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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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LUEN THAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 311)

CONNECTED TRANSACTION

**Independent financial adviser to
the Independent Board Committee and the Independent Shareholders**



博大資本國際有限公司

Partners Capital International Limited

A letter from the Board is set out on pages 4 to 9 and a letter from the Independent Board Committee is set out on page 10 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages 11 to 15 of this circular.

A notice convening the EGM of the Company to be held at Room 1004, 10/F, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong on Thursday, 26 March 2009 at 3:30 p.m., is set out on pages 37 to 38 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar, Computershare Hong Kong Investor Services Ltd., at Rooms 1806-1807, 18/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned thereof (as the case may be) should you so wish.

10 March 2009

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“Associates”	shall have the meaning as ascribed to it under the Listing Rules;
“Business Day”	a day (excluding Saturdays) on which banks are generally open for business in Hong Kong;
“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 Date”	the date on which the Completion shall take place at 3:00 p.m. (Hong Kong time) on the second Business Day after the Conditions Fulfilment Date or at such later time or date as the Vendor and the Purchaser may agree, at the principal office of the Company in Hong Kong;
“Conditions Fulfilment Date”	the date on which all conditions precedent to the Sale and Purchase Agreement are fulfilled (or waived) pursuant to the terms of the Sale and Purchase Agreement;
“Connected Person”	shall have the meaning as ascribed to it under the Listing Rules;
“Consideration”	the Share Consideration and Debt Consideration, which is in the total sum of HK\$48,968,000;
“Converted Land”	a parcel of land located at Beikeng, Luen Thai Industrial City, Longtang Town, Qingshing District, Qingyuan City, Guangdong Province, the PRC with a site area of approximately 423,814 sq. m., which is currently owned by the Group;
“Debt”	the shareholder’s loans in an aggregate sum of HK\$16.5 million, being the shareholder’s loan currently owing by the Target to the Vendor as at the date of the Sale and Purchase Agreement, which is non-trade in nature, unsecured, interest-free and with no fixed term of repayment;
“Debt Consideration”	the sum of HK\$16.5 million payable by Purchaser to the Vendor on Completion, being the consideration for the acquisition of the Debt;
“Directors”	directors of the Company for the time being;
“Group”	the Company and its subsidiaries;

DEFINITIONS

“EGM”	the extraordinary general meeting of the shareholders of the Company to be convened for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the Transaction;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent board committee of the Company comprising Chan Henry, Cheung Siu Kee and Seing Nea Yie, being all the independent non-executive Directors;
“Independent Financial Adviser”	Partners Capital International Limited, a licensed corporation to carry out regulated activities Type 1 (dealing in securities) and Type 6 (advising on corporate finance) under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the Transaction thereunder;
“Independent Shareholders”	shareholders of the Company who are not required to abstain from voting at the EGM;
“Independent Valuer”	CB Richard Ellis Limited, an independent property valuer not connected with the Company and its Connected Persons;
“Latest Practicable Date”	6 March 2009, being the latest practicable date for ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Longstop Date”	30 June 2009;
“Previous Announcement”	the announcement made by the Company dated 10 March 2008 concerning the conversion of the land use right of the Converted Land from industrial use to commercial/residential use;
“Purchaser”	Sunny Force Limited, a company incorporated under the laws of the British Virgin Islands and an indirect wholly-owned subsidiary of the Company;
“PRC”	the People’s Republic of China (excluding, for the purposes of this circular, Hong Kong, Macau and Taiwan);

DEFINITIONS

“PRC Land”	the land owned by the Company and situated in Luen Thai Industrial City, Longtang Town, Qingshing District, Qingyuan City, Guangdong Province, the PRC with a site area of approximately 79,703.36 sq. m. and as identified by the Certificate of Land Use Right Number (清市府國用(2004)第00101號);
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	a sale and purchase agreement dated 17 February 2009 and entered into between the Vendor and the Purchaser in relation to the Transaction;
“Sale Share”	one ordinary share of the Target, representing 100% of the issued share capital of the Target;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share Consideration”	the sum of HK\$32,468,000 for all the Sale Share, being the consideration for the acquisition of the Sale Share;
“sq. m.”	square metre(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	Luen Thai (Qingyuan) Real Estate Limited (聯泰(清遠)房地產有限公司), a wholly foreign owned enterprise incorporated in the PRC, which is a wholly owned subsidiary of the Target;
“Transaction”	the acquisition by the Purchaser of the entire issued share capital of the Target and the Debt pursuant to the Sale and Purchase Agreement;
“Target”	Victory Land Properties Limited (凱龍置業有限公司), a company incorporated under the laws of Hong Kong;
“Target Group”	the Target together with the Subsidiary;
“US\$”	United States dollars, the lawful currency of the United States of America;
“Vendor”	Luen Thai Land Limited, a company incorporated under the laws of the British Virgin Islands.

For illustration purpose, in this circular, amounts in RMB have translated into HK\$ at the exchange rate of RMB1.00 to HK\$1.137. Such translation does not constitute a representation that any amount has been, could have been or may be exchanged at such rates.



LUEN THAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 311)

Executive Directors:

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

Non-executive Directors:

Mr. Tan Willie
Lu Chin Chu

Independent non-executive Directors:

Mr. Chan Henry
Mr. Cheung Siu Kee
Mr. Seing Nea Yie

Registered Office:

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman
KY1-111 Cayman Islands

*Head office and Principal place of
business in Hong Kong:*

5/F, Nanyang Plaza
57 Hung To Road
Kwun Tong, Kowloon
Hong Kong

Hong Kong, 10 March 2009

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

INTRODUCTION

As stated in the announcement of the Company dated 17 February 2009, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor to acquire the entire issued share capital in the Target.

The Target is an investment holding company, and the only major asset it holds is the Subsidiary. In turn, the only major asset of the Subsidiary is the PRC Land, which is for commercial/residential use and with the residual term of land use right ending on 20 January 2053. The PRC Land is adjoining the Converted Land owned by the Group.

Reference is made to the Previous Announcement in which the Company announced that the land use right of the Converted Land has been converted from industrial use to commercial/residential use. Although the Group has not entered into any concrete or

LETTER FROM THE BOARD

legally binding plan or commitment on the development of the Converted Land, the Directors believed that the acquisition of the PRC Land through the acquisition of the Target pursuant to the Sale and Purchase Agreement will further enhance the commercial value of the Converted Land, which is beneficial to the long term real estate development of the Group in the PRC.

The Directors (including the independent non-executive Directors) consider that the Transaction 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, taking into account the long term real estate development of the Group in the PRC.

The Vendor is an indirect wholly-owned subsidiary of Luen Thai Enterprises Ltd. which is in turn ultimately controlled by Mr. Tan Siu Lin, a director of the Company, and is therefore a Connected Person of the Company under the Listing Rules. The Sale and Purchase Agreement therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios exceed 2.5% and the Consideration exceeds HK\$10,000,000, the Sale and Purchase Agreement and the transactions contemplated thereunder are subject to the Independent Shareholders' approval at the EGM to be conducted by poll.

The Independent Board Committee has been formed by the Board to advise the Independent Shareholders in respect of the Agreement. Partners Capital International Limited has been appointed as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement.

The purpose of this circular is to provide you with further details on the Sale and Purchase Agreement and the Transaction contemplated thereunder, to give notice to the Shareholders of the EGM at which resolution will be proposed to approve the Sale and Purchase Agreement and the Transaction contemplated thereunder and to provide other information in accordance with the Listing Rules.

THE TRANSACTION

The Sale and Purchase Agreement

Date: 17 February 2009

Parties: (1) The Vendor — Luen Thai Land Limited
(2) The Purchaser — Sunny Force Limited (an indirect wholly-owned subsidiary of the Company)

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Share in the Target at the Share Consideration and the Debt at the Debt Consideration both payable in cash in one lump sum on Completion.

LETTER FROM THE BOARD

Conditions Precedent:

Completion is conditional upon the satisfaction of a number of conditions precedents, being:

- (a) due diligence investigations having been conducted on the business and financial positions of the Target and the Subsidiary and the results of such investigations are to the satisfaction of the Purchaser;
- (b) the Purchaser having obtained PRC legal opinions from a PRC law firm acceptable to the Purchaser, in form and substance to the satisfaction of the Purchaser, concerning:
 - (i) the good title and no encumbrance of the PRC Land; and
 - (ii) the due incorporation, valid existence and due capacity of the Subsidiary to carry out its current business and hold the PRC Land;
- (c) approval by the Independent Shareholders at the EGM for the Sale and Purchase Agreement and all transactions contemplated by the Sale and Purchase Agreement; and
- (d) all other necessary approval, permits, consents and authorisations having been obtained for the transactions contemplated under the Sale and Purchase Agreement, whether pursuant to law, regulatory compliance (including but without limitation to the Listing Rules) or otherwise.

If any of the above conditions have not been satisfied (or in respect of conditions (a) and (b) above only, which have not previously been waived by the Purchaser) on or before 5:00 p.m. (Hong Kong time) on the Longstop Date, the Purchaser may on that date, at its option (but without prejudice to any other right or remedy it may have), by notice to the Vendor postpone the Completion Date to a date (being a Business Day) falling not more than 30 Business Days after the Longstop Date or otherwise rescind the Sale and Purchase Agreement.

The Transaction was negotiated on an arm's length basis and the Share Consideration of approximately RMB28,556,000 (equivalent to approximately HK\$32,468,000) was determined by reference to the net liabilities of the Target Group as at 31 December 2008 with the adjusted valuation with reference to the valuation of the PRC Land minus the PRC land appreciation tax chargeable on the PRC Land. The valuation on the PRC Land was carried out by the Independent Valuer. The valuation performed by the Independent Valuer on 31 December 2008 on the PRC Land by using the direct comparison approach is RMB63,400,000 (equivalent to approximately HK\$72,085,800). The valuation report on the PRC Land issued by the Independent Valuer was set out in Appendix I to this Circular.

The Group will pay the Consideration by using its internal resources.

LETTER FROM THE BOARD

INFORMATION ON THE TARGET

As at the date of the Latest Practicable Date, the Target is a company duly incorporated under the laws of Hong Kong on 1 November 2007 having an issued share capital of HK\$1, which has been fully paid up by the Vendor, which represents 100% of the Sale Share in the Target to be sold to the Purchaser under the Sale and Purchase Agreement. The Target acquired the Subsidiary in February 2008 at the original acquisition cost of HK\$16,500,000.

The Target is an investment holding company, and the only major asset it holds is the Subsidiary. In turn, the only major asset of the Subsidiary is the PRC Land, which is for commercial/residential use and with the residual term of land use right ending on 20 January 2053. The PRC Land was acquired by the Subsidiary in 2004 at an original purchase cost of approximately RMB5,593,000. The PRC Land, which has not yet been developed, is adjoining the Converted Land owned by the Group.

In accordance with the PRC generally accepted accounting principles, the net asset value of the Subsidiary as audited by the PRC auditors engaged by the Subsidiary as at 31 December 2007 is approximately RMB17,212,000.

In accordance with the PRC generally accepted accounting principles, according to the audited financial information of the Subsidiary, the Subsidiary has not recorded any profit or loss before and after taxation for the year ended 31 December 2007; and according to the unaudited management accounts of the Subsidiary, the Subsidiary has recorded a loss of approximately RMB8,256,000 before and after taxation for the year ended 31 December 2008. The reason for such loss is mainly due to the costs incurred in connection with the administrative and consultancy expenses. Based on the unaudited management accounts of the Target Group, the Target Group has recorded a loss of approximately RMB8,256,000 for the year ended 31 December 2008. Based on the unaudited management accounts of the Subsidiary, the unaudited net asset value of the Subsidiary amounted to approximately RMB8,955,000 as at 31 December 2008.

According to the unaudited consolidated financial statement of the Target for the year ended 31 December 2008, the net liabilities of the Target Group amounted to approximately RMB8,256,000 as at 31 December 2008.

REASONS FOR THE TRANSACTION

Reference is made to the Previous Announcement in which the Company announced that the land use right of the Converted Land has been converted from industrial use to commercial/residential use. Though as at the Latest Practicable Date the principal business of the Group does not include property development, the Directors believe that the acquisition of the PRC Land through the acquisition of the Target pursuant to the Sale and Purchase Agreement will further enhance the commercial value of the Converted Land, as the Converted Land will benefit from the adjoining PRC Land, which has frontage to the roads.

LETTER FROM THE BOARD

Although the Company has not entered into any concrete and legally binding commitment on the development of the Converted Land and/or the PRC Land, the Company has commenced some preliminary studies and has considered the development potential of the Converted Land and the PRC Land. The Company currently expects to develop the Converted Land and the PRC Land for residential or residential/commercial purposes, with any necessary adjustment having regard to the then actual circumstances. If such plan or commitment materialises, the Company will fulfill its obligations (if any) in accordance with the applicable Listing Rules.

The Directors (including the independent non-executive Directors) consider that the Transaction 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, taking into account the long term real estate development of the Group in the PRC.

LISTING RULE IMPLICATIONS

The Vendor is an indirect wholly-owned subsidiary of Luen Thai Enterprises Ltd. which is in turn ultimately controlled by Mr. Tan Siu Lin, a director of the Company, and is therefore a Connected Person of the Company under the Listing Rules. The Sale and Purchase Agreement therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios exceed 2.5% and the Consideration exceeds HK\$10,000,000, the Sale and Purchase Agreement and the transactions contemplated thereunder are subject to the Independent Shareholders' approval at the EGM to be conducted by way of poll. Mr Tan Siu Lin, who has a material interest in the Transaction, and its Associates will abstain from voting at the EGM on the resolutions in relation to the Sale and Purchase Agreement and the Transaction thereunder in view of their interests thereof. As at the Latest Practicable Date, Mr Tan Siu Lin and its Associates together hold approximately 69.28% of all the shareholders' voting rights of the Company.

GENERAL

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

The Vendor is an investment holding company.

RECOMMENDATIONS

The Company has established the Independent Board Committee, consisting of the independent non-executive Directors, to advise the Shareholders as to whether the Transaction is fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Shareholders how to vote at the EGM. The Company has also appointed Partners Capital International Limited as the independent financial adviser to make recommendations to the Independent Board Committee and the

LETTER FROM THE BOARD

Independent Shareholders as to whether the Transaction is fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders how to vote at the EGM.

The Independent Board Committee, after taking into account the recommendation of the Independent Financial Adviser, considers that the Transaction is fair and reasonable and in the interests of the Company and the Shareholders as a whole and recommends the Independent Shareholders to vote in favour of the resolution to approve the Transaction at the EGM. The Shareholders' attention is drawn to the letter from the Independent Board Committee which is set out on page 10 of this circular.

A separate letter from the Independent Financial Adviser, Partners Capital International Limited, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 11 to 15 of this circular. The Shareholders' attention is also drawn to the letter from Partners Capital International Limited, the Independent Financial Adviser.

The Board is of the view that the Transaction is fair and reasonable and is in the interests of the Company and the Shareholders as a whole and, accordingly, the Board recommends that the Independent Shareholders vote in favour of the resolution to be proposed in relation to the Transaction at the EGM.

EXTRAORDINARY GENERAL MEETING

A notice convening the EGM is set out on pages 37 to 38 of this circular. Voting at the EGM will be taken on a poll.

A form of proxy for use at the EGM is enclosed. Whether or not the Shareholders are able to attend the meeting, they are requested to complete and return the enclosed form of proxy to the Company's branch share registrar, Computershare Hong Kong Investor Services Ltd., at Rooms 1806-1807, 18/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting at the meeting should they wish to do so.

ADDITIONAL INFORMATION

Your attention is also drawn to the valuation report and the general information set out in the Appendices to this circular.

Yours faithfully,
For and on behalf of
Luen Thai Holdings Limited
Tan Henry
Chief Executive Officer and Director



LUEN THAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 311)

10 March 2009

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

We refer to the circular of even date issued by the Company (the “**Circular**”) to its shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to give a recommendation to the Independent Shareholders in respect of the terms of the Transaction, details of which are set out in the letter from the Board contained in the Circular.

Having considered the terms of the Transaction and the advice and opinion of the Independent Financial Adviser in relation thereto as set out in the Circular, the Independent Board Committee considers that the Transaction is on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the resolution to be proposed at the EGM to approve the Transaction.

The Independent Board Committee draws the attention of the Independent Shareholders to the letter from the Board and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which sets out the considerations and factors taken into account in arriving at its recommendations, each as contained in the Circular.

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

Chan Henry

Cheung Siu Kee
Independent Non-Executive Directors

Seing Nea Yie

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter to the Independent Board Committee and the Independent Shareholders from Partners Capital in respect of the terms of the Transaction prepared for the purpose of incorporation in this circular.



博大資本國際有限公司
Partners Capital International Limited

Partners Capital International Limited
Unit 3906, 39/F, COSCO Tower
183 Queen's Road Central
Hong Kong

10 March 2009

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction, particulars of which are set out in the letter from the Board (the "Letter from the Board") of the circular to the shareholders (the "Shareholders") of the Company dated 10 March 2009 (the "Circular") and in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

As set out in the Letter from the Board, the Group, through the Purchaser, entered into the Sale and Purchase Agreement on 17 February 2009 with the Vendor, pursuant to which, the Purchaser agreed to acquire and the Vendor agreed to sell the entire issued share capital in the Target. Since the Vendor is an indirect wholly-owned subsidiary of Luen Thai Enterprise Ltd, which is in turn ultimately controlled by Mr. Tan Siu Lin, a director of the Company and the applicable percentage ratios (as calculated in accordance with the Listing Rules) for the Consideration exceed 2.5%, the Sale and Purchase Agreement therefore constitutes a discloseable and connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

We are not connected with the Directors, chief executive and substantial shareholders of the Company or the Vendor or any of its subsidiaries or their respective Associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. Apart from normal professional fees payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective Associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the management of the Company regarding the Group and the Sale and Purchase Agreement, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, the Vendor, the Target Group and their respective Associates nor have we carried out any independent verification of the information supplied.

THE TRANSACTION

Principal factors considered

In arriving at our opinion regarding the terms of the Sale and Purchase Agreement, we have considered the following principal factors and reasons:

1. Background of the Target Group and Qingyuan City

As set out in the Letter from the Board, the Target is an investment holding company incorporated under the laws of Hong Kong and its only major asset is the PRC Land which is held through the Subsidiary. The PRC Land, which was acquired by the Subsidiary in 2004, is located in Longtang Town, Qingshing District, Qingyuan City, Guangdong Province, the PRC. Its residual term of land use right is ending on 20 January 2053 with commercial/residential use. Being adjoining to the Converted Land, which was converted from industrial purpose to residential/commercial purpose by the Group in March 2008, the area of the PRC Land is 79,703.36 sq.m. whilst the aggregate area of the enlarged land premises is 503,517.36 sq.m. We are advised that the PRC Land is currently vacant and the Converted Land is occupied with factory and dormitories.

The Target was incorporated in November 2007. Based on its recent management accounts prepared in accordance with the PRC generally accepted accounting principles, the consolidated unaudited net loss of the Target Group for the year ended 31 December 2008 was approximately RMB8.26 million, mainly resulted from the recognition of administration and consultancy fee of the PRC Land, while the consolidated unaudited net liabilities of the Target Group as at 31 December 2008 was approximately RMB8.26 million.

Qingyuan city (“Qingyuan”) is at approximately 60km north of Guangzhou and at approximately 30 km north of Guangzhou Baiyun International Airport. Pursuant to “2007 Statistic Bulletin of National Economic and Social Development in Qingyuan City” (“2007年清遠市國民經濟和社會發展統計公報”), Qingyuan recorded a gross domestic product of approximately RMB59.74 billion in 2007, representing a compound annual growth rate of approximately 23.7% for 2003–2007, which was comparable to approximately 12.7% in the PRC and approximately 13.6% in Guangzhou. The Directors consider that future economic development in Qingyuan will be driven by continual urbanization of Guangzhou.

Amid the prevailing global financial crisis, the Directors are of the view that the property development in Qingyuan enjoys potential in the long term given that (i) series of economic stimulus policies, in particular tax reduction scheme for property transactions and lowering mortgage rate, were launched recently in the PRC and (ii) the proposed construction of railway network between Guangzhou and Qingyuan would accelerate the pace of urbanization and investment which in turn would translate into steady demand for residential properties in the latter.

As stated in the Letter from the Board, the principal business of the Group does not include property development and the Company has not entered into any concrete or legally binding plan or commitment on the development of the Converted Land and/or the PRC Land, except for some preliminary studies on the Converted Land and the PRC Land. Upon Completion, the commercial value of the Converted Land will be enhanced by access to frontage to the roads. The Group may venture into a new line of long term residential or residential/commercial property development business having regard to the then business circumstances. The Directors believe the development potential of the PRC Land and the Converted Land presents good business prospects to the Group.

2. Rationale behind the Transaction and benefits to the Group

As stated in the 2007 annual report and 2008 interim report of the Group, revenue from the United States and Europe accounted for over 81% of the Group’s revenue respectively, whilst revenue from garment/textile products accounted for approximately 97% of the aggregate revenue in the respective said periods. In view of the global deteriorated economic climate and market sentiment attributable to the sub-prime mortgage issue, the business environment in the said regions may remain difficult in the foreseeable future. We are of the view that the Transaction allows the Group to diversify its business and assets from garment sector to property development sector in the PRC and reduce geographical concentration risk in long term. In addition, the enlarged scale of the PRC Land and the Converted Land enables incorporation of different design features and enhances the ambience and the attractiveness of the property project. In this regard, we consider that any possible co-development plan of the Converted Land and the PRC Land will enhance the commercial value of the land as a whole.

Having considered the Transaction (i) avails the Group to enjoy mid to long term potential benefit in Qingyuan's property market resulted from the continual urbanization and economic development; (ii) enables further diversification of the Group's business and assets; and (iii) enhances the aggregate commercial value of the PRC Land and the Converted Land as a whole, we are of the view that there is a commercial justification for the Company to enter into the Sale and Purchase Agreement.

3. Terms of the Sale and Purchase Agreement

Pursuant to the Sale and Purchase Agreement, the Company will purchase the Sale Share and the Debt in the Target held by the Vendor at Share Consideration of approximately HK\$32.47 million and the Debt Consideration of HK\$16.5 million. As set out in the Letter from the Board, the Share Consideration was determined after arm's length negotiations between the Group and the Vendor, which is equal to the net liabilities of the Target Group as at 31 December 2008 adjusted with valuation surplus of the PRC Land arisen from the independent valuation prepared by the Independent Valuer after deducting for the PRC land appreciation tax chargeable on the PRC Land. The Debt Consideration represents the actual outstanding amount due to the Vendor by the Target Group.

Pursuant to the independent valuation report, we note that the Independent Valuer adopted a direct comparison approach by making reference to comparable sales evidence as available in the relevant market as the valuation basis. As discussed with the Independent Valuer, we were advised that the comparable sales evidences included 13 land parcel sale transactions in the past 6 months in Guangzhou and Qingyuan areas (the "Comparable Transactions"). The valuation of the PRC Land was arrived by taking into account the average selling price per meter square of the Comparable Transactions adjusted with parameters such as the location, scale, transportation and environmental conditions and urban development plan of the subject lands.

Pursuant to the Sale and Purchase Agreement, the Share Consideration and the Debt Consideration will be settled in cash in one lump sum upon Completion, which we consider settlement in cash is a common settlement method.

Based on the above, we consider that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

4. Financial effects of the Sale and Purchase Agreement on the Group

(i) Earnings

Upon Completion, the Target Group will become wholly owned subsidiaries of the Company, the consolidated financial results of which are to be consolidated into the accounts of the Group. As set out in the Letter from the Board, the consolidated unaudited net loss of the Target Group for the year ended 31 December 2008 was approximately RMB8.26 million, which was mainly attributable to the recognition of administration and consultancy fee of the PRC

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Land. Assuming the Transaction was completed in the year ended 31 December 2008, the Transaction would have an immediate negative effect on the earnings of the enlarged Group.

(ii) Cashflow

Based on its 2008 interim report, the cash and bank balance (excluding pledged bank deposits) of the Group as at 30 June 2008 amounted to approximately US\$115.3 million (approximately HK\$899.3 million, based on the exchange rate of US\$ against HK\$ of US\$1: HK\$7.8). As the Consideration will be satisfied by way of cash to the Vendor upon Completion, it is expected that there will be a negative impact on the cashflow of the Group arising from the Transaction. However, given that the aggregate amount of the Consideration accounted for approximately 5.4% of the above cash and bank balance (excluding pledged bank deposits), we consider that the Transaction should not materially affect the cashflow position of the Group.

(iii) Net Asset Value

Based on its 2008 interim report, the consolidated net assets attributable to equity holders of the Company were approximately US\$231.4 million (approximately HK\$1.8 billion). As the Share Consideration was determined with reference to the independent fair value of the PRC Land, it would not have material negative impact on the net asset position of the Group. Upon Completion, the Group will consolidate the financial assets and liabilities of the Target Group.

Based on the above and assuming the Transaction was completed in the year ended 31 December 2008, the Transaction would have a slight negative effect to the Group's earnings and cashflow. Having considered the aforementioned overall benefits which the Transaction would likely to bring to the Group, we consider the slight negative effect on the financials of the Group is justifiable.

5. Recommendation

Based on the above, we consider that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Transaction is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to, and we recommend the Independent Shareholders to, vote in favour of the ordinary resolution to approve the Transaction at the EGM.

Yours faithfully,
For and on behalf of
Partners Capital International Limited
Alan Fung
Managing Director

10 March 2009

The Directors
Luen Thai Holdings Limited
5th Floor, Nanyang Plaza
57 Hung To Road
Kwun Tong, Kowloon
Hong Kong

CBRE
CB RICHARD ELLIS
世邦魏理仕

34/F Central Plaza
18 Harbour Road
Wanchai, Hong Kong
T 852 2820 2800
F 852 2810 0830

香港灣仔港灣道十八號中環廣場三十四樓
電話 852 2820 2800 傳真 852 2810 0830

www.cbre.com.hk

地產代理（公司）牌照號碼
Estate Agent's Licence No. C-004065

Dear Sirs,

**Re: Property Valuation of a Parcel of Land in Qingyuan City, Guangdong Province,
the People's Republic of China**

We refer to the instruction from Luen Thai Holdings Limited (hereinafter refer to the "Company") for us to carry out a valuation of the captioned property interests in Qingyuan City, details of which are set out in the attached valuation certificate for the purpose of inclusive our valuation in a public circular document. We confirm that we have made relevant investigations and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital value of the property interests as at 31 December 2008 (the "date of valuation").

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities (the "Exchange Listing Rules") issued by the Stock Exchange of Hong Kong Limited, the HKIS Valuation Standards on Properties (1st Edition) published by the Hong Kong Institute of Surveyors ("HKIS") and the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors.

Our valuation is made on the basis of Market Value which is defined by the HKIS to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

In forming our opinion of the value of the property interests, we have valued the property interests in existing state. We have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market.

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit or burden of any deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the value of the property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting sale. Unless otherwise stated, it is assumed that the property was free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have relied to a considerable extent on the information given by the Company and have accepted the advice given to us on such matters as tenure, planning approvals, statutory notices, easements, site area, developable floor areas, occupancy and all other relevant matters. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by you, which are material to the valuation. We were also advised that no material factors have been omitted from the information supplied.

In forming our value to the property in the PRC, we have relied on the legal opinion provided by the Company's PRC legal advisor, Jingtian & Gongcheng Attorney At Law (the "PRC Legal Opinion"). We have been provided with copies of the title documents relating to the property, however due to the nature of the land registration system in the PRC, we cannot cause searches to be made on the title of the property nor have we scrutinised all the original documents to verify ownership and encumbrances or to ascertain the subsequent amendments, if any, which may not appear on the copies handed to us.

We have carried out physical inspection of the property to such extent as for the purpose of this valuation. During our inspection, we have not carried out investigations on the site to determine the suitability of the ground conditions and the services for any future development. We have not undertaken archaeological, ecological or environmental surveys. This report also does not make any allowance for contamination or pollution of the land, if any, which may have occurred as a result of past usage. Our valuation is on the basis that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period, due to these, or to archaeological or ecological matters.

The property interests have been valued in Renminbi ("RMB").

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
CB Richard Ellis Limited

Alex P W Leung *MHKIS MRICS RPS(GP)*
Director
Valuation & Advisory Services,
Greater China

Trackie K S Lam *MHKIS MRICS*
Senior Director
Valuation & Advisory Services,
Greater China

Note: Mr. Alex PW Leung is a Registered Professional Surveyor (General Practice), a member of the Hong Kong Institute of Surveyors, a member of Royal Institution of Chartered Surveyors. He has over 13 years experience in valuation in the PRC and Hong Kong.

Mr. Trackie Lam is a member of the Hong Kong Institute of Surveyors, a member of Royal Institution of Chartered Surveyors. He has over 7 years experience in valuation in the PRC and Hong Kong.

VALUATION CERTIFICATE

Property to be acquired by the Company in the PRC for future development

Property	Description and tenure	Details of occupancy	Capital value in existing state as at 31 December 2008
Lot No. G1100527, Luen Thai Industrial City, Longtang Town, Qingshing District, Qingyuan City, Guangdong Province, the PRC	The property comprises a parcel of land with a site area of about 79,703.36 sq.m. The property is held under a State-owned Land Use Certificate for commercial and residential uses with a land use term expiring on 20 January 2053.	The property was vacant.	RMB63,400,000 (Renminbi Sixty Three Million Four Hundred Thousand)

Notes:

- Pursuant to the following State-Owned Land Use Rights Certificate Qing Shi Fu Guo Yong (2004) 00101 (清市府國用(2004)第00101號) dated 9 March 2004, the land use rights of the property has been granted to Luen Thai (Qingyuan) Real Estate Limited.

Lot No. and Address:	Lot No. G1100527, Beikeng Luen Thai Industrial City, Longtang Town, Qingshing District, Qingyuan City
Site Area:	79,703.36 sq.m.
Uses:	Commercial & residential
Land Use Term Expiry:	20 January 2053

- The status of the title and grant of major approvals and licences, in accordance with the information provided to us, is as follows:

State-owned Land Use Rights Grant Contract	N/A
Land Auction Confirmation	N/A
State-owned Land Use Certificate	Yes
Realty Title Certificate	N/A
Construction Land Use Planning Permit	N/A
Construction Works Planning Permit	N/A
Construction Works Commencement Permit	N/A
Business Licence	Yes

- We have been provided with the PRC Legal Opinion on the property prepared by the Company's legal advisor, which contains, *inter alia*, the following information.

Pursuant to the State-Owned Land Use Rights Certificate stated in Note 1, Luen Thai (Qingyuan) Real Estate Limited wholly owns the property. During the said land use term of the property, Luen Thai (Qingyuan) Real Estate Limited is entitled to occupy, use and transfer the land use rights of the property and shall bear all the corresponding obligations.

1. RESPONSIBILITY STATEMENT

This Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(i) Interests of Directors in the Company and its associated corporations

- (a) As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations which were required to be notified to the Company and the Stock Exchange (a) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the shares:

Name of Director	Capacity	Number of ordinary shares	Approximate percentage of interest in Company
Tan Siu Lin	Trustee (<i>Note 1</i>)	687,640,000	69.28%
Tan Henry	Beneficiary (<i>Notes 2 and 3</i>)	614,250,000	61.89%
	Beneficial owner (<i>Notes 7 and 8</i>)	450,000	0.05%
Tan Willie	Beneficiary (<i>Notes 2 and 4</i>)	614,250,000	61.89%
	Beneficial owner (<i>Notes 7 and 10</i>)	1,450,000	0.15%

Name of Director	Capacity	Number of ordinary shares	Approximate percentage of interest in Company
Tan Cho Lung, Raymond	Beneficiary (Notes 2 and 5)	614,250,000	61.89%
	Beneficial owner (Notes 7, 8 and 11)	749,000	0.08%
Tan Sunny	Beneficiary (Note 2 and 6)	614,250,000	61.89%
	Beneficial owner (Notes 7, 8 and 12)	1,022,000	0.1%
Mok Siu Wan, Anne	Beneficial owner (Notes 7, 8 and 9)	3,200,000	0.32%

Notes:

1. Mr. Tan Siu Lin is the settlor and trustee of each of the Tan Family Trust of 2004, the Pak Kim Lam Tan Trust of 2004, the HJ Trust, the WR5C Trust, the LS Trust, the RC Trust, the JL Trust and the ST Trust (collectively referred to as the “Trusts”). As the settlor and trustee of the Trusts, all of which are revocable discretionary trusts, Mr. Tan Siu Lin is deemed under Part XV of the SFO to be interested in the aggregate shareholdings of Tan Holdings Corporation (“Tan Holdings Corporation”), a company incorporated in Commonwealth of Northern Mariana Islands and Helmsley Enterprises Limited (“Helmsley”), a company incorporated in the Commonwealth of the Bahamas, held in the Company, together with the interest in Tan Siu Lin Foundation Limited, representing approximately 69.28% of the issued share capital of the Company as at the date of this Circular.
2. Pursuant to a shareholders’ agreement dated 12 June 2004 and entered into between Mr. Tan Siu Lin as trustee for each of the Trusts and Helmsley, each of the Trusts have agreed to adhere to certain pre-emptive arrangements concerning the transfer of shares in Helmsley. For the purposes of Part XV of the SFO, each of the Trusts is therefore deemed to have effective voting power in respect of the interests of Helmsley in the Company.
3. Mr. Tan Henry is one of the beneficiaries of the HJ Trust, which is a revocable discretionary trust. He is therefore deemed under Part XV of the SFO to be interested in the interests of the HJ Trust in the Company.

4. Mr. Tan Willie is one of the beneficiaries of the WR5C Trust, which is a revocable discretionary trust. He is therefore deemed under Part XV of the SFO to be interested in the interests of the WR5C Trust in the Company.
5. Mr. Tan Cho Lung, Raymond is one of the beneficiaries of the RC Trust, which is a revocable discretionary trust. He is therefore deemed under Part XV of the SFO to be interested in the interests of the RC Trust in the Company.
6. Mr. Tan Sunny is one of the beneficiaries of the ST Trust, which is a revocable discretionary trust. He is therefore deemed under Part XV of the SFO to be interested in the interests of the ST Trust in the Company.
7. Each of Mr. Tan Henry, Mr. Tan Willie, Mr. Tan Cho Lung, Raymond, Ms. Mok Siu Wan Anne and Mr. Tan Sunny is a grantee of the respective share options granted by the Company on 26 January 2006.
8. Each of Mr. Tan Henry, Mr. Tan Cho Lung, Raymond, Ms. Mok Siu Wan Anne and Mr. Tan Sunny is a grantee of the share options granted by the Company on 10 November 2006.
9. Ms. Mok Siu Wan, Anne is a grantee of the share options granted by the Company on 21 April 2008.
10. A total of 1,150,000 Company Shares were acquired by an associate of Mr. Tan Willie between 2005 and 2008. He is therefore deemed under Part XV of the SFO to be interested in all of the 1,150,000 Company Shares acquired by his associate.
11. A total of 449,000 Company Shares were acquired by an associate of Mr. Tan Cho Lung, Raymond in 2006 and 2008. He is therefore deemed under Part XV of the SFO to be interested in all of the 449,000 shares acquired by his associate.
12. Mr. Tan Sunny acquired a total of 322,000 Company Shares in 2006.

Long positions in the shares of associated corporations of the Company (as defined in the SFO)

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares	Approximate percentage of attributable interest in corporation
Tan Siu Lin	Helmsley <i>(Note 1)</i>	Trustee <i>(Note 4)</i>	5,000	100%
	Capital Glory Limited <i>(Note 2)</i>	Trustee <i>(Note 4)</i>	1	100%

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares	Approximate percentage of attributable interest in corporation
	Justintime Development Limited (Note 3)	Trustee (Note 4)	1	100%
	Tripletrio International Limited (Note 3)	Trustee (Note 4)	42,500	100%
	Newtex International Limited (Note 3)	Trustee (Note 4)	2	100%
	Torpedo Management Limited (Note 3)	Trustee (Note 4)	1	100%
	Integrated Solutions Technology Inc. (a Cayman Islands corporation) (Note 3)	Trustee (Note 4)	1	100%
	Eldex Del Golfo, SA de CV (Note 3)	Trustee (Note 4)	11,819	100%
	Servicios Textiles Mexicanos, SA (Note 3)	Trustee (Note 4)	50	100%
	Hanium Industries Limited (Note 3)	Trustee (Note 4)	1	100%

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares	Approximate percentage of attributable interest in corporation
	Integrated Solutions Technology Inc. <i>(a HK corporation)</i> <i>(Note 3)</i>	Trustee <i>(Note 4)</i>	2	100%
	Integrated Solutions Technology Inc. <i>(a BVI corporation)</i> <i>(Note 3)</i>	Trustee <i>(Note 4)</i>	1	100%
	Integrated Solutions Technology Inc. <i>(a Philippines corporation)</i> <i>(Note 3)</i>	Trustee <i>(Note 4)</i>	1	100%
Tan Henry	Helmsley <i>(Note 1)</i>	Beneficiary <i>(Note 5)</i>	5,000	100%
	Capital Glory Limited <i>(Note 2)</i>	Beneficiary <i>(Note 5)</i>	1	100%
	Justintime Development Limited <i>(Note 3)</i>	Beneficiary <i>(Note 5)</i>	1	100%
	Tripletrio International Limited <i>(Note 3)</i>	Beneficiary <i>(Note 5)</i>	42,500	100%

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares	Approximate percentage of attributable interest in corporation
	Newtex International Limited <i>(Note 3)</i>	Beneficiary <i>(Note 5)</i>	2	100%
	Torpedo Management Limited <i>(Note 3)</i>	Beneficiary <i>(Note 5)</i>	1	100%
	Integrated Solutions Technology Inc. <i>(a Cayman Islands corporation)</i> <i>(Note 3)</i>	Beneficiary <i>(Note 5)</i>	1	100%
	Eldex Del Golfo, SA de CV <i>(Note 3)</i>	Beneficiary <i>(Note 5)</i>	11,819	100%
	Servicios Textiles Mexicanos, SA <i>(Note 3)</i>	Beneficiary <i>(Note 5)</i>	50	100%
	Hanium Industries Limited <i>(Note 3)</i>	Beneficiary <i>(Note 5)</i>	1	100%
	Integrated Solutions Technology Inc. <i>(a HK corporation)</i> <i>(Note 3)</i>	Beneficiary <i>(Note 5)</i>	2	100%

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares	Approximate percentage of attributable interest in corporation
	Integrated Solutions Technology Inc. <i>(a BVI corporation)</i> <i>(Note 3)</i>	Beneficiary <i>(Note 5)</i>	1	100%
	Integrated Solutions Technology Inc. <i>(a Philippines corporation)</i> <i>(Note 3)</i>	Beneficiary <i>(Note 5)</i>	1	100%
Tan Willie	Helmsley <i>(Note 1)</i>	Beneficiary <i>(Note 6)</i>	5,000	100%
	Capital Glory Limited <i>(Note 2)</i>	Beneficiary <i>(Note 6)</i>	1	100%
	Justintime Development Limited <i>(Note 3)</i>	Beneficiary <i>(Note 6)</i>	1	100%
	Tripletrio International Limited <i>(Note 3)</i>	Beneficiary <i>(Note 6)</i>	42,500	100%
	Newtex International Limited <i>(Note 3)</i>	Beneficiary <i>(Note 6)</i>	2	100%
	Torpedo Management Limited <i>(Note 3)</i>	Beneficiary <i>(Note 6)</i>	1	100%

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares	Approximate percentage of attributable interest in corporation
	Integrated Solutions Technology Inc. <i>(a Cayman Islands corporation)</i> <i>(Note 3)</i>	Beneficiary <i>(Note 6)</i>	1	100%
	Eldex Del Golfo, SA de CV <i>(Note 3)</i>	Beneficiary <i>(Note 6)</i>	11,819	100%
	Servicios Textiles Mexicanos, SA <i>(Note 3)</i>	Beneficiary <i>(Note 6)</i>	50	100%
	Hanium Industries Limited <i>(Note 3)</i>	Beneficiary <i>(Note 6)</i>	1	100%
	Integrated Solutions Technology Inc. <i>(a HK corporation)</i> <i>(Note 3)</i>	Beneficiary <i>(Note 6)</i>	2	100%
	Integrated Solutions Technology Inc. <i>(a BVI corporation)</i> <i>(Note 3)</i>	Beneficiary <i>(Note 6)</i>	1	100%
	Integrated Solutions Technology Inc. <i>(a Philippines corporation)</i> <i>(Note 3)</i>	Beneficiary <i>(Note 6)</i>	1	100%

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares	Approximate percentage of attributable interest in corporation
Tan Cho Lung, Raymond	Helmsley <i>(Note 1)</i>	Beneficiary <i>(Note 7)</i>	5,000	100%
	Capital Glory Limited <i>(Note 2)</i>	Beneficiary <i>(Note 7)</i>	1	100%
	Justintime Development Limited <i>(Note 3)</i>	Beneficiary <i>(Note 7)</i>	1	100%
	Tripletrio International Limited <i>(Note 3)</i>	Beneficiary <i>(Note 7)</i>	42,500	100%
	Newtex International Limited <i>(Note 3)</i>	Beneficiary <i>(Note 7)</i>	2	100%
	Torpedo Management Limited <i>(Note 3)</i>	Beneficiary <i>(Note 7)</i>	1	100%
	Integrated Solutions Technology Inc. <i>(a Cayman Islands corporation)</i> <i>(Note 3)</i>	Beneficiary <i>(Note 7)</i>	1	100%
	Eldex Del Golfo, SA de CV <i>(Note 3)</i>	Beneficiary <i>(Note 7)</i>	11,819	100%

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares	Approximate percentage of attributable interest in corporation
	Servicios Textiles Mexicanos, SA (Note 3)	Beneficiary (Note 7)	50	100%
	Hanium Industries Limited (Note 3)	Beneficiary (Note 7)	1	100%
	Integrated Solutions Technology Inc. (a HK corporation) (Note 3)	Beneficiary (Note 7)	2	100%
	Integrated Solutions Technology Inc. (a BVI corporation) (Note 3)	Beneficiary (Note 7)	1	100%
	Integrated Solutions Technology Inc. (a Philippines corporation) (Note 3)	Beneficiary (Note 7)	1	100%
Tan Sunny	Helmsley (Note 1)	Beneficiary (Note 8)	5,000	100%
	Capital Glory Limited (Note 2)	Beneficiary (Note 8)	1	100%
	Justintime Development Limited (Note 3)	Beneficiary (Note 8)	1	100%

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares	Approximate percentage of attributable interest in corporation
	Tripletrio International Limited <i>(Note 3)</i>	Beneficiary <i>(Note 8)</i>	42,500	100%
	Newtex International Limited <i>(Note 3)</i>	Beneficiary <i>(Note 8)</i>	2	100%
	Torpedo Management Limited <i>(Note 3)</i>	Beneficiary <i>(Note 8)</i>	1	100%
	Integrated Solutions Technology Inc. <i>(a Cayman Islands corporation)</i> <i>(Note 3)</i>	Beneficiary <i>(Note 8)</i>	1	100%
	Eldex Del Golfo, SA de CV <i>(Note 3)</i>	Beneficiary <i>(Note 8)</i>	11,819	100%
	Servicios Textiles Mexicanos, SA <i>(Note 3)</i>	Beneficiary <i>(Note 8)</i>	50	100%
	Hanium Industries Limited <i>(Note 3)</i>	Beneficiary <i>(Note 8)</i>	1	100%

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares	Approximate percentage of attributable interest in corporation
	Integrated Solutions Technology Inc. (a HK corporation) (Note 3)	Beneficiary (Note 8)	2	100%
	Integrated Solutions Technology Inc. (a BVI corporation) (Note 3)	Beneficiary (Note 8)	1	100%
	Integrated Solutions Technology Inc. (a Philippines corporation) (Note 3)	Beneficiary (Note 8)	1	100%

Notes:

1. Helmsley is the holding company of Capital Glory Limited, which is, in turn, the holding company of the Company. Helmsley is therefore an associated corporation of the Company as defined under Part XV of the Company.
2. Capital Glory Limited is the holding company of the Company. It is therefore an associated corporation of the Company.
3. This is a subsidiary of Helmsley. It is therefore an associated corporation of the Company.
4. Mr. Tan Siu Lin is the settlor and trustee of each of the Trusts. As the settlor and trustee of the Trusts, all of which are revocable discretionary trusts, Mr. Tan Siu Lin is deemed under Part XV of the SFO to be interested in the aggregate interests of the Trusts in each of Helmsley and its subsidiaries respectively.
5. Mr. Tan Henry is one of the beneficiaries of the HJ Trust, which is a revocable discretionary trust. By virtue of the shareholders' agreement dated 12 June 2004 (as described above), he is therefore deemed under Part XV of the SFO to be interested in the aggregate interests of the Trusts in each of Helmsley and its subsidiaries respectively.

6. Mr. Tan Willie is one of the beneficiaries of the WR5C Trust, which is a revocable discretionary trust. By virtue of the shareholders' agreement dated 12 June 2004 (as described above), he is therefore deemed under Part XV of the SFO to be interested in the aggregate interests of the Trusts in each of Helmsley and its subsidiaries respectively.
7. Mr. Tan Cho Lung, Raymond is one of the beneficiaries of the RC Trust, which is a revocable discretionary trust. By virtue of the shareholders' agreement dated 12 June 2004 (as described above), he is therefore deemed under Part XV of the SFO to be interested in the aggregate interests of the Trusts in each of Helmsley and its subsidiaries respectively.
8. Mr. Tan Sunny is one of the beneficiaries of the ST Trust, which is a revocable discretionary trust. By virtue of the shareholders' agreement dated 12 June 2004 (as described above), he is deemed under Part XV of the SFO to be interested in the aggregate interests of the Trusts in each of Helmsley and its subsidiaries respectively.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and Stock Exchange.

- (b) As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Group which was not terminable by the employer within one year without payment of compensation other than statutory compensation.

(ii) Interests of Substantial Shareholders

- (a) As at the Latest Practicable Date, so far as was known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or held any option in respect of such capital:

Name	Capacity	Number of ordinary shares	Approximate percentage of shareholding
Capital Glory Limited (<i>Note 1</i>)	Beneficial owner	614,250,000	61.89%
Helmsley (<i>Note 1</i>)	Interest of controlled corporation	614,250,000	61.89%
Tan Family Trust of 2004 (<i>Notes 2 and 3</i>)	Interest of controlled corporation	680,743,000	68.59%
Trusts (other than the Tan Family Trust of 2004) (<i>Note 3</i>)	Interest of controlled corporation	614,250,000	61.89%

Notes:

- Capital Glory Limited is a wholly-owned subsidiary of Helmsley. Helmsley is therefore deemed to be interested in the interests of Capital Glory Limited held in the Company.
- The Tan Family Trust of 2004 is interested in the entire issued share capital of Tan Holdings Corporation and 30% of the issued share capital of Helmsley. For the purposes of Part XV of the SFO, it is deemed to be interested in the shares held by both Tan Holdings Corporation and Helmsley.
- Pursuant to a shareholders' agreement dated 12 June 2004 and entered into between Mr. Tan Siu Lin as trustee for each of the Trusts and Helmsley, each of the Trusts has agreed to enter into a pre-emptive arrangement concerning the transfer of shares in Helmsley. For the purposes of Part XV of the SFO, each of the Trusts is therefore deemed to have effective voting power in respect of the shareholding of Helmsley in the Company, representing 68.59% of the issued share capital of the Company as at the Latest Practicable Date.

4. (a) Both of Mr. Tan Siu Lin and Mr. Henry Tan are directors in each of Capital Glory Limited and Helmsley Enterprises Limited.
- (b) Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person, other than the Directors and the chief executives of the Company, who had, or was deemed to have, interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or held any option in respect of such capital.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or any of their respective associates had a controlling interest in a business which causes or may cause any significant direct or indirect competition with the business of the Group or any significant conflicts with the interests of the Group, save for Kardon International Worldwide Ltd. ("Kardon"). The particulars of such business of Kardon are as follows:

Kardon is a company incorporated in the British Virgin Islands, which manufactures knitted sweaters in Indonesia. A.M. International Manufacturing Company Limited ("AMI") is a Connected Person of the Company and a wholly owned company of Kardon, which is a 42%-owned company of Luen Thai Direct Investment Limited ("LTDI"). Though LTDI is a shareholder of Kardon, Kardon is in fact a joint venture in which LTDI has no control, either at the shareholder or board levels. Kardon is owned as to the other 42% by an independent third party who is not a Connected Person of the Company and the remaining 16% by the management of Kardon who is also not a Connected Person of the Company. LTDI is wholly owned by Admirable Investment Holdings Limited, which in turn is indirectly owned by Mr. Tan Siu Lin, a Director.

Save as disclosed in the circular dated 15 December 2008 of the Company concerning the Old Master Agreements and the New Master Agreement (both as defined in the said circular dated 15 December 2008), pursuant to which Mr. Tan Siu Lin has a material interest in the transactions as contemplated thereunder, there are no contracts or arrangements subsisting as at the Latest Practicable Date in which a Director is materially interested or which is significant in relation to the business of the Group.

As at the Latest Practicable Date, no Director has any interest, direct or indirect, in any assets which have been, since 31 December 2007, acquired or disposed of by or leased to any member of the Group or proposed to be acquired or disposed of by or leased to any member of the Group.

4. SERVICE CONTRACTS

Pursuant to the letter of re-appointment from the Company to each of Mr. Seing Nea Yie, Mr. Chan Henry and Mr. Cheung Siu Kee dated 28 January 2008, 4 April 2007 and 4 April 2007 respectively, the re-appointment of each of these independent non-executive Directors was for a term of three years commencing from 28 January 2008, 16 April 2007 and 16 April 2007 respectively. Each of these independent non-executive Directors shall be entitled to an annual fee of HK\$120,000 with effect from 1 January 2007.

Except for Ms Mok Siu Wan, Anne and Mr. Sunny Tan, each of the executive Directors has entered into a service agreement with the Company for an initial fixed period of three years commencing from 27 June 2007, and thereafter shall continue subject to termination by either the Company or the Director giving three months' notice in writing to the other party.

The respective monthly salaries of the executive Directors are set out below:

Mr Tan Siu Lin	HK\$76,700
Mr Tan Henry	HK\$198,000
Mr Tan Cho Lung, Raymond	HK\$144,000
Ms Mok Siu Wan, Anne	HK\$224,584
Mr Tan Sunny	HK\$67,000

On 17 September 2007, Mr Lu Chin Chu was appointed as a non-executive Director with an annual director's fee of HK\$120,000. He held office until the next following annual general meeting of the Company and was re-elected to the post of non-executive Director on 30 May 2008 after such annual general meeting.

The directorship of Mr. Tan Willie was re-designated from an executive Director to a non-executive Director on 26 May 2006 with an annual salary of US\$150,000 pursuant to a service agreement dated 26 May 2006.

Save as disclosed in this Circular, the Company has not entered into any service agreements of directors as at the Latest Practicable Date.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2007, being the date to which the latest published audited financial statements of the Group was made up.

6. QUALIFICATIONS AND CONSENTS OF EXPERTS

- (a) The following are the qualifications of the experts who have made statement in this Circular:

Name	Qualification
Partners Capital International Limited (“Partners Capital”)	A corporation licensed to carry out regulated activities Type 1 (dealing in securities) and Type 6 (advising on corporate finance) under the SFO
CB Richard Ellis Limited (“CBRE”)	A professional property valuer

- (b) Each of Partners Capital and CBRE has no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member in the Group.
- (c) Each of Partners Capital and CBRE has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter/opinion both dated 10 March 2009 and references to its name in the form and context in which they are included.

7. EXPERTS’ INTERESTS

As at the Latest Practicable Date,

- (a) Each of Partners Capital and CBRE did not have any direct or indirect interest in any asset which had since 31 December 2007, being the date to which the latest published audited financial statements of the Company were made up, been acquired or disposed of by, or leased to, any member of the Group, or was proposed to be acquired or disposed of by, or leased to, any member of the Group; and
- (b) Each of Partners Capital and CBRE was not beneficially interested in the share capital of any member of the Group or did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. MISCELLANEOUS

- (a) The registered head office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-111 Cayman Islands.
- (b) The principal share registrar and transfer office of the Company is Bank of Bermuda (Cayman) Limited at P.O. Box 513 G.T., Strathvale House, North Church Street, George Town, Grand Cayman, Cayman Islands.

- (c) The share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) The company secretary of the Company is Mr. Chiu Chi Cheung, Associate Member of The Hong Kong Institute of Certified Public Accountants.
- (e) In the event of any inconsistency, the English text of this Circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company’s principal place of business in Hong Kong at 5/F, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong for a period of 14 days (except public holidays) from the Latest Practicable Date:

- (a) the letter from the Board, the text of which is set out on pages 4 to 9 of this Circular;
- (b) the letter from the Independent Board Committee, the text of which is set out on page 10 of this Circular;
- (c) the letter from Partners Capital International Limited, the Independent Financial Adviser, the text of which is set out on pages 11 to 15 of this Circular;
- (d) the valuation report from CB Richard Ellis Limited, the Independent Valuer, the text of which is set out on pages 16 to 18 of this Circular;
- (e) all the written consents referred to in the paragraph 6 headed “Qualifications and Consents of Experts” in this Appendix II;
- (f) the memorandum and articles of association of the Company;
- (g) this Circular;
- (h) the Sale and Purchase Agreement;
- (i) all the service contracts referred to in the paragraph 4 headed “Service Contracts” in this Appendix II; and
- (j) any other contracts referred to in this Circular.



LUEN THAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 311)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY given that an extraordinary general meeting of Luen Thai Holdings Limited (the “**Company**”) will be held at Room 1004, 10/F, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong on Thursday, 26 March 2009 at 3:30 p.m., for the purpose of considering and, if thought fit, passing (with or without modification) the following resolutions of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the entering into of the Sale and Purchase Agreement by Sunny Force Limited (which is a wholly-owned subsidiary of the Company), the terms of the Sale and Purchase Agreement and the Transaction thereunder be and are hereby approved, confirmed and ratified; and
- (b) any director of the Company be and is hereby authorised to do for and on behalf of the Company all such actions as he or she may consider necessary or desirable in connection with the Sale and Purchase Agreement, the implementation of the Transaction, and to execute all such documents in connection therewith for and on behalf of the Company at his or her discretion considers to be necessary, desirable or expedient to give effect to the Transaction and all other matters in relation thereto.

Capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 10 March 2009, unless the context requires otherwise.”

By order of the Board
Luen Thai Holdings Limited
Chiu Chi Cheung
Company Secretary

10 March 2009

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member. A proxy shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Ltd., at Rooms 1806–1807, 18/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting or poll (as the case may be) at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy or by representative, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register. Several executors or administrators of a deceased member in whose name any share stands shall for such purpose be deemed joint holders thereof.

As at the date of this notice, the Board comprised five executive Directors, namely, Mr. Tan Siu Lin (Chairman), Mr. Tan Henry, Mr. Tan Sunny, Mr. Tan Cho Lung, Raymond and Ms. Mok Siu Wan, Anne; two non-executive Directors, namely, Mr. Tan Willie and Mr. Lu Chin Chu; and three independent non-executive Directors, namely, Mr. Chan Henry, Mr. Cheung Siu Kee and Mr. Seing Nea Yie.