



# LUEN THAI HOLDINGS LIMITED

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

## Non-exempt Continuing Connected Transactions Insurance Services

As disclosed in the Prospectus, CICIBPI (a Connected Person of the Company) has been providing insurance brokerage services to L&T International Group Phils., Inc. (a Group company). Since the Group's listing on the Stock Exchange, CICIBPI has also been providing insurance brokerage services to Golden Dragon Apparel, Inc. (another Group company). These Insurance Brokerage Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules, but were previously not subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules by reason of the relevant aggregate expenses paid by the Group in respect of such Insurance Brokerage Transactions not having exceeded 0.1% of the applicable Percentage Ratios. The Directors announce that, due to a decrease in the price of the Shares, the aggregate insurance expenses paid by the Group to CICIBPI for the 10 months ended 31 October 2006 have already exceeded 0.1% (but less than 2.5%) of the applicable Percentage Ratios based on the price of the Shares as at the end of October 2006. Accordingly, the Insurance Brokerage Transactions have become subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules. In compliance with Rule 14A.35(1) of the Listing Rules and as a result of the global rationalisation of the Group's insurance arrangements, the Company has entered into the Master Agreement with CICIBPI on 30 December 2006 (with retrospective effect as from 1 November 2006), pursuant to which CICIBPI will provide insurance brokerage services in respect of only surety bonds to the Group companies from time to time during a term of 3 years from 1 November 2006.

Based on the Group's projected needs for surety bonds, the Directors currently expect that the aggregate fees to be paid by the Group to CICIBPI for each of the three years ending on 31 October 2009 in respect of Insurance Brokerage Transactions will not exceed US\$40,000 (approximately HK\$312,000), resulting in the applicable Percentage Ratios to be less than 0.1%. The Insurance Brokerage Transactions are therefore expected to become exempt from all reporting and announcement requirements pursuant to Rule 14A.33(3) of the Listing Rules between 2007 and 2009.

The insurance expenses paid and to be paid by the Group to CICIBPI in relation to the Insurance Brokerage Transactions are determined after arm's length negotiations with reference to the prevailing rates in the relevant insurance market, and are charged on the same bases as those for Independent Third Parties. The Directors (including the independent non-executive Directors) consider that the Insurance Brokerage Transactions and their respective terms are fair and reasonable and are in the interests of the Group and the Company's shareholders as a whole.

### A. INSURANCE SERVICES

#### 1. Background

As disclosed in the Prospectus, CICIBPI (a Connected Person of the Company) has been providing insurance brokerage services to L&T International Group Phils., Inc. (a Group company). Since the Group's listing on the Stock Exchange, CICIBPI has also been providing insurance brokerage services to Golden Dragon Apparel, Inc. (another Group company). These Insurance Brokerage Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules, but were previously not subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules by reason of the relevant aggregate expenses paid by the Group in respect of such Insurance Brokerage Transactions not having exceeded 0.1% of the applicable Percentage Ratios.

The Directors announce that, due to a decrease in the price of the Shares, the aggregate insurance expenses paid by the Group to CICIBPI for the 10 months ended 31 October 2006 (amounted to approximately US\$184,000 or approximately HK\$1,435,000) have already exceeded 0.1% (but less than 2.5%) of the applicable Percentage Ratios based on the price of the Shares as at the end of October 2006. Accordingly, the Insurance Brokerage Transactions have become subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules.

In compliance with Rule 14A.35(1) of the Listing Rules and as a result of the global rationalisation of the Group's insurance arrangements, the Company has entered into the Master Agreement with CICIBPI on 30 December 2006 (with retrospective effect as from 1 November 2006), pursuant to which CICIBPI will provide insurance brokerage services in respect of only surety bonds to the Group companies as may be required from time to time as a result of the Group's contractual and/or other legal obligations during a term of 3 years from 1 November 2006.

The fees paid and to be paid by the Group to CICIBPI in relation to the Insurance Brokerage Transactions are determined after arm's length negotiations with reference to the prevailing rates in the relevant insurance market, and are charged on the same bases as those for Independent Third Parties.

#### 2. Connected Person

As disclosed in the Prospectus, CICIBPI is a company controlled by the spouse of Mr. Tan Willie, who is currently a non-executive Director. CICIBPI is therefore an Associate of Mr. Tan Willie, and hence a Connected Person of the Company. CICIBPI is principally engaged in the provision of insurance brokerage services in the Philippines.

#### 3. Reasons for entering into the Insurance Transactions

CICIBPI has been providing insurance brokerage services to the Group since and prior to its listing on the Stock Exchange. The Directors believe that such transactions are beneficial to the Group as a whole as the Group is able to leverage on its long-established relationship with CICIBPI.

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

#### 4. Implications under the Listing Rules

The Insurance Brokerage Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Based on the Group's projected needs for surety bonds, the Directors currently expect that the aggregate fees to be paid by the Group to CICIBPI for each of the three years ending on 31 October 2009 in respect of Insurance Brokerage Transactions will not exceed US\$40,000 (approximately HK\$312,000), resulting in the applicable Percentage Ratios to be less than 0.1%. The Insurance Brokerage

Transactions are therefore expected to become exempt from all reporting and announcement requirements pursuant to Rule 14A.33(3) of the Listing Rules between 2007 and 2009.

### B. GENERAL

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

### C. DEFINITIONS

"Associate"	shall have the meaning as ascribed to it under the Listing Rules
"CICIBPI"	CIC Insurance Brokers Phils., Inc., a company incorporated in the Philippines
"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
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Independent Third Party"	a third party which, together with its beneficial owner(s) (if any) and 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
"Insurance Brokerage Transactions"	the transactions entered into between CICIBPI and the Group (including L&T International Group Phils., Inc. and Golden Dragon Apparel, Inc.) from time to time in relation to the provision of insurance brokerage services and products (including but not limited to surety bonds pursuant to the Master Agreement)
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Master Agreement"	the master agreement entered into between the Company and CICIBPI on 30 December 2006 (with retrospective effect as from 1 November 2006) in relation to the provision of insurance brokerage services in respect of surety bonds by CICIBPI to the Group companies
"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
"US\$"	United States dollars, the lawful currency of the United States of America

Dated 9 January 2007

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

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

**Non-executive Director:**  
Tan Willie

**Independent Non-executive Directors:**  
Chan Henry  
Cheung Siu Kee  
Seing Na Yie

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

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