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LUEN THAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 311)

DISCLOSEABLE TRANSACTION CONVERSION OF LAND USE AND RESUMPTION OF TRADING

The Directors announce that the Group has effected the Conversion as a result of which the user of the Qingyuan Land has been converted from industrial use to commercial/residential use. According to the relevant PRC laws, any conversion of land use in the PRC from industrial use to commercial use is required to undergo a public auction procedure, under which the existing owner of the relevant land would dispose of the land to the relevant land authority, and the authority would then put up the land with the proposed change in use for public auction. In connection with the Qingyuan Land, GJM, the Company's indirect wholly-owned subsidiary, entered into the Land Disposal Agreement on 6 March 2008, pursuant to which GJM agreed to dispose of the Qingyuan Land to the Qingyuan Land Reserves Centre, an unit of the Qingyuan City State-Owned Land Resources Bureau (清遠市國土資源局), and to participate in the Auction. Completion of the Disposal and the Auction took place on 7 March 2008. According to the official information, GJM (through its agent) was the only bidder of the Qingyuan Land at the Auction and hence, GJM re-acquired the Qingyuan Land at the floor price of the Auction, with the use changed to commercial/residential use.

On the basis that the Group has re-acquired the Land through the Auction at the floor price, the total land premium payable by the Group for the Conversion is approximately RMB53,400,000 (approximately HK\$58,580,000 as at the date of this announcement). As the applicable percentage ratios of such premium exceed 5%, the Conversion is subject to the reporting and announcement requirements in accordance with Rule 14.34 of the Listing Rules. A circular containing, among other things, further information in respect of the Conversion will be despatched to the Shareholders as soon as possible in accordance with the Listing Rules.

At the request of the Company, trading in the Shares of the Company has been suspended with effect from 9:30 a.m. on 7 March 2008 pending the release of this announcement. Application has been made by the Company for the resumption of the trading of the Shares with effect from 9:30 a.m. on 11 March 2008.

I. LAND DISPOSAL AGREEMENT

Date : 6 March 2008

Parties : (1) GJM

(2) The Qingyuan Land Reserves Centre which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is an Independent Third Party of the Company

Information of the Qingyuan Land:

The Qingyuan Land, acquired by GJM in 2003, is a parcel of industrial land located at Pi Keng, Luen Thai Industrial City, Long Tang Town, Qing Shing District, Qingyuan City, Guangdong Province, the PRC with a site area of approximately 423,814 sq. m. As at the date of this announcement, the Qingyuan Properties are the only structures and buildings erected thereon which were developed by the Group back in 2006. As at the date of the Land Disposal Agreement, the net book value of the Qingyuan Land and the Qingyuan Properties were approximately US\$1,490,000 (HK\$11,622,000 as at the date of this announcement) and US\$4,200,000 (HK\$32,760,000 as at the date of this announcement) respectively.

Obligations of GJM

GJM agreed, among other things, to dispose of the Qingyuan Land to the Qingyuan Land Reserves Centre and to participate in the Auction.

Completion:

Completion of the Disposal took place on 7 March 2008.

Post-completion matters

The Auction was held on 7 March 2008. According to the official information, GJM (through its agent) was the only bidder of the Qingyuan Land at the Auction and hence, GJM re-acquired the Qingyuan Land at the floor price of the Auction, with the use changed to commercial/residential use.

On the basis that the Group has re-acquired the Land through the Auction at the floor price, the land premium payable by the Group for the Conversion is RMB53,400,000 (HK\$58,580,000 as at the date of this announcement) which shall be funded by internal resources of and paid by the Group in cash by way of a single installment within 180 days from the date of the Auction. The land premium represents the difference between the price for the disposal of the Qingyuan Land by GJM to the Qingyuan Land Reserves Centre under the Land Disposal Agreement, which amounted to approximately RMB160,200,000 (HK\$175,740,000 as at the date of this announcement) and determined after arm's length negotiations between GJM and the Qingyuan Land Reserves Centre, and the minimum price, which amounted to RMB213,600,000 (HK\$234,320,000 as at the date of this announcement), for bidding the Qingyuan Land at the Auction is set by the Qingyuan Land Reserves Centre. Based on the fact that the Group has re-acquired the Land through the Auction at the floor price, the reasons as set out under the paragraph headed "Reasons for the Conversion" below,

by reference to the net book values as disclosed under the paragraph headed “Information of the Qingyuan Land” above, and by reference to valuation being carried out by a third party valuer independent from the Group, the amount of which is close to the minimum price of RMB213,600,000 (HK\$234,320,000 as at the date of this announcement), on the Qingyuan Land on the assumption that the Conversion had taken place, the Directors believe that the terms of the Conversion are fair and reasonable and in the interest of the Shareholders as a whole. While the Directors are mindful of the recent uncertainties in the PRC property markets and changes to the property related PRC regulations from time to time, the Directors maintain their belief that the Conversion is in the interest of the Shareholders as a whole. Should any development plan of the Group in respect of the Qingyuan Land realizes, details of which are provided for under the paragraph headed “Reasons for the Conversion” below, it is expected that financial benefits would be accrued to the Group.

Compensation for the Qingyuan Properties

It is a term of both the Land Disposal Agreement and the Auction that the successful bidder of the Qingyuan Land at the Auction is required to compensate GJM a sum of approximately RMB120,840,000 (HK\$132,562,000 as at the date of the announcement) for the Qingyuan Properties. The compensation amount was set by the Qingyuan Land Reserves Centre which was set by reference to a valuation being carried out by a third party valuer independent from the Group, the amount of which is close to the minimum price of RMB213,600,000 (HK\$234,320,000 as at the date of this announcement), on the Qingyuan Properties on the assumption that the Conversion had taken place. Given that GJM (through its agent) was the successful bidder of the Qingyuan Land at the Auction, the financial impact of this compensation is expected to be neutralised.

II. FINANCIAL INFORMATION

From an accounting perspective, the Conversion was not considered to be a disposal or acquisition of properties. Hence, no gains or losses are recorded in respect of the Conversion. For the financial year ended 31 December 2006, the Group made a profit of US\$67,000 (HK\$522,600 as at the date of this announcement) that were attributable to the Qingyuan Land and the Qingyuan Properties, while for the financial year ended 31 December 2007, the Group made a loss of US\$830,000 (HK\$6,474,000 as at the date of this announcement) that were attributable to the Qingyuan Land and the Qingyuan Properties.

III. REASONS FOR THE CONVERSION

As at the date of this announcement, the Qingyuan Properties are the only structures and buildings erected on the Qingyuan Land, and the Qingyuan Properties only occupy approximately 52,100 sq. m. out of the total site area of approximately 423,814 sq. m. of the Qingyuan Land. The remaining site area of the Qingyuan Land is currently vacant and undeveloped.

The Directors consider that the recent and continuing economic boom in the Southern China and in particular the Guangdong area has contributed and is expected to continue to contribute to the significant rise in the costs of production for manufacturers. Against this backdrop the Directors consider that any proposal to further develop the vacant portion of the Qingyuan Land for industrial purposes is not economical. Under the relevant PRC

law, the undeveloped portion of the Qingyuan Land is subject to repossession for non-development. To avoid the undesirable consequence of a repossession, to flexibly explore the commercial value of the Qingyuan Land and to benefit from the relatively low cost of the Conversion, the Directors consider it is in the best commercial interests of the Company and its Shareholders to effect the Conversion. The Directors are currently exploring possibilities to develop the Qingyuan Land, including a proposal of a co-development plan with the owners of the lands adjoining the Qingyuan Land (which such owners include an associate of the controlling shareholder of the Company) for residential or commercial purposes. However, the Group has not entered into any concrete and legally binding plan or commitment on the development of the Qingyuan Land nor does the Group have any expectations as to the incurrence of any other capital expenditure as at the date of this announcement, and if such plan or commitment materialises, the Company will exercise due care and fulfill its obligations (if any) in accordance with the Listing Rules. As at the date of this announcement, the principal businesses of the Group do not include property development. Should the Group decide to venture into this new line of business later on, it will consult the relevant experts and may recruit management with relevant expertise and experiences.

IV. LISTING RULES IMPLICATIONS

As the premium for the Conversion is approximately RMB53,400,000 (approximately HK\$58,580,000 as at the date of this announcement) and the applicable percentage ratios of the Conversion exceed 5%, the Conversion is subject to the reporting and announcement requirements in accordance with Rule 14.34 of the Listing Rules.

V. GENERAL

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

A circular containing, among other things, further information in respect of the Conversion will be despatched to the Shareholders as soon as possible in accordance with the Listing Rules.

VI. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares of the Company has been suspended with effect from 9:30 a.m. on 7 March 2008 pending the release of this announcement. Application has been made by the Company for the resumption of the trading of the Shares with effect from 9:30 a.m. on 11 March 2008.

VII. DEFINITIONS

“Auction”	the public auction to be held on 7 March 2008 during which the Qingyuan Land will be sold to the successful bidder;
“Company”	Luen Thai Holdings Limited, the shares of which are listed on the Stock Exchange;
“Completion”	completion of the Land Disposal Agreement in accordance with terms and conditions thereof;
“Conversion”	the conversion of the land use of the Qingyuan Land from industrial use to residential/commercial use;
“Directors”	directors of the Company;
“Disposal”	the sale of the Qingyuan Land by the Company to the Qingyuan Land Reserves Centre subject to and conditional upon the terms of the Land Disposal Agreement;
“GJM”	GJM (Qingyuan) Light Industrial Development Limited, an indirect wholly-owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party”	third party independent of the Company and its connected persons (as defined in the Listing Rules);
“Land Disposal Agreement”	the agreement for sale and purchase of the Qingyuan Land dated 6 March 2008 entered into between the Company and the Qingyuan Land Reserves Centre;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Qingyuan Land Reserves Centre”	the Qingyuan Land Reserves Centre (清遠市土地儲備中心), an unit of the Qingyuan City State-Owned Land Resources Bureau (清遠市國土資源局), which is an Independent Third Party;
“Qingyuan Properties”	the four dormitories each consisting of 7 storeys of a total gross floor area of approximately 28,500 sq. m. and the factory consisting of 6 floors of floor area of approximately 23,600 sq. m. erected on the Qingyuan Land;
“Qingyuan Land”	a parcel of land located at Pi Keng, Luen Thai Industrial City, Long Tang Town, Qing Shing District, Qingyuan City, Guangdong Province, the PRC with a site area of approximately 423,814 sq. m.;

“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	holders of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“sq. m.”	square metres; and
“%”	per cent.

By order of the Board of Directors
Luen Thai Holdings Limited
Henry Tan
Executive Director & Chief Executive Officer

Hong Kong, 10 March 2008

As at the date of this announcement, the executive directors of the Company are Mr. Tan Siu Lin (Chairman), Mr. Tan Henry, Mr. Tan Cho Lung, Raymond, Mr. Tan Sunny and Ms. Mok Siu Wan, Anne; the non-executive directors are Mr. Tan Willie and Mr. Lu Chin Chu; and the independent non-executive directors are Mr. Chan Henry, Mr. Cheung Siu Kee and Mr. Seing Nea Yie.

Website: www.luenthai.com