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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)

CONTINUING CONNECTED TRANSACTION

Leasing of office premises from connected person

The Company announces that on 1 February 2011 a wholly-owned subsidiary of the Company, as tenant, entered into the Tenancy Agreement with Mengiwa, as landlord, for the leasing of office premises as described below for a term of twenty-six months from 1 February 2011 up to and including 31 March 2013.

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 transaction contemplated under the Tenancy Agreement therefore constitutes a continuing connected transaction for the Company under the Listing Rules, and shall be aggregated with the subsisting continuing connected transactions in relation to the leasing of properties from Mengiwa and parties connected or otherwise associated with it (as stated in the announcement of the Company dated 16 December 2009) 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 the leasing of properties from Mengiwa and parties connected or otherwise associated with it (as stated in the announcement of the Company dated 16 December 2009) for the period from 1 February 2011 up to and including 31 March 2011 and for the two financial years ending 31 March 2013, exceeds 0.1% but is less than 5%. As such, the transaction contemplated under the Tenancy Agreement is classified, on an aggregated basis, 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 thereunder.

The Company will comply with all applicable requirements under the Listing Rules in the event of renewal of the Tenancy Agreement.

INFORMATION ABOUT THE CONTINUING CONNECTED TRANSACTION

The Company announces that on 1 February 2011 a wholly-owned subsidiary of the Company, as tenant, entered into the Tenancy Agreement with Mengiwa, as landlord, for the leasing of office premises as described below for a term of twenty-six months from 1 February 2011 up to and including 31 March 2013.

Tenancy Agreement dated 1 February 2011

Date:	1 February 2011
Parties:	Mengiwa, as landlord, is engaged in investment holding, and Stelux Holdings Limited as tenant
Premises:	Office unit numbers 1901, 1902 and 1903 with two storerooms 1A and 1B on the 19th Floor at Stelux House
Term and rental period:	A term of twenty-six months from 1 February 2011 up to and including 31 March 2013
Rent-free period:	One month
Monthly rental:	HK\$72,530 per calendar month (exclusive of rates, government rent and management charges) payable monthly in advance in cash by the tenant on the first day of each and every calendar month.
Other terms:	Stelux Holdings Limited, as tenant, is granted an option, but not an obligation, to renew the tenancy agreement with the landlord every three years for three more years for a maximum of 18 years commencing from 1 April 2013 at the then prevailing open market rent.

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

The monthly rental was determined on an arm's length basis taking into account the valuation conducted on the office premises as described above by an independent property valuer dated 4 January 2011, which indicates that the monthly rental under the Tenancy Agreement is based on the prevailing market rental value of the subject premises.

The Group is principally engaged in the businesses of retailing and wholesaling of watches and optical products. The Company, including its major subsidiaries, has its headquarters located at Stelux House. To improve the overall operating efficiency of the Group, certain back office functions of the Group will be relocated to Stelux House.

Therefore, 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 that the terms of the Tenancy Agreement to be on normal commercial terms and to be fair and reasonable. The Directors further consider the entering into of the Tenancy Agreement to be in the interests of the Company and the Shareholders as a whole.

Mr. Anant Kanjanapas, 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. Anant Kanjanapas, Mr. Chumphol Kanjanapas and Mr. Sakorn Kanjanapas have a material interest in the subject transaction. Each of them did not attend the board meeting of the Company held on 21 January 2011 and, therefore, did not vote on the subject transaction 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 transaction. He abstained from voting on the subject transaction at the board meeting.

Based on the terms of the Tenancy Agreement, the Group proposes to set the Annual Cap for the Tenancy Agreement at HK\$10,105,000 for the period from 1 February 2011 up to and including 31 March 2011 and HK\$10,900,000 for the two financial years ending 31 March 2013.

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

Yee Hing is a controlling shareholder of the Company holding approximately 31.57% 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 transaction contemplated under the Tenancy Agreement constitutes a continuing connected transaction for the Company under the Listing Rules, and shall be aggregated with the subsisting continuing connected transactions in relation to the leasing of properties from Mengiwa and parties connected or otherwise associated with it (as stated in the announcement of the Company dated 16 December 2009) 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 the leasing of properties from Mengiwa and parties connected or otherwise associated with it (as stated in the announcement of the Company dated 16 December 2009) for the period from 1 February 2011 up to and including 31 March 2011 and for the two financial years ending 31 March 2013, exceeds 0.1% but is less than 5%. As such, the transaction contemplated under the Tenancy Agreement is classified, on an aggregate basis, 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 thereunder.

The Company will comply with all applicable requirements under the Listing Rules in the event of renewal of the Tenancy Agreement.

DEFINITIONS

“Annual Cap”	the maximum rental payment to be made by the Group to Mengiwa under the Tenancy Agreement for the period from 1 February 2011 to 31 March 2011 and for the two financial years ending 31 March 2013
“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
“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
“Tenancy Agreement”	the tenancy agreement entered into on 1 February 2011 between Mengiwa as landlord and Stelux Holdings Limited as tenant for the leasing of office unit numbers 1901, 1902 and 1903 with two storerooms 1A and 1B on 19 th Floor, Stelux House for a term of twenty-six months from 1 February 2011 up to and including 31 March 2013
“The Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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

By order of the Board

Caroline Chong

Company Secretary

Hong Kong, 1 February 2011

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*)

* For identification purpose only