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If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in STELUX Holdings International Limited, you should at once hand this circular to the purchaser or to the transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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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)**

**DISCLOSEABLE TRANSACTION  
ACQUISITION OF PROPERTY IN HONG KONG**

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A letter from the Board of STELUX Holdings International Limited is set out on pages 3 to 6 of this circular.

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## DEFINITIONS

*In this circular, the following expressions shall have the meanings set out below:*

“Acquisition”	the acquisition of the Property under the Provisional Agreement and the Formal Agreement
“associate”	has the meaning as given to it in the Listing Rules
“Board”	the board of Directors
“chief executive”	has the meaning as given to it in the Listing Rules
“Company”	STELUX Holdings International Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	the completion of the Acquisition
“Consideration”	the consideration for the Acquisition, being HK\$62,000,000
“Directors”	the directors (including the independent non-executive directors) of the Company
“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	independent third party of the Company not connected with the Directors, chief executive and substantial Shareholders or any of its subsidiaries or their respective associates
“Latest Practicable Date”	27 December 2007, being the latest practical date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

## DEFINITIONS

“Property”	all that one equal undivided 108th part or share of and in all that piece or parcel of ground registered in the Land Registry as The Remaining Portion of Section B of Kowloon Inland Lot No.1568 And of and in the messuages erections and buildings constructed thereon and now known as Nos. 26, 28, 30, 32, 34 and 36 Sai Yeung Choi Street and Nos. 51A and 51B Shantung Street (the “ <b>Building</b> ”) together with the sole and exclusive right and privilege to hold use occupy and enjoy all that the shop of the Building known as the Ground Floor of No. 30 Sai Yeung Choi Street
“Provisional Agreement”	the provisional sale and purchase agreement dated 6 December 2007 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
“Purchaser”	Fulani Investment Limited, a wholly-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shares”	shares of par value of HK\$0.10 each in the issued share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Mr Fan Min Chi (樊敏之先生)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	Percentage

# 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)

*Board of Directors*

*Executive Directors:*

Wong Chong Po (*Chairman*)

Chumphol Kanjanapas, alias Joseph C.C. Wong  
(*Vice Chairman and Chief Executive Officer*)

Anthony Chu Kai Wah

Vincent Lau Tak Bui

*Non-executive Directors:*

Sakorn Kanjanapas

Wu Chun Sang (*independent*)

Lawrence Wu Chi Man (*independent*)

Agnes Kwong Yi Hang (*independent*)

*Registered office:*

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

*Principal office:*

27th Floor, Stelux House  
698 Prince Edward Road East  
San Po Kong  
Kowloon  
Hong Kong

31 December 2007

*To the Shareholders*

Dear Sir or Madam,

## DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTY IN HONG KONG

### 1. INTRODUCTION

On 10 December 2007, the Company announced that the Purchaser entered into the Provisional Agreement dated 6 December 2007 to acquire the Property from the Vendor at a cash consideration of HK\$62,000,000. Under the Provisional Agreement, the Formal Agreement is expected to be signed on or before 15 February 2008 and the Completion is expected to be on or before 3 March 2008. The Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. The purpose of this circular is to provide Shareholders with further information of the Acquisition and other information of the Group in accordance with the requirements under the Listing Rules.

\* For identification purpose only

## LETTER FROM THE BOARD

### 2. THE PROVISIONAL AGREEMENT

#### *Date*

6 December 2007

#### *Parties*

Vendor: Mr Fan Min Chi (樊敏之先生)

The Directors, to the best of their knowledge, information and belief and having made all reasonable enquires, confirm that the Vendor is an Independent Third Party

Purchaser: Fulani Investment Limited, a wholly-owned subsidiary of the Company

#### *Property*

The shop, with a saleable floor area of approximately 475 square feet, of the Building known as the Ground Floor of No. 30 Sai Yeung Choi Street, Kowloon, Hong Kong (please refer to details of the Property set out in section headed "DEFINITIONS" above)

The Property is subject to an existing tenancy of which City Chain Company Limited, a wholly-owned subsidiary of the Company, is the tenant. The annual rent (exclusive of rates, government rent and management charges) in respect of the Property paid by City Chain Company Limited for the two financial years ended 31 March 2006 and 31 March 2007 amounted to HK\$1,440,000 and HK\$1,880,000 respectively.

#### *Consideration*

The Consideration is HK\$62,000,000 in cash.

#### *Payment terms*

- (1) An initial deposit of HK\$3,000,000 has been paid by the Purchaser to Vendor upon signing of the Provisional Agreement.
- (2) A further deposit, and also as part payment of the Consideration, of HK\$3,200,000 shall be paid by the Purchaser to the Vendor upon signing of the Formal Agreement, which is expected to be on or before 15 February 2008.
- (3) The balance of HK\$55,800,000 shall be paid by the Purchaser to the Vendor upon Completion.

## LETTER FROM THE BOARD

### *Completion*

Completion of the sale and purchase of the Property shall take place on or before 3 March 2008.

The Board (including the independent non-executive Directors) considers that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **3. INFORMATION ON THE PROPERTY AND REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in the business of retailing and wholesaling of watches and optical products.

The Property is situated at Sai Yeung Choi Street of Mongkok district which is one of the busiest commercial areas in Kowloon, Hong Kong and is used for retail shop purpose. City Chain Company Limited, a wholly-owned subsidiary of the Company, has been leasing the Property for about 20 years to operate therefrom its watch retail shop, City Chain. The Directors are satisfied with the location of the Property in terms of exposure to shoppers and volume of pedestrian flow as far as the operations of the City Chain shop thereof is concerned. Given that the Property is now available for sale and having considered the business prospects for the City Chain shop operations at the Property, the Directors consider that the Acquisition could provide a good opportunity for the Company to secure a desirable retail space in Hong Kong without being affected by the fluctuations in rents and hence is beneficial to the development of the Group's core business.

### **4. CONSIDERATION**

The Consideration was agreed between the Purchaser and the Vendor after arm's length negotiations with reference to the valuation report of independent property valuers in respect of the Property which indicates that the consideration for the Property of HK\$62 million is within a reasonable market value as at 6 December 2007.

The Company intends to finance the Consideration partially by internal resources of the Group and partially by external mortgage loan from bank.

### **5. FINANCIAL EFFECTS**

The Consideration will be financed by a combination of internal resources of the Group and external mortgage loan from bank in a ratio to be determined by the Company. Based on the audited shareholders' funds of the Group of approximately HK\$737,681,000 and Group's borrowings of approximately HK\$336,651,000 as at 31 March 2007, and assuming that 70% of the Consideration of HK\$43,400,000 is financed by mortgage loan, the gearing ratio of the Group (Group's borrowings divided by shareholders' funds of the Group) will be increased from approximately 45.7% by approximately 5.9% to approximately 51.6%. The Directors are of the view that the Acquisition will have no material impact on the earnings of the Group as the difference between the interest expenses on the mortgage financing, if

## LETTER FROM THE BOARD

any, with respect to the Property and the saving in rental expenses payable by the Group as a result of the Acquisition for the Property is not significant. The monthly rent (exclusive of rates, government rent and management charges) in respect of the Property under the existing tenancy agreement, which will expire on 30 April 2008, between the Vendor and City Chain Company Limited, is HK\$170,000.

As above mentioned, the current intended purpose for the Acquisition is for the Group's own retail shop uses. As such, the Property will be included in the consolidated balance sheet of the Company and classified as a non-current asset following Completion. The Directors consider that the Acquisition will not have any significant impact on the net assets of the Group as there will be a corresponding decrease in the cash balance of the Group (current asset) and an increase in the Group's bank borrowings (non-current liability), if any, representing the amount of Consideration paid and payable in respect of the Property.

### 6. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,  
On behalf of the Board  
**Joseph C.C. Wong**  
*Vice Chairman and Chief Executive Officer*



**RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular with regard to the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts with regard to the Company, the omission of which would make any statement in this circular misleading.

**DISCLOSURE OF INTERESTS****(a) Interests of Directors and chief executives**

As at the Latest Practicable Date, the interests and short positions of the Directors and the Company's chief executives in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be entered into the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

All interests disclosed below represent long positions in shares of the Company or members of the Group as at the Latest Practicable Date:

*(i) The Company – Ordinary Shares*

Name of Director	Beneficial owner	Number of shares			Total	Approximate percentage of issued share capital (%)
		Family interest	Beneficiary of a trust	Other interest		
Mr Wong Chong Po	1,215,000	–	300,069,959 (Note 1)	308,770,884 (Note 2)	309,985,884	32.58
Mr Joseph C.C. Wong	200,592,091	10,000	300,069,959 (Note 1)	–	500,672,050	52.63
Mr Sakorn Kanjanapas	47,452,056	–	300,069,959 (Note 1)	–	347,522,015	36.53
Mr Chu Kai Wah, Anthony	2,000,000	–	–	–	2,000,000	0.21
Mr Lau Tak Bui, Vincent	819,200	–	–	–	819,200	0.09

Notes:–

- Yee Hing Company Limited, directly and indirectly through its subsidiaries including Active Lights Company Limited, Thong Sia Company Limited and Yee Hing International Limited, held 300,069,959 shares of the Company as at the Latest Practicable Date. 55% of the total issued ordinary shares of Yee Hing Company Limited is held by Klayze Holdings Limited,

which is the trustee of a discretionary trust (the “Trust”). Mr Wong Chong Po, Mr Joseph C.C. Wong and Mr Sakorn Kanjanapas are the beneficiaries of the Trust and were therefore deemed to be interested in 300,069,959 shares of the Company through the Trust’s interest in Yee Hing Company Limited.

2. Mr Wong Chong Po is the executor of the estate of Mr Wong Chue Meng (the “Estate”) and is deemed to be interested in the interests in shares of the Company held by the Estate. As at the Latest Practicable Date, the Estate directly held 8,700,925 shares and is also deemed to be interested in those 300,069,959 shares of the Company held directly or indirectly by Yee Hing Company Limited through the Estate’s controlling interest in Dragon Master Investment Limited which owns 45% of the total issued ordinary shares of Yee Hing Company Limited. Mr Wong Chong Po’s deemed interest in such 300,069,959 shares of the Company by virtue of his capacity as the executor of the Estate duplicates his deemed interest through the Trust as described in Note 1 above.

(ii) *Subsidiary Companies*

	Number of shares			Total	Approximate percentage of preference shares
	Personal interests	Family interests	Corporate interests		
(a) City Chain (Thailand) Company Limited – Preference shares <sup>(1)</sup>					
Mr Wong Chong Po	200	–	208,800	209,000	99.52
Mr Joseph C. C. Wong	200	–	208,800	209,000	99.52
Mr Sakorn Kanjanapas	200	–	208,800	209,000	99.52
(b) Stelux Watch (Thailand) Company Limited – Preference shares <sup>(2)</sup>					
Mr Wong Chong Po	600	–	–	600	16.67
Mr Joseph C. C. Wong	600	–	–	600	16.67
Mr Sakorn Kanjanapas	600	–	–	600	16.67
(c) Optical 88 (Thailand) Company Limited – Preference shares <sup>(3)</sup>					
Mr Wong Chong Po	5,000	–	225,000	230,000	90.20
Mr Joseph C. C. Wong	5,000	–	225,000	230,000	90.20
Mr Sakorn Kanjanapas	5,000	–	225,000	230,000	90.20

*Notes:*

- (1) City Chain (Thailand) Company Limited is a wholly-owned subsidiary of the Company. The preference shares held by certain directors represent preference shares issued by City Chain (Thailand) Company Limited which do not carry any voting rights and which are not entitled to any profit sharing but are only entitled to annual fixed dividends. The corporate interests of each of Mr. Wong Chong Po, Mr. Joseph C.C. Wong and Mr. Sakorn Kanjanapas in 208,800 preference shares duplicate with each other.
- (2) Stelux Watch (Thailand) Company Limited is a wholly-owned subsidiary of the Company. The preference shares held by certain directors represent preference shares issued by Stelux Watch (Thailand) Company Limited which do not carry any voting rights and which are not entitled to any profit sharing but are only entitled to annual fixed dividends.
- (3) Optical 88 (Thailand) Company Limited is a wholly-owned subsidiary of the Company. The preference shares held by certain directors represent preference shares issued by Optical 88 (Thailand) Company Limited which do not carry any voting rights and which are not entitled

to any profit sharing but are only entitled to annual fixed dividends. The corporate interests of each of Mr. Wong Chong Po, Mr. Joseph C.C. Wong and Mr. Sakorn Kanjanapas in 225,000 preference shares duplicate with each other.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the Company's chief executives, had, under Divisions 7 and 8 of Part XV of the SFO, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

**(b) Interests of shareholders discloseable pursuant to the SFO**

Save as disclosed below, the Directors are not aware of any other person (other than a Director or chief executive of the Company or his/her respective associate(s)) who, as at the Latest Practicable Date, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<b>Name</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Percentage of shareholding</b>
Yee Hing Company Limited	Beneficial owner Interest of controlled corporation	72,031,771 228,038,188	
		Total: 300,069,959	31.54
Dragon Master Investment Limited	Interest of controlled corporation ( <i>Note 1</i> )	300,069,959	31.54
Klayze Holdings Limited	Trustee of the Trust ( <i>Note 2</i> )	300,069,959	31.54
Active Lights Company Limited	Beneficial owner	135,653,636	14.26
Thong Sia Company Limited	Beneficial owner	91,032,218	9.57
Arisaig Greater China Fund Limited	Beneficial owner	90,000,000	9.46
Arisaig Partners (Mauritius) Limited	Investment manager ( <i>Note 3</i> )	90,000,000	9.46
Cooper Lindsay William Ernest	Interest of controlled corporation ( <i>Note 3</i> )	90,000,000	9.46
Mr Chaiyasit Kanjanapas	Beneficial owner	85,303,000	8.97

*Notes:*

1. Dragon Master Investment Limited held 45% of the total issued ordinary shares of Yee Hing Company Limited.
2. Klayze Holdings Limited held 55% of the total issued ordinary shares of Yee Hing Company Limited as the trustee of the Trust.
3. Cooper Lindsay William Ernest had a controlling interest in Arisaig Partners (Mauritius) Limited which is the fund manager of Arisaig Greater China Fund.

**(c) Substantial shareholding in other members of the Group**

The Directors are not aware of any other person (other than a Director or chief executive of the Company or his/her respective associate(s)) who, as at the Latest Practicable Date, was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

**LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

**DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries, which was subsisting and was significant in relation to the business of the Group.

**DIRECTORS' INTEREST IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in a business apart from the Company's business which competes or is likely to compete, either directly or indirectly, the Company's business, or which would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder.

**GENERAL**

- (a) The secretary of the Company is Caroline Chong Sue Peng, BA (Law) (Hons), admitted as a Barrister in England and Wales, and Hong Kong.
- (b) Mr Vincent Lau Tak Bui, who is a member of the Hong Kong Institute of Certified Public Accountants, has been appointed as the qualified accountant of Company for the purpose of Rule 3.24 of the Listing Rules.
- (c) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda. The principal place of business of the Group in Hong Kong is at 27th Floor, Stelux House, 698 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong. The share registrar of the Company is Butterfield Fund Services (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda and the branch share registrar and transfer office is Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.