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LUEN THAI HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 311)

DISCLOSEABLE TRANSACTION LEASING OF PROPERTY IN PRC

THE LEASE AGREEMENT

The Board is pleased to announce that on 30 April 2018 (after the trading hours), the Lessor (an indirect wholly-owned subsidiary of the Company) entered into the Lease Agreement with the Lessee in respect of the leasing of the Property in Dongguan, Guangdong Province of the PRC for a term of six years from 1 June 2018 to 31 May 2024.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Lease Agreement is/are more than 5% but less than 25%, the Lease Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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The principal terms of the Lease Agreement are set out as follows:

Date: 30 April 2018

Parties:

- (i) The Lessor; and
- (ii) the Lessee.

Term:

The term of the Lease Agreement is six years commencing from 1 June 2018 to 31 May 2024.

The Property:

The Property is located at Tangxia, Dongguan, Guangdong Province of the PRC and has a total gross floor area of approximately 75,547 square meters. The Property comprises a main factory, and several buildings formerly used by the Group as its manufacturing plant, training centre, warehouses and offices. Pursuant to the terms of the Lease Agreement, the Property is leased to the Lessee for its business of office and supply chain management, logistics method design, logistics information consultation, warehousing services, road transports, leasing of properties, wholesale and retail sales, import and export of goods, and technology import and export. The Lessor's prior written approval is required if the Lessee wishes to engage in any simple manufacturing business in the Property. Any change in the Lessee's manufacturing business activities in the Property will require the Lessor's written consent.

Rent:

The monthly rent (exclusive of tax) payable by the Lessee to the Lessor during the term of the Lease Agreement is as follows:

Rent period	Rent
1 June 2018–15 July 2018	Free rental. Lessee to pay for utilities.
16 July 2018–31 May 2019	RMB1,208,752 per month
1 June 2019–30 June 2019	Free rental. Lessee to pay for utilities.
1 July 2019–31 May 2020	RMB1,208,752 per month
1 June 2020–30 June 2020	Free rental. Lessee to pay for utilities.
1 July 2020–31 May 2022	RMB1,329,627 per month
1 June 2022–31 May 2024	RMB1,462,590 per month

Security Payment:

Within seven business days upon signing of the Lease Agreement, the Lessee will pay to the Lessor a security payment of RMB3,626,256. Before 20 May 2020, the security payment will be increased to RMB3,988,881. Before 20 May 2022, the security payment will be increased to RMB4,387,770. The Lessor is entitled to deduct from the security payment an amount equal to any loss suffered by the Lessor and any overdue rental or utility payments.

Guarantee:

The Guarantor entered into a guarantee agreement with the Lessor on 30 April 2018, pursuant to which the Guarantor agreed to guarantee the Lessee's obligations under the Lease Agreement. The guarantee agreement shall be valid until 2 years after the expiry of the obligations under the Lease Agreement.

REASONS FOR AND THE BENEFITS OF THE LEASE AGREEMENT

The Property was formerly used by the Group as manufacturing plant, training centre, warehouses and offices, and was not fully utilised. The Board considers that the leasing of the Property will generate steady income to the Group. The Board is of the view that the Lease Agreement was entered into at arm's length at the prevailing market rent and on normal commercial terms, and is of the view that the entering of the Lease Agreement is in the best interest of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Lessor is an indirect wholly-owned subsidiary of the Company. The Group is principally engaged in the manufacturing and trading of apparel and accessories.

The Lessee is a company established in the PRC. The principal business of the Lessee is office and supply chain management, logistics method design, logistics information consultation, warehousing services, road transports, leasing of properties, wholesale and retail sales, import and export of goods, and technology import and export. The Guarantor is a company established in the PRC which engaged in logistics services, warehousing services, import and export of goods, technology import and export, and real estate information consultation. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lessee, the Guarantors and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Lease Agreement is/are more than 5% but less than 25%, the Lease Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings as set out below:

“Board”	the board of Directors
“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)
“connected persons”	has the meaning as defined under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	Dongguan Jintianda Logistics Co. Ltd* (東莞市金天達物流有限公司), a company established in the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Agreement”	the lease agreement dated 30 April 2018 entered into between the Lessor and the Lessee in relation to the leasing of the Property
“Lessee”	Dongguan Hongyuan Supply Chain Co. Ltd* (東莞市弘元供應鏈有限公司), a company established in the PRC
“Lessor”	Dongguan DT Bags Co. Ltd* (東莞星浩手袋有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	People’s Republic of China
“Property”	the property located at Qinghutou, Tangxia, Dongguan, Guangdong Province of the PRC

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“RMB” renminbi, the lawful currency of the PRC

By order of the Board
Luen Thai Holdings Limited
Chiu Chi Cheung
Company Secretary

Hong Kong, 30 April 2018

As at the date of this announcement, 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

Website: www.luenthai.com

* *For identification purpose only*