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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

DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY

The Board is pleased to announce that on 28 January 2022, the Provisional Agreement was entered into between the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser (an independent third party) for the disposal of the Property at a consideration of HK\$120,000,000.

As the applicable percentage ratio (as defined under the Listing Rules) in relation to the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements but is exempt from the circular and shareholder's approval requirements under Chapter 14 of the Listing Rules.

THE DISPOSAL

The Board is pleased to announce that on 28 January 2022, the Provisional Agreement was entered into between the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser (an independent third party) for the disposal of the Property at a consideration of HK\$120,000,000.

PROVISIONAL AGREEMENT

The principal terms of the Provisional Agreement are set out below:

Date	28 January 2022
Parties	(1) Fulani Investment Limited, the Vendor (2) Golden Yield Investment Limited, the Purchaser
Property	The Ground Floor, Yuen King Building, No. 30 Sai Yeung Choi Street South, Kowloon, Hong Kong erected on The Remaining Portion of Section B of Kowloon Inland Lot No. 1568

Condition of the Property	The Property is sold on an “as is” basis subject to the terms and conditions of the Provisional Agreement. Vacant possession of the Property shall be delivered upon Completion
Consideration and payment terms	<p>The Purchase Price of HK\$120,000,000.00 which shall be paid and satisfied by the Purchaser to the Vendor (in cash) in the following manner:</p> <p>(a) HK\$2,000,000 has been paid upon signing of the Provisional Agreement as initial deposit;</p> <p>(b) HK\$10,000,000 shall be paid within 14 days upon signing the Provisional Agreement as further deposit; and</p> <p>(c) the balance of the Purchase Price in the sum of HK\$108,000,000 shall be paid upon Completion</p>
Existing encumbrances	The Vendor shall at its own cost and expense release or discharge the Property from the existing mortgages on or before Completion
Completion	Completion shall take place within 6 months and 14 days from the date of the Provisional Agreement
Stamp duty	All stamp duty payable on the Provisional Agreement and any subsequent agreement and assignment shall be borne by the Purchaser
Formal Agreement	The Formal Agreement (to be mutually agreed between the Vendor and the Purchaser) shall be signed within 14 days from the date of the Provisional Agreement

The Purchase Price was determined after arm’s length negotiations between the Vendor and the Purchaser on normal commercial terms, after considering the valuation of the Property by an independent qualified valuer of approximately HK\$120,000,000 as at 25 January 2022. Reference was also made to the market value of properties in the vicinity of the Property and the recent property market conditions in Hong Kong.

INFORMATION OF THE PROPERTY

The Property is a non-residential property located in Mongkok, Kowloon, Hong Kong, and it is currently used and occupied by the Group as one of the approximately 146 retail stores of its watch retailing business. It is the current intention of the Group that, upon or before Completion, the retail store currently operating at the Property will be closed.

INFORMATION OF THE GROUP AND THE PARTIES

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 Group is principally engaged in the business of watch retailing and the wholesale trading of watches.

The Vendor is a limited liability company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of the Company. The principal business activity of the Vendor is property investment.

The Purchaser is a limited liability company incorporated in Hong Kong and is principally engaged in investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Ma Ching Hang, Patrick is the ultimate beneficial owner of the Purchaser, and as at the date of this announcement, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

Upon completion of the Disposal, the Company is expected to recognise an unaudited gain on disposal of approximately HK\$79,000,000, which is calculated based on the Purchase Price of HK\$120,000,000 less the unaudited carrying value of the Property as at 30 September 2021 before any related expenses. Such calculation is only an estimate provided for illustrative purposes and the accounting treatment of the Disposal will be subject to further review by the auditors of the Company.

The Directors are of the view that the Disposal represents a good opportunity for the Group to realise the value of the Property and enhance the liquidity of the Group. Upon Completion, the Group intends to utilize part of the net proceeds to partially repay bank loans of the Group and accordingly reduce future interest expenses and lower the gearing ratio of the Group. The balance of the net proceeds will be retained as general working capital. The Directors are further of the view that the sale of the Property and the closure of the relevant retail store will have no material impact on the Group's business operations.

Having taken into account the above reasons and benefits, the Directors consider that the Disposal and the terms of the Provisional Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio (as defined under the Listing Rules) in relation to the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempt from the circular and shareholder's approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“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 (Stock Code: 84)
“Completion”	completion of the sale and purchase of the Property under and pursuant to the Provisional Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the sale and purchase of the Property between the Vendor and the Purchaser pursuant to the terms and conditions of the Provisional Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“independent third party(ies)”	third party(ies) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	the Ground Floor, Yuen King Building, No. 30 Sai Yeung Choi Street South, Kowloon, Hong Kong erected on The Remaining Portion of Section B of Kowloon Inland Lot No. 1568

“Provisional Agreement”	the provisional agreement for sale and purchase dated 28 January 2022 and entered into between the Vendor and the Purchaser in respect of the sale and purchase of the Property
“Purchase Price”	the purchase price for the sale and purchase of the Property under the Provisional Agreement in the sum of HK\$120,000,000.00
“Purchaser”	Golden Yield Investment Limited, a company incorporated in Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Vendor”	Fulani Investment Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 28 January 2022

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 Director:

Suriyan Kanjanapas (also known as Suriyan Joshua Kanjanapas)

Independent Non-Executive Directors:

Agnes Kwong Yi Hang, Jeff Ho Chi Kin and Ricky Lai Kai Ming