



LEEFUNG-ASCO PRINTERS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ONGOING CONNECTED TRANSACTIONS

The Board announces that, on 9th January, 2002, the Company entered into the Purchase Agreement with Smurfit, a substantial shareholder and a connected person of the Company. Pursuant to the Purchase Agreement, the Group has agreed to purchase the Goods from the Smurfit Group for a term of three years from 1st January, 2002. The Purchases will constitute ongoing connected transactions of the Company under the Listing Rules.

The Company has applied to the Stock Exchange for the Waiver. The Waiver application will be subject to, inter alia, the approval of the Purchase Agreement by the Independent Shareholders at the SGM to be convened and held.

A circular containing, inter alia, (i) details of the Purchase Agreement and the Waiver; (ii) the recommendations of the independent board committee of the Company in relation to the Purchase Agreement; (iii) the advice of an independent financial adviser to the independent board committee of the Company in relation to the Purchase Agreement; and (iv) a notice convening the SGM, will be despatched to shareholders of the Company in due course.

THE PURCHASE AGREEMENT DATED 9th January, 2002

Parties

- (i) Smurfit, a substantial shareholder of the Company, which holds approximately 25% of the issued share capital of the Company
- (ii) the Company

Terms of the Purchase Agreement

Under the Purchase Agreement, the Group has agreed to purchase the Goods from the Smurfit Group. The Purchase Agreement shall have an initial term of three years from 1st January, 2002 after which it shall automatically be renewed for one year periods unless otherwise terminated in accordance with the provision therein. The aggregate total Purchases for each financial year is subject to the Cap Amounts as follows:

Financial year ending	Cap Amount (HKD)
31st December, 2002	70,000,000
31st December, 2003	70,000,000
31st December, 2004	70,000,000

The parties will negotiate the price for the Goods on an order-by-order basis, based on arm's length negotiation and with reference to Smurfit's best price for similar amount and quality of Goods offered to Smurfit's customers in the Mainland China, Hong Kong and Macau. The precise Price and other terms for each order will then be reflected in the relevant order contract. The payment term for the Purchases under an Order shall be agreed between the Company and the relevant member of the Smurfit Group.

In light of the above, the Directors consider that the Purchases are on normal commercial terms, in the ordinary and usual course of business of the Group and on terms no less favorable than those available from independent third parties.

Reasons for the Purchases

Packaging printing is one of the core business of the Group with a total revenue of approximately HK\$310 million and approximately HK\$328 million for the two financial years ended 31st December, 2000, which represented approximately 31% and 29% of the Group's turnover. Smurfit is a wholly-owned subsidiary of Jefferson Smurfit Group plc, one of the world's leading manufacturers of containerboard, corrugated containers and other paper-based packaging products. The Directors believe that entering into the Purchase Agreement will be beneficial to the Group as it gives the Group flexibility to purchase the Goods from Smurfit Group at competitive pricing.

For the above and other commercial reasons, the Directors believe that the Purchases are essential for the Group to maintain a steady supply of the Goods from a reliable supplier at a competitive price and that it is in the interests of the Group to make the Purchases from the Smurfit Group.

Relationship between the parties

Smurfit is a substantial shareholder of the Company, which holds approximately 25% of the issued share capital of the Company as of the date of this announcement. Smurfit is hence a connected person of the Company under the Listing Rules and the Purchases constitute ongoing connected transaction under the Listing Rules.

Waiver Sought

The Purchases constitute connected transactions under Rule 14.26 of the Listing Rules and are therefore subject to the disclosure requirements under the Listing Rules and the approval by the Independent Shareholders for each of the Purchases whenever they arise. As the Purchases will be of a continuing nature during the Group's normal course of business, the Directors consider that it would not be practicable to make disclosures, and to seek Independent Shareholders' approval, in respect of such Purchases on each occasion they arise. The Company has therefore applied to the Stock Exchange for the Waiver from strict compliance with the requirements as set out in Chapter 14 of the Listing Rules in respect of the Purchases on each occasion they arise during the three financial years ending 31 December 2004, subject to the conditions set out below:

- (1) that the Purchases shall be:
 - (i) entered into by the Group in the ordinary and usual course of its business;
 - (ii) conducted either (a) on normal commercial terms (which expression will be applied by reference to transactions of a similar nature and to be made by similar entities) or (b) (where there is no available comparison) on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
 - (iii) entered into either in accordance with the terms of the agreements or order contracts or other supplemental agreements governing such Purchases;
- (2) the aggregate dollar amount of the Purchases by the Group for each of the three financial years ending 31st December, 2004 shall not exceed the Cap Amounts as follows:

Financial year ending	Cap Amount (HKD)
31st December, 2002	70,000,000
31st December, 2003	70,000,000
31st December, 2004	70,000,000

The Cap Amount has been determined by reference to the Group's total purchase of Goods in year 2001 and the amounts purchased from its major suppliers.

- (3) the independent non-executive Directors shall review the Purchases annually and confirm in the Company's next annual report that the Purchases were conducted in the manner as stated in paragraphs (1) and (2) above;
- (4) the Company's auditors shall review the Purchases annually and report in a letter to the Directors (the "Letter") (a copy of which shall be provided to the Listing Division) whether, based on the findings arising from these procedures:
 - (i) the Purchases have received the approval of the Board;
 - (ii) the Purchases have been entered into in accordance with the terms of the agreements or order contracts governing such Purchases; and
 - (iii) the Cap Amount has been exceeded.

Where, for whatever reason, the auditors decline to accept the engagement or are unable to provide the Letter, the Directors shall contact the Listing Division immediately;

- (5) details of the Purchases in each financial year shall be disclosed as required under Rule 14.25(1)(a) to (d) of the Listing Rules in the annual report of the Company for that financial year together with the statement of opinion of the independent non-executive Directors referred to in paragraph (3) above; and
- (6) the Company shall provide to the Stock Exchange an undertaking that, for so long as the Company's securities are listed on the Stock Exchange, it will provide the Company's auditors with full access to its relevant records, and where required by the Company's auditors, will use its best efforts to procure Smurfit Group to provide the Company's auditors with access to the relevant records relating to the Purchases, for the purpose of the auditors' review of the Purchases referred to in paragraph (4) above.

If any terms of the Purchases as mentioned above are altered in the future or the conditions of the Waiver (if granted by the Stock Exchange) are not met, the Company must comply with the provisions of Chapter 14 of the Listing Rules governing connected transactions unless it applies for and obtains a separate waiver from the Stock Exchange.

Unless a separate Waiver is obtained, any Purchases after year 2004, will be subject to the requirements under Chapter 14 of the Listing Rules.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than as at the date of the grant of the Waiver from the Stock Exchange on transactions of the kind to which the Purchases belong including, but not limited to, a requirement that such transactions be made conditional on approval by the Independent Shareholders, the Company must take immediate steps to ensure compliance with such requirements within a reasonable time.

GENERAL

The Purchases constitute ongoing connected transactions of the Company under Rule 14.26 of the Listing Rules and should be disclosed in accordance with the Listing Rules and made conditional upon approval by the Independent Shareholders for each of the Purchases whenever they arise.

As indicated above, the Company has applied to the Stock Exchange for the Waiver and, as a condition of the Waiver, will convene the SGM to seek the approval of the Independent Shareholders with respect to such Purchases in due course.

A circular containing, inter alia, (i) details of the Purchase Agreement and the Waiver; (ii) the recommendations of the independent board committee of the Company in relation to the Purchase Agreement; (iii) the advice of an independent financial adviser to the independent board committee of the Company in relation to the Purchase Agreement; and (iv) a notice convening the SGM will be despatched to shareholders of the Company in due course.

DEFINITIONS

In this Announcement, unless the context requires otherwise, the following expressions have the following meanings:

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	board of Directors
"Cap Amounts"	the maximum amount of Purchases for the three financial years ending 31st December, 2004
"Company"	Leefung-Asco Printers Holdings Limited, a company incorporated in Bermuda with limited liability and whose securities are listed on the Stock Exchange
"Directors"	the directors of the Company
"Goods"	fibre based products (including paper-based and corrugated container products) described in the Orders
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Shareholders"	shareholders of the Company other than Smurfit and its associates
"Listing Division"	the listing division of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Order"	such order for the purchase of Goods notified in writing by a member of the Group to the Smurfit Group.
"Price"	Smurfit's best price for similar amount and quality of Goods offered to Smurfit's customers in the Mainland China, Hong Kong and Macau, and accepted by the Company
"Purchase Agreement"	the purchase agreement dated 9th January, 2002 between the Company and Smurfit in respect of the Purchases, for an initial term of three years from 1st January, 2002, subject to earlier termination
"Purchases"	the purchases of Goods by the Group from the Smurfit Group, pursuant to the Purchase Agreement
"Smurfit"	Smurfit International B.V., a company incorporated in the Netherlands, which holds approximately 25% of the issued share capital of the Company
"Smurfit Group"	Smurfit, its subsidiaries and associates
"SGM"	the special general meeting of the Company to be convened for approving the transactions contemplated under the Purchase Agreement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Waiver"	a waiver application from the strict compliance with the requirements as set out in Chapter 14 of the Listing Rules in respect of the Purchases

By order of the Board
Lo Kin Cheung
 Company Secretary

Hong Kong, 9th January, 2002