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## **LUEN THAI HOLDINGS LIMITED**

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

**(Stock code: 311)**

### **PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

Based on the information currently available, the Board expects that the financial results of the Group for the year ended 31 December 2014 will record a drop in the profit attributable to the owners of the Company ("**Net Profit**") in the range of approximately 55% to 65% as compared to the same period in 2013, which is mainly attributable to the business performance of the life-style apparel division and the footwear business under the accessories division of the Group and the delay in shipments to the Group's customers arising from labour disputes in the U.S. West Coast ports.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made by Luen Thai Holdings Limited (the "**Company**", together with its subsidiaries collectively referred to as the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

Based on the information currently available, the board of directors ("**Board**") of the Company expects that the financial results of the Group for the year ended 31 December 2014 will record a drop in the Net Profit in the range of approximately 55% to 65% as compared to the same period in 2013. The directors of the Company ("**Directors**") consider that such drop in the Net Profit is mainly attributable to a combination of the following factors:

#### **1. BUSINESS PERFORMANCE OF THE LIFE-STYLE APPAREL DIVISION OF THE GROUP**

During the year ended 31 December 2014, the business performance of the life-style apparel division of the Group was adversely affected by a considerable drop in orders placed with the Group by two top customers of that division for the year ended 31 December 2014. The Directors consider that the principal reasons for such drop in orders are due to the fact that one of such customers has changed its outsourcing strategy

resulting in a shift of its outsourcing suppliers, while the other customer had been declared bankrupt in Europe. As a result, based on the currently available information, the Directors estimate that the Group will (i) incur an impairment loss on certain carrying amount of goodwill and intangible asset relating to the life-style apparel division, which is currently estimated to have a net income statement impact of approximately US\$12 million to US\$14 million subject to the final business valuation to be performed by an independent valuer; and (ii) record a one-off write-down of trade receivables of the Group and a provision of claims from suppliers for the year ended 31 December 2014 due to the bankruptcy of the above customer.

## **2 BUSINESS PERFORMANCE OF THE FOOTWEAR BUSINESS UNDER THE ACCESSORIES DIVISION**

The business performance of the footwear business under the accessories division of the Group was negatively affected by a significant drop in orders from the top customer of that division for the year ended 31 December 2014 resulting in an impairment loss on the goodwill and intangible asset relating to the footwear business. The Directors consider that the considerable drop in orders is due to the vendor consolidation strategy of the customer. Based on the current estimate and subject to the final business valuation to be performed by the independent valuer, the impairment shall reduce the Net Profit by approximately US\$3 million to US\$4 million.

## **3. DELAY IN SHIPMENTS ARISING FROM LABOUR DISPUTES IN THE U.S. WEST COAST PORTS**

The recent labour disputes between dockworkers and their employers at the U.S. West Coast ports have delayed cargo shipments at the West Coast ports, resulting in the increase in overtime costs, extra transshipment costs of the Group and penalties paid/payable to customers in the United States.

The Group is in the process of finalising the consolidated results for the year ended 31 December 2014. Hence, the information contained in this announcement is a preliminary assessment made by the Directors based on, among others, the unaudited consolidated management accounts of the Group for the year ended 31 December 2014, and other information currently available to the Board. The audited consolidated results of the Group may be subject to adjustments following further review by the Board, discussions with the auditors of the Company and completion of the required auditing procedures.

The Board expects that the announcement of the audited consolidated result of the Group for the year ended 31 December 2014 will be released by the end of March 2015.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

Dated 2 February 2015

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

*Executive Directors:*

Tan Siu Lin (*Chairman*)  
Tan Henry  
Tan Cho Lung, Raymond  
Mok Siu Wan, Anne

*Non-executive Directors:*

Tan Willie  
Lu Chin Chu

*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)