



LUENTHAI

LUEN THAI HOLDINGS LIMITED

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

Non-exempt Continuing Connected Transactions Lease Arrangements

Partner Joy Tenancy Agreements

The Directors announce that the Group, through Partner Joy Group (a non-wholly-owned subsidiary of the Company) and as tenant, has entered into the Partner Joy Tenancy Agreements with Tien-Hu Enterprise and Sanfer (both as landlords) respectively on 21 November 2005 in respect of the rental of various factory and office premises as well as certain related car parking spaces in Galaxy Factory Building, Chung Hing Industrial Mansions and Perfect Industrial Building in San Po Kong, Kowloon, Hong Kong respectively at the fixed aggregate monthly rent of HK\$265,000 for the factory and office premises and HK\$1,600 for the car parking spaces, and in each case for a renewable term of 1 year and 6 months commencing from 1 November 2005. Each of Tien-Hu Enterprise and Sanfer is an Associate of Mr. Chan Tim Shing (a director and Substantial Shareholder of Partner Joy Group), and is therefore a Connected Person of the Company pursuant to Rule 14A.11(4) of the Listing Rules.

The combined monthly rent of HK\$266,600 was determined as a packaged deal after arm's length negotiations and with reference to the prevailing market rates of rental in the same or nearby districts observed from publicly available data issued by third party property agents (including data obtained over the internet). The terms of the Partner Joy Tenancy Agreements were negotiated on an arm's length basis, and the Directors (including the independent non-executive Directors) consider that the Partner Joy Tenancy Agreements and their respective terms are fair and reasonable and are in the interests of the Group and the Company's shareholders as a whole.

The Partner Joy Tenancy Agreements constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules. On the basis of the current combined fixed monthly rental of HK\$266,600, the aggregated annual rental payments under the Partner Joy Tenancy Agreements will not exceed HK\$3,199,200, resulting in the applicable Percentage Ratios being more than 0.1% but less than 2.5%. The Partner Joy Tenancy Agreements 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.

Winner Tenancy Agreement

The Directors also announce that the Group, through LTIG (a wholly-owned subsidiary of the Company) and as tenant, has entered into the Winner Tenancy Agreement with LTID (as landlord) on 21 November 2005 in respect of certain office and production space in Winner Factory Building in Kwun Tong, Kowloon, Hong Kong at the fixed aggregate monthly rent of HK\$60,400 for a renewable term of 2 years commencing from 1 November 2005. The Winner Tenancy Agreement supercedes the previous tenancy agreement between LTIG and LTID. LTID is indirectly owned by Mr. Tan Siu Lin (a Director), and is therefore a Connected Person of the Company pursuant to Rule 14A.11(1) of the Listing Rules.

The monthly rent of HK\$60,400 was determined after arm's length negotiations and with reference to the prevailing market rates of rental in the same or nearby districts observed from publicly available data issued by third party property agents (including data obtained over the internet). The terms of the Winner Tenancy Agreement were negotiated on an arm's length basis, and the Directors (including the independent non-executive Directors) consider that the Winner Tenancy Agreement and its terms are fair and reasonable and are in the interests of the Group and the Company's shareholders as a whole.

The Winner Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. On the basis of the fixed monthly rental of HK\$60,400, the aggregated annual rental payments under the Winner Tenancy Agreement for each of the 3 years ending on 31 December 2007 will not exceed HK\$724,800, resulting in the applicable Percentage Ratios being less than 0.1%. On its own, the Winner Tenancy Agreement is therefore exempt from all reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, as disclosed in the Prospectus and in the Company's announcement dated 30 September 2005, the Group has other continuing lease arrangements with the Tan Private Group in different parts of the world. These lease arrangements are due to expire in 2007 and 2008 respectively, 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 current lease arrangements with the Tan Private Group (including the Winner Tenancy Agreement) for each of the 3 years ending on 31 December 2007 will not exceed US\$1,310,000 (approximately HK\$10,218,000), resulting in the applicable Percentage Ratios being more than 0.1% but less than 2.5%. The underlying lease arrangements (including the Winner Tenancy Agreement) 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 PARTNER JOY TENANCY AGREEMENTS

1. Nature of the Partner Joy Tenancy Agreements

The Group, through Partner Joy Group (a non-wholly-owned subsidiary of the Company) and as tenant, has entered into the Partner Joy Tenancy Agreements with Tien-Hu Enterprise and Sanfer (both as landlords) respectively on 21 November 2005. As disclosed in the Company's announcement dated 4 May 2005, Partner Joy Group is owned as to 71% by the Group, as to 19% by New Trillion, and as to 5% by each of Trumpinvest and Novelwill.

The leases with Tien-Hu Enterprise relate to various factory and office premises in Galaxy Factory Building, Chung Hing Industrial Mansions and Perfect Industrial Building in San Po Kong, Kowloon, Hong Kong and the aggregate monthly rent is HK\$265,000 (exclusive of management fees, rates and government rent). Such various factory and office premises occupy an aggregate gross floor area of approximately 57,000 square feet and comprise 2 factory facilities, 3 administrative offices, a warehouse and other common areas.

The lease with Sanfer relates to certain related carparking spaces in Perfect Industrial Building in San Po Kong, Kowloon, Hong Kong, which are leased free of charge subject to payment of the relevant management fees, rates and government rent in the aggregate monthly sum of HK\$1,600.

The Partner Joy Tenancy Agreements were negotiated as a packaged deal and each has a renewable term of 1 year and 6 months commencing from 1 November 2005. The Group will determine whether renewal is appropriate at the appropriate time prior to expiry of the Partner Joy Tenancy Agreements, having regard to its operations and prevailing market conditions. In this regard, the Company will continue to comply with all relevant provisions of the Listing Rules. The combined fixed monthly rent of HK\$266,600 under the Partner Joy Tenancy Agreements was determined as a packaged deal after arm's length negotiations and with reference to the prevailing market rates of rental in the same or nearby districts observed from publicly available data issued by third party property agents (including data obtained over the internet). To the best knowledge, information and belief of the Directors (having made all reasonable enquiries), all payments for management fees, rates and government rates will be made to Independent Third Parties. No independent valuation has been conducted on the premises.

2. Connected Person

Tien-Hu Enterprise is owned as to approximately 98%, whereas Sanfer is wholly-owned, by Roots Investments Limited, which is in turn beneficially owned by a trust in which Mr. Chan Tim Shing (who is a director and Substantial Shareholder of Partner Joy Group) is one of the beneficiaries. Each of Tien-Hu Enterprise and Sanfer is therefore an Associate of Mr. Chan Tim Shing, and is therefore a Connected Person of the Company pursuant to Rule 14A.11(4) of the Listing Rules.

To the best knowledge, information and belief of the Directors, none of Mr. Tan Siu Lin (a Director and Substantial Shareholder of the Company) and his family members is related to Mr. Chan Tim Shing or is a beneficiary to the aforesaid trust. Save as disclosed in this announcement, there are no other lease arrangements between the Group and Mr. Chan Tim Shing (or, to the best knowledge, information and belief of the Directors, his Associates).

Tien-Hu Enterprise is principally engaged in investment holding as well as garment sales and manufacturing. Sanfer is principally engaged in property and investment holding.

THE WINNER TENANCY AGREEMENT

1. Nature of the Winner Tenancy Agreement

The Group, through LTIG (a wholly-owned subsidiary of the Company) and as tenant, has entered into the Winner Tenancy Agreement with LTID (as landlord) on 21 November 2005 in respect of certain office and production space in Winner Factory Building in Kwun Tong, Kowloon, Hong Kong at the fixed aggregate monthly rent of HK\$60,400 (inclusive of all management fees, rates, government rent and utility charges) for a renewable term of 2 years commencing from 1 November 2005. The Winner Tenancy Agreement supercedes

the previous tenancy agreement between LTIG and LTID dated 12 February 2004 (which was terminated by agreement with effect on the same date) in respect of their lease arrangements of a smaller area at the same address. The Group will determine whether renewal is appropriate at the appropriate time prior to expiry of the Winner Tenancy Agreement having regard to its operations and prevailing market conditions. In this regard, the Company will continue to comply with all relevant provisions of the Listing Rules.

The office and production space occupy an aggregate gross floor area of approximately 11,000 square feet. The fixed monthly rent of HK\$60,400 was determined after arm's length negotiations and with reference to the prevailing market rates of rental in the same or nearby districts observed from publicly available data issued by third party property agents (including data obtained over the internet). No independent valuation has been conducted on the premises.

2. Connected Person

As disclosed in the Prospectus, LTID is indirectly owned by Mr. Tan Siu Lin (a Director), and is therefore a Connected Person of the Company pursuant to Rule 14A.11(1) of the Listing Rules. LTID is principally engaged in property investment holding.

REASONS FOR ENTERING INTO THE TRANSACTIONS

Prior to and since the acquisition of Partner Joy Group by the Group from New Trillion as announced by the Company on 4 May 2005, the operations of Partner Joy Group have had occupied the subject factory and office premises (which are spread out in a number of buildings) for different numbers of years respectively. Since the Group's acquisition of Partner Joy Group on 4 May 2005, such property arrangements have continued on a temporary basis at the same monthly rent as paid by Partner Joy Group prior to its acquisition by the Group, pending the outcome of the Group's discussions with Tien-Hu Enterprise and Sanfer on the continuity of such property arrangements. No formal agreements were entered into by the parties in respect of such temporary property arrangements until the parties finally concluded on the relevant terms by way of entering into the Partner Joy Tenancy Agreements. The Group has enjoyed a cordial relationship with Tien-Hu Enterprise and Sanfer, particularly with Mr. Chan Tim Shing on board as a director and Substantial Shareholder of Partner Joy Group. The Directors therefore believe that the Group should therefore take the opportunity to build on such cordial business relationships.

Due to expansion of its operations, it has become necessary for LTIG to rent additional office and production space of approximately 6,400 sq. ft. in Winner Factory Building. The Directors believe that the Group should therefore extend on its prevailing lease arrangements with LTID at the same address.

The terms of the Partner Joy Tenancy Agreements and the Winner Tenancy Agreement were respectively negotiated on an arm's length basis and, in each case, the monthly rent was determined with reference to the prevailing market rates of rental in the same or nearby districts perceived from publicly available data issued by property agents. The Directors (including the independent non-executive Directors) therefore consider that the Partner Joy Tenancy Agreement and the Winner Tenancy Agreement and their respective 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 Partner Joy Tenancy Agreements

The Partner Joy Tenancy Agreements constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. On the basis of the fixed monthly rental of HK\$266,600, the aggregated annual rental payments under the Partner Joy Tenancy Agreements will not exceed HK\$3,199,200, resulting in the applicable Percentage Ratios being more than 0.1% but less than 2.5%. The Partner Joy Tenancy Agreements 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 Winner Tenancy Agreement

The Winner Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. On the basis of the fixed monthly rental of HK\$60,400, the aggregated annual rental payments under the Winner Tenancy Agreement for each of the 3 years ending on 31 December 2007 will not exceed HK\$724,800, resulting in the applicable Percentage Ratios being less than 0.1%. On its own, the Winner Tenancy Agreement is therefore exempt from all reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, as disclosed in the Prospectus and in the Company's announcement dated 30 September 2005, the Group has other continuing lease arrangements with the Tan Private Group in different parts of the world. These lease arrangements are due to expire in 2007 and 2008 respectively, 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 by the Group in respect of all of the Group's lease arrangements with the Tan Private Group (including the Winner Tenancy Agreement) for each of the 3 years ending on 31 December 2007 will not exceed US\$1,310,000 (approximately HK\$10,218,000), resulting in the applicable Percentage Ratios being more than 0.1% but less than 2.5%. The underlying lease arrangements (including the Winner Tenancy Agreement) 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, and the provision of freight forwarding and logistics.

DEFINITIONS

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| "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 |
| "Directors" | the directors of the Company |
| "Group" | the Company and its subsidiaries |
| "HK\$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Helmsley" | Helmsley Enterprises Limited, a company incorporated in the Bahamas and wholly-owned collectively by the Tan Family Trust of 2004, the Pak Kim Lam Tan Trust of 2004, the HJ Trust, the WR5C Trust, the LS Trust, the RC Trust, the JL Trust and the ST Trust, and a Substantial Shareholder of the Company with an approximate 61.89% indirect equity interest as at the date of this announcement |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |
| "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 |
| "Listing Rules" | The Rules Governing the Listing of Securities on the Stock Exchange |
| "LTID" | Luen Thai International Development Limited, a limited company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of Helmsley, and a Connected Person of the Company |
| "LTIG" | Luen Thai International Group Limited, a limited company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company |
| "New Trillion" | New Trillion Consultants Limited, a company incorporated under the laws of the British Virgin Islands and an Associate of Mr. Chan Tim Shing (a director and Substantial Shareholder of Partner Joy Group) |
| "Novelwill" | Novelwill International Limited, a company incorporated in the British Virgin Islands |
| "Partner Joy Group" | Partner Joy Group Limited (a company incorporated under the laws of the British Virgin Islands and a non-wholly-owned subsidiary of the Company) and, where the context requires, its wholly-owned subsidiaries |
| "Partner Joy Tenancy Agreements" | collectively, (i) the 6 tenancy agreements entered into between Partner Joy Group and Tien-Hu Enterprise; and (ii) a licence agreement entered into between Partner Joy Group and Sanfer, in each case on 21 November 2005 |
| "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 |
| "Sanfer" | Sanfer Investments Limited, a limited company incorporated under the laws of Hong Kong and a Connected Person of the Company |
| "Substantial Shareholder" | shall have the meaning as ascribed to it under the Listing Rules |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Tan Holdings Corporation" | Tan Holdings Corporation, a company incorporated in the Commonwealth of Northern Mariana Islands (which is a commonwealth territory of the United States of America) and wholly-owned by the Tan Family Trust of 2004, and a Substantial Shareholder of the Company with an approximate 6.20% direct and indirect equity interest as at the date of this announcement |
| "Tan Private Group" | Tan Holdings Corporation and Helmsley and their respective subsidiaries (other than the Company and its subsidiaries) |
| "Tien-Hu Enterprise" | Tien-Hu Enterprise Limited, a company incorporated under the laws of Hong Kong and a Connected Person of the Company |
| "Trumpinvest" | Trumpinvest Holdings Limited, a company incorporated in the British Virgin Islands |
| "Winner Tenancy Agreement" | the tenancy agreement entered into between LTIG and LTID on 21 November 2005 |

Dated 1 December 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