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LUEN THAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 311)

DISCLOSEABLE TRANSACTION ACQUISITION OF LAND IN CAMBODIA

ACQUISITION OF LAND IN CAMBODIA

The Board announces that on 27 September 2017 (after trading hours), the Purchaser (being a subsidiary of the Company), the Vendor, the Company and the Vendor Holding Company entered into the Sale and Purchase Agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Land in Cambodia at the Consideration of US\$22,000,000.

The Land is currently leased to the Lessees (being wholly-owned subsidiaries of the Company) pursuant to the Tenancy Agreement and used by the Group as its factories for manufacturing apparel and accessories. At Completion, the Vendor shall assign the Tenancy Agreement to the Purchaser and the Purchaser shall be bound of the terms and conditions and the obligations of the Vendor, in substitution of the Vendor and upon which all rights and obligations of the Vendor under the Tenancy Agreement shall cease except for any breach of the Tenancy Agreement by the Lessees prior to the assignment of the Tenancy Agreement.

IMPLICATION UNDER THE LISTING RULES

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

A. ACQUISITION OF LAND IN CAMBODIA

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conditions and the obligations of the Vendor, in substitution of the Vendor and upon which all rights and obligations of the Vendor under the Tenancy Agreement shall cease except for any breach of the Tenancy Agreement by the Lessees prior to the assignment of the Tenancy Agreement.

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

Date

27 September 2017

Parties

- (1) the Purchaser
- (2) the Vendor
- (3) the Company (as the Purchaser's guarantor)
- (4) the Vendor Holding Company (as the Vendor's guarantor)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, the Vendor and the Vendor Holding Company (and their respective ultimate beneficial owners) are Independent Third Parties.

Assets to be acquired

The Land, which is located at Lot No. 650, Trapeang Thloeng Village, Sangkat Chom Chao, Khan Por Sen Chey, Phnom Penh, the Kingdom of Cambodia, shall be sold to the Purchaser free from all encumbrances (other than the Tenancy Agreement) as at the Completion Date.

Consideration

The Consideration for the Acquisition is US\$22,000,000 and shall be paid by the Purchaser in three instalments as follows:

- (a) an initial deposit of US\$11,000,000 (the "**Initial Deposit**") shall be paid to the Escrow Agent into the Escrow Account upon signing of the Sale and Purchase Agreement;
- (b) on the later of (i) the Purchaser CP Fulfilment Date or (ii) the Vendor CP Fulfilment Notice Date, a further deposit of US\$9,560,000 (the "**Further Deposit**") shall be paid by the Purchaser to the Escrow Agent into the Escrow Account; and
- (c) on Completion, the security deposit of US\$1,440,000 held by the Vendor under the Tenancy Agreement shall constitute part payment of the balance of the Consideration to the Vendor.

The Deposit (which comprises the Initial Deposit and the Further Deposit) shall be released to the Vendor as follows:

- (a) on Completion, US\$17,560,000 (less any relevant Reimbursements) shall be released by the Escrow Agent to the Vendor within three (3) Business Days; and

(b) on the Indemnification Date, subject to payment of any Indemnification, US\$3,000,000 (less any relevant Reimbursements) shall be released by the Escrow Agent to the Vendor within three (3) Business Days.

The Consideration will be satisfied by the internal resources of the Group and/or possible banking facilities available to the Group.

The Consideration was determined after arm's length negotiations between the Parties on normal commercial terms, having taken into account of various factors, including (i) the preliminary market valuation of the Land of approximately US\$23,198,000 as at 28 July 2017 as appraised by an independent valuer, (ii) the market value of lands in similar location used for similar purposes and (iii) the benefits of the Acquisition as discussed in the section headed "Reasons for and benefits of the Acquisition" below.

Conditions Precedent

Completion shall be subject to (a) there being no notice given by the Purchaser to the Vendor prior to Completion that the Purchaser is unsatisfied with the results of any title search in respect of the Land; and (b) the fulfilment of the following conditions precedent (the "**Conditions Precedent**") on or before the Long-Stop Date:

- (i) the passing at a general meeting of the Vendor Holding Company of the resolution to approve the sale of the Land; and
- (ii) the Purchaser having completed a title search in respect of the Land with the land registry of Cambodia.

If the Conditions Precedent are not fulfilled by the Long-Stop Date, any Party may terminate the Sale and Purchase Agreement whereupon the Vendor and the Purchaser shall instruct the Escrow Agent to promptly refund the Initial Deposit or the Deposit (as the case may be) to the Purchaser, and thereafter, no Party shall have any claim against the others under it save for any antecedent breach and provided that certain surviving clauses shall survive such termination.

Completion

Subject to the fulfilment of the Conditions Precedent, completion shall take place on the third Business Day after the later of (a) the date on which the Vendor gives the Purchaser notice of the issue of a new or updated certificate of ownership in respect to the Land reflecting the Purchaser as the registered owner of the Land or (b) the Vendor CP Fulfilment Notice Date, or such other location, time or date as the Parties may agree in writing (the "**Completion Date**").

Compulsory Acquisition

The Land is sold subject to there being no acquisition nor notice of intended acquisition of the Land in whole (or any part thereof) by the government or other competent authority. If on or before the Completion Date, the government or other competent authority shall acquire or give such notice of any acquisition or intended acquisition of the Land (or any part thereof), the Purchaser may in its discretion rescind the Sale and Purchase Agreement by giving written notice to the Vendor to terminate the Sale and Purchase Agreement, where upon the Vendor and the Purchaser shall instruct the Escrow Agent to promptly refund the Initial Deposit or the Deposit (as the case may be) (without

any interest thereon) to the Purchaser, and thereafter, no Party shall have any claim against the others under it save for any antecedent breach and provided that certain surviving clauses shall survive such termination.

Guarantees

The Vendor Holding Company guarantees the due and punctual performance and observance by the Vendor of all its undertakings, covenants, agreements and obligations in the Sale and Purchase Agreement, and undertakes to procure and ensure that the Vendor performs all such undertakings, covenants, agreements and obligations.

The Company guarantees the due and punctual performance and observance by the Purchaser and the Lessees of all their undertakings, covenants, agreements and obligations in or contemplated in the Sale and Purchase Agreement, and undertakes to procure and ensure that the Purchaser and the Lessees perform all such undertakings, covenants, agreements and obligations.

B. INFORMATION ON THE GROUP, THE VENDOR AND THE VENDOR HOLDING COMPANY

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

The Vendor Holding Company and its subsidiaries (including the Vendor) are principally engaged in civil engineering, construction and related services business and the business of property development, investment and management.

C. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Land has been leased to the Lessees and used by the Group as factories for manufacturing apparel and accessories for about 4 years. The Board considers that the Acquisition will ensure stable manufacturing operations of the Group in Cambodia, and that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

D. IMPLICATION UNDER THE LISTING RULES

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

E. DEFINITIONS

“Acquisition”	the acquisition of the Land by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement;
“Board”	the board of Directors;
“Bright Sky”	Bright Sky Pte Ltd, a company duly incorporated under the laws of Cambodia with limited liability;

“Business Day”	a business day other than a Saturday, Sunday, or any gazetted public holiday in Singapore or Cambodia on which commercial banks in Singapore and Cambodia are open for business;
“Cambodia”	the Kingdom of Cambodia;
“Company”	Luen Thai Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed and traded on the Stock Exchange (Stock Code: 311);
“Completion”	the completion of the Acquisition;
“Connected Person”	shall have the meaning as ascribed to it under the Listing Rules;
“Consideration”	the consideration payable by the Purchaser to the Vendor for the Acquisition;
“Director(s)”	director(s) of the Company for the time being;
“Escrow Account”	the escrow account held by the Escrow Agent;
“Escrow Agent”	the escrow agent for the escrow arrangements under the Sale and Purchase Agreement;
“Escrow Agreement”	the escrow agreement to be entered into between the Parties and the Escrow Agent on or about the date of the Sale and Purchase Agreement in respect of the Deposit and the related escrow arrangements;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Indemnification”	the Vendor Holding Company’s indemnification to Sunny Force Limited (being a wholly-owned subsidiary of the Company) in respect of certain tax claims for corporate income tax by the taxation authority in Cambodia;
“Indemnification Date”	the later of (a) the Completion Date or (b) five (5) Business Days after the Vendor Holding Company being given either (i) (if an Indemnification is payable) notice of the amount of Indemnification together with the related documents or (ii) (if no Indemnification is payable) the relevant certificate from the relevant tax authority;
“Independent Third Parties”	third parties who are independent of the Company and its Connected Persons;
“Land”	the parcel of land located at Lot No. 650, Trapeang Thloeng Village, Sangkat Chom Chao, Khan Por Sen Chey, Phnom Penh, the Kingdom of Cambodia;

“Lessee(s)”	Suntex and Bright Sky, which are wholly-owned subsidiaries of the Company and the lessees under the Tenancy Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long-Stop Date”	15 November 2017 or such other date as the Vendor Holding Company and the Company may agree in writing;
“Parties”	the parties to the Sale and Purchase Agreement, including the Purchaser, Vendor, the Company and the Vendor Holding Company;
“Purchaser”	Greystone Investment Co. Ltd., a company incorporated under the laws of Cambodia;
“Purchaser CP Fulfilment Date”	the date on which the Company gives to the Vendor Holding Company and the Escrow Agent notice of its satisfaction of a title search in respect of the Land with the land registry of Cambodia and a copy of the results of such title search;
“Reimbursements”	bank charges, costs, expenses and disbursements and applicable goods and services tax payable thereon incurred in relation to the release of the Deposit in accordance with the terms of the Escrow Agreement
“Sale and Purchase Agreement”	the sale and purchase agreement dated 27 September 2017 entered into between the Parties in respect of the acquisition of the Land by the Purchaser;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Suntex”	Suntex Pte Ltd., a company incorporated under the laws of Cambodia with limited liability;
“Tenancy Agreement”	the tenancy agreement dated 4 January 2013 entered into between the Vendor (as landlord) and the Lessees (as tenants) in respect of the leasing of the Land;
“USD” or “US\$”	United States dollars, the lawful currency of the United States of America;
“Vendor”	Suntex Investment Co. Ltd, a company incorporated in Cambodia and a wholly-owned subsidiary of the Vendor Holding Company;
“Vendor CP Fulfilment Notice Date”	the date on which the Vendor Holding Company gives the Company and the Escrow Agent the notice of the passing at a general meeting of the Vendor Holding Company of a resolution to approve the sale of the Land; and

“Vendor Holding
Company”

Ocean Sky International Limited, a company incorporated under the laws of the Republic of Singapore and the shares of which are listed and traded on the Catalist board of the Singapore Exchange Securities Trading Limited.

By order of the Board
Chiu Chi Cheung
Company Secretary

Hong Kong, 27 September 2017

As at the date hereof, the Board comprise 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

Seing Nea Yie

Chan Henry

Cheung Siu Kee

Company's website: www.luenthai.com