

LAMEX HOLDINGS LIMITED

(Incorporated in Rermuda with limited liability

DISCLOSEABLE AND CONNECTED TRANSACTION INVOLVING THE ISSUE OF NEW SHARES IN RELATION TO THE ACQUISITION OF AN EQUITY INTEREST IN SELECT RIGHT DEVELOPMENTS LIMITED AND THE RESULTING ON-GOING CONNECTED TRANSACTION

PROPOSED CHANGE OF COMPANY NAME AND INCREASE IN THE AUTHORISED SHARE CAPITAL OF THE COMPANY

Financial Advisor to the Company

Baron Capital Limited

Summary

The Board announced that on 17 September 2001 the Company entered into the Agreement with Mr. Kok in relation to the acquisition of a 73% equity interest in Select Right involving the issue of 450,000,000 new Shares to Mr. Kok or its nominees. The assets of Select Right consist solely of a 70% interest in SNT. The Acquisition constitutes a discloseable and connected transaction of the Company under the Listing Rules by virtue of Mr. Kok being the chairman and substantial shareholder of the Company and the consideration of the Acquisition represents less than 50% of the Group's net tangible assets as at 30 April 2001. The existing transaction between SNT and Ezze, an associate of Mr. Kok, will become a connected transaction of the Company. Further, the Directors propose to change the name of the Company, and increase the authorised capital of the Company. Shareholders' approval will be sought in respect of these transactions and proposals.

Upon Completion, Mr. Kok's shareholding will increase from 27.2% to 33.7% of the enlarged issued share capital of the Company.

A circular containing the details of the Acquisition, the On-going Connected Transaction, the proposed change of Company name and the proposed Capital Increase, the recommendation of the Independent Board and an opinion letter from an independent financial adviser to the Independent Board will be despatched to the Shareholders as soon as practicable. A notice of SGM will also be despatched together with the circular

Trading in the Shares was suspended with effect from 10:00 a.m. on 18 September 2001 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange from 10:00 a.m. on 20 September 2001.

INTRODUCTION

The Board announced that on 17 September 2001 the Company entered into the Agreement with Mr. Kok in relation to the acquisition of a 73% equity interest in Select Right involving the issue of 450,000,000 new Shares to Mr. Kok or its nominees. The assets of Select Right consist solely of a 70% interest in SNT. The Acquisition constitutes a discloseable and connected transaction of the Company under the Listing Rules by virtue of Mr. Kok being the chairman and substantial shareholder of the Company and the consideration of the Acquisition represents less than 50% of the Group's net tangible assets as at 30 April 2001. After the Completion of the Acquisition, the existing transaction between SNT and Ezze, an associate of Mr. Kok, will become a connected transaction of the Company. Further, the Directors propose to change the name of the Company and increase the authorised capital of the Company. Shareholders' approval will be sought in respect of these transactions and proposals.

DISCLOSEABLE AND CONNECTED TRANSACTION – ACQUISITION OF AN EQUITY INTEREST IN SELECT RIGHT

The Agreement

Date: 17 September 2001

Vendor: Mr. Kok, the chairman and a substantial shareholder of the Company

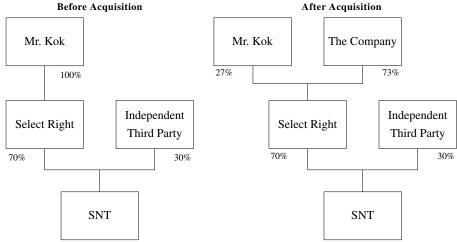
the Company Purchaser:

Assets to be acquired

The Sale Shares represent 73% of the entire issued share capital of Select Right, a company acquired by Mr. Kok on 28 August 2001, the assets of which comprise solely of a 70% interest in the share capital of SNT, acquired on 3 September 2001. SNT is engaged in the trading of mobile phones and electronic components in the PRC. SNT purchases its mobile phone components from various countries including but not limited to South Korea, Japan, Thailand, etc. The shareholder of the remaining 30% interest in SNT is an independent third party not connected with any of the Directors or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

Select Right is currently wholly owned by Mr. Kok who will continue to hold the remaining 27% equity nterest in Select Right after Completion. The audited accounts of SNT show the net profits before taxation of SNT for the financial years ended 31 March 2000 and 31 March 2001 were HK\$13,999,246 and HK\$50,755,749 respectively. The audited net profits after taxation for the financial years ended 31 March 2000 and 31 March 2001 were HK\$11,767,471 and HK\$42,555,749 respectively. As of 31 March 2001, the audited net tangible assets of SNT was HK\$55,991,081.

The following charts show the shareholding structure of SNT before and after the Acquisition:



Consideration and payment terms

The consideration for the Sale Shares is HK\$200,000,000 and shall be paid and satisfied as follows:

- HK\$100,000,000 in cash, on the Agreement Date as a deposit ("Deposit") and in part payment of
- HK\$45,000,000, by the Company allotting and issuing to Mr. Kok or its nominees 450,000,000 Consideration Shares at HK\$0.10 per Share, representing approximately 9.79% of the existing issued share capital of the Company and approximately 8.92% of the enlarged issued share capital of the Company upon Completion;
- the balance of HK\$55,000,000 will be satisfied by cash, on or before the expiry of 12 months following Completion. The principal amount of the outstanding consideration from time to time ("Principal") shall attract interest accruing daily, which shall be payable on any repayment of Principal on the amount of Principal being repaid, at the rate equal to the Prime Lending Rate quoted by HSBC on Hong Kong dollar loans from time to time.

In the event that Completion shall fail to take place on or before the expiry of 3 months from the Agreement Date for any reason whatsoever, the Deposit together with all interest thereon, shall be released and paid by Mr. Kok to the Company. The interest shall be based on the Bank of China savings

account rate as quoted from time to time following the Agreement Date. The obligations and liabilities (if any) of both parties pursuant to the Agreement shall then be discharged and the Agreement shall become null and void.

The consideration was determined on an arm's length basis, on normal commercial terms and in the ordinary and usual course of business between the parties thereto with reference to the net profit after taxation of HK\$42,555,749 for the year ended 31 March 2001 and the future earning potential of SNT with an implied price-earning ratio of approximately 9.2 times with reference to the price earning ratio in investments of similar nature. Since the Company only effectively acquires 51% of SNT, the net profit after taxation attributable to the Company will become approximately HK\$21,703,432. With an implied price-earning ratio of approximately 9.2 times, the consideration for the purchase of 51% of SNT shall be HK\$200 million. In view of the earnings potential of SNT, the Directors (including the independent non-executive Directors) considered the consideration and the terms of the Agreement fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

The Consideration Shares will be issued at HK\$0.10 per Share, equivalent to the closing price of HK\$0.10 per Share as quoted on the Stock Exchange on 17 September 2001 (being the Agreement Date) and a premium of approximately 4.82% to the average closing price of HK\$0.0954 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 17 September 2001.

Conditions

Completion is conditional upon the following conditions being fulfilled:

- the passing of an ordinary resolution by the Independent Shareholders in the SGM approving the Agreement and the issue and allotment of the Consideration Shares:
- the granting of the approval of, and permission to deal in, the 450,000,000 Consideration Shares of the Company by the Stock Exchange prior to Completion;
- the approval by the Independent Shareholders of the On-going Connected Transaction between SNT and Ezze in relation to the purchase of mobile phones and parts and components of mobile phones from Ezze as described under "On-going Connected Transaction" of this Announcement;
- the passing of a special resolution by the Shareholders of the Company in the SGM approving the Capital Increase;
- all necessary consents being granted by third parties, including but not limited to the consent of the Bermuda Monetary Authority (if required) for the Capital Increase; and
- the completion of a due diligence exercise to be carried out by the Company on the assets, liabilities, business, undertaking and prospects of Select Right Group, including without limitation, on the books, records and constitutional documents, contracts and any other documents relating to Select Right Group and the Company notifying the Vendor that the results of such due diligence exercise are satisfactory to the Company.

Completion of the Acquisition

Completion is to take place on any date within five (5) business days after the Agreement has become unconditional or such later date as the parties may agree in writing prior to Completion. It is expected that the date of completion will be on or around 15 November 2001.

Upon Completion, Select Right will become a subsidiary of the Company.

Upon Completion, Mr. Kok's beneficial interest in the Company will increase from 27.2% to 33.7%.

Reasons for the Acquisition

The principal business of the Company is investment holding. Its subsidiaries are principally engaged in the manufacture and trading of office furniture and building materials, together with the supply and installation of kitchen cabinets. However, the annual results of the Company for the two financial years ended 30 April 2001 recorded losses after taxation of HK\$64,425,000 and HK\$22,605,000 respectively. In order to enhance the financial position and the future growth of the Company, the Directors have decided to look into different investment opportunities.

The Directors noticed that the mobile telecommunication market in China is growing rapidly and brings with it a huge demand for mobile phone handsets. SNT has shown a profitable track record in the trading of mobile phone handsets, parts, technology and design. With the increasing demand in mobile phone handsets in China, SNT is well positioned to capture the growth and profitability of the mobile telecommunications industry in China in the future. At the present moment, the Company does not have any intention to change its principal business.

The Board (including the independent non-executive Directors) believes that the Acquisition is in the interests of the Company and the terms are fair and reasonable so far as the Independent Shareholders are concerned.

Listing Rules requirement

Based on the latest audited net tangible asset of the Company as at 30 April 2001 and adjusted by the proceeds from the placing of 766,000,000 shares announced on 31 August 2001, the Acquisition constitutes a discloseable transaction of the Company pursuant to the Listing Rules.

Mr. Kok is the director and the sole beneficial owner of Anglo Express Group Limited which in turn holds 1,249,092,000 Shares representing a shareholding of approximately 27.2% of the existing issued share capital of the Company as at 17 September 2001, having taken into account the Shares issued pursuant to the Placing. By virtue of the fact that Mr. Kok, as a vendor, is the chairman and a single company under the Listing Rules requiring approval by the Independent Shareholders pursuant to Chapter 14 of the Listing Rules as the total consideration for the Acquisition exceeds 3% of the Group's net tangible assets as at 30 April 2001. The Company will seek Independent Shareholders' approval of the Agreement. At the SGM convened to approve the Agreement, Mr. Kok and his associates will be the first proportion in respect of the Acquisition exceeds 3%. abstain from voting in respect of the Acquisition.