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STELUX Holdings International Limited

*<http://www.irasia.com/listco/hk/stelux>
(Incorporated in Bermuda with limited liability)
(Stock Code: 84)*

COMPLIANCE WITH THE REVISED LISTING RULES IN RELATION TO THE CONTINUING CONNECTED TRANSACTIONS IN RELATION TO PURCHASES OF OPTICAL PRODUCTS

SUMMARY

The Group has in the past purchased several brands of optical products on a continuing basis from Vision Pro and Thong Sia (Singapore), connected persons of the Company.

In October 2001, the Stock Exchange granted a waiver to the Company from strict compliance with the disclosure requirement in connection with the purchases of such brands of optical products from Vision Pro and Thong Sia (Singapore) for the three years ended 31 March 2004.

The waiver expired on 31 March 2004. The Group will continue to make purchases of optical products from Vision Pro and Thong Sia (Singapore) and begin to make purchases of optical products from other member of Vision Pro Group and Thong Sia (Malaysia), in its ordinary course of business (referred to below as the “**Continuing Connected Transactions**”).

It is expected that each of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules calculated with reference to the annual consideration to be payable by the Group for the Continuing Connected Transactions each year hereafter, will exceed 0.1% but less than 2.5%. As such, the Continuing Connected Transactions are classified as continuing connected transactions exempt from the independent shareholders’ approval requirements under Rule 14A.34 of the Listing Rules but will be subject to the annual review and reporting requirement under Chapter 14A of the Listing Rules.

BACKGROUND

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

The Group has in the past purchased optical products from Vision Pro and Thong Sia (Singapore) on a continuing basis. In October 2001, the Stock Exchange granted a waiver to the Company from strict compliance with the disclosure requirement in connection with the Continuing Connected Transactions for the three years ended 31 March 2004.

The waiver expired on 31 March 2004. The Group entered into written agreements on 1 April 2004 with Vision Pro Group and Thong Sia Companies respectively to record the terms of the continual purchases of optical products from Vision Pro and Thong Sia (Singapore) and the purchases of optical products from Thong Sia (Malaysia) and other member of Vision Pro Group. The agreements will take effect from 1 April 2004 to 31 March 2007. Under the agreements, the Group agreed to purchase optical products from Vision Pro Group and Thong Sia Companies respectively on terms no less favourable than those offered by the Vision Pro Group and Thong Sia Companies to other third parties. Payment terms vary according to product type and country where supplied, from cash upon delivery to 90 days upon receipt of invoice.

The estate of Mr. Wong Chue Meng is interested in approximately 70% of the issued capital of the Company (through various holding companies including Yee Hing Company Limited) and holds more than 30% of the equity in each of the Thong Sia Companies. Mr. Wong Chue Meng was the former chairman of the Company and passed away last year. Vision Pro is a 60% indirectly owned subsidiary of Yee Hing Company Limited, through a holding subsidiary called International Optical Manufacturing Company Limited and 40% owned subsidiary of Thong Sia Company Limited, which holds approximately 10% of the issued share capital of the Company. Yee Hing Company Limited is a substantial shareholder of the Company holding approximately 44% of its issued share capital.

Mr. Chumphol Kanjanapas (alias Joseph C.C. Wong), the vice chairman and chief executive officer of the Company, is a director of Vision Pro. Mr. Wong Chong Po, the present chairman of the Company, is a director of International Optical Manufacturing Limited. Therefore, Vision Pro and Thong Sia Companies are associates of connected persons of the Company and the Continuing Connected Transactions constitute connected transactions under the Listing Rules.

INFORMATION ABOUT THE CONTINUING CONNECTED TRANSACTIONS

Vision Pro Group and Thong Sia Companies are the exclusive wholesale distributors for the several brands of optical products in Hong Kong, PRC, Singapore and Malaysia respectively. These brands of optical products are well known and suitable for the Group's optical wear retailing operations.

The optical products distributed by Vision Pro Group and Thong Sia Companies are well received or expected to be well received by the Group's customers, and the Board considers it to be in the interest of the Group to engage in the Continuing Connected Transactions.

The transaction amount of optical products purchased from Vision Pro and Thong Sia (Singapore) for each of the two years ended 31 March 2003, and the six months ended 30 September 2003 were approximately HK\$2,144,000, HK\$1,959,000 and HK\$844,000 respectively.

The Company proposes to set the maximum aggregate annual consideration for the Continuing Connected Transactions at HK\$3.0 million, HK\$3.7 million and HK\$4.5 million for each of the three financial years ended 31 March 2007 (the "**Caps**"). If such Caps are exceeded during the term of the Continuing Connected Transactions for the relevant financial year, the Company will re-comply with the announcement requirement under Rule 14A.35 of the Listing Rules. The Caps were determined on the following basis:

- (a) historical transaction amounts;
- (b) the Group's expansion of its optical wear retailing operations;

- (c) improved sales owing to improved economies generally; and
- (d) the Company's internal prediction that the expected growth in purchase of optical products by the Group shall not exceed HK\$1,000,000 per annum in view of the pace and size of the Group's expansion in terms of establishment of new stores, possible inclusion of a wider range of products and growth in the economy generally in the next three financial years.

It is expected that each of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules calculated with reference to the annual consideration to be payable by the Group for, or the total revenue to be generated from, the Continuing Connected Transactions each year hereafter, will exceed 0.1% but less than 2.5%. As such, the Continuing Connected Transactions are classified as continuing connected transactions exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

The Continuing Connected Transactions are based on normal commercial terms agreed after arms' length negotiations between the parties. The Board (including the independent non-executive directors of the Company) considers that the terms of the Continuing Connected Transactions (including the Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Continuing Connected Transactions will be subject to the annual review requirement and the reporting requirement respectively under Rules 14A.37 to 14A.41, and Rules 14A.45 to 14A.46 of the Listing Rules.

DEFINITIONS

“associate”	has the meaning as given to it in the Listing Rules
“Board”	board of Directors
“Caps”	the maximum aggregate annual value for the Continuing Connected Transactions as proposed by the Company, being HK\$3.0 million, HK\$3.7 million and HK\$4.5 million for each of the three financial years ended 31 March 2007
“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 People's Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Shareholders”	holders of the shares in the issued share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Thong Sia (Singapore)”	Thong Sia Company (Singapore) Private Limited (a company incorporated in Singapore), whose connection with the Company is set out above
“Thong Sia (Malaysia)”	Thong Sia Sdn Bhd (a company incorporated in Malaysia), whose connection with the Company is set out above
“Thong Sia Companies”	Thong Sia (Singapore) and Thong Sia (Malaysia)
“Vision Pro”	Vision Pro Trading Company Limited (formerly known as Pro Vision Trading Company Limited), a company incorporated in Hong Kong and whose connection with the Company is set out above
“Vision Pro Group”	Vision Pro and its wholly owned subsidiaries
“%”	percentage

On behalf of the Board
CAROLINE CHONG
Company Secretary

Date: 12th June 2004

Directors of the Company as at the date hereof:

Executive Directors:

Wong Chong Po (Chairman), Chumpol Kanjanapas (alias Joseph C. C. Wong) (Vice Chairman and Chief Executive Officer), Anthony Chu Kai Wah, Stan Lee Shu Chung and Wong Yuk Woon

Non-Executive Directors:

Sakorn Kanjanapas, Kwong Yiu Chung and Sydney Chu Chun Keung

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