

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

STELUX Holdings International Limited

寶光實業(國際)有限公司*

Incorporated in Bermuda with limited liability

website: <http://www.stelux.com>

Stock Code: 84

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Leasing and licensing of premises from connected person

and

Provision of management and property agency liaison services to connected person

1. CONTINUING CONNECTED TRANSACTIONS RELATING TO THE RENEWAL OF SUBSISTING LEASING AND LICENSING OF PREMISES FROM CONNECTED PERSON

The Company announces that on 10 December 2012, certain of its wholly-owned subsidiaries, each individually as tenant, entered into the Stelux House Renewal Tenancy Agreements 2013 and the Warehouse Leasing and Licence Renewal Agreements 2013 with Mengiwa, Thong Sia Co and Active Lights, each individually as landlord/licensor, to renew the leases/licences of the subject office premises (including carparking spaces) and warehouse spaces for terms of three years commencing on 1 April 2013 and expiring on 31 March 2016.

The maximum aggregate annual rentals/licence fees under the Stelux House Renewal Tenancy Agreements 2013, and, the Warehouse Leasing and Licence Renewal Agreements 2013 payable by the Group to the Yee Hing Group for each of the three financial years ending 31 March 2016 amount to approximately HK\$12,451,440.

Each of Mengiwa, Thong Sia Co and Active Lights is a subsidiary of Yee Hing. The Trust, of which Mr. Chumphol Kanjanapas and Mr. Sakorn Kanjanapas, being directors of the Company, are beneficiaries, holds 55% of the total issued shares of Yee Hing. Therefore, each of Mengiwa, Thong Sia Co and Active Lights is an associate of the aforesaid directors and hence is a connected person of the Company. The entering into of the Stelux House Renewal Tenancy Agreements 2013 and the Warehouse Leasing and Licence Renewal Agreements 2013 therefore constitute continuing connected transactions (the “Continuing Connected Transactions A”) for the Company.

* For identification purpose only

Each of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules, calculated with reference to the aggregate Annual Cap exceeds 0.1% but is less than 5%. The Continuing Connected Transactions A therefore constitute continuing connected transactions subject to the annual review, reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. CONTINUING CONNECTED TRANSACTION RELATING TO THE RENEWAL OF SUBSISTING SERVICE AGREEMENT IN RESPECT OF THE PROVISION OF MANAGEMENT AND PROPERTY AGENCY SERVICES BY THE GROUP TO CONNECTED PERSON

The Company announces that on 10 December 2012, the Service Agreement 2013 was entered into between a wholly owned subsidiary of the Company, as agent, and Mengiwa, as principal, to renew the term of the subsisting service agreement with respect to the provision of the Services by the Group.

Since Mengiwa is an associate of the aforesaid directors and hence a connected person of the Company, the entering into of the Service Agreement 2013 therefore constitutes a continuing connected transaction (the "Continuing Connected Transaction B") for the Company.

Each of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules, calculated with reference to the aggregate Annual Cap exceeds 0.1% but is less than 5%. The Continuing Connected Transaction B therefore constitutes a continuing connected transaction subject to the annual review, reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS RELATING TO THE SUBSISTING LEASES AND LICENCES FOR OFFICE PREMISES CARPARKING SPACES AND WAREHOUSE SPACES

Reference is made to the announcements of the Company dated 16 December 2009, 1 February 2011, 11 July 2011 and 29 December 2011 in relation to the continuing connected transactions under then subsisting agreements relating to the leasing or licensing of office premises, carparking spaces and warehouse spaces by the Group from the Yee Hing Group which will expire on 31 March 2013.

The Company announces that on 10 December 2012, certain of its wholly owned subsidiaries, each individually as tenant, entered into the Stelux House Renewal Tenancy Agreements 2013 and the Warehouse Leasing and Licence Renewal Agreements 2013 with Mengiwa, Thong Sia Co and Active Lights, each individually as landlord/licensor, to renew the term of the leases/licences of the subject office premises (including carparking spaces) and warehouse spaces for terms of three years commencing on 1 April 2013 and expiring on 31 March 2016.

Stelux House Renewal Tenancy Agreements 2013

Date:	10 December 2012
Parties:	Mengiwa, as landlord, which is engaged in investment holding, and Stelux Holdings Limited, Thong Sia Watch and Thong Sia Optics each individually as tenant
Premises A:	whole of 27th floor and portion of 28th floor (including 12 carparking spaces) at Stelux House
Premises B:	whole of 21st floor (including 3 carparking spaces) at Stelux House
Premises C:	office unit numbers 502, 503, 505 and 506 on the 5th floor at Stelux House
Premises D:	office unit numbers 1901, 1902 and 1903 with two storerooms numbers 1A and 1B on the 19th floor at Stelux House
Premises E:	office unit numbers 1702 and 1703 on the 17th floor at Stelux House
Premises F:	storeroom no. 6A on 18th floor at Stelux House
Premises G:	portion of office unit numbers 1905 and 1906 with storeroom no. 6A on 19th floor at Stelux House
Premises H:	office unit numbers 2201, 2202 and 2206 with storeroom numbers 1A, 1B, 6A and 6B on the 22nd Floor of Stelux House
Term and rental period:	A term of three years from 1 April 2013 up to and including 31 March 2016
Rent-free period:	N.A.
Monthly rental:	Total HK\$881,700 per calendar month comprising HK\$830,000 per calendar month for the office premises (Premises A, B, C, D, E, G and H exclusive of rates, government rent and management charges) and HK\$51,700 for the 15 carparking spaces and a storeroom (Premises F) per calendar month (inclusive of rates, government rent and management charges), both payable monthly in advance in cash by the tenant on the first day of each and every calendar month.

Other terms: Stelux Holdings, as tenant of Premises A, is granted the naming right of Stelux House and each of Stelux Holdings, Thong Sia Watch and Thong Sia Optics is granted an option for the Premises A, B, C, D, E, G and H, but not an obligation, to renew the relevant tenancy agreement with the landlord every three years for three more years for a maximum of 15 years commencing from 1 April 2016 at the then prevailing open market rent. The Company will comply with all applicable requirements under the Listing Rules in the event of renewal of the subject tenancy agreements.

The monthly rental was determined on an arm's length basis taking into account the valuations on the office premises conducted by an independent property valuer dated 2 November 2012, which indicate that the renewal rental rates under the Stelux House Tenancy Renewal Agreements 2013 are favourable to the Group as compared with the prevailing market rental values of the subject premises, while the rental rates for carparking spaces were determined with reference to the prevailing market rental rates. Accordingly, the Directors consider the Stelux House Renewal Tenancy Agreements 2013 to be on normal commercial terms and to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Warehouse Leasing and Licence Renewal Agreements 2013

Date: 10 December 2012

Parties: Thong Sia Co, and Active Lights, as landlord/licensor, each of which is engaged in investment holding; and certain wholly-owned subsidiaries of the Company, each individually as tenant/licensee

Premises: Warehouse space A at an industrial building ("**Yau Tong Building**") in Yau Tong, Kowloon, Hong Kong;

Warehouse space B at Yau Tong Building;

Warehouse space C at an industrial building ("**Kowloon Bay Building**") in Kowloon Bay, Kowloon, Hong Kong; and

Warehouse space D at Kowloon Bay Building

Term and rental period: A term of three years from 1 April 2013 up to and including 31 March 2016

Rent-free period: N.A.

Monthly rental/licence fee: HK\$48,920 per calendar month (exclusive of rates, government rent and management charges) for Warehouse Space A;

HK\$9,500 per calendar month (inclusive of rates, government rent and management charges) for Warehouse Space B;

HK\$87,100 per calendar month (exclusive of rates, government rent and management charges) for Warehouse Space C; and

HK\$10,400 per calendar month (exclusive of rates, government rent and management charges) for Warehouse Space D,

payable monthly in advance in cash by the tenant/licensee on the first day of each and every calendar month.

The monthly rentals/licence fees were determined on an arm's length basis after having taken into account the valuations on the warehouses conducted by an independent property valuer on 23 November 2012, which indicate that the renewal rentals/licence fees under the Warehouse Leasing and Licence Renewal Agreements 2013 are favourable to the Group as compared with the prevailing market rental/licence fee values of the subject warehouses. Accordingly, the Directors consider the Warehouse Leasing and Licence Renewal Agreements 2013 to be on normal commercial terms and to be fair and reasonable and in the interests of the Company and the Shareholders as a whole. Based on the monthly rentals/licence fees mentioned above, the total annual rentals/licence fees will be HK\$1,871,040 for each of three financial years ending 31 March 2016 respectively.

REASONS AND BENEFITS OF THE STELUX HOUSE RENEWAL TENANCY AGREEMENTS 2013 AND THE WAREHOUSE LEASING AND LICENCE RENEWAL AGREEMENTS 2013

The Group is principally engaged in the businesses of retailing and wholesaling of watches and optical products. The Group has been using the subject office premises (including the carparking spaces) primarily for office, administrative and storage purposes over a long period of time. In order to avoid possible disruption to its business due to relocation, the Group intends to continue to lease/licence the subject office premises (including the carparking spaces) following the expiration of the relevant leases/licences. The Directors consider it to be in the interests of the Company and the Shareholders as a whole for the Group to continue to use the subject premises as long as the relevant rental/licence fee and other terms are favourable to the Group so as to avoid relocation and refurbishment costs which otherwise the Group will have to incur.

The maximum aggregate annual rentals/licence fees under the Stelux House Renewal Tenancy Agreements 2013, and, the Warehouse Leasing and Licence Renewal Agreements 2013 payable by the Group to the Yee Hing Group for each of the three financial years ending 31 March 2016 amount to approximately HK\$12,451,440.

LISTING RULES IMPLICATIONS AND AGGREGATION OF ANNUAL CAP IN RELATION TO THE CONTINUING CONNECTED TRANSACTIONS A

Each of Mengiwa, Thong Sia Co and Active Lights is a subsidiary of Yee Hing. The Trust, of which Mr. Chumphol Kanjanapas and Mr. Sakorn Kanjanapas, being directors of the Company, are beneficiaries, holds 55% of the total issued shares of Yee Hing. Therefore, each of Mengiwa, Thong Sia Co and Active Lights is an associate of the aforesaid directors and hence is a connected person of the Company. The entering into of the Stelux House Renewal Tenancy Agreements 2013 and the Warehouse Leasing and Licence Renewal Agreements 2013 therefore constitute continuing connected transactions (the “Continuing Connected Transactions A”) for the Company. The Continuing Connected Transactions A shall be considered on an aggregate basis for the purpose of classification in accordance with Rule 14A.25 of the Listing Rules.

The Company proposes to set the aggregate Annual Cap for the rental/licence fee under the Stelux House Renewal Tenancy Agreements 2013 and the Warehouse Leasing and Licence Renewal Agreements 2013 for each of the three financial years ending 31 March 2016 as follows:

	For the year ending 31 March		
	2014	2015	2016
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Stelux House Renewal Tenancy Agreement 2013	10,580,400	10,580,400	10,580,400
Warehouse Leasing and Licence Renewal Agreements 2013	1,871,040	1,871,040	1,871,040
Aggregate Annual Cap	12,451,440	12,451,440	12,451,440

LISTING RULES IMPLICATIONS

Each of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules, calculated with reference to the Annual Cap in respect of the Continuing Connected Transactions A for the three financial years ending 31 March 2016, exceeds 0.1% but is less than 5%. As such, the Continuing Connected Transactions A are classified, on an aggregate basis, as continuing connected transactions for the Company exempt from the independent shareholders’ approval requirements under Rule 14A.34 of the Listing Rules but will be subject to the annual review, reporting and announcement requirements thereunder.

Mr. Chumphol Kanjanapas and Mr. Sakorn Kanjanapas are respectively directors of the Company and Mengiwa and each has an indirect interest in the shares of Mengiwa. As such, Mr. Chumphol Kanjanapas and Mr. Sakorn Kanjanapas have a material interest in the subject transactions. Mr. Chumphol Kanjanapas abstained from voting on the subject transactions at the board meeting of the Company held on 29 November 2012. Mr. Sakorn did not attend the board meeting, and therefore, did not vote on the subject transactions at the meeting.

Mr. Vincent Lau Tak Bui is also a director of the Company and Mengiwa. As such, Mr. Vincent Lau Tak Bui has a material interest in the subject transactions. He abstained from voting on the subject transactions at the board meeting.

2. CONTINUING CONNECTED TRANSACTION RELATING TO THE PROVISION OF MANAGEMENT AND PROPERTY AGENCY SERVICES BY GROUP TO MENGIWA

Reference is made to the announcement of the Company dated 16 December 2009 in relation to the ongoing continuing connected transaction of the Company for the Services with respect to Stelux House by the Group. The relevant services agreement for the provision of Services that was entered into between the Company (through its wholly-owned subsidiary) and a wholly-owned subsidiary of Yee Hing constitutes an on-going continuing connected transaction for the Company and will expire on 31 March 2013.

The Company has been providing the Services with respect to Stelux House since 1998 and has accumulated relevant knowledge and experience. During the term of the relevant service agreement, the Company has been receiving a monthly remuneration of HK\$178,500 and Mengiwa is satisfied so far with the Services provided by the Group, whilst the remuneration received by the Group is more than enough to cover the relevant costs incurred by the Group in providing the Services. As such, the Company intends to continue to provide the Services with respect to Stelux House following the expiration of the relevant service agreement on 31 March 2013. On 10 December 2012, a wholly-owned subsidiary of the Company entered into the Service Agreement 2013 for a period of three years (the “**Continuing Connected Transaction B**”).

Service Agreement 2013

Date:	10 December 2012
Parties:	Mengiwa, as principal; and Stelux Properties Agency, a wholly-owned subsidiary of the Company, as agent
Term and commencement date:	A term of three years from 1 April 2013 up to and including 31 March 2016
Monthly remuneration:	HK\$195,000 per calendar month (in the first year ending 31 March 2014) payable in advance in cash on the first day of each and every calendar month. Parties to the Service Agreement 2013 shall negotiate and agree in good faith to increase the remuneration on an annual basis for the second year and the third year by not more than 10% over that in the preceding year with reference to the actual increase in costs (including but not limited to the related staff salaries) incurred by the Group with respect to the provision of the Services. In the event that no agreement is reached between the parties in negotiating the remuneration for the next year, the remuneration shall remain unchanged.

BASIS FOR DETERMINING THE REMUNERATION AND ANNUAL CAP

The monthly remuneration to be received by the Group for the year ending 31 March 2014 is the same as that under the service agreement for the three years ending 31 March 2013. The remuneration was arrived at after arm's length negotiations between the parties and with reference to the estimate of the costs to be incurred by the Company with respect to the provision of the Services in the financial year ending 31 March 2013.

Accordingly, the Directors consider the Continuing Connected Transaction B and the terms of the Service Agreement 2013 to be on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

With reference to the monthly remuneration to be received by the Company under the Service Agreement 2013, the Company proposes to set the Annual Cap for the Continuing Connected Transaction B at HK\$2,340,000, HK\$2,574,000 and HK\$2,831,400 for each of the three financial years ending 31 March 2016 respectively.

LISTING RULES IMPLICATIONS

As disclosed in this announcement, Mengiwa is a connected person of the Company and each of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules, calculated with reference to the above mentioned Annual Cap for the three financial years ending 31 March 2016, exceeds 0.1% but is less than 5%. As such, the Continuing Connected Transaction B is classified as a continuing connected transaction for the Company exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules but will be subject to the annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“Active Lights”	Active Lights Company Limited, a company incorporated in Hong Kong, and controlled by Yee Hing
“associate”	has the same meaning as ascribed to it under the Listing Rules
“Annual Cap”	the maximum annual rental/license fee to be paid by the Group to connected person in relation to the Continuing Connected Transactions A, or the maximum annual fee to be received by the Group from connected person in relation to Continuing Connected Transaction B
“Board”	the board of Directors
“Company”	STELUX Holdings International Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Directors”	directors (including the independent non-executive directors) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mengiwa”	Mengiwa Property Investment Limited, a company incorporated in Hong Kong engaging in investment holding and a wholly-owned subsidiary of Yee Hing
“Premises A”	whole of 27th floor and portion of 28th floor (including 12 carparking spaces) at Stelux House
“Premises B”	whole of 21st floor (including 3 carparking spaces) at Stelux House
“Premises C”	office unit numbers 502, 503, 505 and 506 on the 5th floor at Stelux House
“Premises D”	office unit numbers 1901, 1902 and 1903 with two storerooms numbers 1A and 1B on the 19th floor at Stelux House
“Premises E”	office unit numbers 1702 and 1703 on the 17th floor at Stelux House

“Premises F”	storeroom no. 6A on 18th floor at Stelux House
“Premises G”	portion of office unit numbers 1905 and 1906 with storeroom no. 6A on 19th floor at Stelux House
“Premises H”	office unit numbers 2201, 2202 and 2206 with storeroom numbers 1A, 1B, 6A and 6B on the 22nd Floor of Stelux House
“Services”	provision of overall administration and management services comprising contract administration, property agency liaison and tenancy management, financial management and other administrative services
“Service Agreement 2013”	the agreement entered into on 10 December 2012 between Stelux Properties Agency and Mengiwa for the renewal of the subsisting service agreement with respect to the Services
“Shareholders”	holders of the shares in the issued share capital of the Company
“Stelux Holdings”	Stelux Holdings Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Stelux House”	the building known as “Stelux House” situated at 698 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong, erected on New Kowloon Inland Lot No. 4790
“Stelux House Renewal Tenancy Agreements 2013”	the tenancy agreements entered into on 10 December 2012 between Mengiwa, as landlord, and Stelux Holdings, Thong Sia Watch and Thong Sia Optics, respectively as tenant for the leases of Premises A, Premises B, Premises C, Premises D, Premises E, Premises F, Premises G and Premises H
“Stelux Properties Agency”	Stelux Properties Agency Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Thong Sia Co”	Thong Sia Company Limited, a company incorporated in Hong Kong and a subsidiary of Yee Hing
“Thong Sia Optics”	Thong Sia Optics (Hong Kong) Company Limited, formerly known as Vision PRO Trading Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Thong Sia Watch”	Thong Sia Watch Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

“Trust”	the Klayze Trust, of which Mr. Chumphol Kanjanapas, Mr. Sakorn Kanjanapas and their certain brothers and sisters are beneficiaries
“Warehouse Leasing and Licence Renewal Agreements 2013”	the warehouse rental and warehouse licence agreements entered into on 10 December 2012 between Active Lights and Thong Sia Co, each individually as landlord/licensor and certain wholly-owned subsidiaries of the Company, each individually as tenant/licensee, respectively, in relation to the lease of Warehouse Space A, Warehouse Space B, Warehouse Space C and the licence to use Warehouse Space D
“Warehouse Space A”	Warehouse space A at an industrial building (“ Yau Tong Building ”) in Yau Tong, Kowloon, Hong Kong
“Warehouse Space B”	Warehouse space B at Yau Tong Building
“Warehouse Space C”	Warehouse space C at an industrial building (“ Kowloon Bay Building ”) in Kowloon Bay, Kowloon, Hong Kong
“Warehouse Space D”	Warehouse space D at Kowloon Bay Building
“Yee Hing”	Yee Hing Company Limited, a company incorporated in Hong Kong
“Yee Hing Group”	Yee Hing and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	Percentage

By order of the Board
Caroline Chong
Company Secretary

Hong Kong, 10 December 2012

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

Executive Directors:

Chumphol Kanjanapas (alias Joseph C.C. Wong) (*Chairman and Chief Executive Officer*), Vincent Lau Tak Bui (*Chief Operating Officer*) and Anthony Chu Kai Wah

Non-executive Directors:

Sakorn Kanjanapas, Wu Chun Sang (*independent*), Lawrence Wu Chi Man (*independent*) and Agnes Kwong Yi Hang (*independent*)