434
Additions	—	—	—	1,405	1,405
Disposals and write-off	—	—	—	(313)	(313)
Depreciation and amortization <i>(Note 19)</i>	—	(334)	(334)	(7,271)	(7,605)
Exchange differences	—	—	—	(179)	(179)

Closing net book amount as at

30 June 2024	42,320	1,577	43,897	98,845	142,742
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7 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment tests for goodwill

Goodwill is monitored by management at the level of the two cash-generating units ("CGUs") of Apparel and Accessories as consistently being identified in Note 8 of the annual financial statements for the year ended 31 December 2024.

The following is a summary of goodwill allocation to each of the two CGUs.

	US\$'000 (Unaudited)
As at 30 June 2025	
Apparel	33,952
Accessories	8,368
	42,320

In accordance with HKAS 36 "Impairment of Assets", goodwill is required to be tested for impairment at least annually, or more frequently if there are indications of potential impairment. If the carrying value of the goodwill exceeds its recoverable amount (i.e., the higher of its fair value less costs of disposal and its value in use), an impairment loss is recognized.

During the six-month period ended 30 June 2025, the Group has identified certain indications of potential impairment from information gathered externally (macroeconomic conditions) and internally (decrease in the budgeted gross profit margin and revenue growth in the current period) for the Apparel and Accessories CGUs. The Group has therefore updated the value-in-use calculation and recalculated the recoverable amount of the Apparel and Accessories CGUs as at 30 June 2025.

The recoverable amount of Apparel and Accessories CGUs was determined based on value-in-use calculation, consistent with the method used as at 31 December 2024. For details see Note 8 of our annual financial statements for the year ended 31 December 2024. Based on the value-in-use calculation, the recoverable amounts of the Apparel and Accessories CGUs are higher than their respective carrying amounts. Accordingly, no impairment loss is to be recognized.

7 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment tests for goodwill (Continued)

The following table sets out the key assumptions for the Apparel and Accessories CGUs where the impairment calculations were updated as at 30 June 2025:

	As at 30 June 2025		As at 31 December 2024	
	Accessories (Unaudited)	Apparel (Unaudited)	Accessories (Audited)	Apparel (Audited)
Average revenue growth	7.1%	6.6%	5.8%	4.6%
Average gross profit margin	18.2%	13.8%	19.4%	13.6%
Terminal growth rate	2.0%	2.0%	2.0%	2.0%
Discount rate	16.0%	17.0%	16.0%	17.0%

In the Apparel CGU, the recoverable amount calculated based on updated value in use exceeded the carrying amount by US\$12,543,000. A fall in annual revenue growth rate to 6.5%, a gross profit margin to 13.5%, a fall in terminal growth rate to 0.9% or a rise in discount rate to 17.7%, all changes taken in isolation, would remove the remaining headroom.

In the Accessories CGU, the recoverable amount calculated based on updated value in use exceeded the carrying amount by US\$8,867,000. A fall in annual revenue growth rate to 7.0%, a gross profit margin to 17.8%, a fall in terminal growth rate to -0.2% or a rise in discount rate to 17.3%, all changes taken in isolation, would remove the remaining headroom.

8 LEASES

This note provides information for leases where the Group is a lessee.

	Land and properties US\$'000 (Unaudited)	Land use rights US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Right-of-use assets			
As at 1 January 2025	18,473	4,729	23,202
Additions	4,309	—	4,309
Disposal	(41)	—	(41)
Depreciation (<i>Note 19</i>)	(1,867)	(118)	(1,985)
Exchange differences	67	(10)	57
As at 30 June 2025	20,941	4,601	25,542
	Land and properties US\$'000 (Unaudited)	Land use rights US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Right-of-use assets			
As at 1 January 2024	20,057	4,982	25,039
Additions	3,138	—	3,138
Disposal	(49)	—	(49)
Depreciation (<i>Note 19</i>)	(2,640)	(126)	(2,766)
Exchange differences	(140)	(1)	(141)
As at 30 June 2024	20,366	4,855	25,221

8 LEASES (CONTINUED)

- (i) Amounts recognized in the consolidated statement of financial position:

	As at 30 June 2025 US\$'000 (Unaudited)	As at 31 December 2024 US\$'000 (Audited)
Lease liabilities		
Current	2,535	3,202
Non-current	22,536	19,514
	25,071	22,716
	Six-month period ended 30 June 2025 US\$'000 (Unaudited)	2024 US\$'000 (Unaudited)
Interest expenses arisen from lease liabilities from related companies (Note 20)	42	66
Interest expense on lease liabilities with third parties (Note 20)	746	809
Expense relating to short-term leases (included in cost of sales and general administrative expenses)	594	631
Depreciation expenses of right-of-use assets (Note 19)	1,985	2,766

The total cash outflow for leases for the six-month period end 30 June 2025 was US\$3,900,000 (2024: US\$5,344,000).

9 INVENTORIES

	As at 30 June 2025 US\$'000 (Unaudited)	As at 31 December 2024 US\$'000 (Audited)
Raw materials	23,833	24,285
Work-in-progress	37,612	23,370
Finished goods	9,498	7,929
	70,943	55,584

10 TRADE AND OTHER RECEIVABLES

	As at 30 June 2025 US\$'000 (Unaudited)	As at 31 December 2024 US\$'000 (Audited)
Current portion		
Trade receivables (<i>Note</i>)	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 (<i>Note 24(c)</i>)	18,050	19,234
Deposits, prepayments and other receivables	27,124	25,285
Indemnified assets (<i>Note 17(i)</i>)	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

10 TRADE AND OTHER RECEIVABLES (CONTINUED)

Note: 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

11 CASH AND BANK BALANCES

	As at 30 June 2025 US\$'000 (Unaudited)	As at 31 December 2024 US\$'000 (Audited)
Cash at bank and on hand	72,756	54,136
Bank deposits with a maturity period of over 3 months	—	735
Cash and cash balance	72,756	54,871
Less: Bank deposits with a maturity period of over 3 months	—	(735)
Cash and cash equivalents in the condensed consolidated statement of cash flows	72,756	54,136

12 SHARE CAPITAL

	Number of shares '000	Nominal value US\$'000
Issued and fully paid – ordinary shares of US\$0.01 each		
As at 31 December 2024 (audited) and 30 June 2025 (unaudited)	1,034,113	10,341

13 OTHER RESERVES

	Capital Reserve (Note (i)) US\$'000 (Unaudited)	Other capital reserves (Note (ii)) 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)

Notes:

- (i) The capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Initial Public Offerings ("IPO") reorganization and the nominal value of the Company's shares issued in exchange thereof.
- (ii) Other capital reserves primarily represent (i) the initial recognition of the financial liabilities in relation to the put options granted to the non-controlling interests and the subsequent derecognition of such financial liabilities upon the put options are exercised, expired or terminated; and (ii) the difference between the amount by which the non-controlling interests are acquired and the fair value of the consideration paid.

14 INTERESTS IN JOINT VENTURES AND ASSOCIATES

	As at 30 June 2025 US\$'000 (Unaudited)	As at 31 December 2024 US\$'000 (Audited)
Interests in joint ventures and associates	4,888	4,990
Interests in associates	87	88
	4,975	5,078

The movement of interests in joint ventures and associates is provided as follows:

	Six-month period ended 30 June 2025 US\$'000 (Unaudited)	2024 US\$'000 (Unaudited)
Beginning of the period	5,078	5,893
Share of post-tax profits of joint ventures and associates, net	311	303
Realization of unrealized profit from trademark licensing income to an associate	—	57
Disposal of a joint venture	—	(1,352)
Dividend received	(414)	—
End of the period	4,975	4,901

15 BORROWINGS

	As at 30 June 2025 US\$'000 (Unaudited)	As at 31 December 2024 US\$'000 (Audited)
Current		
Bank borrowings		
– Term loans	144,952	122,090
– Trade finances	24,635	21,411
	169,587	143,501
Total borrowings	169,587	143,501
Current borrowings		
Secured	—	1,599
Unsecured	169,587	141,902
	169,587	143,501

16 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 (<i>Note 24(c)</i>)	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

17 PROVISION

	As at 30 June 2025 US\$'000 (Unaudited)	As at 31 December 2024 US\$'000 (Audited)
Contingent liabilities (<i>Note i</i>)	16,723	16,723
Other provisions	2,331	2,355
	19,054	19,078

Note:

- (i) 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.

18 OTHER GAINS/(LOSS) – NET

	Six-month period ended 30 June	
	2025	2024
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Fair value (loss)/gains on derivatives – net	(198)	244
Net foreign exchange gains	526	62
Loss on disposal of a joint venture	—	(323)
	328	(17)

19 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 (<i>Note 7</i>)	334	334
Depreciation of property, plant and equipment (<i>Note 7</i>)	6,058	7,271
Depreciation of right-of-use assets (<i>Note 8</i>)	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	—

20 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 (<i>Note 24(a)</i>)	(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 (<i>Note 24(a)</i>)	13	15
Finance income	408	343
Finance costs – net	(4,795)	(6,412)

21 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

21 INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

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 report, 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 report 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.

21 INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

Notes: (Continued)

- (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.

22 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.

23 DIVIDENDS

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

24 RELATED-PARTY TRANSACTIONS AND BALANCES

(a) Significant transactions with related parties

The directors regard the immediate holding company of the Company to be Shangtex (Hong Kong) Limited, a company incorporated in Hong Kong, and the ultimate holding company of the Company to be Shangtex Holding Co., Ltd, a company incorporated in the PRC which indirectly holds 100% interest in Shangtex (Hong Kong) Limited.

During the period, other than the transactions and balances with related parties as disclosed in respective notes in this condensed consolidated interim financial information, the Group had the following transactions with related companies and joint ventures.

(i) *Provision of goods and services*

	Six-month period ended 30 June	
	2025	2024
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Sales of apparels, textile products and accessories to		
– related companies	22,133	34,347
Management fee income from joint ventures		
– joint ventures	2,884	1,559
– related companies	58	—
	2,942	1,559
Interest income from amounts due from an associate (<i>Note 20</i>)	13	15

24 RELATED-PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Significant transactions with related parties (Continued)

(ii) Purchases of goods and services

	Six-month period ended 30 June	
	2025	2024
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Interest expenses arisen from lease liabilities from related companies (Note 20)	42	66
Professional and technological support service fees to related companies	577	960
Freight forwarding and logistics services charged by related companies	441	979
Subcontracting fees charged by joint ventures	11,401	3,466
Recharge of material costs and other expenses by		
– related companies	72	73
– joint ventures	3	1,806
	75	1,879
Purchases of goods from joint ventures	10,952	11,967
Management fee income to joint ventures	2,094	1,042

The above related-party transactions were carried out in accordance with the terms mutually agreed between the respective parties.

24 RELATED-PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Key management compensation

	Six-month period ended 30 June	
	2025	2024
	US\$'000 (Unaudited)	US\$'000 (Unaudited)
Salaries and allowances	773	873
Others	261	425
	1,034	1,298

(c) Balances with related parties

(i) Amounts due from/to related parties arising from sales and purchases of goods and services or loans

	As at 30 June 2025 US\$'000 (Unaudited)	As at 31 December 2024 US\$'000 (Audited)
Amounts due from related parties (Note 10)		
– joint ventures	13,444	10,267
– associates	661	663
– related companies	3,945	8,304
	18,050	19,234
Amounts due to related parties (Note 16)		
– joint ventures	23	71
– related companies	777	933
	800	1,004

24 RELATED-PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Balances with related parties (Continued)

(i) *Amounts due from/to related parties arising from sales and purchases of goods and services or loans (Continued)*

As at 30 June 2025, the amounts due from joint ventures include US\$8,099,000 (31 December 2024: US\$8,074,000) financial supports to a joint venture in the form of shareholder loans. The amount due from an associate also includes a shareholder loan of US\$463,000 (31 December 2024: Same) financial supports to an associate. These loans are unsecured and bear an interest rate of 1.25% plus the Hong Kong Interbank Offered Rate per annum. The remaining amounts due from joint ventures, and related companies arise mainly from trade transactions. They are unsecured, interest-free and repayable on demand in accordance with credit terms.

The amounts due to joint ventures and related companies are unsecured, interest-free and repayable on demand. The carrying amounts of these balances approximate their fair values and are denominated in US\$.

(ii) *Period-end balances arising from leases*

	As at 30 June 2025 US\$'000 (Unaudited)	As at 31 December 2024 US\$'000 (Audited)
Lease liabilities from leases with related parties	316	1,760

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

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 report.

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.

OTHER INFORMATION

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.

UPDATE ON DIRECTORS' INFORMATION

The change of directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") are set out below:

Ms. Shi Min ("Ms. Shi") has been appointed as an independent non-executive director ("INED"), a member of the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") of the Company with effect from 29 March 2025.

Ms. Shi has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on Hong Kong law as regards the requirements under the Listing Rules that are applicable to her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 February 2025, and she has confirmed she understood her obligations as a director of a listed issuer.

Dr. Wang Ching retired as the INED and ceased to be a member of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 29 March 2025.

Mr. Jin Xin has been appointed as a member of the Remuneration Committee with effect from 29 March 2025.

Save as disclosed above, there is no other information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SHARE OPTIONS

A share option scheme of the Company was approved and adopted by way of an ordinary resolution in the annual general meeting of the Company held on 30 May 2024 (the "Share Option Scheme"). The Share Option Scheme is valid and effective for a period of 10 years commencing from 30 May 2024. The principal terms of the Share Option Scheme were summarized in the circular of the Company dated 23 April 2024.

Under the Share Option Scheme, eligible participants of the Share Option Scheme include directors (save and except any INED) and employees of the Company, its subsidiaries and related entities (the "Eligible Participants"). The Company may grant options to Eligible Participants at the discretion of the Board.

No share options were granted to or exercised by any Eligible Participants, nor were cancelled or lapsed during the six-month period ended 30 June 2025 under the Share Option Scheme.

As at 30 June 2025 and 31 December 2024, the Company had no share options outstanding under the Share Option Scheme.

As at the date of this report, the total number of shares available for issue under the Share Option Scheme is 103,411,266, representing approximately 10% of the total issued share capital of the Company as at the date of this report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2025, the Directors and chief executives of the Company had the following interests and short positions in the shares, underlying shares (in respect of positions held pursuant to equity derivatives), and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required 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); or (b) were required, pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules:

Long position in the shares of the Company ("Shares")

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

Notes:

- (a) The percentage has been compiled based on the total number of Shares in issue (i.e. 1,034,112,666) as at 30 June 2025.

- (b) Dr. Tan Siu Lin as a trustee indirectly controls the entire issued share capital of Wincare International Company Limited, which in turn holds directly 1,840,757 Shares. Dr. Tan Siu Lin also controls and is a subscriber and founding member of Tan Siu Lin Foundation Limited, which in turn owns directly 10,992,986 Shares. Dr. Tan Siu Lin is also the founder of TSL Bahamas Trust, he is therefore deemed under Part XV of the SFO to be interested in all of the 13,916,124 Shares as a founder of a discretionary trust who can influence how the trustee exercises his discretion.
- (c) Mr. Tan Cho Lung, Raymond wholly owns Flying Base Limited, which owns 15,655,639 Shares.

A total of 2,050,000 Shares was acquired by an associate of Mr. Tan Cho Lung, Raymond. Mr. Tan is therefore deemed under Part XV of the SFO to be interested in all of the 2,050,000 Shares acquired by his associate.

Other than the interests disclosed above, none of the Directors nor the chief executives nor their associates had any interests or short positions in any shares, underlying shares (in respect of positions held pursuant to equity derivatives) or debentures of the Company or any of its associated corporations as at 30 June 2025.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2025, so far as is known to the Directors and chief executives of the Company, the following persons (other than any Directors or chief executives of the Company) were substantial shareholders, had notified the Company of their relevant interests in shares and underlying shares representing 5% or more of the issued share capital of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept under Section 336 of Part XV of the SFO:

Long position in the Shares

Name of shareholder	Note	Capacity	Number of ordinary shares beneficially held	Approximate percentage of interests in the Company (Note a)
Shangtex (Hong Kong) Limited	(b)	Beneficial owner	730,461,936	70.64%
Shangtex Investment Co., Ltd.	(b)	Interest of controlled corporation	730,461,936	70.64%
Shangtex Holding Co., Ltd.	(b)	Interest of controlled corporation	730,461,936	70.64%

Name of shareholder	Note	Capacity	Number of ordinary shares beneficially held	Approximate percentage of interests in the Company (Note a)
Orient International (Holding) Co., Ltd.	(b)	Interest of controlled corporation	730,461,936	70.64%
Shanghai Guosheng Group Co., Ltd.	(b)	Interest of controlled corporation	730,461,936	70.64%
Double Joy Investments Limited	(c)	Beneficial owner	71,975,726	6.96%
Luen Thai Capital Limited	(d)	Beneficial owner	17,203,999	1.66%
Luen Thai Group Limited	(e)	Beneficial owner	13,916,124	1.35%
Dr. Tan Henry	(f)	Interest of controlled corporation	103,095,849	9.97%
Ms. Tan Chiu Joise	(f)	Interest of controlled corporation/ Interest of spouse	103,095,849	9.97%

Notes:

- (a) The percentage has been compiled based on the total number of Shares in issue (i.e. 1,034,112,666 Shares) as at 30 June 2025.
- (b) Based on the information recorded in the register required to be kept under section 336 of the SFO, Shangtex (Hong Kong) Limited ("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 Holding Co., Ltd. ("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.
- (c) 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 Ms. Tan Chiu Joise and Dr. Tan Henry is deemed to be interested in the 71,975,726 Shares held by Double Joy.

- (d) Luen Thai Capital Limited ("LTCL") is a company incorporated in the British Virgin Islands with limited liability and is owned by Dr. Tan Henry. Dr. Tan Henry is deemed to be interested in the 17,203,999 Shares held by LTCL under the SFO.
- (e) Luen Thai Group Ltd. ("LTG") is a company incorporated in Bahamas with limited liability and is owned as to 41% by Dr. Tan Henry. Dr. Tan Henry is deemed to be interested in the 13,916,124 Shares held by LTG under the SFO.
- (f) Both Dr. Tan Henry and Ms. Tan Chiu Joise are deemed to be interested in the 103,095,849 Shares held by Double Joy, LTCL and LTG as mentioned in note (c), note (d) and note (e) above.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the shares or underlying shares (in respect of positions held pursuant to equity derivatives) of the Company as at 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 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 report, 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.

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.

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 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.

By order of the Board
Tan Cho Lung Raymond
Chief Executive Officer and Executive Director

Hong Kong, 27 August 2025