



LUEN THAI HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 311)

ANNOUNCEMENT

Unusual price and volume movements

The Directors have noted the recent increases in price and trading volume of the Company's shares on the Stock Exchange and wish to inform the shareholders of the Company that save for the Group's entering into a non-binding memorandum of understanding in relation to a purchase of certain garment-related operations, they are not aware of any other cause for such increases.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The directors (the "**Directors**") of Luen Thai Holdings Limited (the "**Company**") have noted the recent increases in trading volume of the Company's shares on the Stock Exchange.

The Directors wish to inform the shareholders of the Company that save for the Group's entering into a memorandum of understanding ("**MOU**") in relation to a purchase ("**Potential Transaction**") of certain companies engaged in garment-related operations ("**Target Companies**"),

- (a) they are not aware of any other cause for such increases;
- (b) they confirm that there are no negotiations or realisations which are discloseable under Rule 13.23 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"); and
- (c) they are not aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules,

which is or may be of a price-sensitive nature.

Due to confidentiality obligations, the Directors cannot disclose the identity of the Target Companies or their vendors. The MOU is non-legally binding in nature (save for certain provisions such as confidentiality restrictions) and the Proposed Transaction is subject to the execution of formal documentation.

Further announcement(s) will be made if and when considered appropriate, in compliance with the Listing Rules.

Made by the order of the Board of Directors of Luen Thai Holding Limited, the Directors of which individually and jointly accept responsibility for the accuracy of this announcement.

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

Dated 15 December 2005

Website: www.luenthai.com