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# STELUX Holdings International Limited

寶光實業(國際)有限公司\*

Incorporated in Bermuda with limited liability

website: <http://www.stelux.com>

Stock Code: 84

## ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The board of directors (the “Board”) of Stelux Holdings International Limited (the “Company”, “we”, “our” or “us”) announces the unaudited consolidated interim results and financial information of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2024 (the “period”) as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenues	2	<b>302,242</b>	368,294
Cost of sales		<u><b>(160,323)</b></u>	<u>(189,653)</u>
Gross profit		<b>141,919</b>	178,641
Other gains/(losses)	3	<b>2,898</b>	(3,218)
Other income	4	<b>18,222</b>	13,648
Selling expenses		<b>(104,549)</b>	(121,224)
General and administrative expenses		<b>(87,203)</b>	(78,817)
Other operating expenses		<b>(11,804)</b>	(784)
Finance costs		<u><b>(11,532)</b></u>	<u>(14,509)</u>
Loss before tax	5	<b>(52,049)</b>	(26,263)
Income tax expense	6	<u><b>(3,219)</b></u>	<u>(3,641)</u>
Loss for the period		<u><b>(55,268)</b></u>	<u>(29,904)</u>

\* For identification purpose only

## CONDENSED CONSOLIDATED INCOME STATEMENT (Continued)

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Attributable to:			
Equity holders of the Company		(55,355)	(29,942)
Non-controlling interests		<u>87</u>	<u>38</u>
Loss for the period		<u>(55,268)</u>	<u>(29,904)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share			
– Basic and diluted	8	<u>(5.30)</u>	<u>(2.86)</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Loss for the period	<u>(55,268)</u>	<u>(29,904)</u>
Other comprehensive income/(loss):		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences of translation of foreign operations	<u>41,945</u>	<u>(11,376)</u>
	<u>41,945</u>	<u>(11,376)</u>
<i>Item that will not be reclassified to profit or loss:</i>		
Change in fair value of equity investment at fair value through other comprehensive income	<u>19</u>	<u>201</u>
	<u>19</u>	<u>201</u>
Other comprehensive income/(loss) for the period	<u>41,964</u>	<u>(11,175)</u>
Total comprehensive loss for the period	<u><b>(13,304)</b></u>	<u><b>(41,079)</b></u>
Attributable to:		
Equity holders of the Company	<u>(14,014)</u>	<u>(40,652)</u>
Non-controlling interests	<u>710</u>	<u>(427)</u>
Total comprehensive loss for the period	<u><b>(13,304)</b></u>	<u><b>(41,079)</b></u>

**CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 30 SEPTEMBER 2024**

		<b>Unaudited</b>	
		<b>30 September</b>	31 March
		<b>2024</b>	2024
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment		<b>178,712</b>	183,127
Investment properties		<b>297,800</b>	297,800
Right-of-use assets		<b>72,678</b>	91,312
Intangible assets		<b>48,975</b>	47,567
Equity investment at fair value through other comprehensive income		<b>5,729</b>	5,710
Consideration receivable		<b>318,999</b>	298,975
Trade receivable, deposits and prepayments	9	<b>44,383</b>	34,873
Deferred tax assets		<b>6,840</b>	6,482
		<hr/>	<hr/>
Total non-current assets		<b>974,116</b>	965,846
		<hr/>	<hr/>
Current assets			
Inventories		<b>243,626</b>	226,251
Consideration receivable		<b>45,571</b>	42,711
Trade and other receivables	9	<b>121,826</b>	126,106
Cash and cash equivalents		<b>71,731</b>	67,711
		<hr/>	<hr/>
Total current assets		<b>482,754</b>	462,779
		<hr/>	<hr/>
Total assets		<b>1,456,870</b>	1,428,625
		<hr/>	<hr/>
<b>EQUITY</b>			
Capital and reserves attributable to the equity holders of the Company			
Share capital		<b>104,475</b>	104,647
Treasury shares		<b>(698)</b>	–
Reserves		<b>787,950</b>	801,933
		<hr/>	<hr/>
Shareholders' funds		<b>891,727</b>	906,580
Non-controlling interests		<b>6,415</b>	5,705
		<hr/>	<hr/>
Total equity		<b>898,142</b>	912,285
		<hr/>	<hr/>

**CONDENSED CONSOLIDATED BALANCE SHEET (Continued)**

		<b>Unaudited</b>	
		<b>30 September</b>	31 March
		<b>2024</b>	2024
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>LIABILITIES</b>			
Non-current liabilities			
Deferred tax liabilities		<b>26,287</b>	26,287
Lease liabilities		<b>38,837</b>	50,551
Retirement benefit obligations		<b>1,803</b>	1,803
		<u>66,927</u>	<u>78,641</u>
Total non-current liabilities		<u><b>66,927</b></u>	<u>78,641</u>
Current liabilities			
Trade and other payables	<i>10</i>	<b>135,997</b>	118,513
Income tax payable		<b>23,454</b>	22,559
Bank borrowings		<b>276,183</b>	233,984
Lease liabilities		<b>56,167</b>	62,643
		<u>491,801</u>	<u>437,699</u>
Total current liabilities		<u><b>491,801</b></u>	<u>437,699</u>
Total liabilities		<u><b>558,728</b></u>	<u>516,340</u>
Total equity and liabilities		<u><b>1,456,870</b></u>	<u>1,428,625</u>

# NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

## 1. BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial information have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The unaudited condensed interim consolidated financial information should be read in conjunction with the 2024 annual financial statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies and methods of computation used in the preparation of these condensed interim consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 March 2024.

In the period, the Group has adopted all the new and amended Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2024. HKFRSs comprise HKFRS; HKAS and Interpretations.

### A. New and amended standards adopted by the Group

The Group has applied the following amendments for the first time from 1 April 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to HKAS 1;
- Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – HK Int 5 (Revised);
- Lease Liability in Sale and Leaseback – Amendments to HKFRS 16
- Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7.

As a result of the adoption of the amendments to HKAS 1, the Group changed its accounting policy for the classification of borrowings as below:

*“Borrowings are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.”*

This new policy did not result in a change in the classification of the Group’s borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to HKAS 1.

### B. Impact of new and amended standards issued but not yet adopted by the Group

In September 2023, HKICPA amended HKAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 April 2025. The management does not expect the amendment to have a material impact on the consolidated financial statements.

In July 2024, HKICPA issued HKFRS 18 which is effective for annual reporting periods beginning on or after 1 April 2027, with early application permitted. HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information. The management is currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

## 2. REVENUE AND SEGMENT INFORMATION

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 business nature and geographical perspectives. From a perspective on business nature, the Group has two reportable segments, namely watch retail and watch wholesale trading segments. From a geographical perspective, management mainly assesses the performance of watch retail operations in (i) Hong Kong, Macau and Mainland China and (ii) the rest of Asia.

Revenue represents sales of goods from watch retail segment and watch wholesale trading segment. 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 net corporate expenses. Net corporate expenses mainly represent corporate staff costs and provision for senior management bonus.

### For the six months ended 30 September 2024

	Watch retail			Total <i>HK\$'000</i>
	Hong Kong, Macau and Mainland China <i>HK\$'000</i>	Rest of Asia <i>HK\$'000</i>	Watch wholesale trading <i>HK\$'000</i>	
<b>Revenues from contracts with customers within the scope of HKFRS 15</b>				
– Gross segment	113,409	88,447	169,198	371,054
– Inter-segment	–	–	(68,812)	(68,812)
<b>Sales to external customers</b>	<b>113,409</b>	<b>88,447</b>	<b>100,386</b>	<b>302,242</b>
<b>Timing of revenue recognition</b>				
– At a point in time	113,409	88,447	100,386	302,242
<b>Segment results</b>	<b>(25,948)</b>	<b>(9,842)</b>	<b>10,992</b>	<b>(24,798)</b>
<b>Net corporate expenses</b>				<b>(15,719)</b>
<b>Finance costs</b>				<b>(11,532)</b>
<b>Loss before tax</b>				<b>(52,049)</b>
<b>Income tax expense</b>				<b>(3,219)</b>
<b>Loss for the period</b>				<b>(55,268)</b>

## 2. REVENUE AND SEGMENT INFORMATION (Continued)

As at 30 September 2024

	Watch retail			Total HK\$'000
	Hong Kong, Macau and Mainland China HK\$'000	Rest of Asia HK\$'000	Watch wholesale trading HK\$'000	
Segment assets	378,535	137,855	249,516	765,906
Unallocated assets				690,964
<b>Total assets</b>				<b>1,456,870</b>
Segment liabilities	(85,691)	(50,300)	(80,052)	(216,043)
Unallocated liabilities				(342,685)
<b>Total liabilities</b>				<b>(558,728)</b>

For the six months ended 30 September 2023

	Watch retail			Total HK\$'000
	Hong Kong, Macau and Mainland China HK\$'000	Rest of Asia HK\$'000	Watch wholesale trading HK\$'000	
Revenues from contracts with customers within the scope of HKFRS 15				
– Gross segment	147,737	109,845	208,453	466,035
– Inter-segment	–	–	(97,741)	(97,741)
Sales to external customers	<u>147,737</u>	<u>109,845</u>	<u>110,712</u>	<u>368,294</u>
Timing of revenue recognition				
– At a point in time	<u>147,737</u>	<u>109,845</u>	<u>110,712</u>	<u>368,294</u>
Segment results	<u>(9,937)</u>	<u>(589)</u>	<u>13,470</u>	2,944
Net corporate expenses				(14,698)
Finance costs				(14,509)
Loss before tax				(26,263)
Income tax expense				(3,641)
Loss for the period				<u>(29,904)</u>



## 2. REVENUE AND SEGMENT INFORMATION (Continued)

As at 31 March 2024

	Watch retail			Total <i>HK\$'000</i>
	Hong Kong, Macau and Mainland China <i>HK\$'000</i>	Rest of Asia <i>HK\$'000</i>	Watch wholesale trading <i>HK\$'000</i>	
Segment assets	402,059	138,716	227,099	767,874
Unallocated assets				660,751
Total assets				1,428,625
Segment liabilities	(104,248)	(55,106)	(60,433)	(219,787)
Unallocated liabilities				(296,553)
Total liabilities				(516,340)

## 3. OTHER GAINS/(LOSSES)

	Six months ended 30 September	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss on disposal of property, plant and equipment	(1,584)	(17)
Exchange gain/(loss), net	4,135	(3,241)
Gain on termination of leases	347	40
	2,898	(3,218)

## 4. OTHER INCOME

	Six months ended 30 September	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Building management fee income	1,290	1,290
Rental income	3,178	3,002
Interest income	9,267	67
Government subsidies	855	20
Shared service income	2,016	7,200
Sundries	1,616	2,069
	18,222	13,648

## 5. LOSS BEFORE TAX

The Group's loss before tax has been derived after debiting or (crediting) the following items in the income statement.

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Depreciation of		
– Property, plant and equipment	13,451	9,993
– Right-of-use assets	36,049	31,426
Impairment loss/(reversal of impairment loss) of		
– Property, plant and equipment	213	(403)
– Right-of-use assets	794	(2,985)
Lease rentals in respect of land and buildings		
– Short-term and variable lease payments	11,838	18,010
Write back of provision for inventories	(4,746)	(470)
Inventories written off	854	140
Donations	50	117
Employee benefit expenses	94,980	92,646
	<u>94,980</u>	<u>92,646</u>

## 6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	1,320	3,181
– Overseas profits tax	1,864	530
– Under/(over) provisions in respect of prior years	12	(25)
	<u>3,196</u>	<u>3,686</u>
Deferred income tax	23	(45)
	<u>3,219</u>	<u>3,641</u>

Hong Kong profits tax has been provided at the rate of 16.5% based on the estimated assessable profits for the six months ended 30 September 2024 (2023: 16.5%) less tax relief, if any. Taxation on overseas profits has been calculated on the estimated assessable profits for the six months ended 30 September 2024 at the rates of taxation prevailing in the jurisdictions in which the Group operates.

## 7. DIVIDENDS

At a board meeting held on 27 November 2024, the directors did not propose the payment of an interim dividend for the six months ended 30 September 2024 (2023: nil).

## 8. LOSS PER SHARE

### 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 period.

	Six months ended 30 September	
	2024	2023
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	<u>1,044,882</u>	<u>1,046,474</u>
Loss attributable to equity holders of the Company ( <i>HK\$'000</i> )	<u>(55,355)</u>	<u>(29,942)</u>
Basic loss per share ( <i>HK cents</i> )	<u>(5.30)</u>	<u>(2.86)</u>

### Diluted

Diluted loss per share for the six months ended 30 September 2024 and 30 September 2023 are the same as the basic loss per share amounts as there were no potentially dilutive ordinary share in issues during two periods.

## 9. TRADE AND OTHER RECEIVABLES

	30 September	31 March
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables, gross	96,272	93,480
Less: impairment loss	<u>(750)</u>	<u>(1,225)</u>
Trade receivables, net (note)	95,522	92,255
Other receivables	18,353	12,813
Deposits	45,366	48,016
Prepayments	<u>6,968</u>	<u>7,895</u>
	166,209	160,979
Less: non-current portion	<u>(44,383)</u>	<u>(34,873)</u>
Current portion	<u>121,826</u>	<u>126,106</u>
Trade receivables analysed by invoice date:		
0-60 days	34,015	47,804
Over 60 days	<u>62,257</u>	<u>45,676</u>
	<u>96,272</u>	<u>93,480</u>

### Note:

The Group engages designated import and export agents for the importation of products from the subsidiaries in Hong Kong to the subsidiaries in 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 include balances due from and due to the import and export agents of HK\$37.401 million as at 30 September 2024 (31 March 2024: HK\$34.968 million).

## 10. TRADE AND OTHER PAYABLES

	<b>30 September 2024 HK\$'000</b>	31 March 2024 HK\$'000
Trade payables	78,544	55,787
Contract liabilities	1,465	892
Other payables	17,535	15,082
Accruals	38,453	46,752
	<u>135,997</u>	<u>118,513</u>
Trade payables analysed by invoice date:		
0-60 days	36,551	13,740
Over 60 days	41,993	42,047
	<u>78,544</u>	<u>55,787</u>

## 11. CONTINGENT LIABILITIES

As at 30 September 2024, a subsidiary of the Company had contingent liabilities in respect of bank guarantees given to landlords in lieu of rental deposits for certain retail shops and suppliers amounting to approximately HK\$7.886 million (31 March 2024: HK\$7.738 million)

## MANAGEMENT DISCUSSION AND ANALYSIS

### Performance Overview

- Group Turnover decreased by 17.9% to HK\$302.2 million
- Loss Attributable to Equity Holders of the Company of HK\$55.4 million

During the six months ended 30 September 2024 (“1H 2024” or “Period” or “period”), Group turnover decreased by 17.9% to HK\$302.2 million (the six months ended 30 September 2023 (“1H 2023”): HK\$368.3 million).

The Group reported a loss attributable to equity holders of HK\$55.4 million in 1H 2024 (HK\$29.9 million in 1H 2023). An interest income of HK\$9.2 million was recognized in 1H 2024 (1H 2023: nil). The consideration receivable arising from disposal of a subsidiary is interest-bearing. If this interest income was excluded, the Group would have reported a consolidated net loss of HK\$64.6 million.

### Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2024 (2023: Nil per ordinary share).

### City Chain Group

- Turnover decreased by 21.6% to HK\$201.9 million (1H 2023: HK\$257.6 million)
- Loss before interest and tax (“LBIT”) was HK\$35.8 million while that of 1H 2023 was HK\$10.5 million

The City Chain Group (belonging to the Group) operates around 95 stores in Hong Kong, Macau, Mainland China (collectively, the “Greater China”), Singapore, Thailand and Malaysia together with online stores of “City Chain” and “Solvil et Titus”.

### *Greater China*

Turnover for the City Chain Group’s operations in Greater China was HK\$113.4 million (1H 2023: HK\$147.7 million), declined by 23.2% year-on-year (“y-o-y”). LBIT in 1H 2024 was HK\$25.9 million (1H 2023: HK\$9.9 million). Impacted by the trend of local residents travelling northbound, retail sales in Hong Kong decreased by 25.9% y-o-y. Retail sales in Macau increased by 9.3% as a result of new stores opening. The retail sales in Mainland China recorded a decrease of 22.4% while the number of stores decreased by 36.4% as a result of closing the under-performing stores.

Our online stores in Hong Kong continued to achieve profitable results in 1H 2024 while those in Mainland China had not yet achieved breakeven results due to keen market competition. The Group will continue to invest more resources in expanding its e-commerce business to prioritize its online brand exposure and customer engagement.

## ***Southeast Asia***

Turnover for the City Chain Group's operations in Southeast Asia was HK\$88.4 million, declined by 19.5% y-o-y and LBIT of HK\$9.8 million was recorded in 1H 2024 (1H 2023: HK\$0.6 million), given prevailing inflation and stagnant retail sentiment.

With continual investments in our e-commerce platforms to deploy welcoming products for consumers, our e-commerce business in Southeast Asia developed during 1H 2024 with steady y-o-y sales growth of 5.0%.

## **Supply Chain Management and Wholesale Trading**

Turnover of the Group's watch supply chain and wholesale trading units decreased by 9.3% to HK\$100.4 million (1H 2023: HK\$110.7 million) and recorded a profit of HK\$11.0 million (1H 2023: HK\$13.5 million). Our wholesale trading unit continues to launch various marketing campaigns with quality service support to boost sell-through to retailers.

## **Group Outlook**

Looking ahead to 2025, given the global economic slowdown and the uncertain situation in the world, the business environment continues to be challenging. Nonetheless, through improving operational efficiency and enhanced customer connection, our resilient framework enabled us to cope with these headwinds. Also, the Group remains committed to implement internal measures and enhancements that will help preserve its competitive advantage in the marketplace and remain sustainable for future development. In particular, the Group would continue to invest more resources in expanding its e-commerce business to prioritize its online brand exposure and customer engagement.

## **Finance**

Reference is made to the "Finance" section set out at Pages 30 to 32 of the 2024 Annual Report of the Company as published on 19 July 2024.

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 funding and 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.

As at 30 September 2024, the Group's gearing ratio (calculated as a percentage of net debts of HK\$204.5 million (31 March 2024: HK\$166.3 million) over shareholders' funds of HK\$891.7 million (31 March 2024: HK\$906.6 million)) was 22.9% (31 March 2024: 18.3%). The net debts are based on the interest-bearing bank borrowings of HK\$276.2 million (31 March 2024: HK\$234.0 million) less bank balance and cash of HK\$71.7 million of the Group (31 March 2024: HK\$67.7 million).

The Group has borrowed as per actual demand, and except as mentioned in this section, there were no bank committed borrowing facilities and no seasonality of borrowing requirements. As at 30 September 2024: (a) the Group's bank borrowings were denominated in Hong Kong dollars (31 March 2024: Hong Kong dollars) and comprised of HK\$143.5 million (31 March 2024: HK\$92.5 million) repayable within one year and HK\$132.7 million (31 March 2024: HK\$141.5 million) with scheduled repayment after one year but repayable on demand and were classified as current liabilities; (b) the bank borrowings were made available at a fixed rate per annum over HIBOR or the relevant bank prime lending rate (as the case may be); and (c) the unutilized bank borrowings were a total of HK\$110.0 million. For more details about the bank borrowings, please refer to Note 33 to the Group's audited financial statements set out at Page 156 of the Company's 2024 Annual Report as published on 19 July 2024.

As at 30 September 2024, the Group's total equity funds amounted to HK\$898.1 million.

As at 30 September 2024, the Group's cash and cash equivalents were predominantly held in Hong Kong dollars, Singapore dollars, Malaysian Ringgits and Thai Bahts.

As major assets of the Group are denominated in Hong Kong dollars, the natural hedge mechanism is applied, basically to minimize possible exposure to fluctuations in exchange rates. Except for the foregoing, the Group does not use financial instruments for hedging purposes, nor otherwise hedged its foreign currency net investments (if any) by currency borrowing or other hedging instruments.

As at 30 September 2024, the Group's current assets and current liabilities were approximately HK\$482.8 million (31 March 2024: HK\$462.8 million) and HK\$491.8 million (31 March 2024: HK\$437.7 million), respectively. The current ratio was approximately 0.98 (1.06 as at 31 March 2024).

The Group does not engage in speculative derivative trading.

As at 30 September 2024, a subsidiary of the Company had contingent liabilities in respect of bank guarantees given to landlords in lieu of rental deposits for certain retail shops and also given to suppliers, amounting to a total of approximately HK\$7.886 million (31 March 2024: HK\$7.738 million). In addition, as at 30 September 2024, certain property, plant and equipment and investment properties amounting to a total of HK\$429.0 million (31 March 2024: HK\$433.8 million) were pledged to secure banking facilities granted to the Group. Except for the foregoing, there was no pledge nor charge of the Group's assets as at 30 September 2024.

The Group does not currently have plans for acquiring material investments nor capital assets.

As at 30 September 2024, the Group did not hold any significant investment, which (for the purposes of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”)) refers to any investment in an investee company with a value of 5% or more of the Group’s total assets as at 30 September 2024.

During the period, the Group did not make any material acquisitions nor disposals of its subsidiaries, associates and joint ventures.

Since 30 September 2024, except for the matters referred to in the Company’s profit warning announcement dated 7 October 2024 and other publications of the Company, the Company is not aware of any important events affecting the Group.

### **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. The Group generally offers key performance index (“KPI”)-related bonuses to eligible employees based on (among others) the performance of the Group and the individual employee, and in relation to the executive directors of the Company (“Directors”), the Company offers an executive bonus scheme under which executive bonuses are made to eligible participants in accordance with the terms and conditions set out therein.

The Group also provides or encourages employees to participate in relevant training programmes (internal and external) to improve the quality, competence and skills of its employees. Internal training programmes include courses for professional competency and technical development to enhance employees’ capabilities, whereas external training programmes include seminars and conferences organised by external parties that provide training and professional development opportunities for employees.

As at 30 September 2024, the Group had approximately 685 employees (30 September 2023: 851 employees, and 31 March 2024: 825 employees), and the total employee costs incurred by the Group during the period amounted to HK\$95.0 million (the six months ended 30 September 2023: HK\$92.6 million, and the year ended 31 March 2024: HK\$183.9 million).

### **CAPITAL STRUCTURE OF THE COMPANY**

There was no change in the issued capital structure of the Company during the period, except that the Company has held treasury shares since 20 August 2024 in accordance with the Company’s Bye-Laws in force for the time being (“Bye-Laws”). As at 30 September 2024, the Company has 1,036,919,025 issued ordinary shares (excluding 7,839,000 treasury shares). For details, please see the “Purchase, Sale or Redemption of Listed Securities” section below.

### **CHANGES IN THE CORPORATE STRUCTURE OF THE GROUP**

There was no material change in the corporate structure of the Group during the period.



## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the period, the Company repurchased in multiple batches a total of 9,555,000 shares of the Company on the Stock Exchange in cash for an aggregate consideration (before expenses) of HK\$839,287.00. Among the shares so repurchased, 7,555,000 shares were repurchased in the month of August 2024 at the highest price of HK\$0.090 per share and the lowest price of HK\$0.078 per share for a total consideration (before expenses) of HK\$661,787.00, and 2,000,000 shares were repurchased in the month of September 2024 at the highest price of HK\$0.090 per share and the lowest price of HK\$0.088 per share for a total consideration (before expenses) of HK\$177,500.00.

As at 30 September 2024, a total of 1,716,000 repurchased shares were cancelled, and the remaining 7,839,000 repurchased shares were held by the Company as treasury shares, in all cases in accordance with the Bye-Laws.

For further details about the share repurchases, share cancellation and treasury shares, please refer to the Explanatory Statements set out in Appendix I to the Company's circulars dated 21 July 2023 and 19 July 2024 respectively, as well as the next day disclosure returns and monthly returns as published by the Company from 5 August 2024 to 2 October 2024 (both dates inclusive).

Except for the foregoing, neither of the Company nor any of its subsidiaries has redeemed, purchased or sold any of the Company's listed securities (including sale of its treasury shares) during the period and up to the date of this announcement.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Code**

During the six months ended 30 September 2024 and up to the date of this announcement, the Company has complied with the code provisions (the "Code Provisions") under Part 2 of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules, except for the following deviations:

### ***Code Provision C.2.1***

Under Code Provision C.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. Chumphol Kanjanapas (also known as Joseph C.C. Wong) (“Mr. Joseph C.C. Wong”) is both the Chairman and CEO of the Group, and has held both roles since 2011. The Board believes that, with Mr. Joseph C.C. Wong acting as both the Chairman and CEO, it ensures consistent leadership, enables better strategic planning, facilitates the smooth execution of the Group’s business strategies, and improves the overall effectiveness of the Group’s operations, collectively giving more confidence to the Group’s shareholders, investors, customers, suppliers and business partners.

The Board also believes that the non-separation of roles does not impair the balance of power and authority within the Board. The Board comprises three executive Directors and three independent non-executive Directors. Mr. Joseph C.C. Wong (in his capacity as the Chairman cum executive Director) provides leadership for the Board and performs other duties and functions under the Code Provisions. He, together with the other two highly experienced executive Directors (who are legal and financial professionals adhering to their respective professional standards), provide top supervision and management over the day-to-day business operations and key affairs of the Group, whereas the three independent non-executive Directors (who are high-caliber and experienced individuals with a broad range of expertise and experience, including in areas such as financial management and advisory, accounting and audit, corporate banking, risk management, financial reporting, as well as compliance in insurance, accounting and financial sectors) provide independent views and invaluable input to the Board. Together, the Directors could ensure that the Board maintains high standards of financial and other mandatory reporting and compliance, and also a close supervision over the key affairs of the Group, with adequate checks and balances to safeguard the interests of shareholders in general and the Group as a whole.

In view of the foregoing, the Board considers that the deviation from Code Provision C.2.1 is appropriate in the context of the Group, and it is in the best interests of the Company and its shareholders as a whole for Mr. Joseph C.C. Wong to act and continue to act as both the Chairman and CEO.

### ***Code Provision B.2.2***

Under Code Provision B.2.2, 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 retire by rotation strictly in accordance with Code Provision B.2.2. Bye-Law 110(A) of the Bye-Laws stipulates that one-third of the Directors who have been longest serving in office since their last election shall retire from office by rotation (and shall be eligible for re-election) at each annual general meeting, but no Director holding office as Chairman, Vice Chairman, CEO or Managing Director (including Joint Managing Director or Deputy Managing Director, if any) shall be subject to retirement by rotation or taken into account in determining the number of Directors to retire.

The Board believes that the roles of Chairman, Vice Chairman, CEO and Managing Directors (if any) are of utmost importance to the Company and also the Group as a whole and, given the importance of the roles, it is in the best interests of the Company and its shareholders as a whole to ensure continuity in these roles, which is essential for the stability and sustainability in the key management of the Group. The Board also believes that the continuous performance of such roles on the part of two of the present executive Directors, namely Mr. Joseph C. C. Wong who serves as the Chairman cum CEO and Mr. Suriyan Kanjanapas (also known as Suriyan Joshua Kanjanapas) who serves as the Vice Chairman, could serve the above purposes, noting that they are both qualified and capable leaders who possess in-depth knowledge, experience and network in both the Group and the industry.

In addition, the Bye-Laws incorporating the said Bye-law 110(A) were duly approved by the shareholders of the Company at three previous annual general meetings respectively held on 23 August 2012, 16 August 2022 and, most recently, 20 August 2024. In other words, the shareholders of the Company have on multiple occasions expressed their approval on the exclusion of the Chairman, Vice Chairman, CEO or Managing Director (if any) from the requirement for retirement by rotation. In the circumstances, the Board considers that the deviation from Code Provision B.2.2 is appropriate in the context of the Group.

### ***Code Provision E.1.2***

Code Provision E.1.2 deals with the terms of reference of the Remuneration Committee. The Company has adopted the terms of reference under Code Provision E.1.2, except that the terms of reference do not include reviewing and determining the remuneration packages of senior management of the Group. The Board 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. As such, the Board considers that the deviation from Code Provision E.1.2 is appropriate in the context of the Group. Nevertheless, as at the date of this announcement, the senior management of the Company for the purposes of the CG Code comprises the CEO and the Chief Financial Officer of the Company, whose functions are currently performed by two executive Directors acting in dual roles and capacities. In effect, according to its terms of reference, the Remuneration Committee currently reviews and recommends to the Board the remuneration packages of the Directors, including those of the executive Directors who are simultaneously performing the respective roles and functions of the senior management.

### **Audit Committee**

On 19 November 2024, the Audit Committee together with the management of the Company reviewed the effectiveness of the systems of internal controls throughout the Group for the six months ended 30 September 2024 and discussed financial reporting matters, including review of the Group's results for the six months ended 30 September 2024 and the Company's Interim Report for the period before they were presented to the Board for approval.

## **Remuneration Committee**

On 25 June 2024, the Remuneration Committee determined the basic salaries for its executive Directors for the financial year ending 31 March 2025.

## **Nomination Committee and Corporate Governance Committee**

There have been no updates on the Nomination Committee and the Corporate Governance Committee since the publication of the immediately preceding Annual Report of the Company.

## **Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “Model Code”)**

The Company has adopted the Model Code as the code of conduct regarding Directors’ securities transactions.

The Company has also made specific enquiry of all its Directors to ascertain whether they have complied with or whether there has been any non-compliance with the required standard set out in the Model Code.

All Directors complied with the provisions of the Model Code during the six months ended 30 September 2024.

## **PUBLICATION OF FINANCIAL INFORMATION AND INTERIM REPORT**

This announcement is published on the website of the Stock Exchange at <https://www.hkexnews.hk> under “Latest Listed Company Information” and the Company’s website at <http://www.stelux.com>. The Company’s Interim Report for 2024/2025 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, 27 November 2024

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*)

Suriyan Kanjanapas (also known as Suriyan Joshua Kanjanapas) (*Vice Chairman*)

Kelly Liao Ching Mei (*Chief Financial Officer*)

### *Independent Non-Executive Directors:*

Ricky Lai Kai Ming, Chan Cheuk Pan and Lai Chun Yu