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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)

ANNOUNCEMENT CONNECTED TRANSACTION

Acquisition of Property from a Connected Person

On 6 May 2010, the Company, through its indirect subsidiary, entered into an agreement with the Connected Person in which the Group agreed to acquire the Property from the Connected Person at the Purchase Price. The Transaction provides the Company with an opportunity to establish permanent office premises for its subsidiaries in Thailand as the Property provides sufficient floor area for current operations in Thailand with room for further business expansion. At present, the Company's subsidiaries in Thailand are occupying office premises in the same district of the Property under operating leases, which will not be available for extension.

Since the Connected Person is the executive director, Vice Chairman and Chief Executive Officer of the Company and has 60.82% interests in the Company through his personal interest of 29.24% or 278,240,091 shares of the Company, family interest of 0.01% or 10,000 shares of the Company and a trust interest of 31.57% or 300,378,959 shares of the Company in which he is deemed to have a full interest as he is one of the beneficiaries, he is a connected person of the Company as defined in the Listing Rules. The Transaction therefore constitutes a connected transaction for the Company under the Listing Rules.

Given that the Consideration exceeds 0.1% but is less than 2.5% for each of the applicable percentage ratios calculated pursuant to Rule 14A.32(1) of the Listing Rules, the Transaction is classified as a connected transaction exempt from the independent shareholders' approval but is subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules.

BACKGROUND

The Group is principally engaged in the business of retailing and wholesaling of watches and optical products in Hong Kong and Asia, including Thailand. The Company's subsidiaries in Thailand have been in business for over 15 years and are occupying office premises under operating leases. These office

premises, however, will not be available for extension and the Company decided to purchase its own office premises which will allow the Group to establish permanent office premises for its operations in Thailand and for further expansion.

Since the vendor of the Property is a connected person of the Company as defined in the Listing Rules, the Transaction therefore constitutes a connected transaction for the Company under the Listing Rules.

PROPERTY ACQUISITION AGREEMENT

On 6 May 2010, the Company, through its indirect subsidiary, entered into the Transaction. The principal terms of the Property Acquisition Agreement are as follows:

Subject Matter: The Property Acquisition Agreement sets out the principal terms and conditions of the transfer of the Property between the Group and the Connected Person.

Property Freehold land and two office buildings with total floor area of approximately 2,730 SQM located at Nos. 347 and 349, Muangthong Thani, Soi Chaengwattana-Pakkred 33, Chaengwattana Road, Bangpud Sub-district, Pakkred District, Nonthaburi Province, Thailand

Date: 6 May 2010.

Parties: **Vendor:** The Connected Person

Purchaser: Optical 88 (Thailand) Limited (the “**Purchaser**”), an indirect subsidiary of the Company, which is principally engaged in optical products retailing in Thailand. The Purchaser may designate any subsidiary within the Group as transferee by giving notice in writing to the Connected Person.

Consideration: The consideration is THB30,000,000 in cash or equivalent to approximately HK\$7,200,000.

Other fees: The registration fees and the stamp duty shall be borne by the Purchaser and the Connected Person in equal shares.

Payment terms: The Consideration payable by the Purchaser shall be payable in the following manner:

- (a) an initial deposit and part payment of THB27,000,000 representing 90% of the Consideration will be payable upon the signing of the Property Acquisition Agreement;

- (b) a balance payment of THB3,000,000 representing the remaining 10% of the Consideration will be payable upon the completion of the registration of the sale and purchase of the Property at the competent Thai registry office from the Connected Person to the Purchaser or any subsidiary within the Group designated by the Purchaser as transferee.

Completion: Upon the registration of the sale and purchase of the Property at the competent Thai registry office on or before 30 June 2010 or such other date as the Purchaser and the Connected Person may mutually agree on in writing.

BASIS FOR DETERMINING THE CONSIDERATION

The Consideration, which will be funded by internal resources, was arrived at after arm's length negotiations between the Group and the Connected Person with reference to the prevailing market price of the Property and the Valuation Report. Based on the Valuation Report dated 26 April 2010, the Property was valued at THB30,000,000 (which is equivalent to approximately HK\$7,200,000) on an open market basis. The market value is the amount at which a property might be expected to exchange between a willing buyer and a willing seller.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY ACQUISITION AGREEMENT

The Company's subsidiaries in Thailand have been in business for over 15 years and occupying office premises in the same district of the Property under operating leases. As the office premises will not be available for extension and in line with the Company's business strategy in Thailand, the Directors are of the view that the Group should acquire a property for its own use. The Transaction provides an opportunity for the Company to establish permanent office premises for its subsidiaries in Thailand in the same district as the existing office premises occupied and will minimise any disruption to existing employees and business operations. Furthermore, the Property provides sufficient floor area for current operations in Thailand with room for further business expansion.

The Directors are of the view that the Transaction has been entered into under normal commercial terms agreed after arm's length negotiations between the relevant parties, and is fair and reasonable. Furthermore, the Directors consider that the Transaction is entered into in the usual and ordinary course of business of the Group and is in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Given that the Consideration exceeds 0.1% but is less than 2.5% for each of the applicable percentage ratios calculated pursuant to Rule 14A.32(1) of the Listing Rules, the Transaction is classified as a connected transaction exempt from the independent shareholders' approval but is subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules.

DEFINITIONS

“American Appraisal”	American Appraisal (Thailand) Limited is an independent valuer appointed by the Group
“Board”	the board of Directors of the Company
“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”	Chumphol Kanjanapas (alias Joseph C. C. Wong) is the executive director, Vice Chairman and Chief Executive Officer of the Company and has 60.82% interests in the Company through his personal interest of 29.24% or 278,240,091 shares of the Company, family interest of 0.01% or 10,000 shares of the Company and a trust interest of 31.57% or 300,378,959 shares of the Company in which he is deemed to have a full interest as he is one of the beneficiaries, and the sole owner of the Property.
“connected person”	has the same meaning as ascribed to it under the Listing Rules
“Consideration”/ “Purchase Price”	THB30,000,000 or equivalent to approximately HK\$7,200,000 at the exchange rate of THB1 to HK\$0.241 ruling on 6 May 2010 being the latest practical date for this announcement
“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
“Property”	freehold land and two office buildings with total floor area of approximately 2,730 SQM located at Nos. 347 and 349, Muangthong Thani, Soi Chaengwattana-Pakkred 33, Chaengwattana Road, Bangpud Sub-district, Pakkred District, Nonthaburi Province, Thailand
“Property Acquisition Agreement”	the agreement entered into on 6 May 2010 between an indirect subsidiary of the Company and the Connected Person in relation to the sale and purchase of the Property
“Shareholders”	holders of the shares in the issued share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Thailand”	Kingdom of Thailand
“Transaction”	The acquisition of the Property from the Connected Person
“Valuation Report”	A report of valuation on the Property prepared by American Appraisal
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“THB”	Thai Baht, the lawful currency of Thailand
“SQM”	square meter
“%”	percentage

On behalf of the Board
Vincent Lau Tak Bui
Executive Director

Hong Kong, 6 May 2010

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*