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STELUX Holdings International Limited

寶光實業(國際)有限公司*

website: <http://www.irasia.com/listco/hk/stelux>

(Incorporated in Bermuda with limited liability)

Stock Code: 84

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Leasing of office premises from connected person

CHANGES IN ANNUAL CAPS

**in relation to on-going continuing connected transactions
with respect to leasing of properties from connected persons**

The Company announces that on 25 February 2009 a wholly-owned subsidiary of the Company, as tenant, (i) entered into the Tenancy Agreement with Mengiwa, as landlord, to renew the lease of Premises 1 for one year from 1 April 2009 to 31 March 2010, and (ii) served Mengiwa, as landlord, a notice to terminate, with effect from no later than 30 June 2009, the subsisting tenancy agreements with respect to the lease of Premises B and Premises C earlier than their contractual expiration dates (the “**Early Termination**”).

Since Mengiwa is controlled by Yee Hing which in turn is a controlling shareholder of the Company, Mengiwa is a connected person of the Company. The transactions contemplated under the Tenancy Agreement therefore constitute continuing connected transactions for the Company under the Listing Rules, and shall be aggregated with the subsisting continuing connected transactions in relation to lease of properties from Mengiwa and parties connected or otherwise associated with it for the purpose of classification in accordance with Rule 14A.25 of the Listing Rules.

Each of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules, calculated with reference to the Annual Cap for the Tenancy Agreement and aggregated with the maximum annual consideration to be paid by the Group relating to lease of properties from Mengiwa and parties connected or otherwise associated with it (as stated in the announcements of the Company dated 22 July 2008 and 19 December 2007 and after revision for the Early Termination) for the year ending 31 March 2010, exceeds 0.1% but is less than 2.5%. As such, the transactions contemplated under the Tenancy Agreement are classified, on an aggregated 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.

RENEWAL AND EARLY TERMINATION OF LEASES

The Company announces that on 25 February 2009 a wholly-owned subsidiary of the Company, as tenant, (i) entered into the Tenancy Agreement with Mengiwa, as landlord, to renew the lease of Premises 1 for one year from 1 April 2009 to 31 March 2010, and (ii) served Mengiwa, as landlord, a notice to terminate, with effect from no later than 30 June 2009, the subsisting tenancy agreements with respect to the lease of Premises B and Premises C earlier than their contractual expiration dates (the “**Early Termination**”).

Tenancy Agreement

Date:	25 February 2009
Parties:	(i) Mengiwa, as landlord; and (ii) Thong Sia Watch, as tenant
Premises:	Premises 1, being the whole of the 21st Floor and 3 car parking spaces at Stelux House.
Term and rental period:	A term of one year from 1 April 2009 up to and including 31 March 2010.
Rent:	Total HK\$129,150 per calendar month comprising HK\$119,700 per calendar month (exclusive of management fees, rates and government rent) for the office premises and HK\$9,450 for the 3 car parking spaces 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.

BASIS FOR DETERMINING THE RENT AND THE ANNUAL CAP IN RELATION TO THE TENANCY AGREEMENT

The monthly rent payable under the Tenancy Agreement is the same as the effective monthly rent payable by Thong Sia Watch under the current lease with respect to the lease of Premises 1 (after taking into account the rent-free periods) which was entered into on 19 July 2006. To the best information and knowledge of the Directors, the renewal rental rate under the Tenancy Agreement is lower than the prevailing market rates for comparable office premises at Stelux House that Mengiwa charges other tenants at Stelux House. Accordingly, the Directors consider that the Tenancy Agreement was entered into on terms no less favourable to the Company than terms available to third parties independent from Mengiwa (which is the sole owner of Stelux House) and the terms of the Tenancy Agreement to be on normal commercial terms and to be fair and reasonable.

The Group is principally engaged in the businesses of retailing and wholesaling of watches and optical products. Thong Sia Watch is an operating subsidiary of the Company and whose principal business is watch wholesaling business. The Company, including its major subsidiaries in Hong Kong, has its headquarters located at Stelux House. Since the current lease of Premises 1 by Thong Sia Watch will expire on 31 March 2009, renewal of the lease (for a period of one year to coincide with all the expiry

dates of the Group's leases at Stelux House) will maintain the operating efficiency of the Group as a whole and avoid possible disruption to business due to relocation. Therefore, the Directors consider the entering into of the Tenancy Agreement to be in the interest of the Company and the Shareholders as a whole.

Based on the terms of the Tenancy Agreement, the Group proposes to set the Annual Cap for the Tenancy Agreement at HK\$1,549,800 for the year ending 31 March 2010.

CHANGES IN MAXIMUM ANNUAL CONSIDERATION FOR THE SUBSISTING CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 19 December 2007 in relation to the continuing connected transactions of the Company with respect to, inter alia, the lease of Premises B for the period from 1 April 2008 up to and including 31 March 2010 and the lease of Premises C for the period from 19 December 2007 up to and including 31 March 2010. Premises B and Premises C are mainly used by the Group for staff training and holding large-scale meetings. After conducting a review of the Group's requirement for office premises, it was decided that it would be more efficient to relocate and hence the leases of Premises B and Premises C will be earlier terminated. The total monthly rent for the lease of Premises B and Premises C is HK\$62,376 (exclusive of management fees, rates and government rent for office premises). The Early Termination with effect from no later than 30 June 2009 shall reduce the rent payable by the Group to the relevant connected person by at least HK\$561,300 for the year ending 31 March 2010.

AGGREGATION OF THE LEASE RENEWAL AND OTHER SUBSISTING PROPERTY LEASE TRANSACTIONS WITH THE SAME CONNECTED PERSON

Yee Hing is a controlling shareholder of the Company holding approximately 31.54% of the issued share capital of the Company as of the date of this announcement. Mengiwa, whose principal business is the ownership of Stelux House, is a wholly-owned indirect subsidiary of Yee Hing and is hence a connected person of the Company. As such, the transactions contemplated under the Tenancy Agreement constitute continuing connected transactions for the Company under the Listing Rules, and shall be aggregated with the subsisting continuing connected transactions in relation to lease of properties from Mengiwa and parties connected or otherwise associated with it for the purpose of classification in accordance with Rule 14A.25 of the Listing Rules.

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 for the Tenancy Agreement and aggregated with the maximum annual consideration to be paid by the Group relating to lease of properties from Mengiwa and parties connected or otherwise associated with it (as stated in the announcements of the Company dated 22 July 2008 and 19 December 2007 and after revision for the Early Termination) for the year ending 31 March 2010, exceeds 0.1% but is less than 2.5%. As such, the transactions contemplated under the Tenancy Agreement are classified, on an aggregated 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.

DEFINITIONS

“Annual Cap“	the maximum rental payment to be made by the Group to Mengiwa under the Tenancy Agreement for the year ending 31 March 2010
“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
“controlling shareholder”	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 and a wholly-owned indirect subsidiary of Yee Hing
“Premises 1”	the whole of the 21st Floor and 3 car parking spaces at Stelux House
“Premises B”	the office unit 1501 with storeroom 1A on the 15th Floor at Stelux House
“Premises C”	the office unit 1503 on the 15th Floor and storeroom 1206A on the 12th Floor at Stelux House
“Shareholders”	holders of the shares in the issued share capital 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement entered into between Mengiwa as landlord, and Thong Sia Watch, a wholly-owned subsidiary of the Company and as tenant, on 25 February 2009 setting out the terms for the renewal lease of the Premises 1 for the period from 1 April 2009 up to and including 31 March 2010
“Thong Sia Watch”	Thong Sia Watch Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

“Yee Hing”	Yee Hing Company Limited, a company incorporated in Hong Kong and a controlling shareholder of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	Percentage

On behalf of the Board
Caroline Chong
Company Secretary

Hong Kong, 25 February 2009

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

Executive Directors:

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

Non-executive Directors:

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