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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**

## **(1) DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION IN RELATION TO MASTER PROPERTY AGREEMENT**

**AND**

## **(2) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE THAILAND OFFICE LEASE**

### **(1) DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION IN RELATION TO MASTER PROPERTY AGREEMENT**

Reference is made to the circular of the Company dated 22 March 2018 in relation to, *inter alia*, (1) the Company's disposal of the Optical 88 Entities and Optical 88 Thailand and (2) the Property Arrangement. Pursuant to the Property Arrangement, members of the Group and the Optical 88 Group would lease, sub-lease or license certain shops, offices and warehouses to and from each other. The Original Master Property Agreement in respect of the Property Arrangement expired on 31 March 2021.

The Company announces that on 1 April 2021 (after trading hours), Stelux Holdings entered into the Master Property Agreement with the Optical 88 Entities. Under the terms of the Master Property Agreement, members of the Group will lease, sub-lease or license certain shops, offices and warehouses to members of the Optical 88 Group from time to time.

Stelux Holdings is a wholly-owned subsidiary of the Company. The Optical 88 Entities are wholly-owned subsidiaries of Bright Odyssey, a company wholly-owned by Mr. Joseph C.C. Wong. As Mr. Joseph C.C. Wong is a Director, the chief executive officer and a substantial shareholder of the Company, Mr. Joseph C.C. Wong and his associates are connected persons of the Company. As the Optical 88 Entities are each an "associate" of Mr. Joseph C.C. Wong pursuant to Rule 14A.12(1)(c) of the Listing Rules, they are each a connected person of the Company. The Master Property Agreement therefore constitutes a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under the Listing Rules calculated based on the highest annual cap under the Master Property Agreement exceeds 5% but is less than 25%, and the annual consideration for the Master Property Agreement is less than HK\$10,000,000, the transaction contemplated under the Master Property Agreement constitutes (i) a discloseable transaction of the Company that is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) a continuing connected transaction of the Company that is subject to the reporting, annual review and announcement requirements, but exempt from the shareholders' approval requirements, under Chapter 14A of the Listing Rules.

## **(2) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE THAILAND OFFICE LEASE**

A lease of the Thailand Office Premises was previously entered into between City Chain Thailand (as tenant) and Optical 88 Thailand (as landlord) pursuant to the Original Master Property Agreement. The term of the said lease expired on 31 March 2021.

The Company announces that on 1 April 2021 (after trading hours), City Chain Thailand (as tenant) entered into the Thailand Office Lease with Optical 88 Thailand (as landlord) to renew the lease of the Thailand Office Premises.

City Chain Thailand is a subsidiary of the Company. Optical 88 Thailand is a subsidiary of Bright Odyssey, a company wholly-owned by Mr. Joseph C.C. Wong. As Mr. Joseph C.C. Wong is a Director, the chief executive officer and a substantial shareholder of the Company, Mr. Joseph C.C. Wong and his associates are connected persons of the Company. As Optical 88 Thailand is an "associate" of Mr. Joseph C.C. Wong pursuant to Rule 14A.12(1)(c) of the Listing Rules, it is a connected person of the Company.

Upon adoption of HKFRS 16 *Leases* by the Group with effect from April 1, 2019, the Group if entering into a lease transaction as a lessee should recognise a right-of-use asset representing its right to use the underlying leased asset. The transaction contemplated under the Thailand Office Lease is therefore regarded as an acquisition of a right-of-use asset by the Group. Accordingly, the transaction contemplated under the Thailand Office Lease constitutes a one-off connected transaction under Chapter 14A the Listing Rules.

As the highest applicable percentage ratio in respect of the Thailand Office Lease calculated based on the value of the right-of-use asset to be recognised by the Company exceeds 5% but is less than 25%, and the total right-of-use assets under the Thailand Office Lease is less than HK\$10,000,000, the transaction contemplated under the Thailand Office Lease constitutes (i) a discloseable transaction of the Company that is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) a connected transaction of the Company that is subject to the reporting and announcement requirements, but exempt from the shareholders' approval requirements, under Chapter 14A of the Listing Rules.

## **(1) DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION IN RELATION TO MASTER PROPERTY AGREEMENT**

Reference is made to the circular of the Company dated 22 March 2018 in relation to, *inter alia*, (1) the Company's disposal of the Optical 88 Entities and Optical 88 Thailand and (2) the Property Arrangement. Pursuant to the Property Arrangement, members of the Group and the Optical 88 Group would lease, sub-lease or license certain shops, offices and warehouses to and from each other. The Original Master Property Agreement in respect of the Property Arrangement expired on 31 March 2021.

The Company announces that on 1 April 2021 (after trading hours), Stelux Holdings entered into the Master Property Agreement with the Optical 88 Entities. Under the terms of the Master Property Agreement, members of the Group will lease, sub-lease or license certain shops, offices and warehouses to members of the Optical 88 Group from time to time.

For the avoidance of doubt, the Master Property Agreement does not cover the lease, sub-lease or license of shops, offices and warehouses from members of the Optical 88 Group to the Group under the Original Master Property Agreement. Due to the adoption of HKFRS 16 *Leases*, the Group is required to recognise an additional asset representing its right to use the relevant premises upon grant or renewal of leases, sub-leases or licences from members of the Optical 88 Group to the Group. In view thereof, lease(s), sub-lease(s) or licence(s) of shops, office and warehouses from members of the Optical 88 Group to members of the Group would be covered under separate agreement(s) made or to be made between the Group and the relevant entities of the Optical 88 Group.

### **Principal Terms of the Master Property Agreement**

The principal terms and conditions of the Master Property Agreement are summarised below:

Date:	1 April 2021
First Party:	Stelux Holdings
Second Party:	Optical 88 Entities
Term:	From 1 April 2021 until (and including) 31 March 2024, which may be renewed by mutual agreement between the parties for a term not exceeding 3 years
Early termination:	The Master Property Agreement may be terminated by, <i>inter alia</i> , either party giving not less than 12 months' prior written notice of the termination to the other party, in which case the Master Property Agreement shall end upon the expiration of such notice

**Arrangement:** Relevant members of the Group (as lessor, sub-lessor or licensor) and relevant members of the Optical 88 Group (as lessee, sub-lessee or licensee) will enter into or renew existing lease(s), sub-lease(s) or licence agreement(s) of certain properties in accordance with the provisions of the Master Property Agreement

**Rental:** The price for the leasing, sub-leasing or licensing of the offices, shops or warehouses shall be on an “at cost-basis” based on the proportion of the rental, management fees and other ordinary outgoings payable to a third party under the relevant tenancy or, in respect of premises owned by the Group, at the market rate for such premises

**Annual caps and basis of determination:** The aggregate amount payable to the Group pursuant to the Master Property Agreement shall not exceed the following annual cap amounts:

- HK\$6,500,000 for the financial year ending 31 March 2022;
- HK\$9,999,999 for the financial year ending 31 March 2023; and
- HK\$9,999,999 for the financial year ending 31 March 2024.

The annual caps have been determined with reference to: (i) historical rentals under the relevant lease agreements; (ii) expected rentals under the relevant lease agreements; (iii) the estimated incremental annual increase in the underlying lease agreements; and (iv) the estimated increases in expenses as a result of inflation, increased business activity and an increase in the value of properties

### **Reasons and Benefits of the Master Property Agreement**

The Property Arrangement was made in connection with the disposal of the Optical 88 Entities and Optical 88 Thailand by the Group to Bright Odyssey on 1 June 2018. The reason for the Property Arrangement was/is to ensure that neither the business of the Group nor the business of the Optical 88 Group would be unduly affected by the said disposal.

The Directors consider it to be in the interests of the Company and the Shareholders as a whole for the Group to enter into the Master Property Agreement as: (a) certain premises used by the Group are currently shared between the Group and the Optical 88 Group, and (b) a number of shops, offices and/or warehouses currently used by the Optical 88 Group are owned by the Group.

The terms of the Master Property Agreement (including the rental) were arrived at after arm's length negotiations between Stelux Holdings and the Optical 88 Entities. The Directors (including the independent non-executive Directors) consider that the Master Property Agreement, despite the fact that it is not in the ordinary and usual course of business of the Group, is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **(2) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE THAILAND OFFICE LEASE**

A lease of the Thailand Office Premises was previously entered into between City Chain Thailand (as tenant) and Optical 88 Thailand (as landlord) pursuant to the Original Master Property Agreement. The term of the said lease expired on 31 March 2021.

The Company announces that on 1 April 2021 (after trading hours), City Chain Thailand (as tenant) entered into the Thailand Office Lease with Optical 88 Thailand (as landlord) to renew the lease of the Thailand Office Premises

### **Principal Terms of the Thailand Office Lease**

The principal terms and conditions of the Thailand Office Lease are summarised below:

Date:	1 April 2021
Landlord:	Optical 88 Thailand
Tenant:	City Chain Thailand
Premises:	347, 349 Muang Thong Thani, Bondstreet Road, Bangpood Subdistrict, Pakkred District, Nonthaburi 11120, Thailand
Permitted use:	Office
Term:	3 years commencing from 1 April 2021 and expiring on 31 March 2024 (both days inclusive)
Rental:	THB528,363 per calendar month (equivalent to approximately HK\$136,000 per calendar month) payable in advance on the 5th day of each calendar month

### **Information on the Thailand Office Premises**

The Thailand Office Premises is currently used by the Group as its office premises in Thailand. Optical 88 Thailand is the owner of the Thailand Office Premises.

## **Right-of-use asset**

The value of the right-of-use asset to be recognised by the Company under the Thailand Office Lease is estimated to be approximately HK\$4,706,000, being the value of the aggregate lease payments using the rate applicable at the commencement date of the Thailand Office Lease in accordance with HKFRS 16 *Leases*. The discount rate of 2.90% is applied to compute the present value of aggregate lease payments under the Thailand Office Lease.

## **Value of consideration**

The aggregate value of the consideration payable under the Thailand Office Lease is approximately THB19,021,000 (equivalent to approximately HK\$4,896,000) being the total amount of rent payable over the lease term, which will be satisfied by internal resources of the Group.

## **Reasons and Benefits of the Thailand Office Lease**

In order to avoid possible disruption to the business of the Group due to relocation, the Directors consider it to be in the interests of the Company and the Shareholders as a whole for the Group to enter into the Thailand Office Lease as the renewal of the relevant lease will avoid relocation and refurbishment costs which otherwise the Group will have to incur.

The terms of the Thailand Office Lease (including the rental) were determined after arm's length negotiations between the parties, with reference to the prevailing market rental of comparable premises in the area where the Thailand Office Premises are situated and the rental charged under the previous lease. The Directors (including the independent non-executive Directors) consider that the Thailand Office Lease, despite the fact that it is not in the ordinary and usual course of business of the Group, is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE PARTIES AND THE GROUP**

Stelux Holdings is a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company. City Chain Thailand is a company incorporated in Thailand and is a subsidiary of the Company. The Company is a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 84). The Group is principally engaged in the business of watch retailing and the wholesale trading of watches.

The Optical 88 Entities is each a company incorporated in the BVI with limited liability and is each a wholly-owned subsidiary of Bright Odyssey, a company wholly-owned by Mr. Joseph C.C. Wong. Optical 88 Thailand is a subsidiary of Bright Odyssey. The group of companies under Bright Odyssey is principally engaged in the business of provision of eyewear and eyecare services and products.

## **LISTING RULES IMPLICATIONS IN RELATION TO THE MASTER PROPERTY AGREEMENT**

Stelux Holdings is a wholly-owned subsidiary of the Company. The Optical 88 Entities are wholly-owned subsidiaries of Bright Odyssey, a company wholly-owned by Mr. Joseph C.C. Wong. As Mr. Joseph C.C. Wong is a Director, the chief executive officer and a substantial shareholder of the Company, Mr. Joseph C.C. Wong and his associates are connected persons of the Company. As the Optical 88 Entities are each an “associate” of Mr. Joseph C.C. Wong pursuant to Rule 14A.12(1)(c) of the Listing Rules, they are each a connected person of the Company. The Master Property Agreement therefore constitutes a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under the Listing Rules calculated based on the highest annual cap under the Master Property Agreement exceeds 5% but is less than 25%, and the annual consideration for the Master Property Agreement is less than HK\$10,000,000, the transaction contemplated under the Master Property Agreement constitutes (i) a discloseable transaction of the Company that is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) a continuing connected transaction of the Company that is subject to the reporting, annual review and announcement requirements, but exempt from the shareholders’ approval requirements, under Chapter 14A of the Listing Rules.

## **LISTING RULES IMPLICATIONS IN RELATION TO THE THAILAND OFFICE LEASE**

City Chain Thailand is a subsidiary of the Company. Optical 88 Thailand is a subsidiary of Bright Odyssey, a company wholly-owned by Mr. Joseph C.C. Wong. As Mr. Joseph C.C. Wong is a Director, the chief executive officer and a substantial shareholder of the Company, Mr. Joseph C.C. Wong and his associates are connected persons of the Company. As Optical 88 Thailand is an “associate” of Mr. Joseph C.C. Wong pursuant to Rule 14A.12(1)(c) of the Listing Rules, it is a connected person of the Company.

Upon adoption of HKFRS 16 *Leases* by the Group with effect from April 1, 2019, the Group if entering into a lease transaction as a lessee should recognise a right-of-use asset representing its right to use the underlying leased asset. The transaction contemplated under the Thailand Office Lease is therefore regarded as an acquisition of a right-of-use asset by the Group. Accordingly, the transaction contemplated under the Thailand Office Lease constitutes a one-off connected transaction under Chapter 14A the Listing Rules.

As the highest applicable percentage ratio in respect of the Thailand Office Lease calculated based on the value of the right-of-use asset to be recognised by the Company exceeds 5% but is less than 25%, and the total value of the right-of-use asset under the Thailand Office Lease is less than HK\$10,000,000, the transaction contemplated under the Thailand Office Lease constitutes (i) a discloseable transaction of the Company that is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) a connected transaction of the Company that is subject to the reporting and announcement requirements, but exempt from the shareholders’ approval requirements, under Chapter 14A of the Listing Rules.

## GENERAL

Mr. Joseph C.C. Wong, being a Director with a material interest in the Master Property Agreement and the Thailand Office Lease, has abstained from voting on the resolutions to approve the entering into of the Master Property Agreement and the Thailand Office Lease.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions having the following meanings:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday, public holiday and a day on which a typhoon signal no.8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“Bright Odyssey”	Bright Odyssey Limited, a company incorporated in the BVI and wholly-owned by Mr. Joseph C.C. Wong
“BVI”	the British Virgin Islands
“City Chain Thailand”	City Chain (Thailand) Company Limited, a company incorporated in Thailand and a subsidiary 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 (stock code: 84)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries (including but not limited to Stelux Holdings)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong



“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Property Agreement”	the master property agreement entered into between Stelux Holdings and the Optical 88 Entities, the principal terms of which are more particularly set out in the section headed “(1) Discloseable and Continuing Connected Transaction in relation to Master Property Agreement – Principal Terms of the Master Property Agreement” in this Announcement
“Mr. Joseph C.C. Wong”	Chumphol Kanjanapas (also known as Joseph C. C. Wong), the chairman, chief executive officer and substantial shareholder of the Company
“Optical 88 Entities”	Optical 88 Group (BVI) Limited, eGG Optical Boutique Group Limited and Thong Sia Optical Group Limited, each a company incorporated in the BVI and wholly-owned subsidiary of Bright Odyssey
“Optical 88 Group”	the Optical 88 Entities and their direct and indirect subsidiaries, whether or not, from time to time
“Optical 88 Thailand”	Optical 88 (Thailand) Ltd., a company incorporated in Thailand and a subsidiary of Bright Odyssey
“Original Master Property Agreement”	the master property agreement entered into between Stelux Holdings, the Optical 88 Entities and Optical 88 Thailand in respect of the Property Arrangement which expired on 31 March 2021
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“Property Arrangement”	the arrangement between the Group and the Optical 88 Group for the leasing, sub-leasing or licensing of offices, shops and warehouses to and from each other, as more particularly described under the section headed “The Proposed Continuing Connected Transactions and Partial Termination of Existing Tenancy Agreement – Property Arrangement” in the circular of the Company dated 22 March 2018
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stelux Holdings”	Stelux Holdings Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules

“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Thailand Office Premises”	the premises described under the sub-heading “Premises” in the section headed “(1) Discloseable and Continuing Connected Transaction in relation to Master Property Agreement – Principal Terms of the Master Property Agreement” in this Announcement”
“Thailand Office Lease”	the lease entered into between City Chain Thailand and the Optical 88 Thailand, the principal terms of which are more particularly set out in the section headed “(1) Discloseable and Continuing Connected Transaction in relation to Master Property Agreement – Principal Terms of the Master Property Agreement” in this Announcement
“THB”	Thai Baht, the lawful currency of Thailand
“%”	per cent

By order of the Board  
**Caroline Chong**  
*Company Secretary*

Hong Kong, 1 April 2021

Directors of the Company as at the date hereof:

*Executive directors:*

Chumphol Kanjanapas (also known as Joseph C. C. Wong) (Chairman and Chief Executive Officer) and Wallace Kwan Chi Kin (Chief Financial Officer)

*Non-Executive independent directors:*

Lawrence Wu Chi Man, Agnes Kwong Yi Hang and Ho Chi Kin (also known as Jeff Ho)