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## **LUEN THAI HOLDINGS LIMITED**

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

**(Stock Code: 311)**

### **MAJOR AND CONNECTED TRANSACTIONS —**

#### **DISPOSAL OF SHARES IN SUBSIDIARIES AND FORMATION OF A JOINT VENTURE AND RESUMPTION OF TRADING**

##### **The Subscription and Share Purchase Agreement**

The Directors are pleased to announce that on 9 June 2011 (after trading hours) (a) Shiny New, an indirect wholly-owned subsidiary of the Company; (b) Shan Ying, a wholly-owned subsidiary of Luen Thai Land Limited; (c) Chang Jia, an indirect wholly-owned subsidiary of the Company; (d) the Company; (e) Luen Thai Land Limited; (f) Sunshine 100; and (g) Keyasia entered into the Subscription and Share Purchase Agreement.

As at the date of the Subscription and Share Purchase Agreement, one CJ Share was issued to Shiny New, representing 100% of Chang Jia's share capital. Pursuant to the Subscription and Share Purchase Agreement, Chang Jia will issue and allot a total of 99 CJ Shares upon Completion in the following manner:

- (a) Chang Jia shall issue and allot, and Keyasia shall subscribe for, the SS Subscription Shares at the SS Consideration upon Completion, representing 55% of Chang Jia's enlarged share capital immediately after Completion. The total consideration payable by Keyasia for the subscription of the SS Subscription Shares shall be in the aggregate sum of RMB180 million.
- (b) Shiny New shall sell, and Chang Jia shall purchase, the LTH Sale Share at the LTH Sale Consideration upon Completion. Chang Jia shall satisfy the LTH Sale Consideration by (i) issuing and allotting to Shiny New the LTH Consideration Shares upon Completion; and (ii) payment in the aggregate sum of RMB354,699,414 by instalments (subject to adjustment). Immediately after Completion, Shiny New will hold a total of 24 CJ Shares, representing 24% of Chang Jia's enlarged share capital immediately after Completion.

- (c) Shan Ying shall sell, and Chang Jia shall purchase, the LTL Sale Share at the LTL Sale Consideration upon Completion. Chang Jia shall satisfy the LTL Sale Consideration by (i) issuing and allotting to Shan Ying the LTL Consideration Shares upon Completion, representing 21% of Chang Jia's enlarged share capital immediately after Completion; and (ii) payment in the aggregate sum of RMB301,693,858 by instalments (subject to adjustment).

Pursuant to the Subscription and Share Purchase Agreement, Chang Jia will upon Completion be owned as to 55% by Keyasia, 24% by Shiny New, and 21% by Shan Ying. Since Chang Jia will cease to be a subsidiary of the Company immediately after Completion, the sale of the LTH Sale Share by Shiny New to Chang Jia pursuant to the terms of the Subscription and Share Purchase Agreement will in effect constitute a disposal of the assets of the Company.

As the applicable percentage ratios in respect of the Disposal calculated in accordance with the Listing Rules exceed 25% but are less than 75%, the Disposal constitutes a major transaction for the Company under the Listing Rules and is conditional upon approval by the Shareholders. Since Shan Ying and Luen Thai Land Limited, parties to the Subscription and Share Purchase Agreement, are Connected Persons of the Company, the Disposal also constitutes a connected transaction of the Company which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **Formation of the Joint Venture**

Upon Completion, Chang Jia will become a joint venture company among Keyasia, Shiny New and Shan Ying. Pursuant to the terms of the Subscription and Share Purchase Agreement, Keyasia, Shiny New, Shan Ying and Chang Jia will upon Completion enter into the Shareholders' Agreement to regulate the rights and obligations of the shareholders of Chang Jia.

Chang Jia will upon Completion indirectly own the entire equity interests in the PRC Project Companies. In turn, the PRC Project Companies hold the PRC Land. Pursuant to the proposed terms of the Shareholders' Agreement, the principal business of Chang Jia is to develop the PRC Land and Keyasia will be responsible for the day-to-day management of Chang Jia.

Pursuant to the proposed terms of the Shareholders' Agreement, the initial working capital of Chang Jia will be funded by external financing. For the Company, the formation of the Joint Venture will in effect involve the injection of the assets of the Company (namely, the LTH Land) into Chang Jia by way of the Disposal. Other than such injection, the Company does not have any capital commitment for the formation of the Joint Venture.

As the applicable percentage ratios in respect of the Disposal calculated in accordance with the Listing Rules exceed 25% but are less than 75%, the formation of the Joint Venture constitutes a major transaction for the Company under the Listing Rules and is conditional upon approval by the Shareholders. Since Shan Ying is a Connected Person of the Company, the formation of the Joint Venture also constitutes a connected transaction of the Company which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among other things, (i) further details of the Subscription and Share Purchase Agreement and the formation of the Joint Venture, (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, and (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Subscription and Share Purchase Agreement and the formation of the Joint Venture is expected to be despatched to the Shareholders on or before 4 July 2011.

### **Resumption of trading**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 10 June 2011 pending issue of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 14 June 2011.

## **A. THE SUBSCRIPTION AND SHARE PURCHASE AGREEMENT**

The Directors are pleased to announce that on 9 June 2011 (after trading hours) (a) Shiny New, an indirect wholly-owned subsidiary of the Company; (b) Shan Ying, a wholly-owned subsidiary of Luen Thai Land Limited; (c) Chang Jia, an indirect wholly-owned subsidiary of the Company; (d) the Company; (e) Luen Thai Land Limited; (f) Sunshine 100; and (g) Keyasia entered into the Subscription and Share Purchase Agreement. The main terms of the Subscription and Share Purchase Agreement are set out below.

**Date:** 9 June 2011

**Parties:**

- (1) Shiny New Limited, an indirect wholly-owned subsidiary of the Company
- (2) Shan Ying Limited, a direct wholly-owned subsidiary of Luen Thai Land Limited
- (3) Chang Jia International Limited, an indirect wholly-owned subsidiary of the Company
- (4) the Company
- (5) Luen Thai Land Limited
- (6) Sunshine 100 Real Estate Group Co., Ltd.
- (7) Keyasia Investments Limited

Pursuant to the Subscription and Share Purchase Agreement, Chang Jia will issue and allot a total of 99 CJ Shares upon Completion in the following manner:

- (1) Chang Jia shall issue and allot, and Keyasia shall subscribe for, the SS Subscription Shares at the SS Consideration upon Completion, representing 55% of Chang Jia's enlarged share capital immediately after Completion. The total consideration payable by Keyasia for the subscription of the SS Subscription Shares shall be in the aggregate sum of RMB180 million, which shall be satisfied by payment in the following manner upon Completion:
  - (a) Keyasia shall at the direction of Chang Jia directly pay to Shiny New a sum of RMB97,267,747 as settlement of part of the LTH Sale Consideration payable by Chang Jia to Shiny New; and
  - (b) Keyasia shall at the direction of Chang Jia directly pay to Shan Ying a sum of RMB82,732,253 as settlement of part of the LTH Sale Consideration payable by Chang Jia to Shan Ying.

A deposit in the sum of RMB9 million shall be paid by Keyasia to Chang Jia. Upon Completion, such deposit shall form part of the SS Consideration to be used by Chang Jia as settlement of part of the payment to Shiny New and Shan Ying respectively pursuant to paragraph 1(a) and paragraph 1(b) above, and Chang Jia shall out of such deposit pay to Shiny New and Shan Ying in the sum of RMB4.5 million each upon Completion.

- (2) Shiny New shall sell, and Chang Jia shall purchase, the LTH Sale Share at the LTH Sale Consideration upon Completion. Chang Jia shall satisfy the LTH Sale Consideration by (A) issuing and allotting to Shiny New the LTH Consideration Shares upon Completion; and (B) payment in the aggregate sum of RMB354,699,414 by instalments (subject to adjustment in the manner as stated in paragraph 2 (c) below) in the following manner:
  - (a) as to a sum of RMB97,267,747 (the "**LTH Initial Payment Amount**"), Chang Jia shall authorize and direct Keyasia to make payment to Shiny New upon Completion in satisfaction of the LTH Initial Payment Amount in accordance with the manner as set out in paragraph (1)(a) above;
  - (b) as to a sum of RMB200,787,055 (the "**LTH Second Payment Amount**"), Chang Jia shall repay to Shiny New the principal sum of the LTH Second Payment Amount in full no later than four years after the Completion Date in the following manner:
    - (i) Chang Jia shall repay the aggregate principal sum of not less than 20% of the LTH Second Payment Amount (representing a principal sum of not less RMB40,157,411) no later than two years after the Completion Date;
    - (ii) Chang Jia shall repay the aggregate principal sum of not less than 50% of the LTH Second Payment Amount (representing a principal sum of not less RMB100,393,528) no later than three years after the Completion Date; and
    - (iii) Chang Jia shall repay all the outstanding balance of the principal sum of the LTH Second Payment Amount no later than four years after the Completion Date.

- (c) as to a sum of RMB56,644,612 (the “**LTH Final Payment Amount**”), Chang Jia shall repay to Shiny New the principal sum of the LTH Final Payment Amount in full within 30 days from the due date, and such due date shall fall on the last day of 5 years after the Completion Date, provided that Chang Jia shall not be required to repay the LTH Final Payment Amount if by the end of the said 30-day period from the due date: (1) the construction work of the Guangzhou-Qingyuan Light Rail has not yet commenced, or (2) the rail line of the Guangzhou-Qingyuan Light Rail under proposal will not pass through any area which is within 2 kilometres from any boundary of the PRC Land, as confirmed by any official information from the PRC government authority;
- (d) as to the principal sum of the LTH Second Payment Amount, Chang Jia shall pay Shiny New interest accrued on the LTH Second Payment Amount in the following manner:
- (i) interest shall be calculated at the normal interest rate of 12% per annum and shall accrue on the outstanding balance of the LTH Second Payment Amount from the date upon the first occurrence of any one of the following events:
- (A) the date on which any one of the PRC Project Companies has obtained the certificate of land use right (土地使用權證), construction land planning permit (建設用地規劃許可證), construction work planning permit (建設工程規劃許可證) and construction work execution permit (建設工程施工許可證) in relation to the relevant part of the PRC Land held by any one of the PRC Project Companies; or
- (B) the date which shall fall on the last day of 12 months after the Completion Date, or such other date to be mutually agreed in writing by Chang Jia and Shiny New.
- (ii) accrued and unpaid interest shall be payable on any due date for repayment of the relevant part of the principal amount of the LTH Second Payment Amount, provided that all the accrued and unpaid interest shall be repaid in full upon the due date for final repayment of all the outstanding principal sum of the LTH Second Payment Amount; and
- (iii) Chang Jia shall pay default interest at the default interest rate of 18% per annum on any outstanding principal amount of the LTH Second Payment Amount which is due and unpaid for more than two weeks, and such default interest shall accrue from the due date of any payment until repayment in full of the outstanding amount.
- (e) no interest shall accrue on the LTH Final Payment Amount, except that Chang Jia shall pay default interest at the default interest rate of 18% per annum on any outstanding principal amount of the LTH Final Payment Amount which is due and unpaid for more than two weeks, and such default interest shall accrue from the due date of any payment until repayment in full of the outstanding amount.

- (3) Shan Ying shall sell, and Chang Jia shall purchase, the LTL Sale Share at the LTL Sale Consideration upon Completion. Chang Jia shall satisfy the LTL Sale Consideration by (A) issuing and allotting to Shan Ying the LTL Consideration Shares upon Completion, representing 21% of Chang Jia's enlarged share capital immediately after Completion; and (B) payment in the aggregate sum of RMB301,693,858 by instalments (subject to adjustment in the manner as stated in paragraph 3 (c) below) in the following manner:
- (a) as to a sum of RMB82,732,253 (the "**LTL Initial Payment Amount**"), Chang Jia shall authorize and direct Keyasia to make payment to Shan Ying upon Completion in satisfaction of the LTL Initial Payment Amount in accordance with the manner as set out in paragraph (1)(b) above;
  - (b) as to a sum of RMB170,781,848 (the "**LTL Second Payment Amount**"), Chang Jia shall repay to Shan Ying the principal sum of the LTL Second Payment Amount in full no later than four years after the Completion Date in the following manner:
    - (i) Chang Jia shall repay the aggregate principal sum of not less than 20% of the LTL Second Payment Amount (representing a principal sum of not less RMB34,156,370) no later than two years after the Completion Date;
    - (ii) Chang Jia shall repay the aggregate principal sum of not less than 50% of the LTL Second Payment Amount (representing a principal sum of not less RMB85,390,924) no later than three years after the Completion Date; and
    - (iii) Chang Jia shall repay all the outstanding balance of the principal sum of the LTL Second Payment Amount no later than four years after the Completion Date.
  - (c) as to a sum of RMB48,179,757 (the "**LTL Final Payment Amount**"), Chang Jia shall repay to Shan Ying the principal sum of the LTL Final Payment Amount in full within 30 days from the due date, and such due date shall fall on the last day of 5 years after the Completion Date, provided that Chang Jia shall not be required to repay the LTL Final Payment Amount if by the end of the said 30-day period from the due date: (1) the construction work of the Guangzhou-Qingyuan Light Rail has not yet commenced, or (2) the rail line of the Guangzhou-Qingyuan Light Rail under proposal will not pass through any area which is within 2 kilometres from any boundary of the PRC Land, as confirmed by any official information from the relevant PRC authority;



- (d) as to the principal sum of the LTL Second Payment Amount, Chang Jia shall pay Shan Ying interest accrued on the LTL Second Payment Amount in the following manner:
- (i) interest shall be calculated at the normal interest rate of 12% per annum and shall accrue on the outstanding balance of the LTL Second Payment Amount from the date upon the first occurrence of any one of the following events:
    - (A) the date on which any one of the PRC Project Companies has obtained the certificate of land use right (土地使用權證), construction land planning permit (建設用地規劃許可證), construction work planning permit (建設工程規劃許可證) and construction work execution permit (建設工程施工許可證) in relation to the relevant part of the PRC Land held by any one of the PRC Project Companies; or
    - (B) the date which shall fall on the last day of 6 months after the construction work of the Guangzhou-Qingyuan Light Rail has formally commenced.
  - (ii) accrued and unpaid interest shall be payable on any due date for repayment of the relevant part of the principal amount of the LTL Second Payment Amount, provided that all the accrued and unpaid interest shall be repaid in full upon the due date for final repayment of all the outstanding principal sum of the LTL Second Payment Amount; and
  - (iii) Chang Jia shall pay default interest at the default interest rate of 18% per annum on any outstanding principal amount of the LTL Second Payment Amount which is due and unpaid for more than two weeks, and such default interest shall accrue from the due date of any payment until repayment in full of the outstanding amount.
- (e) no interest shall accrue on the LTL Final Payment Amount, except that Chang Jia shall pay default interest at the default interest rate of 18% per annum on any outstanding principal amount of the LTL Final Payment Amount which is due and unpaid for more than two weeks, and such default interest shall accrue from the due date of any payment until repayment in full of the outstanding amount.

### **Conditions precedent**

Completion under the Subscription and Share Purchase Agreement is conditional upon the following Conditions Precedent being satisfied (or in respect of the Condition Precedent set out in paragraph (c) below to be fulfilled by Keyasia, waived by Shiny New and Shan Ying to such extent as Shiny New and Shan Ying think fit and are legally entitled to do so) on or before the Longstop Date:

- (a) the Reorganisation having been duly completed;
- (b) approval by the Independent Shareholders at the EGM for the Subscription and Share Purchase Agreement and all transactions contemplated under the Transaction Documents;

- (c) all other necessary approvals having been obtained for entering into the Transaction Documents and the transactions contemplated thereunder, whether pursuant to law, regulatory compliance (including but without limitation to the Listing Rules) or otherwise;
- (d) legal opinion having been issued by the lawyers for Shiny New and Shan Ying on whether the Reorganisation has been duly completed and on the legality of the terms of the Subscription and Share Purchase Agreement;
- (e) due diligence investigations having been completed by Keyasia on Chang Jia and its subsidiaries and the results of such investigations are satisfactory to Keyasia, provided that Keyasia shall no later than 15 July 2011 (or such other later day as the Parties may agree in writing) raise any requisitions in respect of the due diligence investigations, otherwise Keyasia shall be deemed to have completed the due diligence investigations and satisfied with the results of such investigations; and
- (f) there has been no material adverse change on Chang Jia, Shiny New, Shan Ying, Lofty Talent, Eminent Star, LTH HK Companies, LTL HK Companies, LTH Project Companies and LTL Project Companies.

If any of the Conditions Precedent have not been satisfied (or in respect of the Condition Precedent set out in paragraph (c) above to be fulfilled by Keyasia, has not been waived by Shiny New and Shan Ying to such extent as Shiny New and Shan Ying think fit and are legally entitled to do so) on or before 5:00 p.m. (Hong Kong time) on the Longstop Date (or such other date as the Parties may mutually agree in writing), then any Party may at any time thereafter terminate the Subscription and Share Purchase Agreement by written notice to the other Parties, whereupon the Subscription and Share Purchase Agreement shall be of no further force or effect but without prejudice to the rights and liabilities of the Parties in respect of any antecedent breach of any of the terms and conditions of the Subscription and Share Purchase Agreement.

### **Reorganisation**

Pursuant to the terms of the Subscription and Share Purchase Agreement, the following reorganisation steps should be completed on the part of Shiny New and Shan Ying respectively before Completion:

- (1) As part of the reorganisation for the purpose of the sale and purchase of the LTH Sale Share, Shiny New shall procure Lofty Talent, its wholly-owned subsidiary, to acquire all the issued shares in LTH HK Companies from their existing shareholder, such that Lofty Talent shall hold 100% of the entire issued share capital in each of the LTH HK Companies prior to Completion.
- (2) As part of the reorganisation for the purpose of the sale and purchase of the LTL Sale Share, Shan Ying shall procure Eminent Star to acquire all the issued shares in LTL HK Companies from their existing shareholder, such that Eminent Star shall hold 100% of the entire issued share capital in each of the LTL HK Companies prior to Completion.



## Completion

- (1) Pursuant to the terms of the Subscription and Share Purchase Agreement, Completion shall take place at 3:00 p.m. (Hong Kong time) on the tenth Business Day after all the Conditions Precedent have been satisfied (or waived pursuant to the terms of the Subscription and Share Purchase Agreement) or at such later date as the Parties may agree.
- (2) Upon Completion, the following matters, among other things, shall be transacted:
  - (a) the Shareholders' Agreement shall be executed among Keyasia, Shiny New, Shan Ying and Chang Jia in relation to the rights of shareholders and management of Chang Jia.
  - (b) the Sunshine Share Charge shall be executed by Keyasia, pursuant to which Keyasia shall charge all the SS Subscription Shares (representing 55% of Chang Jia's enlarged share capital immediately after Completion) in favour of Shiny New as agent for and on behalf of Shiny New and Shan Ying as security for up to 55% of all the obligations and indebtedness owed by Chang Jia to Shiny New and Shan Ying under the Subscription and Share Purchase Agreement.
  - (c) the LTH Share Charge shall be executed by Chang Jia, pursuant to which Chang Jia shall charge the LTH Sale Share in favour of Shiny New as security for all the obligations and indebtedness owed by Chang Jia to Shiny New under the Subscription and Share Purchase Agreement.
  - (d) the LTL Share Charge shall be executed by Chang Jia, pursuant to which Chang Jia shall charge the LTL Sale Share in favour of Shan Ying as security for all the obligations and indebtedness owed by Chang Jia to Shan Ying under the Subscription and Share Purchase Agreement.
  - (e) the LTH Corporate Guarantee shall be executed by Sunshine 100, pursuant to which Sunshine 100 shall guarantee the repayment of up to 55% of all the obligations and indebtedness owed by Chang Jia to Shiny New under the Subscription and Share Purchase Agreement.
  - (f) the LTL Corporate Guarantee shall be executed by Sunshine 100, pursuant to which Sunshine 100 shall guarantee the repayment of up to 55% of all the obligations and indebtedness owed by Chang Jia to Shan Ying under the Subscription and Share Purchase Agreement.
- (3) Immediately after Completion:
  - (a) Keyasia will own 55 CJ Shares, representing 55% of Chang Jia's enlarged share capital immediately after Completion.
  - (b) Shiny New will own a total of 24 CJ Shares (of which 23 CJ Shares will be issued and allotted to Shiny New upon Completion and the remaining one CJ Share is the existing CJ Share held by Shiny New), representing in aggregate 24% of Chang Jia's enlarged share capital immediately after Completion.
  - (c) Shan Ying will own 21 CJ Shares, representing 21% of Chang Jia's enlarged share capital immediately after Completion.

- (d) Chang Jia will wholly own Lofty Talent. In turn, Lofty Talent will wholly own each of the LTH HK Companies. Chang Jia will indirectly through Lofty Talent and LTH HK Companies wholly own each of the LTH Project Companies.
  - (e) Chang Jia will wholly own Eminent Star. In turn, Eminent Star will wholly own each of the LTL HK Companies. Chang Jia will indirectly through Eminent Star and LTL HK Companies wholly own each of the LTL Project Companies.
- (4) Immediately after Completion, each of Chang Jia, Lofty Talent, LTH HK Companies and LTH Project Companies will cease to be a subsidiary of the Company, while the Company will indirectly own 24% interest in Chang Jia.

**Other terms**

- (1) Pursuant to the Subscription and Share Purchase Agreement:
- (a) the Company and Shiny New have given certain representations and warranties to the other Parties in respect of the corporate affairs and other information of Chang Jia, Shiny New, Lofty Talent, LTH HK Companies and LTH Project Companies. The Company has agreed with Keyasia that the Company shall be liable to Keyasia for any losses which may be suffered by Keyasia in the event that Shiny New fails to duly perform the terms of the Subscription and Share Purchase Agreement.
  - (b) Luen Thai Land Limited and Shan Ying have given certain representations and warranties to the other Parties in respect of the corporate affairs and other information of Shan Ying, Eminent Star, LTL HK Companies and LTL Project Companies. Luen Thai Land Limited has agreed with Keyasia that Luen Thai Land Limited shall be liable to Keyasia for any losses which may be suffered by Keyasia in the event that Shan Ying fails to duly perform the terms of the Subscription and Share Purchase Agreement.
  - (c) Sunshine 100 and Keyasia have given certain representations and warranties to Shiny New and Shan Ying in respect of the corporate affairs and other information of Keyasia. Sunshine 100 has agreed with Shiny New and Shan Ying respectively that Sunshine 100 shall be liable to Shiny New and Shan Ying for any losses which may be suffered by Shiny New and/or Shan Ying in the event that Keyasia fails to duly perform the terms of the Subscription and Share Purchase Agreement.

**B. GENERAL INFORMATION ON THE COMPANIES INVOLVED IN THE SUBSCRIPTION AND SHARE PURCHASE AGREEMENT**

**(1) Chang Jia, Shiny New and Lofty Talent**

Chang Jia, an indirect wholly-owned subsidiary of the Company, was incorporated on 5 May 2011 with limited liability in the BVI, and has an authorised share capital of US\$50,000 divided into 50,000 ordinary shares with par value of US\$1.00 each. One share in Chang Jia was issued and held by Shiny New, representing the entire issued share capital of Chang Jia. As at the date of this announcement, Chang Jia does not hold any asset.

Shiny New, an indirect wholly-owned subsidiary of the Company, is an investment holding company incorporated on 28 April 2011 with limited liability in the BVI. It has an authorised share capital of US\$50,000 divided into 50,000 ordinary shares with par value of US\$1.00 each. One share in Shiny New was issued and held by Luen Thai Overseas (a wholly-owned subsidiary of the Company), representing the entire issued share capital of Shiny New. Shiny New does not hold any assets as at the date of this announcement, except that it holds directly the entire issue share capital of Chang Jia and Lofty Talent.

Lofty Talent, an indirect wholly-owned subsidiary of the Company, was incorporated on 5 May 2011 with limited liability in the BVI, and has an authorised share capital of US\$50,000 divided into 50,000 ordinary shares with par value of US\$1.00 each. One share in Lofty Talent (i.e. the LTH Sale Share) was issued and held by Shiny New, representing the entire issued share capital of Lofty Talent. As at the date of this announcement, Lofty Talent does not hold any asset.

## **(2) LTH HK Companies and LTH Project Companies**

Victory Land, an indirect wholly-owned subsidiary of the Company, is an investment holding company incorporated on 1 November 2007 with limited liability in Hong Kong. It has an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares with par value of HK\$1.00 each. One share in Victory Land was issued and held by Sunny Force (an indirect wholly-owned subsidiary of the Company), representing the entire issued share capital of Victory Land.

Luen Thai (Qingyuan) Real Estate is a wholly foreign owned enterprise established in the PRC. It was incorporated on 15 January 2004 and its entire equity interest is directly owned by Victory Land. Luen Thai (Qingyuan) Real Estate holds the LTH (QYRE) Land, which is its major assets.

East Talent, an indirect wholly-owned subsidiary of the Company, is an investment holding company incorporated on 14 December 2007 with limited liability in Hong Kong. It has an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares with par value of HK\$1.00 each. 10,000 shares in East Talent were issued and held by Sunny Force (an indirect wholly-owned subsidiary of the Company), representing the entire issued share capital of East Talent.

Qingyuan Liantou is a wholly foreign owned enterprise established in the PRC. It was incorporated on 23 September 2008 and its entire equity interest is directly owned by East Talent. Qingyuan Liantou holds the LTH (Liantou) Land, which is its major assets.

Set out below is the unaudited combined financial information of Victory Land, Luen Thai (Qingyuan) Real Estate, East Talent and Qingyuan Liantou prepared in accordance with Hong Kong Financial Reporting Standards:

	For the financial year ended 31 December 2009	For the financial year ended 31 December 2010
Net loss before taxation and extraordinary items	US\$2,134,000	US\$1,590,000
Net loss after taxation and extraordinary items	US\$2,134,000	US\$1,590,000

According to the unaudited management accounts, the aggregate net asset value of Victory Land, Luen Thai (Qingyuan) Real Estate, East Talent and Qingyuan Liantou as at 30 April 2011 was approximately US\$977,000.

### **(3) Shan Ying, Eminent Star and Luen Thai Land Limited**

Shan Ying, a direct wholly-owned subsidiary of Luen Thai Land Limited, is an investment holding company incorporated on 6 May 2011 with limited liability in the BVI. It has an authorised share capital of US\$50,000 divided into 50,000 ordinary shares with par value of US\$1.00 each. One share in Shan Ying was issued and held by Luen Thai Land Limited. Shan Ying does not hold any assets as at the date of this announcement, except that it directly holds the entire issue share capital of Eminent Star.

Eminent Star, an indirect wholly-owned subsidiary of Luen Thai Land Limited, was incorporated on 11 April 2011 with limited liability in the BVI. It has an authorised share capital of US\$50,000 divided into 50,000 ordinary shares with par value of US\$1.00 each. One share in Eminent Star (i.e. the LTL Sale Share) was issued and held by Shan Ying, representing the entire issued share capital of Eminent Star. As at the date of this announcement, Eminent Star does not hold any asset.

Luen Thai Land Limited was incorporated on 12 October 2006 with limited liability in the BVI. It is ultimately controlled by Mr. Tan Siu Lin, a Director of the Company and hence Luen Thai Land Limited is a Connected Person of the Company. Luen Thai Land Limited is principally engaged in investment holding, real property development, leasing and property management.

### **(4) LTL HK Companies and LTL Project Companies**

Rich Hope, a direct wholly-owned subsidiary of Luen Thai Land Limited, is an investment holding company incorporated on 14 December 2007 with limited liability in Hong Kong. It has an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares with par value of HK\$1.00 each. 10,000 shares in Rich Hope were issued and held by Luen Thai Land Limited, representing the entire issued share capital of Rich Hope.

Rich Hope (Qingyuan) is a wholly foreign owned enterprise established in the PRC. It was incorporated on 23 September 2008 and its entire equity interest is directly owned by Rich Hope. Rich Hope (Qingyuan) holds the LTL (RH) Land, which is its major assets.

Top Leader, a direct wholly-owned subsidiary of Luen Thai Land Limited, is an investment holding company incorporated on 14 December 2007 with limited liability in Hong Kong. It has an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares with par value of HK\$1.00 each. 10,000 shares in Top Leader were issued and held by Luen Thai Land Limited, representing the entire issued share capital of Top Leader.

Qingyuan Delun is a wholly foreign owned enterprise established in the PRC. It was incorporated on 23 September 2008 and its entire equity interest is directly owned by Top Leader. Qingyuan Delun holds the LTL (DL) Land, which is its major assets.

Gold Leader, a direct wholly-owned subsidiary of Luen Thai Land Limited, is an investment holding company incorporated on 14 December 2007 with limited liability in Hong Kong. It has an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares with par value of HK\$1.00 each. 10,000 shares in Gold Leader were issued and held by Luen Thai Land Limited, representing the entire issued share capital of Gold Leader.

Gold Leader (Qingyuan) is a wholly foreign owned enterprise established in the PRC. It was incorporated on 23 September 2008 and its entire equity interest is directly owned by Gold Leader. Gold Leader (Qingyuan) holds the LTL (GL) Land, which is its major assets.

Victory Link, a direct wholly-owned subsidiary of Luen Thai Land Limited, is an investment holding company incorporated on 14 December 2007 with limited liability in Hong Kong. It has an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares with par value of HK\$1.00 each. 10,000 shares in Victory Link were issued and held by Luen Thai Land Limited, representing the entire issued share capital of Victory Link.

Qingyuan Weitai is a wholly foreign owned enterprise established in the PRC. It was incorporated on 23 September 2008 and its entire equity interest is directly owned by Victory Link. Qingyuan Weitai holds the LTL (WT) Land, which is its major assets.

Set out below is the unaudited combined financial information of Rich Hope, Rich Hope (Qingyuan), Gold Leader, Gold Leader (Qingyuan), Victory Link, Qingyuan Weitai, Top Leader and Qingyuan Delun prepared in accordance with Hong Kong Financial Reporting Standards:

	For the financial year ended 31 December 2009	For the financial year ended 31 December 2010
Net loss before taxation and extraordinary items	US\$28,582	US\$37,573
Net loss after taxation and extraordinary items	US\$28,582	US\$37,573

According to the unaudited management accounts, the aggregate net asset value of Rich Hope, Rich Hope (Qingyuan), Gold Leader, Gold Leader (Qingyuan), Victory Link, Qingyuan Weitai, Top Leader and Qingyuan Delun as at 30 April 2011 was approximately US\$555,000.

**(5) Keyasia and Sunshine 100**

To the best knowledge, information and belief of the Directors having made all reasonable enquiries:

- (a) Keyasia is an investment holding company incorporated in the BVI with limited liability and is an affiliated company of Sunshine 100;
- (b) Sunshine 100 is a company incorporated in the PRC and is principally engaged in property development in the PRC; and
- (c) Keyasia and Sunshine 100 and their respective ultimate beneficial owners are Independent Third Parties.



### C. SHAREHOLDING STRUCTURE

For illustration purpose only, the following charts show the shareholding structure of Chang Jia, the LTH Project Companies and the LTL Project Companies in different stages, assuming that the Reorganisation will be implemented and Completion will take place pursuant to the Subscription and Share Purchase Agreement:

Chart 1: The shareholding structure of Chang Jia and the LTH Project Companies as at the date of this announcement:

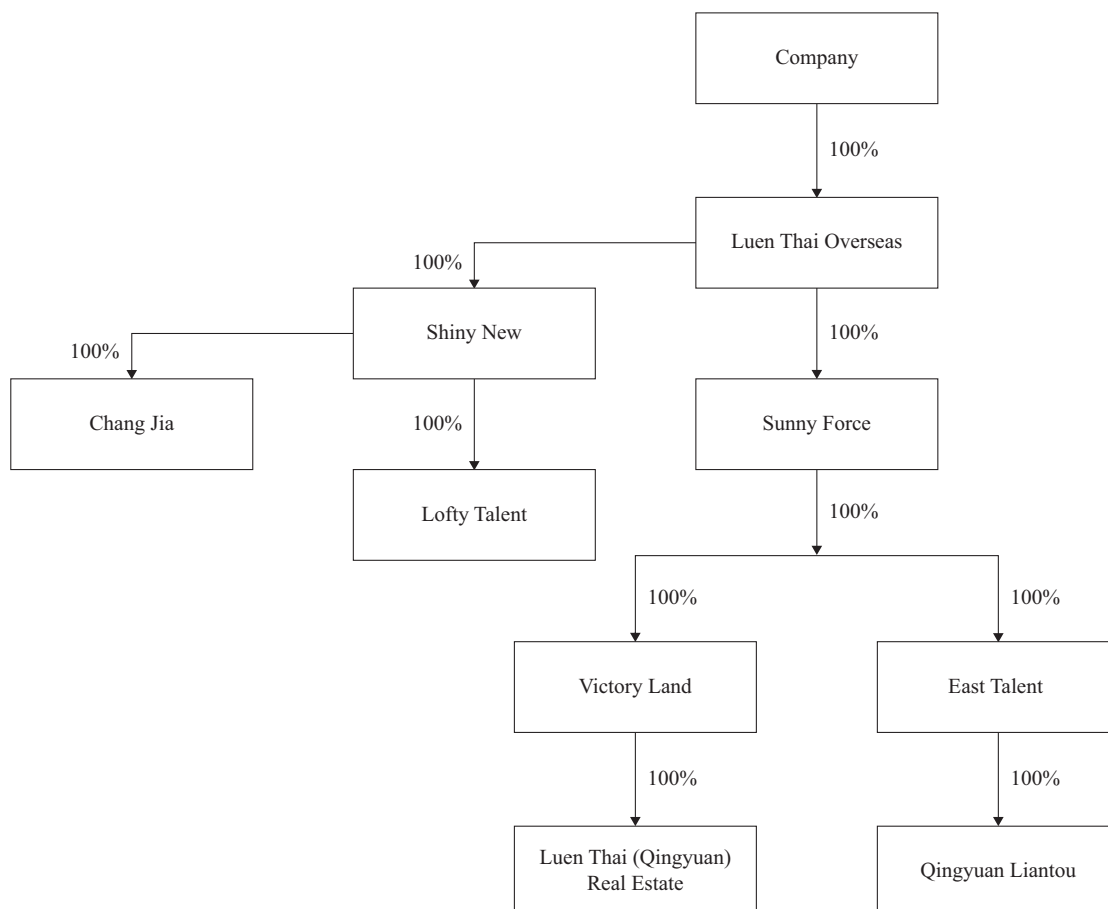


Chart 2: The shareholding structure of the LTL Project Companies as at the date of this announcement:

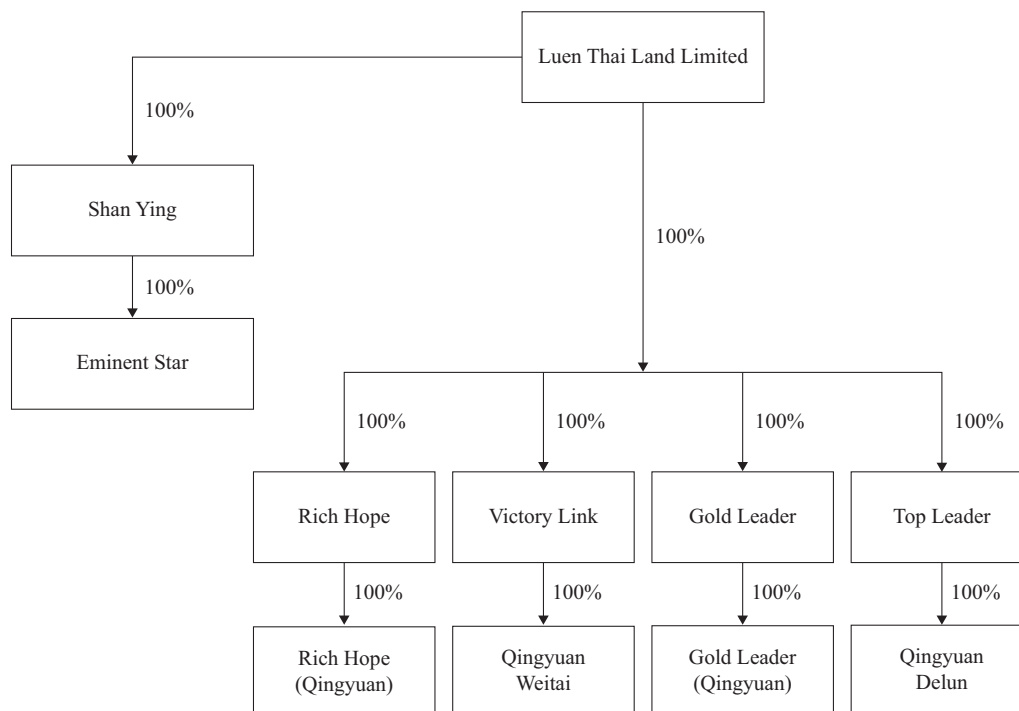


Chart 3: The shareholding structure of Chang Jia and the LTH Project Companies immediately after the Reorganisation relating to the LTH Project Companies:

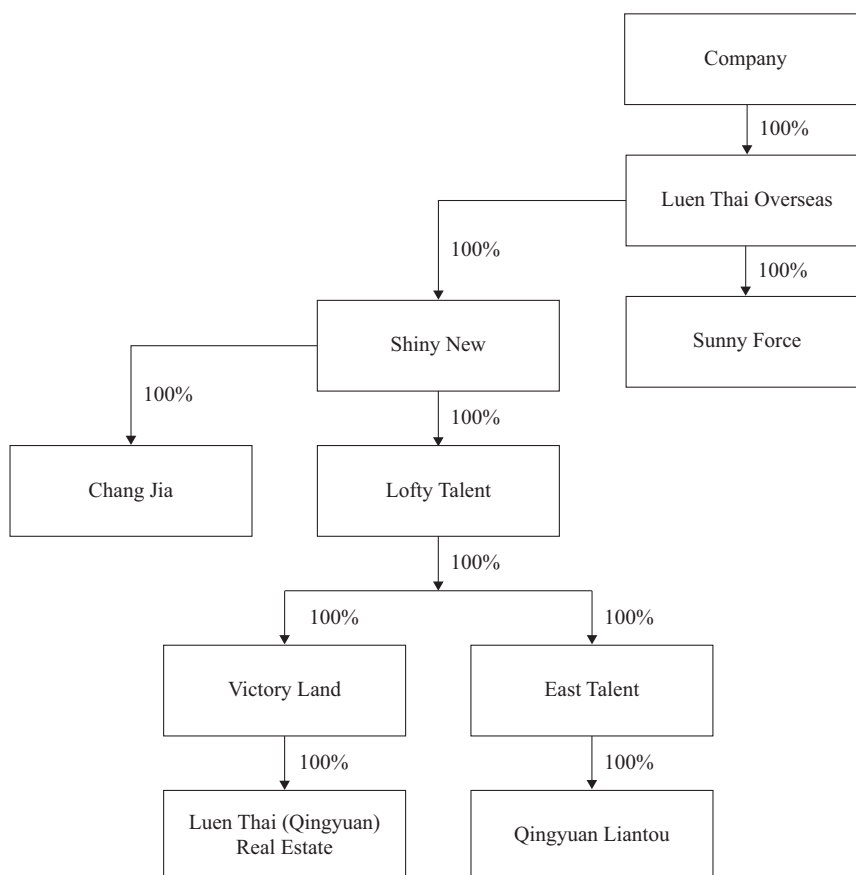


Chart 4: The shareholding structure of the LTL Project Companies immediately after the Reorganisation relating to the LTL Project Companies:

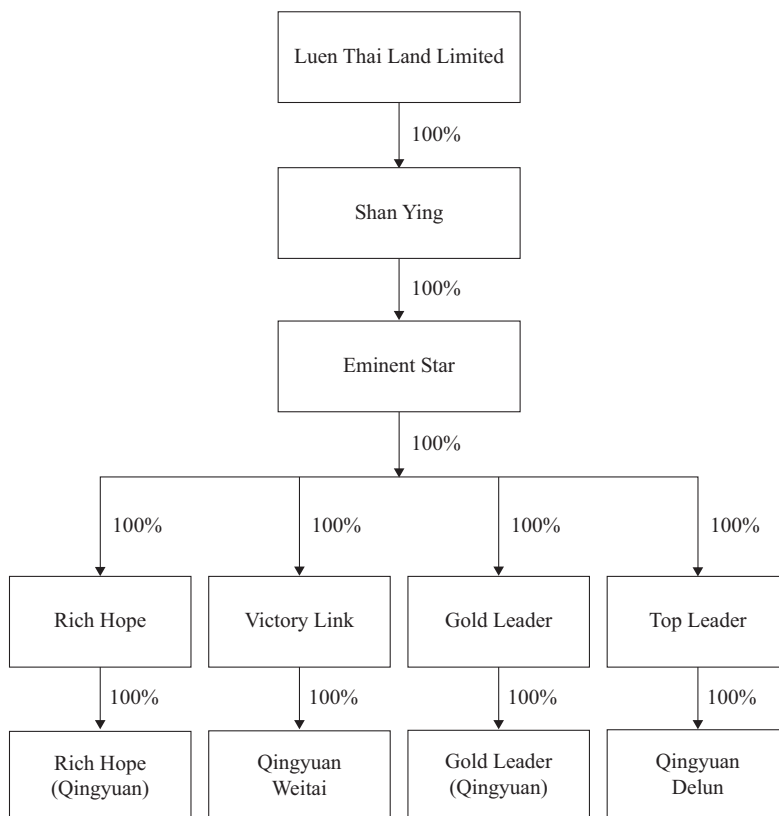
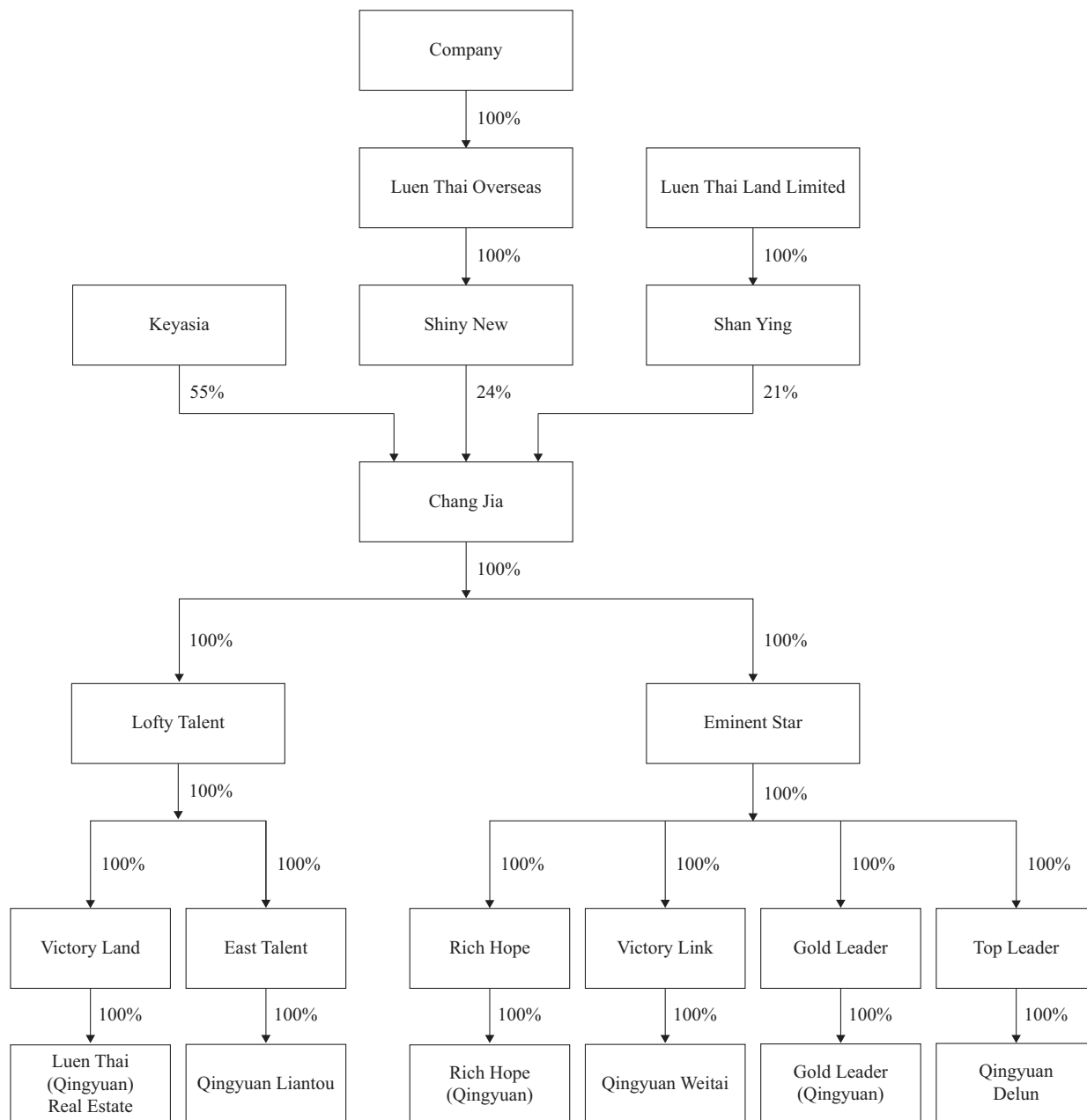


Chart 5: The shareholding structure of Chang Jia, the LTH Project Companies and the LTL Project Companies immediately after Completion:



#### **D. FORMATION OF THE JOINT VENTURE**

Chang Jia will upon Completion become a joint venture company formed among Keyasia, Shiny New and Shan Ying. Pursuant to the terms of the Subscription and Share Purchase Agreement, Keyasia, Shiny New, Shan Ying and Chang Jia will upon Completion enter into the Shareholders' Agreement to regulate the rights and obligations of the shareholders of Chang Jia.

Chang Jia will upon Completion indirectly own the entire equity interests in the PRC Project Companies. In turn, the PRC Project Companies hold the PRC Land.

For the Company, the formation of the Joint Venture will in effect involve the injection of the assets of the Company (namely, the LTH Land) into Chang Jia by way of the Disposal. Other than such injection, the Company does not have any capital commitment for the formation of the Joint Venture.

Under the proposed terms of the Shareholders' Agreement:

- (a) the principal business of the Target Group is to develop the PRC Land;
- (b) the initial working capital of the Target Group will be funded by external financing;
- (c) in the event that further working capital is required at any future stages, the Target Group shall apply for loan and credit facilities from banks and financial institutions to meet the operational needs of the Target Group, or adopt such other methods as the shareholders of Chang Jia may agree;
- (d) Keyasia will be responsible for the day-to-day management of the Target Group;
- (e) the board of directors of Chang Jia shall consist of 7 directors, of which four shall be appointed by Keyasia, two shall be appointed by Shiny New and one shall be appointed by Shan Ying;
- (f) all the loans (including but not limited to any principal amounts, accrued interest and any expenses) owed by Chang Jia to Shiny New and Shan Ying under the Subscription and Share Purchase Agreement shall be repaid in full before distribution of any distributable profits of the Target Group to the shareholders of Chang Jia; and
- (g) upon the signing of the Shareholders' Agreement, Sunshine 100 shall enter into the Brand Licence and Service Agreement with each of the PRC Project Companies pursuant to which Sunshine 100 shall grant a licence to each of the PRC Project Companies for the use of the brand "Sunshine 100" in relation to the development of the project on the PRC Land.

#### **E. REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The Company has a property development project on the LTH Land in Qingyuan, Guangdong, the PRC. According to the latest public information, the Directors believe that the PRC governmental authorities will start constructing Guangzhou-Qingyuan Light Rail system by the end of 2011 which will connect Qingyuan with the Guangzhou Railway Station which is major transportation hub in Guangzhou City. The Directors

further believe that the plan of the Guangzhou-Qingyuan Light Rail system coupled with the expected proximity of its station with the project site on the LTH Land would enhance the value of the property development project.

On the other hand, Luen Thai Land Limited (which is ultimately controlled by Mr. Tan Siu Lin, a Director and the chairman of the Board) indirectly through the LTL Project Companies holds the LTL Land, which is located near the LTH Land.

Against the above background and in order to further enhance the value and development potential of the LTH Land, the Directors consider that it is in the interest of the Group to co-operate with Luen Thai Land Limited to re-position the development strategy for the project site on the LTH Land. Accordingly, the Company has entered into the Subscription and Share Purchase Agreement with Keyasia and Sunshine 100, an experienced property developer in the PRC, with a view to establishing the Joint Venture for the joint development of the PRC Land.

The SS Consideration, the LTH Sale Consideration and the LTL Sale Consideration were determined with reference to the preliminary valuation made by an independent professional valuer regarding the market value of the LTH Land and LTL Land in June 2011, which are approximately RMB428 million and RMB364 million respectively.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Subscription and Share Purchase Agreement and the proposed terms of the Shareholders' Agreement and the other Transaction Documents and the respective transactions contemplated thereunder were negotiated on an arm's length basis between the relevant parties and are on normal commercial terms and fair and reasonable and in the interests of the Company and its shareholders as a whole.

Upon Completion, it is expected that the Group would record a gain of approximately US\$16.9 million as a result of the Disposal, being the difference between the LTH Sale Consideration and the net asset value of Victory Land, Luen Thai (Qingyuan) Real Estate, East Talent and Qingyuan Liantou as at 30 April 2011, after taking into account the accounting adjustment to be made for the Disposal.

The Directors expect that the proceeds from the Disposal will be used for general working capital of the Group.

## **F. LISTING RULES IMPLICATIONS**

As the applicable percentage ratios in respect of the Disposal calculated in accordance with the Listing Rules exceed 25% but are less than 75%, the Disposal constitutes a major transaction for the Company under the Listing Rules and is conditional upon approval by the Shareholders.

Luen Thai Land Limited is ultimately controlled by Mr. Tan Siu Lin, a Director of the Company and hence Luen Thai Land Limited is a Connected Person of the Company. Shan Ying is a wholly-owned subsidiary of Luen Thai Land Limited. Accordingly, Luen Thai Land Limited and Shan Ying, being parties to the Subscription and Share Purchase Agreement, are Connected Persons of the Company. The Disposal also constitutes a connected transaction of the Company which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.



As the applicable percentage ratios in respect of the Disposal calculated in accordance with the Listing Rules exceed 25% but are less than 75%, the formation of the Joint Venture constitutes a major transaction for the Company under the Listing Rules and is conditional upon approval by the Shareholders. Since Shan Ying is a Connected Person of the Company, the formation of the Joint Venture also constitutes a connected transaction of the Company which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among other things, (i) further details of the Subscription and Share Purchase Agreement and the formation of the Joint Venture, (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, and (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Subscription and Share Purchase Agreement and the formation of the Joint Venture is expected to be despatched to the Shareholders on or before 4 July 2011.

#### **G. 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.

#### **H. RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 10 June 2011 pending issue of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 14 June 2011.

## I. DEFINITIONS

<b>“Brand Licence and Service Agreement”</b>	品牌使用許可及服務協議, an agreement to be signed by Sunshine 100 with each of the PRC Project Companies pursuant to which Sunshine 100 shall grant a licence to each of the PRC Project Companies for the use of the brand name “Sunshine 100” in relation to the development of the project on the PRC Land;
<b>“Business Day”</b>	a day (excluding Saturdays, Sundays and statutory holidays) on which banks are generally open for business in Hong Kong and the PRC;
<b>“BVI”</b>	British Virgin Islands;
<b>“Chang Jia”</b>	Chang Jia International Limited (長佳國際有限公司), a company incorporated under the laws of the BVI and an indirect wholly-owned subsidiary of the Company;
<b>“CJ Share(s)”</b>	ordinary share(s) with par value of US\$1.00 each in the share capital of Chang Jia;
<b>“Company”</b>	Luen Thai Holdings Limited, the shares of which are listed on the Stock Exchange;
<b>“Completion”</b>	completion of the subscription of the SS Subscription Shares, the sale and purchase of the LTH Sale Share and the sale and purchase of the LTL Sale Share pursuant to the terms of the Subscription and Share Purchase Agreement;
<b>“Completion Date”</b>	the date on which the Completion shall take place pursuant to the terms of the Subscription and Share Purchase Agreement;
<b>“Conditions Precedent”</b>	the conditions precedent to Completion under the Subscription and Share Purchase Agreement;
<b>“Connected Person”</b>	shall have the meaning as ascribed to it under the Listing Rules;
<b>“Director(s)”</b>	director(s) of the Company;
<b>“Disposal”</b>	the disposal by Shiny New of the LTH Sale Share to Chang Jia pursuant to the Subscription and Share Purchase Agreement;
<b>“East Talent”</b>	East Talent Properties Limited (東泰置業有限公司), a company incorporated under the laws of Hong Kong;
<b>“EGM”</b>	the extraordinary general meeting of the shareholders of the Company to be convened for the purpose of considering and, if thought fit, approving the Subscription and Share Purchase Agreement, the Shareholders’ Agreement and the respective transactions contemplated thereunder;
<b>“Eminent Star”</b>	Eminent Star Group Limited (卓星集團有限公司), a company incorporated under the laws of the BVI;

<b>“Gold Leader”</b>	Gold Leader Properties Limited (金倫置業有限公司), a company incorporated under the laws of Hong Kong;
<b>“Gold Leader (Qingyuan)”</b>	金倫(清遠)置業有限公司 (Gold Leader (Qingyuan) Properties Limited), a wholly foreign owned enterprise incorporated in the PRC;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“Guangzhou-Qingyuan Light Rail”</b>	the proposed light rail system which will connect Qingyuan City with the Guangzhou Railway Station in Guangzhou City, PRC;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China;
<b>“Independent Board Committee”</b>	the independent board committee of the Company comprising Chan Henry, Cheung Siu Kee and Seing Nea Yie, being all the independent non-executive Directors;
<b>“Independent Shareholders”</b>	shareholders of the Company who are not required to abstain from voting at the EGM;
<b>“Independent Third Party(ies)”</b>	third party(ies) which, to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, is (are) independent of the Company and its Connected Person(s);
<b>“Joint Venture”</b>	the joint venture to be formed among Keyasia, Shiny New and Shan Ying in relation to Chang Jia pursuant to the Shareholders’ Agreement;
<b>“Keyasia”</b>	Keyasia Investments Limited (基亞投資有限公司), a company incorporated under the laws of the BVI;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Longstop Date”</b>	30 November 2011 or such other date as the Parties may agree in writing;
<b>“Lofty Talent”</b>	Lofty Talent Limited (崑駿有限公司), a company incorporated under the laws of the BVI;
<b>“LTH Consideration Shares”</b>	23 CJ Shares to be issued and allotted by Chang Jia to Shiny New as part of the consideration for the sale of the LTH Sale Share by Shiny New to Chang Jia pursuant to the terms of the Subscription and Share Purchase Agreement;

<b>“LTH Corporate Guarantee”</b>	a corporate guarantee to be executed by Sunshine 100 in favour of Shiny New, pursuant to which Sunshine 100 shall guarantee the repayment of up to 55% of all the obligations and indebtedness owed by Chang Jia to Shiny New under the Subscription and Share Purchase Agreement;
<b>“LTH HK Companies”</b>	Victory Land and East Talent;
<b>“LTH Land”</b>	LTH (QYRE) Land and LTH (Liantou) Land;
<b>“LTH (Liantou) Land”</b>	collectively those land use rights held by Qingyuan Liantou relating to the pieces of land situated in Qingyuan City, Guangdong Province, the PRC with a site area of approximately 423,814.17 square metres (equivalent to approximately 635.72 mu (畝)) and as identified by the following certificates of land use right (土地使用權證): (a) (清市府)國用(2009)第00344號, (b) (清市府)國用(2009)第00342號, (c) (清市府)國用(2009)第00343號, (d) (清市府)國用(2010)第00165號, and (e) (清市府)國用(2009)第00345號;
<b>“LTH Project Companies”</b>	Luen Thai (Qingyuan) Real Estate and Qingyuan Liantou;
<b>“LTH (QYRE) Land”</b>	collectively those land use rights held by Luen Thai (Qingyuan) Real Estate relating to the pieces of land situated in Qingyuan City, Guangdong Province, the PRC with a site area of approximately 79,703.36 square metres (equivalent to approximately 119.55 mu (畝)) and as identified by the following certificate of land use right (土地使用權證): (清市府)國用(2004)第00101號;
<b>“LTH Sale Consideration”</b>	the total consideration payable by Chang Jia to Shiny New for the purchase of the LTH Sale Share which comprises the LTH Consideration Shares and payment in the aggregate sum of RMB354,699,414, subject to adjustment;
<b>“LTH Sale Share”</b>	the entire issued share capital in Lofty Talent to be sold by Shiny New to Chang Jia pursuant to the terms of the Subscription and Share Purchase Agreement;
<b>“LTH Share Charge”</b>	a share charge to be executed by Chang Jia, pursuant to which Chang Jia shall charge the LTH Sale Share in favour of Shiny New as security for all the obligations and indebtedness owed by Chang Jia to Shiny New under the Subscription and Share Purchase Agreement;
<b>“LTL Consideration Shares”</b>	21 CJ Shares to be issued and allotted by Chang Jia to Shan Ying as part of the consideration for the sale of the LTL Sale Share by Shan Ying to Chang Jia pursuant to the terms of the Subscription and Share Purchase Agreement;

<b>“LTL Corporate Guarantee”</b>	a corporate guarantee to be executed by Sunshine 100 in favour of Shan Ying, pursuant to which Sunshine 100 shall guarantee the repayment of up to 55% of all the obligations and indebtedness owed by Chang Jia to Shan Ying under the Subscription and Share Purchase Agreement;
<b>“LTL HK Companies”</b>	Rich Hope, Top Leader, Gold Leader and Victory Link;
<b>“LTL Land”</b>	LTL (RH) Land, LTL (DL) Land, LTL (GL) Land and LTL (WT) Land;
<b>“LTL Project Companies”</b>	Qingyuan Delun, Gold Leader (Qingyuan), Qingyuan Weitai and Rich Hope (Qingyuan);
<b>“LTL (DL) Land”</b>	those land use rights held by Qingyuan Delun relating to the pieces of land situated in Qingyuan City, Guangdong Province, the PRC with a site area of approximately 100,346.79 square metres (equivalent to approximately 150.52 mu (畝)) and as identified by the following certificates of land use right (土地使用權證): (清市府)國用(2009)第00339號;
<b>“LTL (GL) Land”</b>	those land use rights held by Gold Leader (Qingyuan) relating to the pieces of land situated in Qingyuan City, Guangdong Province, the PRC with a site area of approximately 133,765.69 square metres (equivalent to approximately 200.65 mu (畝)) and as identified by the following certificates of land use right (土地使用權證): (清市府)國用(2009)第00338號;
<b>“LTL (RH) Land”</b>	those land use rights held by Rich Hope (Qingyuan) relating to the pieces of land situated in Qingyuan City, Guangdong Province, the PRC with a site area of approximately 124,006.32 square metres (equivalent to approximately 186.01 mu (畝)) and as identified by the following certificates of land use right (土地使用權證): (清市府)國用(2009)第00341號;
<b>“LTL (WT) Land”</b>	those land use rights held by Qingyuan Weitai relating to the pieces of land situated in Qingyuan City, Guangdong Province, the PRC with a site area of approximately 70,154.1 square metres (equivalent to approximately 105.23 mu (畝)) and as identified by the following certificates of land use right (土地使用權證): (清市府)國用(2009)第00340號;
<b>“LTL Sale Consideration”</b>	the total consideration payable by Chang Jia to Shan Ying for the purchase of the LTL Sale Share which comprises the LTL Consideration Shares and payment in the aggregate sum of RMB301,693,858, subject to adjustment;
<b>“LTL Sale Share”</b>	the entire issued share capital in Eminent Star to be sold by Shan Ying to Chang Jia pursuant to the terms of the Subscription and Share Purchase Agreement;

<b>“LTL Share Charge”</b>	a share charge to be executed by Chang Jia, pursuant to which Chang Jia shall charge the LTL Sale Share in favour of Shan Ying as security for all the obligations and indebtedness owed by Chang Jia to Shan Ying under the Subscription and Share Purchase Agreement;
<b>“Luen Thai Land Limited”</b>	Luen Thai Land Limited, a company incorporated under the laws of the British Virgin Islands.
<b>“Luen Thai Overseas”</b>	Luen Thai Overseas Limited, a wholly-owned subsidiary of the Company;
<b>“Luen Thai (Qingyuan) Real Estate”</b>	聯泰(清遠)房地產有限公司 (Luen Thai (Qingyuan) Real Estate Limited), a wholly foreign owned enterprise incorporated in the PRC;
<b>“Parties”</b>	the parties to the Subscription and Share Purchase Agreement;
<b>“PRC”</b>	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, Macau and Taiwan);
<b>“PRC Land”</b>	LTH Land and LTL Land;
<b>“PRC Project Companies”</b>	LTH Project Companies and LTL Project Companies;
<b>“Qingyuan Delun”</b>	清遠德倫置業有限公司 (Qingyuan Delun Properties Limited), a wholly foreign owned enterprise incorporated in the PRC;
<b>“Qingyuan Liantou”</b>	清遠聯投置業有限公司 (Qingyuan Liantou Properties Limited), a wholly foreign owned enterprise incorporated in the PRC;
<b>“Qingyuan Weitai”</b>	清遠威泰置業有限公司 (Qingyuan Weitai Properties Limited), a wholly foreign owned enterprise incorporated in the PRC;
<b>“Reorganisation”</b>	the reorganisation steps concerning Shiny New and Shan Ying respectively which shall be completed as a condition precedent to Completion, and the particulars of which are set out in the section headed “Reorganisation” in this announcement;
<b>“Rich Hope”</b>	Rich Hope Properties Limited (威康置業有限公司), a company incorporated under the laws of Hong Kong;
<b>“Rich Hope (Qingyuan)”</b>	威康(清遠)置業有限公司 (Rich Hope (Qingyuan) Properties Limited), a wholly foreign owned enterprise incorporated in the PRC;
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;
<b>“sq. m.”</b>	square metre(s);



<b>“Shan Ying”</b>	Shan Ying Limited (善盈有限公司), a company incorporated under the laws of the BVI and a wholly-owned subsidiary of Luen Thai Land Limited;
<b>“Shares”</b>	ordinary shares in the share capital of the Company;
<b>“Shareholders”</b>	shareholders of the Company;
<b>“Shareholders’ Agreement”</b>	the shareholders’ agreement to be entered into by and among Keyasia, Shiny New, Shan Ying and Chang Jia upon Completion to regulate the rights and obligations of the shareholders of Chang Jia;
<b>“Shiny New”</b>	Shiny New Limited (耀新有限公司), a company incorporated under the laws of the BVI and an indirect wholly-owned subsidiary of the Company;
<b>“SS Consideration”</b>	the total consideration payable by Keyasia to Chang Jia for the subscription of the SS Subscription Shares which is in the aggregate sum of RMB180 million;
<b>“SS Subscription Shares”</b>	55 CJ Shares to be subscribed by Keyasia pursuant to the terms of the Subscription and Share Purchase Agreement;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Subscription and Share Purchase Agreement”</b>	a subscription and share purchase agreement (認購及股份購買協議) dated 9 June 2011 in relation to Chang Jia and entered into among: (a) Shiny New, an indirect wholly-owned subsidiary of the Company; (b) Shan Ying, a wholly-owned subsidiary of Luen Thai Land Limited; (c) Chang Jia, an indirect wholly-owned subsidiary of the Company; (d) the Company; (e) Luen Thai Land Limited; (f) Sunshine 100; and (g) Keyasia;
<b>“Sunhine 100”</b>	陽光壹佰置業集團有限公司 (Sunshine 100 Real Estate Group Co., Ltd.), a company incorporated in the PRC;
<b>“Sunshine Share Charge”</b>	a share charge to be executed by Keyasia, pursuant to which Keyasia shall charge all the SS Subscription Shares (representing 55% of Chang Jia’s enlarged share capital immediately after Completion) in favour of Shiny New as agent for and on behalf of Shiny New and Shan Ying as security for up to 55% of all the obligations and indebtedness owed by Chang Jia to Shiny New and Shan Ying under the Subscription and Share Purchase Agreement;
<b>“Sunny Force”</b>	Sunny Force Limited, a company incorporated under the laws of the BVI and an indirect wholly-owned subsidiary of the Company;
<b>“Target Group”</b>	Chang Jia together with its subsidiaries from time to time;

<b>“Top Leader”</b>	Top Leader Properties Limited (德龍置業有限公司), a company incorporated under the laws of Hong Kong;
<b>“Transaction Documents”</b>	the Subscription and Share Purchase Agreement, the Sunshine Share Charge, the LTH Share Charge, the LTL Share Charge, the LTH Corporate Guarantee, the LTL Corporate Guarantee and the Shareholders’ Agreement;
<b>“Victory Land”</b>	Victory Land Properties Limited (凱龍置業有限公司), a company incorporated under the laws of Hong Kong;
<b>“Victory Link”</b>	Victory Link Properties Limited (偉隆置業有限公司), a company incorporated under the laws of Hong Kong;

*For ease of reference, the names of the PRC established companies have been included in this announcement in both the Chinese and English languages. The name in Chinese language is the official name of such companies. In the event of any inconsistency between the Chinese names of such companies and their English translations mentioned in this announcement, the Chinese names shall prevail.*

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

Dated 13 June 2011

*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](http://www.luenthai.com)