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LUEN THAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 311)

CONNECTED TRANSACTION — ACQUISITION OF THE REMAINING 5% SHAREHOLDING IN PARTNER JOY GROUP LIMITED, BEING A SUBSIDIARY OF THE COMPANY

THE ACQUISITION

On 31 July 2017 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Seller pursuant to which the Seller agreed to sell, and Purchaser agreed to purchase, the Sale Shares (which constitutes 5% of the entire issued share capital of Partner Joy) at the total consideration of US\$1,645,448. Completion took place immediately after execution of the Sale and Purchase Agreement on 31 July 2017.

Immediately prior to Completion, the Purchaser and the Seller held 95% and 5% of the entire issued share capital of Partner Joy, respectively. Upon Completion, the Purchaser held 100% of the entire issued share capital of Partner Joy and Partner Joy became an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

The Seller is wholly-owned by Mr. Wong Chung Ping, a director of each of Partner Joy and certain wholly-owned subsidiaries of Partner Joy, all being subsidiaries of the Company. Accordingly, the Seller is a connected person of the Company and the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, as the Seller is a connected person of the Company at the subsidiary level and the Board (including all the independent non-executive Directors) has (i) approved the Sale and Purchase Agreement and the transactions contemplated thereunder and (ii) confirmed that the terms of the Sale and Purchase Agreement are fair and reasonable; and the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Sale and Purchase Agreement and the transactions contemplated thereunder shall be exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE ACQUISITION

The Board announced that on 31 July 2017 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Seller.

The principal terms of the Sale and Purchase Agreement are set out below.

Date:	31 July 2017
Parties:	(a) The Purchaser (a wholly-owned subsidiary of the Company) (b) The Seller
Subject Matter:	Pursuant to the Sale and Purchase Agreement, the Seller agreed to sell, and the Purchaser agreed to purchase, the Sale Shares (which constitutes 5% of the issued share capital of Partner Joy).
Consideration:	The consideration for the Acquisition is US\$1,645,448. 50% of the consideration was paid at Completion and the remaining balance of the consideration shall be paid within one year after Completion. The consideration shall be funded by the internal resources of the Group.

Completion took place immediately after execution of the Sale and Purchase Agreement on 31 July 2017. Immediately prior to Completion, the Purchaser and the Seller held 95% and 5% of the entire issued share capital of Partner Joy, respectively. Upon Completion, the Purchaser held 100% of the entire issued share capital of Partner Joy and Partner Joy became an indirect wholly-owned subsidiary of the Company.

The consideration for the Acquisition was determined between the Seller and the Purchaser after arm's length negotiations after taking into account, among others, (i) the historical financial results of the Partner Joy Group; (ii) the future prospects of the Partner Joy Group; and (iii) the benefits to be derived by the Group from the Acquisition as described herein below.

FINANCIAL INFORMATION

Set out below is the consolidated financial information of the Partner Joy Group based on the unaudited financial statements for the two years ended 31 December 2015 and 2016:

	For the year ended	
	31 December	
	2015	2016
	(unaudited)	(unaudited)
	<i>USD'000</i>	<i>USD'000</i>
Net profit before taxation	5,899	3,972
Net profit after taxation	<u>4,737</u>	<u>3,358</u>

As at
30 June 2017
(unaudited)
USD'000

Net assets

18,786

REASONS FOR AND BENEFITS OF THE ACQUISITION

Partner Joy is a company incorporated in the British Virgin Islands and is an investment holding company. Partner Joy, through its wholly-owned subsidiaries, is principally engaged in the business of manufacturing and trading of sweaters. Immediately prior to Completion, the Purchaser and the Seller held 95% and 5% of the entire issued share capital of Partner Joy, respectively. Upon Completion, the Purchaser held 100% of the entire issued share capital of Partner Joy and Partner Joy became an indirect wholly-owned subsidiary of the Company.

Having considered the scale of operation and historical financial performance of the Partner Joy Group, the Board considers that the Acquisition can simplify the reporting structure and reduce the overall management costs of the Group. In addition, the Group will enjoy the full benefit arising from the potential growth of the Partner Joy Group in the future.

The Directors consider that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and consider that the Acquisition is in the interest of the Company and its Shareholders as a whole.

LISTING RULE IMPLICATIONS

The Seller is wholly-owned by Mr. Wong Chung Ping, a director of each of Partner Joy and certain wholly-owned subsidiaries of Partner Joy, all being subsidiaries of the Company. Accordingly, the Seller is a connected person of the Company and the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, as the Seller is a connected person of the Company at the subsidiary level and the Board (including all the independent non-executive Directors) has (i) approved the Sale and Purchase Agreement and the transactions contemplated thereunder and (ii) confirmed that the terms of the Sale and Purchase Agreement are fair and reasonable; and the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Sale and Purchase Agreement and the transactions contemplated thereunder shall be exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

BOARD APPROVAL

None of the Directors had a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder. Accordingly, none of the Directors was required to abstain or had abstained from voting on the Board resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

INFORMATION ON THE GROUP

The Group is principally engaged in the manufacturing and trading of apparel and accessories.

INFORMATION ON THE SELLER

The Seller is a company incorporated in the British Virgin Islands and an investment holding company.

DEFINITIONS

“Acquisition”	the acquisition of the Sale Shares by the Purchaser pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors of the Company
“Company”	Luen Thai Holdings Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with terms of the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partner Joy”	Partner Joy Group Limited, a company incorporated in the British Virgin Islands
“Partner Joy Group”	Partner Joy and its subsidiaries
“Purchaser”	Fortune Investment Overseas Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	a sale and purchase agreement dated 31 July 2017 entered into by the Seller and the Purchaser in relation to the sale and purchase of the Sale Shares
“Sale Shares”	50 ordinary shares of Partner Joy, representing 5% of the entire issued share capital of Partner Joy as at the date of this announcement
“Seller”	Trumpinvest Holdings Limited, a company incorporated in the British Virgin Islands
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“US\$” United States dollars, the lawful currency of the United States of America

By order of the Board
Chiu Chi Cheung
Company Secretary

Hong Kong, 31 July 2017

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

Executive Directors

Shen Yaoqing (*Chairman*)

Tan Siu Lin (*Honorary Life Chairman*)

Tan Cho Lung, Raymond (*Chief Executive Officer*)

Qu Zhiming

Mok Siu Wan, Anne

Non-executive Director

Huang Jie

Independent non-executive Directors

Chan Henry

Cheung Siu Kee

Seing Nea Yie

Company's website: www.luenthai.com