LUEN THAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 311)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

GROUP FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Revenue	**379,446**	353,009
Operating profit	**14,771**	8,790
Profit attributable to equity holders of the Company	**7,035**	6,764
Profit margin (ratio of profit attributable to equity holders of the Company to revenue)	**1.9%**	1.9%
Basic EPS (US cents)	**0.71**	0.68

The board of directors (the "Board") of Luen Thai Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated result of the Company and its subsidiaries (collectively, the "Group" or "Luen Thai") for the six months ended 30 June 2008.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six month period ended 30 June 2008

		Six months ended 30 June	
		2008	2007
	Note	***US$'000***	*US$'000*
		(Unaudited)	*(Unaudited)*
Revenue	3	**379,446**	353,009
Cost of sales		**(306,695)**	(284,600)
Gross profit		**72,751**	68,409
Selling and distribution expenses		**(14,388)**	(11,984)
General and administrative expenses		**(43,592)**	(47,635)
Operating profit	4	**14,771**	8,790
Finance income	5	**1,013**	1,691
Finance costs	5	**(3,253)**	(1,911)
Share of profit of associated companies		**27**	20
Share of profit of jointly controlled entities		**1,045**	86
Profit before income tax		**13,603**	8,676
Income tax credit	6	**2,726**	2,483
Profit for the period		**16,329**	11,159
Attributable to:			
Equity holders of the Company		**7,035**	6,764
Minority interest		**9,294**	4,395
		16,329	11,159
Earnings per share for profit attributable to the equity holders of the Company, expressed in US cents per share			
— Basic	7	**0.71**	0.68
— Diluted	7	**0.71**	0.68
Dividends	8	**2,114**	2,035

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2008

	Note	**As at 30 June 2008 US$'000 (Unaudited)**	As at 31 December 2007 US$'000 (Audited)
ASSETS			
Non-current assets			
Leasehold land and land use rights		**4,741**	4,476
Property, plant and equipment		**92,717**	92,578
Intangible assets		**69,286**	65,004
Interests in associated companies		**420**	382
Interests in jointly controlled entities		**8,364**	6,745
Deferred income tax assets		**464**	759
Other non-current assets		**5,409**	4,295
Total non-current assets		**181,401**	174,239
Current assets			
Inventories		**64,011**	65,245
Trade and bills receivables	9	**90,592**	100,065
Amounts due from related companies		**3,754**	3,175
Amounts due from jointly controlled entities and associated companies		**4,579**	5,127
Deposits, prepayments and other receivables		**18,328**	11,086
Pledged bank deposits		**1,629**	1,519
Cash and cash equivalents		**115,306**	96,668
Total current assets		**298,199**	282,885
Total assets		**479,600**	457,124
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**9,925**	9,925
Other reserves	11	**113,899**	108,052
Retained earnings	11	**107,617**	102,309
		231,441	220,286
Minority interest		**17,829**	9,794
Total equity		**249,270**	230,080

	Note	As at 30 June 2008 US$'000 (Unaudited)	As at 31 December 2007 US$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings		**31,500**	33,750
Retirement benefit obligations		**2,546**	3,135
Deferred income tax liabilities		**2,886**	3,769
Other long-term liabilities		**23,947**	26,673
Total non-current liabilities		**60,879**	67,327
Current liabilities			
Trade and bills payables	10	**46,284**	55,755
Borrowings		**26,701**	18,408
Current income tax liabilities		**8,137**	11,747
Amounts due to related companies		**1,171**	2,837
Amounts due to jointly controlled entities and associated companies		**6,894**	1,647
Other payables and accruals		**80,264**	69,323
Total current liabilities		**169,451**	159,717
Total liabilities		**230,330**	227,044
Total equity and liabilities		**479,600**	457,124
Net current assets		**128,748**	123,168
Total assets less current liabilities		**310,149**	297,407

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six month period ended 30 June 2008

1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007.

2. ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of and as described in the annual financial statements for the year ended 31 December 2007, as described in those annual financial statements.

The following interpretation is mandatory for the first time for the financial year beginning 1 January 2008 and has no material financial impact to the Group:

- HK(IFRIC) - Int 11, 'HKFRS 2, Group and Treasury Share Transactions'.

The following interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the Group.

- HK(IFRIC) - Int 12, "Service concession arrangements"; and
- HK(IFRIC) - Int 14, 'HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction'.

The following new standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

- HKFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. HKFRS 8 replaces HKAS 14, 'Segment reporting', and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail, but it appears likely that the number of reported segments may increase.
- HKAS 23 (revised), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009. Management is in the process of evaluating the effect of this standard.
- HKFRS 2 (amendment) 'Share-based payment', effective for annual periods beginning on or after 1 January 2009. Management is assessing the impact of changes to vesting conditions.
- HKFRS 3 (revised), 'Business combinations' and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates' and HKAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation, jointly controlled entities and associates on the Group.
- HKAS 1 (revised), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. The expected impact is still being assessed in detail, but it may result in changes in disclosures and presentation of financial statements.

- HKAS 32 (amendment), 'Financial instruments: presentation', and consequential amendments to HKAS 1, 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. The expected impact is still being assessed in detail, but it may result in changes in disclosures and presentation of financial statements.

- HK(IFRIC) - Int 13, 'Customer loyalty programmes', effective for annual periods beginning on or after 1 July 2008. This interpretation is not relevant to the Group.

3. SEGMENT INFORMATION

Primary reporting format — business segments

At 30 June 2008, the Group is principally engaged in the manufacturing, trading, design, sourcing and distribution of garment products and the provision of freight forwarding and logistics services. Turnover consists of sales revenue from garment and textile products and income from the provision of freight forwarding and logistics services.

The segment results for the six months ended 30 June 2008 and 2007 are as follows:

	For the six months ended 30 June 2008			
	Garment/ textile products	**Freight forwarding/ logistics services**	**Others**	**Group**
	US$'000	*US$'000*	*US$'000*	*US$'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Segment revenues				
Total segment revenue	**367,739**	**8,804**	**3,376**	**379,919**
Inter-segment revenue	**—**	**(473)**	**—**	**(473)**
Revenue	**367,739**	**8,331**	**3,376**	**379,446**
Segment result	**14,499**	**272**	**—**	**14,771**
Finance income				**1,013**
Finance costs				**(3,253)**
Share of profit of associated companies	**—**	**27**	**—**	**27**
Share of profit of jointly controlled entities	**1,045**	**—**	**—**	**1,045**
Profit before income tax				**13,603**
Income tax credit/(expense)	**2,796**	**(70)**	**—**	**2,726**
Profit for the period				**16,329**
Minority interest	**(9,274)**	**(20)**	**—**	**(9,294)**
Profit attributable to the equity holders of the Company				**7,035**

	For the six months ended 30 June 2007			
	Garment/ textile products	Freight forwarding/ logistics services	Others	Group
	US$'000	*US$'000*	*US$'000*	*US$'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Segment revenues				
Total segment revenue	341,151	10,857	2,269	354,277
Inter-segment revenue	—	(1,268)	—	(1,268)
Revenue	341,151	9,589	2,269	353,009
Segment result	7,354	1,436	—	8,790
Finance income				1,691
Finance costs				(1,911)
Share of profit of associated companies	—	20	—	20
Share of profit of jointly controlled entities	86	—	—	86
Profit before income tax				8,676
Income tax credit/(expense)	2,645	(162)	—	2,483
Profit for the period				11,159
Minority interest	(4,349)	(46)	—	(4,395)
Profit attributable to the equity holders of the Company				6,764

Other segment items included in the condensed consolidated interim income statement are as follows:

	For the six months ended 30 June 2008		
	Garment/ textile products	**Freight forwarding/ logistics services**	**Group**
	US$'000	***US$'000***	***US$'000***
	(Unaudited)	***(Unaudited)***	***(Unaudited)***
Depreciation	**6,410**	**678**	**7,088**
Amortization	**1,079**	**—**	**1,079**
Impairment of trade receivables	**(137)**	**330**	**193**
Provision for net realizable value of inventory	**—**	**—**	**—**

	For the six months ended 30 June 2007		
	Garment/ textile products	Freight forwarding/ logistics services	Group
	US$'000	*US$'000*	*US$'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*
Depreciation	6,387	523	6,910
Amortization	1,071	—	1,071
Impairment of trade receivables	94	92	186
Impairment of reimbursement receivables	2,024	—	2,024
Provision for net realizable value of inventory	574	—	574

Inter-segment transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

The segment assets and liabilities at 30 June 2008 and capital expenditure for the six months then ended are as follows:

	Garment/ textile products *US$'000* *(Unaudited)*	**Freight forwarding/ logistics services** *US$'000* *(Unaudited)*	**Group** *US$'000* *(Unaudited)*
Segment assets	**440,300**	**30,052**	**470,352**
Associated companies	**8**	**412**	**420**
Jointly controlled entities	**8,364**	**—**	**8,364**
	448,672	**30,464**	**479,136**
Unallocated assets			**464**
Total assets			**479,600**
Segment liabilities	**174,271**	**9,036**	**183,307**
Unallocated liabilities			**47,023**
Total liabilities			**230,330**
Capital expenditure	**3,568**	**338**	**3,906**

The segment assets and liabilities at 31 December 2007 and capital expenditure for the six months ended 30 June 2007 are as follows:

	Garment/ textile products *US$'000* *(Audited)*	Freight forwarding/ logistics services *US$'000* *(Audited)*	Group *US$'000* *(Audited)*
Segment assets	418,101	30,057	448,158
Associated companies	8	374	382
Jointly controlled entities	6,745	—	6,745
	424,854	30,431	455,285
Unallocated assets			1,839
Total assets			457,124
Segment liabilities	160,801	12,477	173,278
Unallocated liabilities			53,766
Total liabilities			227,044
Capital expenditure (Unaudited)	10,226	274	10,500

Segment assets consist primarily of leasehold land and land use rights, property, plant and equipment, intangible assets, investments in associated companies and jointly controlled entities, inventories, receivables, cash and cash equivalents and other operating assets. They exclude deferred taxation.

Segment liabilities comprise operating liabilities and borrowings. They exclude items such as taxation and corporate borrowings.

Capital expenditure comprises additions to leasehold land and land use rights, property, plant and equipment and intangible assets.

Secondary reporting format — geographical segments

The Group's revenue is mainly derived from customers located in the United States of America (the "United States" or "USA"), Asia and Europe, while the Group's business activities are conducted predominantly in Hong Kong, the People's Republic of China (the "PRC"), Commonwealth of Northern Mariana Islands, the Philippines and the United States.

	Six months ended 30 June	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Revenue		
The United States	**144,786**	175,479
Europe	**169,174**	110,517
Japan	**25,657**	29,043
PRC	**11,826**	13,942
Others	**28,003**	24,028
	379,446	353,009

Revenue is allocated based on the place/countries in which customers are located.

	As at	As at
	30 June	31 December
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
Total assets		
Hong Kong	**250,040**	233,690
The United States	**27,953**	42,902
The PRC	**141,249**	118,158
Commonwealth of Northern Mariana Islands	**12,872**	11,257
The Philippines	**32,004**	40,540
Others	**6,698**	3,450
	470,816	449,997
Associated companies	**420**	382
Jointly controlled entities	**8,364**	6,745
	479,600	457,124

Total assets are allocated based on where the assets are located.

	Six months ended 30 June	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Capital expenditure		
Hong Kong	**785**	4,170
The United States	**21**	188
The PRC	**2,500**	5,745
Commonwealth of Northern Mariana Islands	**246**	136
The Philippines	**325**	244
Others	**29**	17
	3,906	10,500

Capital expenditure is allocated based on where the assets are located.

4. OPERATING PROFIT

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

	Six months ended 30 June	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Amortization of leasehold land and land use rights	**52**	44
Amortization of intangible assets	**1,027**	1,027
Depreciation of property, plant and equipment	**7,088**	6,910
Write-back of other payables	**—**	(1,363)
Provision for impairment of receivables	**193**	186
Impairment of reimbursement receivables	**—**	2,024
Provision for net realizable value of inventory	**—**	574

5. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Interest expense on bank loans and overdrafts	**922**	1,551
Interest expense on financial liabilities carried at amortized costs	**874**	360
Change in estimates of financial liabilities	**1,457**	—
Finance costs	**3,253**	1,911
Finance income — interest income	**(1,013)**	(1,691)
Net finance costs	**2,240**	220

6. INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) 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 months ended 30 June	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Current income tax:		
— Hong Kong profits tax	**3,141**	127
— Overseas taxation	**1,900**	3,890
Over-provision in prior years	**(7,178)**	(6,311)
Deferred income tax	**(589)**	(189)
	(2,726)	(2,483)

In prior years, certain subsidiaries had made provisions for tax liabilities based on their estimated taxable profits arising from their respective operating countries outside Hong Kong. The Directors have undertaken a review of the Group's tax provisions as at 30 June 2008 and have determined that a provision for tax of US$7,178,000 would no longer be required and should be derecognized. Consequently, the amount of US$7,178,000 was taken to the income statement for the six months ended 30 June 2008.

In prior years, a Hong Kong subsidiary has received notices of additional assessments/assessments from the Hong Kong Inland Revenue department ("IRD") for the years of assessment 2000/01 to 2006/07 demanding for tax totalling US$3,567,000 in respect of certain income, which the management has regarded as not subject to Hong Kong Profits Tax. The management has thoroughly revisited the situations and has concluded that the subsidiary company has good grounds to defend that the relevant income are not subject to Hong Kong Profits Tax. In these circumstances, the management has filed objections to these additional assessments/assessments and has concluded that no provision for these assessments is necessary. The subsidiary company has paid the amount of US$3,567,000, which included an amount of US$3,194,000 in the form of Tax Reserve Certificates. The Tax Reserve Certificates amount paid was included in prepayments in the consolidated balance sheet as at 30 June 2008.

7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Profit attributable to equity holders of the Company	**7,035**	6,764
Weighted average number of ordinary shares in issue	**992,500,000**	992,500,000
Earnings per share in US cent		
— basic	**0.71**	0.68

There was no dilutive effect on earnings per share since all outstanding share options were anti-dilutive.

8. DIVIDENDS

	Six months ended 30 June	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Interim dividend — US0.213 cent or equivalent to HK$1.661 cents (2007: US0.205 cent) per share	**2,114**	2,035

The interim dividend was declared on 11 September 2008. This condensed consolidated interim financial information does not reflect this dividend payable.

9. TRADE AND BILLS RECEIVABLES

	As at 30 June 2008	As at 31 December 2007
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
Trade receivables	**92,432**	101,712
Less: provision for impairment of receivables	**(1,840)**	(1,647)
	90,592	100,065

The Group grants credit terms to its customers ranging from 30 to 60 days. At 30 June 2008, the ageing analysis of the trade receivables is as follows:

	As at 30 June 2008	As at 31 December 2007
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
0 to 30 days	**81,485**	87,383
31 to 60 days	**4,835**	5,600
61 to 90 days	**1,135**	2,663
Over 90 days	**4,977**	6,066
	92,432	101,712

10. TRADE AND BILLS PAYABLES

At 30 June 2008, the ageing analysis of the trade and bills payables is as follows:

	As at 30 June 2008	As at 31 December 2007
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
0 to 30 days	**39,032**	43,387
31 to 60 days	**2,944**	8,224
61 to 90 days	**413**	706
Over 90 days	**3,895**	3,438
	46,284	55,755

11. RESERVES

	Share premium US$'000 (Unaudited)	Capital reserve US$'000 (Unaudited)	Other reserve US$'000 (Unaudited)	Share based compensation reserve US$'000 (Unaudited)	Exchange reserve US$'000 (Unaudited)	Retained earnings US$'000 (Unaudited)	Total US$'000 (Unaudited)
As at 1 January 2007	116,998	11,722	(28,761)	539	(1,870)	90,178	188,806
Profit attributable to equity holders of the Company	—	—	—	—	—	6,764	6,764
Share based compensation expenses	—	—	—	307	—	—	307
Exchange differences arising from translation of foreign subsidiaries	—	—	—	—	(1,758)	—	(1,758)
As at 30 June 2007	116,998	11,722	(28,761)	846	(3,628)	96,942	194,119
As at 1 January 2008	**116,998**	**11,722**	**(24,450)**	**1,102**	**2,680**	**102,309**	**210,361**
Profit attributable to equity holders of the Company	**—**	**—**	**—**	**—**	**—**	**7,035**	**7,035**
Share based compensation expenses	**—**	**—**	**—**	**196**	**—**	**—**	**196**
Dividend paid	**—**	**—**	**—**	**—**	**—**	**(1,727)**	**(1,727)**
Exchange differences arising from translation of foreign subsidiaries	**—**	**—**	**—**	**—**	**5,651**	**—**	**5,651**
As at 30 June 2008	**116,998**	**11,722**	**(24,450)**	**1,298**	**8,331**	**107,617**	**221,516**

MANAGEMENT DISCUSSION & ANALYSIS

Results of Operations and Overview

For the six-month period ended 30 June 2008, the Group recorded a revenue of approximately US$379,446,000, representing a 7.5% increase when compared to the same period in 2007. The revenue growth of the Group has been slowed down since 2007 mainly due to the poor economic climate and market sentiment in the US, one of the most major markets of the Group, attributable to the subprime mortgage issue. The Group's effort of eliminating non-profitable accounts has also been slowing down the revenue growth rate. During the period under review, the overall operating environment remained difficult given the global economic volatility and the increase in operating costs. The appreciation of Chinese Yuan and the increasing labor costs in mainland China, have negatively affected the results of our operations in the first half of 2008.

During the period under review, the gross margin decrease slightly from 19.4% to 19.2% while the operating margin increased from 2.5% to 3.9% when compared to the same period last year. The Group's selling and distribution expenses increased by 20.1% or approximately US$2,404,000 during the first six months of 2008. General and administrative expenses, however, decreased by 8.5% or approximately US$4,043,000 over the same period last year. The profit attributable to equity holders of the Company for the six months ended 30 June 2008 showed an increase of 4% to approximately US$7,035,000 when compared to that recorded for the same period last year.

The Fashion Division, comprising GJM/Tellas and Tomwell continues to be one of the profit drivers for the Group despite the poor retail climate in its major markets, namely the US and UK.

The Sweater Division has been able to sustain its profitable trend despite facing margin pressure in the market.

The Sports Active Wear Division and On Time Group also continued its profitable trend from 2007 both with record high revenue and profits in the first half of 2008.

Geographical Review

Europe became our key export market for the six-month period ended 30 June 2008 and it was also the fastest growing market in the same period. Europe accounted for approximately 44.6% of the Group's total revenue in the first half of 2008, representing an approximately 53.1% growth over that recorded in the same period in 2007. This strong growth was mainly attributable to our success in our acquisitions.

The US market was the Group's second largest export market in the first half of 2008 which accounted for approximately 38.2% of the Group's total revenue. While the Group's turnover continues to grow, this is the first time ever that the US market percentage constitutes less than 40% of the Group's total revenue since the Group's listing on the Stock Exchange in 2004. This reflects our continued success in geographical diversification to reduce the Group's over reliance on one single market.

The PRC market accounted for only 3.1% of the Group's total revenue in the first half of 2008. However, due to China's continuous economic growth, it remains of high growth potentials, particularly in its retail market which the Group is actively tapping into.

On the production side, the Group has continued to diversify its production bases/outsourcing platforms to reduce its over reliance on mainland China. Other than mainland China, the Philippines, Indonesia, India and Bangladesh were the Group's major production bases/ outsourcing platforms in the first half of 2008.

Customer and production bases/outsourcing platforms diversification remains our strategy for risk management.

Acquisition and Joint Venture

In June 2008, the Group, through its subsidiary, entered into a sale and purchase agreement with Ospella International Limited to acquire its 60% equity interest in Trinew Limited and its subsidiaries (together "Trinew Group"). Trinew Group is one of the largest laptop bag manufacturers. Besides laptop bags, Trinew Group's products also include fashionable handbags and other general bags such as backpacks and diaper bags. We believe that the acquisition of Trinew Group would enable Luen Thai to broaden its product categories to cover laptop bags and fashionable handbags which offer cross selling opportunities.

Acquisition and joint venture is one of Luen Thai's core competencies considering our scale, management and strong customer relationships. We will continue to identify other value-enhancing acquisition and joint venture opportunities to further strengthen the Group's multi-product strategy.

Liquidity and Financial Resources

The financial position of the Group remains strong. As at 30 June 2008, the Group's total cash and cash equivalents of the Group approximately amount to US$115,306,000, an increase of US$18,638,000 over the balance as at 31 December 2007. The Group's total bank borrowing at 30 June 2008 was approximately US$58,201,000, representing an increase of approximately 11.6% as compared to approximately US$52,158,000 at 31 December 2007.

Gearing ratio is defined as net debt (representing by bank borrowings net of cash and bank balances) divided by the capital and reserves attributable to equity holders of the Company. As at 30 June 2008, the Group is in a net cash position and hence no gearing ratio is presented.

As at 30 June 2008, the maturity profile of the Group's bank borrowings spread over five years with approximately US$26,701,000 repayable within one year or on demand, approximately US$4,500,000 in the second year, approximately US$13,500,000 in the third to fifth year and approximately US$13,500,000 in more than five years.

Foreign Exchange Risk Management

The Group adopts a prudent policy to hedge the fluctuation of exchange rates. Most of the Group's operating activities are denominated in US dollar, Euro, Hong Kong dollar, Chinese Yuan and Philippine Peso. For those activities denominated in other currencies, the Group may enter into forward contracts to hedge its receivable and payable denominated in foreign currencies to reduce the risks involved in exchange rate fluctuations.

Future Plans and Prospect

As disclosed in the Circular dated 28 March 2008, the Company, through its subsidiary, has successfully converted the land use of a piece of land of the Group in Qingyuan, the PRC from industrial use to commercial/residential use. After such conversion, the Company has been actively exploring different possibilities and options regarding the development of this piece of land, including but not limited to the potential of tapping into the real estate development market. However, as of the date of this interim report, no firm decision has been made by the Board as to the plan on this piece of land.

Looking ahead, the operating environment for the remaining 2008 will continue to be fraught with challenge given the global economic volatility and high operating costs. We believe the market competition will continue to be fierce which will further dwindle the room for survival of smaller players. We shall continue to look for value-enhancing acquisition and joint venture opportunities to further expand our product range and diversify our geographical risk.

Contingent Liabilities and Off-Balance Sheet Obligations

The Group is involved in various labor disputes and claims during its normal course of business. The Directors believe that the Group has substantial legal and factual bases for their position and are of the opinion that losses arising from these disputes, if any, will not have a material adverse impact on the results of the operations or the financial position of the Group. Accordingly, no provision for such liabilities has been made in the condensed consolidated financial information.

Human Resources and Social Responsibilities

With more than 20,000 employees around the world, Luen Thai continuously strives to provide the best employee care. In addition to providing a safe workplace, Luen Thai has established world class and convenient living environments, and places great emphasis on work-life balance and wellness. Luen Thai also has a long-standing commitment to diversity as demonstrated by its multi-cultural workforce. This commitment to fairness is also shown through equitable compensation and benefit schemes, as well as its employee recognition and awards.

Luen Thai remains committed to corporate social responsibility by engaging in lawful, transparent and ethical business practices, employee care and environment stewardship. In addition, Luen Thai rallies its employees in caring for the environment through numerous "go green" programs and initiatives across its global operations.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of their shares during the period under review.

CORPORATE GOVERNANCE PRACTICES

Throughout the period ended 30 June 2008, the Company has been in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

Luen Thai acknowledges the need 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 takes 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 was set up to provide advice and recommendations to the Board. All committee members are independent non-executive directors namely: Mr. Chan Henry, Mr. Cheung Siu Kee and Mr. Seing Nea Yie as the Committee Chairman. Each committee member possesses appropriate finance and/or industry expertise to advise the Board.

Remuneration Committee: The Remuneration Committee was set up with the responsibility of recommending to the Board the remuneration policy for all directors and the senior management. Mr. Tan Henry and the three independent non-executive directors of the Company namely: Mr. Chan Henry, Mr. Cheung Siu Kee, and Mr. Seing Nea Yie as the Committee Chairman, comprise the Remuneration Committee.

Bank Facility Committee: The Bank Facility Committee was set up in December 2005 to review and approve any banking facility of the Group, to ensure that each facility is in the best commercial interest of the Group as a whole. Mr. Tan Siu Lin, Mr. Tan Henry and Mr. Tan Sunny comprise the Bank Facility Committee.

MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standards set out in the Model Code for Securities Transactions ("the "Model Code"). After having made specific enquiry of all Directors, the

Directors confirmed that they have complied with the required standards as set out in the Model Code and its code of conduct regarding securities transactions by Directors during the six months ended 30 June 2008.

REVIEW OF INTERIM RESULTS

The unaudited interim financial reports for the six months ended 30 June 2008 have been reviewed by the Company's audit committee, and the Company's auditors, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of 1.661 HK cents per Share (2007: 1.6 HK cents) for the six months ended 30 June 2008 to be payable to shareholders whose names appear on the Register of Members of the Company on 24 October 2008.

The interim dividend will be paid on or around 6 November 2008.

POST BALANCE SHEET EVENT

On 11 June 2008, the Group entered into an agreement to acquire 60% of the issued share capital of Trinew Limited with a purchase consideration ranging from HK$146,343,000 (equivalent to US$18,883,000) to HK$488,160,000 (equivalent to US$62,988,000). Trinew Limited and its subsidiaries are principally engaged in the manufacturing of laptop bags, fashionable bags and other general bags products, which have operations in Hong Kong, Macau and the PRC. This transaction was completed in August 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 22 October 2008 to 24 October 2008, both days inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 21 October 2008 in order to qualify for the interim dividend mentioned above.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

Information required to be disclosed pursuant to paragraphs 46(1) to 46(6) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange (http://www.hkex.com.hk) in due course.

By order of the Board
Tan Henry
Executive Director and Chief Executive Officer

Hong Kong, 11 September 2008

As at the date of this announcement, the Board of Directors comprises Mr. Tan Siu Lin, Mr. Tan Henry, Mr. Tan Cho Lung, Raymond, Mr. Tan Sunny and Ms. Mok Siu Wan, Anne as executive Directors; Mr. Tan Willie and Mr. Lu Chin Chu as non-executive Director; Mr. Chan Henry, Mr. Cheung Siu Kee and Mr. Seing Nea Yie as independent non-executive Directors.