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Luxxu

Luxxu Group Limited

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勵時集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1327)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE TENANCY AGREEMENT FOR
LEASING OF OFFICE PREMISES**

The Board is pleased to announce that on 25 February 2021, Touch Moment, a wholly-owned subsidiary of the Company, as lessee and the Landlord as lessor entered into a Tenancy Agreement in respect of the lease of the Premises for the period from 1 June 2021 to 31 May 2024 (both days inclusive).

Upon implementation of HKFRS 16 effective from 1 January 2019, if the Group enters into lease transaction as a lessee, it should recognise the right-of-use asset in the consolidated financial statements of the Company.

Accordingly, entering into lease transactions by the Group as lessee will be regarded as acquisition of assets under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules, and will constitute notifiable transactions for the Company under the Listing Rules depending on the size of the lease transactions.

As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) for the transactions contemplated under the Tenancy Agreement in aggregate exceed 5% and below 25%, such transactions constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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THE TENANCY AGREEMENT

Set out below is a summary of the principal terms of the Tenancy Agreement:

Date	25 February 2021
Parties	(a) Touch Moment as lessee; and (b) the Landlord, as lessor To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are Independent Third Parties.
Premises	The whole of 3rd Floor and 4th Floor, the L.place, No. 139 Queen's Road Central, Hong Kong
Use of the Premises	For commercial, food and beverage and/or mixed-use event space only under the trade name to be approved by the Landlord and for no other purpose whatsoever.
Term	Three years commencing from 1 June 2021 and expiring on 31 May 2024 (both days inclusive).
Rental payment	The total rent payable over the lease term by Touch Moment to the Landlord under the Tenancy Agreement shall be approximately HK\$12.0 million exclusive of government rates, management fee and air-conditioning charge.
Deposit	The deposit payable by Touch Moment is approximately HK\$1,900,000.
Option to renew	The tenant shall have an option to renew the tenancy for a further term of three years at the rent agreed by the Landlord.

The rent under the Tenancy Agreement was determined after arm's length negotiations between the Landlord and Touch Moment, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises.

CONSIDERATION AND RIGHT-OF-USE ASSET OFFER

Pursuant to the HKFRS 16 “Leases”, the total consideration under the letters of offer represents the aggregate amount of rental payments to be made over the term of the letters of offer measured at present value basis. The considerations and right-of-use assets recognised under Tenancy Agreement were approximately HK\$11.2 million. The amounts of rental payments over the term will be settled by the internal financial resources of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

The Premises will be occupied by the Group as its office and showroom, the Directors consider that the Premises with a larger floor area would be sufficient for the Group’s operation needs and facilitate the future expansion and growth of the businesses.

The terms of the Tenancy Agreement, including the rental charge, were determined after arm’s length negotiations between the parties. Entering into of the Tenancy Agreement are necessary and is in the ordinary and usual course of business of the Group. Therefore, the Board considers that the terms of the Tenancy Agreement are fair and reasonable and entering into the Tenancy Agreement are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

Touch Moment is a company established in the BVI with limited liability. It is a wholly-owned subsidiary of the Company and is mainly engaged in investment holding business.

The Landlord is a company incorporated in Hong Kong with limited liability and is principally engaged in properties investment. To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

Upon implementation of HKFRS 16 effective from 1 January 2019, if the Group enters into lease transaction as a lessee, it should recognise the right-of-use asset in the consolidated financial statements of the Company.

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As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) for the transactions contemplated under the Tenancy Agreement in aggregate exceed 5% and below 25%, such transactions constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Luxxu Group Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“Independent Third Party(ies)”	to the best of the directors’ knowledge, information and belief having made all reasonable enquiry, the Landlord and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Landlord”	Wealth Joy Development Limited, a company incorporated in Hong Kong with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Premises”	The whole of 3rd Floor and 4th Floor, the L.place, No. 139 Queen’s Road Central Hong Kong
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

“Tenancy Agreement”

the tenancy agreement dated 25 February 2021 entered into between Touch Moment as tenant and Wealth Joy Development Limited as Landlord in relation to the tenancy of the Premises

“HK\$”

Hong Kong dollar(s), the lawful currency of Hong Kong

By order of the Board
Luxxu Group Limited
Yang Xi
Executive Director

Hong Kong, 25 February 2021

As at the date of this announcement, the Board comprises three executive directors, being Mr. See Ching Chuen, Mr. Yang Xi and Mr. Zou Weikang; and three independent non-executive directors, being Mr. Yu Chon Man, Ms. Duan Baili and Mr. Zhong Weili.