

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **LUEN THAI HOLDINGS LIMITED**

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

**(Stock Code: 311)**

### **CONNECTED TRANSACTION ACQUISITION OF 40% INTEREST IN ON TIME INTERNATIONAL LIMITED**

On 15 June 2015 (after trading hours), the Purchaser, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor and On Time, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares (which constitutes 40% of the issued share capital of On Time) at the Consideration. Completion took place immediately after signing of the Sale and Purchase Agreement.

Immediately prior to the signing of the Sale and Purchase Agreement, 60% of the issued share capital of On Time was held by the Purchaser. Upon Completion, the Purchaser holds 100% of the issued share capital of On Time, and On Time becomes an indirect wholly owned subsidiary of the Company.

Immediately prior to the signing of the Sale and Purchase Agreement, the Vendor was a substantial shareholder (as defined in the Listing Rules) of On Time holding 40% of the issued share capital of On Time. Accordingly, the Vendor is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As all the percentage ratios (as defined in the Listing Rules) are more than 0.1% but less than 5%, the Acquisition is only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules.

#### **A. THE SALE AND PURCHASE AGREEMENT**

The Board announced that on 15 June 2015 (after trading hours), the Purchaser, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor and On Time. The principal terms of the Sale and Purchase Agreement are set out below.

**Date:** 15 June 2015

**Parties:** (a) Mr. Frank Fleischer as the Vendor  
(b) Fortune Investment Overseas Limited (a wholly-owned subsidiary of the Company) as the purchaser

- (c) On Time International Limited (a 60%-owned subsidiary of the Company) as the subject company

**Subject matter:**

Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares (which constitutes 40% of the issued share capital of On Time).

**Consideration:**

The Consideration is US\$5,000,000, which shall be paid by the Purchaser to the Vendor or such person as the Vendor shall direct by telegraphic transfers in cleared funds by tranches in accordance with the following time schedule:

- (a) US\$2,500,000 to be paid on the Completion Date;
- (b) US\$833,334 to be paid on the first anniversary of the Completion Date;
- (c) US\$833,333 to be paid on the second anniversary of the Completion Date; and
- (d) US\$833,333 to be paid on the third anniversary of the Completion Date.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms with reference to the (i) latest unaudited net asset value of the On Time Group as at 30 April 2015; (ii) the recent and historical performance of the On Time Group; (iii) the competitive strength (i.e. strong design expertise and connection to the European Union market) of the On Time Group; (iv) the payment terms of the Consideration; and (v) the factors mentioned in the section "Reasons for and benefits of the transaction" below. The Consideration will be funded by the Group's internal resources.

**Completion:**

Completion took place immediately after the signing of the Sale and Purchase Agreement. Upon Completion, On Time becomes an indirect wholly owned subsidiary of the Company.

**Other terms:**

For the purpose of smooth operation of the Group during the transitional period, On Time shall continue to employ the Vendor as a special consultant of the On Time Group based on all existing employment terms as of the date of the Sale and Purchase Agreement for a further three (3) months following Completion and to pay the Vendor a monthly salary of SG\$38,400 and the additional housing allowance and other benefits as he currently receives from On Time.

Following the termination of the employment as a special consultant of the On Time Group between the Vendor and On Time, the Company shall engage the Vendor as independent consultant of the On Time Group for a further twelve (12) months' period with monthly remuneration of US\$15,000.

## E. INFORMATION ABOUT ON TIME

On Time is a private company duly incorporated under the laws of the British Virgin Islands on 13 February 2006 having an authorised share capital of US\$50,000 divided into 50,000 shares, 500 of which have been issued and are fully paid up. Immediately prior to the signing of the Sale and Purchase Agreement, out of the 500 issued shares of On Time, 300 shares (representing 60% of the entire issued capital of On Time) were held by the Purchaser and the remaining 200 issued shares (representing 40% of the entire issued capital of On Time) are the Sale Shares to be sold by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement.

As at the date of this announcement, there are twelve subsidiaries within the On Time Group. The On Time Group is principally engaged in the design, sourcing and distribution on a worldwide basis of garments and other accessories products. The business of the On Time Group, headquartered in Hong Kong with offices in the Asia Pacific region, has been in existence since as early as the 1990s.

On Time was set up by the Vendor and the Vendor is the founder of the On Time Group. Before the entering into of the Sale and Purchase Agreement, the financial results of the On Time Group have already been consolidated into the Group's financial results. Subsequent to the completion of the Sale and Purchase Agreement, On Time will become an indirect wholly owned subsidiary of the Company and its results will continue to be consolidated into the Group's financial results.

Set out below are certain financial information of the On Time Group for each of the two financial years ended 31 December 2014:

	(Audited) For the year ended 31 December 2013 US\$ (approximately)	(Unaudited) For the year ended 31 December 2014 US\$ (approximately)
Net profit/(loss) before tax and * extraordinary items	6,753,000	(494,000)
Net profit/(loss) after tax and * extraordinary items	5,835,000	(566,000)

\* *The extraordinary losses include (1) a one-time write-off of goodwill and intangible asset as a result of the considerable drop in orders from certain top customers of the On Time Group together with the bankruptcy of another major customer of the On Time Group in 2014; and (2) written down of the trade receivables and a provision of material claims from suppliers due to the bankruptcy of this customer.*

The unaudited consolidated net asset value of the On Time Group as at 30 April 2015 was approximately US\$5,400,000.

## F. REASONS FOR AND BENEFITS OF THE TRANSACTION

On Time has been a subsidiary of the Group since 2007. The Board believes that the Acquisition would be beneficial to the Group, as the Group will be able to increase its flexibility to adjust the marketing strategy and product mix and hence enhance the overall efficiency of the operation of the On Time Group. Furthermore, the Group can exert consistent and strong leadership in the implementation and development of the

sustainable business strategies. As a result, the Board believes that the Acquisition could enable the Group to improve the performance of the On Time Group in the foreseeable future.

The terms of the Sale and Purchase Agreement were determined through arm's length negotiations between the Vendor and the Purchaser and reflect normal commercial terms. The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement including the Consideration, which have been arrived at after arm's length negotiations, are fair and reasonable and are in the interests of the Group and the shareholders of the Group as a whole.

## **G. LISTING RULE IMPLICATIONS**

Immediately prior to the signing of the Sale and Purchase Agreement, the Vendor was a substantial shareholder (as defined in the Listing Rules) of On Time holding 40% of the issued share capital of On Time. Accordingly, the Vendor is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As all the percentage ratios (as defined in the Listing Rules) are more than 0.1% but less than 5%, the Acquisition is only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules.

None of the Directors has a material interest in the Acquisition, and none of them is required to abstain from voting on the resolutions approving the Acquisition.

## **H. GENERAL**

The Group is principally engaged in the manufacturing and trading of apparels and accessories, the provision of freight forwarding and logistics services.

The Purchaser is principally engaged in investment holding.

On Time is principally engaged in investment holding and the On Time Group is principally engaged in the design, sourcing and distribution on a worldwide basis of garments and other accessories products.

## **I. DEFINITIONS**

<b>“Acquisition”</b>	the acquisition of the Sale Shares by the Purchaser pursuant to the Sale and Purchase Agreement;
<b>“Board”</b>	the board of Directors of the Company;
<b>“Company”</b>	Luen Thai Holdings Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the Stock Exchange;
<b>“Completion”</b>	completion of the sale and purchase of the Sale Shares in accordance with terms of the Sale and Purchase Agreement;
<b>“Completion Date”</b>	date of Completion, which took place on 15 June 2015 after the signing of the Sale and Purchase Agreement;

<b>“Consideration”</b>	A sum of US\$5,000,000, being the consideration for the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement;
<b>“Director(s)”</b>	director(s) of the Company for the time being;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“On Time”</b>	On Time International Limited, a company incorporated in the British Virgin Islands and a 60%-owned subsidiary of the Company;
<b>“On Time Group”</b>	On Time and its subsidiaries;
<b>“Purchaser”</b>	Fortune Investment Overseas Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company;
<b>“Sale and Purchase Agreement”</b>	a sale and purchase agreement dated 15 June 2015 and entered into among the Vendor, the Purchaser and On Time in relation to the sale and purchase of the Sale Shares;
<b>“Sale Shares”</b>	200 issued ordinary shares of On Time held by the Vendor, representing 40% of the entire issued share capital of On Time;
<b>“SG\$”</b>	Singaporean dollars, lawful currency of the Republic of Singapore;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“US\$”</b>	United States dollars, the lawful currency of the United States of America; and
<b>“Vendor”</b>	Mr. Frank Fleischer

Dated 15 June 2015

*As at the date of this announcement, the Board comprises Dr. Tan Siu Lin, Dr. Tan Henry, Mr. Tan Cho Lung, Raymond and Ms. Mok Siu Wan, Anne as executive Directors; Mr. Tan Willie and Mr. Lu Chin Chu as non-executive Directors; Mr. Chan Henry, Mr. Cheung Siu Kee and Mr. Seing Nea Yie as independent non-executive Directors.*

Company’s website: [www.luenthai.com](http://www.luenthai.com)