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LUEN THAI HOLDINGS LIMITED
聯泰控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 311)

CONNECTED AND DISCLOSEABLE TRANSACTION
ACQUISITION OF SHARES OF TRINEW LIMITED
AND
TERMINATION OF OPTIONS

Reference is made to the announcements of the Company dated 16 June 2008 and 29 December 2008 in relation to, inter alia, the acquisition of 600 Shares in Trinew by Fortune Investment, a wholly-owned subsidiary of the Company, from Ospella pursuant to the Previous S&P Agreement. After the completion of the Previous S&P Agreement which took place on 8 August 2008, Trinew is owned as to 60% by Fortune Investment and as to 40% by Ospella.

Upon completion of the Previous S&P Agreement, the First Option Deed and the Second Option Deed were executed. Under the First Option Deed, a call option was granted by Ospella to Fortune Investment and a put option was granted by Fortune Investment to Ospella, both in respect of the sale and purchase of 200 Shares (representing 20% in the issued share capital of the Trinew). Under the Second Option Deed, a call option was granted by Ospella to Fortune Investment and a put option was granted by Fortune Investment to Ospella both in respect of the sale and purchase of 200 Shares (representing 20% in the issued share capital of the Trinew).

The Board announces that Fortune Investment has entered into the conditional Sale and Purchase Agreement dated 19 April 2010 with, among others, Ospella to acquire the Sale Shares, representing 40% interest in the issued share capital of Trinew, at the purchase price of HK\$57,000,000 subject to the terms and conditions set out therein. Upon Completion, Trinew will become an indirect wholly-owned subsidiary of the Company.

The Directors (including the independent non-executive Directors) consider that the terms of the Transaction Documents and the transactions contemplated thereunder (including, without limitation, the acquisition of the Sale Shares and the termination of the Options) were respectively negotiated on an arm's length basis, made on normal commercial terms, and the terms of the Transaction Documents are fair and reasonable, and in the interests of the Group and the Company's shareholders as a whole.

Ospella is a substantial shareholder of Trinew. Trinew in turn is a 60%-owned subsidiary of the Company. Therefore Ospella is a Connected Person of the Company. According to the applicable Percentage Ratios, the entering into of the Transaction Documents constitutes a connected and discloseable transaction for the Company pursuant to Chapter 14A of the Listing Rules, which is subject to reporting, announcement and independent shareholders' approval requirements.

No shareholder of the Company is required to abstain from voting on the entering of the Transaction Documents. Capital Glory Limited, being the controlling shareholder of the Company holding as at the date of this announcement 614,250,000 shares of the Company and representing approximately 61.89% of all shareholders' voting rights, has on 19 April 2010 given an irrevocable and unconditional written confirmation to the Company that it approves the entering into of the Transaction Documents and the transactions contemplated thereunder (including, without limitation, the acquisition of the Sale Shares and the termination of the Options).

Pursuant to Rule 14A.43 of the Listing Rules, the Company will apply to the Stock Exchange for a waiver from strict compliance of the requirement for holding a general meeting to seek Independent Shareholders' approval in respect of the entering into of the transactions contemplated under the Transaction Documents (including, without limitation, the acquisition of the Sale Shares and the termination of the Options) on the basis that no shareholder of the Company is required to abstain from voting if the Company were to convene a general meeting for the approval of the transactions under the Transaction Documents and Capital Glory Limited has given such an irrevocable and unconditional written confirmation.

A circular containing, among other things, further details of the Transaction Documents and the transactions contemplated thereunder, the recommendations of the Independent Board Committee and the Independent Financial Adviser will be despatched to the shareholders of the Company in accordance with the requirements under the Listing Rules as soon as practicable.

A. BACKGROUND

Reference is made to the announcements of the Company dated 16 June 2008 and 29 December 2008 in relation to, inter alia, the acquisition of 600 Shares in Trinew by Fortune Investment, a wholly-owned subsidiary of the Company, from Ospella pursuant to the Previous S&P Agreement. After the completion of the Previous S&P Agreement which took place on 8 August 2008, Trinew is owned as to 60% by Fortune Investment and as to 40% by Ospella.

Upon completion of the Previous S&P Agreement, the First Option Deed and the Second Option Deed were executed.

Under the First Option Deed, a call option was granted by Ospella to Fortune Investment and a put option was granted by Fortune Investment to Ospella, both in respect of the sale and purchase of 200 Shares (representing 20% in the issued share capital of the Trinew). The call option and the put option granted under the First Option Deed shall be exercisable at any time during the four-year period from 1 January 2011 to 31 December 2014 (both days inclusive) at the respective option price in accordance with the terms thereunder.

Under the Second Option Deed, a call option was granted by Ospella to Fortune Investment and a put option was granted by Fortune Investment to Ospella both in respect of the sale and purchase of 200 Shares (representing 20% in the issued share capital of the Trinew). The call option and the put option granted under the Second Option Deed shall be exercisable at any time during the three-year period from 1 January 2012 to 31 December 2014 (both days inclusive) at the respective option price in accordance with the terms thereunder.

Upon completion of the Previous S&P Agreement, Mr. Inglis entered into the Employment Agreement with Trinew pursuant to which Mr. Inglis was appointed as the chief executive officer of the Desktop Group.

As security for certain obligations of Ospella and Mr. Inglis under the Previous S&P Agreement and in connection with the Desktop Group, the Share Charge, the Old Charge over Account and the Charge over Account Receivables were executed.

B. THE SALE AND PURCHASE AGREEMENT

The Board announces that Fortune Investment has entered into the conditional Sale and Purchase Agreement with, among others, Ospella to acquire the Sale Shares, representing 40% interest in the issued share capital of Trinew, at the purchase price of HK\$57,000,000 subject to the terms and conditions set out therein. Upon Completion, Trinew will become an indirect wholly-owned subsidiary of the Company.

Details of the conditional Sale and Purchase Agreement are as follows:

Date

19 April 2010

Parties

- (1) Fortune Investment, as the purchaser
- (2) Ospella, as the vendor
- (3) Mr. Inglis
- (4) Luen Thai Overseas

Principal Terms

Pursuant to the terms of the Sale and Purchase Agreement, Ospella agreed to sell to Fortune Investment, and Fortune Investment agreed to purchase from Ospella, the Sale Shares, representing 40% interest in the issued share capital of Trinew at the consideration of HK\$57 million, subject to and upon the terms and conditions therein.

The total consideration of HK\$57 million payable by the Purchaser under the Sale and Purchase Agreement was determined after arm's length negotiation with reference to the net asset value of the Desktop Group as at 31 December 2009.

The Company intends to finance the acquisition of the 40% interest in Trinew under the Sale and Purchase Agreement by its internal resources.

Completion is conditional upon the satisfaction of a number of Conditions, the major ones, amongst the others, being:

- (a) all applicable law, rules and regulations (including but without limitation to the Listing Rules) for entering into the transaction(s) contemplated under the Transaction Documents having been complied with;
- (b) all necessary Approvals, including but not limited to any necessary approvals from the shareholders and the board of directors of the Purchaser and the Company respectively in respect of the entering into of the Transaction Documents and the transaction(s) contemplated thereunder having been obtained; and
- (c) each of the Transaction Documents (including the Sale and Purchase Agreement, the Supplemental Deed, the New Charge over Account and the Assignment of UPLA Receivable) having been duly executed by the parties thereto.

If one or more of the Conditions, remains un-satisfied by the Conditions Fulfillment Date (or such later date as the Vendor and the Purchaser may agree in writing) and has not been waived on or before that date; or becomes impossible to satisfy on or before the Conditions Fulfillment Date (or such later date as the Vendor and the Purchaser may agree in writing), the Sale and Purchase Agreement shall automatically be terminated with immediate effect and each party's rights and obligations under the Sale and Purchase Agreement shall cease immediately on termination.

Completion shall take place on the third Business Day after the date on which all the Conditions have been fulfilled (or waived by the Purchaser in respect of all Conditions except Conditions as set in (a) and (b) above) or on such later date as the parties may agree in writing.

Pursuant to the Sale and Purchase Agreement, the parties agreed, among other things, that upon Completion:

- (a) the Purchaser shall satisfy and pay the purchase price in the total sum of HK\$57 million by depositing the same into the Charged Account as the Charged Amount to be held subject to the New Charge over Account;
- (b) the Purchaser shall release the Share Charge, the Old Charge over Account and the Charge over Account Receivables to the Vendor, and deliver to the Vendor the Assignment of UPLA Receivable duly executed by Desktop HK;
- (c) the Purchaser shall procure Desktop HK to repay the Shareholder's Loan in the sum of HK\$24 million to the Vendor;
- (d) the Vendor shall deliver to the Purchaser the New Charge over Account duly executed by the Vendor as security for the Secured Obligations;
- (e) all the rights and obligations given by the Warrantors, the Purchaser and Luen Thai Overseas respectively under the Previous S&P Agreement shall be terminated upon Completion;
- (f) the Option Deeds shall be terminated and all the Options granted under the Option Deeds shall be cancelled and of no further effect;

- (g) the Supplemental Deed shall be duly executed by the parties thereto, pursuant to which the terms under the Deed of Tax Indemnity will be varied such that the indemnity given by the Warrantors under the Deed of Tax Indemnity will relate to any claims made by the taxation authority in Hong Kong only;
- (h) Mr. Inglis shall resign from the post of chief executive officer and all the director's posts of the Desktop Group, and the Employment Agreement shall be terminated accordingly.

Pursuant to the Sale and Purchase Agreement, Luen Thai Overseas shall guarantee to the Warrantors the due and punctual payment and discharge by the Purchaser of its payment obligations under the Sale and Purchase Agreement and each other Transaction Documents to which it is a party.

C. INFORMATION ON TRINEW

As at the date of this announcement, Trinew is a private company duly incorporated in the BVI having an issued share capital of 1,000 Shares, all of which have been issued and fully paid up. Trinew is owned as to 60% by Fortune Investment and as to 40% by Ospella.

Since completion of the acquisition of the 600 Shares by Fortune Investment pursuant to the Previous S&P Agreement on 8 August 2008, Trinew became a subsidiary of the Company.

Trinew, through the Desktop Subsidiaries, is principally engaged in the manufacturing of laptop bags, luxury and fashionable bags and other general bags products.

For the financial year ended 31 December 2008, the unaudited consolidated net losses before and after taxation and extraordinary items of the Desktop Group were approximately US\$1,545,000 and approximately US\$3,045,000 respectively.

For the financial year ended 31 December 2009, the unaudited consolidated net losses before and after taxation and extraordinary items of the Desktop Group were approximately US\$5,121,000 and approximately US\$6,983,000 respectively.

The unaudited net asset value of the Desktop Group as at 31 December 2009 was approximately US\$19,818,000.

D. REASONS FOR THE TRANSACTIONS

Since completion of the Previous S&P Agreement which took place on 8 August 2008, the Group acquired 60% interest in Trinew. Pursuant to the Sale and Purchase Agreement, Trinew will become a wholly-owned subsidiary of the Group upon Completion.

The Board believes that the acquisition of the Sale Shares and the entering into of the transactions under the Transaction Documents will give the Group more flexibility in the management and decision-making matters of the Desktop Group, which are conducive to the "lean reengineering" strategy currently implemented by the Group, which aims at cutting the production costs, reducing the operating process within each business unit and resulting in increase in productivity of the Group. The Board believes that after the

Completion, management overheads of the Desktop Group will be saved considerably in merchandising, technical centre and factory production by reallocating resources within the Group in a more flexible and efficient manner.

As a result of the entering into of the Sale and Purchase Agreement and the proposed acquisition of the Sale Shares (representing 40% of the issued share capital of Trinew), the Option Deeds and the Options granted thereunder will be terminated in accordance with the terms of the Sale and Purchase Agreement when Completion takes place.

The Directors (including the independent non-executive Directors) consider that the terms of the Transaction Documents and the transactions contemplated thereunder (including, without limitation, the acquisition of the Sale Shares and the termination of the Options) were respectively negotiated on an arm's length basis, made on normal commercial terms, and the terms of the Transaction Documents are fair and reasonable, and in the interests of the Group and the Company's shareholders as a whole.

E. LISTING RULE IMPLICATIONS

Ospella is a substantial shareholder of Trinew. Trinew in turn is a 60%-owned subsidiary of the Company. Therefore Ospella is a Connected Person of the Company. According to the applicable Percentage Ratios, the entering into of the Transaction Documents constitutes a connected and discloseable transaction for the Company pursuant to Chapter 14A of the Listing Rules, which is subject to reporting, announcement and independent shareholders' approval requirements.

No shareholder of the Company is required to abstain from voting on the entering of the Transaction Documents. Capital Glory Limited, being the controlling shareholder of the Company holding as at the date of this announcement 614,250,000 shares of the Company and representing approximately 61.89% of all shareholders' voting rights, has on 19 April 2010 given an irrevocable and unconditional written confirmation to the Company that it approves the entering into of the Transaction Documents and the transactions contemplated thereunder (including, without limitation, the acquisition of the Sale Shares and the termination of the Options).

Pursuant to Rule 14A.43 of the Listing Rules, the Company will apply to the Stock Exchange for a waiver from strict compliance of the requirement for holding a general meeting to seek Independent Shareholders' approval in respect of the entering into of the transactions contemplated under the Transaction Documents (including, without limitation, the acquisition of the Sale Shares and the termination of the Options) on the basis that no shareholder of the Company is required to abstain from voting if the Company were to convene a general meeting for the approval of the transactions under the Transaction Documents and Capital Glory Limited has given such an irrevocable and unconditional written confirmation.

A circular containing, among other things, further details of the Transaction Documents and the transactions contemplated thereunder, the recommendations of the Independent Board Committee and the Independent Financial Adviser will be despatched to the shareholders of the Company in accordance with the requirements under the Listing Rules as soon as practicable.

F. GENERAL

The Group is principally engaged in the manufacture and trading of garment, textile products and luxury and laptop bags and the provision of freight forwarding and logistics service.

Ospella is an investment holding company.

G. DEFINITIONS

“Approvals”	all approvals, sanctions, consents, permissions, certificates and authorisations from any person and filings and registrations with any person of any relevant jurisdictions;
“Assignment of the UPLA Receivable”	the assignment of the UPLA Receivable to be executed by Desktop HK to the Vendor;
“Board”	the board of Directors of the Company;
“Business Day”	a day (excluding Saturdays) on which banks are generally open for business in Hong Kong;
“Charged Account”	the bank account for the purpose of depositing the Charged Amount pursuant to the New Charge over Account;
“Old Charge over Account”	the charge over account dated 8 August 2008 executed by Ospella in favour of Fortune Investment, under which certain cash deposits were charged as security for the obligations of the Warrantors under the Previous S&P Agreement;
“Charged Amount”	the sum of HK\$57 million;
“Charge over Account Receivables”	a charge over account receivables dated 29 December 2008 executed by Ospella in favour of Fortune Investment;
“Company”	Luen Thai Holdings Limited, the shares of which are listed on the Stock Exchange;
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the Sale and Purchase Agreement;
“Connected Person”	shall have the meaning as ascribed to it under the Listing Rules;
“Conditions”	the conditions precedent to Completion as set out in the Sale and Purchase Agreement;
“Conditions Fulfillment Date”	15 June 2010 or such later date as may be agreed in writing by the parties to the Sale and Purchase Agreement;
“Deed of Tax Indemnity”	the deed of tax indemnity dated 8 August 2008 executed by the Warrantors in favour of each of the Purchaser, Trinew and each of the Desktop Subsidiaries;
“Desktop BVI”	Desk Top Bags (Mfg) Ltd., a company incorporated under the laws of the British Virgin Islands and a direct wholly-owned subsidiary of Trinew;

“Desktop HK”	Desk Top Limited, a company incorporated under the laws of Hong Kong and a subsidiary of Trinew;
“Desktop Group”	Trinew and its subsidiaries;
“Desktop Macau”	Desk Top Manufacturacao Malas. Lda. (Desk Top Bags (Mfg) Ltd.), a company incorporated under the laws of Macau and an indirect wholly-owned subsidiary of Trinew;
“Desktop Subsidiaries”	Desktop HK, Desktop BVI, Desktop Macau, DLuxe Bags, Dongguan Xingxi and Dongguan Xinghao, all being the subsidiaries of Trinew;
“Directors”	directors of the Company for the time being;
“DLuxe Bags”	DLuxe Bags Limited, a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of Trinew;
“Dongguan Xinghao”	東莞星浩手袋有限公司 (Dongguan Xing Hao Handbags Factory Co., Limited), a wholly-foreign owned entity incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of Trinew;
“Dongguan Xingxi”	東莞星系手袋廠有限公司 (Dongguan Xingxi Handbags Factory Co., Limited), a wholly-foreign owned entity incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of Trinew;
“Eligible Credit Supports”	credit insurance or credit support which are agreed by the Purchaser and the Vendor from time to time to have the effect of reducing the maximum liability of the Warrantors in respect of the Targus Receivables;
“Employment Agreement”	the employment agreement dated 8 August 2008 entered into between Trinew and Mr. Inglis;
“First Option Deed”	the Option Deed dated 8 August 2008 executed by Fortune Investment, Ospella and Mr. Inglis in respect of the sale and purchase of the first 20% interest in the issued share capital of Trinew;
“Fortune Investment” or “Purchaser”	Fortune Investment Overseas Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“HK\$” or “HK Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent board committee of the Company comprising Chan Henry, Cheung Siu Kee and Seing Nea Yie, being all the independent non-executive Directors;

“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the independent shareholders of the Company in relation to the Transactions Documents and the transactions thereunder;
“Independent Shareholders”	shareholders of the Company who are not required to abstain from voting on the entering into of the Transaction Documents and the transactions thereunder;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Luen Thai Overseas”	Luen Thai Overseas Limited, a company incorporated in the Bahamas and a wholly-owned subsidiary of the Company;
“Mr. Inglis”	Mr. Owen John Inglis;
“New Charge over Account”	a charge over account to be executed by the Vendor in favour of the Purchaser as security for the Secured Obligations;
“Old Charge over Account”	the charge over account dated 8 August 2008 executed by the Vendor in favour of the Purchaser, as supplemented by the supplemental deed to the charge over account dated 29 December 2008;
“Options”	all the call options and put options granted pursuant to the Option Deeds;
“Option Deeds”	collectively, the First Option Deed and the Second Option Deed;
“Ospella” or “Vendor”	Ospella International Limited, a company incorporated under the laws of the British Virgin Islands which is wholly-owned by Mr. Inglis;
“Percentage Ratios”	shall have the meaning as ascribed to it under Chapter 14 of the Listing Rules;
“Previous Completion Date”	8 August 2008, i.e. the completion date for the sale and purchase of the 600 Shares in Trinew pursuant to the Previous S&P Agreement;
“Previous S&P Agreement”	the sale and purchase agreement dated 11 June 2008 entered into among the Vendor, Mr. Inglis, the Purchaser and Luen Thai Overseas in relation to the sale and purchase of 600 Shares in Trinew, as supplemented by a supplemental letter agreement dated 16 June 2008, and a second supplemental agreement dated 29 December 2008;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 19 April 2010 entered into between Ospella, Fortune Investment, Mr. Inglis and Luen Thai Overseas in relation to the sale and purchase of 400 Shares in Trinew;
“Sale Shares”	400 Shares, representing 40% of the total issued share capital of Trinew;

“Second Option Deed”	the Option Deed dated 8 August 2008 executed by Fortune Investment, Ospella and Mr. Inglis in respect of the sale and purchase of the second 20% interest in the issued share capital of Trinew;
“Secured Obligations”	certain obligations and liabilities from time to time and at any time owing by the Warrantors to the Purchaser and the Desktop Group pursuant to the Sale and Purchase Agreement, namely: (a) the obligations to indemnify each of the Purchaser, Luen Thai Overseas and the Desktop Group from and against any failure of Targus and its relevant affiliates to duly pay and settle the Targus Receivables during the Targus Relevant Period, save for those Targus Receivables which can be recovered from the Eligible Credit Supports; and (b) the obligations to satisfy and discharge the liability under any notice of assessment or tax demand on the Purchaser or any member of the Desktop Group by the taxation authority in Hong Kong in relation to the income, profits or gains accrued to, earned or received by any member of the Desktop Group in respect of any period on or before the Previous Completion Date relating to certain taxation cases and related taxation matters concerning Desktop HK and Desktop BVI and their subsidiaries in the PRC and which are in excess of HK\$14.3 million;
“Share Charge”	the share charge dated 8 August 2008 executed by the Vendor in favour of the Purchaser in respect of Trinew;
“Shareholder’s Loan”	the shareholder’s loan provided by the Vendor to Desktop HK in the sum of HK\$24 million pursuant to the shareholders’ loans agreement dated 29 December 2008 entered into among the Vendor, the Purchaser and Desktop HK;
“Shares”	shares of par value US\$1 each in the capital of Trinew;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Deed”	the supplemental deed to the Deed of Tax Indemnity to be executed by the Vendor, Mr. Inglis, the Purchaser and each of the Desktop Subsidiaries;
“Targus”	Targus Group International, Inc. and/or its affiliates to whom any member of the Desktop Group issues invoices;
“Targus Receivables”	all accounts receivables invoiced against or accrued, due and payable by Targus and its Affiliates to any of the Desktop Group Companies during the Targus Relevant Period;
“Targus Relevant Period”	the period commencing from the date of Sale and Purchase Agreement until the expiry of the 90 days from the date of the Sale and Purchase Agreement;
“Transaction Documents”	the Sale and Purchase Agreement, the Supplemental Deed, the Assignment of the UPLA Receivable and the New Charge over Account;

“Trinew”	Trinew Limited, a company incorporated in the British Virgin Islands and a 60%-owned subsidiary of Fortune Investment;
“UPLA”	a company registered in Paris, France with commercial registry no. 485 385 595, having its address at 7 Cité de l’Ameublement 75011 Paris;
“UPLA Receivable”	the account receivable in the sum of US\$226,151.75 due from UPLA to Desktop HK and all related sureties;
“US”	the United States of America;
“US\$”	US Dollars, the lawful currency of the US; and
“Warrantors”	the Vendor and Mr. Inglis.

By order of the Board
Chiu Chi Cheung
Company Secretary

Dated 19 April 2010

As at the date hereof, the Board of Directors of the Company comprise the following Directors:

Executive Directors:

Tan Siu Lin (*Chairman*)
Tan Henry
Tan Cho Lung, Raymond
Tan Sunny
Mok Siu Wan, Anne

Independent Non-executive Directors:

Chan Henry
Cheung Siu Kee
Seing Nea Yie

Non-executive Directors:

Tan Willie
Lu Chin Chu

Website: www.luenthai.com