STELUX Holdings International Limited

寶光實業(國際)有限公司*

Incorporated in Bermuda with limited liability
Website: http://www.irasia.com/listco/hk/stelux
Stock Code: 84

ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31ST MARCH 2010

The directors of Stelux Holdings International Limited (the "Company") have pleasure in announcing the audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st March 2010 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2010

	Note	2010 HK$'000	2009 HK$'000
Revenues	*2,3*	**2,370,169**	2,443,458
Cost of sales	*6*	**(947,447)**	(975,955)
Gross profit		**1,422,722**	1,467,503
Other gains/(losses), net	*4*	**16,041**	(9,775)
Other income	*5*	**18,821**	18,761
Selling expenses	*6*	**(1,089,377)**	(1,095,817)
General and administrative expenses	*6*	**(234,303)**	(249,819)
Other operating expenses	*6*	**(58,789)**	(48,671)
Operating profit		**75,115**	82,182
Finance costs		**(11,749)**	(16,458)
Profit before income tax		**63,366**	65,724
Income tax expense	*7*	**(38,189)**	(32,073)
Profit for the year		**25,177**	33,651
Attributable to:			
Equity holders of the Company		**24,630**	33,154
Minority interests		**547**	497
		25,177	33,651

* *For identification purpose only*

CONSOLIDATED INCOME STATEMENT (Continued)

	Note	**2010** **HK$'000**	2009 HK$'000
Dividends	8	**19,026**	9,513
		HK cents	HK cents
Earnings per share for profit attributable to the equity holders of the Company	9		
– Basic and diluted		**2.59**	3.48

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH 2010

	2010 **HK$'000**	2009 HK$'000
Profit for the year	**25,177**	33,651
Other comprehensive income		
Exchange differences	**58,810**	(59,546)
Revaluation of available-for-sale financial assets	**(5,536)**	965
Other comprehensive income for the year, net of tax	**53,274**	(58,581)
Total comprehensive income for the year	**78,451**	(24,930)
Attributable to:		
Equity holders of the Company	**77,412**	(24,837)
Minority interests	**1,039**	(93)
Total comprehensive income for the year	**78,451**	(24,930)

CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH 2010

	Note	**2010**	2009
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**184,476**	205,195
Investment properties		**41,200**	35,000
Prepayment of lease premium		**180,203**	186,298
Intangible assets		**24,178**	23,451
Deferred tax assets		**46,244**	45,548
Available-for-sale financial assets		**12,587**	18,123
		488,888	513,615
Current assets			
Stocks		**728,385**	790,719
Debtors and prepayments	*10*	**323,542**	335,800
Bank balances and cash		**213,184**	117,386
		1,265,111	1,243,905
Total assets		**1,753,999**	1,757,520
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**95,134**	95,134
Reserves		**752,625**	694,239
Shareholders' funds		**847,759**	789,373
Minority interests		**4,968**	4,253
Total equity		**852,727**	793,626

CONSOLIDATED BALANCE SHEET (Continued)

	Note	**2010**	2009
	Note	***HK$'000***	*HK$'000*
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**2,483**	1,312
Borrowings		**127,409**	116,312
		129,892	117,624
Current liabilities			
Creditors and accruals	*11*	**354,714**	422,078
Income tax payable		**11,741**	16,704
Borrowings		**404,925**	407,488
		771,380	846,270
Total liabilities		**901,272**	963,894
Total equity and liabilities		**1,753,999**	1,757,520
Net current assets		**493,731**	397,635
Total assets less current liabilities		**982,619**	911,250

NOTES:–

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

Adoption of standards, amendments to standards and interpretations

In 2010, the Group adopted the following standards, amendments to standards and interpretations of HKFRS issued by the Hong Kong Institute of Certified Public Accountants, which become effective for accounting periods beginning on or after 1st April 2009:

– HKAS 1 (revised), ‘Presentation of financial statements’ prohibits the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

– HKFRS 7, ‘Financial Instruments – Disclosures’ (amendment) requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

– HKFRS 8, ‘Operating segments’ replaces HKAS 14, ‘Segment reporting’, and aligns segment reporting with the requirements of the US standard SFAS 131, ‘Disclosures about segments of an enterprise and related information’. The new standard requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. Comparatives for 2009 in Note 2 have been restated. However, such restatement in note disclosure does not have any impact on the consolidated balance sheets.

– HK(IFRIC)-Int 13, ‘Customer loyalty programmes’ addresses accounting by entities that grant loyalty award credits to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services (‘awards’) to customers who redeem award credits. There is no material impact to the Group’s results for the year.

– HKAS 36, ‘Impairment of assets’ (amendment) requires that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The amendment has no effect on the disclosures of the consolidated financial statements.

– HKAS 38, “Intangible assets’ (amendment) requires that an asset may only be recognised for advertising and promotional expenditures, including mail order catalogues, in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. There is no material impact to the Group’s results for the year.

2. SEGMENT INFORMATION

The chief operating decision-makers have been identified as the executive directors. The executive directors review the Group's financial information mainly from product and geographical perspectives. From a geographical perspective, management assesses the performance of watch and optical operations in Hong Kong, Macau and Mainland China and rest of Asia.

Sales between operating segments are carried out on terms equivalent to those prevailing in arm's length transactions. The executive directors assess the performance of the operating segments based on a measure of adjusted earnings before interest and tax (EBIT). This measurement basis excludes unallocated income and net corporate expenses.

Net corporate expenses mainly represent staff costs and provision for senior management bonus. Unallocated assets represent equipment and debtors at corporate level, available-for-sale financial assets, deferred tax assets and bank balances and cash. Unallocated liabilities represent creditors and accruals at corporate level, borrowings, deferred tax liabilities and income tax payable.

	For the year ended 31st March 2010						
	Watch retail		Optical retail				
	Hong Kong, Macau and Mainland China *HK$'000*	Rest of Asia *HK$'000*	Hong Kong, Macau and Mainland China *HK$'000*	Rest of Asia *HK$'000*	Watch wholesale trading *HK$'000*	Property *HK$'000*	Group Total *HK$'000*
Revenues							
Gross segment	**794,268**	**466,819**	**574,836**	**247,150**	**489,835**	**13,929**	**2,586,837**
Inter-segment	**–**	**–**	**–**	**–**	**(204,179)**	**(12,489)**	**(216,668)**
	794,268	**466,819**	**574,836**	**247,150**	**285,656**	**1,440**	**2,370,169**
Segment results	**22,147**	**47,733**	**9,334**	**16,797**	**7,365**	**1,617**	**104,993**
Unallocated income							**2,575**
Net corporate expenses							**(32,453)**
Operating profit							**75,115**
Finance costs							**(11,749)**
Profit before income tax							**63,366**
Income tax expense							**(38,189)**
Profit for the year							**25,177**

2. SEGMENT INFORMATION (Continued)

	For the year ended 31st March 2010							
	Watch retail		Optical retail					
	Hong Kong, Macau and Mainland China	Rest of Asia	Hong Kong, Macau and Mainland China	Rest of Asia	Watch wholesale trading	Property	Corporate	Group Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditures	(25,306)	(10,730)	(19,756)	(6,335)	(989)	–	(1,184)	(64,300)
Depreciation	(26,628)	(18,613)	(19,186)	(14,285)	(6,252)	(92)	(946)	(86,002)
Amortisation of prepayment of lease premium	–	(3,573)	–	(3,097)	–	(4,711)	–	(11,381)
Fair value gains of investment properties	–	–	–	–	–	6,200	–	6,200
Provision for stocks	(2,258)	(4,382)	(2,106)	(2,274)	(32,828)	–	–	(43,848)
Impairment of property, plant and equipment	(2,591)	–	(1,034)	(1,266)	–	–	–	(4,891)
Write back of provision for onerous contracts	23	–	613	–	–	–	–	636

	As at 31st March 2010						
	Watch retail		Optical retail				
	Hong Kong, Macau and Mainland China	Rest of Asia	Hong Kong, Macau and Mainland China	Rest of Asia	Watch wholesale trading	Property	Group Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	485,024	277,950	195,267	137,260	204,086	170,311	1,469,898
Unallocated assets							284,101
Total assets							1,753,999
Segment liabilities	118,526	39,399	110,086	23,563	53,543	722	345,839
Unallocated liabilities							555,433
Total liabilities							901,272

2. SEGMENT INFORMATION (Continued)

	For the year ended 31st March 2009						
	Watch retail		Optical retail				
	Hong Kong, Macau and Mainland China	Rest of Asia	Hong Kong, Macau and Mainland China	Rest of Asia	Watch wholesale trading	Property	Group Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenues							
Gross segment	786,606	507,644	560,063	241,264	689,307	11,444	2,796,328
Inter-segment	–	–	–	–	(342,320)	(10,550)	(352,870)
	786,606	507,644	560,063	241,264	346,987	894	2,443,458
Segment results	9,811	55,473	13,202	9,665	34,708	(9,511)	113,348
Unallocated income							3,115
Net corporate expenses							(34,281)
Operating profit							82,182
Finance costs							(16,458)
Profit before income tax							65,724
Income tax expense							(32,073)
Profit for the year							33,651

	For the year ended 31st March 2009							
	Watch retail		Optical retail					
	Hong Kong, Macau and Mainland China	Rest of Asia	Hong Kong, Macau and Mainland China	Rest of Asia	Watch wholesale trading	Property	Corporate	Group Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditures	(27,178)	(18,264)	(19,707)	(14,923)	(2,519)	(38,594)	(265)	(121,450)
Depreciation	(26,635)	(18,243)	(21,015)	(14,650)	(6,389)	(96)	(1,188)	(88,216)
Amortisation of prepayment of lease premium	–	(3,490)	–	(3,025)	–	(4,710)	–	(11,225)
Fair value losses of investment properties	–	–	–	–	–	(5,694)	–	(5,694)
Provision for stocks	(5,545)	(3,203)	(1,173)	(3,154)	(12,380)	–	–	(25,455)
Impairment of property, plant and equipment	(2,183)	(1,005)	(2,496)	(446)	–	–	–	(6,130)
Provision for onerous contracts	(1,223)	–	(1,426)	–	–	–	–	(2,649)

2. SEGMENT INFORMATION (Continued)

	As at 31st March 2009						
	Watch retail		Optical retail				
	Hong Kong, Macau and Mainland China	Rest of Asia	Hong Kong, Macau and Mainland China	Rest of Asia	Watch wholesale trading	Property	Group Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	544,038	318,651	184,340	123,064	235,054	168,924	1,574,071
Unallocated assets							183,449
Total assets							1,757,520
Segment liabilities	148,987	34,221	93,652	21,993	114,203	1,624	414,680
Unallocated liabilities							549,214
Total liabilities							963,894

An analysis of the Group's revenue by geographical area is as follows:

	2010	2009
	HK$'000	*HK$'000*
Hong Kong	**1,229,410**	1,249,094
Mainland China	**176,266**	167,967
Rest of Asia	**959,927**	1,009,485
Europe	**3,983**	14,848
Others	**583**	2,064
	2,370,169	2,443,458

An analysis of the Group's non-current assets (other than financial instruments and deferred tax assets) by geographical area is as follows:

	2010	2009
	HK$'000	*HK$'000*
Hong Kong	**178,052**	190,064
Mainland China	**14,311**	15,657
Rest of Asia	**236,378**	238,895
Others	**1,316**	5,328
	430,057	449,944

3. REVENUES

	2010	2009
	HK$'000	*HK$'000*
Turnover		
Sales of goods	**2,368,729**	2,442,564
Gross rental income	**1,440**	894
	2,370,169	2,443,458

4. OTHER GAINS/(LOSSES), NET

	2010	2009
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment, net	**(821)**	(994)
Fair value gains/(losses) of investment properties	**6,200**	(5,694)
Exchange gain/(loss), net	**10,662**	(3,087)
	16,041	(9,775)

5. OTHER INCOME

	2010	2009
	HK$'000	*HK$'000*
Building management fee income	**3,980**	4,223
Dividend income from investments	**2,526**	2,907
Interest income	**139**	637
Sundries	**12,176**	10,994
	18,821	18,761

6. EXPENSES BY NATURE

	2010	2009
	HK$'000	*HK$'000*
Cost of stocks sold and raw materials consumed	**947,447**	961,957
Amortisation of prepayment of lease premium	**11,381**	11,225
Depreciation of property, plant and equipment		
– Owned	**85,285**	87,490
– Leased	**717**	726
Impairment of property, plant and equipment	**4,891**	6,130
(Write back of)/provision for onerous contracts	**(636)**	2,649
Auditor's remuneration	**6,030**	6,618
Operating leases		
– Buildings	**424,052**	402,684
– Equipment	**36**	43
Provision for stocks	**43,848**	25,455
Impairment of debtors	**782**	852
Reversal of bad debts provision	**(1,548)**	(1,018)
Donations	**689**	4,342
Employee benefit expenses	**419,820**	435,806
Others	**387,122**	425,303
Total cost of sales, selling expenses, general and administrative expenses and other operating expenses	**2,329,916**	2,370,262

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year ended 31st March 2010 (2009: 16.5%) less relief for available tax losses. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the territories in which the Group operates.

The amount of income tax charged to the consolidated income statement represents:

	2010	2009
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**9,402**	15,623
Overseas profits tax	**27,234**	27,164
Over provisions in respect of prior years	**(850)**	(67)
	35,786	42,720
Deferred income tax	**2,403**	(10,647)
Income tax expense	**38,189**	32,073

8. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Interim, paid, of HK$0.01 (2009: nil) per ordinary share	**9,513**	–
Final, proposed, of HK$0.01 (2009: HK$0.01) per ordinary share	**9,513**	9,513
	19,026	9,513

9. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2010	2009
Weighted average number of ordinary shares in issue (thousands)	**951,340**	951,340
Profit attributable to equity holders of the Company (HK$'000)	**24,630**	33,154
Basic earnings per share (HK cents)	**2.59**	3.48

Dilutive

There were no dilutive potential ordinary shares in existence during the years ended 31st March 2009 and 2010.

10. DEBTORS AND PREPAYMENTS

	2010	2009
	HK$'000	*HK$'000*
Trade debtors, gross	**146,195**	175,492
Provision for impairment of trade debtors	**(24,823)**	(29,313)
Trade debtors, net	**121,372**	146,179
Deposits, prepayments and other debtors	**202,170**	189,621
	323,542	335,800
Trade debtors analysed by invoice date *(note)*		
Below 60 days	**55,950**	53,467
Over 60 days	**90,245**	122,025
	146,195	175,492

Note:

The Group allows an average credit period of 60 days from the invoice date to its trade debtors.

11. CREDITORS AND ACCRUALS

	2010	2009
	HK$'000	*HK$'000*
Trade creditors		
Below 60 days	**131,932**	190,029
Over 60 days	**69,770**	68,335
	201,702	258,364
Other creditors and accruals	**153,012**	163,714
	354,714	422,078

12. COMMITMENTS

(a) Capital commitments for property, plant and equipment:

	2010	2009
	HK$'000	*HK$'000*
Contracted but not provided for	**8,030**	596
Authorised but not contracted for	**–**	–
	8,030	596

(b) Commitments under operating leases (where the Group is the lessee)

The Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2010	2009
	HK$'000	*HK$'000*
Buildings		
Not later than one year	**399,428**	377,728
Later than one year but not later than five years	**357,274**	292,850
Later than five years	**17,450**	19,930
	774,152	690,508

12. COMMITMENTS (Continued)

(c) Operating lease arrangements (where the Group is the lessor)

The Group had future aggregate minimum lease receivables under non-cancellable operating leases as follows:

	2010	2009
	HK$'000	*HK$'000*
Investment properties		
Not later than one year	**2,586**	1,440
Later than one year but not later than five years	**3,426**	4,290
	6,012	5,730

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group continued to operate under a severe global recession, triggered by the global financial meltdown in October 2008, and the widespread outbreak of H1N1 in the months after April 2009.

Group performance for the first six months ended 30th September 2009 compared to the same period last year was, therefore, less favourable. However, with recession easing and economic growth returning to the regions where the Group operates in the second half of the year ended 31st March 2010, Group turnover picked up considerably and for the whole year under review stood at HK$2.37 billion, marginally down 3% from last year.

From the last six months ended 31st March 2009, when the Group made a loss of HK$3 million, we have seen a gradual return to profits in the two consecutive six month periods that followed: for the six months ended 30th September 2009 a profit of HK$4.6 million was made, and for the six months ended 31st March 2010 a profit of HK$20 million was made. For the full year under review, that is, 31st March 2010, the Group recorded a profit attributable to shareholders after tax and minority interests of HK$25 million compared to HK$33 million for the same period last year.

The Directors recommend the payment of a final dividend of HK$0.01 (08/09:HK$0.01) per share to the Group's shareholders.

WATCH RETAIL BUSINESS

The Group's watch retail business comprising of "CITY CHAIN", "MOMENTS", "CITHARA", "C^2" and "SEIKO boutique" recorded an EBIT of almost HK$70 million up 7% with overall turnover dipping a slight 3% despite the tough external circumstances.

The improving external environment in Hong Kong, with the return of inbound tourist arrivals in the second half of the year, and effective marketing strategies contributed to the posting of an improved EBIT for our watch operations in Hong Kong. An EBIT of HK$57 million was recorded compared to an EBIT of HK$31 million over the same period last year and turnover increased by a small margin of 2%.

Our operations in Macau returned an EBIT of HK$11 million compared to HK$14 million last year whilst turnover was down 4%.

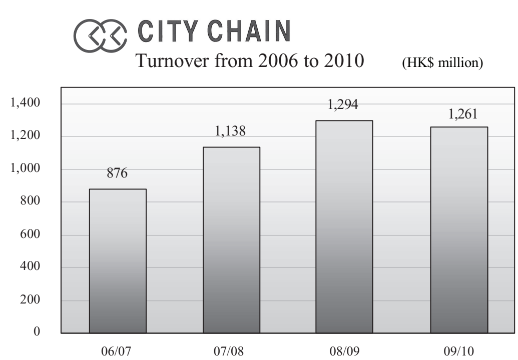
Singapore, due to its open economy was one of the worst hit countries in South East Asia. As a result, the performance of our Singapore operations was badly affected. Turnover was down 20% and a loss of HK$1.6 million was recorded compared to an EBIT of HK$9 million the previous year.

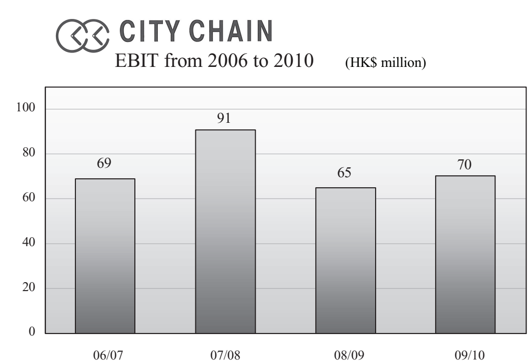
Our watch operations in Malaysia and Thailand returned better performances compared to the first six months ended 30th September 2009 reversing the average fall in turnover of 6% and for the whole year under review, turnover for these two markets were maintained at the same level as the previous year.

Operations in Thailand, despite the persistent political turmoil in the country recorded an EBIT of HK$30 million up 19% whilst our Malaysian operations posted an EBIT of HK$19 million compared to HK$21 million last year.

Our watch operations on the Mainland did not benefit from the PRC government's stimulus plans to increase domestic spending as these measures were directed at the consumption of consumer durables. A loss of HK$46 million was reported, up 30% compared to the previous year. The Mainland Chinese retail market is now one of the fastest growing in the world and as such this market is important to the long term development of the Group. Over the last few years, we have invested to build our brands in the Mainland market, whether this be "CITY CHAIN" or the Group's inhouse brands of watches. In addition to the longer term direct effect that the Group will enjoy from this market, the Group has also seen the spillover effect of such increased brand awareness impacting the turnover of our operations outside of Mainland China, especially in Hong Kong and Macau.

As we continue to establish our brands in the Chinese market, we will still face challenges but we do not foresee fixed running costs escalating significantly and expect the results from our Mainland watch retail operations to improve.





OPTICAL RETAIL BUSINESS

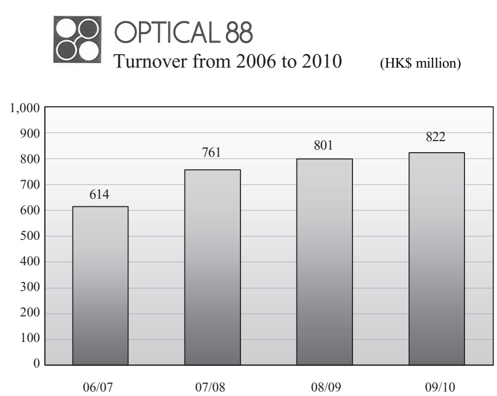
Our optical retail business posted an EBIT of HK$26 million up 14% from last year and turnover was marginally up 3%.

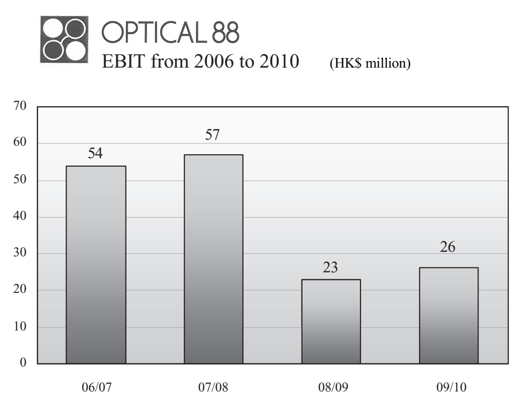
Intense market competition and the generally poor retail market sentiment checked turnover growth at our optical operations in Hong Kong. Nonetheless, these operations managed to maintain turnover. A lower EBIT of HK$17 million was recorded compared to HK$25 million last year, but the fall was largely due to a one-off expense incurred during the year for litigation against a third party which the Group considered necessary for the protection of its intellectual property rights. Otherwise, EBIT for this year would have been largely similar to that for the same period last year.

Macau posted an EBIT of HK$2 million compared to breakeven results last year as turnover edged up 7%.

Optical retailing operations in Singapore, Malaysia and Thailand returned an EBIT of HK$17 million compared to HK$10 million during the corresponding period last year. Turnover was up 2%. Although all three operations posted improved EBIT results, even better results would have been achievable if not for the general economic malaise.

Losses narrowed slightly at our Mainland optical operations and a loss of HK$10 million was recorded compared to HK$12 million last year. Turnover was up 28% but was insufficient to narrow losses further.





WATCH ASSEMBLY AND WHOLESALE TRADING

Our watch assembly and wholesale trading operations posted an EBIT of HK$7 million compared to nearly HK$35 million last year and turnover was down 18%.

The performance of our watch assembly unit, which produces for the Group, was less satisfactory compared to the previous year as we reduced stock inventory levels owing to the challenging external conditions.

As recovery prospects in Europe and the Middle East, traditional markets of our Swiss subsidiary, Universal Geneve S.A., continue to be poor, restructuring measures were undertaken at this subsidiary and as a result, a one-off provision of HK$6.4 million was made during the year under review. Due to this, a wider loss of HK$46 million was made compared to HK$36 million last year.

A significant milestone was achieved when Universal Geneve launched its collection with the self developed MICROTOR movement. However, as our traditional markets are weak, we have stopped any further development of the MICROTOR movement to significantly reduce product development costs. Further product development will be reconsidered when the Eurozone economy recovers. In terms of market development, we will now focus on Asia, particularly, Mainland China as measures have been implemented to re-engineer the "Universal Geneve" brand. We expect these strategic changes to significantly improve the performance of "Universal Geneve".

Turnover at the Thong Sia Group operating in Hong Kong, Singapore, Malaysia and Taiwan was dragged down by the harsh conditions and decreased by 14%. EBIT, however was only marginally down from last year and this business remained an EBIT contributor.

During the year, a new wholesale unit was set up to distribute the Group's inhouse watch brands and also exclusive agency brands. This new wholesale unit will complement our watch retail business. Sales have initially started on the Mainland and have so far been encouraging.

OUTLOOK

As the Mainland Chinese consumer market is so vast and consumer spending patterns shift rapidly, in order to maximise and expedite the Group's penetration into this market our long term business strategy is to add wholesale and franchising dimensions to the Group's existing retail business.

In the next year, we will continue with shop expansion plans in selective regions, in particular, Mainland China. The pace of development of our watch wholesale trading business on the Mainland will be intensified and new markets in other regions will also be explored. We also have plans to set up an optical franchising business on the Mainland as brand awareness of our "Optical 88" name grows.

As the external operating environment continues to improve and with economic growth forecast for some of the regions where we operate, we expect the Group to return an improved performance next year.

FINANCE

The Group's gearing ratio at balance sheet date was 38% (2009: 51%), which was calculated based on the Group's net debt of HK$319 million (2009: HK$406 million) and shareholders' funds of HK$848 million (2009: HK$789 million). The Group's net debt was calculated based on the Group's borrowings of HK$532 million (2009: HK$523 million) less the Group's bank balances and cash of HK$213 million (2009: HK$117 million). Of the Group's borrowings at balance sheet date, HK$405 million (2009: HK$407 million) were repayable within 12 months.

Of the Group's borrowings, 9% (2009: 5%) were denominated in foreign currencies. The Group's borrowings denominated in Hong Kong Dollars were on a floating rate basis at either bank prime lending rates or short term inter-bank offer rates.

The Group does not engage in speculative derivative trading.

As at 31st March 2010, the Group does not have any significant contingent liabilities.

CAPITAL STRUCTURE OF THE GROUP

There was no change in the capital structure of the Group during the year.

CHANGES IN THE COMPOSITION OF THE GROUP DURING THE YEAR

There was no change in the composition of the Group during the year.

NUMBER AND REMUNERATION OF EMPLOYEES, REMUNERATION POLICIES, BONUS AND TRAINING SCHEMES

The Group's remuneration policies are reviewed on a regular basis and remuneration packages are in line with market practices in the relevant countries where the Group operates. As of 31st March 2010, the Group had 3,210 (2009: 3,231) employees.

DETAILS OF THE CHARGES ON GROUP ASSETS

As at 31st March 2010, certain of the Group's freehold land and buildings amounting to HK$58 million (2009: HK$58 million), investment property amounting to HK$39 million (2009: HK$33 million) and leasehold land amounting to HK$141 million (2009: HK$146 million) were pledged to secure banking facilities granted to the Group.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 1st September 2010 (Wednesday) to 8th September 2010 (Wednesday) both days inclusive, during which period no transfer of shares will be effected. To determine entitlement to attend and vote at the forthcoming Annual General Meeting to be held on 8th September 2010 (Wednesday) and in order to qualify for the entitlement to the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Registrar, Computershare Hong Kong Investor Services Limited, 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 31st August 2010 (Tuesday). The final dividend will be paid on 5th October 2010 (Tuesday).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CORPORATE GOVERNANCE

During the year ended 31st March 2010, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code Provisions") as set out in Appendix 14 of the Listing Rules, except for the following deviations:

Code Provision A.4.2

Under Code Provision A.4.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Not all directors of the Company retire strictly under Code Provision A.4.2 but in accordance with the Company's Bye-Laws. Bye-Law 110(A) stipulates that one-third of the directors of the Company who have been longest serving in office since their last election, except the Chairman, Vice-Chairman or Chief Executive Officer, shall retire from office by rotation at each annual general meeting.

Code Provision B.1.3

This Code Provision deals with the terms of reference of a remuneration committee. The Company has adopted the terms of reference under Code Provision B.1.3 except that the terms of reference do not include reviewing and determining the remuneration packages of senior management. The Company believes that the remuneration packages of senior management should be the responsibility of the executive directors as they are in a better position to appraise the performance of senior management.

Code Provision E.1.2

Under the first part of Code Provision E.1.2, the Chairman of the Board should attend annual general meetings. The Chairman of the Board did not attend the annual general meeting of the Company held on 8th September 2009 as he was not in Hong Kong, but the respective chairmen of the Audit Committee and the Remuneration Committee were present.

Audit Committee

The Audit Committee comprises three independent non-executive directors, namely Mr. Wu Chun Sang (Chairman of the Audit Committee), Prof. Lawrence Wu Chi Man and Dr. Agnes Kwong Yi Hang. The principal responsibilities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls. The Committee held meetings on 15th July 2009, 11th December 2009, 12th March 2010 and 14th July 2010 to discuss matters, including, the review of accounting principles and practices adopted by the Group and other financial reporting matters; to ensure the completeness, accuracy and fairness of the financial statements of the Company; to discuss the effectiveness of the systems of internal control throughout the Group including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget; to review all significant business affairs managed by the executive directors in particular on connected transactions and to review the Group's results for the years ended 31st March 2009 and 2010 before they were presented to the Board of directors for approval.

Remuneration Committee

The Remuneration Committee comprises Prof. Lawrence Wu Chi Man (Chairman of the Remuneration Committee), Mr. Wu Chun Sang, Dr. Agnes Kwong Yi Hang (all independent non-executive directors) and Mr. Joseph C.C. Wong (Vice Chairman and CEO of the Company). The Committee held two meetings on 15th July 2009 and 6th May 2010 to determine the remuneration packages of certain executive directors, annual bonus entitlement and an annual salary review of the Group's executive directors.

PUBLICATION OF FINANCIAL INFORMATION AND ANNUAL REPORT

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk under "Latest Listed Company Information" and the Company's website at www.irasia.com/listco/hk/stelux under "Announcements & Notices". The Company's Annual Report for 2010 will be despatched to the shareholders of the Company and will also be available on the above websites in due course.

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

Hong Kong, 21st July 2010

Directors of the Company as at the date hereof:

Executive directors:
Wong Chong Po (Chairman), Chumphol Kanjanapas (alias Joseph C. C. Wong) (Vice Chairman and Chief Executive Officer), Anthony Chu Kai Wah and Vincent Lau Tak Bui

Non-Executive directors:
Sakorn Kanjanapas, Wu Chun Sang (independent), Lawrence Wu Chi Man (independent) and Agnes Kwong Yi Hang (independent)