

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*

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

Incorporated in Bermuda with limited liability

Stock Code: 84

CONTINUING CONNECTED TRANSACTIONS

New Manufacturing and Supply Agreement Renewal of Manufacturing and Supply Agreements Renewal of Retail Purchase Agreement And New Tenancy Agreement with Connected Persons

1. CONTINUING CONNECTED TRANSACTION RELATING TO MANUFACTURE AND SUPPLY OF OPTICAL PRODUCTS BY CONNECTED PERSONS

The Company announces that on 21 March 2013, certain of its wholly-owned subsidiaries, each individually as purchaser, entered into a new manufacturing and supply agreement, renewal manufacturing and supply agreements (“Manufacturing and Supply Agreements 2013”) and Further Renewal Retail Purchase Agreement with IOM Group, each individually as manufacturer/supplier of Optical Products for terms of three years commencing on 1 April 2013 and expiring on 31 March 2016 (hereinafter collectively referred to as the “Supply Agreements 2013”).

Mr. Chumphol Kanjanapas and Mr. Sakorn Kanjanapas, being Directors, are beneficiaries of the Trust which holds 55% of the total issued ordinary shares of Yee Hing. IOM Group is a subsidiary of Yee Hing. IOM Group is therefore an associate of the aforesaid Directors and hence is a connected person of the Company. The entering into of the Supply Agreements 2013 therefore constitutes continuing connected transactions for the Company.

The highest applicable percentage ratio calculated with reference to the maximum aggregate annual value of purchases of Optical Products from IOM Group under the Supply Agreements 2013 for each of the three years ending 31 March 2016 exceeds 0.1% but is less than 5% and the Supply Agreements 2013 are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.25 of the Listing Rules. Therefore, the Supply Agreements 2013 are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

* For identification purpose only

2. CONTINUING CONNECTED TRANSACTION RELATING TO THE LEASING AND LICENSING OF PREMISES FROM CONNECTED PERSON

The Company announces that on 21 March 2013, one of its wholly-owned subsidiaries, as tenant, entered into the Tenancy Agreement with Mengiwa, as Landlord, for the leasing of certain office units at the Stelux House (including 6 carparking spaces) for a term of three years commencing on 1 April 2013 and expiring on 31 March 2016.

Mr. Chumphol Kanjanapas and Mr. Sakorn Kanjanapas, being Directors, are beneficiaries of the Trust which holds 55% of the total issued ordinary shares of Yee Hing. Mengiwa is a subsidiary of Yee Hing. Mengiwa is therefore an associate of the aforesaid Directors and hence is a connected person of the Company. The entering into of the Tenancy Agreement therefore constitutes a continuing connected transaction for the Company.

Reference is made to the announcement of the Company dated 10 December 2012 that the Company through certain of its wholly-owned subsidiaries, each individually as tenant/licensee, entered into the agreements relating to the leasing or licensing of premises by the Group with Yee Hing Group for terms of three years commencing on 1 April 2013 and expiring on 31 March 2016.

The highest applicable percentage ratio calculated with reference to the maximum aggregate annual rentals and licence fees payable by the Group to Mengiwa under the Tenancy Agreement and the other subsisting agreements relating to the leasing or licensing of premises by the Group from Yee Hing Group for each of the three years ending 31 March 2016 exceeds 0.1% but is less than 5% and the Tenancy Agreement is aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.25 of the Listing Rules. Therefore, the lease of the Tenancy Agreement constitutes a continuing connected transaction for the Company subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. CONTINUING CONNECTED TRANSACTION RELATING TO MANUFACTURE AND SUPPLY OF OPTICAL PRODUCTS BY CONNECTED PERSONS

Manufacturing and Supply Agreements 2013

Reference is made to the announcements of the Company dated 31 March 2010 and 29 December 2011 that IOM, as manufacturing supplier, and the Group, through several of its wholly-owned subsidiaries, as purchasers, entered into Manufacturing and Supply Agreements. On 21 March 2013, the Group, through several of its wholly-owned subsidiaries, entered into the Manufacturing and Supply Agreements 2013 to continue to engage IOM Group to design, manufacture and supply house-brand and licensed-brand Optical Products to the Group. The principal terms of the Manufacturing and Supply Agreements 2013 are as follows:

Date:	21 March 2013
Parties:	IOM and certain subsidiaries of IOM, as manufacturer Certain wholly-owned subsidiaries of the Company, as purchaser
Duration:	From 1 April 2013 to and including 31 March 2016

Scope: IOM Group agrees to manufacture for and supply to the Group, and the Group agrees to purchase from IOM Group, house-brand and licensed-brand Optical Products subject to the terms and conditions contained in the Manufacturing and Supply Agreements 2013.

Terms of Purchases: The Group shall engage IOM Group to manufacture and supply Optical Products typically for cash with payment terms ranging from 30 days to 90 days, upon receipt of invoice. The terms of purchases will be determined on an individual purchase order basis based on prevailing industry conditions and the purchases will be made on normal commercial terms.

Annual Cap Amounts: For each of the years ending 31 March 2014, 2015 and 2016, the annual maximum amount of purchases under the Manufacturing and Supply Agreements 2013 shall not exceed HK\$5,700,000, HK\$5,200,000 and HK\$5,200,000 respectively.

Further Renewal Retail Purchase Agreement

Reference is made to the announcement of the Company dated 31 March 2010 that the Group and IOM Group, through their respective subsidiaries, had renewed the continuing connected transaction relating to the continuing purchases of Optical Products from the IOM Group by entering into the Renewal Retail Purchase Agreement. As the Renewal Retail Purchase Agreement will be expiring on 31 March 2013, on 21 March 2013, the Group and IOM Group, through their respective subsidiaries, entered into a Further Renewal Retail Purchase Agreement in order to continue to make purchases of Optical Products on an ongoing basis from the IOM Group for the Group's retail operations after the expiry of the Renewal Retail Purchase Agreement on 31 March 2013.

The principal terms of the Further Renewal Retail Purchase Agreement are as follows:

Subject Matter: The Further Renewal Retail Purchase Agreement sets out the principal terms and conditions under which the Group may place specific purchase orders to the IOM Group for purchases of Optical Products from time to time for its retail operations during the period from 1 April 2013 to and including 31 March 2016.

Date: 21 March 2013

Parties: A subsidiary of IOM, as supplier
A wholly-owned subsidiary of the Company, as purchaser

Duration: From 1 April 2013 to and including 31 March 2016

Scope: The IOM Group agrees to supply to the Group, and the Group agrees to purchase from the IOM Group, Optical Products subject to the terms and conditions contained in the Further Renewal Retail Purchase Agreement.

Terms of Purchases: The Group shall engage the IOM Group to supply Optical Products typically for cash with payment terms of 60 days upon receipt of the invoice for purchases made under the Further Renewal Retail Purchase Agreement. The terms of purchases will be determined on an individual purchase order basis based on prevailing industry conditions and the purchases will be on terms no less favourable than those offered by the IOM Group to other third parties. Currently, the Optical Products to be purchased by the Group from IOM Group are not available from other suppliers. In future, if the Group purchases optical products that are also available from suppliers other than IOM Group, the terms of purchase under these agreements will be on terms no less favourable to the Group than those offered by independent third party suppliers to the Group.

Annual Cap Amounts: For each of the years ending 31 March 2014, 2015 and 2016, the annual maximum amount of purchases of Optical Products to be made by the Group from the IOM Group under the Further Renewal Retail Purchase Agreement shall not exceed HK\$950,000, HK\$600,000 and HK\$400,000 respectively.

BASIS FOR DETERMINING THE ANNUAL CAP AMOUNTS

Manufacturing and Supply Agreements 2013

Based on the audited financial statements of the Group for the years ended 31 March 2011 and 2012 and the unaudited financial statements of the Group for the period of 11 months from 1 April 2012 to and including 28 February 2013, the amount of purchases of Optical Products by the Group from IOM Group under the Manufacturing and Supply Agreements amounted to HK\$2,141,000, HK\$3,132,000 and HK\$1,924,000 respectively.

The proposed annual cap for the Manufacturing Supply Agreements 2013 for each of the years ending 31 March 2014, 2015 and 2016 are set at HK\$5,700,000, HK5,200,000 and HK5,200,000 respectively and has been set based on the Group's past experience and best estimation of the maximum amount of future purchases.

Further Renewal Retail Purchase Agreement

Based on the audited financial statements of the Group for the years ended 31 March 2011 and 2012 and the unaudited financial statements of the Group for the period of 11 months from 1 April 2012 to and including 28 February 2013, the amount of purchases of Optical Products by the Group from IOM Group under the Renewal Retail Purchase Agreement amounted to HK\$55,000, HK\$815,000 and HK\$357,000 respectively.

The proposed annual cap for the Further Renewal Retail Purchase Agreement for each of the years ending 31 March 2014, 2015 and 2016 are set at HK\$950,000, HK\$600,000 and HK\$400,000 respectively and has been set based on the Group's past experience and best estimation of the maximum amount of future purchases.

REASONS FOR AND BENEFITS OF THE SUPPLY AGREEMENTS 2013

The Group is satisfied with the business relationship with IOM over the previous years, and IOM's market knowledge and trend perception in certain major markets, as evidenced by its success in being a supplier to various internationally renowned brands of Optical Products. The Optical Products supplied by the IOM Group are suitable for the mid income retail market in Hong Kong and PRC.

The Directors (including all independent non-executive directors) are of the view that the Supply Agreements 2013 were entered into in the usual and ordinary course of business of the Group on normal commercial terms which were agreed after arm's length negotiations between the parties, and that the terms of the Supply Agreements 2013 and the maximum aggregate annual value of purchases of Optical Products by the Group from IOM Group under the Supply Agreements 2013 set out above are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

AGGREGATION OF THE SUPPLY AGREEMENTS 2013

The Supply Agreements 2013 are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.25 of the Listing Rules.

LISTING RULES IMPLICATIONS

The maximum aggregate annual cap for the purchases of Optical Products by the Group from the IOM Group under the Supply Agreements 2013 in aggregate for each of the years ending 31 March 2014, 2015 and 2016 will be HK\$6,650,000, HK\$5,800,000 and HK\$5,600,000 respectively. Given that the aggregate annual cap for each of the years ending 31 March 2014, 2015 and 2016 exceeds 0.1% but is less than 5% for each of the applicable percentage ratios calculated pursuant to Rule 14A.34(1) of the Listing Rules, the Supply Agreements 2013 are classified as a continuing connected transaction subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

2. CONTINUING CONNECTED TRANSACTION RELATING TO THE LEASING AND LICENSING OF PREMISES FROM CONNECTED PERSON

Reference is made to the announcement of the Company dated 10 December 2012 that the Company through a wholly-owned subsidiary, as tenant, entered into the Renewal Tenancy Agreement with Mengiwa to renew the term of the lease of the office premises for terms of three years commencing on 1 April 2013 and expiring on 31 March 2016. On 21 March 2013, the Renewal Tenancy Agreement was surrendered and the Tenancy Agreement for a larger portion of office premises and additional carparking spaces was entered into on the following terms:

Date: 21 March 2013

Parties: Mengiwa, as landlord
Stelux Holdings, as tenant

Premises: Portion of office unit numbers 1905 and 1906 with storeroom no. 6A on the 19th floor (including 6 carparking spaces) at Stelux House

- Rental period: Three years from 1 April 2013 up to and including 31 March 2016
- Monthly rental: HK\$70,762.90 per calendar month comprising HK\$51,862.90 per calendar month for the portion of office unit numbers 1905 and 1906 with storeroom no. 6A on the 19th floor (exclusive of rates, government rent and management charges) and HK\$18,900 for the 6 carparking spaces per calendar month (inclusive of rates, government rent and management charges), both payable in advance in cash by the tenant on the first day of each and every calendar month.
- Other terms: Stelux Holdings 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 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 Tenancy Agreement.

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 indicates that the rental rates under the Tenancy Agreement is based on 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 that the terms of the Tenancy Agreement reflect normal commercial terms and to be fair and reasonable, and the entering into the Tenancy Agreement is in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE TENANCY AGREEMENT

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

Due to expansion, the Group requires more office space and carparking space. Since the Company and its major subsidiaries have their headquarters located at Stelux House, leasing additional office space at the same office building is more convenient than at other locations and will also help to improve operational efficiency and reduce overall rental costs.

The maximum aggregate annual rentals under the Tenancy Agreement payable to Mengiwa for each of the three years ending 31 March 2016 amount to approximately HK\$850,000.

LISTING RULES IMPLICATIONS AND AGGREGATION OF ANNUAL CAP IN RELATION TO THE TENANCY AGREEMENT

Mengiwa is a wholly-owned subsidiary of Yee Hing and is therefore a connected person of the Company. The Tenancy Agreement therefore constitutes a continuing connected transaction for the Company.

The maximum aggregate annual rentals payable to Mengiwa for each of the three years ending 31 March 2016 under the Tenancy Agreement amount to approximately HK\$850,000. The highest applicable percentage ratio calculated with reference to the maximum aggregate annual rentals payable to Mengiwa for each of the three years ending 31 March 2016 pursuant to the Tenancy Agreement is less than 0.1%.

It was disclosed in the Company's announcement dated 10 December 2012, that the maximum aggregate annual rentals and licence fees payable by the Group to the Yee Hing Group for the three years ending 31 March 2016 under the then subsisting agreements relating to the leasing or licensing of premises by the Group

from the Yee Hing Group amounted to approximately HK\$12,451,440.

In view of the surrender of the Renewal Tenancy Agreement and the entering into of the Tenancy Agreement, the maximum aggregate annual rentals and licence fees payable by the Group to the Yee Hing Group for each of the three years ending 31 March 2016 under the subsisting agreements and the Tenancy Agreement therefore amounts to approximately HK\$12,940,600. The applicable percentage ratio calculated with reference to the maximum aggregate annual rentals and licence fees payable by the Group to the Yee Hing Group for each of the three years ending 31 March 2016 exceeds 0.1% but is less than 5%. Therefore, the Tenancy Agreement constitutes a continuing connected transaction for the Company subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

Each of Mr. Chumphol Kanjanapas and Mr. Sakorn Kanjanapas, by virtue of their interest in the Yee Hing Group through the Trust, is regarded to have a material interest in the Manufacturing and Supply Agreements 2013 and Tenancy Agreement (hereinafter collectively referred to as the "Transactions"). As such, Mr. Chumphol Kanjanapas abstained from voting on the Transactions at the board meeting of the Company held on 21 March 2013. Mr. Sakorn Kanjanapas did not attend the board meeting, and therefore, did not vote on the Transactions at the meeting.

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

DEFINITIONS

“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” or “connected persons”	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
“IOM”	International Optical Manufacturing Company Limited, a company incorporated in Hong Kong and owned as to 60% by Yee Hing and 40% by Thong Sia Company Limited which is owned as to approximately 84% by Yee Hing
“IOM Group”	International Optical Manufacturing Company Limited and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manufacturing and Supply Agreements”	the agreements entered into amongst IOM, as supplier, and certain wholly-owned subsidiaries of the Company, as purchasers on 31 March 2010 and 29 December 2011 setting out the principal terms and conditions under which the Group may place specific purchase orders to IOM for purchases of Optical Products. The agreements shall expire on 31 March 2013
“Mengiwa”	Mengiwa Property Investment Limited, a company incorporated in Hong Kong engaging in investment holding and a wholly-owned subsidiary of Yee Hing
“Optical Products”	optical frames and sunglasses
“PRC”	the People’s Republic of China which for the purpose of this announcement, excludes Hong

Kong Special Administrative Region of the PRC, the Macao Special Administrative Region of the PRC and Taiwan

“Renewal Retail Purchase Agreement”

the agreement entered into on 31 March 2010 between the Group and the IOM Group, through their respective subsidiaries, to record the terms and conditions of continuing purchases of Optical Products from IOM Group by the Group for its retail operations for a term of 36 months from 1 April 2010 to and including 31 March 2013

“Renewal Tenancy Agreement”

the tenancy agreement entered into on 10 December 2012 between Mengiwa, as landlord, and Thong Sia Optics, as tenant for the lease of portion of office unit numbers 1905 and 1906 with storeroom no. 6A on 19th floor at Stelux House

“Further Renewal Retail Purchase Agreement”

the agreement entered into on 21 March 2013 between the Group and the IOM Group, through their respective subsidiaries, to record the terms and conditions of continuing purchases of Optical Products from the IOM Group by the Group for the Group’s retail operations for the period from 1 April 2013 to 31 March 2016

“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

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“substantial shareholder”

has the same meaning as ascribed to it under the Listing Rules

“Tenancy Agreement”

the tenancy agreement entered into on 21 March 2013 between Mengiwa, as landlord, and a wholly owned subsidiary of the Group, as tenant for the lease of portion of office unit numbers 1905 and 1906 with storeroom no. 6A on 19th floor (including 6 carparking spaces) at Stelux House

“Trust”	the Klayze Trust, of which Mr. Chumphol Kanjanapas, Mr. Sakorn Kanjanapas and their certain brothers and sisters are beneficiaries
“Yee Hing”	Yee Hing Company Limited, a company incorporated under the laws of 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, 22 March 2013

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, Ma Xuezheng (also known as Mary Ma), Wong Yu Tsang Alex (also known as Alex Wong), Wu Chun Sang (*independent*), Lawrence Wu Chi Man (*independent*) and Agnes Kwong Yi Hang (*independent*)