

STELUX Holdings International Limited

寶光實業(國際)有限公司

(Incorporated in Bermuda with limited liability)
http://www.irasia.com/listco/hk/stelux

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

SUMMARY

During the period from 1997 to 2001, the Company through two of its subsidiaries in Hong Kong and Singapore purchased several brands of optical products from Pro Vision and Thong Sia (referred to below as the "Transactions"). The Transactions were conducted in the ordinary course of business on normal commercial terms agreed after arms' length negotiations between the parties at terms no less favourable than those offered by Pro Vision and Thong Sia to other third parties.

Pro Vision is a 60% indirectly owned subsidiary of Yee Hing Company Limited which is a substantial shareholder of the Company holding approximately 41% of its issued share capital. Therefore, Pro Vision is an associate of a connected person to the Company.

Mr. Wong Chue Meng, the Chairman of the Board of the Company who is interested in approximately 67% of the issued share capital of the Company (through his interest in the equity of various companies including Yee Hing Company Limited) is a director and holds more than 35% of the equity of Thong Sia. Therefore, Thong Sia is an associate of a connected person to the Company.

Accordingly, the Transactions constitute connected transactions under the Listing Rules.

The Company, not having previously issued a public announcement concerning these Transactions, has failed to comply with its disclosure obligations under Rule 14.25 of the Listing Rules. The Stock Exchange reserves the right to take appropriate action as a result of the breach of the Listing Rules by the Company in this respect.

It is anticipated that the Company will continue to purchase optical products from Pro Vision and Thong Sia on a regular and on-going basis (referred to below as the "Continuing Connected Transactions"). The Company has applied to the Stock Exchange for a waiver from strict compliance with the disclosure requirements under Chapter 14 of the Listing Rules in respect of the Continuing Connected Transactions.

BACKGROUND

The Group is principally engaged in, the business of watch retailing, optical wear retailing, children's wear retailing and property investment.

During the period from 1997 to 2001, the Company through two of its subsidiaries in Hong Kong and Singapore purchased several brands of optical products from Pro Vision and Thong Sia. The Transactions were conducted in the ordinary course of business on normal commercial terms agreed after arms' length negotiations between the parties, at terms no less favourable than those offered by Pro Vision and Thong Sia to other third parties.

Pro Vision is a 60% indirectly owned subsidiary of Yee Hing Company Limited which is a substantial shareholder of the Company holding approximately 41% of its issued share capital. Therefore, Pro Vision is an associate of a connected person to the Company.

Mr. Wong Chue Meng, the Chairman of the Board of the Company who is interested in approximately 67% of the issued share capital of the Company (through his interest in the equity of various companies including Yee Hing Company Limited) is a director and holds more than 35% of the equity of Thong Sia. Therefore, Thong Sia is an associate of a connected person to the Company.

THE TRANSACTIONS

For the four years ended 31 March 2001, the aggregate transaction amount under the Transactions were approximately HK\$2.21 million, HK\$1.90 million, HK\$3.73 million and HK\$2.89 million and represented approximately 0.05%, 0.23%, 0.59% and 0.40% of the audited net assets of the Group as at the year-end dates, 31 March 1997, 31 March 1998, 31 March 1999 and 31 March 2000 respectively. These Transactions constitute connected transactions of the Company but fall within the de minimus provision under Rule 14.25(1) of the Listing Rules. The Transactions were not disclosed at the relevant times when their aggregate values exceeded the 0.03% threshold under Rule 14.25 of the Listing Rules due to internal reporting oversight. The Company will take steps to strengthen its internal compliance procedures with a view to avoiding the same breach in future.

The Company, not having previously issued a public announcement concerning these Transactions, has failed to comply with its disclosure obligations under Rule 14.25 of the Listing Rules. The Stock Exchange reserves the right to take appropriate action as a result of such breach of the Listing Rules by the Company.

THE CONTINUING CONNECTED TRANSACTIONS

The Group will continue to purchase in its ordinary course of business, optical products from Pro Vision and Thong Sia. During the period that the Transactions were made, Pro Vision and Thong Sia were and now still are the exclusive wholesale distributors for these several brands of optical products in Hong Kong and Singapore respectively. These brands of optical products are well known and suitable for the Group's optical wear retailing operations. The management of the Company anticipates that if new optical products launched by Pro Vision and Thong Sia are well received by the market, there would be an increase in the purchases from Pro Vision and Thong Sia.

For the five months ended 31 August 2001, the aggregate transaction amount of the purchases made under the Transactions was approximately HK\$1.14 million and represent approximately 0.15% of the audited net assets of the Group as at 31 March 2001.

The Directors of the Company, including the independent non-executive directors of the Company, consider that the Continuing Connected Transactions will arise on a regular and on-going basis in the usual and ordinary course of business of the Group, will be conducted on normal commercial terms and are fair and reasonable in so far as the Shareholders of the Company are concerned.

APPLICATION FOR THE WAIVER

As the yearly aggregate value of the Continuing Connected Transaction in the next three financial years ended 31 March 2004 is not expected to exceed 3% of the net tangible assets of the Group, an application has been made to the Stock Exchange for a waiver (the "Waiver") from compliance with the normal disclosure requirements relating to the Continuing Connected Transactions under Rule 14.25 of the Listing Rules on each occasion when they arise, subject to the following conditions:-

- the Continuing Connected Transactions are:
 - entered into by the Group in the usual and ordinary course of business of the Company;
 - conducted either (i) on normal commercial terms or (ii) (where there is no available comparison) on terms no less favourable than terms available to or from independent third parties; and

- entered into on terms that are fair and reasonable in so far as the Shareholders are concerned;
- the yearly aggregate value of purchases from Pro Vision and Thong Sia in the next three financial years ended 31 March 2004 shall remain less than 3% of the net tangible assets of the Group in the relevant financial year;
 - summary details of the Continuing Connected Transactions will be disclosed in the annual report of the Company for the relevant year in accordance with the requirements under rule 14.25(1)(A) to (D) of the Listing Rules;
 - the independent non-executive Directors shall review the Continuing Connected Transactions and confirm in the annual report of the Company of the relevant year that such transactions have been conducted in the manner as stated in paragraphs 1 and 2 above;
 - the auditors of the Company shall review annually the Continuing Connected Transactions and confirm to the Board in writing (contents of which will be stated in the annual report of the Company), copies of which will be provided to the Stock Exchange, that:
 - the Continuing Connected Transactions have been approved by the Board of the Company;
 - the Continuing Connected Transactions have been entered into in accordance with the terms of the agreements governing the Continuing Connected Transactions or (where there are no such agreements) on terms no less favourable than terms available to or from independent third parties;
 - the limit set out in paragraph 2 above has not been exceeded.

In the event that, for whatever reason, the auditors of the Company decline to accept the engagement or are unable to provide the written confirmation as stated in paragraph 5 above, the Directors shall contact the Stock Exchange immediately.

If the value of each of the Continuing Connected Transactions for any relevant financial year exceeds the higher of either HK\$10,000,000 or 3% of the audited consolidated net tangible asset of the Group or in the event that there are any material amendments to the terms of the Continuing Connected Transactions, the Stock Exchange has indicated that the applicable requirements relating to connected transactions under the Listing Rules in respect of such transactions should be fully complied with by the Company.

DEFINITIONS

"associate"	has the meaning as given to it in the Listing Rules
"Board"	board of Directors
"Company"	Stelux Holdings International Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
"Directors"	directors of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Pro Vision"	PRO Vision Trading Company Limited, a company incorporated in Hong Kong under the Companies Ordinance (Cap.32) and a 60% indirectly owned subsidiary of Yee Hing Company Limited which is a substantial shareholder of the Company
"Shareholders"	holders of the shares in the issued share capital of the Company
"Thong Sia"	Thong Sia Company (Singapore) Private Limited, a company incorporated in Singapore and in which Mr. Wong Chue Meng, the Chairman of the Board of the Company is interested in approximately 67% of the issued share capital of the Company is a director and holds more than 35% of the equity of Thong Sia
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	percentage

On behalf of the Board
Joseph C.C. Wong
Managing Director

Date: 12 October 2001

Please also refer to the published version of this announcement in Hong Kong iMail and Hong Kong Economic Times.