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LUEN THAI HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock code: 311)

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 5 December 2011 regarding the provision of shipping agency services and freight services by the Group to MELL and the Private Group.

Taking into account the continuous increase in demand for shipping agency services and freight services by MELL and the Private Group, and the actual transaction amounts for the provision of the shipping agency services and freight services received by the Group respectively from MELL and the Private Group, the Directors consider that: (a) the original annual cap for the shipping agency services under the Shipping Master Agreement will be insufficient for the expected amounts to be received by the Group for the remaining term of the Shipping Master Agreement; and (b) the original annual cap for the freight services under the Freight Master Agreement will be insufficient for the expected amounts to be received by the Group for the remaining term of the Freight Master Agreement. The Directors have, therefore, revised such annual caps.

For the shipping agency services under the Shipping Master Agreement, the annual cap will be revised from approximately US\$800,000 (approximately HK\$6,224,000), US\$840,000 (approximately HK\$6,535,200) and US\$880,000 (approximately HK\$6,846,400) respectively to approximately US\$920,000 (approximately HK\$7,157,600), US\$1,020,000 (approximately HK\$7,935,600) and US\$1,120,000 (approximately HK\$8,713,600) respectively for each of the three years ending on 31 December 2014.

For the freight services under the Freight Master Agreement, the annual cap will be revised from approximately US\$320,000 (approximately HK\$2,489,600), US\$340,000 (approximately HK\$2,645,200) and US\$360,000 (approximately HK\$2,800,800) respectively to approximately US\$550,000 (approximately HK\$4,279,000), US\$600,000 (approximately HK\$4,668,000) and US\$650,000 (approximately HK\$5,057,000) respectively for each of the three years ending on 31 December 2014.

As the applicable Percentage Ratios for the revised annual caps under both the Shipping Master Agreement and the Freight Master Agreement on an annual basis are more than 0.1% but less than 5%, the revision to the annual caps will continue to be subject to the reporting and announcement requirements under the Listing Rules and is exempt from the independent shareholders' approval requirement under the Listing Rules.

Reference is made to the announcement of the Company dated 5 December 2011 regarding the provision of shipping agency services and freight services by the Group to MELL and the Private Group.

A. SHIPPING AGENCY SERVICES

1. Background

On 5 December 2011, CTSI CNMI, for itself and on behalf of the Group, has entered into the Shipping Master Agreement with MELL in respect of the provision of shipping agency services by the Group to MELL for a term of three years from 1 January 2012 to 31 December 2014, unless terminated by either party giving 30 days' written notice.

Pursuant to the Shipping Master Agreement, the Group provides shipping agency services, including but not limited to cargo solicitation, market reports, preparation of shipping documentation, cargo loading and discharge, vessel husbanding, container monitoring and control, as well as customer services, as an agent for MELL in various jurisdictions, including the Philippines, Guam and the CNMI.

2. Connected Person

MELL is owned as to 45% by Luen Thai Enterprises Limited. Luen Thai Enterprises Limited in turn is controlled by Mr. Tan Henry, an executive Director and the chief executive officer of the Company.

MELL is therefore an Associate and hence a Connected Person of the Company for the purpose of the Listing Rules. MELL is principally engaged in the provision of ocean cargo service in Asia.

3. Revision of the original annual cap

As mentioned in the announcement of the Company dated 5 December 2011, the original annual cap for the shipping agency services under the Shipping Master Agreement was approximately US\$800,000 (approximately HK\$6,224,000), US\$840,000 (approximately HK\$6,535,200) and US\$880,000 (approximately HK\$6,846,400) respectively for each of the three years ending on 31 December 2014.

For the year ended 31 December 2011 and the nine months ended 30 September 2012, the aggregate fees received by the Group for its provision of shipping agency services to MELL under the Shipping Master Agreement amounted to approximately US\$708,000 (approximately HK\$5,508,240), and US\$516,000 (approximately HK\$4,014,480) respectively.

Taking into account the continuous increase in demand for shipping agency services by MELL due to the growth of MELL's business and the actual transaction amounts for the provision of shipping agency services received by the Group from MELL for the nine months ended 30 September 2012, the Directors consider that the original annual cap for the shipping agency services under the Shipping Master Agreement will be insufficient for the expected amounts to be received by the Group for the remaining term of the Shipping Master Agreement.

In light of the foregoing, the Directors have revised the annual cap for the shipping agency services under the Shipping Master Agreement to approximately US\$920,000 (approximately HK\$7,157,600), US\$1,020,000 (approximately HK\$7,935,600) and US\$1,120,000 (approximately HK\$8,713,600) respectively for each of the three years ending on 31 December 2014.

Save for the revision to the annual cap for each of the three years ending 31 December 2014, all the terms and conditions of the Shipping Master Agreement remain unchanged.

4. Reasons for entering into the Shipping Master Agreement

The Group has been providing shipping agency services to MELL since and prior to the Company's listing on the Stock Exchange in 2004. The Directors believe that such transactions are beneficial to the Group as a whole as the Group is able to leverage on its relationship with MELL to establish new client contacts for its logistics business.

The fees paid and to be paid by MELL to the Group for the shipping agency services under the Shipping Master Agreement shall be determined after arm's length negotiations on normal commercial terms with reference to the prevailing rates in the shipping agency industry, and are charged on the same bases as those for Independent Third Parties. Payment of the fees by MELL to the Group in relation to such shipping agency services is on a case by case basis, and is generally to be made within 45 days from the invoice date. The terms of the Shipping Master Agreement and the transactions thereunder were negotiated on an arm's length basis, and the Directors (including the independent non-executive Directors) consider that the shipping agency services under the Shipping Master Agreement and their respective terms are fair and reasonable and are in the interests of the Group and the Company's shareholders as a whole.

5. Implications under the Listing Rules

The shipping agency services under the Shipping Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable Percentage Ratios for the revised annual cap of the fees to be paid by MELL to the Group under the Shipping Master Agreement on an annual basis for each of the three years ending on 31 December 2014 are more than 0.1% but less than 5%, the revision to the annual cap will continue to be subject to the reporting and announcement requirements under the Listing Rules and is exempt from the independent shareholders' approval requirement under the Listing Rules.

Mr. Tan Siu Lin, together with his sons Mr. Tan Henry, Mr. Tan Willie, Mr. Tan Cho Lung, Raymond and Mr. Tan Sunny, who are all Directors, have a material interest in the transactions contemplated under the Shipping Master Agreement. Accordingly, they have abstained from voting on the board resolutions of the Company approving the entering into of the Shipping Master Agreement and the transactions contemplated thereunder, as well as the above revised annual cap for the shipping agency services.

B. FREIGHT SERVICES

1. Background

On 5 December 2011, CTSI CNMI, for itself and on behalf of the Group, has entered into the Freight Master Agreement with Helmsley and THC (on behalf of the Private Group) in respect of the provision of freight services by the Group to the Private Group for a term of three years from 1 January 2012 to 31 December 2014, unless terminated by either party giving 30 days' written notice.

Pursuant to the Freight Master Agreement, the Group as a shipping operator provides freight services including but not limited to the booking of freight space as well as other trucking and warehousing services directly to the relevant members of the Private Group, including Luen Thai Fishing, Cosmos Saipan, Cosmos Guam, Marshall Island Fishing Venture, Zhong Thai Fisheries and Palau International Traders.

2. Connected Persons

Helmsley is owned as to 70% by Mr. Tan Henry, an executive Director and the chief executive officer of the Company. Hence, Helmsley is a Connected Person of the Company.

THC is owned as to 35% by Mr. Tan Henry. Hence, THC is a Connected Person of the Company.

Luen Thai Fishing is a wholly-owned subsidiary of Luen Thai Enterprises Limited, a company controlled by Mr. Tan Henry. It is therefore an Associate of Mr. Tan Henry and hence a Connected Person of the Company. On the other hand, Cosmos Saipan and Cosmos Guam are subsidiaries and Associates of THC. Hence Cosmos Saipan and Cosmos Guam are Connected Persons of the Company. Luen Thai Fishing is principally engaged in investment holding whilst Cosmos Saipan and Cosmos Guam are principally engaged in the wholesale and retail of general merchandise.

Marshall Island Fishing Venture and Zhong Thai Fisheries are subsidiaries of Luen Thai Fishing and are therefore Connected Persons of the Company. They are principally engaged in fishery business.

Palau International Traders is a wholly-owned subsidiary of IASS Trading, Inc., which is in turn a wholly-owned subsidiary of THC. It is therefore a Connected Person of the Company. It is principally engaged in fishery business.

3. Revision of the original annual cap

As mentioned in the announcement of the Company dated 5 December 2011, the original annual cap for the freight services under the Freight Master Agreement was approximately US\$320,000 (approximately HK\$2,489,600), US\$340,000 (approximately HK\$2,645,200) and US\$360,000 (approximately HK\$2,800,800) respectively for each of the three years ending on 31 December 2014.

For the year ended 31 December 2011 and the nine months ended 30 September 2012, the aggregate fees received by the Group for its provision of freight services to the Private Group under the Freight Master Agreement amounted to approximately US\$324,000 (approximately HK\$2,520,720), and US\$280,000 (approximately HK\$2,178,400) respectively.

Taking into account the continuous increase in demand for freight services by the Private Group resulting from the improvement in fish catching technology and expansion of a substantial client of the Private Group, and the actual transaction amounts for the provision of freight services received by the Group from the Private Group for the nine months ended 30 September 2012, the Directors consider that the original annual cap for the freight services under the Freight Master Agreement will be insufficient for the expected amounts to be received by the Group for the remaining term of the Freight Master Agreement.

In light of the foregoing, the Directors have revised the annual cap for the freight services under the Freight Master Agreement to approximately US\$550,000 (approximately HK\$4,279,000), US\$600,000 (approximately HK\$4,668,000) and US\$650,000 (approximately HK\$5,057,000) respectively for each of the three years ending on 31 December 2014.

Save for the revision to the annual cap for each of the three years ending 31 December 2014, all the terms and conditions of the Freight Master Agreement remain unchanged.

4. Reasons for entering into the Freight Master Agreement

The CTSI Group is principally engaged in the provision of freight forwarding and logistics services and has been providing such services to the Private Group even before the Company's listing on the Stock Exchange in 2004. In view of the high standard of quality service, reliability and experience of the CTSI Group, the Private Group considered that it is in its interests to continue retaining the services of the CTSI Group. The CTSI Group, on the other hand, also considers that it is in its interests to continue its business relationship with the Private Group as part of its strategy to increase its market share.

The terms of the freight services under the Freight Master Agreement were negotiated on an arm's length basis, and the Directors (including the independent non-executive Directors) consider that the freight services under Freight Master Agreement and their respective terms are fair and reasonable and are in the interests of the Group and the Company's shareholders as a whole.

5. Implications under the Listing Rules

The freight services under the Freight Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable Percentage Ratios for the revised annual cap of the fees to be paid by the Private Group to the Group under the Freight Master Agreement on an annual basis for each of the three years ending on 31 December 2014 are more than 0.1% but

less than 5%, the revision to the annual cap will continue to be subject to the reporting and announcement requirements under the Listing Rules and is exempt from the independent shareholders' approval requirement under the Listing Rules.

Mr. Tan Siu Lin, together with his sons Mr. Tan Henry, Mr. Tan Willie, Mr. Tan Cho Lung, Raymond and Mr. Tan Sunny, who are all Directors, have a material interest in the transactions contemplated under the Freight Master Agreement. Accordingly, they have abstained from voting on the board resolutions of the Company approving the entering into of the Freight Master Agreement and the transactions contemplated thereunder, as well as the above revised annual cap for the freight services.

C. GENERAL

The Group is principally engaged in the manufacturing and trading of apparels and accessories, the provision of freight forwarding and logistics services.

D. DEFINITIONS

“Associate”	shall have the meaning as ascribed to it under the Listing Rules
“Board”	board of Directors
“CNMI”	the Commonwealth of Northern Mariana Islands, a commonwealth territory of the United States of America
“Company”	Luen Thai Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“Connected Person”	shall have the meaning as ascribed to it under the Listing Rules
“Cosmos Guam”	Cosmos Distributing Co. Ltd., a company incorporated under the laws of Guam and a subsidiary of THC
“Cosmos Saipan”	Cosmos Distributing Co., (Saipan) Ltd., a company incorporated under the laws of the CNMI and a subsidiary of THC
“CTSI CNMI”	Consolidated Transportation Services Inc., a company incorporated under the laws of CNMI and a wholly-owned subsidiary of the Company
“CTSI Group”	CTSI CNMI, CTSI Guam, CTSI Palau, CTSI USA and CTSI Korea
“CTSI Guam”	Consolidated Transportation Services Incorporated (Guam), a company incorporated under the laws of Guam and a wholly-owned subsidiary of the Company
“CTSI Korea”	CTSI Logistics (Korea), Inc, a company incorporated under the laws of Korea and a subsidiary of the Company
“CTSI Palau”	Consolidated Transportation Services Inc. (Palau), a company incorporated under the laws of Palau and a subsidiary of the Company

“CTSI USA”	CTSI Logistics Inc., a company incorporated under the laws of the state of California, United States of America and a wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“Freight Master Agreement”	the master agreement dated 5 December 2011 entered into between CTSI CNMI, THC and Helmsley in respect of the provision of freight services by the Group
“Group”	the Company and its subsidiaries
“Guam”	a Pacific Island and an unincorporated territory of the United States of America
“Helmsley”	Helmsley Enterprises Limited, a company incorporated in the Bahamas
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party”	a third party which, together with its beneficial owner(s) (if any) and to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, is independent of the Company and its Connected Persons
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Luen Thai Fishing”	Luen Thai Fishing Venture Limited, a company incorporated in the British Virgin Islands
“Marshall Island Fishing Venture”	Marshall Island Fishing Venture, Inc., a company incorporated in the Republic of the Marshall Islands and a wholly-owned subsidiary of Luen Thai Fishing
“MELL”	Mariana Express Lines Ltd., a company incorporated in the British Virgin Islands
“Palau International Traders”	Palau International Traders, Inc., a company incorporated in the CNMI and a wholly-owned subsidiary of IASS Trading, Inc., which is in turn a wholly-owned subsidiary of THC
“Percentage Ratios”	shall have the meaning as ascribed to it under Chapter 14 of the Listing Rules
“Private Group”	THC and Helmsley and their respective subsidiaries (other than the Company and its subsidiaries)
“Shipping Master Agreement”	the master agreement dated 5 December 2011 entered into between CTSI CNMI and MELL in respect of the provision of shipping agency services by the Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“ THC ”	Tan Holdings Corporation, a company incorporated in the CNMI
“ US\$ ”	United States dollars, the lawful currency of the United States of America
“ Zhong Thai Fisheries ”	Zhong Thai Fisheries Company Limited, a company incorporated in the British Virgin Islands and a subsidiary of Luen Thai Fishing

Dated 2 November 2012

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

Non-executive Directors:

Tan Willie
Lu Chin Chu

Independent Non-executive Directors:

Chan Henry
Cheung Siu Kee
Seing Nea Yie

By order of the Board
Chiu Chi Cheung
Company Secretary

Website: www.luenthai.com

For illustration purpose, in this announcement, amounts in US\$ have been translated into HK\$ at the exchange rate of US\$1.00 to HK\$7.78. Such translation does not constitute a representation that any amount has been, could have been or may be exchanged at such rates.