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STELUX Holdings International Limited

寶光實業(國際)有限公司*

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

CONTINUING CONNECTED TRANSACTIONS

Leasing of office premises and carpark to connected persons

SUMMARY

The Directors of the Company announce that on 9th August 2004, Stelux Holdings Limited, a wholly owned subsidiary of the Company entered into two tenancy agreements to renew the lease of office premises and carparking spaces at Stelux House to companies connected to the Company.

1. A first tenancy agreement (“**First Tenancy Agreement**”) dated 9th August 2004 for a term from 15th August 2004 to 31st March 2007 (both days inclusive) at a monthly rental of HK\$85,536.00 was signed between Stelux Holdings Limited and IOM.
2. A second tenancy agreement (“**Second Tenancy Agreement**”) dated 9th August 2004 for a term from 15th August 2004 to 31st March 2007 (both days inclusive) at a monthly rental of HK\$49,450.00 was signed between Stelux Holdings Limited and Yee Hing.

Yee Hing is ultimately interested in approximately 59% of the issued share capital of the Company. Thong Sia holds approximately 10% of the issued share capital of the Company. Yee Hing holds 60% and Thong Sia holds

* *For identification purpose only*

40% respectively of the issued share capital in IOM. Mr. Chumphol Kanjanapas (alias Joseph C.C. Wong), the vice chairman and chief executive officer of the Company, is a director of Yee Hing. Mr. Wong Chong Po, the chairman of the Company, is a director of both Yee Hing and IOM. Therefore, the First Tenancy Agreement and Second Tenancy Agreement constitute continuing connected transactions of the Company under the Listing Rules (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 rentals to be received by the Group under 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.

The Group is principally engaged in the business of watch retailing, optical wear retailing, children’s wear retailing and property investment. Yee Hing is principally engaged in general investment and IOM is principally a manufacturer of optical products.

The Directors of the Company, including the independent non-executive directors consider the First Tenancy Agreement and the Second Tenancy Agreement to be on normal commercial terms and to be fair and reasonable.

INFORMATION ABOUT THE CONTINUING CONNECTED TRANSACTIONS

First Tenancy Agreement dated 9th August 2004

Parties

Landlord : Stelux Holdings Limited

Tenant : IOM

Premises Leased:

Office Units 1902, 1903, 1905 and 1906 with a gross floor area of approximately 9,504 square feet with storerooms 6A and 6B on the 19th Floor and carpark space no. 341 at basement 3 of Stelux House, No. 698 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong.

Term and Commencement Date:

A term commencing from 15th August 2004 to 31st March 2007 (both days inclusive) with an option to renew for a further term of three (3) years at a new rent to be agreed between the landlord and tenant or at such market rent at which the premises might reasonably be expected to be let in the open market but otherwise subject to the same terms. The Company will comply with the connected transactions requirements of the Listing Rules upon a further renewal of the First Tenancy Agreement.

Rental:

HK\$85,536.00 per month exclusive of rates, government rent and management charges payable monthly in advance.

Second Tenancy Agreement dated 9th August 2004

Parties

Landlord : Stelux Holdings Limited

Tenant : Yee Hing

Premises Leased:

Portion of 28th Floor with a gross floor area of approximately 4,300 square feet, with storerooms 6A and 6B on the 28th Floor and carpark space no. 309 at basement 3 of Stelux House, No. 698 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong.

Term and Commencement Date:

A term commencing from 15th August 2004 to 31st March 2007 (both days inclusive) with an option to renew for a further term of three (3) years at a new rent to be agreed between the landlord and tenant or at such market rent at which the premises might reasonably be expected to be let in the open market but otherwise subject to the same terms. The Company will comply with the connected transactions requirements of the Listing Rules upon a further renewal of the Second Tenancy Agreement.

Rental:

HK\$49,450.00 per month exclusive of rates, government rent and management charges payable monthly in advance.

BASIS FOR DETERMINING RENTALS

Independent written valuations conducted in July 2004 of the office premises and carparking spaces leased show the current open market value on a monthly basis of (i) the office premises and carparking space leased under the First Tenancy Agreement to be HK\$85,500.00 exclusive of rates, government rent, management fees and other outgoings and (ii) the office premises and carparking space leased under the Second Tenancy Agreement to be HK\$49,450 exclusive of rates, government rent, management fees and other outgoings.

The respective rentals under the First Tenancy Agreement and the Second Tenancy Agreement were determined by reference to the current open market rental values.

The premises leased under the First Tenancy Agreement and Second Tenancy Agreement are for office purposes.

THE CAP

The Company proposes to set the maximum aggregate annual consideration for the Continuing Connected Transactions at HK\$1,619,832 for each of the three financial years ending 31st March 2007. The Cap was determined with reference to the total annual rentals under the First Tenancy Agreement and Annual rental of the Second Tenancy Agreement expected to be received by the Group for the respective financial year.

REASON FOR THE TRANSACTIONS

In a relatively slow leasing market, the Continuing Connected Transactions will benefit the Company as it allows Stelux Holdings Limited to continue to lock in good quality tenants at prevailing market rentals.

INFORMATION FOR SHAREHOLDERS

The Group is principally engaged in the business of watch retailing, optical wear retailing, children's wear retailing and property investment. Yee Hing is principally engaged in general investment and IOM is principally a manufacturer of optical products.

Yee Hing is ultimately interested in approximately 59% of the issued share capital of the Company. Thong Sia holds approximately 10% of the issued share capital of the Company. Yee Hing holds 60% and Thong Sia holds 40% respectively of the issued share capital in IOM. Mr. Chumphol Kanjanapas (alias Joseph C.C. Wong), the vice chairman and chief executive officer of the Company, is a director of Yee Hing. Mr. Wong Chong Po, the chairman of the Company, is a director of both Yee Hing and IOM. Therefore, the First Tenancy Agreement and Second Tenancy Agreement constitute continuing connected transactions of the Company under the Listing Rules.

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 rentals to be received by the Group under 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.

The Continuing Connected Transactions are based on normal commercial terms agreed after arms' length negotiations between the parties and in the ordinary and usual course of business of the Company. The Board (including the independent non-executive directors of the Company) considers that the terms of the Continuing Connected Transactions (including the Cap) 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

“Board”	board of Directors;
“Cap-”	the maximum aggregate annual value for the Continuing Connected Transactions as proposed by the Company, being HK\$1,619,832 for each of the three financial years ending 31st 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;
“Continuing Connected Transactions”	the transactions under the First Tenancy Agreement and Second Tenancy Agreement as mentioned above;
“Directors”	directors of the Company;

“First Tenancy Agreement”	means the tenancy agreement dated 9th August 2004 between Stelux Holdings Limited and IOM as mentioned above;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of People’s Republic of China;
“IOM”	International Optical Manufacturing Company Limited (a company incorporated in Hong Kong), whose connection with the Company is set out above;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Second Tenancy Agreement”	means the tenancy agreement dated 9th August 2004 between Stelux Holdings Limited and Yee Hing as mentioned above;
“Shareholders”	holders of the shares in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Thong Sia”	Thong Sia Company Limited (a company incorporated in Hong Kong), whose connection with the Company is set out above; and

“Yee Hing”

Yee Hing Company Limited (a company incorporated in Hong Kong), whose connection with the Company is set out above.

By Order of the Board
Caroline Chong
Company Secretary

Hong Kong, 9th August 2004

As at the date of this announcement, the Directors of the Company are:

Executive Directors:

Wong Chong Po (Chairman), Chumphol 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 (independent) and Sydney Chu Chun Keung (independent)

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