

**THE CONUNDRUM OF STELUX HOLDINGS INTERNATIONAL LTD :
FOR WHAT REASON DOES IT NOT PAY RENT ON ITS SHOPS ?**

And, now, it is the time for Stelux Holdings International Ltd (Code: 84, Main Board, The Stock Exchange of Hongkong Ltd) to feel the whiplash of the downturn in business in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

As consumers tighten belts, Stelux tightens the purse strings.

The company's optical retail shops are suffering losses and, according to that which TARGET can surmise, the entire chain may be on its last legs, so to speak.

So far this year, Optical 88 Ltd has closed down 26 of its shops in the HKSAR, those shops, specialising in the sales of spectacles, of one type or another.

Between January and July, this year, Optical 88 Ltd received a total of 10 claims in various HKSAR Courts, with 9 of those claims, being for alleged unpaid rent on shops.

The 7 Plaintiffs to these Actions (one of the Plaintiffs sued Optical 88 Ltd, 3 times during the period) are demanding, in aggregate, the best part of \$HK2 million when one factors in attendant costs, associated with the 10 writs.

While \$HK2 million may not sound too threatening for the management of a publicly listed company with an annual Turnover of about \$HK1.22 billion, one must wonder as to the reason that this Stelux subsidiary does not just fork out that seemingly measly sum of money in order to avoid paying expensive solicitors to defend it against the demands of its landlords.

For the Financial Year, ended March 31, 2002, Stelux reported a Loss Attributable to Shareholders of about \$HK9.73 million.

That Result did not sit well with shareholders, no doubt, because, in the 2001 Financial Year, the company reported a Bottom Line of about \$HK55.40 million.

Stelux does not report the losses of Optical 88 Ltd, but it does acknowledge that it is losing considerable sums of money.

In addition to Optical 88 Ltd, Stelux operates City Chain Company Ltd, a retail outlet that sells an assortment of watches and clocks.

City Chain has been sued a total of 8 times since the beginning of this year.

The amount of money, claimed by the Plaintiffs, is about \$HK1 million.

In the Financial Year, ended March 31, 2002, Stelux reported that City Chain was operating at a profit of about \$HK11 million.

The question is, of course: For what reason does it not pay its rent?

Strangely, City Chain opened up 6 new shops in the first 6 months of this year, bringing up the total number of watch-and-clock shops to 51.

The following is a table, compiled by **TOLFIN** (**TARGET**'s Computerised Online Financial Service), listing the claims against ... [CLICK TO ORDER FULL ARTICLE](#)

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