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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 leasing of premises and Reorganisation of existing leases from a connected person

The Company announces that on 29 May 2015, one of its wholly-owned subsidiaries, as tenant, entered into a Tenancy Agreement with Mengiwa, as landlord, for the leasing of certain office units at Stelux House for a term not exceeding three years commencing from 1 June 2015 and expiring on 31 March 2016.

The Company further announces that on 29 May 2015, one of its wholly-owned subsidiaries, as tenant, entered into a partial surrender agreement with Mengiwa, as landlord, to surrender office unit numbers 502, 503, 505 and a portion of 506 of the 5th Floor Tenancy Agreement but with the same wholly-owned subsidiary continuing to rent the remaining portion of office unit 506 and two storeroom nos. 6A and 6B from Mengiwa.

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. Therefore, Mengiwa is an associate of the aforesaid Directors and hence a connected person of the Company. The 5th Floor Remaining Tenancy Agreement and the entering into of the Tenancy Agreement therefore constitute continuing connected transactions for the Company.

Reference is made to announcements of the Company dated 9 October 2014, 9 April 2014, 28 November 2013, 22 May 2013, 22 March 2013 and 10 December 2012, that the Company through certain of its wholly-owned subsidiaries, each individually as tenant/licensee, entered into agreements relating to the leasing or licensing of premises between the Group and the Yee Hing Group for terms not exceeding three years and expiring on 31 March 2016.

The Tenancy Agreement and 5th Floor Remaining Tenancy Agreement are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules. The highest applicable percentage ratio calculated with reference to the maximum aggregate annual rental fees and license fees payable by the Group to Yee Hing Group under the Tenancy Agreement, the 5th Floor Remaining Tenancy Agreement and the other subsisting agreements relating to the leasing or licensing of premises by the Group from Yee Hing Group for the year ending 31 March 2016 exceeds 0.1% but is less than 5%. Therefore, the Tenancy Agreement and the 5th Floor Remaining Tenancy Agreement constitute continuing connected transactions 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.

* For identification purpose only

1. LEASING OF OFFICE PREMISES AND STOREROOM FROM A CONNECTED PERSON

On 29 May 2015, the Company through a wholly-owned subsidiary entered into the Tenancy Agreement with Mengiwa to rent office premises and storeroom for a term of ten months commencing on 1 June 2015 and expiring on 31 March 2016 on the following terms:

- Date: 29 May 2015
- Parties: Mengiwa, as landlord
Stelux Holdings, as tenant
- Premises: Portions of office unit numbers 1905 and 1906 with storeroom no. 6B on 19th floor at Stelux House
- Rental period: Ten months from 1 June 2015 up to and including 31 March 2016
- Monthly rental: HK\$25,217.50 per calendar month (exclusive of rates, government rent and management charges) 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 Mengiwa 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 for the Tenancy Agreement was determined on an arm's length basis taking into account the rental under an early terminated tenancy agreement, made between Mengiwa and the previous tenant for the Premises, for the remaining term of the tenancy between the parties. The Directors consider that the terms of the Tenancy Agreement reflect normal commercial terms and to be fair and reasonable, and the entering into of the Tenancy Agreement is in the interests of the Company and the Shareholders as a whole.

2. LEASING OF 5TH FLOOR REMAINING TENANCY AGREEMENT OF OFFICE PREMISES FROM A CONNECTED PERSON

Reference is made to the announcement of the Company dated 10 December 2012 that the Company through a wholly-owned subsidiary entered into a tenancy agreement with Mengiwa with respect to office unit numbers 502, 503, 505 and 506 on 5th floor at Stelux House ("5th Floor Tenancy Agreement") for a term not exceeding three years and expiring on 31 March 2016.

On 29 May 2015, the Company through the same wholly-owned subsidiary entered into a partial surrender agreement with Mengiwa to surrender office unit numbers 502, 503, 505 and a portion of 506 of the 5th Floor Tenancy Agreement but with the same wholly-owned subsidiary continuing to rent the remaining portion of office unit 506 and two storeroom nos. 6A and 6B from Mengiwa ("5th Floor Remaining Tenancy Agreement") with the monthly rental adjusted downwards accordingly, (but remaining unchanged per square foot from the rental under the 5th Floor Tenancy Agreement) and all other terms and conditions remaining unchanged.

- Date: 29 May 2015
- Parties: Mengiwa, as landlord
Stelux Holdings, as tenant

Remaining Premises:	Remaining portion of office unit number 506 and two storeroom nos. 6A and 6B on 5th floor at Stelux House (approximately 1,850 square feet)
Remaining rental period:	Ten months from 1 June 2015 up to and including 31 March 2016
Monthly rental:	Total HK\$17,325.25 per calendar month (exclusive of rates, government rent and management charges) 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 5th Floor Remaining Tenancy Agreement with Mengiwa 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 5th Floor Remaining Tenancy Agreement.

The monthly rental for the 5th Floor Remaining Tenancy Agreement was determined on an arm's length basis taking into account the actual rental per square feet under the 5th Floor Tenancy Agreement. Accordingly, the Directors consider that the terms of the 5th Floor Remaining Tenancy Agreement reflect normal commercial terms and to be fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

Reference is made to a further announcement of the Company dated 9 October 2014 that the Company through a wholly-owned subsidiary entered into a tenancy agreement dated 9 October 2014 for office unit 1501 with storeroom no. 1A on 15th floor at Stelux House with Mengiwa for a term not exceeding three years and expiring on 31 March 2016. This tenancy agreement was early surrendered to Mengiwa on 30 November 2014 ("Deed of Surrender").

REASONS FOR AND BENEFITS OF THE TENANCY AGREEMENT, 5TH FLOOR REMAINING TENANCY AGREEMENT AND DEED OF SURRENDER

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

The Group requires more space to meet its operational needs and in addition to renting more office space at Stelux House the Group will also reorganise its current usage of office space at Stelux House by renting whole floors instead of separate individual units on separate floors for greater efficiency. The reorganisation has commenced and will be carried out in the current financial year. After the completion of the office space reorganisation, the Group will occupy 6th floor, 19th floor, 21st floor, 22nd floor, 26th floor, 27th floor and 28th floor at Stelux House. The Company will comply with all applicable requirements under the Listing Rules regarding the leasing and/or termination of tenancy agreements with Mengiwa due the planned reorganisation.

LISTING RULES IMPLICATIONS AND AGGREGATION OF ANNUAL CAP IN RELATION TO THE TENANCY AGREEMENT AND 5TH FLOOR REMAINING TENANCY AGREEMENT

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. Therefore, Mengiwa is an associate of the aforesaid Directors and hence connected persons of the Company. The entering into of the Tenancy Agreement therefore constitutes a continuing connected transaction for the Company.

The maximum rentals payable to Yee Hing Group for the year ending 31 March 2016 under the Tenancy Agreement and the 5th Floor Remaining Tenancy Agreement amounts to approximately HK\$425,427.50. The highest applicable percentage ratios calculated with reference to the maximum aggregate annual rentals

payable to Yee Hing Group under the Tenancy Agreement and the 5th Floor Remaining Tenancy Agreement for the year ending 31 March 2016 is less than 0.1%.

The Tenancy Agreement and the 5th Floor Remaining Tenancy Agreement are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules. The maximum aggregate annual rentals and licence fees payable by the Group to the Yee Hing Group under the Tenancy Agreement, the 5th Floor Remaining Tenancy Agreement and the other subsisting agreements relating to the licensing or leasing of premises by the Group from Yee Hing Group as disclosed in the Company's announcement dated 9 October 2014 will amount to approximately HK\$17,283,000 for the year ending 31 March 2016. 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 the year ending 31 March 2016 exceeds 0.1% but is less than 5%.

Therefore, the Tenancy Agreement and the 5th Floor Remaining Tenancy Agreement constitute continuing connected transactions 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 Tenancy Agreement, Deed of Surrender and the 5th Floor Remaining Tenancy Agreement. Both of Mr. Chumphol Kanjanapas and Mr. Sakorn Kanjanapas did not vote on the Tenancy Agreement, Deed of Surrender and the 5th Floor Remaining Tenancy Agreement.

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
“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 engaging in investment holding and a wholly-owned subsidiary of Yee Hing
“Premises”	Portions of office unit numbers 1905 and 1906 with storeroom no. 6B on 19th floor at Stelux House
“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
“Tenancy Agreement”	the tenancy agreement entered into on 29 May 2015 between Mengiwa, as landlord, and a wholly owned subsidiary of the Group, as tenant for the lease of Premises
“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, 29 May 2015

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

Executive Directors:

Chumphol Kanjanapas (also known as Joseph C.C. Wong) (*Chairman and Chief Executive Officer*), Vincent Lau Tak Bui (*Chief Operating Officer*) and Wallace Kwan Chi Kin (*Chief Financial Officer*)

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*)