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## **LUEN THAI HOLDINGS LIMITED**

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

**(Stock Code: 311)**

### **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO RENEWAL OF CONTINUING CONNECTED TRANSACTION FOR THE YEAR ENDING 31 DECEMBER 2019**

Reference is made to the announcement of Luen Thai Holdings Limited (the “**Company**”) dated 19 December 2019 (the “**Announcement**”) in relation to, among others, the entering into of the New Master Logistics Agreement and the New Lease Agreement. Unless otherwise specified, capitalised terms used herein shall have the same meaning ascribed to them in the Announcement.

This announcement intends to elaborate on the pricing policy and to provide additional information on the internal control procedures in relation to the New Master Logistics Agreement and the New Lease Agreement.

#### **PRICING POLICY**

##### **(A) New Master Logistics Agreement**

As a general principle, the price of the Logistics Services will be on normal commercial terms, negotiated on an arm’s length basis, on similar basis as the Group transaction business with other independent third party service providers and shall be on terms which are no less favourable to the Group than those offered by independent third party service providers.

Subject to the general principle disclosed above, the Group will also take into account the following factors when determining the service fee payable by the Group for the Logistics Services: (i) freight volume and size; (ii) nature and requirements of items on freight; (iii) freight charges otherwise offered by other independent logistics service providers; and (iv) prevailing rates offered by the CTSI Group for items of comparable nature.

## **(B) New Lease Agreement**

As a general principle, the monthly rent of the leased properties will be on normal commercial terms, negotiated on an arm's length basis, on similar basis as the Group lease property from independent third party landlord and shall be on terms which are no less favourable to the Group than those offered to independent third party tenant.

Subject to the general principle disclosed above, the Group will also take into account the following factors when determining the monthly rent to be payable by the Group under the New Lease Agreement: (i) attributes of the leased properties; (ii) location of the leased properties; (iii) size of the leased properties; (iv) actual charges for utilities consumed; and (v) rental rate of surrounding properties with similar attributes.

## **INTERNAL CONTROLS**

The Company would like to supplement the following additional information in relation to the section headed "Internal Controls" in the Announcement:

To ensure that the continuing connected transactions contemplated under the New Master Logistics Agreement and the New Lease Agreement are fair and reasonable and on normal commercial terms, the Company has adopted the following internal control procedures:

- (a) The management of the Company shall meet to discuss and assess the terms and conditions and the pricing mechanism of each transaction contemplated under the New Master Logistics Agreement and the New Lease Agreement before entering into such transactions to ensure that they are on normal commercial terms;
- (b) The finance department of the Company also conducts monthly review on such transactions and will submit such information for the Board's review not less than three times annually, including but not limited to the historical and actual transaction amounts, to ensure that the relevant transactions are carried out in accordance with the terms of the New Master Logistics Agreement and the New Lease Agreement and will not exceed the respective annual caps;
- (c) Review of rental comparables available from the market; and
- (d) Other relevant internal control measures disclosed in the section headed "Internal Controls" in the Announcement.

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

Hong Kong, 27 December 2019

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

Seing Nea Yie

Wang Ching

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