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LUEN THAI HOLDINGS LIMITED
聯泰控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 311)

CONNECTED TRANSACTION
EXERCISE OF PUT OPTION

The Board announces that on 30 September 2009, Fortune Investment, a wholly-owned subsidiary of the Company, has received a notice from Novelwill for the exercise of the Novelwill Put Option in full, pursuant to which Fortune Investment is required to purchase the Novelwill Option Shares subject to and upon the terms and conditions of the Shareholders' Agreement. The Option Price in respect of the Novelwill Put Option, which amounts to approximately HK\$10,879,000, shall be paid by Fortune Investment to Novelwill in the manner as stipulated in the Shareholders' Agreement.

The Directors (including the independent non-executive Directors) of the Company are of the opinion that the Transaction is on normal commercial terms, in the ordinary and usual course of business of the Company and that the terms of the Novelwill Put Option were negotiated on an arm's length basis and are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Novelwill is a Connected Person of the Company by virtue of it being a wholly-owned company of Mr. Wallace Wong, who in turn is a director of the Acquired Company, a subsidiary of the Company. The Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

The Option Price as determined in accordance with the Shareholders' Agreement amounts to approximately HK\$10,879,000. Each of the applicable percentage ratios of the Transaction under the Listing Rules does not exceed 2.5%, and the Transaction is subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement pursuant to Rule 14A.32.

A. EXERCISE OF THE NOVELWILL PUT OPTION

(1) Terms of the Novelwill Put Option

Reference is made to the Announcements.

The Board announces that Fortune Investment, a wholly-owned subsidiary of the Company, has received a notice from Novelwill for the exercise of the Novelwill Put Option in full. The principal terms of the Transaction are as follows:

Date of exercise: 30 September 2009.

Parties : (a) Novelwill, a wholly-owned company of Mr. Wallace Wong;
and
(b) Fortune Investment, a wholly-owned subsidiary of the Company.

The Option Price for the Novelwill Option Shares, negotiated on an arms' length basis between the parties, shall be determined using the formula $5\% \times [(price-earnings\ multiple\ of\ 5 \times the\ unaudited\ but\ consolidated\ gross\ profit\ after\ expenses\ and\ tax\ (excluding\ any\ proceeds\ from\ the\ sale\ or\ otherwise\ disposal\ of\ certain\ excluded\ assets)\ of\ the\ Acquired\ Company\ for\ the\ 12\ months\ immediately\ preceding\ the\ date\ of\ cessation\ of\ employment\ of\ Mr.\ Wallace\ Wong, which\ shall\ be\ reviewed\ by\ one\ of\ the\ "Big\ Four"\ accountant\ firms\ or\ a\ financial\ review\ to\ be\ agreed\ between\ the\ shareholders\ of\ the\ Acquired\ Company\ from\ time\ to\ time) + fair\ value\ of\ the\ Assets\ as\ determined\ by\ an\ independent\ valuer\ or\ by\ such\ other\ arrangements\ as\ the\ parties\ may\ agree]$.

The Novelwill Put Option has become exercisable when Mr. Wallace Wong voluntarily resigned and ceased employment with the Acquired Group. Novelwill had on 30 September 2009 duly served on Fortune Investment the notice for the exercise of the Novelwill Put Option.

Pursuant to the Transaction, Fortune Investment is required to purchase the Novelwill Option Shares at the Option Price, subject to and upon the terms and conditions of the Shareholders' Agreement. The Option Price in respect of the Novelwill Put Option, which amounts to approximately HK\$10,879,000, shall be paid by Fortune Investment to Novelwill as stipulated in the Shareholders' Agreement. The principal terms are as follows:

Payment of the Option Price in respect of the Novelwill Put Option shall be made in the following manner in the event that Mr. Wallace Wong shall have voluntarily resigned from the Acquired Company, the Option Price shall be paid

- (i) as to 60% in equal quarterly instalments during the first 12 months immediately after the date of completion of the sale and purchase of the Novelwill Option Shares, with the first instalment being paid on the date of completion of the sale and purchase of the Novelwill Option Shares; and
- (ii) as to 40% in equal quarterly instalments during the second 12 months immediately after the date of completion of the sale and purchase of the Novelwill Option Shares.

Pursuant to the Shareholders' Agreement, completion of the sale and purchase of the Novelwill Option Shares shall take place: (i) on the third business days after the issue of the relevant consolidated accounts of the Acquired Company; or (ii) the third business days after the due compliance by Fortune Investment and/or the Company with all the applicable rules and regulations, including but not limited to the Listing Rules, for completing the sale and purchase of the Novelwill Option Shares, whichever is later.

Payment of the Option Price by Fortune Investment shall be funded by the internal resources of the Group.

(2) Reason for entering into the Transaction

As disclosed in the Announcements, the Novelwill Put Option was granted by Fortune Investment to Novelwill pursuant to the Shareholders' Agreement, which may be exercised by Novelwill at any time on or after the cessation of employment of Mr. Wallace Wong with the Acquired Company.

After Mr. Wallace Wong resigned and ceased employment with the Acquired Group, he, through Novelwill, had duly served on Fortune Investment the notice for the exercise of the Novelwill Put Option on 30 September 2009, and entered into the Transaction accordingly.

The Directors (including the independent non-executive Directors) of the Company are of the opinion that the Transaction is on normal commercial terms, in the ordinary and usual course of business of the Company and that the terms of the Novelwill Put Option were negotiated on an arm's length basis and are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

(3) Implications under the Listing Rules

Novelwill is a Connected Person of the Company by virtue of it being a wholly-owned company of Mr. Wallace Wong, who in turn is a director of the Acquired Company, a subsidiary of the Company. The Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

The Option Price as determined in accordance with the Shareholders' Agreement amounts to approximately HK\$10,879,000. Each of the applicable percentage ratios of the Transaction under the Listing Rules does not exceed 2.5%, and the Transaction is subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement pursuant to Rule 14A.32.

B. INFORMATION ON THE ACQUIRED COMPANY

As at the date of this announcement, the Acquired Company is a private company duly incorporated under the laws of the British Virgin Islands on 8 March 2005 having an authorised share capital of US\$50,000 divided into 50,000 shares, 1,000 of which have been issued and are fully paid up. Pursuant to the Sale and Purchase Agreement, Fortune Investment acquired 710 shares of the Acquired Company (representing 71% of the entire issued capital of the Acquired Company) in 2005. Subsequently, Fortune Investment exercised a call option in 2007 to acquire an additional 190 shares of the Acquired Company (representing 19% of the entire issued capital of the Acquired Company) from New Trillion Consultants Limited. Out of the 1,000 issued shares, 900 shares of the Acquired Company (representing 90% of the entire issued capital of the Acquired Company) are beneficially owned by Fortune Investment immediately before the Transaction. The remaining 100 issued shares of the Acquired Company (representing 10% of the entire issued capital of the Acquired Company) are held by Trumpinvest Holdings Limited as to 50 shares (representing 5% of the entire issued capital of the Acquired Company) and by Novelwill as to 50 shares (representing 5% of the entire issued capital of the Acquired Company). The Acquired Company is an investment holding company. However, its three wholly-owned subsidiaries, namely, Tien-Hu Knitters Limited, Tien-Hu Knitting Factory (HK) Limited and Tien-Hu Trading (HK) Limited, are principally engaged in the business of manufacturing and trading of sweaters. These three subsidiaries have been in operation since the 1980s.

As at 31 December 2008, the audited consolidated net asset value of the Acquired Group amounted to approximately HK\$63,833,000.

Based on the audited consolidated financial statements of the Acquired Group for the two financial years ended 31 December 2008, the Acquired Group recorded an audited consolidated net profit (before taxation and extraordinary items) of approximately HK\$52,549,000 and approximately HK\$52,269,000 respectively and an audited consolidated net profit (after taxation and extraordinary items) of approximately HK\$43,477,000 and approximately HK\$43,518,000 respectively.

C. GENERAL

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.

Novelwill is an investment holding company.

D. DEFINITIONS

“Acquired Company”	Partner Joy Group Limited, a private company incorporated under the laws of the British Virgin Islands;
“Acquired Group”	the Acquired Company and its subsidiaries;
“Announcements”	the announcements of the Company dated 4 May 2005 and 7 August 2007;
“Assets”	being certain machineries owned by the Acquired Company which had an aggregate value of US\$1,410,000 at the time of the Sale and Purchase Transaction;
“Board”	the board of directors of the Company;
“Company”	Luen Thai Holdings Limited, the shares of which are listed on the Stock Exchange;
“Connected Person”	shall have the meaning as ascribed to it under the Listing Rules;
“Directors”	directors of the Company for the time being;
“Fortune Investment”	Fortune Investment Overseas Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company;
“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;
“Mr. Wallace Wong”	Mr. Wong Che Ping, Wallace;
“Novelwill”	Novelwill International Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Wallace Wong;
“Novelwill Option Shares”	the 50 shares of Acquired Company representing a 5% interest in the issued share capital of the Acquired Company;
“Novelwill Put Option”	a put option granted by Fortune Investment to Novelwill under the Shareholders’ Agreement, in respect of the sale of the Novelwill Option Shares by Novelwill to Fortune Investment;
“Option Price”	the exercise price to be determined, and paid by Fortune Investment for the Novelwill Option Shares, in accordance with the terms and conditions of the Shareholders’ Agreement;

“Sale and Purchase Agreement”	a sale and purchase agreement dated 3 May 2005 entered into between New Trillion Consultants Limited as the vendor, Fortune Investment as the purchaser, Tien-Hu Enterprise Limited as warrantor and Luen Thai Overseas Limited as guarantor in respect of the sale and purchase of the shares in the Acquired Company;
“Sale and Purchase Transaction”	the acquisition of 71% interest in the issued share capital of the Acquired Company by Fortune Investment from New Trillion Consultants Limited pursuant and subject to the terms of the Sale and Purchase Agreement;
“Shareholder(s)”	the shareholder(s) of the Company;
“Shareholders’ Agreement”	a shareholders’ agreement dated 3 May 2005 entered into among New Trillion Consultants Limited, Fortune Investment, the Acquired Company, Trumpinvest Holdings Limited and Novelwill;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the sale and purchase of 50 shares in the Acquired Company, representing a 5% interest in the issued capital of the Acquired Company, pursuant to the exercise of the Novelwill Put Option;
“US\$”	United States dollars, the lawful currency of the United States of America.

By order of the Board
Chiu Chi Cheung
Company Secretary

Dated 5 October 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

Website: www.luenthai.com