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 31 MARCH 2019

The Board of directors (the "**Board**") of Stelux Holdings International Limited (the "**Company**") announce the results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2019 as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
Continuing operations			
Revenue	2	**1,457,779**	1,509,122
Cost of sales		**(718,595)**	(740,468)
Gross profit		**739,184**	768,654
Other (losses)/gains, net		**(19,982)**	21,247
Other income		**41,624**	15,119
Selling expenses		**(594,852)**	(608,236)
General and administrative expenses		**(237,428)**	(229,116)
Other operating expenses		**(19,101)**	(67,753)
		(90,555)	(100,085)
Finance costs		**(24,920)**	(23,309)
Loss before income tax		**(115,475)**	(123,394)
Income tax expense	3	**(28,967)**	(22,454)
Loss for the year from continuing operations		**(144,442)**	(145,848)
Discontinued operations			
Loss for the year from discontinued operations		**(1,706)**	(4,464)
Gain on disposal of discontinued operations	8	**111,766**	–
Net profit/(loss) for the year arising from discontinued operations	2	**110,060**	(4,464)
Loss for the year		**(34,382)**	(150,312)

* *For identification purpose only*

CONSOLIDATED INCOME STATEMENT (CONTINUED)

	Notes	**2019** **HK$'000**	2018 HK$'000
Attributable to:			
Equity holders of the Company		**(34,551)**	(150,577)
Non-controlling interests		**169**	265
		(34,382)	(150,312)
Loss attributable to the equity holders of the Company arising from:			
– Continuing operations		**(144,611)**	(146,113)
– Discontinued operations	*2*	**110,060**	(4,464)
		(34,551)	(150,577)
		HK cents	*HK cents*
Loss per share from continuing operations attributable to the equity holders of the Company			
– Basic and diluted	*5*	**(13.82)**	(13.96)
Loss per share attributable to the equity holders of the Company			
– Basic and diluted	*5*	**(3.30)**	(14.39)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018
	HK$'000	*HK$'000*
Loss for the year	**(34,382)**	(150,312)
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences of translation of foreign operations	**7,171**	32,889
Change in fair value of available-for-sale financial assets	**–**	1,141
Exchange difference of translation of discontinued operations	**–**	17,262
Release of exchange reserve upon disposal of discontinued operations	**(14,978)**	–
	(7,807)	51,292
Items that will not be reclassified to profit or loss:		
Gain on revaluation of property, plant and equipment, net of tax	**202,040**	201,644
Change in fair value of equity investments at fair value through other comprehensive income	**2,596**	–
	204,636	201,644
Other comprehensive income for the year, net of tax	**196,829**	252,936
Total comprehensive income for the year	**162,447**	102,624
Attributable to:		
Equity holders of the Company	**163,211**	101,511
Non-controlling interests	**(764)**	1,113
Total comprehensive income for the year	**162,447**	102,624

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2019

	Notes	**2019**	2018
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**165,411**	322,772
Investment properties		**586,100**	230,000
Prepaid lease premium		**11,135**	14,266
Intangible assets		**65,633**	69,436
Deferred tax assets		**49,553**	62,471
Available-for-sale financial assets		–	12,374
Equity investments at fair value through other comprehensive income		**14,970**	–
Deposits and prepayments	*6*	**55,080**	56,921
Total non-current assets		**947,882**	768,240
Current assets			
Inventories		**559,829**	670,863
Trade and other receivables	*6*	**182,488**	351,702
Pledged bank deposit		**56,649**	–
Cash and cash equivalents		**234,869**	246,278
		1,033,835	1,268,843
Assets classified as held for sale	*8*	–	614,856
Total current assets		**1,033,835**	1,883,699
Total assets		**1,981,717**	2,651,939
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**104,647**	104,647
Reserves		**880,324**	915,943
Shareholders' funds		**984,971**	1,020,590
Non-controlling interests		**7,129**	8,193
Total equity		**992,100**	1,028,783

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Notes	**2019**	2018
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**31,004**	7,064
Interest-bearing bank and other borrowings		**–**	15,483
Total non-current liabilities		**31,004**	22,547
Current liabilities			
Trade and other payables	*7*	**237,472**	369,653
Income tax payable		**32,840**	15,609
Interest-bearing bank and other borrowings		**688,301**	918,926
		958,613	1,304,188
Liabilities directly associated with assets classified as held for sale	*8*	**–**	296,421
Total current liabilities		**958,613**	1,600,609
Total liabilities		**989,617**	1,623,156
Total equity and liabilities		**1,981,717**	2,651,939

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The consolidated financial statements have been prepared on historical cost basis, except for the equity investments at fair value through other comprehensive income and investment properties, which are measured at fair value.

The preparation of consolidated 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 interpretation, and amendments to standards

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Except for the amendments to HKFRS 4, amendments to HKFRS 2 and Annual Improvements to HKFRSs 2014-2016 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs, are described below, the adoption of the above new and revised standards have no material impact to the Group.

The Group has initially applied Hong Kong Financial Reporting Standard 9 *Financial Instruments* ("HKFRS 9") and Hong Kong Financial Reporting Standard 15 *Revenue from Contracts with Customers* ("HKFRS 15") with effect from 1 April 2018 and has taken transitional provisions and methods not to restate comparative information for prior periods. The comparative information continues to be reported under the accounting policies prevailing prior to 1 April 2018. The Group had to change its accounting policies with effect from 1 April 2018 as a result of adopting HKFRS 9 and HKFRS 15. Under HKFRS 9, there is no longer a financial asset category of "available-for-sale financial assets", the carrying amount of which amounting to HK$12,374,000 as at 1 April 2018 was reclassified and irrevocably designated as "equity investments at fair value through other comprehensive income" and the respective fair value reserve of HK$10,123,000 was no longer allowed to be subsequently reclassified to the income statement.

1. BASIS OF PREPARATION (CONTINUED)

Adoption of new standards and interpretation, and amendments to standards (continued)

In addition, all the financial assets previously classified as "loans and receivables" were measured (and categorised) as financial assets at amortised cost under HKFRS 9 as at 1 April 2018. For financial liabilities at 1 April 2018, they continued to be accounted for at amortised cost.

For impairment assessment of financial assets at amortised cost, HKFRS 9 introduced expected credit loss ("ECL") model to replace incurred credit loss model under HKAS 39. There was no material financial impact resulting from the new ECL model as at 1 April 2018.

Except for these changes, the accounting policies applied and methods of computation used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements of the Company and its subsidiaries (together, the "Group") for the year ended 31 March 2018.

Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the consolidated financial statements.

		Effective for annual accounting periods beginning on or after
Amendments to HKFRS 3	Definition of a Business	1 April 2020
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1 April 2019
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 16	Leases	1 April 2019
HKFRS 17	Insurance Contracts	1 April 2021
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 April 2020
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement	1 April 2019
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures	1 April 2019
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 April 2019
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	1 April 2019

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases-Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities* for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events,

1. BASIS OF PREPARATION (CONTINUED)

Issued but not yet effective Hong Kong Financial Reporting Standards (continued)

such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt HKFRS 16 from 1 April 2019. The Group plans to adopt the transitional provisions in HKFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 April 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying HKAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. The Group had operating lease commitments under non-cancellable lease of HK$439,707,000 as at 31 March 2019. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. The Group is currently finalising the assessment of the impact of HKFRS 16. Further analysis will be finalised to determine the amount of new right-of-use assets and lease liabilities to be recognised, including, but not limited to, incremental borrowing rates for some leases and reasonably certain lease period applied for different leases.

2. SEGMENT INFORMATION AND REVENUE

The chief operating decision-makers have been identified as the executive directors of the Company. The executive directors review the Group's financial information mainly from product and geographical perspectives. From a product perspective, the Group has four reportable segments namely watch retail and watch wholesale trading, optical retail and optical wholesale trading segments. From a geographical perspective, management mainly assesses the performance of watch and optical operations in (i) Hong Kong, Macau and Mainland China and (ii) rest of Asia.

Revenue represents sales of goods. 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.

The optical retail and certain subsidiaries under wholesale trading segments (the "Disposal group") were discontinued and were classified as held for sale as at 31 March 2018. Information about this discontinued segment is provided in note 8.

The watch retail segment and watch wholesale trading segment together formed the continuing operations.

Unallocated income represents dividend income from investments and gain on disposal of discontinued operations. Net corporate expenses mainly represent corporate staff costs and provision for senior management bonus. Unallocated assets represent property, plant and equipment and investment properties at corporate level, unlisted equity investments, deferred tax assets, pledged bank deposit and cash and cash equivalents. Unallocated liabilities represent other payables and accruals at corporate level, interest-bearing bank and other borrowings, deferred tax liabilities and income tax payable.

2. SEGMENT INFORMATION AND REVENUE (CONTINUED)

For the year ended 31 March 2019

	Continuing operations				Discontinued operations				
	Watch retail		Watch wholesale trading		Optical retail		Optical wholesale trading		
	Hong Kong, Macau and Mainland China	Rest of Asia		Sub-total	Hong Kong, Macau and Mainland China	Rest of Asia		Sub-total	Group Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenues from contracts with customers									
Gross segment	826,338	340,200	593,991	1,760,529	186,012	30,161	4,029	220,202	1,980,731
Inter-segment	–	–	(302,750)	(302,750)	–	–	(1,244)	(1,244)	(303,994)
Sales to external customers	826,338	340,200	291,241	1,457,779	186,012	30,161	2,785	218,958	1,676,737
Timing of revenue recognition									
Goods transferred at a point in time	826,338	340,200	291,241	1,457,779	186,012	30,161	2,785	218,958	1,676,737
Segment results	(98,853)	844	40,119	(57,890)	9,626	(3,443)	313	6,496	(51,394)
Unallocated income				2,798				124,043	126,841
Net corporate expenses				(35,463)				(5,481)	(40,944)
Operating(loss)/profit				(90,555)				125,058	34,503
Finance costs				(24,920)				(440)	(25,360)
(Loss)/profit before income tax				(115,475)				124,618	9,143
Income tax expense				(28,967)				(14,558)	(43,525)
(Loss)/profit for the year				(144,442)				110,060	(34,382)

2. SEGMENT INFORMATION AND REVENUE (CONTINUED)

For the year ended 31 March 2019

	Continuing operations					Discontinued operations				
	Watch retail		Watch wholesale trading			Optical retail		Optical wholesale trading		
	Hong Kong, Macau and Mainland China	Rest of Asia		Unallocated	Sub-total	Hong Kong, Macau and Mainland China	Rest of Asia		Sub-total	Group Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditures	(20,781)	(8,187)	(567)	(612)	(30,147)	(1,301)	(271)	(4)	(1,576)	(31,723)
Depreciation	(19,735)	(9,484)	(2,399)	(10,915)	(42,533)	–	–	–	–	(42,533)
Impairment of property, plant and equipment	(4,251)	–	–	–	(4,251)	–	–	–	–	(4,251)
Amortisation of prepaid lease premium	–	(2,796)	–	–	(2,796)	–	–	–	–	(2,796)
Amortisation of intangible assets	–	–	(2,322)	–	(2,322)	–	–	–	–	(2,322)
(Provision)/write back of provision for inventories	(30,162)	1,248	31,510	–	2,596	–	–	–	–	2,596
Write back of provision/(provision) for onerous contracts	4,916	(761)	–	–	4,155	–	–	–	–	4,155

As at 31 March 2019

	Continuing operations			
	Watch retail		Watch wholesale trading	
	Hong Kong, Macau and Mainland China	Rest of Asia		Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	**582,945**	**150,340**	**462,157**	**1,195,442**
Unallocated assets				**786,275**
Total assets				**1,981,717**
Segment liabilities	**96,014**	**34,963**	**78,691**	**209,668**
Unallocated liabilities				**779,949**
Total liabilities				**989,617**

2. SEGMENT INFORMATION AND REVENUE (CONTINUED)

For the year ended 31 March 2018

	Continuing operations				Discontinued operations				
	Watch retail		Watch wholesale trading		Optical retail		Optical wholesale trading		
	Hong Kong, Macau and Mainland China	Rest of Asia		Sub-total	Hong Kong, Macau and Mainland China	Rest of Asia		Sub-total	Group Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenues from contracts with customers									
Gross segment	884,101	343,718	398,410	1,626,229	1,063,450	190,575	21,659	1,275,684	2,901,913
Inter-segment	–	–	(117,107)	(117,107)	–	–	(4,707)	(4,707)	(121,814)
Sales to external customers	884,101	343,718	281,303	1,509,122	1,063,450	190,575	16,952	1,270,977	2,780,099
Segment results	(52,955)	4,231	(4,573)	(53,297)	49,464	(13,140)	2,244	38,568	(14,729)
Unallocated income				3,599				–	3,599
Net corporate expenses				(50,387)				(33,006)	(83,393)
Operating (loss)/profit				(100,085)				5,562	(94,523)
Finance costs				(23,309)				(2,219)	(25,528)
(Loss)/profit before income tax				(123,394)				3,343	(120,051)
Income tax expense				(22,454)				(7,807)	(30,261)
Loss for the year				(145,848)				(4,464)	(150,312)

2. SEGMENT INFORMATION AND REVENUE (CONTINUED)

For the year ended 31 March 2018

	Continuing operations					Discontinued operations				
	Watch retail		Watch wholesale trading			Optical retail		Optical wholesale trading		
	Hong Kong, Macau and Mainland China	Rest of Asia		Unallocated	Sub-total	Hong Kong, Macau and Mainland China	Rest of Asia		Sub-total	Group Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditures	(35,422)	(12,764)	(1,273)	(8,942)	(58,401)	(42,201)	(7,960)	(2)	(50,163)	(108,564)
Depreciation	(18,052)	(10,426)	(2,536)	(13,438)	(44,452)	(31,113)	(10,897)	(73)	(42,083)	(86,535)
Amortisation of prepaid lease premium	–	(2,822)	–	–	(2,822)	–	(3,085)	–	(3,085)	(5,907)
Amortisation of intangible assets	–	–	(2,376)	–	(2,376)	–	–	–	–	(2,376)
Write back of provision/(provision) for inventories	6,499	6,684	(32,108)	–	(18,925)	(5,204)	10	963	(4,231)	(23,156)
Impairment of property, plant and equipment	(3,195)	(351)	–	–	(3,546)	(5,120)	(2,271)	–	(7,391)	(10,937)
Impairment of intangible assets	–	–	(30,273)	–	(30,273)	–	–	–	–	(30,273)
Write back of provision/(provision) for onerous contracts	23,097	–	–	–	23,097	2,575	(637)	–	1,938	25,035
Re-measurement of deferred consideration payable in respect of acquisition of a subsidiary in prior years	–	–	10,000	–	10,000	–	–	–	–	10,000

As at 31 March 2018

	The Group other than Disposal group				Disposal group (as reclassified to assets classified as held for sale and liabilities associated with assets classified as held for sales)				
	Watch retail		Watch wholesale trading		Optical retail		Optical wholesale trading		
	Hong Kong, Macau and Mainland China	Rest of Asia		Sub-total	Hong Kong, Macau and Mainland China	Rest of Asia		Sub-total	Group Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	564,864	175,937	549,535	1,290,336	334,994	105,917	17,223	458,134	1,748,470
Unallocated assets				746,747				156,722	903,469
Total assets				2,037,083				614,856	2,651,939
Segment liabilities	240,357	41,372	50,408	332,137	189,083	24,600	936	214,619	546,756
Unallocated liabilities				994,598				81,802	1,076,400
Total liabilities				1,326,735				296,421	1,623,156

2. SEGMENT INFORMATION AND REVENUE (CONTINUED)

Geographical information

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

Continuing operations	**2019** ***HK$'000***	2018 *HK$'000*
Hong Kong	**721,668**	751,520
Macau	**115,553**	119,501
Mainland China	**128,906**	146,318
Rest of Asia	**489,154**	489,864
Europe	**2,498**	1,919
	1,457,779	1,509,122

Discontinued operations	**2019** ***HK$'000***	2018 *HK$'000*
Hong Kong	**145,265**	824,810
Macau	**9,956**	58,452
Mainland China	**32,741**	191,013
Rest of Asia	**30,996**	196,702
	218,958	1,270,977

The revenue information above is based on the locations of the customers.

No revenue transactions with a single external customer which amounted to 10% or more of the Group's revenue during the year (2018: nil).

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

Continuing operations	**2019** ***HK$'000***	2018 *HK$'000*
Hong Kong	**(37,872)**	7,501
Macau	**18,843**	22,524
Mainland China	**(43,520)**	(59,444)
Rest of Asia	**15,659**	22,967
Europe	**(11,000)**	(46,845)
	(57,890)	(53,297)

2. SEGMENT INFORMATION AND REVENUE (CONTINUED)

Geographical information (Continued)

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

	2019	2018
Discontinued operations	***HK$'000***	*HK$'000*
Hong Kong	**15,632**	70,345
Macau	**2,242**	11,536
Mainland China	**(7,896)**	(29,546)
Rest of Asia	**(3,482)**	(13,767)
	6,496	38,568

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

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**375,065**	365,919
Macau	**360,574**	158,675
Mainland China	**10,858**	18,525
Rest of Asia	**97,264**	106,630
Europe	**39,598**	43,646
	883,359	693,395

3. INCOME TAX EXPENSE

Hong Kong and Thailand profit taxes have been provided at the rates of 16.5% (2018: 16.5%) and 20% (2018: 20%), respectively, on the estimated assessable profits for the year ended 31 March 2019 less tax relief, if any. Taxation on the remaining overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates.

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

	2019	2018
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**7,500**	6,242
– Overseas profits tax	**23,041**	5,532
– Under/(over) provisions in respect of prior years	**192**	(76)
	30,733	11,698
Deferred income tax	**12,792**	18,563
Income tax expense	**43,525**	30,261
Income tax expense is attributable to:		
– Continuing operations	**28,967**	22,454
– Discontinued operations	**2,281**	7,807
– Gain on disposal of discontinued operations	**12,277**	–
	43,525	30,261

4. DIVIDEND

	2019	2018
	HK$'000	*HK$'000*
Special, paid of HK$0.19 (2018: nil) per ordinary share	**198,830**	–

The directors did not recommend any interim or final dividends in respect of the years ended 31 March 2019 and 2018.

A conditional special distribution in cash of HK$0.19 dollar per share was proposed by the Board on 23 January 2018 relating to the disposal of the Disposal group and was approved by the shareholders in the special general meeting on 19 April 2018. The special distribution, amounting to HK$198,830,000, had been paid on 14 June 2018.

5. LOSS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

Basic

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

	2019	2018
Loss from continuing operations attributable to equity holders of the Company (HK$'000)	**(144,611)**	(146,113)
Profit/(loss) from discontinued operations attributable to equity holders of the Company (HK$'000)	**110,060**	(4,464)
Loss attributable to equity holders of the Company (HK$'000)	**(34,551)**	(150,577)
Weighted average number of ordinary shares in issue (thousands)	**1,046,474**	1,046,474
Basic loss per share from continuing operations (HK cents)	**(13.82)**	(13.96)
Basic earnings/(loss) per share from discontinued operations (HK cents)	**10.52**	(0.43)
Basic loss per share attributable to the equity holders of the Company (HK cents)	**(3.30)**	(14.39)

Diluted

Diluted (loss)/earnings per share amounts for the years ended 31 March 2019 and 2018 are the same as the basic (loss)/ earnings per share amounts as there were no potentially dilutive ordinary shares in issue during the two years.

6. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables, gross	**86,036**	246,450
Less: provision for impairment of trade receivables	**(494)**	(933)
Trade receivables, net	**85,542**	245,517
Deposits	**95,148**	109,015
Other receivables	**38,116**	33,013
Prepayments	**18,762**	21,078
	237,568	408,623
Less: non-current portion	**(55,080)**	(56,921)
Current portion	**182,488**	351,702

	2019	2018
	HK$'000	*HK$'000*
As at 31 March 2019 and 2018, the ageing analysis of the trade receivables based on invoice date is as follows:		
0-60 days	**35,027**	53,825
Over 60 days	**51,009**	192,625
	86,036	246,450

Note: The Group engages designated import and export agents for the importation of products from the subsidiaries in Hong Kong to the subsidiaries in the Mainland China. The balances due from and due to the import and export agents are settled on a back-to-back basis, and such balances are repayable on demand. The Group's trade receivables and trade payables included balances due from and due to the import and export agents of HK$33,096,000 as at 31 March 2019 (2018: HK$174,961,000).

7. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**87,451**	221,776
Receipt in advance	**–**	2,887
Contract liabilities	**1,058**	–
Other payables	**20,838**	9,131
Accruals	**118,971**	122,550
Provision for onerous contracts	**9,154**	13,309
Total trade and other payables	**237,472**	369,653

Trade payables are unsecured and usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

At 31 March 2019 and 2018, the ageing analysis of the trade payables based on invoice date is as follows:

	2019	2018
	HK$'000	*HK$'000*
0-60 days	**45,722**	44,007
Over 60 days	**41,729**	177,769
	87,451	221,776

8. DISCONTINUED OPERATIONS/DISPOSAL OF BUSINESS

On 26 January 2018, the Group entered into a share purchase agreement with a related party for disposal of shares in the subsidiaries of the Group engaged in the optical business (the "Disposal") at a consideration of HK$400,000,000, subject to adjustments. The Disposal was communicated to shareholders on 22 March 2018 through a circular. The Disposal was subsequently approved by the Company's shareholders at a special general meeting on 19 April 2018. Assets and liabilities of the Disposal group were classified as held for sale as at 31 March 2018.

The following assets and liabilities were reclassified as held for sale as at 31 March 2018.

	2018 *HK$'000*
Assets classified as held for sale	
Property, plant and equipment	71,516
Prepaid lease premium	14,343
Non-current deposits and prepayments	55,369
Deferred tax assets	9,427
Inventories	215,622
Trade and other receivables	101,284
Cash and cash equivalents	143,084
Income tax recoverable	4,211
Total assets of the Disposal group held for sale	614,856
Liabilities directly associated with assets classified as held for sale	
Deferred tax liabilities	920
Trade and other payables	214,619
Interest-bearing bank borrowings	80,882
Total liabilities of the Disposal group held for sale	296,421

8. DISCONTINUED OPERATIONS/DISPOSAL OF BUSINESS (CONTINUED)

The Disposal was completed on 1 June 2018, resulting in a gain on disposal of HK$111,766,000 as below.

	2019
	HK$'000
Net assets disposed of:	
Property, plant and equipment	**70,728**
Prepaid lease premium	**13,220**
Other non-current assets	**11,590**
Inventories	**216,403**
Trade and other receivables	**165,370**
Cash and cash equivalents	**59,987**
Trade and other payables	**(211,538)**
Amount due to the Group	**(403,827)**
Other non-current liabilities	**(50,832)**
	(128,899)
Release of cumulative exchange reserve on disposal	**(14,978)**
Professional fees and taxes on disposal	**28,284**
Gain on disposal	**111,766**
Consideration	**(3,827)**
Satisfied by	
Cash	**400,000**
Waiver of intercompany debts	**(403,827)**
	(3,827)

8. DISCONTINUED OPERATIONS/DISPOSAL OF BUSINESS (CONTINUED)

The financial performance of the Disposal group presented below are for the two months ended 31 May 2018 and for the year ended 31 March 2018.

	Two months ended 31 May 2018 *HK$'000*	For the year ended 31 March 2018 *HK$'000*
Revenue	**218,958**	1,270,977
Other (losses)/gains, net	**(2,004)**	4,803
Other income	**5,738**	14,324
Expenses	**(222,117)**	(1,286,761)
Profit before income tax	**575**	3,343
Income tax expense	**(2,281)**	(7,807)
Loss from discontinued operations	**(1,706)**	(4,464)
Gain on disposal of discontinued operations, net of tax	**111,766**	–
Exchange differences on translation of foreign operations	**–**	17,262
Release of exchange reserve relating to discontinued operations	**(14,978)**	–
Total comprehensive income from discontinued operations	**95,082**	12,798

9. CONTINGENT LIABILITIES

In April 2018, a third party filed a legal claim against one of the subsidiaries (the "Subsidiary") of the Group for outstanding services fees plus interest and surcharges. Based on the legal opinion provided by the Subsidiary's external legal counsel, the Company's directors are of the opinion that the outcome of this claim will not have a material adverse effect on the Group's financial position or results of operations.

MANAGEMENT DISCUSSION AND ANALYSIS

- Group Turnover fell by 3.4% to HK$1,457.8 million
- Group Net Loss at HK$34.6 million
- Group Gearing Ratio at 40.3% (March 2018: 67.4%)
- Group Inventory fell by 16.6% to HK$559.8 million vs that as at 31 March 2018

For the year under review, Group turnover decreased by 3.4% to HK$1,457.8 million (FY2017/18: HK$1,509.1 million). The Group reported a loss attributable to its equity holders of HK$34.6 million (FY2017/18: loss of HK$150.6 million). A gain on Disposal of the Optical Business of HK$111.8 million was recognized during the year ended 31 March 2019 (On 1 June 2018, the Group completed the disposal of its entire optical retail and wholesale businesses (the "Optical Business") to its controlling shareholder (the "Disposal")).

After excluding the following items:

- the gain on Disposal of the Optical Business of HK$111.8 million (FY2017/18: nil);
- an exchange loss of HK$16.1 million (FY2017/18: exchange gain of HK$12.0 million);
- non-cash deferred tax expenses of HK$12.8 million (FY2017/18: HK$18.6 million); and
- an impairment of intangible assets of HK$30.3 million in FY2017/18 and a gain on re-measurement of deferred consideration payable of HK$10 million related to the Group's Swiss movement assembly facilities in FY2017/18,

the Group would have reported a loss of HK$117.5 million (FY2017/18: HK$123.7 million).

The Optical Business was classified as discontinued operations in accordance with the Hong Kong Financial Reporting Standard 5. A loss of HK$1.7 million (FY2017/18: HK$4.5 million) was recorded by the discontinued operations during the year under review.

Group gross profit margin was maintained at 50.7% comparable to 50.9% in the previous financial year. With cautious consumer sentiment since mid-2018, the Group strengthened measures to further reduce costs, enhance inventory management and liquidity. Due to these measures:–

- selling expenses (excluding expenses related to investment in brand building) fell 6.6% mainly due to reduced rental expenses and other store overheads

- Group general and administrative expenses fell further by 6.3% (net of shared service income) in FY2018/19 following a decrease of 5.7% in FY 2017/18

- Group inventory decreased by HK$111.1 million (16.6%) to HK$559.8 million (March 2018: HK$670.9 million) and inventory turnover days were shortened to 284 days (March 2018: 331 days) with tightened stock procurement. The faster stock turnover also contributed to a write back income of stock provision of HK$2.6 million against a provision charge of HK$18.9 million in FY2017/18

- Group liquidity was enhanced by reductions in inventory and capital expenditures. In FY2018/19, capital expenditures were reduced by HK$28.3 million to HK$30.1 million (FY2017/18: HK$58.4 million). Group net cash generated from operating activities increased to HK$69.6 million (FY2017/18: HK$45.1 million)

As proceeds from the Disposal were utilised to settle part of the Group's bank borrowings, the Group reported an improved gearing ratio of 40.3% compared to 45.6% as at end of September 2018 (March 2018: 67.4%) as net debts decreased by 42.3% (or HK$291.3 million) to HK$396.8 million.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2019 (2018: Nil per ordinary share).

CITY CHAIN GROUP

The City Chain Group operates around 220 stores in Hong Kong, Macau, Mainland China (the "Greater China"), Singapore, Thailand and Malaysia together with on-line stores for "City Chain" and "Solvil et Titus".

In 1H FY2018/19, same store sales growth was recorded. The initiatives adopted to refresh the "CITY CHAIN" image and house brand portfolio together with store consolidation and cost reductions, contributed to the City Chain Group returning an improved financial performance in 1H FY2018/19.

However, as the trade dispute between China and the United States intensified, and with a weakened Renminbi since July 2018, tourist and domestic spending in regions where we operate slowed down and the positive sentiment seen in Q1 FY2018/19 did not carry through for the remaining year. Turnover over the festive peak seasons such as Christmas and Chinese New Year for several regions was not up to expectation despite continued deployment of marketing campaigns.

For FY2018/19, the City Chain Group posted a y-o-y fall in turnover of 5.0% to HK$1,166.5 million (FY2017/18: HK$1,227.8 million) while the number of operating shops contracted by 13%. A loss before interest and tax (LBIT) of HK$98.0 million (FY2017/18: HK$48.7 million) was recorded. Excluding inventory provision, impairment of non-performing stores, provision for onerous contracts, exchange difference and expenditure on brand investment, operating costs decreased by 8.3%, with rental expenses, alone, reduced by 15.4%.

Greater China

Turnover for City Chain operations in Greater China fell by 6.5% to HK$826.3 million (FY2017/18: HK$884.1 million) with a reduction in number of shops by 19% and a wider LBIT of HK$98.9 million (FY2017/18: LBIT HK$53.0 million).

Despite the challenging operating environments in the 2H FY18/19, y-o-y same store sales in Hong Kong and Macau remained stable. Operating costs (excluding inventory provision, impairment of non-performing stores, provision for onerous contracts, exchange difference and expenditure on brand investment) fell by 9.8%.

LBIT in Mainland China narrowed by 26.8% due to consolidation of non-performing shops and a simultaneous improvement in the productivity of operating shops. During the year, a moderate increase of 7.2% (in local currency) in sales per shop from FY2017/18 was attained despite a weak Renminbi, volatility in the stock market and a marked slowdown in retail consumption in Mainland China. In order to improve bottom-line results, closure of non-performing shops in Northern and Southwestern China were completed by May 2019 and shop consolidation is in progress in Eastern China.

The turnover of our watch e-commerce business remained stable and operating loss was reduced by 19.1% in local currency terms compared to FY2017/18 as cost structures were streamlined to uplift financial performance.

Southeast Asia

Despite a generally weaker market environment, our City Chain operations in Southeast Asia reported an increase in sales per shop of 8.9% from FY 2017/18 and turnover remained relatively stable at HK$340.2 million (FY2017/18: HK$343.7 million) despite a 5.4% reduction in number of shops. However, impacted by currency depreciation against the stronger Hong Kong dollar, an EBIT of HK$0.8 million (FY2017/18: EBIT of HK$4.2 million) was reported. Excluding exchange loss, our operations in Southeast Asia reported an EBIT of HK$3.4 million (FY2017/18: EBIT of HK$4.6 million). Operating costs (excluding inventory provision, impairment of non-performing stores, provision for onerous contracts, exchange difference and expenditure on brand investment) fell y-o-y by 3.5%.

Our Malaysia operations posted satisfactory results with EBIT growing 2.3% while the LBIT at our Thai operations narrowed by 30.9% (in local currency terms) due to sales growth of 8.0%, following the refreshing of several key stores and effective merchandising initiatives. However, our Singapore operations posted a LBIT due to a difficult retail operating environment, particularly, in 2H FY2018/19.

SUPPLY CHAIN MANAGEMENT AND WHOLESALE TRADING

This business division is made up of Stelux Group's supply chain unit for house brands, such as Solvil et Titus and CYMA, its wholesale trading unit for the sole distribution of "SEIKO" watches and clocks and "GRAND SEIKO" watches in Hong Kong, Singapore and Malaysia; and our Swiss business units.

Turnover for this division grew moderately by 3.5% to HK$291.2 million (FY2017/18: HK$281.3 million) and together with improved operational efficiencies contributed to a profit of HK$40.1 million (FY2017/18: loss of HK$4.6 million, including one-off items being impairment for intangible assets of our Swiss movement facility of HK$30.3 million and gain on re-measurement of deferred consideration payable of HK$10 million). The various marketing campaigns for "SEIKO" and "GRAND SEIKO" continued during the year and were well received; and together with committed service support provided to retailers stimulated consumer demand and sell-through.

DISCONTINUED OPERATIONS – OPTICAL RETAIL AND WHOLESALE

The turnover for the discontinued operations recorded during the two month period before the completion of the Disposal was HK$219.0 million and a loss of HK$1.7 million was sustained.

GROUP OUTLOOK

With the uncertainties surrounding the completion of a trade deal between China and the United States impacting most of the regions where we operate, retail sentiment is likely to remain subdued for the remaining FY2019/20. Therefore, operational and fiscal initiatives currently in place to reduce costs, improve operational efficiencies and to strengthen liquidity will continue in FY2019/20. Refreshment of stores will continue in FY2019/20 and capital expenditures will be prudently managed.

However, as part of the Group's long term strategy to improve its competitiveness to adapt to changes in the consumer landscape, the Group has prioritized investment in infrastructure and brand development to enhance customer interaction through omni-channels so as to improve synergies between the online and offline businesses of the City Chain Group. In Q2 FY2019/20, enhanced e-commerce platforms for "City Chain" and "Solvil et Titus" and the deployment of CRM solutions are scheduled to be rolled out.

FINANCE

The Group's capital management, currency and interest rate movement are constantly monitored and reviewed by the management of the Group to address and manage relevant financial risks relating to the Group's operations. The Group maintains prudent treasury management policies to address liquidity to finance both short-term and long-term working capital needs for business operations. Funds are generated from business operating activities and banking facilities in the form of term loans and short-term trading facilities. Forecast and actual cash flow analyses are continuously monitored. Maturity of assets and liabilities and requirement of financial resources for business operations are prudently managed.

The gearing ratio was 40.3% (31 March 2018: 67.4%) with shareholders' funds standing at HK$985.0 million (31 March 2018: HK$1,020.6 million) and net debts of HK$396.8 million (31 March 2018: HK$688.1 million). The net debts are based on the bank borrowings of HK$688.3 million (31 March 2018: HK$934.4 million) less bank balance and cash of HK$291.5 million (of the Group as at 31 March 2018: HK$246.3 million) of which HK$56.6 million were pledged (nil at 31 March 2018). The bank borrowings comprised of HK$113.4 million repayable within one year and HK$574.9 million with scheduled repayment after one year but repayable on demand and were classified as current liabilities. The cash position of the discontinuing operations as at 31 March 2018 was HK$143.1 million. At completion, cash held by the discontinued operations in excess of around HK$60.0 million (adjusted by foreign exchange rate at completion) was transferred to the continuing operations.

Following the Completion of the Disposal of the discontinuing operations, the Group received gross proceeds of HK$400 million, of which a special distribution of HK$198.8 million was paid to its shareholders and the remaining balance has been utilized together with improved operating cash inflow to settle part of bank borrowings to reduce the net debts by 42.3% to HK$396.8 million.

The Group's major borrowings are in Hong Kong dollars and mostly based on a floating rate at HIBOR or bank prime lending rates. As major revenues of the Group are in Hong Kong dollars and Macanese Pataca, the natural hedge mechanism was applied.

As at 31 March 2019, the Group's total equity funds amounted to HK$992.1 million. The Group's net cash inflow from its operating activities increased by 54.3% to HK$69.6 million and coupled with its existing cash and unutilized banking facilities will fund its future needs. The unutilized banking facilities at 31 March 2019 were HK$221.3 million.

As at 31 March 2019, the current assets and current liabilities were approximately HK$1,033.8 million (31 March 2018: HK$1,883.7 million) and HK$958.6 million (31 March 2018: HK$1,600.6 million), respectively. The current ratio was approximately 1.08 (1.18 as at 31 March 2018).

The Group does not use any financial instruments for hedging purposes.

The Group does not engage in speculative derivative trading.

As at 31 March 2019, the Group does not have any significant contingent liabilities except disclosed in Note 9 to the Consolidated Financial Statements.

The Group does not have plans for material investments or change of capital assets.

At at 31 March 2019, certain property, plant and equipment, investment properties and bank deposit amounting to HK$712.3 million (31 March 2018: HK$452.7 million) were pledged to secure banking facilities granted to the Group. Capital expenditures were under control and reduced to HK$30.1 million (FY2017/18: HK$58.4 million).

During the year ended 31 March 2019, certain self-owned stores were leased out and therefore reclassified from property, plant and equipment to investment properties. The gain on revaluation upon transfer to investment properties net of tax amounted to HK$202.0 million was recorded in reserves as at 31 March 2019.

The deferred tax asset balance decreased by HK$12.9 million and this expense was charged to the income statement during the year ended 31 March 2019. The decrease was mainly from a decrease in tax losses recognised as deferred tax asset.

Since 31 March 2019, there have been no important events affecting the Group which have occurred, and, hence there are no details to disclose.

The annual results for FY2018/19 have been reviewed by the Audit Committee.

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 at 31 March 2019, the Group had 1,550 employees. Excluding the discontinued operations, the Group had 1,656 employees as at 31 March 2018. The Group offers KPI related 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.

CLOSURE OF REGISTER OF MEMBERS

To determine entitlement to attend and vote at the forthcoming Annual General Meeting on 23 August 2019 (Friday) (or any adjournment thereof), the Register of Members of the Company will be closed from 20 August 2019 (Tuesday) to 23 August 2019 (Friday) both days inclusive, 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 Share 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 19 August 2019 (Monday).

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.

SCOPE OF ERNST & YOUNG

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, the consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst and Young, to be the same as the figures set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst and Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst and Young on the preliminary announcement.

CORPORATE GOVERNANCE

During the year ended 31 March 2019, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), except for the following deviations:

Code Provision A.2.1

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. Under the current organisation structure of the Group, Mr. Joseph C.C. Wong is both the Chairman and CEO of the Group. The Company believes that with Mr. Joseph C.C. Wong acting as both Chairman and CEO, consistent leadership is ensured further enabling better strategic planning for the Group. The Board also believes that the non-separation of roles does not affect the balance of power and authority within the Board since the Board comprises of experienced and competent individuals, with the majority of the Board made up of 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 or CEO, 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.

Audit Committee

The Audit Committee comprises of three independent non-executive directors; Mr. Nelson Wu Chun Sang (Chairman of the Audit Committee), Professor 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, risk management and internal control systems and maintaining an appropriate relationship with the Company's external auditors. The Committee held seven meetings on 24 April 2018, 19 June 2018, 24 October 2018, 19 November 2018, 3 December 2018, 8 April 2019 and 17 June 2019 to discuss matters, including, resignation of the Group's previous auditor, recommendation to appoint a replacement auditor, the Group's audit service plan, 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 risk management and internal controls 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 continuing connected transactions and to review the Group's results for the year ended 31 March 2019 and interim results for FY2018/19 before they were presented to the Board, for approval.

Remuneration Committee

The Remuneration Committee comprises of Professor Lawrence Wu Chi Man (Chairman of the Remuneration Committee), Mr. Nelson Wu Chun Sang, Dr. Agnes Kwong Yi Hang (all independent non-executive directors) and Mr. Joseph C.C. Wong (Group Chairman and CEO). On 8 November 2018, the Remuneration Committee (with one member abstaining with respect to his remuneration) resolved by way of circular resolutions to adopt and approve the basic salaries and annual bonus scheme of its executive directors for FY2018/19, respectively.

Nomination Committee

The Nomination Committee comprises of Mr. Joseph C.C. Wong (Chairman of the Nomination Committee, Group Chairman and CEO), three independent non-executive directors; Professor Lawrence Wu Chi Man, Mr. Nelson Wu Chun Sang and Dr. Agnes Kwong Yi Hang. The Committee held one meeting on 20 June 2019 to consider the independence of Professor Lawrence Wu Chi Man and to consider proposing Professor Lawrence Wu Chi Man and Mr. Wallace Kwan Chi Kin for re-election at the Company's AGM on 23 August 2019, since both directors, will retire by rotation at the AGM, and Professor Wu by then would have served more than 9 years.

Corporate Governance Committee

The Corporate Governance Committee comprises of Mr. Wallace Kwan Chi Kin (Chairman of the Corporate Governance Committee and CFO) and three independent non-executive directors, namely, Professor Lawrence Wu Chi Man, Mr. Nelson Wu Chun Sang and Dr. Agnes Kwong Yi Hang. The Committee held a meeting on 12 March 2019 to review the Company's compliance with the Code Provisions and disclosure in the Corporate Governance Report amongst other things.

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 2019 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

Hong Kong, 20 June 2019

Directors of the Company as at the date hereof:

Executive directors:

Chumphol Kanjanapas (also known as Joseph C. C. Wong) *(Chairman and Chief Executive Officer)* and Wallace Kwan Chi Kin *(Chief Financial Officer)*

Independent Non-Executive directors:

Wu Chun Sang, Lawrence Wu Chi Man and Agnes Kwong Yi Hang