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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.irasia.com/listco/hk/stelux

Stock Code: 84

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2011

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 2011 as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	Note	**2011** *HK$'000*	2010 *HK$'000*
Revenues	2,3	**2,705,610**	2,370,169
Cost of sales	6	**(1,046,791)**	(947,447)
Gross profit		**1,658,819**	1,422,722
Other gains, net	4	**28,871**	16,041
Other income	5	**18,190**	18,821
Selling expenses	6	**(1,178,500)**	(1,089,377)
General and administrative expenses	6	**(274,269)**	(234,303)
Other operating expenses	6	**(60,956)**	(58,789)
Operating profit		**192,155**	75,115
Finance costs		**(9,305)**	(11,749)
Profit before income tax		**182,850**	63,366
Income tax expense	7	**(51,389)**	(38,189)
Profit for the year		**131,461**	25,177
Attributable to:			
Equity holders of the Company		**130,831**	24,630
Non-controlling interests		**630**	547
		131,461	25,177

* *For identification purpose only*

CONSOLIDATED INCOME STATEMENT (Continued)

	Note	**2011** **HK$'000**	2010 HK$'000
Dividends	8	**34,248**	19,026
		HK cents	*HK cents*
Earnings per share for profit attributable to the equity holders of the Company	9		
– Basic and diluted		**13.75**	2.59

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH 2011

	2011 **HK$'000**	2010 HK$'000
Profit for the year	**131,461**	25,177
Other comprehensive income		
Exchange differences	**19,729**	58,810
Revaluation of available-for-sale financial assets	**3,335**	(5,536)
Impairment of available-for-sale financial assets charged to income statement	**1,120**	–
Other comprehensive income for the year, net of tax	**24,184**	53,274
Total comprehensive income for the year	**155,645**	78,451
Attributable to:		
Equity holders of the Company	**154,707**	77,412
Non-controlling interests	**938**	1,039
Total comprehensive income for the year	**155,645**	78,451

CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH 2011

	Note	As at 31st March 2011 HK$'000	As at 31st March 2010 HK$'000 (Restated)	As at 1st April 2009 HK$'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment		**321,114**	310,464	335,894
Investment properties		**52,000**	41,200	35,000
Prepayment of lease premium		**73,549**	54,215	55,599
Intangible assets		**26,387**	24,178	23,451
Deferred tax assets		**55,794**	46,244	45,548
Available-for-sale financial assets		**14,639**	12,587	18,123
		543,483	488,888	513,615
Current assets				
Stocks		**777,411**	728,385	790,719
Debtors and prepayments	*10*	**337,044**	323,542	335,800
Bank balances and cash		**226,080**	213,184	117,386
		1,340,535	1,265,111	1,243,905
Total assets		**1,884,018**	1,753,999	1,757,520
EQUITY				
Capital and reserves attributable to the equity holders of the Company				
Share capital		**95,134**	95,134	95,134
Reserves		**886,403**	752,625	694,239
Shareholders' funds		**981,537**	847,759	789,373
Non-controlling interests		**8,650**	4,968	4,253
Total equity		**990,187**	852,727	793,626

CONSOLIDATED BALANCE SHEET (Continued)

	Note	**As at 31st March 2011** **_HK$'000_**	As at 31st March 2010 _HK$'000_ (Restated)	As at 1st April 2009 _HK$'000_ (Restated)
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		**2,198**	2,483	1,312
Borrowings		**67,742**	82,206	87,768
		69,940	84,689	89,080
Current liabilities				
Creditors and accruals	_11_	**425,613**	354,714	422,078
Income tax payable		**28,482**	11,741	16,704
Borrowings		**369,796**	450,128	436,032
		823,891	816,583	874,814
Total liabilities		**893,831**	901,272	963,894
Total equity and liabilities		**1,884,018**	1,753,999	1,757,520
Net current assets		**516,644**	448,528	369,091
Total assets less current liabilities		**1,060,127**	937,416	882,706

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 2011, the Group adopted the following 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 2010:

– HKAS 17 (Amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Prepayment of lease premium", and amortised over the lease term.

  HKAS 17 (Amendment) has been applied retrospectively for annual periods beginning 1st April 2009 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1st April 2009 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified certain leasehold land from operating lease to finance lease.

  The land interest of the Group that is held for own use is accounted for as property, plant and equipment and is depreciated from the land interest available for its intended use over the shorter of the useful live of the asset and the lease term.

  The effect of the adoption of this amendment is as below:

	31st March 2011	31st March 2010	1st April 2009
	HK$'000	*HK$'000*	*HK$'000*
Decrease in prepayment of lease premium	**(121,277)**	(125,988)	(130,699)
Increase in property, plant and equipment	**121,277**	125,988	130,699

1. BASIS OF PREPARATION (continued)

– HK-Int 5, 'Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause' has been applied retrospectively for annual periods beginning 1st April 2010. According to HK-Int 5, if a term loan agreement includes an overriding repayment on demand clause ("callable feature"), which gives the lender a clear and unambiguous unconditional right to demand repayment at any time at its sole discretion, a borrower shall classify the term loan as a current liability in its balance sheet, as the borrower does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The effect of the adoption of this amendment is as below:

	31st March 2011	31st March 2010	1st April 2009
	HK$'000	*HK$'000*	*HK$'000*
Decrease in non-current borrowings	**(52,069)**	(45,203)	(28,544)
Increase in current borrowings	**52,069**	45,203	28,544

– HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

– HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. HKAS 27 (revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

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 2011						
	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	**931,620**	**484,549**	**655,298**	**276,010**	**632,981**	**14,135**	**2,994,593**
Inter-segment	**–**	**–**	**–**	**–**	**(276,405)**	**(12,578)**	**(288,983)**
	931,620	**484,549**	**655,298**	**276,010**	**356,576**	**1,557**	**2,705,610**
Segment results	**69,800**	**29,925**	**31,768**	**23,515**	**75,898**	**9,268**	**240,174**
Unallocated income							**4,308**
Net corporate expenses							**(52,327)**
Operating profit							**192,155**
Finance costs							**(9,305)**
Profit before income tax							**182,850**
Income tax expense							**(51,389)**
Profit for the year							**131,461**

2. SEGMENT INFORMATION (Continued)

	For the year ended 31st March 2011							
	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	(23,942)	(27,613)	(19,930)	(41,913)	(556)	(603)	(1,843)	(116,400)
Depreciation	(23,269)	(18,716)	(18,078)	(13,580)	(1,430)	(4,823)	(930)	(80,826)
Amortisation of prepayment of lease premium	–	(4,148)	–	(3,371)	–	–	–	(7,519)
Fair value gain of an investment property	–	–	–	–	–	13,400	–	13,400
(Provision)/write back of provision for stocks	(29,842)	(6,678)	(4,400)	(3,251)	1,406	–	–	(42,765)
Impairment of property, plant and equipment	(1,379)	(3,332)	(878)	(530)	–	–	–	(6,119)
Write back of provision for onerous contracts	–	–	96	–	–	–	–	96

	As at 31st March 2011						
	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	479,392	291,145	226,726	176,932	224,241	176,819	1,575,255
Unallocated assets							308,763
Total assets							1,884,018
Segment liabilities	169,227	40,794	116,023	33,372	46,127	1,003	406,546
Unallocated liabilities							487,285
Total liabilities							893,831

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	Group Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*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)	(4,803)	(946)	(90,713)
Amortisation of prepayment of lease premium	–	(3,573)	–	(3,097)	–	–	–	(6,670)
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)

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

	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**1,443,601**	1,229,410
Mainland China	**215,885**	176,266
Rest of Asia	**1,045,158**	959,927
Europe	**642**	3,983
Others	**324**	583
	2,705,610	2,370,169

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

	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**170,901**	178,052
Mainland China	**15,505**	14,311
Rest of Asia	**285,120**	236,378
Others	**1,524**	1,316
	473,050	430,057

3. REVENUES

	2011	2010
	HK$'000	*HK$'000*
Turnover		
Sales of goods	**2,704,053**	2,368,729
Gross rental income	**1,557**	1,440
	2,705,610	2,370,169

4. OTHER GAINS, NET

	2011	2010
	HK$'000	*HK$'000*
Gain/(loss) on disposal of property, plant and equipment, net	**419**	(821)
Gain on disposal of an investment property	**1,296**	–
Fair value gains of investment properties	**13,400**	6,200
Exchange gain, net	**13,756**	10,662
	28,871	16,041

5. OTHER INCOME

	2011	2010
	HK$'000	*HK$'000*
Building management fee income	**3,747**	3,980
Dividend income from investments	**4,482**	2,526
Interest income	**200**	139
Sundries	**9,761**	12,176
	18,190	18,821

6. EXPENSES BY NATURE

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Cost of stocks sold and raw materials consumed	**1,046,791**	947,447
Amortisation of prepayment of lease premium	**7,519**	6,670
Depreciation of property, plant and equipment		
– Owned	**80,358**	89,996
– Leased	**468**	717
Impairment of property, plant and equipment	**6,119**	4,891
Write back of provision for onerous contracts	**(96)**	(636)
Auditor's remuneration	**6,334**	6,030
Operating leases		
– Buildings	**452,358**	424,052
– Equipment	**5**	36
Provision for stocks	**42,765**	43,848
Impairment of debtors	**197**	782
Impairment of available-for-sale financial assets	**2,403**	–
Reversal of bad debts provision	**(83)**	(1,548)
Donations	**1,117**	689
Employee benefit expenses	**464,895**	419,820
Others	**449,366**	387,122
Total cost of sales, selling expenses, general and administrative expenses and other operating expenses	**2,560,516**	2,329,916

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 2011 (2010: 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:

	2011	2010
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**26,292**	9,402
Overseas profits tax	**30,773**	27,234
Under/(over) provisions in respect of prior years	**2,259**	(850)
	59,324	35,786
Deferred income tax	**(7,935)**	2,403
Income tax expense	**51,389**	38,189

8. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Interim, paid, of HK$0.012 (2010: HK$0.01) per ordinary share	**11,416**	9,513
Final, proposed, of HK$0.024 (2010: HK$0.01) per ordinary share	**22,832**	9,513
	34,248	19,026

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.

	2011	2010
Weighted average number of ordinary shares in issue (thousands)	**951,340**	951,340
Profit attributable to equity holders of the Company (HK$'000)	**130,831**	24,630
Basic earnings per share (HK cents)	**13.75**	2.59

Diluted

There were no dilutive potential ordinary shares in existence during the years ended 31st March 2010 and 2011.

10. DEBTORS AND PREPAYMENTS

	2011	2010
	HK$'000	*HK$'000*
Trade debtors, gross	**153,094**	146,195
Provision for impairment of trade debtors	**(24,943)**	(24,823)
Trade debtors, net	**128,151**	121,372
Deposits, prepayments and other debtors	**208,893**	202,170
	337,044	323,542
Trade debtors analysed by invoice date *(note)*		
Below 60 days	**54,098**	55,950
Over 60 days	**98,996**	90,245
	153,094	146,195

Note:

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

11. CREDITORS AND ACCRUALS

	2011	2010
	HK$'000	*HK$'000*
Trade creditors		
Below 60 days	**193,095**	131,932
Over 60 days	**65,270**	69,770
	258,365	201,702
Other creditors and accruals	**167,248**	153,012
	425,613	354,714

12. COMMITMENTS

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

	2011	2010
	HK$'000	*HK$'000*
Contracted but not provided for	**7,780**	8,030
Authorised but not contracted for	**–**	–
	7,780	8,030

(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:

	2011	2010
	HK$'000	*HK$'000*
Buildings		
Not later than one year	**445,236**	399,428
Later than one year but not later than five years	**422,587**	357,274
Later than five years	**18,689**	17,450
	886,512	774,152

(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:

	2011	2010
	HK$'000	*HK$'000*
Investment properties		
Not later than one year	**2,343**	2,586
Later than one year but not later than five years	**1,132**	3,426
	3,475	6,012

MANAGEMENT DISCUSSION AND ANALYSIS

The Group returned a strong performance reporting a profit attributable to equity holders of HK$131 million for the year ended 31st March 2011, sharply up by 430% compared to a profit of HK$25 million over the same period last year. Group turnover grew by 14% and stood at HK$2.7 billion.

The Directors are, therefore, pleased to recommend the payment of a final dividend of HK$0.024 (2009/2010: HK$0.01) per share to the Group's shareholders.

WATCH RETAIL BUSINESS

Our watch retail business, namely, "CITY CHAIN", "MOMENTS", "CITHARA", "C^2" and "SEIKO boutique" recorded a marked improvement in EBIT of HK$100 million, an increase of 41% whilst turnover rose 12% to HK$1.4 billion.

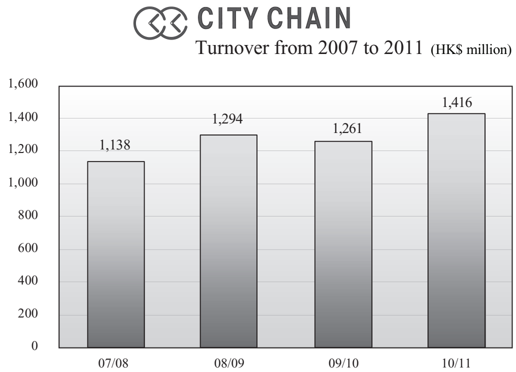
As our Hong Kong and Macau watch retail operations continued to benefit from strong Mainland arrivals, we continued to take steps to improve operational efficiencies. During the period under review, product development of our in-house brands was further strengthened resulting in significant turnover growth for this product segment. Additional internationally well-known agency brands, some on exclusive terms, continued to be added to our already large portfolio of brands. These measures, together with our very well received "Solvil et Titus – Time is Love" marketing campaign, contributed to turnover growth and improved gross margin. Moreover, during the year under review the shop image and positioning of our concept shops, namely, "MOMENTS", "CITHARA" and "C^2" were fine-tuned and the results have been positive. Rental and other costs as a percentage of turnover has also improved from last year. Consequently, strong performances for Hong Kong and Macau were reported with EBIT rising a massive 60% to HK$110 million. Turnover improved by 19% from last year.

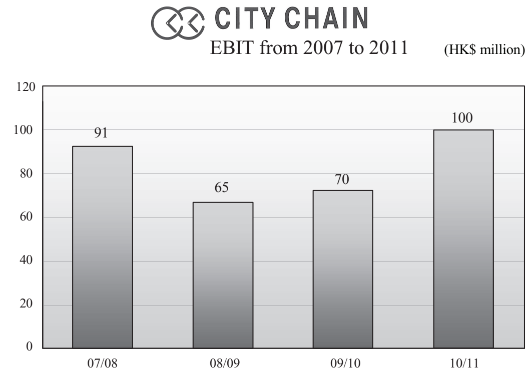
The turnover from our Mainland watch retail business, with offices strategically located in Guangzhou, Shanghai and Beijing rose by 10% whilst losses narrowed by 12% to HK$40 million. Several factors contributed to these improved results.

We have benefited from the Chinese Government's stimulus measures to increase domestic consumption. Moreover, a growing awareness of the "CITY CHAIN" brand, the products we carry, improved operational efficiencies and in particular the reconfiguration of our network of shops to meet rapidly evolving local shopping patterns have, in different measures, contributed to the improved results. Year on year same shop turnover growth of our performing shops exceeded 30% as non-performing shops continued to be closed during the year. This momentum has been carried through into the first quarter of the financial year ending 31st March 2012. Therefore, we expect the performance of our Mainland operations to continue to improve in the next year.

The performance of our South East Asian watch retail operations in Singapore, Malaysia and Thailand was less robust. Overall turnover edged up slightly by 4% and EBIT was down 37% at HK$30 million.

The political problems in Thailand continued to drag down performance, whilst general retail sentiment in Singapore and Malaysia was much less stronger compared to Hong Kong. Certain strategies have been adopted and we expect these three countries to return a better performance next year.





OPTICAL RETAIL BUSINESS

The Group's optical retail business, "OPTICAL 88" recorded a strong rise in EBIT from HK$26 million last year to HK$55 million for the period under review. Turnover rose 13% and stood at HK$931 million.

Operations in Hong Kong and Macau recorded turnover growth of 13% and an EBIT of HK$43 million was posted compared to HK$19 million last year.

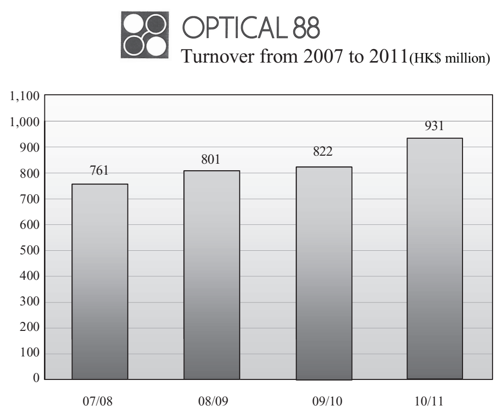
Our optical retail operations are also increasingly benefiting from Mainland shoppers, many of whom view Hong Kong as a shopping mecca. We have seen a shift in Mainland consumption patterns here in Hong Kong, as the reach of this affluent segment of consumers spans out from traditional tourist and central business locations to shopping malls along the railway and near the border.

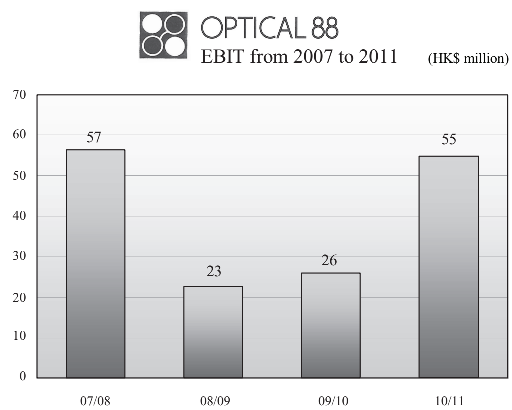
Other factors have also contributed to the pleasing performance. During the year under review, product development and quality of our house brands have been strengthened. Product range and mix has been fine-tuned and shop enhancement measures have been carried out. Our novel "shop in shop" concept, where a well-known brand is allocated a dedicated counter within an "OPTICAL 88" shop has proved very popular with our customers. Recently introduced concept shops, like, "SUNGLASS 88 L'ACCESSORI" specialising in the sale of sunglasses in tourist areas and "OPTICAL 88 Premier", with a higher brand positioning have been well received.

To further expand our market share, we also plan to introduce a 'lens and frame' concept shop in Hong Kong targeting young consumers in the coming financial year. We expect this new business model to expedite the expansion of our business through franchise operations on the Mainland and in South East Asia.

Our Mainland optical business with its network of shops in Guangdong Province posted a respectable year on year turnover growth of nearly 30%. A slightly higher loss of HK$11.6 million was recorded compared to HK$10 million last year. The increased loss was mainly due to increased office overheads as we are expanding outside of Guangdong Province – we expect to open our first optical retail shop in Shanghai in the next financial year. We are confident that same shop turnover growth in Guangdong Province will be maintained and expect the performance of our Guangdong operations to improve significantly in the coming year.

The Group's optical retail business in South East Asia, comprising Singapore, Malaysia and Thailand posted a rise in turnover of 12% and an EBIT of HK$24 million, an increase of 40% from the corresponding period last year.





WATCH ASSEMBLY AND WHOLESALE TRADING

The Group's watch assembly and wholesale trading businesses recorded an EBIT of HK$76 million whilst turnover grew by 24% compared to the same time last year.

Our watch assembly subsidiary which produces for the Group reported an increase in EBIT as favourable retail conditions saw an increase in production.

The Thong Sia Group, with sole distribution rights for "SEIKO" watches and clocks in Hong Kong, Singapore and Malaysia, performed well as a result of successful new product launches and a new marketing campaign. It also benefits from the synergy effect between this segment of the business and our watch retail business.

During the year under review, a new wholesale unit was set up in Shanghai to take over the distribution of "CYMA" watches on the Mainland from a third party. We have since enhanced and strengthened our dealership network and feedback so far has been encouraging.

The Group has very recently appointed a well-known Chinese actor "Liu Ye" as spokesperson for "CYMA" watches regionally, and particularly, on the Mainland. This step will not only increase the volume of our wholesale business on the Mainland but also benefit the Group's watch retail business.

OUTLOOK

We will continue to adopt effective strategies striving to maximize Group performance in the coming year. And as the momentum from this year carries through, we expect the financial year ending 31st March 2012 to return further improved results.

FINANCE

The Group's gearing ratio at balance sheet date was 22% (2010: 38%), which was calculated based on the Group's net debt of HK$212 million (2010: HK$319 million) and shareholders' funds of HK$982 million (2010: HK$848 million). The Group's net debt was calculated based on the Group's borrowings of HK$438 million (2010: HK$532 million) less the Group's bank balances and cash of HK$226 million (2010: HK$213 million). Of the Group's borrowings at balance sheet date, HK$370 million (2010: HK$450 million) were repayable within 12 months.

Of the Group's borrowings, 8% (2010: 9%) 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 2011, 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 2011, the Group had 3,078 (2010: 3,210) employees. The Group offers discretionary bonuses to eligible employees based on the performance of the Group and the individual employee. The Group also provides related training programmes to improve the quality, competence and skills of its employees.

DETAILS OF THE CHARGES ON GROUP ASSETS

As at 31st March 2011, certain of the Group's freehold land and buildings amounting to HK$199 million (2010: HK$184 million), investment property amounting to HK$52 million (2010: HK$39 million) and leasehold land amounting to HK$30 million (2010: HK$15 million) were pledged to secure banking facilities granted to the Group.

CLOSURE OF REGISTER OF MEMBERS

To determine entitlement to attend and vote at the forthcoming Annual General Meeting on 23rd August 2011 (Tuesday), the Register of Members of the Company will be closed from 18th August 2011 (Thursday) to 23rd August 2011 (Tuesday) both days inclusive ("First Book Close"), during which period no transfer of shares will be effected.

To qualify for the entitlement to the proposed final dividends for the year ended 31st March 2011, the Register of Members of the Company will be closed from 29th August 2011 (Monday) to 31st August 2011 (Wednesday) both days inclusive ("Second Book Close"), during which period no transfer of shares will be effected.

All transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on 17th August 2011 (Wednesday) for the First Book Close and on 26th August 2011 (Friday) for the Second Book Close. Final dividends will be payable on 15th September 2011 (Thursday).

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 2011, 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 2010 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 14th July 2010, 23rd November 2010, 18th March 2011 and 22nd June 2011 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 2010 and 2011 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 6th May 2010 and 18th March 2011 to determine annual bonus entitlement and to conduct 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 2011 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, 29th June 2011

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)