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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 TRANSACTIONS

New leasing of premises from a connected person and revision of annual caps

The Company announces that on 11 July 2011, the Subsidiary, as tenant, entered into the New Tenancy Agreement with Mengiwa, as landlord, for the leasing of certain office units at the Stelux House for a term of one year eight months and twenty one days commencing on 11 July 2011 and expiring on 31 March 2013. The maximum aggregate annual rentals to be paid by the Subsidiary to Mengiwa for each of the two financial years ending 31 March 2013 under the New Tenancy Agreement amount to approximately HK\$298,268 and HK\$466,200, respectively.

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

Further, the Thongsia Building Tenancy Agreement 2010 described in the Company's announcement dated 16 December 2009 has ceased to be a connected transaction for the Company as from 15 April 2011 on which Mengiwa SIN, the original landlord which is a connected person, completed the sale of Thongsia Building to an independent third party.

In view of the entering into of the New Tenancy Agreement and the Thongsia Building Tenancy Agreement 2010 ceasing to be a connected transaction as from 15 April 2011, the maximum aggregate annual rentals and licence fees payable by the Group to the Yee Hing Group and Mengiwa SIN for each of the two financial years ending 31 March 2013 under the New Tenancy Agreement and the other subsisting agreements relating to the leasing or licencing of premises by the Group from the Yee Hing Group and Mengiwa SIN as disclosed in the Company's announcements dated 16 December 2009, 1 February 2011 and 7 February 2011 will amount to approximately HK\$7,914,501 (inclusive of the amount of rentals paid under the Thongsia Building Tenancy Agreement 2010 from 1 April 2011 to 15 April 2011) and HK\$7,922,400, respectively.

* 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 Annual Caps, exceeds 0.1% but is less than 5%. The subsisting transactions relating to the leasing or licencing of premises by the Group from the Yee Hing Group and Mengiwa SIN 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.

INFORMATION ABOUT THE NEW TENANCY AGREEMENT

Date:	11 July 2011
Parties:	(1) Mengiwa, as landlord (2) The Subsidiary, as tenant
Premises:	Office unit numbers 1702 and 1703 on the 17th Floor of Stelux House
Term and rental period:	One year eight months and twenty one days commencing on 11 July 2011 and expiring on 31 March 2013. The Company will comply with all applicable requirements under the Listing Rules in the event of renewal of the New Tenancy Agreement.
Rent-free period:	One month from 11 July 2011 to 10 August 2011 (both days inclusive)
Monthly rental:	HK\$38,850 per 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.
Deposit:	HK\$159,440, equivalent to the aggregate of 3 months' rent, management charges, government rent and rates.

REASONS FOR AND BENEFITS OF THE NEW TENANCY AGREEMENT

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

Due to overall expansion, the Group requires more office 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 monthly rental under the New Tenancy Agreement 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 30 May 2011, which indicates that the monthly rental under the Tenancy Agreement is based on the prevailing market rental value of the subject premises. The Directors therefore consider that the terms of the New Tenancy Agreement reflect normal commercial terms and are fair and reasonable, and the entering into of the New Tenancy Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS AND REVISION OF ANNUAL CAPS

Mengiwa is a wholly-owned subsidiary of Yee Hing. The Trust, of which Mr. Wong Chong Po, Mr. Chumphol Kanjanapas and Mr. Sakorn Kanjanapas, being directors of the Company, are beneficiaries, holds 55% of the total issued ordinary shares of Yee Hing. Mengiwa is therefore an associate of the aforesaid Directors and hence a connected person of the Company. The New Tenancy Agreement therefore constitutes a continuing connected transaction for the Company. The maximum aggregate annual rentals to be paid by the Subsidiary to Mengiwa for each of the two financial years ending 31 March 2013 under the New Tenancy Agreement amount to approximately HK\$298,268 and HK\$466,200, respectively.

Mr. Wong Chong Po, 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. Wong Chong Po, 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 11 July 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.

The Thongsia Building Tenancy Agreement 2010 described in the Company's announcement dated 16 December 2009 has ceased to be a connected transaction for the Company as from 15 April 2011 on which Mengiwa SIN, the original landlord which is a connected person, completed the sale of Thongsia Building to an independent third party.

In view of the entering into of the New Tenancy Agreement and the Thongsia Building Tenancy Agreement 2010 ceasing to be a connected transaction as from 15 April 2011, the maximum aggregate annual rentals and licence fees payable by the Group to the Yee Hing Group and Mengiwa SIN for each of the two financial years ending 31 March 2013 under the New Tenancy Agreement and the other subsisting agreements relating to the leasing or licencing of premises by the Group from the Yee

Hing Group and Mengiwa SIN as disclosed in Company's announcements dated 16 December 2009, 1 February 2011 and 7 February 2011 will amount to approximately HK\$7,914,501 (inclusive of the amount of rental paid under the Thongsia Building Tenancy Agreement 2010 from 1 April 2011 to 15 April 2011) and HK\$7,922,400, respectively, the breakdowns of which are set out below:–

	For the year ending 31 March	
	2012	2013
Thongsia Building Tenancy Agreement 2010	S\$25,202.11 (approximately HK\$160,033) (Notes 3 and 4)	–
Stelux House Tenancy Agreements 2010 (Note 1)	HK\$5,650,560	HK\$5,650,560
Warehouse Leasing and License Agreements 2010 (Note 1)	HK\$935,280	HK\$935,280
Stelux House Tenancy Agreement 2011 (Note 2)	HK\$870,360	HK\$870,360
New Tenancy Agreement	HK\$298,268	HK\$466,200
Total:	<u>HK\$7,914,501</u> (Note 4)	<u>HK\$7,922,400</u>

Notes:

1. The terms “Stelux House Tenancy Agreements 2010” and “Warehouse Leasing and License Agreements 2010” shall have the meanings as defined in the Company's announcement dated 16 December 2009.
2. The “Stelux House Tenancy Agreement 2011” refers to the Tenancy Agreement as defined in the Company's announcements dated 1 and 7 February 2011.
3. This amount represents the total rentals paid to Mengiwa SIN under the Thongsia Building Tenancy Agreement 2010 for the period from 1 April 2011 to 15 April 2011 (both days inclusive) and the HK\$ figure is calculated based on an exchange rate of S\$1 = HK\$6.35.
4. This amount includes the HK\$ figure of the total rentals paid to Mengiwa SIN under the Thongsia Building Tenancy Agreement 2010 for the period from 1 April 2011 to 15 April 2011 and is therefore an approximate figure.

Each of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules, calculated with reference to the Annual Caps, exceeds 0.1% but is less than 5%. The subsisting transactions relating to the leasing or licencing of premises by the Group from the Yee Hing Group and Mengiwa SIN 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.

DEFINITIONS

“Annual Caps”	the maximum aggregate annual rentals and licence fees payable by the Group to the Yee Hing Group and Mengiwa SIN for each of the two financial years ending 31 March 2013 under the New Tenancy Agreement and the other subsisting agreements relating to the leasing or licencing of premises by the Group from the Yee Hing Group and Mengiwa SIN as disclosed in the Company’s announcements dated 16 December 2009, 1 February 2011 and 7 February 2011 (except that for the Thongsia Building Tenancy Agreement 2010, only the amount of rental paid for the period from 1 April 2011 to 15 April 2011 is included in the calculation)
“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
“New Tenancy Agreement”	the tenancy agreement entered into on 11 July 2011 between Mengiwa as landlord and the Subsidiary as tenant for the leasing of office unit numbers 1702 and 1703 on the 17th Floor of Stelux House
“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
“Mengiwa SIN”	Mengiwa Private Ltd., a company incorporated in Singapore, and in which the Estate of Mr. Wong Chue Meng (of which Wong Chong Po is the executor) has a controlling interest
“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
“Subsidiary”	Stelux Holdings Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Thongsia Building”	the building known as “Thongsia Building” situated at No.30 Bideford Road, Singapore
“Thongsia Building Tenancy Agreement 2010”	the tenancy agreement dated 16 December 2009 between Mengiwa SIN as landlord and Thong Sia Company (Singapore) Pte Limited (a wholly owned subsidiary of the Company) as tenant for the lease of certain units at Thongsia Building
“Trust”	The Klayze Trust, of which Mr. Wong Chong Po, Mr. Chumphol Kanjanapas, Mr. Sakorn Kanjanapas and their certain brothers and sisters are beneficiaries
“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
“S\$”	Singapore dollars, the lawful currency of Singapore
“%”	Percentage

By order of the Board
Caroline Chong
Company Secretary

Hong Kong, 11 July 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*)