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LUEN THAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 311)

SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTION LEASING OF PROPERTY IN PRC

Reference is made to the announcement dated 30 April 2018 (the “Announcement”) in relation to, among other things, the Previous Lease Agreement. Unless otherwise defined, terms defined in the Announcement shall have the same meaning when used herein.

The Board announces that on 14 December 2018 (after trading hours of the Stock Exchange), 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 five years and six months from 1 January 2019 to 30 June 2024.

IMPLICATIONS UNDER THE LISTING RULES

Based on the terms of the Lease Agreement, as none of the applicable percentage ratios exceed 5%, the Lease Agreement does not constitute notifiable transactions of the Company under Chapter 14 of the Listing Rules.

Given that the terms of the lease under the Previous Lease Agreement was still subsisting as at the date of this announcement, each of the Lease and the lease under the Previous Lease Agreement were aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Lease in aggregate with the lease under the Previous Lease Agreement is/are more than 5% but less than 25%, the Lease and the lease under the Previous Lease Agreement, in aggregate, will still be classified as a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE LEASE AGREEMENT

The Board announces that on 14 December 2018 (after trading hours of the Stock Exchange), 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 five years and six months from 1 January 2019 to 30 June 2024.

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

Date: 14 December 2018

Parties:

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

Term:

The term of the Lease Agreement is five years and six months commencing from 1 January 2019 to 30 June 2024.

The Property:

The Property is located at Tangxia, Dongguan, Guangdong Province of the PRC and has a total gross floor area of approximately 11,508 square meters. The Property comprises dormitory rooms, common toilets and a ground floor formerly used by the Group as a dormitory and canteen for its employees. Pursuant to the terms of the Lease Agreement, the Property is leased to the Lessee as a dormitory for the Lessee's employees and family members, providing the Lessee's visitors a rest area and to provide a canteen to the Lessee's employees and visitors. The Lessor's prior written approval is required if the Lessee wishes to use the Property aside from the purposes aforesaid.

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 January 2019–31 January 2019	Free rental. Lessee to pay for utilities.
1 February 2019–31 December 2019	RMB100,000 per month
1 January 2020–31 January 2020	Free rental. Lessee to pay for utilities.
1 February 2020–31 December 2020	RMB100,000 per month
1 January 2021–31 January 2021	Free rental. Lessee to pay for utilities.
1 February 2021–31 December 2022	RMB110,000 per month
1 January 2023–30 June 2024	RMB121,000 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 RMB200,000. Before 20 December 2020, the security payment will be increased to RMB220,000. Before 20 December 2022, the security payment will be increased to RMB242,000. 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.

PREVIOUS LEASE AGREEMENT

On 30 April 2018, the Lessor has entered into the Previous Lease Agreement with the Lessee for the lease of certain properties located in Qinghutou, Tangxia, Dongguan, Guangdong Province of the PRC of total gross floor area of approximately 75,547 square meters.

REASONS FOR AND THE BENEFITS OF THE LEASE AGREEMENT

The Property was formerly used by the Group as a dormitory and canteen for the Group's employees working at the neighbouring property under the Previous Lease Agreement, and was not fully utilised. The Board considers that the leasing of the Property will generate steady income to the Group and at the same time to enhance the working capital of 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 a 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. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lessee and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

Based on the terms of the Lease Agreement, as none of the applicable percentage ratios exceed 5%, the Lease Agreement does not constitute notifiable transactions of the Company under Chapter 14 of the Listing Rules.

Given that the terms of the lease under the Previous Lease Agreement was still subsisting as at the date of this announcement, each of the Lease and the lease under the Previous Lease Agreement were aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Lease in aggregate with the lease under the Previous Lease Agreement is/are more than 5% but less than 25%, the Lease and the lease under the Previous Lease Agreement, in aggregate, will still be classified as 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:

“Lease”	the lease of the Property under the Lease Agreement
“Lease Agreement”	the lease agreement dated 14 December 2018 entered into between the Lessor and the Lessee in relation to the leasing of the Property
“Previous Lease Agreement”	the lease agreement dated 30 April 2018 entered into between the Lessor and the Lessee in relation to the leasing of a main factory, and several buildings located in Qinghutou, Tangxia, Dongguan, Guangdong Province of the PRC

“Property” the property located at Qinghutou, Tangxia, Dongguan, Guangdong Province of the PRC under the Lease Agreement

“Shareholders” holder of shares of the Company

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

Hong Kong, 14 December 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

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