

STELUX Holdings International Limited
寶光實業(國際)有限公司

Incorporated in Bermuda with limited liability

<http://www.stelux.com>

Stock Code: 84

INTERIM REPORT 2024/2025

website: www.stelux.com

**INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

The board (the “Board”) of directors (the “Directors”) of Stelux Holdings International Limited (the “Company”, “we”, “our” or “us”) reports 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”). The condensed consolidated income statement and condensed consolidated statement of comprehensive income of the Group for the six months ended 30 September 2024, the condensed consolidated balance sheet as at 30 September 2024, the condensed consolidated cash flow statement and the condensed consolidated statement of changes in equity of the Group for the six months ended 30 September 2024, all of which are unaudited, along with the relevant explanatory notes, are set out below.

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

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

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
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><u>(13,304)</u></u>	<u><u>(41,079)</u></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><u>(13,304)</u></u>	<u><u>(41,079)</u></u>

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

	<i>Note</i>	Unaudited 30 September 2024 HK\$'000	31 March 2024 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	178,712	183,127
Investment properties		297,800	297,800
Right-of-use assets	10	72,678	91,312
Intangible assets		48,975	47,567
Equity investment at fair value through other comprehensive income		5,729	5,710
Consideration receivable	11	318,999	298,975
Trade receivable, deposits and prepayments	13	44,383	34,873
Deferred tax assets		6,840	6,482
Total non-current assets		<u>974,116</u>	<u>965,846</u>
Current assets			
Inventories	12	243,626	226,251
Consideration receivable	11	45,571	42,711
Trade and other receivables	13	121,826	126,106
Cash and cash equivalents		71,731	67,711
Total current assets		<u>482,754</u>	<u>462,779</u>
Total assets		<u><u>1,456,870</u></u>	<u><u>1,428,625</u></u>
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	14	104,475	104,647
Treasury shares	14	(698)	–
Reserves		787,950	801,933
Shareholders' funds		891,727	906,580
Non-controlling interests		6,415	5,705
Total equity		<u>898,142</u>	<u>912,285</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		26,287	26,287
Lease liabilities		38,837	50,551
Retirement benefit obligations		1,803	1,803
Total non-current liabilities		<u>66,927</u>	<u>78,641</u>
Current liabilities			
Trade and other payables	15	135,997	118,513
Income tax payable		23,454	22,559
Bank borrowings	16	276,183	233,984
Lease liabilities		56,167	62,643
Total current liabilities		<u>491,801</u>	<u>437,699</u>
Total liabilities		<u>558,728</u>	<u>516,340</u>
Total equity and liabilities		<u><u>1,456,870</u></u>	<u><u>1,428,625</u></u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash generated from operations	18,558	39,736
Interest paid	(7,848)	(10,408)
Interest on lease liabilities	(3,684)	(4,101)
Hong Kong profits tax paid	(190)	–
Overseas profits tax paid	(1,002)	(2,716)
Overseas profits tax refunded	129	23
	<u>5,963</u>	<u>22,534</u>
Net cash generated from operating activities	<u>5,963</u>	<u>22,534</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,307)	(12,932)
Proceeds from sale of property, plant and equipment	–	1
Interest received	69	67
	<u>(6,238)</u>	<u>(12,864)</u>
Net cash used in investing activities	<u>(6,238)</u>	<u>(12,864)</u>
Cash flows from financing activities		
Drawdown of bank loans	83,000	84,039
Repayment of bank loans	(40,801)	(86,810)
Principal portion of lease payments	(36,211)	(29,632)
Repurchase of shares	(839)	–
	<u>5,149</u>	<u>(32,403)</u>
Net cash generated from/(used in) financing activities	<u>5,149</u>	<u>(32,403)</u>
Net increase/(decrease) in cash and cash equivalents	4,874	(22,733)
Cash and cash equivalents at 1 April	67,711	85,426
Effect of foreign exchange rate changes	(854)	75
	<u>71,731</u>	<u>62,768</u>
Cash and cash equivalents at 30 September	<u>71,731</u>	<u>62,768</u>
Analysis of the balance of cash and cash equivalents:		
Bank balances and cash	<u>71,731</u>	<u>62,768</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

	Unaudited									
	Attributable to equity holders of the Company									
	Share capital HK\$'000	Treasury shares HK\$'000	Share premium HK\$'000	Revaluation reserve HK\$'000	Exchange reserve HK\$'000	Property, plant and equipment revaluation reserve HK\$'000	(Accumulated losses)/ retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2023	104,647	-	1,977	813	(62,418)	403,684	(24,651)	424,052	6,011	430,063
(Loss)/profit for the period	-	-	-	-	-	-	(29,942)	(29,942)	38	(29,904)
Other comprehensive loss:										
Exchange differences of translation of foreign operations	-	-	-	-	(10,911)	-	-	(10,911)	(465)	(11,376)
Change in fair value of equity investment at fair value through other comprehensive income	-	-	-	201	-	-	-	201	-	201
Total comprehensive income/(loss) for the period ended 30 September 2023	-	-	-	201	(10,911)	-	(29,942)	(40,652)	(427)	(41,079)
At 30 September 2023	104,647	-	1,977	1,014	(73,329)	403,684	(54,593)	383,400	5,584	388,984
At 1 April 2024	104,647	-	1,977	3,459	(55,817)	403,684	448,630	906,580	5,705	912,285
(Loss)/profit for the period	-	-	-	-	-	-	(55,355)	(55,355)	87	(55,268)
Other comprehensive income:										
Exchange differences of translation of foreign operations	-	-	-	-	41,322	-	-	41,322	623	41,945
Change in fair value of equity investment at fair value through other comprehensive income	-	-	-	19	-	-	-	19	-	19
Total comprehensive income/(loss) for the period ended 30 September 2024	-	-	-	19	41,322	-	(55,355)	(14,014)	710	(13,304)
Share repurchased and cancelled	(172)	-	31	-	-	-	-	(141)	-	(141)
Share repurchased as treasury shares	-	(698)	-	-	-	-	-	(698)	-	(698)
Changes in equity for the period ended 30 September 2024	(172)	(698)	31	19	41,322	-	(55,355)	(14,853)	710	(14,143)
At 30 September 2024	104,475	(698)	2,008	3,478	(14,495)	403,684	393,275	891,727	6,415	898,142

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 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	113,409	88,447	169,198	371,054
– Inter-segment	–	–	(68,812)	(68,812)
Sales to external customers	113,409	88,447	100,386	302,242
Timing of revenue recognition				
– At a point in time	113,409	88,447	100,386	302,242
Segment results	(25,948)	(9,842)	10,992	(24,798)
Net corporate expenses				(15,719)
Finance costs				(11,532)
Loss before tax				(52,049)
Income tax expense				(3,219)
Loss for the period				(55,268)

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
Total assets				1,456,870
Segment liabilities	(85,691)	(50,300)	(80,052)	(216,043)
Unallocated liabilities				(342,685)
Total liabilities				(558,728)

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

3. OTHER GAINS/(LOSSES)

	Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
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
	<u>2,898</u>	<u>(3,218)</u>

4. OTHER INCOME

	Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
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
	<u>18,222</u>	<u>13,648</u>

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

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)
	3,196	3,686
Deferred income tax	23	(45)
	3,219	3,641

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 (thousands)	<u>1,044,882</u>	<u>1,046,474</u>
Loss attributable to equity holders of the Company (HK\$'000)	<u>(55,355)</u>	<u>(29,942)</u>
Basic loss per share (HK cents)	<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. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group acquired property, plant and equipment of approximately HK\$6.307 million (2023: HK\$12.932 million).

10. RIGHT-OF-USE ASSETS

During the six months ended 30 September 2024, the Group acquired right-of-use assets of approximately HK\$20.121 million (2023: HK\$53.331 million).

11. CONSIDERATION RECEIVABLE

	30 September 2024	31 March 2024
	HK\$'000	HK\$'000
Consideration receivable	370,122	346,889
Less: impairment loss	<u>(5,552)</u>	<u>(5,203)</u>
	364,570	341,686
Less: non-current portion	<u>(318,999)</u>	<u>(298,975)</u>
Current portion	<u>45,571</u>	<u>42,711</u>

The consideration receivable represents deferred consideration payments arising from disposal of a subsidiary in the year ended 31 March 2024.

The consideration receivable bearing interest at a rate of 4.75%.

12. INVENTORIES

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Raw materials	162,824	169,350
Work-in-progress	20,810	8,655
Finished goods	<u>320,209</u>	<u>307,596</u>
	503,843	485,601
Less: provision for inventories	<u>(260,217)</u>	<u>(259,350)</u>
	<u>243,626</u>	<u>226,251</u>

13. TRADE AND OTHER RECEIVABLES

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Trade receivables, gross	96,272	93,480
Less: impairment loss	<u>(750)</u>	<u>(1,225)</u>
Trade receivables, net (<i>note</i>)	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).

14. SHARE CAPITAL AND TREASURY SHARES

	<i>Note</i>	Number of shares of HK\$0.1 each	Share capital HK\$'000	Treasury shares HK\$'000
Issued and fully paid:				
At 30 September 2023, 31 March 2024 and 1 April 2024		1,046,474,025	104,647	–
Share repurchased and cancelled	<i>(a)</i>	(1,716,000)	(172)	–
Share repurchased as treasury shares	<i>(b)</i>	(7,839,000)	–	(698)
At 30 September 2024		<u>1,036,919,025</u>	<u>104,475</u>	<u>(698)</u>

Note:

- (a) From 2 August 2024 to 16 August 2024, the Company repurchased 1,716,000 shares of the Company for a total consideration of approximately HK\$141,000 in the open market on the Stock Exchange and subsequent cancelled on 9 September 2024 pursuant to the general mandate to repurchase the shares of the Company granted by the shareholders at the annual general meeting held on 29 August 2023 to the Board.
- (b) From 20 August 2024 to 3 September 2024, the Company repurchased 7,839,000 shares of the Company for a total consideration of approximately HK\$698,000 in the open market on the Stock Exchange. The shares have not been cancelled as at 30 September 2024. The repurchase was approved pursuant to the general mandate to repurchase the shares of the Company granted by the shareholders at the annual general meeting held on 20 August 2024 to the Board.
- (c) The Company and its subsidiaries did not set up or operate any share option scheme for the six months ended 30 September 2024 and the year ended 31 March 2024.

15. TRADE AND OTHER PAYABLES

	30 September 2024 HK\$'000	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>

16. BANK BORROWINGS

	30 September 2024	31 March 2024
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank borrowings	(a) <u>276,183</u>	<u>233,984</u>

Note:

(a) The Group's bank borrowings are repayable as follows:

	30 September 2024	31 March 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Repayable on demand and within 1 year	<u>276,183</u>	<u>233,984</u>

Included in bank borrowings as at 30 September 2024 are secured borrowings of HK\$276.183 million (31 March 2024: HK\$233.984 million), which are secured by property, plant and equipment and investment properties of the Group.

(b) Movement in bank borrowings during the period is analysed as follows:

	Six months ended 30 September 2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Opening balance	233,984	342,848
Drawdown of bank loans	83,000	84,039
Repayment of bank loans	<u>(40,801)</u>	<u>(86,810)</u>
Closing balance	<u>276,183</u>	<u>340,077</u>

17. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

As at 30 September 2024, Yee Hing Company Limited held 950,900 shares of the Company through its subsidiary Active Lights Company Limited, whereas 55% of the total issued ordinary shares of Yee Hing Company Limited is held by Klayze Holdings Limited, which is the trustee of a discretionary trust (the "Trust"). Mr. Chumphol Kanjanapas (also known as Joseph C.C. Wong) ("Mr. Joseph C.C. Wong") is a beneficiary of the Trust, therefore deemed to be interested in 950,900 shares of the Company through the Trust's interest in Yee Hing Company Limited.

17. RELATED PARTY TRANSACTIONS (Continued)

The following is a summary of the significant related party transactions carried out in the normal course of the Group's business:

(i) Provision of services to related companies

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Building management service income (<i>note a</i>)	1,290	1,290
Shared service income (<i>note b</i>)	2,016	7,200
Rental income (<i>note c</i>)	2,032	2,229
Royalty income (<i>noted d</i>)	248	400
Sundries	1,095	1,111
	<u>6,681</u>	<u>12,230</u>

Note:

- (a) A wholly-owned subsidiary of the Group entered into a renewal agreement with Mengiwa Property Investment Limited ("MPIL"), a wholly-owned subsidiary of Yee Hing Company Limited, for the provision of the following services for the period from 1 April 2022 to 31 March 2025 (2023: 1 April 2022 to 31 March 2025):
- (i) contract administration with respect to contracts entered into between MPIL and third parties from time to time;
 - (ii) property agency liaison and tenancy management;
 - (iii) management of the property manager of Stelux House; and
 - (iv) other miscellaneous administrative services.
- The fee for the provision of the above services was agreed at HK\$215,000 (2023: HK\$215,000) per calendar month during the agreement period.
- (b) The Group provided administrative services to a related company which has directors in common with the Group. Shared service income was charged at cost basis allocated based on the counterparties' usage of each type of service, taking into account factors such as headcount and the number of shops.
- (c) The Group provided leasing service to related parties which have directors in common with the Group. Rental income was charged to related parties based on the occupied area ratio times total actual costs incurred.
- (d) The Group provided licensing service to related parties which have directors in common with the Group. Royalty income was charged at 10% of the amount invoiced by suppliers or vendors of the counterparties.

17. RELATED PARTY TRANSACTIONS (Continued)

(ii) Purchases of goods and services from related companies

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Purchase of goods (note a)	6,476	9,230
Rental expense (note b)	4,639	4,664
Lease management expense (note c)	360	210
	<u>11,475</u>	<u>14,104</u>

Note:

- (a) During the period, certain subsidiaries of the Group purchased watch products from a related company which has directors in common with the Group.

Purchases of watch products from the related company are conducted in the normal course of the Group's business. The terms of transactions are determined and agreed between the Group and the counterparty and all balances due are repayable according to the trade terms.

- (b) During the period, certain subsidiaries of the Group have entered into tenancy agreements with the following related parties for office premises, shops, warehouses, showroom and car-parking spaces:

	Rental expenses for the	
	six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
MPIL	3,850	3,864
Other related parties	789	800
	<u>4,639</u>	<u>4,664</u>

- (c) A related company provided lease management services to the Group. The fee of the provision of such services was charged at pre-determined amount during the agreement period.

17. RELATED PARTY TRANSACTIONS (Continued)

(iii) Balance with related parties

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Trade and other receivables	<u>8,068</u>	<u>6,518</u>
Trade and other payables	<u>(2,672)</u>	<u>(2,364)</u>

(iv) Key management compensation

	Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
Salaries and other short-term employee benefits	<u>2,929</u>	2,618
Contribution to retirement benefit scheme	<u>79</u>	55
	<u>3,008</u>	<u>2,673</u>

18. 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 16 to the Group's financial statements set out in this interim report as well as 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. Provision for the executive bonuses under the executive bonus scheme for the six months ended 30 September 2024 amounted to HK\$1 million (1H 2023: HK\$1.62 million).

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.

CORPORATE STRUCTURE OF THE GROUP

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

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 September 2024, the interests and (if any) short positions of the Directors and the Company's chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix C3 to the Listing Rules were as follows:

(a) The Company – Ordinary shares

Long position in shares and underlying shares of the Company

Name of Director	Capacity/nature of interest and corresponding number of shares				Approximate percentage of issued shares
	Beneficial owner	Interest of spouse	Other interest	Total	
Mr. Joseph C.C. Wong	548,474,814	11,000	950,900 <i>(Note)</i>	549,436,714	52.59%

Note:

As at 30 September 2024, Yee Hing Company Limited held 950,900 shares of the Company through its subsidiary Active Lights Company Limited, whereas 55% of the total issued ordinary shares of Yee Hing Company Limited is held by Klayze Holdings Limited, which is the trustee of a discretionary trust ("Trust"). Mr. Joseph C.C. Wong is a beneficiary of the Trust and is therefore deemed to be interested in 950,900 shares of the Company through the Trust's interest in Yee Hing Company Limited for the purposes of Part XV of the SFO.

(b) Subsidiaries – Preference shares

	Capacity/nature of interest and corresponding number of shares					Total	Approximate percentage of the total preference shares in issue as at 30 September 2024
	Personal interest	Family interest	Corporate/trust interest	Other interest			
(i) City Chain (Thailand) Company Limited – Preference shares ⁽¹⁾							
Mr. Joseph C. C. Wong	200	-	208,800	-	209,000	99.52%	
(ii) Stelux Watch (Thailand) Company Limited – Preference shares ⁽²⁾							
Mr. Joseph C. C. Wong	600	-	-	-	600	16.67%	
(iii) Stelux (Thailand) Limited – Preference shares ⁽³⁾							
Mr. Joseph C. C. Wong	5,100	-	-	-	5,100	100%	

Notes:

- (1) City Chain (Thailand) Company Limited is a subsidiary of the Company. Each preference share carries a right to vote and a right to an annual fixed dividend (if any) but not to any other profit sharing.
- (2) Stelux Watch (Thailand) Company Limited is a subsidiary of the Company. Each preference share carries a right to vote and a right to an annual fixed dividend (if any) but not to any other profit sharing.
- (3) Stelux (Thailand) Limited is a subsidiary of the Company. Mr. Joseph C. C. Wong is entitled to approximately 8.6% of the voting power of such subsidiary and an annual fixed dividend (if any) by virtue of the 5,100 preference shares held by him but not to any other profit sharing.

Save as disclosed above, as at 30 September 2024, no Directors, chief executive of the Company or their associates have any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SHAREHOLDER DISCLOSEABLE PURSUANT TO THE SFO

As at 30 September 2024, so far as is known to any Director, the following person had interests in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position in shares and underlying shares of the Company

Name of shareholder	Capacity/nature of interest and corresponding number of shares			Total	Approximate percentage of issued shares
	Beneficial owner	Interest of spouse	Other interest		
Mr. Joseph C.C. Wong	548,474,814	11,000	950,900 <i>(Note)</i>	549,436,714	52.59%

Note:

As at 30 September 2024, Yee Hing Company Limited held 950,900 shares of the Company through its subsidiary Active Lights Company Limited, whereas 55% of the total issued ordinary shares of Yee Hing Company Limited is held by Klayze Holdings Limited, which is the trustee of the Trust. Mr. Joseph C.C. Wong is a beneficiary of the Trust and is therefore deemed to be interested in 950,900 shares of the Company through the Trust's interest in Yee Hing Company Limited for the purposes of Part XV of the SFO.

Save as disclosed above, as at 30 September 2024, the Directors are not aware of any person (other than a Director or chief executive of the Company or his/her respective associate(s)) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SUBSTANTIAL SHAREHOLDING IN OTHER MEMBERS OF THE GROUP

The Directors are not aware of any person (other than a Director or chief executive of the Company or his/her respective associate(s)) who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

OTHER DIRECTORS' INTERESTS

None of the Directors or their respective associates had any interest in a business apart from the Company's business which competes or is likely to compete, either directly or indirectly, with the Company's business, or which would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder.

CHANGES AND UPDATES RELATING TO DIRECTORS AND COMPANY SECRETARY

During the period, there were changes and updates relating to the Directors and the Company Secretary of the Company as follows:

- On 25 April 2024, Mr. Suriyan Kanjanapas (also known as Suriyan Joshua Kanjanapas) (“Mr. Suriyan Kanjanapas”) was re-designated from a non-executive Director to an executive Director on a full-time basis, and was also appointed as the Vice Chairman of the Board. For details, please see the Company’s announcement dated 25 April 2024.
- On 20 August 2024, each of Mr. Jeff Ho Chi Kin and Ms. Honnus Cheung Ho Ling retired as an independent non-executive Director, and each of Mr. Chan Cheuk Pan and Mr. Lai Chun Yu was appointed as an independent non-executive Director. For details, please see the Company’s announcement dated 20 August 2024 relating to changes in Directors.
- On 16 October 2024, Ms. Kelly Liao Ching Mei, an executive Director and the Chief Financial Officer of the Company (“CFO”), replaced Ms. Hui Ka Wai (“Ms. Hui”) as the Company Secretary. For details, please see the Company’s announcement dated 16 October 2024.
- As a matter of Ms. Hui’s resignation, Mr. Suriyan Kanjanapas was appointed as a director of certain subsidiaries of the Company, in all cases with effect from 28 October 2024.

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 1 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 interim report.

CORPORATE GOVERNANCE

Corporate Governance Code

During the six months ended 30 September 2024 and up to the date of this interim report, the Company has complied with the code provisions (the "Code Provisions") under Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "CG Code"), 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, 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 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 interim report, the senior management of the Company for the purposes of the CG Code comprises the CEO and the CFO 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

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.

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

CORPORATE INFORMATION

Registered Office

Clarendon House, 2 Church Street
Hamilton HM11
Bermuda

Principal Office

27th Floor, Stelux House
698 Prince Edward Road East
San Po Kong
Kowloon
Hong Kong

Principal Bankers

Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

Auditors

RSM Hong Kong

Share Registrar

Conyers Corporate Services (Bermuda) Ltd.
Clarendon House, 2 Church Street
Hamilton HM11
Bermuda

Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor
Services Limited
Room 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

Audit Committee

Mr. Chan Cheuk Pan
(Chairman of Committee)
Mr. Ricky Lai Kai Ming
Mr. Lai Chun Yu

Remuneration Committee

Mr. Ricky Lai Kai Ming
(Chairman of Committee)
Mr. Chumphol Kanjanapas
(aka Joseph C. C. Wong)
Mr. Chan Cheuk Pan
Mr. Lai Chun Yu

Nomination Committee

Mr. Chumphol Kanjanapas
(aka Joseph C. C. Wong)
(Chairman of Committee)
Mr. Suriyan Kanjanapas
(aka Suriyan Joshua Kanjanapas)
Mr. Ricky Lai Kai Ming
Mr. Chan Cheuk Pan
Mr. Lai Chun Yu

Corporate Governance Committee

Ms. Kelly Liao Ching Mei
(Chairman of Committee)
Mr. Ricky Lai Kai Ming
Mr. Chan Cheuk Pan
Mr. Lai Chun Yu

Company Secretary

Ms. Kelly Liao Ching Mei

Email Contacts

Investor Relations: ir@stelux.com

Shareholder's Enquiries: ir@stelux.com