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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 YEAR ENDED 31 MARCH 2025

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 2025 as follows:

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025

		2025	2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenues	3	615,215	767,561
Cost of sales		(334,359)	(381,888)
Gross profit		280,856	385,673
Other (losses)/gains	4	(27,650)	514,791
Other income		35,777	28,865
Selling expenses		(212,732)	(247,952)
General and administrative expenses		(164,749)	(155,030)
Other operating income/(expenses)		8,015	(14,648)
Finance costs		(22,666)	(29,993)
(Loss)/profit before tax		(103,149)	481,706
Income tax expense	5	(3,639)	(8,381)
(Loss)/profit for the year		(106,788)	473,325

* For identification purpose only

**CONSOLIDATED INCOME STATEMENT AND
STATEMENT OF OTHER COMPREHENSIVE INCOME (Continued)**

		2025	2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the year attributable to:			
Equity holders of the Company		(106,999)	473,151
Non-controlling interests		<u>211</u>	<u>174</u>
		<u>(106,788)</u>	<u>473,325</u>
(Loss)/earnings per share			
Basic and diluted (HK cents)	6	<u>(10.28)</u>	<u>45.21</u>
Other comprehensive income:			
<i>Items that reclassified and may be reclassified subsequently to profit or loss:</i>			
Exchange differences of translation of foreign operations		11,802	(15,776)
Exchange differences reclassified to profit or loss upon disposal of foreign operations		–	21,897
<i>Items that will not be reclassified to profit or loss:</i>			
Change in fair value of equity investment at fair value through other comprehensive income		(310)	2,646
Gain on revaluation of property, plant and equipment, net of tax		102,993	–
Re-measurement on retirement benefit obligations		<u>288</u>	<u>130</u>
Other comprehensive income for the year, net of tax		<u>114,773</u>	<u>8,897</u>
Total comprehensive income for the year		<u>7,985</u>	<u>482,222</u>
Total comprehensive income for the year attributable to:			
Equity holders of the Company		7,488	482,528
Non-controlling interests		<u>497</u>	<u>(306)</u>
		<u>7,985</u>	<u>482,222</u>

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2025

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		162,621	183,127
Investment properties		393,100	297,800
Right-of-use assets		69,211	91,312
Intangible assets		47,542	47,567
Equity investment at fair value through other comprehensive income		5,400	5,710
Consideration receivable		261,887	298,975
Trade receivables and deposits	8	34,904	34,873
Deferred tax assets		5,605	6,482
Total non-current assets		980,270	965,846
Current assets			
Inventories		207,654	226,251
Consideration receivable		43,647	42,711
Trade and other receivables	8	111,217	126,106
Cash and cash equivalents		83,339	67,711
Total current assets		445,857	462,779
Total assets		1,426,127	1,428,625
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		104,475	104,647
Treasury shares		(698)	—
Reserves		809,452	801,933
Shareholders' funds		913,229	906,580
Non-controlling interests		6,202	5,705
Total equity		919,431	912,285

CONSOLIDATED BALANCE SHEET (Continued)

		2025	2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		40,195	26,287
Lease liabilities		34,330	50,551
Retirement benefit obligations		1,862	1,803
		<u> </u>	<u> </u>
Total non-current liabilities		<u>76,387</u>	<u>78,641</u>
Current liabilities			
Trade and other payables	9	117,229	118,513
Income tax payable		20,790	22,559
Bank borrowings		241,890	233,984
Lease liabilities		50,400	62,643
		<u> </u>	<u> </u>
Total current liabilities		<u>430,309</u>	<u>437,699</u>
		<u> </u>	<u> </u>
Total liabilities		<u>506,696</u>	<u>516,340</u>
		<u> </u>	<u> </u>
Total equity and liabilities		<u>1,426,127</u>	<u>1,428,625</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the disclosure requirements of the Companies Ordinance.

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(a) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

As at 31 March 2025, included in current liabilities of the Group are bank borrowings of approximately HK\$241.890 million which contain a repayment on demand clause, HK\$81.515 million out of HK\$241.890 million are bank borrowings that are contractually repayable within the next twelve months, together with the related bank borrowings interests of HK\$16.569 million. However, as of that date, the available cash and cash equivalents of the Group was only maintained at HK\$83.339 million. These conditions may create doubt about the Group’s ability to continue as a going concern.

In preparing these consolidated financial statements, the directors of the Company have given careful consideration to the current and anticipated future liquidity of the Group and the ability of the Group to continue to attain profitable and positive cash flows from operations in the immediate and longer terms.

Based on the Group’s credit history and historical relationship with the banks, the directors of the Company do not believe that it is probable that the banks will demand immediate repayment of bank borrowing of approximately HK\$241.890 million but rather such bank borrowings will be repaid in accordance with their scheduled repayment dates. Accordingly, principal and interest payments due within the next twelve months from the reporting date amounted to HK\$98.084 million.

In addition, in order to strengthen the Group’s liquidity in the foreseeable future, the directors of the Company have taken measures such as closing down under-performing retail stores and implementing various cost control measures to reduce the costs of operations. The Group continues with the implementation of the aforementioned measures in order to achieve further improvement of the Group’s liquidity in short term and long-term periods.

The directors of the Company have taken into account the cash requirements of the Group for the next twelve months commencing from the end of the reporting period. With unutilised banking facilities of approximately HK\$89.022 million as at 31 March 2025, other potential sources of funding, and continued adoption of the above measures, the directors have therefore concluded that the Group will have sufficient working capital to fully meet its financial obligations when they fall due. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2024 for the preparation of the consolidated financial statements:

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

Adoption of Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (collectively the "HKAS 1 Amendments")

As a result of the adoption of the HKAS 1 Amendments, 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.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification."

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 HKAS 1 Amendments.

Except for the above, other amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS (Continued)

(b) Revised HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 March 2025 and which have not been adopted in these financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability	1 April 2025
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 April 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 April 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 April 2027
HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 April 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 April 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements, except for the following.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the consolidated income statement, 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 consolidated income statement, (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 directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. 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 unallocated income and net corporate expenses.

Unallocated income represents dividend income from unlisted equity investment, gain on disposal of a subsidiary and re-measurement of deferred consideration payable in respect of acquisition of a subsidiary in prior years. Net corporate expenses mainly represent corporate staff costs and provision for senior management bonus. Unallocated assets represent property, plant and equipment, investment properties and right-of-use assets at corporate level, unlisted equity investment, deferred tax assets and cash and cash equivalents. Unallocated liabilities represent lease liabilities, other payables and accruals at corporate level, bank borrowings, deferred tax liabilities and income tax payable.

For the year ended 31 March 2025

	Watch retail			
	Hong Kong, Macau and Mainland China HK\$'000	Rest of Asia HK\$'000	Watch wholesale trading HK\$'000	Total HK\$'000
Revenues from contracts with customers within the scope of HKFRS 15				
– Gross segment	225,887	187,119	342,979	755,985
– Inter-segment	–	–	(140,770)	(140,770)
Sales to external customers	225,887	187,119	202,209	615,215
Timing of revenue recognition				
– At a point in time	225,887	187,119	202,209	615,215
Segment results	(57,484)	(8,219)	22,263	(43,440)
Unallocated income				1,593
Net corporate expenses				(38,636)
Finance costs				(22,666)
Loss before tax				(103,149)
Income tax expense				(3,639)
Loss for the year				(106,788)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. REVENUE AND SEGMENT INFORMATION (Continued)

For the year ended 31 March 2025 (Continued)

	Watch retail				
	Hong Kong, Macau and Mainland China <i>HK\$'000</i>	Rest of Asia <i>HK\$'000</i>	Watch wholesale trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additional of non-current assets:					
– property, plant and equipment	(3,003)	(4,467)	(702)	(29)	(8,201)
– right-of-use assets	(22,768)	(22,432)	(257)	–	(45,457)
Depreciation:					
– property, plant and equipment	(4,492)	(6,038)	(1,189)	(9,956)	(21,675)
– right-of-use assets	(27,338)	(21,823)	(4,713)	–	(53,874)
Impairment of:					
– property, plant and equipment	(1,737)	(859)	–	–	(2,596)
– right-of-use assets	(7,639)	(1,191)	–	–	(8,830)
Reversal of impairment of:					
– trade receivables	20	–	787	–	807
– consideration receivable	–	–	–	650	650
Fair value change of investment properties	(18,700)	–	–	(6,000)	(24,700)
Reversal of provision/(provision) for inventories	9,210	(802)	17,235	–	25,643
Other material items of income and expense:					
– cost of inventories sold	(115,264)	(100,903)	(118,192)	–	(334,359)
– staff costs	(73,792)	(43,350)	(37,977)	(26,738)	(181,857)
Segment assets	<u>450,766</u>	<u>138,024</u>	<u>213,660</u>	<u>623,677</u>	<u>1,426,127</u>
Segment liabilities	<u>(76,033)</u>	<u>(55,477)</u>	<u>(55,590)</u>	<u>(319,596)</u>	<u>(506,696)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. REVENUE AND SEGMENT INFORMATION (Continued)

For the year ended 31 March 2024

	Watch retail			
	Hong Kong, Macau and Mainland China <i>HK\$'000</i>	Rest of Asia <i>HK\$'000</i>	Watch wholesale trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenues from contracts with customers within the scope of HKFRS 15				
– Gross segment	321,506	221,506	403,231	946,243
– Inter-segment	–	–	(178,682)	(178,682)
Sales to external customers	<u>321,506</u>	<u>221,506</u>	<u>224,549</u>	<u>767,561</u>
Timing of revenue recognition				
– At a point in time	<u>321,506</u>	<u>221,506</u>	<u>224,549</u>	<u>767,561</u>
Segment results	<u>8,035</u>	<u>(10,610)</u>	<u>27,230</u>	24,655
Unallocated income				528,308
Net corporate expenses				(41,264)
Finance costs				<u>(29,993)</u>
Profit before tax				481,706
Income tax expense				<u>(8,381)</u>
Profit for the year				<u>473,325</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. REVENUE AND SEGMENT INFORMATION (Continued)

For the year ended 31 March 2024 (Continued)

	Watch retail				
	Hong Kong, Macau and Mainland China <i>HK\$'000</i>	Rest of Asia <i>HK\$'000</i>	Watch wholesale trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additional of non-current assets:					
– property, plant and equipment	(16,399)	(9,618)	(3,124)	(1,283)	(30,424)
– right-of-use assets	(60,232)	(26,628)	(2,026)	–	(88,886)
Depreciation:					
– property, plant and equipment	(5,445)	(5,206)	(738)	(10,648)	(22,037)
– right-of-use assets	(32,488)	(25,253)	(4,346)	–	(62,087)
Impairment of:					
– property, plant and equipment	(3,674)	(1,369)	–	(1,689)	(6,732)
– intangible assets	–	–	–	(1,083)	(1,083)
– right-of-use assets	(13,167)	(4,889)	–	–	(18,056)
– trade receivables	(265)	–	(945)	–	(1,210)
– consideration receivable	–	–	–	(5,203)	(5,203)
Fair value change of investment properties	(400)	–	–	300	(100)
Reversal of provision/(provision) for inventories	13,985	(139)	7,075	–	20,921
Other material items of income and expense:					
– cost of inventories sold	(142,063)	(117,159)	(122,666)	–	(381,888)
– staff costs	(76,443)	(47,590)	(39,966)	(19,894)	(183,893)
Segment assets	<u>402,059</u>	<u>138,716</u>	<u>227,099</u>	<u>660,751</u>	<u>1,428,625</u>
Segment liabilities	<u>(104,248)</u>	<u>(55,106)</u>	<u>(60,433)</u>	<u>(296,553)</u>	<u>(516,340)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

An analysis of the Group's revenue and segment results by geographical area are as follows:

	Revenue		Segment results	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Hong Kong, Macau and Mainland China	309,403	423,092	(46,199)	21,992
Rest of Asia	303,857	343,670	7,333	1,877
Europe	1,955	799	(4,574)	786
	615,215	767,561	(43,440)	24,655

An analysis of the Group's non-current assets (other than equity investment at fair value through other comprehensive income, deferred tax assets, consideration receivable, trade receivables and refundable deposits) by geographical area is as follows:

	2025 HK\$'000	2024 HK\$'000
Hong Kong, Macau and Mainland China	557,589	504,304
Rest of Asia	77,247	78,566
Europe	37,638	37,283
	672,474	620,153

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

These were no revenue transactions with a single external customer which amounted to 10% or more of the Group's revenue during the year (2024: Nil).

Revenue recognised that was included in contract liabilities at the beginning of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Sales of watches	892	1,345

Performance obligations

The performance obligation is satisfied upon delivery of the goods and payment is mainly on cash and credit card settlement, except for wholesale customers, where payment is due within credit period from delivery. As at 31 March 2025, the remaining performance obligations (unsatisfied or partially unsatisfied) are part of contracts that have an original expected duration of one year or less, the transaction price allocated to which is not presented according to practical expedient in HKFRS 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. OTHER (LOSSES)/GAINS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Exchange losses	(164)	(12,128)
Fair value changes of investment properties	(24,700)	(100)
(Loss)/gain on disposal of property, plan and equipment	(3,392)	122
Gain on disposal of a subsidiary	–	509,487
Gain on termination of leases	606	70
Re-measurement of deferred consideration payable in respect of acquisition of a subsidiary in prior years	–	17,340
	<u>(27,650)</u>	<u>514,791</u>

5. INCOME TAX EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax		
– Hong Kong profits tax	818	3,923
– Overseas profits tax	2,674	2,317
– (Over)/under provisions in prior years	(715)	1,731
	<u>2,777</u>	<u>7,971</u>
Deferred tax	862	410
	<u>3,639</u>	<u>8,381</u>

The provision for Hong Kong Profits Tax for 2025 is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year. Taxation on 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. (LOSS)/EARNINGS PER SHARE

Basic

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

	2025	2024
(Loss)/profit attributable to equity holders of the Company (<i>HK\$'000</i>)	<u><u>(106,999)</u></u>	<u><u>473,151</u></u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u><u>1,040,900</u></u>	<u><u>1,046,474</u></u>
Basic (loss)/earnings per share attributable to the equity holders of the Company (<i>HK cents</i>)	<u><u>(10.28)</u></u>	<u><u>45.21</u></u>

Diluted

Diluted (loss)/earnings per share for the years ended 31 March 2025 and 31 March 2024 are the same as the basic (loss)/earnings per share amounts as there were no potentially dilutive ordinary shares in issues during two years.

7. DIVIDEND

The directors did not recommend the payment of any dividends for the year ended 31 March 2025 (2024: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables, gross	87,548	93,480
Less: impairment loss	(424)	(1,225)
	<u>87,124</u>	<u>92,255</u>
Other receivables	13,272	12,813
Deposits	39,520	48,016
Prepayments	6,205	7,895
	<u>146,121</u>	<u>160,979</u>
Less: non-current portion	(34,904)	(34,873)
	<u>111,217</u>	<u>126,106</u>

The ageing analysis of the trade receivables based on invoice date is as follows:

	2025 HK\$'000	2024 HK\$'000
0-60 days	25,569	47,804
Over 60 days	61,979	45,676
	<u>87,548</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 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 include balances due from and due to the import and export agents of HK\$37.0 million as at 31 March 2025 (2024: HK\$34.968 million).

Other than the balances due from the import and export agents, the Group allows an average credit period of 60 days (2024: 60 days) from the invoice date to its trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	56,728	55,787
Contract liabilities	1,814	892
Other payables	15,217	15,082
Accruals	43,470	46,752
	<u>117,229</u>	<u>118,513</u>

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

The ageing analysis of the trade payables based on invoice date is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0-60 days	16,984	13,740
Over 60 days	39,744	42,047
	<u>56,728</u>	<u>55,787</u>

10. CONTINGENT LIABILITIES

As at 31 March 2025, a subsidiary of the Company had contingent liabilities in respect of bank guarantees given to landlords in lieu of rental deposits for certain retails shops and suppliers amounting to approximately HK\$7.715 million (2024: HK\$7.738 million).

MANAGEMENT DISCUSSION AND ANALYSIS

- Group Turnover of HK\$615.2 million
- Loss Attributable to Equity Holders of the Company of HK\$107.0 million
- Net asset value at HK\$919.4 million (31 March 2024: HK\$912.3 million)
- Group gearing ratio at 17.4% (31 March 2024: 18.3%)

A loss attributable to Group equity holders of HK\$107.0 million was recorded in FY2024/25 (FY2023/24: Profit of HK\$473.2 million) after taking into account of the following special items:

- The gain on disposal of a subsidiary and the disposal of a stock of watches (“**Disposal of watches**”) of HK\$544.2 million in FY2023/24;
- A revaluation difference of properties (non-cash) of HK\$24.7 million (expense) (FY2023/24: HK\$0.1 million (expense)) due to revaluation of properties;
- The impairment loss of intangible assets (non-cash) of HK\$1.1 million was recorded in FY2023/24 due to reducing recoverable amount while there was no impairment loss of intangible assets recorded in FY2024/25;

If the above special items were excluded, the Group would have reported a loss of HK\$82.3 million in FY2024/25 (FY2023/24: HK\$69.8 million).

During FY2024/25, Group turnover of HK\$615.2 million was recorded and the year-on-year decrease would be 15.4% if the sales recognised upon the Disposal of watches was excluded in FY2023/24. In FY2023/24, group turnover was HK\$767.6 million including the sales of HK\$40.3 million recognised upon the Disposal of watches. If excluding the sales of Disposal of watches, Group Turnover in FY2023/24 would be HK\$727.3 million.

The Group gross profit margin was 45.7% in FY2024/25 (FY2023/24: 50.2%), decrease by 4.5%. Amidst the prevailing weakness in the retail market, more discount should be offered in order to stimulate sales.

In FY2024/25, the Group continued to implement inventory measures. The Group inventory balance at 31 March 2025 was HK\$207.7 million, a decrease of 8.2% compared with the balance at 31 March 2024 of HK\$226.3 million. Continuous inventory control and prudent stock procurement are in place to strengthen balance sheet management.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2025 (FY2023/24: Nil per ordinary share).

CITY CHAIN GROUP

- City Chain Group turnover of HK\$413.0 million
- City Chain Group loss before interest and tax (“**LBIT**”) was HK\$65.7 million (FY2023/24: HK\$2.6 million)

The CITY CHAIN Group currently operates around 80 stores in Hong Kong, Macau, Singapore, Thailand and Malaysia together with online stores under our own brands of “CITY CHAIN” and “SOLVIL et TITUS”.

The CITY CHAIN Group recorded a turnover of HK\$413.0 million in FY2024/25 (FY2023/24: HK\$543.0 million). The year-on-year decrease would be 17.8% if the sales of HK\$40.3 million recognised upon the Disposal of watches in FY2023/24 was excluded and the turnover in FY2023/24 would be HK\$502.7 million.

Greater China

Turnover for City Chain operations in Hong Kong, Macau and Mainland China (“**Greater China**”) was HK\$225.9 million (FY2023/24: HK\$321.5 million). The year-on-year decrease would be 19.7% if the sales of HK\$40.3 million recognised upon the Disposal of watches in FY2023/24 was excluded and the turnover in FY2023/24 would be HK\$281.2 million. As a strategic move to streamline the Group’s business operations, the Group had decided to cease the retail operations in Mainland China. The turnover in Mainland China accounted for approximate 2.7% of Group’s revenue in FY2024/25.

In FY2024/25, LBIT of HK\$57.5 million (FY2023/24: profit of HK\$8.0 million) was recorded after taking into account of the following factors:

- the gain resulted from the Disposal of watches of HK\$34.7 million in FY2023/24;
- an impairment loss of HK\$18.7 million in FY2024/25 due to valuation of investment properties at year end (FY2023/24: loss of HK\$0.4 million).

If the above factors were excluded in both years, the LBIT of FY2024/25 would be HK\$38.8 million (FY2023/24: loss of HK\$26.3 million). The retail sentiment in Hong Kong and Macau remained weak as the trend of travelling northward continued and the travel habit of Mainland Chinese tourists shifted to experiential travel instead of shopping. In addition, strong HK dollars lead to decrease in spending in Hong Kong by inbound tourists to Hong Kong as well as Hong Kong residents tend to travelling and shopping abroad.

Our Hong Kong online business of our own brands “CITY CHAIN” and “SOLVIL et TITUS” delivered a profitable result in FY2024/25 contributed by the successful launch of our various IP products which were well received by the market. The Group continued to invest and expand our e-commerce business to prioritize our online brand exposure and customer engagement.

Southeast Asia

Turnover for City Chain operations in Southeast Asia was HK\$187.1 million (FY2023/24: HK\$221.5 million), declined by 15.5% year-on-year and LBIT reduced to HK\$8.2 million compared with HK\$10.6 million in FY2023/24 which was mainly due to closure of loss-making stores. The number of stores declined by approximately 20% year-on-year.

With continual investments in our e-commerce platforms to deploy welcoming products for consumers and corresponding marketing efforts, our e-commerce business in Southeast Asia regions continued to develop satisfactorily and continued to be profitable in FY2024/25.

SUPPLY CHAIN MANAGEMENT AND WHOLESALE TRADING

Turnover for this division comprising our supply chain and wholesale trading subsidiaries decreased by 9.9% to HK\$202.2 million (FY2023/24: HK\$224.5 million) and an EBIT of HK\$22.3 million was posted (FY2023/24: HK\$27.2 million).

Our wholesale trading unit will continue to launch various marketing campaigns with quality service support to increase sell-through rate to retailers.

GROUP OUTLOOK

Looking into the year ahead, the business environment continues to be challenging. The retail market is facing an evolving transition such as the shift in buying behavior of local customers and tourists. Nevertheless, we remain dedicated to staying updated with latest market trends by enriching our product portfolio and optimizing our marketing strategies.

We have a spectrum of well-known watch brands including Swiss brands of Solvil et Titus, CYMA, Pronto, Delvina as well as Italian brand of Ellesse. With more resources allocated on the development of our owned watch brands, aiming at driving margin growth in the long run, we strive to achieve sustainability by strengthening our competitiveness in the watch market in the Greater China and South-east Asia where we have had establishments in retail and wholesale trading businesses for decades. To cope with the ever-changing global market, we are also exploring opportunities in new regions especially the countries in the Belt and Road Initiative to expand exposure of our owned watch brands.

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.

Group gearing ratio was 17.4% (31 March 2024: 18.3%) with shareholders' funds standing at HK\$913.2 million (31 March 2024: HK\$906.6 million) and net debts of HK\$158.6 million (31 March 2024: HK\$166.3 million). The net debts are based on the bank borrowings of HK\$241.9 million (31 March 2024: HK\$234.0 million) and less bank balance and cash of HK\$83.3 million (31 March 2024: HK\$67.7 million). The bank borrowings comprised of HK\$81.5 million repayable within one year and HK\$160.4 million with scheduled repayment after one year but repayable on demand and were classified as current liabilities. The unutilized banking facilities as at 31 March 2025 was HK\$89.0 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 assets of the Group are in Hong Kong dollars, the natural hedge mechanism is applied.

As at 31 March 2025, the current assets and current liabilities were approximately HK\$445.9 million (31 March 2024: HK\$462.8 million) and HK\$430.3 million (31 March 2024: HK\$437.7 million), respectively. The current ratio was approximately 1.04 (1.06 as at 31 March 2024).

As at 31 March 2025, the Group's total equity funds amounted to HK\$919.4 million.

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

The Group does not engage in speculative derivative trading.

As at 31 March 2025, a subsidiary of the Company had contingent liabilities in respect of bank guarantees given to landlords in lieu of rental deposits for certain retails shops and suppliers amounting to approximately HK\$7.715 million (31 March 2024: HK\$7.738 million).

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

As at 31 March 2025, certain property, plant and equipment and investment properties amounting to HK\$516.4 million (31 March 2024: HK\$433.8 million) were pledged to secure banking facilities granted to the Group.

The investment properties were revalued by independent valuers as at 31 March 2025. A revaluation loss of HK\$24.7 million was recorded in the year ended 31 March 2025 accordingly.

The annual results for FY2024/25 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. 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 31 March 2025, the Group had approximately 645 employees (31 March 2024: 825 employees), and the total employee costs incurred by the Group during the year amounted to HK\$181.9 million (31 March 2024: HK\$183.9 million).

CLOSURE OF REGISTER OF MEMBERS

To determine entitlement to attend and vote at the forthcoming Annual General Meeting on 19 August 2025 (Tuesday) (or any adjournment thereof), the Register of Members of the Company will be closed from 14 August 2025 (Thursday) to 19 August 2025 (Tuesday) 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 13 August 2025 (Wednesday).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, 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 31 March 2025, 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 year and up to the date of this announcement.

SCOPE OF RSM HONG KONG

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and statement of other comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in this preliminary announcement have been agreed by the Group's auditor, RSM Hong Kong, to be the same as the figures set out in the Group's draft consolidated financial statements for the year. The work performed by RSM Hong Kong 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 RSM Hong Kong on this preliminary announcement.

CORPORATE GOVERNANCE

During the year ended 31 March 2025 and up to the date of this announcement, the Company has complied with the code provisions under the Corporate Governance Code (the “**Code Provisions**”) as set out in Appendix C1 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 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. 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 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 of the Company retire strictly under Code Provision B.2.2 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, CEO or the Vice Chairman, shall retire from office by rotation at each annual general meeting.

Code Provision E.1.2

This Code Provision deals with the terms of reference of a 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. 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.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix C3 of the Listing Rules (the “**Model Code**”) as the code of conduct regarding director’s 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 throughout the period under review.

Audit Committee

The Audit Committee comprises of three non-executive directors; Mr. Chan Cheuk Pan (independent) (Chairman of the Audit Committee), Mr. Ricky Lai Kai Ming (independent) and Mr. Lai Chun Yu (independent). The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting processes including the review of the Company’s consolidated financial statements for the year ended 31 March 2025 with senior management of the Group and external auditor.

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 and the Company’s website at <http://www.stelux.com>. The Company’s Annual Report for 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, 24 June 2025

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 Joshua Kanjanapas (*Vice Chairman*) and Liao Ching Mei (*Chief Financial Officer*)

Independent Non- Executive directors:

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