

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)

CLOSURE OF HIPO.FANT BUSINESS

The Board has resolved on 14th July 2005 to close the HIPO.fant Business. The closure will not affect the overall business strategy of the Group and is in line with the Group's strategy to focus on its watch and optical business where the Group enjoys strong competitive advantages. The Company believes that the closure of the HIPO.fant Business will not have any significant negative effect on the financial position of the Group.

The Group is principally engaged in the business of retail and trading of watches, optical products and property investment. The HIPO.fant Business is operated by Poco Hippo as a retail chain store specializing in infant and children's wear, and accessories, bedding products and toys. There are currently 36 stores and counters in Mainland China, Hong Kong and Macau.

The Board has resolved on 14th July 2005 to close the HIPO.fant Business. Given the chain's past performance and prospects for future development, the Board believes that it may not be in the commercial interest of the Group to focus on infant and children's wear in the longer term. The closure is also in line with the Group's strategy to focus on its watch and optical business where the Group enjoys strong competitive advantages.

As at 31st March 2005, the net tangible assets of Poco Hippo represent approximately 0.9% of the net tangible assets of the Group and the turnover of Poco Hippo represents approximately 6.2% of the turnover of the Group. Since the operation of the HIPO.fant Business has been loss making, the Board believes that the closure of the HIPO.fant Business will not have any significant negative effect on the financial position of the Group.

The Company will close the HIPO.fant Business in a systematic manner, with the aim to complete the closure of all stores and counters by 31st January 2006. All stores and counters which leases will expire within such time will be closed upon expiration of the respective leases. The Company will seek early termination of other leases that expire beyond such time.

Existing staff of the HIPO.fant Business will be redeployed to other companies within the Group as far as practicable. To the extent that redeployment is not possible, the Company will terminate the employment of the staff with compensation at no less than that required by the relevant law.

The Group does not expect to place any new orders for stocks, but will honour all valid and existing purchase orders placed with Poco Hippo's suppliers that are outstanding. It is expected that the existing stocks of the HIPO.fant Business will be disposed of in the ordinary course of business through the remaining retail stores and counters. Assets and stocks that cannot be disposed of will be written off. The Company has no present intention to dispose of any of the assets or stocks of the HIPO.fant Business in any other manner. In this regard, the Company has made a provision for stocks in an amount of approximately HK\$17 million in its financial results for the year ended 31st March 2005. The Company anticipates that any further provision for write down will be insignificant having regard to the overall financial position of the Group.

DEFINITIONS

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| "Board" | the board of Directors of the Company |
| "Company" | Stelux Holdings International Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange |
| "Poco Hippo" | Poco Hippo Company Limited, a wholly-owned subsidiary of the Company |
| "Directors" | directors of the Company |
| "HIPO.fant Business" | the retail chain store operated by Poco Hippo, specializing in infant and children's wear, and accessories, bedding products and toys |
| "Group" | the Company and its subsidiaries |
| "Hong Kong" | the Hong Kong Special Administrative Region of The People's Republic of China |
| "Macau" | the Macau Special Administrative Region of The People's Republic of China |

On behalf of the Board

Joseph C.C. Wong

Vice Chairman and Chief Executive Officer

Hong Kong, 14th July 2005

The Directors of the Company as at the date hereof:

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*), Sydney Chu Chun Keung (*independent*) and Wu Chun Sang (*independent*)

* For identification purposes only

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