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STELUX Holdings International Limited

寶光實業(國際)有限公司*

Incorporated in Bermuda with limited liability

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

Stock Code: 84

RENEWAL OF AND NEW CONTINUING CONNECTED TRANSACTIONS

Rental and licensing of renewal premises

and new premises from connected persons and

Provision of management and property agency liaison services to a connected person

1. CONTINUING CONNECTED TRANSACTIONS RELATING TO THE RENEWAL OF RENTAL AND LICENSING OF SUBSISTING PREMISES AND NEW PREMISES FROM CONNECTED PERSON

The Company announces that on 21 March 2019, certain of its wholly-owned subsidiaries, each individually as tenant/licensee, entered into the Stelux House Renewal Tenancy and Licence Agreements 2019, Carparking Space Licences and the Warehouse Licence Agreements 2019 with Mengiwa and Active Lights, each individually as landlord/licensor, for the rental/licensing of the subject office premises/storerooms, carparking spaces and warehouse space for terms not exceeding three years commencing on 1 April 2019 and expiring on 31 March 2022.

The Stelux House Renewal Tenancy and Licence Agreements 2019, Carparking Space Licences and, the Warehouse Licence Agreements 2019 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/licence fees under the Stelux House Renewal Tenancy and Licence Agreements 2019, Carparking Space Licences and the Warehouse Licence Agreements 2019 payable by the Group to Mengiwa and Active Lights for each of the three financial years ending 31 March 2022 amounts to approximately HK\$9,360,000.

Mengiwa is a 30%-controlled company held indirectly by Mr. Chumphol Kanjanapas (also known as Mr. Joseph C.C. Wong).

* For identification purpose only

Active Lights is a wholly owned subsidiary of Yee Hing; and the Trust, of which Mr. Joseph C.C. Wong is a beneficiary, holds 55% of the total issued shares of Yee Hing. Mr. Joseph C.C. Wong is a director of the Company. Therefore, each of Mengiwa and Active Lights are associates of Mr. Joseph C.C. Wong and hence are connected persons of the Company. The entering into of the Stelux House Renewal Tenancy and Licence Agreements 2019, Carparking Space Licences and the Warehouse Licence Agreements 2019 therefore constitute continuing connected transactions (the “Continuing Connected Transactions A”) for the Company.

Each of the applicable percentage ratios as defined in Rule 14A.78 of the Listing Rules, calculated with reference to the aggregate Annual Cap is less than 5%. The Continuing Connected Transactions A therefore constitute continuing connected transactions subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders’ approval requirements under Rule 14A.76(2) of the Listing Rules.

2. CONTINUING CONNECTED TRANSACTION RELATING TO THE RENEWAL OF SUBSISTING SERVICE AGREEMENT IN RESPECT OF THE PROVISION OF MANAGEMENT AND PROPERTY AGENCY LIAISON SERVICES BY THE GROUP TO CONNECTED PERSON

The Company announces that on 21 March 2019, the Service Agreement 2019 was entered into between a wholly-owned subsidiary of the Company, as agent, and Mengiwa, as principal, to renew the term of the subsisting service agreement with respect to the provision of the Services by the Group.

Since Mengiwa is an associate of Mr. Joseph C.C. Wong and hence a connected person of the Company, the entering into of the Service Agreement 2019 therefore constitutes a continuing connected transaction (the “Continuing Connected Transaction B”) for the Company.

Each of the applicable percentage ratios as defined in Rule 14A.78 of the Listing Rules, calculated with reference to the Annual Cap is less than 5%. The Continuing Connected Transaction B therefore constitutes a continuing connected transaction subject to the annual review, reporting and announcement requirements but exempt from the independent shareholders’ approval requirements under Rule 14A.76(2) of the Listing Rules.

1. CONTINUING CONNECTED TRANSACTIONS RELATING TO THE LICENSING OF NEW STOREROOMS, THE RENEWAL OF RENTAL OF SUBSISTING OFFICE PREMISES/STOREROOM AND WAREHOUSE SPACE AND LICENSING OF CARPARKING SPACES

Reference is made to the announcement of the Company dated 6 April 2016 in relation to the continuing connected transactions under then subsisting agreements relating to the rental and licensing of certain office premises/storeroom, carparking spaces and warehouse space by the Group from Mengiwa and Active Lights which will expire on 31 March 2019.

The Company announces that on 21 March 2019, certain of its wholly owned subsidiaries, each individually as tenant/licensee, entered into the Stelux House Renewal Tenancy and Licence Agreements 2019, Carparking Space Licences and the Warehouse Licence Agreements 2019 with Mengiwa and Active Lights, each individually as landlord/licensor, to renew the terms of the tenancies/licences of the subject office premises/storeroom, carparking spaces and warehouse space for terms not exceeding three years commencing on 1 April 2019 and expiring on 31 March 2022.

Stelux House Renewal Tenancy and Licence Agreements 2019

Date:	21 March 2019
Parties:	Mengiwa, as landlord, which is engaged in investment holding, and Stelux Holdings and Thong Sia Watch each individually as tenant
Premises A:	whole of 27th floor, and portion of 28th floor of Stelux House
Premises B:	portion of 21st floor of Stelux House
Premises C:	office unit number 2206A on the 22nd floor of Stelux House
Premises D:	storeroom 6A on the 16th floor of Stelux House
Premises E:	storeroom 1B on the 17th floor of Stelux House
Premises F:	storeroom 6A on the 22nd floor of Stelux House
Term/licence period:	a term of three years from 1 April 2019 up to and including 31 March 2022
Monthly rentals for Premises A, B and C:	Total HK\$637,470.00 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.
Licence Fees for Premises D, E and F:	Total HK\$19,440.00 per calendar month (inclusive of rates, government rent and management charges), payable monthly in advance in cash by the licensee on the first day of each and every calendar month.
Other terms:	Stelux Holdings, as tenant of Premises A, is granted the naming right of Stelux House and each of Stelux Holdings and Thong Sia Watch is granted an option for the Premises A and B, but not an obligation, to renew the relevant tenancy agreement with the landlord every three years for three more years for a maximum of 9 years commencing from 1 April 2022 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 subject tenancy agreements.

The monthly rentals/licence fees were determined on an arm's length basis taking into account a rental

valuation on the office premises/storerooms conducted by an independent property valuer dated 5 March 2019 and as such reflects the prevailing market rental value/licence fee of the subject premises. Accordingly, the Directors consider the terms of the Stelux House Renewal Tenancy and Licence Agreements 2019 to be on normal commercial terms and are in the ordinary and usual course of business of the Group; to be fair and reasonable and the entering into of the Stelux House Renewal Tenancy and Licence Agreements 2019 are in the interests of the Company and the Shareholders as a whole.

Carparking Space Licences

Date: 21 March 2019

Parties: Mengiwa, which is engaged in investment holding, as licensor; and certain wholly-owned subsidiaries of the Company, as licensee

Premises: 8 Carparking spaces at Stelux House;

Licence period: A term of three years from 1 April 2019 up to and including 31 March 2022

Monthly licence fee: HK\$30,100 per calendar month in total for eight carparking spaces at Stelux House (inclusive of rates, government rent and management fee) payable monthly in advance in cash by the licensee on the first day of each and every calendar month.

The monthly licence fee was determined on an arm's length basis taking into account prevailing market rates for parking spaces in the vicinity. Accordingly, the Directors consider that the terms of the Carparking Space Licences to be on normal commercial terms and are in the ordinary and usual course of business of the Group; to be fair and reasonable and the entering into of the Carparking Space Licences are in the interests of the Company and the Shareholders as a whole.

The Warehouse Licence Agreements 2019

Date: 21 March 2019

Parties: Active Lights, as landlord which is engaged in investment holding; and certain wholly-owned subsidiaries of the Company, each individually as tenant

Premises: Warehouse Space A at an industrial building in Kowloon Bay, Kowloon, Hong Kong ("**Kowloon Bay Building**"); and
Carparking Space B at Kowloon Bay Building.

Licence period: A licence period of three years from 1 April 2019 up to and including 31 March 2022

Monthly licence fee: HK\$87,100 per calendar month (exclusive of rates, government rent and

management charges) for Warehouse Space A; and

HK\$5,800 per calendar month (inclusive of rates, government rent and management charges) for the Carparking Space B;

payable monthly in advance in cash by the tenant/licensee on the first day of each and every calendar month.

The monthly licence fees were determined on an arm's length basis after having taken into account the prevailing market rental rates of warehouse premises in the vicinity, which indicate that the renewal rentals/licence fees under the Warehouse Licence Agreements 2019 are favourable to the Group as compared with the prevailing market licence fee values of the subject warehouse and carparking space. Accordingly, the Directors consider the terms of the Warehouse Licence Agreements 2019 to be on better than normal commercial terms and in the ordinary and usual course of business of the Group; and to be fair and reasonable and the entering into of the Warehouse Licence Agreements 2019 are in the interests of the Company and the Shareholders as a whole.

REASONS AND BENEFITS OF THE STELUX HOUSE RENEWAL TENANCY AND LICENCE AGREEMENTS 2019, CARPARKING SPACE LICENCES AND THE WAREHOUSE LICENCE AGREEMENTS 2019

The Group is principally engaged in the businesses of retailing and wholesaling of watches. The Group has been using the subject office premises/storeroom and warehouse primarily for office, administrative and storage purposes over a long period of time. In order to avoid possible disruption to its business due to relocation, the Group intends to continue to rent/licence the subject office premises/storeroom, carparking spaces and warehouse following the expiration of the relevant tenancies/licences and to licence additional storerooms. The Directors consider it to be in the interests of the Company and the Shareholders as a whole for the Group to use the subject office premises/storerooms, carparking spaces and warehouse as long as the relevant rental/licence fee and other terms are on normal commercial terms or favourable to the Group so as to avoid relocation and refurbishment costs which otherwise the Group will have to incur.

The Stelux House Renewal Tenancy and Licence Agreements 2019, Carparking Space Licences and, the Warehouse Licence Agreements 2019 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/licence fees under the Stelux House Renewal Tenancy and Licence Agreements 2019, Carparking Space Licences and the Warehouse Licence Agreements 2019 payable by the Group to Mengiwa and Active Lights for each of the three financial years ending 31 March 2022 amount to approximately HK\$9,360,000.

LISTING RULES IMPLICATIONS AND AGGREGATION OF ANNUAL CAP IN RELATION TO THE CONTINUING CONNECTED TRANSACTIONS A

Mengiwa is a 30%-controlled company held indirectly by Mr. Joseph C.C. Wong.

Active Lights is a wholly owned subsidiary of Yee Hing; and the Trust, of which Mr. Joseph C.C. Wong is a beneficiary, holds 55% of the total issued shares of Yee Hing. Mr. Joseph C.C. Wong is a

director of the Company. Therefore, each of Mengiwa and Active Lights is an associate of Mr. Joseph C.C. Wong and hence is a connected person of the Company. The entering into of the Stelux House Renewal Tenancy and Licence Agreements 2019, Carparking Space Licences and the Warehouse License Agreements 2019 therefore constitute continuing connected transactions (the “Continuing Connected Transactions A”) for the Company. The Continuing Connected Transactions A shall be considered on an aggregate basis for the purpose of classification in accordance with Rule 14A.81 of the Listing Rules.

The Company proposes to set the aggregate Annual Cap for the Continuing Connected Transactions A based on the annual rentals/licence fees under the Stelux House Renewal Tenancy and Licence Agreements 2019, Carparking Space Licences and the Warehouse License Agreements 2019 for each of the three financial years ending 31 March 2022 as follows:

	For each of the three years ending 31 March 2022
	<i>HK\$'000</i>
Stelux House Renewal Tenancy and Licence Agreements 2019	7,883
Carparking Space Licences	362
Warehouse Licence Agreements 2019	1,115
Aggregate Annual Cap	9,360

Each of the applicable percentage ratios as defined in Rule 14A.78 of the Listing Rules, calculated with reference to the Annual Cap in respect of the Continuing Connected Transactions A for each of the three financial years ending 31 March 2022, is less than 5%. As such, the Continuing Connected Transactions A are classified, on an aggregate basis, as continuing connected transactions for the Company exempt from the independent shareholders’ approval requirements under Rule 14A.76(2) of the Listing Rules but will be subject to the annual review, reporting and announcement requirements thereunder.

Since Mr. Joseph C.C. Wong, who is a director of the Company, has a material interest in the Continuing Connected Transactions A, he abstained from voting on the subject transactions at the board meeting of the Company held on 12 March 2019.

2. CONTINUING CONNECTED TRANSACTION RELATING TO THE PROVISION OF MANAGEMENT AND PROPERTY AGENCY LIAISON SERVICES BY GROUP TO MENGIWA

Reference is made to the announcement of the Company dated 6 April 2016 in relation to the ongoing continuing connected transaction of the Company for the Services with respect to Stelux House by the Group. The relevant services agreement for the provision of Services that was entered into between the Company (through its wholly-owned subsidiary) and Mengiwa and constitutes an on-going continuing connected transaction for the Company and will expire on 31 March 2019.

The Company has been providing the Services with respect to Stelux House since 1998 and has accumulated relevant knowledge and experience. During the term of the relevant service agreement, the Company has been receiving a monthly remuneration of HK\$195,000 and Mengiwa is satisfied so far with the Services provided by the Group, whilst the remuneration received by the Group is enough to cover the relevant costs incurred by the Group in providing the Services. As such, the Company intends to continue to provide the Services with respect to Stelux House following the expiration of the relevant service agreement on 31 March 2019. On 21 March 2019, a wholly-owned subsidiary of the Company entered into the Service Agreement 2019 for a period of three years (the “**Continuing Connected Transaction B**”).

Service Agreement 2019

Date:	21 March 2019
Parties:	Mengiwa, as principal; and Stelux Properties Agency, a wholly-owned subsidiary of the Company, as agent
Term and commencement date:	A term of three years from 1 April 2019 up to and including 31 March 2022
Monthly remuneration:	HK\$205,000 per calendar month (in the first year ending 31 March 2020) payable in advance in cash on the first day of each and every calendar month. Parties to the Service Agreement 2019 shall negotiate and agree in good faith to increase the remuneration on an annual basis for the second year and the third year by not more than 10% over that in the preceding year with reference to the actual increase in costs (including but not limited to the related staff salaries) incurred by the Group with respect to the provision of the Services. In the event that no agreement is reached between the parties in negotiating the remuneration for the next year, the remuneration shall remain unchanged.

BASIS FOR DETERMINING THE REMUNERATION AND ANNUAL CAP

The remuneration was arrived at after arm’s length negotiations between the parties and with reference to the estimate of the costs to be incurred by the Company with respect to the provision of the Services in the financial year ended 31 March 2019.

Accordingly, the Directors consider the Continuing Connected Transaction B and the terms of the Service Agreement 2019 to be on normal commercial terms and in the ordinary and usual course of business of the Company; and fair and reasonable and the entering into of the Service Agreement 2019 is in the interests of the Company and the Shareholders as a whole.

With reference to the monthly remuneration to be received by the Company under the Service Agreement 2019, the Company proposes to set the Annual Cap for the Continuing Connected Transaction B at HK\$2,460,000, HK\$2,706,000 and HK\$2,977,000 for each of the three financial years ending 31

March 2022 respectively.

The Annual Cap for the financial year ending 31 March 2020 is based on the monthly remuneration of HK\$205,000 per calendar month for twelve months; the Annual Cap for the financial year ending 31 March 2021 is based on a monthly remuneration of HK\$225,500 (assuming an increase of 10% from financial year ending 31 March 2020) per calendar month for twelve months; and the Annual Cap for the financial year ending 31 March 2022 is based on a monthly remuneration of HK\$248,050 (assuming an increase of 10% from financial year ending 31 March 2021) per calendar month for twelve months.

LISTING RULES IMPLICATIONS

As disclosed in this announcement, Mengiwa is a connected person of the Company and each of the applicable percentage ratios as defined in Rule 14A.78 of the Listing Rules, calculated with reference to the above mentioned Annual Cap for the three financial years ending 31 March 2022, is less than 5%. As such, the Continuing Connected Transaction B is classified as a continuing connected transaction for the Company exempt from the independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules but will be subject to the annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules.

Since Mr. Joseph C.C. Wong, who is a director of the Company, has a material interest in the Continuing Connected Transaction B, he abstained from voting on the subject transaction at the board meeting of the Company held on 12 March 2019.

DEFINITIONS

“Active Lights”	Active Lights Company Limited, a company incorporated in Hong Kong, and a wholly owned subsidiary of Yee Hing
“associate”	has the same meaning as ascribed to it under the Listing Rules
“Annual Cap”	the maximum annual rentals/licence fees to be paid by the Group to connected person in relation to the Continuing Connected Transactions A, or the maximum annual fee to be received by the Group from connected person in relation to Continuing Connected Transaction B
“Board”	the board of Directors
“Carparking Space B”	one carparking space at Kowloon Bay Building
“Carparking Space Licences”	the licence agreements entered into on 21 March 2019 between Mengiwa as licensor and certain wholly-owned subsidiaries of the Company as licensee, in relation to the licences of eight carparking spaces at Stelux House
“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
“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 30%-controlled company held indirectly by connected person
“Premises A”	whole of 27th floor and portion of 28th floor at Stelux House
“Premises B”	portion of 21st floor at Stelux House
“Premises C”	office unit number 2206A on the 22nd floor of Stelux House
“Premises D”	storeroom number 6A on the 16th floor of Stelux House
“Premises E”	storeroom number 1B on the 17th floor of Stelux House
“Premises F”	Storeroom number 6A on the 22nd floor of Stelux House
“Services”	provision of overall administration and management services comprising contract administration, property agency liaison and tenancy management, financial management and other administrative services
“Service Agreement 2019”	the agreement entered into on 21 March 2019 between Stelux Properties Agency and Mengiwa for the renewal of the subsisting service agreement with respect to the Services
“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
“Stelux House Renewal Tenancy and Licence Agreements 2019”	the tenancy agreements entered into on 21 March 2019 between Mengiwa, as landlord, and certain wholly owned subsidiaries of the Company as tenant/licensee for the rental of Premises A, Premises B, Premises C, and the licensing of Premises D, Premises E and Premises F
“Stelux Properties Agency”	Stelux Properties Agency Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

“Thong Sia Watch”	Thong Sia Watch Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Trust”	the Klayze Trust, of which Mr. Joseph C. C. Wong and certain of his brothers and sisters are beneficiaries
“Warehouse Licence Agreements 2019”	the warehouse licence agreement and carparking licence agreement entered into on 21 March 2019 between Active Lights as licensor and certain wholly-owned subsidiaries of the Company, each individually as licensee, respectively, in relation to the licence of Warehouse Space A and Carparking Space B.
“Warehouse Space A”	Warehouse space A at Kowloon Bay Building in Kowloon Bay, Kowloon, Hong Kong
“Yee Hing”	Yee Hing Company Limited, a company incorporated in Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	Percentage
“30%-controlled company”	has the meaning ascribed to it under the Listing Rules

By order of the Board
Caroline Chong
Company Secretary

Hong Kong, 21 March 2019

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*) and Wallace Kwan Chi Kin (*Chief Financial Officer*)

Independent Non-Executive directors:

Wu Chun Sang, Lawrence Wu Chi Man and Agnes Kwong Yi Hang