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LUEN THAI HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock code: 311)

MAJOR ACQUISITION AND RESUMPTION OF TRADING

The Directors are pleased to announce that the Purchaser, a wholly-owned subsidiary of the Company, has entered into the Sale and Purchase Agreement on 11 June 2008 (which was supplemented by the Supplement Letter Agreement), pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares, representing a 60% interest in the issued and fully paid-up share capital of the Target, for a Sale Price to be determined pending the Actual Average NPAT (as defined hereinafter) of the Target Group for the three years from 1 January 2008 to 31 December 2010 subject to: (a) a minimum amount in HK Dollars equivalent to 60% of the aggregate of the net asset value of the Target Group as at Completion and the Completion Appreciated Value; and (b) a maximum of HK\$488,160,000. The Sale Price shall be funded from the internal resources of the Group and paid by the Purchaser over five instalments. Upon Completion, the Target will become a 60% owned subsidiary of the Company and its financial information will be consolidated into the Group's financial statements.

As conditions precedent to Completion, the Vendor and Mr. Inglis shall enter into the First Option Deed and the Second Option Deed with the Purchaser in respect of a further 20% interest and the remaining 20% interest in the issued share capital of the Target, pursuant to which the Vendor shall grant the First Call Option and the Second Call Option to the Purchaser and the Purchaser shall grant the First Put Option and the Second Put Option to the Vendor exercisable during the First Option Period or the Second Option Period (as the case may be) at the First Option Price or the Second Option Price (as the case may be) to be determined pending the Appreciated Value, NAV and NPAT as at the relevant financial year(s) immediately prior to the exercise of the First Options and Second Options respectively.

Pursuant to the Supplemental Letter Agreement, the parties to the Sale and Purchase Agreement agreed that, notwithstanding any provisions in the Sale and Purchase Agreement and the Option Deeds, the aggregate amount of consideration payable by the Purchaser to the Vendor for the acquisition of the Sale Shares and all Shares under both Option Deeds as a result of any exercise of any or all of the Options thereunder shall not exceed HK\$900 million.

The terms of the Transaction (including, without limitation, the terms of the Sale and Purchase Agreement, the Shareholders' Agreement, the First Option Deed and the Second Option Deed) were respectively negotiated on an arm's length basis and the Directors consider that the Transaction is made on normal commercial terms and in the interests of the Group and the Company's shareholders as a whole.

The Transaction constitutes a major transaction for the Company, and is therefore subject to the disclosures and independent shareholders' approval requirements under the Listing Rules. No shareholder is required to abstain from voting on the Transaction. Capital Glory Limited, being the controlling shareholder of the Company holding approximately 61.89% of all shareholders' voting rights, has given an irrevocable and unconditional written confirmation to the Company that it approves the Transaction. Pursuant to Rule 14.44 of the Listing Rules, the independent shareholders' approval requirement is deemed to have been fulfilled and hence no separate general meeting will need to be convened for approval of the Transaction.

At the request of the Company, trading in the Shares was suspended with effect from 10:16 a.m. on 11 June 2008. Application has been made for the resumption of trading in the Shares with effect from 9:30 a.m. on 17 June 2008.

A circular containing, among other things, further details of the Transaction will be despatched to the shareholders of the Company within 21 days of the date of this announcement.

THE TRANSACTION

I. The Sale and Purchase Agreement

Date: 11 June 2008

- Parties:
- (1) The Vendor — Ospella International Limited
 - (2) The Purchaser — Fortune Investment Overseas Limited (a wholly-owned subsidiary of the Company)
 - (3) The Vendor Guarantor — Mr. Inglis
 - (4) The Purchaser Guarantor — Luen Thai Overseas Limited (a wholly-owned subsidiary of the Company)

Pursuant and subject to the Sale and Purchase Agreement, the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares, representing 60% of the entire issued and fully paid-up share capital of the Target. Upon Completion, the Target will become a 60% owned subsidiary of the Company and its financial information will be consolidated into the Group's financial statements.

Pursuant and subject to the Sale and Purchase Agreement, the Purchaser Guarantor has agreed to guarantee the performance of all obligations of the Purchaser, its wholly-owned subsidiary, arising under the Sale and Purchase Agreement, the principal of which is the timely payment of the Sale Price. In the event that the Purchaser should fail to pay any part of the Sale Price, the Purchaser Guarantor will be liable to pay for such amounts.

Pursuant and subject to the Sale and Purchase Agreement, Mr. Inglis has agreed to guarantee the performance of all obligations of the Vendor arising under the Sale and Purchase Agreement. The Vendor and Mr. Inglis have also jointly and severally guaranteed to the Purchaser that certain account receivables of the Target Group shall be fully settled. As security for such guarantee, the Vendor has pledged certain cash deposits and Shares in favour of the Purchaser. The Vendor and the Target Group currently do not foresee any problem with collection of such account receivables.

The parties to the Sale and Purchase Agreement have also entered into the Supplement Letter Agreement on 16 June 2008, pursuant to which the parties agreed that, notwithstanding any provisions in the Sale and Purchase Agreement and the Option Deeds, the aggregate amount of consideration payable by the Purchaser to the Vendor for the acquisition of the Sale Shares and for the acquisition of all Shares under both Option Deeds as a result of any exercise of any or all of the Options thereunder shall not exceed HK\$900 million. This maximum amount of HK\$900 million was arrived at after arm's length negotiations of the parties after taking into the maximum Sale Price of HK\$488,160,000 and the price for the Shares under the Options if they were priced based on the maximum Sale Price.

The Company values the Target Group's knowledge of production capabilities of handbags manufacturers in the Greater China Regions as well as Mr. Inglis' strong sense and understanding of handbags trends and customer needs. Mr. Inglis has more than 22 years' experience in the trading and manufacturing industries, and has been with the Target Group since 1986. He has served as Chairman of the Target Group since 1995, and led its expansion into the bag manufacturing business. He is qualified as a Chartered Accountant in Australia. Mr. Inglis and the Vendor (as well as its ultimate beneficial owners) are Independent Third Parties. Upon Completion, Mr. Inglis will continue to take a key role in the management of the Target Group as the Target's chief executive officer.

Pursuant to the Shareholders' Agreement: (a) upon Completion but before the exercise of any of the First Options and the Second Options, the Purchaser and the Vendor shall respectively have the right to appoint four and three directors to the board of the Target; and (b) after the exercise of any of the First Options but before exercise of any of the Second Options, the Purchaser and the Vendor shall respectively have the right to nominate five and two directors to the board of the Target.

Sale Price:

The Sale Price, negotiated on an arm's length basis between the parties, shall be the following, pro-rated for the 60% interest being acquired:

- (a) a price-earning multiple of 5 x the Actual Average NPAT where the Actual Average NPAT is below 90% of the Targeted Average NPAT; or

- (b) a price-earning multiple of 5.5 x the Actual Average NPAT where the Actual Average NPAT is between 90% and 110% (both percentages inclusive) of the Targeted Average NPAT; or
- (c) a price-earning multiple of 6 x the Actual Average NPAT where the Actual Average NPAT exceeds 110% of the Targeted Average NPAT,

Although the exact amount of Sale Price cannot currently be determined, it is subject to: (aa) a minimum amount in Hong Kong Dollars equivalent to 60% of the aggregate of the net asset value of the Target Group as at Completion reflected in the Completion Accounts and the Completion Appreciated Value; and (bb) a maximum of HK\$488,160,000, being the range agreed between the parties after arm's length negotiations. On the basis of: (a) a price-earnings multiple that was determined by reference to relevant comparables in the accessories industry; (b) the track record profitability and business prospects of the Target Group; (c) the market share of the Target Group in laptop bags and its plans to expand its product range; as well as (d) potential synergies with other product lines of the Group, the Directors (including the independent non-executive Directors) are of the view that the Sale Price and the basis for its calculation are fair and reasonable, and are in the interests of the Group and the Company's shareholders as a whole.

Payment of the Sale Price, funded by the internal resources of the Group, shall be made in cash over five instalments as follows:

- (a) a sum of HK\$129,034,229 shall be payable by the Purchaser upon Completion (the **"First Instalment"**);
 - (b) a sum, being the greater of:
 - (i) zero; and
 - (ii) the aggregate of:
 - (aa) the greater of: (yy) 60% of the net asset value of the Target Group as at Completion (as shown in the Completion Accounts) less the First Instalment; and (zz) zero; and
 - (bb) 60% of the Completion Appreciated Value,
- and reduced by an amount equal to the shortfall between the Minimum Threshold and the value of such items as reflected in the Completion Accounts on a dollar-for-dollar basis, shall be payable by the Purchaser within 30 days after the Purchaser's receipt of the Completion Accounts (the **"Second Instalment"**);
- (c) a sum, being the greater of:
 - (i) 65% x 60% x a price-earnings multiple of 5.5 x the NPAT for the year ending on 31 December 2008 less the First Instalment and the Second Instalments; and
 - (ii) zero,

shall be paid by the Purchaser within 30 days after the Purchaser's receipt of the Target Group's audited and consolidated financial statements for the year ending on 31 December 2008 (the "**Third Instalment**");

(d) a sum, being the greater of:

(i) 80% x 60% x a price-earnings multiple of 5.5 x the averaged NPAT for the two years ending on 31 December 2009 less the first payment and the First, Second and Third Instalments; and

(ii) zero,

shall be paid by the Purchaser within 30 days after the Purchaser's receipt of the Target Group's audited and consolidated financial statements for the year ending on 31 December 2009 (the "**Fourth Instalment**");

(e) the remainder of the Sale Price (having deducted the First, Second, Third and Fourth Instalments) shall be payable by the Purchaser within 30 days after the Purchaser's receipt of the Target Group's audited and consolidated financial statements for the year ending on 31 December 2010 (the "**Final Instalment**"),

provided that the Second, Third, Fourth and Final Instalments shall each be: (aa) increased by an amount in Hong Kong Dollars equivalent to 60% of all write-backs (if any) during the financial year in respect of the calculation of such instalments to provisions made prior to Completion (including, without limitation provisions relating to taxation, inventories and accounts receivables); and (bb) decreased by an amount in Hong Kong Dollars equivalent to 60% of all provisions or write-offs (if any) during the financial year in respect of the calculation of such payments relating to PRC collective lands and buildings thereon to which the Target Group does not presently hold good title.

Conditions Precedent:

Completion is conditional upon the satisfaction of a number of conditions precedents, the major ones, amongst the others, being:

(a) the conducting of due diligence to the satisfaction of the Purchaser;

(b) completion of a series of corporate and asset restructuring (including, without limitation, the transfer or otherwise disposal of the Excluded Assets) in order to place the relevant companies and assets of the Target Group under the common ownership of the Target for a more streamlined corporate structure;

(c) the delivery of Hong Kong, BVI, PRC and Macau legal opinions to the satisfaction of the Purchaser;

(d) the payment, settlement, waiver or otherwise discharge (as the case may be) of all debts and payables of the Target Group as well as all debts owing to and receivables of the Target Group, in each case prior to or otherwise simultaneously with Completion;

- (e) the execution of the prescribed ancillary agreements to the Transaction (including, without limitation, the First Option Deed, the Second Option Deed and the Shareholders' Agreement); and
- (f) all necessary Approvals having been obtained for the Transaction contemplated under the Sale and Purchase Agreement.

No exact date has been fixed for the completion of the corporate and asset restructuring mentioned above, although all such conditions must be fulfilled on or before 30 September 2008 (or such later date as the parties may agree in writing), failing which the Purchaser may elect to waive any unfulfilled condition (save for condition (d) above) or otherwise the Sale and Purchase Agreement shall automatically be terminated. If Completion does not take place within three Business Days after 30 September 2008 other than as a result of any of the Vendor and Mr. Inglis failing to comply with any of their respective obligations under the Sale and Purchase Agreement and the Purchaser has not confirmed satisfaction of such conditions (or otherwise waived such conditions), then the Vendor may at its option elect to rescind the Sale and Purchase Agreement. Any such termination or rescission of the Sale and Purchase Agreement shall be without liability to any party (save for any antecedent breaches and the survival of certain ancillary provisions, such as confidentiality obligations). Subject to the foregoing, Completion is expected to take place on the third Business Day after all such conditions have been fulfilled or otherwise waived by the Purchaser. The Purchaser currently does not intend to waive any such condition.

II. First Option Deed

- Parties:
- (1) The Vendor
 - (2) The Purchaser
 - (3) Mr. Inglis (as guarantor for the Vendor)

As a condition precedent to Completion, the Vendor and Mr. Inglis shall enter into the First Option Deed with the Purchaser, pursuant to which the Vendor shall grant the First Call Option to the Purchaser and the Purchaser shall grant the First Put Option to the Vendor in respect of 200 Shares (representing 20% of the issued and fully paid-up share capital of the Target). The First Option Deed is conditional upon: (a) Completion occurring on or before 31 October 2008 (or such later date as the parties may agree in writing); and (b) the Share Charge not having been enforced prior to exercise of the First Options, failing which the First Option Deed (and the First Options) shall lapse and no party shall have any liability thereunder (without prejudice to any right in respect of antecedent breaches (if any)). No premium is paid for the First Options.

Subject to the foregoing, the First Options may be exercised respectively by the Purchaser and the Vendor (as the case may be) at any time during the First Option Period.

The First Option Price, negotiated on an arm's length basis between the parties, shall be the multiple of the following, pro-rated for the 20% interest being sold and purchased:

(a) In respect of the First Put Option:

A price-earning multiple of 5.5 x average NPAT for the two financial years prior to the exercise of the First Put Option;

(b) In respect of the First Call Option:

The greater of:

(i) a price-earning multiple of 5.5 x average NPAT for the two financial years prior to the exercise of the First Call Option; and

(ii) NAV + Appreciated Value

No minimum or, subject to the terms of the Supplemental Letter Agreement, maximum First Option Price has been determined. Payment of such First Option Price shall be made in cash at the completion of exercise of the First Option(s) and funded by the internal resources of the Group. Upon completion of the exercise of any of the First Options, the Purchaser will hold 800 Shares (representing 80% of the issued and fully paid-up share capital of the Target).

Mr. Inglis has unconditionally and irrevocably guaranteed the performance of all obligations of the Vendor arising under the First Option Deed.

The Company will comply with the then applicable Listing Rules when the First Call Option is exercised.

III. Second Option Deed

Parties: (1) The Vendor
 (2) The Purchaser
 (3) Mr. Inglis (as guarantor for the Vendor)

As a condition precedent to Completion, the Vendor and Mr. Inglis shall enter into the Second Option Deed with the Purchaser, pursuant to which the Vendor shall grant the Second Call Option to the Purchaser and the Purchaser shall grant the Second Put Option to the Vendor in respect of 200 Shares (representing the remaining 20% of the issued and fully paid-up share capital of the Target). The Second Option Deed is conditional upon: (a) Completion occurring on or before 31 October 2008 (or such later date as the parties may agree in writing); (b) the Share Charge (as disclosed in Part II of this announcement) not having been enforced prior to exercise of the First Options; and (c) completion of the First Option Deed, failing which the Second Option Deed (and the Second Options) shall lapse and no party shall have any liability thereunder (without prejudice to any right in respect of antecedent breaches (if any)). No premium is paid for the Second Options.

Subject to the foregoing and the Target having employed a new managing director or chief executive officer (who has achieved certain prescribed performance targets to the satisfaction of the Purchaser) in succession of Mr. Inglis for a period of 2 consecutive financial years immediately prior to exercise of the Second Put Option (and the employment of which shall have an expired term of more than 12 months), the Second Options may be exercised respectively by the Purchaser and the Vendor (as the case may be) at any time during the Second Option Period.

The Second Option Price, negotiated on an arm's length basis between the parties, shall be the multiple of the following, pro-rated for the 20% interest being sold and purchased:

(a) In respect of the Second Put Option:

A price-earning multiple of 5.5 x average NPAT for the two financial years prior to the exercise of the Second Put Option;

(b) In respect of the Second Call Option:

The greater of:

(i) a price-earning multiple of 5.5 x average NPAT for the two financial years prior to the exercise of the Second Call Option; and

(ii) NAV + Appreciated Value

No minimum or, subject to the terms of the Supplemental Letter Agreement, maximum Second Option Price has been determined. Payment of the Second Option Price shall be made in cash at completion of exercise of the Second Option(s) and funded by the internal resources of the Group. Upon completion of the exercise of any of the Second Options, the Target will be a wholly-owned subsidiary of the Company.

Mr. Inglis has unconditionally and irrevocably guaranteed the performance of all obligations of the Vendor arising under the Second Option Deed.

The Company will comply with the then applicable Listing Rules when the Second Call Option is exercised.

IV. Information on the Target Group

As at the date of this announcement, the Target is a private company duly incorporated under the laws of the British Virgin Islands on 2 April 2008 having an authorised share capital of US\$1,000 divided into 1,000 Shares, all of which have been issued to and are fully paid up by the Vendor. As at the date of this announcement, the Vendor is beneficially owned by Mr. Inglis as to 95% and as to 2.5% by each of Mr. Chau Cheong Fat and Mr. Lai Chin Wah (both of whom are Independent Third Parties). Out of the 1,000 issued Shares, 600 Shares (representing 60% of the entire issued capital of the Target) shall be sold to the Purchaser pursuant to the Sale and Purchase Agreement. Upon Completion (and completion of the pre-Completion reorganisation as a condition precedent to the Transaction), the Vendor will become wholly-owned by Mr. Inglis and the remaining 400 issued Shares (representing 40% of the entire issued capital of the Target) shall be held

by the Vendor subject to the Share Charge (mentioned in Part II of this announcement) as well as the First Option Deed and the Second Option Deed. Mr. Inglis and the Vendor (as well as its ultimate beneficial owners) are Independent Third Parties.

The Target, through its wholly-owned subsidiaries, is principally engaged in the manufacturing of laptop bags, fashionable bags and other general bags products. Upon Completion, the Target will hold 6 active wholly-owned subsidiaries which have operations in Hong Kong, Macau and the PRC. The Target Group's business has been in operation since as early as 1986.

The unaudited and consolidated total assets and net asset value of the Target Group as at 31 December 2007 amounted to approximately HK\$799,170,000 and approximately HK\$300,057,000 respectively. The unaudited and consolidated revenue of the Target Group for the year ended 30 June 2007 amounted to approximately HK\$965,575,000. For the year ended 30 June 2007, the unaudited and consolidated net profit before and after taxation of the Target Group amounted to approximately HK\$36,524,000 and approximately HK\$26,946,000 respectively. For the year ended 30 June 2006, the unaudited and consolidated net profit before and after taxation of the Target Group amounted to approximately HK\$29,080,000 and approximately HK\$21,014,000 respectively. The above-mentioned unaudited financial information was prepared in accordance with HKGAAP.

V. Reasons for the Transaction

The Directors believe that the Transaction is in line with the Group's multi-product strategy to expand its product categories and geographical coverage by way of selective acquisitions and joint ventures. Upon Completion, the Transaction will enable the Group to diversify and expand its operation to the laptop bags and handbags industries. The Group's experience in acquiring and managing GJM (its sleepwear division), Tomwell Limited (the ladies career wear division), Partner Joy Group Limited and On Time International Limited shows the Group's proven track record as an industry leader and consolidator.

On the basis that the Transaction was negotiated on arm's length basis and that the price-earnings ratio used in the calculation of the Sale Price to be paid is in line with industry average, the Directors (including the independent non-executive Directors) consider that the Transaction (including the Sale Price and the payment arrangements thereunder) is made on normal commercial terms, that its terms are fair and reasonable, and that the Transaction and its terms are in the interests of the Group and the Company's shareholders as a whole. The Directors (including the independent non-executive Directors) are also of the view that the Transaction will not create any materially adverse impact on the Group's working capital position.

VI. Listing Rule Implications

Pursuant to Rule 14.74 of the Listing Rules, for the purposes of determining the applicable Percentage Ratios in connection with the Transaction, the First Put Option and the Second Put Option should be treated as if they had been exercised as of the date of grant of such options. Pursuant to the terms of the Supplement Letter Agreement, the maximum

amount of the aggregate consideration payable by the Purchaser to the Vendor for the acquisition of the Sale Shares and all Shares under both Option Deeds is capped at HK\$900 million.

On the above basis, the Transaction (assuming the First Option and the Second Option had been fully exercised for the purposes of Rule 14.74 of the Listing Rules) constitutes a major transaction for the Company, and is therefore subject to the disclosures requirements and independent shareholders' approval under Rules 14.34, 14.38 and 14.40 of the Listing Rules.

No shareholder is required to abstain from voting on the Transaction. Capital Glory Limited, being the controlling shareholder of the Company holding 614,250,000 shares in the capital of the Company (representing approximately 61.89% of all shareholders' voting rights of the Company), has given an irrevocable and unconditional written confirmation to the Company that it approves the Transaction. Pursuant to Rule 14.44 of the Listing Rules, the independent shareholders' approval requirement is deemed to have been fulfilled and hence no separate general meeting will need to be convened for approval of the Transaction.

No minimum or maximum amount has been determined for the First Option Price and the Second Option Price. The actual exercise of any of the First Options and the Second Options may constitute a discloseable transaction for the Company in the future, in which case the Company will continue to comply with applicable provisions of the Listing Rules at the relevant time. If the actual exercise price of any of the First Options and/or the Second Options shall fall within a higher classification of notifiable transactions under the Listing Rules, the Company will also comply with the applicable provision of the Listing Rules at the relevant time (including the issue of further announcement(s)).

A circular containing, among other things, further details of the Transaction will be despatched to the shareholders of the Company within 21 days of the date of this announcement.

VII. General

The Group is principally engaged in the manufacture and trading of garment and textile products, and the provision of freight forwarding and logistics service.

VIII. Resumption of Trading

At the request of the Company, trading in the Shares was suspended with effect from 10:16 a.m. on 11 June 2008. Application has been made for the resumption of trading in the Shares with effect from 9:30 a.m. on 17 June 2008.

IX. Definitions

“Actual Average NPAT”	the arithmetic mean of the annual net profits after tax (excluding any extraordinary gains or losses (including but not limited to reversals of taxation, inventory and accounts receivable provisions made prior to the Completion Date) or one-off disposal of assets) of the Target Group for the period from the 1 January 2008 to 31 December 2010 (both days inclusive), as audited in accordance with HKSA by the Auditor;
“Affiliate”	(i) in the case of a corporate party, any subsidiary or holding company owned by such party, any subsidiary of any such holding company, and any company in which such party or any such holding company directly or indirectly have a Controlling Interest; or (ii) in the case of an individual party, any company in which he/she has a direct or indirect Controlling Interest or any trust in which he/she has beneficial interests or control;
“Approval”	approvals, sanctions, consents, permissions, certificates and authorisations from any person and filings and registration with any person of any relevant jurisdictions, including (without limitation) Hong Kong, the PRC, BVI and Macau;
“Appreciated Value”	the aggregate value of the PRC Land as at year end of the financial year immediately prior to the exercise of the First or Second Put Option (as the case may be) net of the aggregate net book value of all such land, as appraised in accordance with application valuation standards by DTZ Debenham Tie Leung;
“Auditor”	PricewaterhouseCoopers;
“Business Day”	a day (excluding Saturdays) on which banks are generally open for business in Hong Kong;
“BVI”	the British Virgin Islands;
“Company”	Luen Thai Holdings Limited, the shares of which are listed on the Stock Exchange;
“Completion”	completion of the Sale and Purchase Agreement in accordance with its terms;
“Completion Accounts”	the consolidated accounts of the Target Group, comprising a balance sheet as at 30 June 2008 and a profit and loss account in respect of the period from 1 January 2008 to 30 June 2008 as audited by the Auditors in accordance with the Sale and Purchase Agreement, and their report thereto;
“Completion Appreciated Value”	the aggregate value of the PRC Land as at 31 December 2007 net of the aggregate net book value of all such land as at the same date, as appraised in accordance with the application valuation standards by DTZ Shenzhen;

“Completion Date”	the date on which the Completion will take place and currently expected to be the third Business Day after the date on which all the conditions precedents under the Sale and Purchase Agreement have been fulfilled or waived by the Purchaser (or on such a later day as the parties thereto may agree in writing);
“Connected Person”	shall have the meaning as ascribed to it under the Listing Rules;
“Controlling Interest”	(i) in the case of a listed company, 30% or more of the voting power at general meetings or control over the composition of a majority of the board of directors of the company; or (ii) in the case of a non-listed company, more than 50% of its issued share capital;
“Directors”	directors of the Company for the time being;
“Excluded Assets”	certain real properties, furniture and fittings, vessel and vehicles which are unrelated to the core business of the Target Group and which are to be transferred out by the Target Group to Mr. Inglis or his Affiliates in accordance with the Sale and Purchase Agreement;
“Facilities”	the loans, overdrafts, debentures, acceptance credits and all other indebtedness and financial facilities of any nature outstanding or available to any of the Target Group (including, without limitation, working capital requirements and other financial arrangements as agreed in writing between the parties);
“First Call Option”	a call option granted by the Vendor to the Purchaser under the First Option Deed, in respect of the purchase of 200 Shares (representing 20% of the issued and fully paid-up share capital of the Target);
“First Put Option”	a put option granted by the Purchaser to the Vendor under the First Option Deed, in respect of the sale of 200 Shares (representing 20% of the issued and fully paid-up share capital of the Target);
“First Options”	collectively, the First Call Options and the First Put Options;
“First Option Deed”	an option deed to be entered into between the Vendor, the Purchaser and Mr. Inglis in relation to the First Call Option and the First Put Option;
“First Option Period”	a four-year period from 1 January 2011 to 31 December 2014 (both days inclusive);
“First Option Price”	exercise price of the First Options in accordance with the terms of the First Option Deed;
“Greater China Region”	shall mean collectively the PRC, Hong Kong and Macau;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSA”	Hong Kong Standards on Auditing;

“HKGAAP”	generally accepted accounting principles in Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Parties”	the third parties which, to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, is/are independent of the Company and its Connected Persons;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macau Special Administrative Region of the People’s Republic of China;
“Minimum Threshold”	the following minimum criteria which should be reflected in, amongst other things, the Completion Accounts: <ul style="list-style-type: none"> (a) an aggregate sum of Facilities of not less than HK\$310,000,000 (including HK\$95,000,000 in foreign exchange trade facilities) (“Total Facilities”); (b) of the Total Facilities, HK\$70,000,000 shall remain undrawn and are available; and (c) a net asset value that is greater than the net asset value as shown in the Unaudited Accounts for the financial year ended 31 December 2007 minus the aggregate net book value of the Excluded Assets plus NPAT for the period beginning on 1 January 2008 and ending on 30 June 2008;
“Mr. Inglis”	Mr. Owen John Inglis;
“NAV”	the net asset value of the Target Group as at year end of the financial year immediately prior to the exercise of the First or Second Put Option (as the case may be), as audited in accordance with HKSA by the Auditor;
“NPAT”	the annual net profits after tax (excluding any extraordinary gains or losses (including but not limited to reversals of Taxation, inventory and accounts receivable provisions made prior to the Completion Date) or one-off disposal of assets) of the Target Group, as audited in accordance with HKSA by the Auditor;
“Percentage Ratios”	shall have the meaning as ascribed to it under Chapter 14 of the Listing Rules
“Purchaser”	Fortune Investment Overseas Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of each of the Company and Luen Thai Overseas Limited;
“PRC”	the Peoples’ Republic of China (excluding, for the purposes of this announcement, Hong Kong, Macau and Taiwan);

“PRC Land”	collectively, (a) the land owned by the Target Group and situated in the PRC with Certificate of Land Use Right Numbers (東府國用(1997)字第特310號) (Dong Fu Guo Yong (1997) Zi No. Te 310), (東府國用(1997)字第特287號) (Dong Fu Guo Yong (1997) Zi No. Te 287), (東府國用(2004)第特223號) (Dong Fu Guo Yong (2004) No. Te 223) and (東府國用(2004)第特224號) (Dong Fu Guo Yong (2004) No. Te 224); and (b) provided that full legal and marketable title to such land shall have been obtained from the relevant PRC authorities in accordance with applicable PRC laws at the time when any of the First Option and the Second Option is exercised, the piece of land situated at Qichang Zhangnei, Gao Yu Lu, Qing Hu Tau, Tangxia Town, Dongguan, the PRC (東莞市塘廈鎮清湖頭高裕路奇昌長內);
“Sale and Purchase Agreement”	a sale and purchase agreement dated 11 June 2008 and entered into between, inter alia, the Vendor and the Purchaser in relation to the Transaction;
“Sale Price”	the consideration to be determined, and paid by the Purchaser, in accordance with the terms of the Sale and Purchase Agreement;
“Sale Shares”	600 Shares, representing 60% in the issued and fully paid-up share capital of the Target;
“Second Call Option”	a call option to be granted by the Vendor to the Purchaser under the Second Option Deed, in respect of the purchase of 200 Shares (representing 20% of the issued and fully paid-up share capital of the Target);
“Second Put Option”	a put option to be granted by the Purchaser to the Vendor under the Second Option Deed in respect of the sale of 200 Shares (representing 20% of the issued and fully paid-up share capital of the Target);
“Second Options”	collectively, the Second Call Option and Second Put Option;
“Second Option Deed”	an option agreement to be entered into between the Vendor, Mr. Inglis and the Purchaser in relation to the Second Call Option and the Second Put Option;
“Second Option Period”	a three-year period from 1 January 2012 to 31 December 2014 (both days inclusive);
“Second Option Price”	exercise price of the Second Options in accordance with the terms of the Second Option Deed;
“Share”	a share of US\$1.00 each in the capital of the Target;
“Share Charge”	a share charge to be entered into between the Vendor and the Purchaser in respect of certain Shares owned by the Vendor, as security for certain obligations of the Vendor under the Sale and Purchase Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Supplemental Letter Agreement”	a supplemental letter agreement dated 16 June 2008 entered into between the parties to the Sale and Purchase Agreement, which supplemented and amended certain terms of the Sale and Purchase Agreement;
“Target”	Trinew Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Vendor before Completion;
“Target Group”	the Target and its subsidiaries;
“Targeted Average NPAT”	HK\$113,000,000, being the arithmetic mean of the annual net profits after tax (excluding any extraordinary gains or losses (including but not limited to reversals of Taxation, inventory and accounts receivable provisions made prior to the Completion Date) or one-off disposal of assets) of the Target Group for the period from 1 January 2008 to 31 December 2010 (both days inclusive), as agreed between Mr. Inglis and the Purchaser;
“Transaction”	the acquisition of the Sale Shares and the granting of the First Option and the Second Option;
“Unaudited Accounts”	collectively, the respective unaudited accounts of the Target Group for the three financial years ended 30 June 2007 and six months ended 31 December 2007, together with the notes thereto;
“Vendor”	Ospella International Limited, a company incorporated under the laws of the British Virgin Islands which will be wholly-owned by Mr. Inglis upon Completion.

By order of the Board
Chiu Chi Cheung
Company Secretary

16 June 2008

As at the date hereof, the Board of Directors of the Company comprise the following Directors:

Executive Directors:

Tan Siu Lin (*Chairman*)
Tan Henry
Tan Sunny
Tan Cho Lung, Raymond
Mok Siu Wan, Anne

Independent Non-executive Directors:

Chan Henry
Cheung Siu Kee
Seing Nea Yie

Non-executive Directors:

Tan Willie
Lu Chin Chu

A copy of this announcement will also be published on the Company's website: www.luenthai.com.