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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**

## **VERY SUBSTANTIAL DISPOSAL**

### **(1) PROPOSED DISPOSAL OF A SUBSIDIARY**

### **(2) PROPOSED DISPOSAL OF INVENTORY**

#### **PROPOSED DISPOSAL OF A SUBSIDIARY**

The Board is pleased to announce that on 12 December 2023 (after trading hours), the Seller (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Share Sale Agreement, pursuant to which the Seller agreed to sell, and the Purchaser agreed to acquire, the Sale Shares (representing the entire issued share capital of the Target Company) and the Sale Loan in accordance with the terms and conditions of the Share Sale Agreement. Upon Completion, the Group will cease to hold any interest in the Target Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

#### **PROPOSED DISPOSAL OF INVENTORY**

Pursuant to the terms and conditions of the Share Sale Agreement, subject to Completion, the Authorized Retailer (a wholly-owned subsidiary of the Company) shall enter into the Inventory Sale Agreement with the Target Company on the Completion Date immediately after Completion pursuant to which the Authorized Retailer shall sell the Inventory to the Target Company and deliver all remaining Inventory to the Target Company on the Delivery Date.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Share Disposal and the Inventory Disposal (on an aggregated basis) exceeds 75%, the transactions contemplated under the Share Sale Agreement and the Inventory Sale Agreement (on an aggregated basis) constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules and will be subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

\* *For identification purpose only*

## **SGM**

The SGM will be convened and held for the Shareholders to consider, and if thought fit, to approve the Share Sale Agreement, the Inventory Sale Agreement and the transactions contemplated thereunder. To the Directors' best knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, no Shareholder has a material interest in the Share Sale Agreement, the Inventory Sale Agreement and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting on the proposed resolutions approving the Share Sale Agreement, the Inventory Sale Agreement and the transactions contemplated thereunder.

A circular containing, among others, (i) further information on the Share Sale Agreement and the Inventory Sale Agreement; (ii) further information to enable Shareholders to make an informed decision on whether to vote for or against the ordinary resolutions to be proposed at the SGM relating to the Share Sale Agreement, the Inventory Sale Agreement and the transactions respectively contemplated thereunder, including the Analysis Report and the Valuation Report issued by the Independent Valuer; (iii) other information as required under the Listing Rules; and (iv) a notice convening the SGM, is expected to be despatched to the Shareholders on or before 23 January 2024.

**Shareholders and potential investors of the Company should be aware that the Share Disposal and the Inventory Disposal are respectively subject to conditions to be satisfied, and consequently the Share Disposal and/or the Inventory Disposal may or may not be completed. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing or contemplating dealing in the securities of the Company.**

## **PROPOSED DISPOSAL OF A SUBSIDIARY**

The Board is pleased to announce that on 12 December 2023 (after trading hours), the Seller (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Share Sale Agreement, pursuant to which the Seller agreed to sell, and the Purchaser agreed to acquire, the Sale Shares (representing the entire issued share capital of the Target Company) and the Sale Loan in accordance with the terms and conditions of the Share Sale Agreement. Upon Completion, the Group will cease to hold any interest in the Target Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

### **The Share Sale Agreement**

The principal terms of the Share Sale Agreement are set out below:

#### ***Date***

12 December 2023

## ***Parties***

- (1) The Seller, as seller; and
- (2) The Purchaser, as purchaser

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser is an Independent Third Party.

## ***Subject matter***

The Seller agreed to sell, and the Purchaser agreed to acquire, the Sale Shares (representing the entire issued share capital of the Target Company) and the Sale Loan in accordance with the terms and conditions of the Share Sale Agreement.

## ***Consideration and payment terms***

The Total Consideration for the Sale Shares and the Sale Loan shall be CHF60.0 million (equivalent to approximately HK\$537.6 million) subject to adjustments with reference to the amounts of the Adjustment Items as of the Completion Date, which shall be payable by various instalments in the following manner:

- (a) CHF20.0 million of the Total Consideration shall be payable upon or before Completion as follows:
  - (i) CHF1.5 million (equivalent to approximately HK\$13.4 million) has been paid to the Seller before the date of signing of the Share Sale Agreement;
  - (ii) CHF4.5 million (equivalent to approximately HK\$40.3 million) has been paid to the Seller on the date of signing of the Share Sale Agreement;
  - (iii) CHF4.0 million (equivalent to approximately HK\$35.8 million) has been paid to the Escrow Agent immediately after signing of the Share Sale Agreement, which shall be released to the Seller within 5 business days after the Shareholders' Approval has been obtained by the Company and all applicable requirements under the Listing Rules in respect of the transaction contemplated under the Share Sale Agreement have been satisfied;
  - (iv) CHF10.0 million (equivalent to approximately HK\$89.6 million) shall be paid to the Seller at Completion;

- (b) the remaining balance of the Total Consideration shall be payable after Completion as follows:
- (i) 12.5% of the Post-Completion Payment shall be paid to the Seller on the first anniversary of the Completion Date;
  - (ii) 12.5% of the Post-Completion Payment shall be paid to the Seller on the second anniversary of the Completion Date;
  - (iii) 12.5% of the Post-Completion Payment shall be paid to the Seller on the third anniversary of the Completion Date;
  - (iv) 12.5% of the Post-Completion Payment shall be paid to the Seller on the fourth anniversary of the Completion Date; and
  - (v) 50% of the Post-Completion Payment shall be paid to the Seller on the fifth anniversary of the Completion Date.

The Seller shall be entitled to receive interest at the Agreed Interest Rate on the outstanding balance of the Post-Completion Payment from the Completion Date until the date of full payment of the Post-Completion Payment. Any accrued interest shall be paid to the Seller in arrears on 31 December of each calendar year after the Completion Date.

The Purchaser shall have the right to accelerate payments of any instalment of the Post-Completion Payment at its discretion. Further, if any of the Payment Acceleration Event occurs prior to the due date of any instalment of the Post-Completion Payment, the unpaid balance of the Post-Completion Payment (and all accrued interest) shall immediately become due and payable.

### ***Conditions Precedent***

Completion is conditional upon the satisfaction or waiver (if permitted under the Share Sale Agreement) of the following conditions precedent:

- (a) the Shareholders' Approval shall have been obtained by the Company and all applicable requirements under the Listing Rules in respect of the transaction contemplated under the Share Sale Agreement shall have been satisfied; and
- (b) no judgment, order, injunction or decree of any court administrative or governmental body or arbitration tribunal shall exist which prohibits the consummation of the transaction contemplated by the Share Sale Agreement.

If any of the conditions precedent has not been satisfied or waived on or before the date that is nine months after the date of the Share Sale Agreement, either the Seller or the Purchaser may terminate the Share Sale Agreement unless such non-satisfaction is caused or permitted by its willful misconduct or gross negligence.

## ***Completion***

Subject to the satisfaction or waiver of all conditions precedent, Completion shall take place on (i) the last day of the month in which the condition precedent relating to the obtaining of the Shareholders' Approval is satisfied, provided that such day is a business day and the relevant condition precedent has been satisfied at least 5 business days before such day, otherwise Completion shall take place on the last business day of the next month; or (ii) such other date as the Seller and the Purchaser may agree.

## ***Inventory***

On the Completion Date immediately after Completion, the Target Company shall enter into the following agreements with the Authorized Retailer regarding the Inventory:

- (a) the Inventory Sale Agreement pursuant to which the Authorized Retailer shall agree to sell the Inventory to the Target Company and deliver the remaining Inventory to the Target Company on the Delivery Date in accordance with the terms and conditions thereof, and pursuant to which the Authorized Retailer shall be permitted to sell and distribute Watch Stock 1 between the Completion Date and the Delivery Date; and
- (b) the Trade Mark Licence pursuant to which the Authorized Retailer shall be granted a royalty-free and non-exclusive license to use the UG Trademarks for all purposes in relation to the Inventory, including but not limited to selling and advertising the same after Completion in accordance with the terms and conditions thereof.

Subject to Completion, the Purchaser shall guarantee as primary obligor the performance by the Target Company of all its obligations under the Inventory Sale Agreement.

Further details relating to the Inventory Sale Agreement is set out under the section headed "Proposed Disposal of Inventory" in this announcement. The transaction contemplated under the Trade Mark Licence is of a revenue nature in the ordinary and usual course of business of the Group under Rule 14.04(1)(g) of the Listing Rules. As such, it will not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

## **Information on the parties and the Target Company**

### ***Information on the Company, the Group and the Seller***

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. The principal business activity of the Company is investment holding, and the Group is principally engaged in the business of watch retailing and the wholesale trading of watches.

The Seller is a company incorporated in Bermuda with limited liability and is an indirect wholly-owned subsidiary of the Company. The principal business activity of the Seller is investment holding.

### ***Information on the Purchaser***

The Purchaser is a private corporation incorporated and registered in Switzerland with substantive business and is generally known to the public. The Purchaser and its subsidiaries are principally engaged in the design, manufacture and sale of watches of the luxury watch brand “Breitling”.

### ***Information on the Target Company***

The Target Company is a corporation incorporated and registered in Switzerland, which is an indirect wholly-owned subsidiary of the Company as at the date of this announcement. The principal business activities of the Target Company are watch supply chain management and distribution, which includes the licensing of trademarks for retail distribution of watches and the provision of international warranty and after-sales services for watches sold in retail distribution.

Pursuant to the terms of the Share Sale Agreement, it is the intention of the parties that, as of the Completion Date, the Target Company will be the registered owner of the UG Trademarks and the UG Domains and Accounts (all relating to the UG Brands) and the Target Company will have no other material assets.

### ***Financial Information of the Target Company***

The following unaudited financial information is extracted from the financial statements of the Target Company compiled in accordance with IFRS:

	<b>For the financial year ended 31 March 2022 (CHF '000)</b>	<b>For the financial year ended 31 March 2023 (CHF '000)</b>	<b>For the 8 months ended 30 November 2023 (CHF '000)</b>
Revenue <sup>(Note)</sup>	14	23	16
Profit/(Loss) before tax	(589)	(245)	(3,153)
Profit/(Loss) after tax	(589)	(259)	(3,166)

*Note:* All revenue of the Target Company stated above are generated from the provision of after-sales services for watches sold in retail distribution.

The unaudited net assets value (excluding the Sale Loan) of the Target Company as at 30 November 2023 was approximately CHF0.3 million (equivalent to approximately HK\$2.7 million).

## **Basis of the consideration for the Share Disposal**

The Total Consideration was determined after arm's length negotiations between the Seller and the Purchaser after taking into account: (i) the unaudited net assets value (excluding the Sale Loan) of the Target Company as at 30 November 2023, being approximately CHF0.3 million (equivalent to approximately HK\$2.7 million); and (ii) the range of probable transaction prices as noted in comparable transactions and the opinion of the Independent Valuer as set out in the Analysis Report.

According to the Analysis Report, the Total Consideration of CHF60 million is within the range of probable transaction prices as noted in comparable transactions, which is between the lower range of CHF29 million and the upper range of CHF72 million as at 7 November 2023. Given the fact that the principal business operations of the Target Company have been limited to the licensing of trademarks for retail distribution of watches and the provision of international warranty and after-sales services for watches sold in retail distribution, the Independent Valuer is of the view that the Total Consideration of CHF60 million is not unfavorable to the owner of the Target Company. In forming their opinion, the Independent Valuer adopted the market approach valuation technique known as the guideline transaction method, which takes reference to recent merger and acquisition transactions between unrelated parties and ratio of transaction price to the Target Company's financial parameters.

The payment terms for the Total Consideration were also determined after arm's length negotiations between the Seller and the Purchaser. The Seller agreed to allow the Purchaser to pay the Post-Completion Payment over a period of up to five years after Completion upon the request of the Purchaser after taking into account: (i) the fact that CHF20 million will have been received by the Seller upon Completion; (ii) the interest income to be received by the Seller on the outstanding Post-Completion Payment from the Completion Date until the full payment of the Post-Completion Payment; and (iii) the list of Payment Acceleration Events which the Directors consider should be reasonably sufficient to protect the Seller's position. In addition, upon considering the identity of the Purchaser and having assessed its financial position, the Directors are of the view that the Purchaser will have sufficient resources to honor the Post-Completion Payment obligations under the Share Sale Agreement.

## **Financial Impact of the Share Disposal and use of proceeds**

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will not be consolidated into the financial statements of the Group. Further, upon Completion, the Sale Loan will be assigned to the Purchaser and the Target Company will owe the Sale Loan to the Purchaser but not the Group. The Group will be no longer entitled to the repayment of the Sale Loan after Completion.

Upon Completion, the Group expects to recognize a gain on disposal of approximately CHF59.7 million (equivalent to approximately HK\$534.9 million) subject to adjustment on the Total Consideration, being the difference between the Total Consideration and the net assets value (excluding the Sale Loan) of the Target Company based on the unaudited financial statements of the Target Company as at 30 November 2023, before costs and expenses relating to the Share Disposal. It should be noted that the actual gain on the Share Disposal to be recorded by the Company is subject to audit and may be different from the estimated amount.

The proceeds from the Share Disposal are intended to be used as general working capital of the Group. The Company may apply the proceeds towards new business opportunities should any suitable opportunities arise.

## **PROPOSED DISPOSAL OF INVENTORY**

Pursuant to the terms and conditions of the Share Sale Agreement, subject to Completion, the Authorized Retailer (a wholly-owned subsidiary of the Company) shall enter into the Inventory Sale Agreement with the Target Company on the Completion Date immediately after Completion pursuant to which the Authorized Retailer shall sell the Inventory to the Target Company and deliver all remaining Inventory to the Target Company on the Delivery Date.

### **The Inventory Sale Agreement**

The principal terms of the Inventory Sale Agreement as finalized between the parties are as follows:

#### ***Parties***

- (1) The Authorized Retailer, as seller; and
- (2) The Target Company, as purchaser

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, subject to Completion, the Target Company will be an Independent Third Party upon signing of the Inventory Sale Agreement.

#### ***Subject matter***

The Authorized Retailer shall agree to sell, and the Target Company shall agree to acquire the Inventory, comprising of Watch Stock 1 and Watch Stock 2 all under the UG Brands, in accordance with the terms and conditions of the Inventory Sale Agreement.

#### ***Consideration and payment terms***

The purchase price for Watch Stock 1 shall be CHF0.5 million and the purchase price for Watch Stock 2 shall be CHF4.5 million, and the Total Inventory Purchase Price shall be CHF5.0 million (equivalent to approximately HK\$44.8 million) subject to adjustment upon the Delivery Date as set out below, which shall be payable by two instalments in the following manner:

- (a) CHF2.5 million of the Total Inventory Purchase Price shall be payable by the Target Company or its affiliate upon signing of the Inventory Sale Agreement on the Completion Date; and
- (b) the remaining balance of the Total Inventory Purchase Price shall be payable by the Target Company or its affiliate no later than 60 calendar days after the third anniversary of the Completion Date.

The Authorized Retailer shall be entitled to receive interest at the Agreed Interest Rate on the outstanding balance of the Total Inventory Purchase Price from the Completion Date until the date of full payment of the Total Inventory Purchase Price. Any accrued interest shall be paid to the Authorized Retailer in arrears on 31 December of each calendar year after the Completion Date.

### ***Condition***

The Inventory Sale Agreement shall become effective on the Completion Date subject to Completion having taken place in accordance with the terms and conditions of the Share Sale Agreement. As disclosed in the section headed “Proposed Disposal of a Subsidiary – The Share Sale Agreement – Conditions Precedent” in this announcement, Completion is in turn subject to various conditions precedent, including but not limited to the obtaining of the Shareholders’ Approval.

### ***Sale of Watch Stock 1***

The Authorized Retailer may fulfill sales orders in relation to any item in Watch Stock 1 in accordance with the terms of the Inventory Sale Agreement from the Completion Date until the Delivery Date or until Watch Stock 1 has been exhausted, whichever is the earlier.

### ***Adjustment of purchase price***

On the Delivery Date, (i) if the number of watches in Watch Stock 1 is lower than the number stated in the Inventory Sale Agreement, the purchase price for Watch Stock 1 shall be reduced on a pro rata basis; and (ii) if the number of watches in Watch Stock 2 is lower than the number stated in the Inventory Sale Agreement, the purchase price for Watch Stock 2 shall be reduced by such amount as shall be determined by the parties after good faith negotiations.

### ***Delivery***

The Authorized Retailer shall make available for collection the remaining items in Watch Stock 1 (if any) and Watch Stock 2 on the Delivery Date provided that the Total Inventory Purchase Price has been paid.

### **Information on the Authorized Retailer**

The Authorized Retailer is a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company, which is principally engaged in the business of watch retailing.

## **Information on the Inventory**

The Inventory comprises the entire stock of watches under the UG Brands owned by the Authorized Retailer on the date of this announcement. Watch Stock 1 comprises 4,713 watches under the UG Brands, the designs and styles of which are currently offered for sale to retail customers by the Authorized Retailer, and Watch Stock 2 comprises 673 watches under the UG Brands (including watches without bracelets and incomplete watches) which are currently not offered for sale to retail customers by the Authorized Retailer.

The total net book value of the Inventory as at 30 November 2023 was CHF0.157 million (equivalent to approximately HK\$1.4 million).

## **Basis of the consideration for the Inventory Disposal**

The Total Inventory Purchase Price was determined after arm's length negotiations between the Authorized Retailer and the Purchaser (on behalf of the Target Company).

In considering the purchase price for Watch Stock 1, the Directors took into account: (i) the net book value of Watch Stock 1 as at 30 November 2023, being CHF0 (equivalent to approximately HK\$0); and (ii) the fact that the Authorized Retailer will be able to continue selling and distributing Watch Stock 1 through retail channels between the Completion Date and the Delivery Date on a royalty-free basis under the Trade Mark Licence and only the remaining items in Watch Stock 1 will be sold and delivered to the Target Company on the Delivery Date.

In considering the purchase price for Watch Stock 2, the Directors took into account: (i) the net book value of Watch Stock 2 as at 30 November 2023, being CHF0.157 million (equivalent to approximately HK\$1.4 million); (ii) the original total purchase cost of Watch Stock 2, being approximately CHF0.7 million; and (iii) the appraised fair value less costs to sell of Watch Stock 2 as at 7 November 2023, being CHF1.19 million (equivalent to approximately HK\$10.7 million) according to the Valuation Report prepared by the Independent Valuer on a fair value less costs to sell basis.

## **Financial impact of the Inventory Disposal and use of proceeds**

Subject to completion of the Inventory Disposal, the Group expects to recognize a gain on disposal of approximately CHF4.843 million (equivalent to approximately HK\$43.4 million), subject to adjustment, being the difference between the Total Inventory Purchase Price and the total net book value of the Inventory based on the unaudited financial statements of the Authorized Retailer as at 30 November 2023, before costs and expenses relating to the Inventory Disposal. It should be noted that the actual gain on the Inventory Disposal to be recorded by the Company is subject to audit and may be different from the estimated amount.

The proceeds from the Inventory Disposal are intended to be used as general working capital of the Group. The Company may apply the proceeds towards new business opportunities should any suitable opportunities arise.

## **REASONS FOR AND BENEFITS OF THE SHARE DISPOSAL AND THE INVENTORY DISPOSAL**

As disclosed above, the principal business operations of the Target Company have been limited to the licensing of trademarks for retail distribution of watches and the provision of international warranty and after-sales services for watches sold in retail distribution, and the Target Company has been operating at a loss over the past few financial years with minimal revenue. The Directors consider that, given there is a willing buyer, it is in the interest of the Group to dispose of its interest in Target Company and the Share Disposal represents a valuable and rare opportunity for the Company to realize the value of the Target Company at a favorable price.

Subject to Completion, the Group will no longer own the trademarks relating to the UG Brands after Completion but the Authorized Retailer will remain the owner of the Inventory. The Inventory Sale Agreement and the ancillary Trade Mark Licence form part and parcel of the transaction contemplated under the Share Sale Agreement. The Directors consider that it is in the interest of the Group to enter into the Inventory Sale Agreement and the Trade Mark Licence as this will not only allow the Authorized Retailer to continue to offer Watch Stock 1 to customers after Completion at retail prices on a royalty-free basis, but also secure a purchaser for all remaining Inventory and lock-in a favorable purchase price.

In addition, the proceeds to be received from the Share Disposal and the Inventory Disposal will allow the Group to be well positioned and equipped to identify and capture other business opportunities in the future.

Taking into account the above factors and having considered the respective basis for determining the Total Consideration and the Total Inventory Purchase Price, the Directors (including the independent non-executive Directors) are of the view that the terms of the Share Sale Agreement, the Inventory Sale Agreement and the transactions contemplated thereunder, including the Total Consideration, the Total Inventory Purchase Price and the payment terms thereof, which have been reached after arm's length negotiations among the parties, are on normal commercial terms or better to the Group, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

None of the Directors had any material interest in the Share Sale Agreement or the Inventory Sale Agreement, and hence no Director was required to abstain from voting on the relevant resolutions of the Board.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Share Disposal and the Inventory Disposal (on an aggregated basis) exceeds 75%, the transactions contemplated under the Share Sale Agreement and the Inventory Sale Agreement (on an aggregated basis) constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules and will be subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## SGM

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Sale Agreement, the Inventory Sale Agreement and the transactions contemplated thereunder. To the Directors' best knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, no Shareholder has a material interest in the Share Sale Agreement or the Inventory Sale Agreement, and therefore no other Shareholder is required to abstain from voting on the proposed resolutions approving the Share Sale Agreement, the Inventory Sale Agreement and the transactions contemplated thereunder.

The Company was informed that the Controlling Shareholder has provided a written undertaking to the Purchaser to vote in favor of the resolutions approving the Share Sale Agreement, the Inventory Sale Agreement and the transactions contemplated thereunder to be proposed at the SGM in respect of a total of 548,474,814 Shares held by him (representing approximately 52.41% of the issued share capital of the Company as at the date of this announcement).

## DESPATCH OF CIRCULAR

A circular containing, among others, (i) further information on the Share Sale Agreement and the Inventory Sale Agreement; (ii) further information to enable Shareholders to make an informed decision on whether to vote for or against the ordinary resolutions to be proposed at the SGM relating to the Share Sale Agreement, the Inventory Sale Agreement and the transactions contemplated thereunder, including the Analysis Report and the Valuation Report issued by the Independent Valuer; (iii) other information as required under the Listing Rules; and (iv) a notice convening the SGM, is expected to be despatched to the Shareholders on or before 23 January 2024.

**Shareholders and potential investors of the Company should be aware that the Share Disposal and the Inventory Disposal are respectively subject to conditions to be satisfied, and consequently the Share Disposal and/or the Inventory Disposal may or may not be completed. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing or contemplating dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“Adjustment Items”                      certain financial metrics of the Target Company as set out in the Completion Statement to be used for the purpose of adjusting the Total Consideration, for example, the cash balance and net working capital excess (if any) of the Target Company will be added to the Consideration and the actual debt, and the debts and the net working capital deficit (if any) of the Target Company will be deducted from the Consideration

“Agreed Interest Rate”	interest at a rate per annum equal to the sum of the Swiss National Bank policy rate (prevailing on the first day of the relevant interest calculation period, as per the Swiss National Bank’s website) plus a margin of 3%
“Analysis Report”	the guideline transaction analysis report regarding the equity interest in the Target Company issued by the Independent Valuer to the Company
“Authorized Retailer”	City Chain Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Breitling Group”	the group of companies of which the Purchaser forms part, as more particularly defined in the Share Sale Agreement
“business day(s)”	a day, other than a Saturday or Sunday or public holiday in Hong Kong or the City of Zurich, Switzerland, on which the commercial banks are open for general business
“CHF”	Swiss Franc, the lawful currency of Switzerland
“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
“Completion”	the completion of the Share Disposal in accordance with the terms and conditions of the Share Sale Agreement
“Completion Date”	the date on which Completion shall take place
“Completion Statement”	the audited financial statements of the Target Company as of the Target Company as of the Completion Date to be prepared by the Purchaser in accordance with the terms of the Share Sale Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	Chumphol Kanjanapas (aka Joseph C. C. Wong), a controlling shareholder of the Company within the meaning of the Listing Rules
“Delivery Date”	a date to be mutually agreed between the Authorized Retailer and the Target Company after Completion, which shall be no later than 60 calendar days after the third anniversary of the Completion Date

“Director(s)”	the director(s) of the Company
“Escrow Agent”	the escrow agent appointed by the Seller and the Purchaser pursuant to the terms of the Share Sale Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	International Financial Reporting Standards
“Independent Third Party”	third parties independent of the Group and its connected persons
“Independent Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
“Inventory”	a stock of watches under the UG Brands owned by the Authorized Retailer as at the date of this announcement or, as the context requires, Watch Stock 1 and Watch Stock 2 collectively
“Inventory Disposal”	the disposal of the Inventory from the Authorized Retailer to the Target Company pursuant to the terms and conditions of the Inventory Sale Agreement
“Inventory Sale Agreement”	the asset purchase agreement to be entered into between the Authorized Retailer (as seller) and the Target Company (as purchaser) on the Completion Date immediately after Completion in respect of the Inventory Disposal
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Consideration”	the consideration payable by the Purchaser to the Seller for the Sale Loan under the Share Sale Agreement, being the actual nominal value of the Sale Loan plus any accrued interest as of the Completion Date pursuant to the Completion Statement

“Payment Acceleration Events”	certain events as set out in the Share Sale Agreement the occurrence of which will result in the acceleration of the payment of any outstanding Post-Completion Payment, including but not limited to: (i) the initial public offering of equity securities of the Purchaser or any direct or indirect holding company of the Purchaser or the Breitling Group; (ii) certain change of shareholding of the Purchaser, any direct or indirect holding company of the Purchaser or certain significant subsidiaries of the Breitling Group; (iii) the transfer of the UG Trademarks out of the Breitling Group; or (iv) the liquidation of the Purchaser or any direct or indirect subsidiary of the Breitling Group
“Post-Completion Payment”	the remaining balance of the Total Consideration payable by the Purchaser to the Seller after Completion, being the amount of the Total Consideration less CHF20.0 million (being the aggregate amount payable by the Purchaser to the Seller before and at Completion)
“Purchaser”	Breitling SA, a company incorporated and registered in Switzerland and a member of the Breitling Group
“Sale Loan”	the amount receivable by the Seller from the Target Company as of the Completion Date, which amounts to approximately CHF18.0 million as of the date of the Share Sale Agreement
“Sale Shares”	5,000 registered shares with a nominal value of CHF1,000 per share (each fully paid-up) in the share capital of the Target Company, representing the entire issued share capital of the Target Company as at the date of this announcement
“Seller”	City Chain (Bermuda) Holdings Limited, a limited liability company incorporated in Bermuda, a wholly-owned subsidiary of the Company
“SGM”	a special general meeting of the Company to be held for the Shareholders to consider and, if thought fit, approve the Share Sale Agreement, the Inventory Sale Agreement and the transactions contemplated thereunder
“Share(s)”	shares(s) in the issued share capital of the Company
“Share Disposal”	the disposal of the Sale Shares and the Sale Loan by the Seller to the Purchaser pursuant to the terms and conditions of the Share Sale Agreement
“Shareholder(s)”	the holder(s) of the Shares

“Shareholders’ Approval”	the approval of the Shareholders to be obtained by the Company at the SGM in relation to the Share Sale Agreement, the Inventory Sale Agreement and the transactions contemplated thereunder
“Share Sale Agreement”	the share purchase agreement dated 12 December 2023 and entered into between the Seller and the Purchaser in respect of the Share Disposal
“Shares Consideration”	the consideration payable by the Purchaser to the Seller for the Sale Shares under the Share Sale Agreement, being the Total Consideration less the Loan Consideration
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Universal Geneve SA, a corporation incorporated and registered in Switzerland, which is a wholly-owned subsidiary of the Company as at the date of this announcement
“Total Consideration”	CHF60.0 million (subject to adjustments in accordance with the terms of the Share Sale Agreement with reference to the amounts of the Adjustment Items as of the Completion Date)
“Total Inventory Purchase Price”	CHF5.0 million (subject to adjustment in accordance with the terms of the Inventory Sale Agreement with reference to the respective number of Watch Stock 1 and Watch Stock 2 as of the Delivery Date)
“Trade Mark Licence”	the deed of trade mark licence to be entered into between the Target Company (as licensor) and the Authorized Retailer (as licensee) on the Completion Date immediately after Completion pursuant to which the Authorized Retailer shall be granted a royalty-free and non-exclusive license to use the UG Trademarks for all purposes in relation to the Inventory
“UG Brands”	the watch brands known as “Universal Genève”, “Perret & Berthoud Geneve”, “Universal”, “Universal Watch” and/or variations thereof
“UG Domains and Accounts”	certain domain names and accounts on social media relating to the UG Brands registered in the name of the Target Company as at the date of this announcement

“UG Trademarks”	certain trademarks relating to the UG Brands including trademarks registered in the name of the Target Company as at the date of this announcement and trademarks to be transferred to the Target Company from another a wholly-owned subsidiary of the Company in accordance with the terms of the Share Sale Agreement
“Valuation Report”	valuation report in respect of Watch Stock 2 issued by the Independent Valuer to the Company
“Watch Stock 1”	a stock of 4,713 watches under the UG Brands as listed in the Inventory Sale Agreement, the designs and styles of which are currently offered for sale to retail customers by the Authorized Retailer
“Watch Stock 2”	a stock of 673 watches under the UG Brands (including but not limited to watches without bracelets and incomplete watches) as listed in the Inventory Sale Agreement, which are currently not offered for sale to retail customers by the Authorized Retailer
“%”	per cent.

*For illustrative purpose of this announcement only, conversion of CHF into HK\$ is made at the following exchange rate: CHF1 = HK\$8.96*

On behalf of the Board  
**Joseph C.C. Wong**  
*Chairman and Chief Executive Officer*

Hong Kong, 12 December 2023

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

*Executive directors:*

Chumphol Kanjanapas (aka Joseph C.C. Wong) (Chairman and Chief Executive Officer) and Kelly Liao Ching Mei (Chief Financial Officer)

*Non-Executive director:*

Suriyan Kanjanapas (aka Suriyan Joshua Kanjanapas)

*Independent Non-Executive directors:*

Jeff Ho Chi Kin, Ricky Lai Kai Ming and Honnus Cheung Ho Ling