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# LUEN THAI HOLDINGS LIMITED

*(incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 311)

## **Non-exempt Continuing Connected Transactions Lease Arrangements**

The Directors announce that the Group has entered into the Tenancy Agreement with L&T (Guam), a member of the Tan Private Group and hence a Connected Person of the Company, on 21 September 2005 in respect of the rental of a warehouse complex in Guam at the fixed monthly rent of US\$34,050 for a renewable term of 3 years.

The monthly rent of US\$34,050 (approximately HK\$266,000) was determined after arm's length negotiations and with reference to the prevailing rates of rental paid by the Group to Independent Third Parties in respect of its other lease arrangements of similar nature in Guam.

The terms of the Tenancy Agreement were negotiated on an arm's length basis, and the Directors (including the independent non-executive Directors) consider that the Transaction and its terms are fair and reasonable and are in the interests of the Group and the Company's shareholders as a whole.

The Transaction constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. On the basis of the fixed monthly rental of US\$34,050, the aggregated annual rental payments under the Transaction for each of the 3 years ending on 31 December 2007 will not exceed US\$408,600 (approximately HK\$3,187,000), resulting in the applicable Percentage Ratios being more than 0.1% but less than 2.5%. The Transaction is therefore expected to be subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules. The Company will also comply with other applicable provisions of Chapter 14A of the Listing Rules.

As disclosed in the Prospectus, the Group has other continuing lease arrangements with the Tan Private Group in different parts of the world (one of which has since been terminated). These lease arrangements are due to expire in 2007, unless otherwise renewed. For the purposes of Chapter 14A of the Listing Rules, the Directors have voluntarily taken the conservative approach of aggregating those connected lease arrangements where rental is paid by the Group. On an aggregate level and based on current rates of rental, the rentals to be paid in respect of the Group's lease arrangements with the Tan Private Group (including the Transaction) for each of the 3 years ending on 31 December 2007 will not exceed US\$1,243,000 (approximately HK\$9,700,000), resulting in the applicable Percentage Ratios being more than 0.1% but less than 2.5%. The underlying transactions (including the Transaction) are therefore expected to be subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules. The Company will also comply with other applicable provisions of Chapter 14A of the Listing Rules.

### **THE TENANCY AGREEMENT**

#### **1. Nature of the Connected Transaction**

CTSI (Guam), a wholly-owned subsidiary of the Company, has entered into the Tenancy Agreement with L&T (Guam), a member of the Tan Private Group and hence a Connected Person of the Company, on 21 September 2005 in respect of the rental of a warehouse complex in Guam at the fixed monthly rent of US\$34,050 for a renewable term of 3 years.

The warehouse complex occupies a total area of approximately 123,000 square feet and comprises 3 warehouse facilities and other common areas. The fixed monthly rent of US\$34,050 (approximately HK\$266,000) was determined after arm's length negotiations and with reference to the prevailing rates of rental paid by the Group to Independent Third Parties in respect of its other lease arrangements of similar nature in Guam. No independent valuation has been conducted on the warehouse complex.

## **2. Connected Person**

L&T (Guam) is a wholly-owned subsidiary of Tan Holdings Corporation and hence a member of the Tan Private Group. It is principally engaged in real property development. As disclosed in the Prospectus, members of the Tan Private Group are Associates of the Company and hence also Connected Persons of the Company under the Listing Rules.

## **REASONS FOR ENTERING INTO THE TRANSACTION**

The Group had previously rented a warehouse complex in Guam from L&T (Guam) until it was destroyed by a typhoon in December 2002. As a result and since then, the Group has been renting other warehousing facilities in Guam from Independent Third Parties.

A new warehouse complex has recently been built in Guam by L&T (Guam). The Directors believe that the Group would be able to enjoy better service quality, greater flexibility and certainty of tenure with L&T (Guam), and therefore have concluded that it is in the interests of the Group that the Tenancy Agreement be entered into whilst the other lease arrangements with Independent Third Parties should be terminated.

The terms of the Tenancy Agreement were negotiated on an arm's length basis and the monthly rent was determined with reference to the prevailing rates of rental paid by the Group to Independent Third Parties in respect of its lease arrangements of similar nature in Guam. The Directors (including the independent non-executive Directors) therefore consider that the Transaction and its terms are fair and reasonable and are in the interests of the Group and the Company's shareholders as a whole.

## **IMPLICATIONS UNDER LISTING RULES**

### **The Transaction**

The Transaction constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. On the basis of the fixed monthly rental of US\$34,050, the aggregate rentals to be paid by the Group to the Tan Private Group under the Transaction for each of the 3 years ending on 31 December 2007 will be approximately US\$120,000 (approximately HK\$936,000), US\$408,600 (approximately HK\$3,187,000) and US\$408,600 (approximately HK\$3,187,000) respectively. The aggregated annual rental payments under the Transaction for each of the 3 years ending on 31 December 2007 will not exceed US\$408,600 (approximately HK\$3,187,000), resulting in the applicable Percentage Ratios being more than 0.1% but less than 2.5%. The Transaction is therefore expected to be subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules. The Company will also comply with other applicable provisions of Chapter 14A of the Listing Rules.

### **Other connected leases**

Reference is made to pages 103 to 121 of the Prospectus (pages 110 and 111 in particular) in relation to the other continuing connected lease arrangements of the Group. As disclosed in the Prospectus, the Group has other continuing lease arrangements with the Tan Private Group in different parts of the world (one of which has since been terminated). For the purposes of Chapter 14A of the Listing Rules, the Directors have voluntarily taken the conservative approach of aggregating those connected lease arrangements where rental is paid by the Group. These lease arrangements are due to expire in 2007, unless otherwise renewed. Based on current rates of rental, the aggregate rentals paid or to be paid by the Group to the Tan Private Group in respect of these lease arrangements (excluding the Tenancy Agreement) did not or will not exceed US\$980,000 (approximately HK\$7,644,000) for each of the 3 years ending on 31 December 2006. At the time of the Company's listing, a waiver had been sought and granted from the Stock Exchange in respect of strict compliance with the announcement requirements under Chapter 14A of the Listing Rules. However, the Company would still need to comply with other applicable provisions of Chapter 14A of the Listing Rules.

### **On an aggregate level**

On an aggregate level and based on current rates of rental, the rentals to be paid in respect of the Group's lease arrangements with the Tan Private Group (including the Transaction) for each of the 3 years ending on 31 December 2007 will not exceed US\$1,243,000 (approximately

HK\$9,700,000), resulting in the applicable Percentage Ratios being more than 0.1% but less than 2.5%. The underlying transactions (including the Transaction) are therefore expected to be subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules. The Company will also comply with other applicable provisions of Chapter 14A of the Listing Rules.

## **GENERAL**

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

## **DEFINITIONS**

“Associate”	shall have the meaning as ascribed to it under the Listing Rules
“Company”	Luen Thai Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“Connected Person”	shall have the meaning as ascribed to it under the Listing Rules
“CTSI (Guam)”	Consolidated Transportation Services Incorporated (Guam), a company incorporated under the laws of Guam and a wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guam”	a Pacific Island and an unincorporated territory of the United States of America
“Helmsley”	Helmsley Enterprises Limited, a company incorporated in the Bahamas and a substantial shareholder of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party”	a third party which, to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, is independent of the Company and its Connected Persons
“L&T (Guam)”	L&T (Guam) Corporation, a company incorporated under the laws of Guam and a wholly-owned subsidiary of Tan Holdings Corporation
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Percentage Ratios”	shall have the meaning as ascribed to it under Chapter 14 of the Listing Rules
“Prospectus”	the Company’s prospectus dated 30 June 2004 and issued in connection with its listing on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tan Holdings Corporation”	Tan Holdings Corporation, a company incorporated in the Commonwealth of North Mariana Islands (which is a commonwealth territory of the United States of America) and wholly-owned by the Tan Family Trust of 2004, a substantial shareholder of the Company
“Tan Private Group”	Tan Holdings Corporation and Helmsley and their respective subsidiaries (other than the Company and its subsidiaries)
“Tenancy Agreement”	the tenancy agreement dated 21 September 2005 entered into between CTSI (Guam) and L&T (Guam)
“Transaction”	the transaction as contemplated under the Tenancy Agreement
“US\$”	United States dollars, the lawful currency of the United States of America

Dated 30 September 2005

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 Willie  
Tan Cho Lung, Raymond  
Mok Siu Wan, Anne

*Independent Non-executive Directors:*

Chan Henry  
Cheung Siu Kee  
Seing Nea Yie

By order of the Board

**Chiu Chi Cheung**

*Company Secretary*

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

Please also refer to the published version of this announcement in The Standard.