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

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2012

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 2012 as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	Note	2012 *HK$'000*	2011 *HK$'000*
Revenues	*2, 3*	**3,330,887**	2,705,610
Cost of sales	*6*	**(1,275,561)**	(1,046,791)
Gross profit		**2,055,326**	1,658,819
Other gains, net	*4*	**18,472**	28,871
Other income	*5*	**19,471**	18,190
Selling expenses	*6*	**(1,413,751)**	(1,178,500)
General and administrative expenses	*6*	**(324,460)**	(274,269)
Other operating expenses	*6*	**(35,459)**	(60,956)
Operating profit		**319,599**	192,155
Finance costs		**(9,219)**	(9,305)
Profit before income tax		**310,380**	182,850
Income tax expense	*7*	**(59,434)**	(51,389)
Profit for the year		**250,946**	131,461
Attributable to:			
Equity holders of the Company		**250,325**	130,831
Non-controlling interests		**621**	630
		250,946	131,461
Dividends	*8*	**85,620**	34,248
		HK cents	*HK cents*
Earnings per share for profit attributable to the equity holders of the Company	*9*		
– Basic and diluted		**26.31**	13.75

* *For identification purpose only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2012

	2012	2011
	HK$'000	*HK$'000*
Profit for the year	**250,946**	131,461
Other comprehensive income:		
Exchange differences	**(4,057)**	19,729
Revaluation of available-for-sale financial assets	**951**	3,335
Impairment of available-for-sale financial assets charged to income statement	**–**	1,120
Other comprehensive income for the year, net of tax	**(3,106)**	24,184
Total comprehensive income for the year	**247,840**	155,645
Attributable to:		
Equity holders of the Company	**247,377**	154,707
Non-controlling interests	**463**	938
Total comprehensive income for the year	**247,840**	155,645

CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH 2012

	Note	2012 HK$'000	2011 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**376,728**	321,114
Investment property		**66,000**	52,000
Prepayment of lease premium		**64,477**	73,549
Intangible assets		**60,323**	26,387
Deferred tax assets		**61,997**	55,794
Available-for-sale financial assets		**15,590**	14,639
		645,115	543,483
Current assets			
Stocks		**1,008,902**	777,411
Debtors and prepayments	*10*	**455,634**	337,044
Bank balances and cash		**220,855**	226,080
		1,685,391	1,340,535
Total assets		**2,330,506**	1,884,018
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**95,134**	95,134
Reserves		**1,077,651**	886,403
Shareholders' funds		**1,172,785**	981,537
Non-controlling interests		**8,656**	8,650
Total equity		**1,181,441**	990,187
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**2,752**	2,198
Borrowings		**85,688**	67,742
		88,440	69,940
Current liabilities			
Creditors and accruals	*11*	**593,570**	425,613
Income tax payable		**44,554**	28,482
Borrowings		**422,501**	369,796
		1,060,625	823,891
Total liabilities		**1,149,065**	893,831
Total equity and liabilities		**2,330,506**	1,884,018
Net current assets		**624,766**	516,644
Total assets less current liabilities		**1,269,881**	1,060,127

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 new standards and amendments to standards

The following new standards and amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1st April 2011 but they are either not relevant or have no impact to the Group's operations:

HKAS 24 (Revised)	Related party disclosures
HKAS 32 Amendment	Classification of rights issue
HK(IFRIC) – Int 14	Prepayment of minimum funding requirement
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments
Annual improvement project to HKFRS 2010	

Early adoption of HKAS 12 (Amendment) 'Income taxes – Deferred tax: recovery of underlying assets'

In December 2010, the Hong Kong Institute of Certified Public Accountants promulgated HKAS 12 (Amendment) "Income taxes – Deferred tax: recovery of underlying assets", to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to the accounting periods beginning on or after 1st April 2012 with early adoption permitted.

The Group has early adopted this amendment retrospectively for the financial year ended 31st March 2012. As required by the amendment, the Group has re-measured the deferred tax relating to the investment property according to the tax consequence on the presumption that it is recovered entirely by sale retrospectively. The early adoption of this amendment did not result in any significant financial impact to the Group for the years ended 31st March 2012 and before.

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.

Other segment primarily relates to rental income received from an investment property in Macau.

2. SEGMENT INFORMATION (CONTINUED)

	For the year ended 31st March 2012						
	Watch retail		Optical retail				
	Hong Kong, Macau and Mainland China	Rest of Asia	Hong Kong, Macau and Mainland China	Rest of Asia	Wholesale trading	Other segment	Group Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenues							
Gross segment	**1,268,441**	**535,073**	**800,005**	**301,071**	**896,970**	**15,512**	**3,817,072**
Inter-segment	**–**	**–**	**–**	**–**	**(472,233)**	**(13,952)**	**(486,185)**
	1,268,441	**535,073**	**800,005**	**301,071**	**424,737**	**1,560**	**3,330,887**
Segment results	**171,388**	**19,366**	**65,586**	**18,900**	**94,438**	**9,395**	**379,073**
Unallocated income							**4,773**
Net corporate expenses							**(64,247)**
Operating profit							**319,599**
Finance costs							**(9,219)**
Profit before income tax							**310,380**
Income tax expense							**(59,434)**
Profit for the year							**250,946**

	For the year ended 31st March 2012							
	Watch retail		Optical retail					
	Hong Kong, Macau and Mainland China	Rest of Asia	Hong Kong, Macau and Mainland China	Rest of Asia	Wholesale trading	Other segment	Corporate	Group Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditures	**(44,781)**	**(35,833)**	**(41,540)**	**(26,056)**	**(39,377)**	**–**	**(2,463)**	**(190,050)**
Depreciation	**(27,246)**	**(19,751)**	**(21,406)**	**(14,918)**	**(1,274)**	**(4,821)**	**(1,246)**	**(90,662)**
Amortisation of prepayment of lease premium	**–**	**(4,242)**	**–**	**(3,415)**	**–**	**–**	**–**	**(7,657)**
Fair value gain of an investment property	**–**	**–**	**–**	**–**	**–**	**14,000**	**–**	**14,000**
(Provision)/write back of provision for stocks	**(12,154)**	**(5,076)**	**(2,887)**	**(4,605)**	**868**	**–**	**–**	**(23,854)**
Impairment of property, plant and equipment	**(1,824)**	**–**	**–**	**(1,041)**	**–**	**–**	**–**	**(2,865)**
Provision for onerous contracts	**(2,833)**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,833)**

2. SEGMENT INFORMATION (CONTINUED)

	As at 31st March 2012						
	Watch retail		**Optical retail**				
	Hong Kong, Macau and Mainland China	**Rest of Asia**	**Hong Kong, Macau and Mainland China**	**Rest of Asia**	**Wholesale trading**	**Other segment**	**Group Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment assets	**660,441**	**368,776**	**302,119**	**202,848**	**299,119**	**186,008**	**2,019,311**
Unallocated assets							**311,195**
Total assets							**2,330,506**
Segment liabilities	**205,049**	**52,057**	**162,231**	**39,103**	**95,962**	**1,024**	**555,426**
Unallocated liabilities							**593,639**
Total liabilities							**1,149,065**

	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	Wholesale trading	Other segment	Group Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*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	Wholesale trading	Other segment	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	Wholesale trading	Other segment	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)

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

	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**1,828,679**	1,442,044
Macau	**178,326**	98,737
Mainland China	**261,251**	215,885
Rest of Asia	**1,062,134**	947,978
Europe	**497**	642
Others	**–**	324
	3,330,887	2,705,610

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

	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**190,815**	170,901
Macau	**133,657**	116,178
Mainland China	**22,337**	15,505
Rest of Asia	**185,372**	168,942
Others	**35,347**	1,524
	567,528	473,050

3. REVENUES

	2012	2011
	HK$'000	*HK$'000*
Turnover		
Sales of goods	**3,329,327**	2,704,053
Gross rental income	**1,560**	1,557
	3,330,887	2,705,610

4. OTHER GAINS, NET

	2012	2011
	HK$'000	*HK$'000*
(Loss)/gain on disposal of property, plant and equipment, net	**(312)**	419
Gain on disposal of an investment property	**–**	1,296
Fair value gain of an investment property	**14,000**	13,400
Exchange gain, net	**4,784**	13,756
	18,472	28,871

5. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Building management fee income	**3,671**	3,747
Dividend income from investments	**4,682**	4,482
Interest income	**569**	200
Sundries	**10,549**	9,761
	19,471	18,190

6. EXPENSES BY NATURE

	2012	2011
	HK$'000	*HK$'000*
Cost of stocks sold and raw materials consumed	**1,275,561**	1,046,791
Amortisation of prepayment of lease premium	**7,657**	7,519
Depreciation of property, plant and equipment		
– Owned	**90,234**	80,358
– Leased	**428**	468
Impairment of property, plant and equipment	**2,865**	6,119
Provision/(write back of provision) for onerous contracts	**2,833**	(96)
Auditor's remuneration		
– Audit services	**7,873**	6,334
– Non-audit services	**1,147**	1,645
Operating leases		
– Buildings	**528,875**	452,358
– Equipment	**–**	5
Provision for stocks	**23,854**	42,765
Impairment of debtors	**156**	197
Impairment of available-for-sale financial assets	**–**	2,403
Reversal of bad debts provision	**(191)**	(83)
Donations	**1,477**	1,117
Employee benefit expenses	**568,092**	464,895
Others	**538,370**	447,721
Total cost of sales, selling expenses, general and administrative expenses and other operating expenses	**3,049,231**	2,560,516

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 2012 (2011: 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:

	2012	2011
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**43,316**	26,292
– Overseas profits tax	**30,986**	30,773
– (Over)/under provisions in respect of prior years	**(9,157)**	2,259
	65,145	59,324
Deferred income tax	**(5,711)**	(7,935)
Income tax expense	**59,434**	51,389

8. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Interim, paid, of HK$0.035 (2011: HK$0.012) per ordinary share	**33,297**	11,416
Final, proposed, of HK$0.045 (2011: HK$0.024) per ordinary share	**42,810**	22,832
Special, proposed, of HK$0.010 (2011: nil) per ordinary share	**9,513**	–
	85,620	34,248

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.

	2012	2011
Weighted average number of ordinary shares in issue (thousands)	**951,340**	951,340
Profit attributable to equity holders of the Company (HK$'000)	**250,325**	130,831
Basic earnings per share (HK cents)	**26.31**	13.75

Diluted

There were no dilutive potential ordinary shares in existence during the years ended 31st March 2011 and 2012.

10. DEBTORS AND PREPAYMENTS

	2012	2011
	HK$'000	*HK$'000*
Trade debtors, gross	**191,151**	153,094
Provision for impairment of trade debtors	**(692)**	(24,943)
Trade debtors, net	**190,459**	128,151
Deposits, prepayments and other debtors	**265,175**	208,893
	455,634	337,044
Trade debtors analysed by invoice date *(note)*		
Below 60 days	**110,310**	54,098
Over 60 days	**80,841**	98,996
	191,151	153,094

Note:

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

11. CREDITORS AND ACCRUALS

	2012	2011
	HK$'000	*HK$'000*
Trade creditors		
Below 60 days	**270,482**	193,095
Over 60 days	**55,448**	65,270
	325,930	258,365
Other creditors and accruals	**267,640**	167,248
	593,570	425,613

12. COMMITMENTS

(a) Capital commitments for property, plant and equipment

	2012	2011
	HK$'000	*HK$'000*
Contracted but not provided for	**2,575**	7,780
Authorised but not contracted for	**–**	–
	2,575	7,780

(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:

	2012	2011
	HK$'000	*HK$'000*
Buildings		
Not later than one year	**564,606**	445,236
Later than one year but not later than five years	**583,987**	422,587
Later than five years	**16,051**	18,689
	1,164,644	886,512

(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:

	2012	2011
	HK$'000	*HK$'000*
Investment property		
Not later than one year	**2,394**	2,343
Later than one year but not later than five years	**897**	1,132
	3,291	3,475

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of directors (the “Board”) of Stelux Holdings International Limited (the “Company”), present the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2012.

BUSINESS REVIEW

The Group is principally engaged in the retailing of mid-range priced watch and optical products under the respective brand names: “CITY CHAIN” and “OPTICAL 88” in Hong Kong, Macau, Mainland China and Southeast Asia. With over 600 stores in our network, we are presently the largest watch and optical retail chain brand within the region, and together with our watch wholesale business have the biggest exposure to the mass consumer market.

For the year ended 31 March 2012, the Group recorded a revenue growth of 23% to HK$3,330.9 million (2011: HK$2,705.6 million), with approximately 68% of sales being derived from our key operations in Greater China. Gross profit rose 24% to HK$2,055.3 million (2011: HK$1,658.8 million), whilst net profit attributable to equity holders of the Company surged 91% to HK$250.3 million (2011: HK$130.8 million). The exponential growth in net profit was mainly attributable to continuous growth in the Group’s retail and wholesale businesses coupled with enhanced operating leverage.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.045 (2011: HK$0.024) per share. Together with the interim dividend of HK$0.035, this represents a payout of 30% for the year ended 31 March 2012 (2011: 26%).

SPECIAL DIVIDEND AND BONUS ISSUE OF SHARES

To celebrate our 40th anniversary as a listed company and in recognition of the continuous support of our shareholders, the Board recommends the payment of a one-off special dividend of HK$0.01 per share.

The Board further proposes a bonus issue on the basis of one share of HK$0.10 of the Company for every ten existing shares held by the Company’s shareholders whose names are on the register of members on Friday, 31st August, 2012. The proposed bonus shares will not rank for the above recommended final dividend or special dividend. Details of this proposed bonus issue of shares and its expected timetable is set out in a separate announcement dated 27th June 2012.

"CITY CHAIN" – WATCH RETAIL BUSINESS

For the year ended 31 March 2012, revenue from our watch retail business increased by 27% to HK$1,803.5 million (2011: HK$1,416.2 million) and accounted for approximately 54% of the Group's overall sales. Earnings before interest and tax ("EBIT") amounted to HK$190.8 million, representing a growth of 91% from HK$99.7 million last year. The increase in revenue was mainly due to significant sales contributions from our key Hong Kong and Macau operations, which benefited from the rise in Mainland Chinese tourists.

As of 31 March 2012, "CITY CHAIN" has 400 stores (2011: 344 stores). Breakdown by geographical region is presented as follows:

	2012	2011	Change
Hong Kong & Macau	**98**	79	+19
Mainland China	**101**	80	+21
Southeast Asia	**201**	185	+16
Total	**400**	344	+56

Hong Kong and Macau

With a significant percentage of our Hong Kong and Macau retail sales derived from Mainland Chinese consumers, the Group's sales revenue continued to benefit from the growth in Mainland Chinese travellers. Despite the reported slowdown in Hong Kong's retail sales growth in recent months, the Group's sales remained resilient due to our unique positioning as a mid-priced watch retailer. For the year ended 31 March 2012, Hong Kong and Macau watch retail sales reached HK$1,109.1 million, up 40% from last year (2011: HK$791.3 million). EBIT also increased by a robust 107% to HK$227.3 million from HK$109.6 million last year.

Rental pressure remains a key concern for many Hong Kong retailers. However, with a wide network of stores, the Group is able to employ a flexible rental strategy – where it will close and relocate stores to nearby locations if rental increases are overly aggressive. As such, overall rental costs were contained at a reasonable level throughout the year. Moreover, strong revenue growth has successfully lowered operating costs as a percentage of overall turnover.

The Group also recognises the importance of executing a sound marketing strategy for our popular house brands. Such initiatives have thus set our watch brands apart from its competitors and contributed to the success of our Hong Kong and Macau watch sales. The Group's latest "SOLVIL ET TITUS – TIME IS LOVE" marketing campaign through television commercials, print ads, internet and social media platforms was well received further entrenching the "SOLVIL ET TITUS" brand in the minds of our consumers.

Mainland China

Sales revenue from our watch retail business in Mainland China continued to grow recording an increase of 14% to HK$159.4 million (2011: HK$140.3 million). This highlighted the positive effects of our store reconfiguration initiatives throughout the fiscal year. By revamping our store network to better meet local shopping preferences, the Group has strengthened the exposure of the "CITY CHAIN" brand amongst local consumers. However, a loss of HK$55.9 million (2011: HK$39.8 million) up by 40% was posted as accumulated one-off set-up costs of new and reconfigured stores impacted.

Since our entry into the watch retail market in Guangdong Province in 2005, we have focused on brand building and establishing a good network of stores. City Chain now operates close to 100 stores/counters, primarily, in certain first tier cities within Mainland China with offices strategically located in Beijing, Shanghai and Guangzhou. We have already seen some of the positive effects of this strategy as Mainland Chinese tourists visiting Hong Kong and Macau make "CITY CHAIN" their first choice destination for buying mid-priced fashionable watches.

Now, with a sufficiently established store network in these first tier cities, we believe it is time to move store expansion away from first tier cities and into the fast growing second tier cities. The immediate effect of this will be a levelling off of set up costs as setting up in second tier cities is comparatively cheaper.

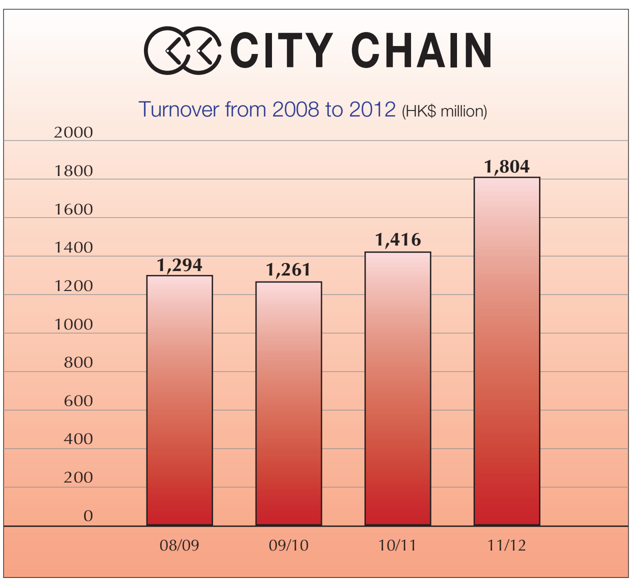
In the near term, we plan to focus on (i) fine tuning the store locations in our existing network, (ii) store expansion into neighbouring second tier cities logistically located sufficiently close to allow operation from our three offices, and, (iii) store expansion into second tier cities further away from our offices but identified by management as up and coming with strong purchasing power.

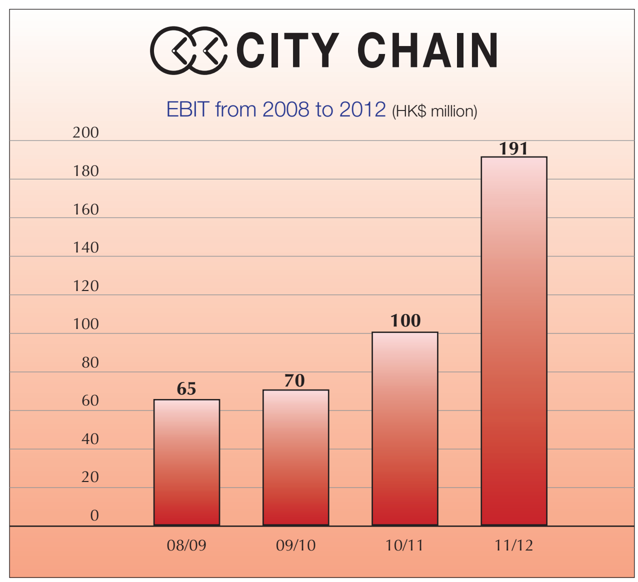
To complement our physical store retail network, plans are underway to develop a TV shopping platform under the "CITY CHAIN" brand covering Shanghai and nearby surrounding cities, and, a nationwide internet shopping platform under the "CITY CHAIN" and "SOLVIL ET TITUS" brands respectively, the latter following on from the very positive feedback to our "SOLVIL ET TITUS" internet commercial. These cost effective approaches will allow us to gain broader retail coverage in Mainland Chinese cities where we have yet to venture into.

Although there are recent signs of slowing in the Mainland Chinese economy, the medium to longer term outlook is positive. As we continue to grow turnover on the back of a sufficiently robust economy, and with anticipated lower setting up costs, we believe that this geographical segment, starting first with our more mature Guangzhou operations, will achieve breakeven results within the next 3 years as stores achieve operational scale.

Southeast Asia

Turnover from our Thailand, Singapore and Malaysia watch retail operations increased 10% to HK$535.1 million (2011: HK$484.5 million) whilst EBIT declined 35% to HK$19.4 million (2011: HK$29.9 million). This decline was due to factors earlier reported in the Group's interim report 2011/2012. However, specific cost control measures implemented during the fiscal year together with a return of consumer buying in Thailand in the second half saw a return to positive EBIT for our South East Asian business compared to a loss of HK$2.5 million in the first six months.





"OPTICAL 88" – OPTICAL RETAIL BUSINESS

For the year ended 31 March 2012, revenue from our optical retail business increased by 18% to HK$1,101.1 million (2011: HK$931.3 million) and accounted for approximately 33% of the Group's overall sales. EBIT amounted to HK$84.5 million, representing a growth of 53% from HK$55.3 million last year.

As of 31 March 2012, "OPTICAL 88" had 229 stores (2011: 215 stores). Breakdown by geographical region is presented as follows:

	2012	2011	Change
Hong Kong & Macau	**103**	93	+10
Mainland China	**35**	33	+2
Southeast Asia	**91**	89	+2
Total	**229**	215	+14

Hong Kong and Macau

For the year ended 31 March 2012, Hong Kong and Macau optical retail sales reached HK$722.2 million, up 22% from last year (2011: HK$594.2 million), with EBIT climbing 76% to HK$76.4 million from HK$43.4 million last year. This strong increase stems from the continuous support of our customers and increased sales from Mainland Chinese tourists.

Our first lens and frame single brand concept store, "EGG OPTICAL BOUTIQUE", launched in July 2011, has been very positively received. This new business concept offers products within our core mid-price range of HK$500 to HK$1,000 and targets young and fashionable consumers. In view of the favourable market response, we expect to open more "EGG OPTICAL BOUTIQUE" stores in Hong Kong, Mainland China and Southeast Asia in 2012/2013.

To expedite the development of our wholesale business, the Group acquired an optical wholesale distributor in late December 2011. The integration will effectively enhance the Group's optical brand portfolio and extend our distribution channels to other Asian territories, such as Singapore and Malaysia, bringing greater business opportunities.

Mainland China

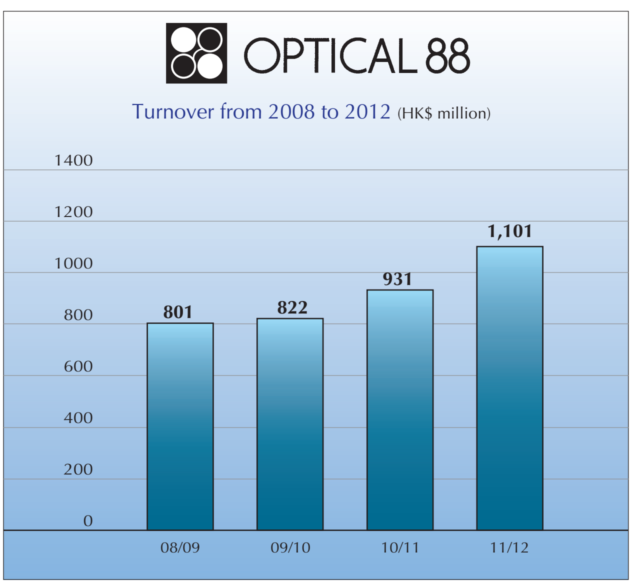
Our optical retail business in Mainland China (at this stage concentrated in Guangdong Province) recorded a turnover growth of 27% to HK$77.8 million (2011: HK$61.1 million), and a loss of HK$10.8 million which includes HK$2 million for the setting up of our Shanghai operations. This loss represents a 7% improvement from last year (2011: loss of HK$11.6 million).

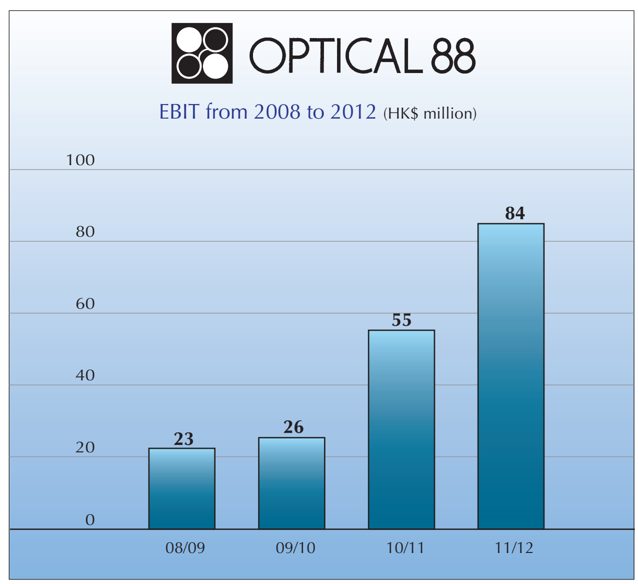
We have seen our business in Guangdong Province reporting overall positive contribution at shop level. This together with the narrowing of losses is evident that the "OPTICAL 88" business model (premised on quality and professional eyecare services, and, possessing a business nature requiring time to build a customer base) is well accepted and growing a customer base.

With these positive signs, the Group has started extending its network into other first tier cities. Our first "OPTICAL 88" store in Shanghai, which was opened in October 2011, has been favourably received and opening of new stores in Shanghai and nearby surrounding cities, like Hangzhou, Suzhou and Wuxi is expected to follow in the coming year to strengthen the exposure of "OPTICAL 88". Plans are also in the pipeline to open in Beijing, also, in 2012/2013.

Southeast Asia

The Group's optical retail operations in Thailand, Singapore and Malaysia continued to grow modestly, given the cautious consumer confidence amid the global economic slowdown, with turnover recording a growth of 9% to HK$301.1 million (2011: HK$276.0 million). EBIT was HK$18.9 million down by 20% (2011: HK$23.5 million). EBIT was particularly hit by the impact of the Thailand flooding, which was more severe than initially expected disrupting the Group's lens supply logistics during the third quarter, otherwise our Thailand business would have posted a much better performance. We anticipate an improved performance for this geographical segment next year.





WATCH ASSEMBLY AND WHOLESALE TRADING

For the year ended 31 March 2012, the watch assembly and wholesale trading business accounted for approximately 13% of the Group's overall sales. Revenue and EBIT of HK$424.7 million and HK$94.4 million respectively were posted (2011: HK$356.6 million and HK$75.9 million respectively).

Our watch assembly unit which produces for the Group recorded a positive EBIT as production was up due to increased demand.

Thong Sia Group, a wholly owned subsidiary of the Group, and the exclusive distributor of "SEIKO" watches and clocks in Hong Kong, Singapore and Malaysia returned a set of pleasing results. In celebration of "SEIKO"'s 130th anniversary, comprehensive marketing road shows in Asia were rolled-out to promote the brand and its legacy. Advertisements featuring Asian pop stars, Sammi Cheng (鄭秀文) and Lee Hom Wang (王力宏) were also well received.

Our wholesale unit in Mainland China which distributes the Group's "CYMA" and "PRONTO" brands has seen encouraging sales. Due to this positive response, we have strengthened the wholesale team by adding manpower and other resources to make inroads into this large market.

OUTLOOK

Despite some slowdown reported by our business units, we have nevertheless seen low double digit Group turnover growth in the first quarter of 2012/2013. This is certainly encouraging against the backdrop of the Eurozone crisis, the still poor US economy and the slowdown in Mainland China.

Baring these external factors do not significantly deteriorate in the coming months, and with our tested business strategies in place, we are cautiously optimistic the Group will return a positive performance for the fiscal year 2012/2013.

FINANCE

The Group's gearing ratio at balance sheet date was 25% (2011: 22%), which was calculated based on the Group's net debt of HK$287 million (2011: HK$212 million) and shareholders' funds of HK$1,173 million (2011: HK$982 million). The Group's net debt was calculated based on the Group's borrowings of HK$508 million (2011: HK$438 million) less the Group's bank balances and cash of HK$221 million (2011: HK$226 million). Of the Group's borrowings at balance sheet date, HK$423 million (2011: HK$370 million) were repayable within 12 months.

Of the Group's borrowings, 4% (2011: 8%) were denominated in foreign currencies. The Group's bank 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 2012, 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

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 2012, the Group had 3,512 (2011: 3,078) 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 2012, certain of the Group's freehold land and buildings amounting to HK$193 million (2011: HK$199 million), investment property amounting to HK$66 million (2011: HK$52 million) and leasehold land amounting to HK$21 million (2011: HK$30 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 2012 (Thursday), the Register of Members of the Company will be closed from 20th August 2012 (Monday) to 23rd August 2012 (Thursday) 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 dividend and special dividend for the year ended 31st March 2012, the Register of Members of the Company will be closed from 29th August 2012 (Wednesday) to 31st August 2012 (Friday) 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 4:30 p.m. on 17th August 2012 (Friday) for the First Book Close and on 28th August 2012 (Tuesday) for the Second Book Close. The final and special dividends will be payable on 14th September 2012 (Friday).

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 2012, 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.2.1

Mr. Joseph C.C. Wong was appointed Chairman of the Company on 4th October 2011, subsequent to the resignation of Mr. Wong Chong Po as Chairman of the Company on 31st August 2011.

Under Code Provision A.2.1, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The Company believes that vesting the roles of both Chairman and CEO in Mr. Joseph C.C. Wong has the benefit of ensuring consistent leadership within the Group thus enabling more effective and efficient strategic planning for the Group. The Board also believes that the balance of power and authority will not be compromised and is adequately ensured by the existing Board which comprises experienced and competent individuals with more than one-third of the Board being independent non-executive directors.

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 then Chairman of the Board, Mr. Wong Chong Po, did not attend the annual general meeting of the Company held on 23rd August 2011 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 22nd June 2011, 23rd November 2011, 21st March 2012 and 19th June 2012 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 2011 and 2012 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 (Chairman and CEO of the Company). The Committee held a meeting on 27th June 2012 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 http://www.stelux.com under "Announcements & Notices". The Company's Annual Report for 2012 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
Chairman and Chief Executive Officer

"But they that wait upon the Lord shall renew their strength; they shall mount up with wings as eagles; they shall run, and not be weary; and they shall walk, and not faint."
Isaiah 40:31

Hong Kong, 27th June 2012

Directors of the Company as at the date hereof:

Executive directors:
Chumphol Kanjanapas (alias Joseph C. C. Wong) (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)