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## **LUEN THAI HOLDINGS LIMITED**

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

**(Stock Code: 311)**

### **SUPPLEMENTAL ANNOUNCEMENT IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS WITH THE LTE GROUP**

Reference is made to the announcement of Luen Thai Holdings Limited (“**Company**”) dated 9 September 2015 (“**Announcement**”). Capitalised terms used herein shall have the same meanings as defined in the Announcement, unless otherwise specified.

The Company would like to provide the Shareholders with the following further information in relation to the pricing policies of the Services provided under the Master Agreement.

As disclosed in the Announcement, the Services include the provision of design, sourcing and manufacturing of apparels. In line with the industry practice, it is not uncommon for the Services to be performed under a typical Order to cover design of apparels, sourcing of raw materials such as fabric and accessories (like lining and buttons) and manufacturing of the apparels in accordance with the specifications stipulated in the Order. As such Services usually form part and parcel of the work required under a typical Order, the LTO Group will assess the overall work required and then provide the price quotation for a unit price of a product under a particular Order, having regard to the workmanship, quality of the products, cost involved and the actual amount of the work to be done.

While the LTO Group will assess the overall work required when providing a price quotation for a unit price of a product under an Order, the LTO Group will also take into account the different types of Services involved in an Order before arriving at the overall price quotation for producing a unit of a product. In determining the pricing policy for the design of apparels, the LTO Group will take into consideration the workmanship and the complication of the work involved for producing a specific type of design required. The LTO Group will compare the quoted prices for a particular kind of design for a product in an Order with the quoted prices offered by the LTO Group to one or two independent third parties for manufacturing products with similar design.

In determining the pricing policy for the work relating to sourcing of raw materials, the LTO Group will take into consideration the quality of the raw materials to be used for producing a particular type of product in accordance with the specifications required under an Order and the cost involved in purchasing such raw materials. The pricing for sourcing of raw materials will be mainly based on the costs involved for purchasing such raw materials from raw material suppliers who are independent third parties.

In determining the pricing policy for the work relating to the manufacturing of apparels, the LTO Group will take into consideration the workmanship, the cost and complication of the work involved and the size of an Order. Similar to the pricing for the design of apparels and sourcing of raw materials, the LTO Group will also compare the quoted prices for manufacturing the quantity of products required in an Order with the quoted prices offered by the LTO Group to one or two independent third parties for manufacturing products with similar workmanship involved.

In addition, the LTO Group will also obtain information available in the market on the price quotations for manufacturing products bearing similarities with respect to the design, raw materials used or workmanship involved, so as to ascertain the prevailing market rates in determining the quoted prices in an Order.

After assessing the overall work required for producing particular type(s) of products in an Order and determining the price quotation of the unit price for producing such products, the quoted prices will be negotiated between the parties in an Order based on normal commercial terms or on terms no less favorable than those terms offered by the LTO Group to independent third parties for similar products in its ordinary and usual course of business.

As disclosed in the Announcement, the managers overseeing the transactions under the Master Agreement will regularly review the terms of such transactions to ensure that the fees charged for such transactions will reflect the pricing policies of the Group. The corporate finance department of the Company will also review annually the pricing policies of the transactions under the Master Agreement to ensure that the transactions are charged on the same bases and the same rates for similar services rendered to independent third parties.

Dated 29 September 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.*

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

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