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## **LUEN THAI HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 311)**

### **DISCLOSEABLE TRANSACTION CONSTRUCTION OF WAREHOUSE**

On 12 December 2008, CTSI, a wholly-owned subsidiary of the Company, entered into an agreement for the construction of a warehouse in Guam for its own use in the ordinary and usual course of business.

The entering into of the Agreement constitutes a discloseable transaction for the Company and is subject to the disclosure requirements under Rule 14.33 of the Listing Rules.

#### **A. AGREEMENT**

Date : 12 December 2008

Parties : (1) CTSI, a wholly-owned subsidiary of the Company; and  
(2) Contractor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Contractor and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

#### **B. SCOPE OF WORK UNDER THE AGREEMENT**

Pursuant to the Agreement, CTSI has employed the Contractor to construct a warehouse with an estimated gross floor area of 35,600 square feet in Tamuning, Guam. The construction work is estimated to be completed in early 2010.

#### **C. CONSIDERATION**

The total sum payable under the Agreement is approximately US\$4,361,500 (equivalent to approximately HK\$33,802,000) which will be paid in cash by instalments in accordance with the progress of the construction:

- (1) 10% of the fee, being US\$436,150 (equivalent to approximately HK\$3,380,000) has been paid on 29 December 2008 as down payment;

- (2) balance of the consideration is required to be paid by CTSI on a monthly basis over a period of 12 to 14 months from March 2009 in accordance with the progress of the construction within 10 days of its receipt of the invoice from the Contractor upon completion of each milestone event.
- (3) ten percent (10%) of each incremental payment based on the invoice of the Contractor, representing the performance incentive payment which the Contractor will be entitled, is retained by CTSI and will be returned to the Contractor within 60 days after the Contractor fulfills all its obligations under the Agreement.

Up to the date hereof, CTSI has paid to the Contractor part of the consideration in the amount of approximately US\$547,000 (equivalent to approximately HK\$4,239,000) (excluding the down payment).

The payment of the contractual sum under the Agreement shall be financed by a specific bank facilities made available to the Group and by the Group's own internal resources.

The Directors (including the independent non-executive Directors) consider that the Agreement was entered into after arms length negotiation and on normal commercial terms and the terms of the Agreement are fair and reasonable so far as the shareholders of the Company are concerned and are in the interest of the Company and its shareholders as a whole.

#### **D. REASON FOR ENTERING INTO AND BENEFITS OF THE TRANSACTION**

The new warehouse will be the first warehouse of the Company built next to Guam airport which will provide additional storage area, including temperature controlled storage, for the ordinary and usual course of business of the Group in Guam.

#### **E. PRINCIPAL BUSINESS ACTIVITIES**

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

The principal activity of the Contractor is carrying out construction work in Guam.

#### **F. LISTING RULES IMPLICATION**

As the applicable percentage ratios under the Listing Rules of the Agreement exceeds 5% but are less than 25%, the construction of the warehouse constitutes a discloseable transaction for the Company under Rule 14.33 of the Listing Rules.

#### **G. DEFINITIONS**

“Agreement”	the agreement dated 12 December 2008 entered into between CTSI and the Contractor for the construction of a warehouse;
“CNMI”	the commonwealth of Northern Mariana Islands, a commonwealth territory of the United States of America;
“Company”	Luen Thai Holdings Limited, the shares of which are listed on the Stock Exchange;

“CTSI”	Consolidated Transaction Services Inc., a company incorporated under the laws of CNMI and a wholly-owned subsidiary of the Company;
“Contractor”	Paxia Builders, Inc., an independent third party contractor in Guam;
“Directors”	directors of the Company for the time being;
“Group”	the Company and its subsidiaries;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	percentage

*For the purpose of this announcement, the exchange rate used is US\$1 = HK\$7.75*

Dated 10 June 2009

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

*Executive Directors:*

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

*Independent Non-executive Directors:*

Chan Henry  
Cheung Siu Kee  
Seing Nea Yie

*Non-executive Directors:*

Tan Willie  
Lu Chin Chu

By order of the Board  
**Chiu Chi Cheung**  
*Company Secretary*

Website: [www.luenthai.com](http://www.luenthai.com)