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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 and licensing of premises and vehicle spaces from connected persons**

The Company announces that on 9 April 2014, certain of its wholly-owned subsidiaries, each individually as tenant/licensee, entered into Tenancy Agreements and Licence Agreements with Mengiwa, Thong Sia Co and Active Lights, each individually as landlord/licensor, for the leasing/licensing of a storeroom, a warehouse and two (2) vehicle parking spaces for terms not exceeding three years commencing from 16 April 2014 and expiring on 31 March 2016 respectively.

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. Each of Mengiwa, Thong Sia Co and Active Lights is a subsidiary of Yee Hing. Therefore, Mengiwa, Thong Sia Co and Active Lights are associates of the aforesaid Directors and hence connected persons of the Company. The entering into of the Tenancy Agreements and License Agreements therefore constitute continuing connected transactions for the Company.

Reference is made to announcements of the Company dated 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 Agreements and License Agreements are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.25 of the Listing Rules. The highest applicable percentage ratio calculated with reference to the maximum aggregate annual rentals fees and license fees payable by the Group to Yee Hing Group under the Tenancy Agreements and License Agreements 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%. Therefore, each of the Tenancy Agreements and License Agreements 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. LEASING OF STOREROOM FROM CONNECTED PERSON**

On 9 April 2014, the Company through a wholly-owned subsidiary entered into Tenancy Agreement A with Mengiwa to rent a storeroom for a term of one year eleven months and sixteen days commencing on 16 April 2014 and expiring on 31 March 2016 on the following terms:

- Date: 9 April 2014
- Parties: Mengiwa, as landlord  
Stelux Holdings, as tenant
- Premises: Storeroom No. 6A on 17th floor at Stelux House
- Rental period: One year eleven months and sixteen days from 16 April 2014 up to and including 31 March 2016
- Monthly rental: HK\$4,570 per calendar month (inclusive 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 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 Tenancy Agreement A.

The monthly rental was determined on an arm's length basis taking into account prevailing market rental rates at Stelux House. Accordingly, the Directors consider that the terms of the Tenancy Agreement A reflect normal commercial terms and to be fair and reasonable, and the entering into of Tenancy Agreement A is in the interests of the Company and the Shareholders as a whole.

## **2. LEASING OF WAREHOUSE FROM 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 the Renewal Tenancy Agreement with Thong Sia Co to renew the term of the lease of the warehouse for a term of three years commencing on 1 April 2013 and expiring on 31 March 2016. On 15 April 2014, the lease of the warehouse under the Renewal Tenancy Agreement will be surrendered and the warehouse will be relocated for logistical efficiency. The Tenancy Agreement B was entered into on the following terms:

- Date: 9 April 2014
- Parties: Thong Sia Co, as landlord  
Optical 88, as tenant
- Premises: Warehouse at Yau Tong, Kowloon
- Rental period: One year eleven months and sixteen days from 16 April 2014 up to and including 31 March 2016
- Monthly rental: HK\$9,500 per calendar month (inclusive 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

The monthly rental was determined on an arm's length basis taking into account prevailing market rental rates in the vicinity. Accordingly, the Directors consider that the terms of the Tenancy Agreement B reflect normal commercial terms and to be fair and reasonable, and the entering into of Tenancy Agreement B is in the interests of the Company and the Shareholders as a whole.

### **3. LICENSING OF VEHICLE PARKING SPACES FROM CONNECTED PERSON**

On 9 April 2014, the Company through two of its wholly-owned subsidiaries entered into two License Agreements with Active Lights to license two (2) vehicle parking spaces for a term of one year eleven months and sixteen days commencing on 16 April 2014 and expiring on 31 March 2016 on the following terms:

Date: 9 April 2014

Parties: Active Lights, as licensor  
City Chain Company Limited and Optical 88 Limited, respectively as licensee

Premises: Vehicle parking spaces at Kowloon Bay

License period: One year eleven months and sixteen days from 16 April 2014 up to and including 31 March 2016

Monthly license fee: HK\$8,600 per calendar month in total for two (2) vehicle parking spaces (inclusive of management charges but exclusive of rates and government rent) payable in advance in cash by the licensees on the first day of each and every calendar month

The monthly license fee was determined on an arm's length basis taking into account prevailing market rates for the vehicle parking spaces in the vicinity. Accordingly, the Directors consider that the terms of the License Agreements reflect normal commercial terms and to be fair and reasonable, and the entering into of the License Agreements are in the interests of the Company and the Shareholders as a whole.

### **REASONS FOR AND BENEFITS OF THE TENANCY AGREEMENTS AND LICENSE AGREEMENTS**

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. Since the Company and its major subsidiaries have their headquarters located at Stelux House and existing warehouse storage spaces located in Kowloon Bay and Yau Tong, leasing additional space at existing locations is more convenient than at other locations and will also help to improve operational efficiency and reduce overall rental costs.

### **LISTING RULES IMPLICATIONS AND AGGREGATION OF ANNUAL CAP IN RELATION TO THE TENANCY AGREEMENTS AND LICENSE AGREEMENTS**

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. Each of Mengiwa, Thong Sia Co and Active Lights is a subsidiary of Yee Hing. Therefore, Mengiwa, Thong Sia Co and Active Lights are associates of the aforesaid Directors and hence connected persons of the Company. The entering into of the Tenancy Agreements and License Agreements therefore constitute continuing connected transactions for the Company.

The maximum annual rentals and license fees payable to Yee Hing Group for each of the three years ending 31

March 2016 under the Tenancy Agreements and License Agreements amounts to approximately HK\$168,840 and HK\$103,200 respectively. Each of the highest applicable percentage ratios calculated with reference to the maximum aggregate annual rentals and license fees payable to Yee Hing Group under each of the Tenancy Agreements and License Agreements for each of the three years ending 31 March 2016 is less than 0.1%.

The Tenancy Agreements and License Agreements are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.25 of the Listing Rules. The maximum aggregate annual rentals and licence fees payable by the Group to the Yee Hing Group under the Tenancy Agreements and License Agreements 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 28 November 2013 will amount to approximately HK\$14,200,000 for the three years 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 each of the three years ending 31 March 2016 exceeds 0.1% but is less than 5%.

Therefore, each of the Tenancy Agreements and License Agreements 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 Tenancy Agreements and License Agreements. Both of Mr. Chumphol Kanjanapas and Mr. Sakorn Kanjanapas did not vote on the Tenancy Agreements and License Agreements.

Mr. Vincent Lau Tak Bui is also a director of the Company, Mengiwa and Thong Sia Co. As such, Mr. Vincent Lau Tak Bui has a material interest in the Tenancy Agreements and also did not vote on the Tenancy Agreements.

## DEFINITIONS

“Active Lights”	Active Lights Company Limited, a company incorporated in Hong Kong, and a wholly-owned subsidiary of Yee Hing
“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
“License Agreements”	the license agreements entered into on 9 April 2014 between Active Lights, as licensor, and certain wholly-owned subsidiaries of the Group, as licensees, for the license of vehicle parking spaces at Kowloon Bay
“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
“Renewal Tenancy Agreement “	the tenancy agreement entered into on 10 December 2012 between Thong Sia Co, as landlord, and Optical 88, as tenant for the lease of a warehouse space at an industrial building in Yau Tong, Kowloon, Hong Kong
“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 A”	the tenancy agreement entered into on 9 April 2014 between Mengiwa, as landlord, and a wholly owned subsidiary of the Group, as tenant for the lease of storeroom no. 6A on 17th floor at Stelux House
“Tenancy Agreement B”	the tenancy agreement entered into on 9 April 2014 between Thong Sia Co, as landlord, and a wholly owned subsidiary of

the Group, as tenant for the lease of warehouse space at an industrial building in Yau Tong, Kowloon, Hong Kong

“Tenancy Agreements”	the Tenancy Agreement A and Tenancy Agreement B
“Thong Sia Co”	Thong Sia Company Limited, a company incorporated in Hong Kong and a subsidiary of Yee Hing
“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, 9 April 2014

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*)