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

incorporated in Bermuda with limited liability
Website: http://www.stelux.com
Stock Code: 84

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2012

The directors of Stelux Holdings International Limited (the "Company") are pleased to report the interim results and financial information of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th September 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2012

		Unaudited Six months ended 30th September	
		2012	2011
	Note	***HK$'000***	*HK$'000*
Revenues	*4,5*	**1,740,914**	1,587,321
Cost of sales		**(663,728)**	(627,280)
Gross profit		**1,077,186**	960,041
Other gains/(losses), net	*6*	**22,304**	(2,843)
Other income	*7*	**10,540**	8,603
Selling expenses		**(762,486)**	(633,614)
General and administrative expenses		**(161,402)**	(152,076)
Other operating expenses		**(21,099)**	(25,034)
Operating profit		**165,043**	155,077
Finance costs		**(5,734)**	(5,013)
Profit before income tax	*8*	**159,309**	150,064
Income tax expense	*9*	**(34,381)**	(34,455)
Profit for the period		**124,928**	115,609

* *For identification purpose only*

		Unaudited Six months ended 30th September	
		2012	2011
	Note	***HK$'000***	*HK$'000*
Attributable to:			
Equity holders of the Company		**124,587**	115,318
Non-controlling interests		**341**	291
		124,928	115,609
Dividends	*10*	**37,673**	33,297
		HK cents	*HK cents (restated)*
Earnings per share for profit attributable to the equity holders of the Company	*11*		
– Basic and diluted		**11.91**	11.02

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2012

	Unaudited Six months ended 30th September	
	2012	2011
	HK$'000	*HK$'000*
Profit for the period	**124,928**	115,609
Other comprehensive income:		
Exchange differences	**8,564**	(3,145)
Other comprehensive income for the period, net of tax	**8,564**	(3,145)
Total comprehensive income for the period	**133,492**	112,464
Attributable to:		
Equity holders of the Company	**133,083**	112,460
Non-controlling interests	**409**	4
Total comprehensive income for the period	**133,492**	112,464

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER 2012

	Note	Unaudited 30th September 2012 *HK$'000*	31st March 2012 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**383,400**	376,728
Investment property		**83,000**	66,000
Prepayment of lease premium		**61,668**	64,477
Intangible assets		**60,397**	60,323
Deferred tax assets		**59,799**	61,997
Available-for-sale financial assets		**15,590**	15,590
		663,854	645,115
Current assets			
Stocks		**1,192,561**	1,008,902
Debtors and prepayments	*12*	**498,065**	455,634
Bank balances and cash		**272,957**	220,855
		1,963,583	1,685,391
Total assets		**2,627,437**	2,330,506
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**104,647**	95,134
Reserves		**1,148,897**	1,077,651
Shareholders' funds		**1,253,544**	1,172,785
Non-controlling interests		**8,886**	8,656
Total equity		**1,262,430**	1,181,441
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**2,783**	2,752
Borrowings		**125,466**	85,688
		128,249	88,440
Current liabilities			
Creditors and accruals	*13*	**639,285**	593,570
Income tax payable		**65,102**	44,554
Borrowings		**532,371**	422,501
		1,236,758	1,060,625
Total liabilities		**1,365,007**	1,149,065
Total equity and liabilities		**2,627,437**	2,330,506
Net current assets		**726,825**	624,766
Total assets less current liabilities		**1,390,679**	1,269,881

NOTES:–

1. BASIS OF PREPARATION

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 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The condensed interim consolidated financial information should be read in conjunction with the 2012 annual financial statements.

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 31st March 2012.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no relevant amended standards or interpretations that are effective for the first time for the financial period beginning 1st April 2012 that could be expected to have a material impact on the Group's condensed interim consolidated financial information.

The Group has not early adopted any new standards, amendments to standards and interpretations of Hong Kong Financial Reporting Standards which have been issued but not yet effective for the financial year ending 31st March 2013.

2. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2012.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The condensed interim consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2012.

There have been no changes in the risk management policies since year end.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Fair value estimation

The Group's financial instruments carried at fair value is analysed by valuation method. The different levels have been defined as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's available-for-sale financial assets are measured at fair value by discounting the estimated future cash flows. Their fair value measurement is classified as level 3.

There was no transfer of financial instruments into or out of level 3 during the period.

There were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities during the period.

There were no reclassifications of financial assets during the period.

4. SEGMENT INFORMATION

The chief operating decision-makers have been identified as the executive directors. The executive directors review the Group's financial information mainly from product and geographical perspective. From a geographical perspective, management assesses the performance of watch and optical operations in Hong Kong, Macau and Mainland China and rest of Asia.

Sales between operating segments are carried out on terms equivalent to those prevailing in arm's length transactions. The executive directors assess the performance of the operating segments based on a measure of adjusted earnings before interest and tax (EBIT). This measurement basis excludes unallocated income and net corporate expenses.

4. SEGMENT INFORMATION (Continued)

	Six months ended 30th September 2012						
	Watch retail		Optical retail				
	Hong Kong, Macau and Mainland China	Rest of Asia	Hong Kong, Macau and Mainland China	Rest of Asia	Wholesale trading	Other segment	Group Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenues							
Gross segment	**676,550**	**253,820**	**438,939**	**154,298**	**437,554**	**8,049**	**1,969,210**
Inter-segment	**–**	**–**	**–**	**–**	**(221,027)**	**(7,269)**	**(228,296)**
	676,550	**253,820**	**438,939**	**154,298**	**216,527**	**780**	**1,740,914**
Segment results	**87,906**	**1,991**	**26,957**	**10,929**	**57,442**	**15,654**	**200,879**
Unallocated income							**13**
Net corporate expenses							**(35,849)**
Operating profit							**165,043**
Finance costs							**(5,734)**
Profit before income tax							**159,309**
Income tax expense							**(34,381)**
Profit after income tax							**124,928**

4. SEGMENT INFORMATION (Continued)

	Six months ended 30th September 2011						
	Watch retail		Optical retail				
	Hong Kong, Macau and Mainland China *HK$'000*	Rest of Asia *HK$'000*	Hong Kong, Macau and Mainland China *HK$'000*	Rest of Asia *HK$'000*	Wholesale trading *HK$'000*	Other segment *HK$'000*	Group Total *HK$'000*
Revenues							
Gross segment	587,640	238,244	412,074	148,966	421,985	6,822	1,815,731
Inter-segment	–	–	–	–	(222,368)	(6,042)	(228,410)
	587,640	238,244	412,074	148,966	199,617	780	1,587,321
Segment results	87,650	(2,500)	45,046	10,536	47,048	(1,908)	185,872
Unallocated income							16
Net corporate expenses							(30,811)
Operating profit							155,077
Finance costs							(5,013)
Profit before income tax							150,064
Income tax expense							(34,455)
Profit after income tax							115,609

5. REVENUES

	Six months ended 30th September	
	2012	2011
	HK$'000	*HK$'000*
Turnover		
Sales of goods	**1,740,134**	1,586,541
Gross rental income	**780**	780
	1,740,914	1,587,321

6. OTHER GAINS/(LOSSES), NET

	Six months ended 30th September	
	2012	2011
	HK$'000	*HK$'000*
(Loss)/gain on disposal of property, plant and equipment, net	**(713)**	620
Fair value gain of an investment property	**17,000**	–
Exchange gain/(loss), net	**6,017**	(3,463)
	22,304	(2,843)

7. OTHER INCOME

	Six months ended 30th September	
	2012	2011
	HK$'000	*HK$'000*
Building management fee income	**1,071**	1,129
Interest income	**280**	230
Sundries	**9,189**	7,244
	10,540	8,603

8. EXPENSES BY NATURE

Expenses included in arriving at the profit before income tax are analysed as follows:

	Six months ended 30th September	
	2012	2011
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment		
– Owned	**54,366**	38,753
– Leased	**207**	157
Amortisation of prepayment of lease premium	**3,676**	3,930
Impairment of property, plant and equipment	**–**	2,558
Operating leases	**300,914**	245,568
Provision for stocks	**10,089**	18,431
Donation	**5,000**	60
Employee benefit expense	**311,337**	264,381

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the six months ended 30th September 2012 (2011: 16.5%) less relief for available tax losses. Taxation on overseas profits has been calculated on the estimated assessable profits for the six months ended 30th September 2012 at the rates of taxation prevailing in the territories in which the Group operates.

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

	Six months ended 30th September	
	2012	2011
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**20,600**	24,588
Overseas profits tax	**12,161**	15,635
Over provisions in respect of prior years	**(287)**	(118)
	32,474	40,105
Deferred income tax	**1,907**	(5,650)
Income tax expense	**34,381**	34,455

10. DIVIDEND

	Six months ended 30th September	
	2012	2011
	HK$'000	*HK$'000*
Interim, declared, of HK$0.036 (2011: HK$0.035) per ordinary share	**37,673**	33,297

At a meeting held on 29th November 2012, the directors declared an interim dividend of HK$0.036 per ordinary share. This dividend is not recognized as a liability at the balance sheet date but will be reflected as an appropriation of retained earnings for the year ending 31st March 2013.

11. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30th September	
	2012	2011 *(restated)*
Weighted average number of ordinary shares in issue (thousands)	**1,046,474**	1,046,474
Profit attributable to equity holders of the Company (HK$'000)	**124,587**	115,318
Basic earnings per share (HK cents)	**11.91**	11.02

Note:

The earnings per share for the six months ended 30th September 2011 was restated as a result of the issue of bonus shares. For details, please refer to the announcement dated 27th June 2012 published by the Company.

Dilutive

There were no dilutive potential ordinary shares in existence during the six months ended 30th September 2011 and 2012.

12. DEBTORS AND PREPAYMENTS

	30th September 2012 ***HK$'000***	31st March 2012 *HK$'000*
Trade debtors, gross	**180,746**	191,151
Provision for impairment of trade debtors	**(457)**	(692)
Trade debtors, net	**180,289**	190,459
Deposits, prepayments and other debtors	**317,776**	265,175
	498,065	455,634
Trade debtors analysed by invoice date *(note)*:		
Below 60 days	**81,052**	110,310
Over 60 days	**99,694**	80,841
	180,746	191,151

Note:

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

13. CREDITORS AND ACCRUALS

	30th September 2012 HK$'000	31st March 2012 HK$'000
Trade creditors analysed by invoice date:		
Below 60 days	**320,132**	270,482
Over 60 days	**28,892**	55,448
	349,024	325,930
Other creditors and accruals	**290,261**	267,640
	639,285	593,570

14. COMMITMENTS

	30th September 2012 HK$'000	31st March 2012 HK$'000
Capital commitments for property, plant and equipment:		
Contracted but not provided for	**31,392**	2,575
Authorised but not contracted for	**–**	–
	31,392	2,575

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors (the "Board") of Stelux Holdings International Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2012.

BUSINESS REVIEW

With a listing history spanning 40 years, the Group is principally engaged in the retailing of mid-range priced watch and optical products under the respective brand names: "CITY CHAIN" and "OPTICAL 88" in Hong Kong, Macau, Mainland China and Southeast Asia.

Between 2005 and 2006, we restructured our businesses to focus on our core strengths - the watch and optical businesses. Our aspiration then was to be Asia's leading watch and optical group. Over the last 6 years, we have achieved this. Presently, we are one of the largest mid-end watch and optical retailers with over 600 stores within Asia. With a proven business model, we have a prominent position in the mid-tier lifestyle accessories market within the region.

STRATEGIC PARTNERSHIP WITH BOYU CAPITAL

Recognising the challenges and opportunities ahead with the emerging middle class Chinese consumer and an increasingly competitive environment, the Group is keenly aware that it must be better prepared for the next phase of growth. With this vision and a goal to replicate the success of our business model into Mainland China, we have identified Boyu Capital as our partner to work closely with us to drive strategic transformations and to elevate our Group to the next level of performance. Boyu Capital shares our values and vision, believes strongly in our business model and favourable industry position, and possesses in-depth knowledge and unparalleled network and expertise in the Mainland market and, particularly, in the retail sector.

A critical objective in the near to medium term is to maintain the Group's dominant position in mid-end watch and optical retailing in Hong Kong and continue to drive improvements in operational efficiency and financial results across the regions, particularly in Mainland China, by addressing structural management and operational issues within the Group. With this particular objective in mind, we worked closely with Boyu Capital over the past few months to conduct a comprehensive review of the Group's businesses and to develop a Business Strategy and Reorganisation Plan ("Business Plan"). Going forward, a new team to be headed by the newly established CEO Office has been set up to oversee the implementation of the Business Plan and to drive changes in management culture with the assistance from Boyu Capital. In the future, in addition to the Group's core values of building our businesses based on integrity and equality; accountability, proactivity and professionalism will also underpin the way we conduct ourselves and our businesses.

We firmly believe that the synergies from this strategic partnership with Boyu Capital will be an instrumental driver of future growth for the Group. The Group will publish more details on this partnership in a separate announcement.

GROUP BUSINESS

Amidst a faster and sharper than expected slowdown on the Mainland and a poor global economy, the Group recorded a modest turnover growth of 10% to HK$1,740.9 million (2011: HK$1,587.3 million) for the six months ended 30 September 2012 with approximately 70% of total sales derived from our operations in Greater China. Growth in Group Net Profit attributable to equity holders correspondingly posted a modest rise of 8% to HK$124.6 million (2011: HK$115.3 million) compared to the previous period under review when Group turnover and net profit growth had spiked sharply upwards, driven then by a stronger Mainland economy.

Higher operating costs, including increases in rental and staff costs by 23% and 18% yoy respectively combined with slower turnover growth have squeezed net profit growth. However, we maintained our net profit margin at a stable level of around 7.2% (2011: 7.3%) and in the meantime improved our gross profit margin from 60.5% to 61.9% through various initiatives, such as further strengthening the positioning of our house brands, enhancing our product mix and maintaining consistent pricing policies.

The slowdown on the Mainland is unlikely to be protracted as the Chinese government continues to introduce measures to spur growth. Moreover, as the structural rise of the Mainland middle class consumer continues to gather momentum in the medium to longer term, our unique position in the market will allow us to capitalise on this attractive market segment. Accordingly, we will continue to commit resources to capture this seismic structural demographic shift.

To thank our shareholders for their continual support and confidence in the Company, the Board recommends the payment of an interim dividend of HK$0.036 (2011: HK$0.035) per ordinary share. This represents a stable payout of 30% for the six months ended 30 September 2012 (2011: 29%).

"CITY CHAIN" – WATCH RETAIL BUSINESS

For the six months ended 30 September 2012, turnover from our watch retail business was up 13% to HK$930 million (2011: HK$826 million) and accounted for approximately 53% of the Group's overall sales. Earnings before interest and tax ("EBIT") amounted to HK$90 million, representing a growth of 6% from HK$85 million in the last corresponding period. The growth in turnover and EBIT was mainly due to the contribution of our operations in Hong Kong and Macau which continued to benefit from the influx of Mainland shoppers.

Hong Kong and Macau

For the six months ended 30 September 2012, the turnover from our Hong Kong and Macau watch retail operations was HK$598 million, up by 18% from the same period last year (2011: HK$508 million), whilst EBIT increased by 13% to HK$121 million from HK$107 million from the previous period last year.

Despite the global slowdown, a top line increase of 18% was encouraging but this did not translate into a similar or better EBIT growth due to inflationary pressures on operating costs during the period, particularly rising rental costs in Hong Kong and Macau. Measures will be undertaken to improve EBIT growth, in particular we will conduct reviews on our existing leasing strategies to alleviate rising rental pressures.

Mainland China

Turnover from our watch retail business on the Mainland stood at HK$78 million (2011: HK$80 million) and a loss of HK$ 33 million was recorded as a result of the sharper economic slowdown. Despite being up 74% from the previous corresponding period (2011: loss of HK$19 million), losses have in fact narrowed in comparison to the loss of HK$37 million recorded in the second half of the previous fiscal year as various cost control initiatives were rolled out. We believe the loss would have narrowed further if not for the sharper than expected economic slowdown.

Various initiatives to improve operating efficiencies were introduced to streamline our Mainland China operations, such as centralised procurement by headquarters in Hong Kong to secure favourable prices, product mix revamp to refine brand offerings and perceivable values to local customers; enhanced salesforce training to improve service quality and overall shopping experience; and improvements in visual merchandising to increase brand recognition among Mainland customers.

With our watch retail operations growing in stature, we are planning to permanently station a high calibre China Chief Operating Officer ("China COO") to strengthen the existing management teams in Guangzhou, Shanghai and Beijing and also to take charge of the operations there. Under this new China COO's leadership, additional new initiatives under the Business Plan will be implemented to further improve the performance of local operations, including rationalisation of existing store portfolio, adoption of more prudent clustered network expansion strategies, implementation of more stringent cost management policies, and launching new alternative distribution channels, such as eCommerce stores. With these new initiatives, we would expect our watch business in Mainland China to achieve breakeven by FY2015.

Southeast Asia

Previous losses at our watch operations in Thailand, Singapore and Malaysia were reversed and an EBIT of HK$ 2 million was reported (2011: loss of HK$3 million). A rise in turnover of 7% to HK$254 million (2011: HK$238 million) was posted. However, with returning consumer confidence in Thailand, the stable performance of our Malaysian operations and various cost control measures implemented throughout the region, we anticipate a better performance in the coming FY2013.

"OPTICAL 88" – OPTICAL RETAIL BUSINESS

For the six months ended 30 September 2012, turnover from our optical retail business increased modestly by 6% to HK$593 million (2011: HK$561 million) and accounted for approximately 34% of the Group's overall sales. An EBIT of HK$38 million was reported, a decline of 32% from HK$56 million over the same period last year, largely due to rising operating costs and initial start-up costs associated with some of our new business initiatives.

Hong Kong and Macau

For the six months ended 30 September 2012, our optical retail businesses in Hong Kong and Macau recorded a turnover of HK$393 million, up 6% from the previous corresponding period (2011: HK$370 million), but EBIT decreased by 29% to HK$ 34 million from HK$48 million last year. However, the modest growth in turnover could not offset higher operating costs from the initial investment for setting up of "EGG OPTICAL BOUTIQUE" stores, (operating loss of around HK$6 million) and rising rentals. Initiatives will be introduced in the near term to boost turnover and to improve performance.

Mainland China

Our optical retail business in Mainland China recorded a turnover growth of 10% to HK$ 46 million (2011: HK$42 million) and a loss of HK$7 million was posted (2011: loss of HK$3 million). The increased loss was mainly attributable to inflationary pressures and initial set up costs incurred by our newly established Shanghai optical business. However, losses have narrowed compared to a loss of HK$8 million in the second half of the previous fiscal year. In addition, we would expect to implement similar operational improvement initiatives, in-store rationalisation, cost control, and perceivable value enhancement for Optical 88 in China.

Driven by the positive performance of "EGG OPTICAL BOUTIQUE" stores in Hong Kong, the Group is now looking to replicate this business model in Mainland China, with the first "EGG OPTICAL BOUTIQUE" flagship store planned to be opened soon in Beijing. From this initial launch, the Group plans to introduce and further roll out "EGG OPTICAL BOUTIQUE" stores into other first tier cities, namely Shanghai and Chongqing, and will explore franchising opportunities in second and third tier cities to expedite retail coverage in the longer term.

Southeast Asia

The Group's optical retail operations in Thailand, Singapore and Malaysia maintained a steady performance with turnover recording slight growth of 3% to HK$154 million (2011: HK$149 million), EBIT was maintained at the same level as the previous corresponding period at HK$11 million. The Group anticipates a stable performance for this geographical segment in the current fiscal year.

WATCH ASSEMBLY AND WHOLESALE TRADING

For the six months ended 30 September 2012, the watch and wholesale trading business accounted for approximately 13% of the Group's overall sales, posting a turnover of HK$217 million up 8% and an EBIT of HK$57 million, an increase of 22% (2011: HK$200 million and HK$47 million respectively).

Our watch assembly unit which produces watches for the Group returned a positive EBIT.

The Thong Sia Group, the sole distributor of "SEIKO" watches in Hong Kong, Singapore and Malaysia performed up to expectations as a result of well executed marketing strategies implemented during the period under review, including, "SEIKO" advertisements featuring Asian pop stars, Sammi Cheng (鄭秀文) and Lee Hom Wang (王力宏).

Our in-house brands "CYMA" and "PRONTO" continue to be positively received and with further dedicated resources from our wholesale unit and coordinated advertising and marketing efforts to be launched in Mainland China, we expect accelerated growth for these two brands in the coming year. Additionally, our newly set up wholesale unit in Thailand responsible for the distribution of agency brands also achieved positive results.

OUTLOOK

Whilst the Group has posted a positive set of results for the six months ended 30 September 2012, we recognise the challenges and opportunities ahead in the coming six months and further beyond. With the formation of a strategic partnership with Boyu Capital and the newly developed Business Plan, we stay confident about the long term outlook for our business and remain focused to achieve the following targets in the coming years:

- Breakeven for our Mainland China business by FY2015 and to generation of meaningful profitable growth by FY2017;

- Sustained market leadership for our Hong Kong and Macau business as the core profit contributor to the Group;

- Ongoing improvements in operational efficiency and profitability from our South East Asia business; and

- Accelerated growth for our wholesale business.

FINANCE

The Group's gearing ratio at balance sheet date was 31% (at 31st March 2012: 25%), which was calculated based on the Group's net debt of HK$385 million (at 31st March 2012: HK$287 million) and shareholders' funds of HK$1,254 million (at 31st March 2012: HK$1,173 million). The Group's net debt was calculated based on the Group's borrowings of HK$658 million (at 31st March 2012: HK$508 million) less the Group's bank balances and cash of HK$273 million (at 31st March 2012: HK$221 million). Of the Group's borrowings at balance sheet date, HK$532 million (at 31st March 2012: HK$423 million) were repayable within 12 months.

Of the Group's borrowings, 7% (at 31st March 2012: 4%) were denominated in foreign currencies. The Group's bank borrowings denominated in Hong Kong Dollars were on a floating rate basis at either bank prime lending rates or short term inter-bank offer rates.

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

The Group does not engage in speculative derivative trading.

As at 30th September 2012, the Group does not have any significant contingent liabilities.

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

CAPITAL STRUCTURE OF THE GROUP

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

CHANGES IN THE COMPOSITION OF THE GROUP

There was no change in the composition of the Group during the period.

NUMBER AND REMUNERATION OF EMPLOYEES, REMUNERATION POLICIES, BONUS AND TRAINING SCHEMES

The Group's remuneration policies are reviewed on a regular basis and remuneration packages are in line with market practices in the relevant countries where the Group operates. As of 30th September 2012, the Group had 3,578 (at 30th September 2011: 3,244) employees.

DETAILS OF THE CHARGES ON GROUP ASSETS

At 30th September 2012, certain of the Group's freehold land and buildings amounting to HK$191 million (at 31st March 2012: HK$193 million), investment property amounting to HK$83 million (at 31st March 2012: HK$66 million) and leasehold land amounting to HK$20 million (31st March 2012: HK$21 million) were pledged to secure banking facilities granted to the Group.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 3rd January 2013 (Thursday) to 4th January 2013 (Friday) both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the entitlement to the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Registrar, Computershare Hong Kong Investor Services Limited, 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 2nd January 2013 (Wednesday). The interim dividend will be paid on 18th January 2013 (Friday).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CORPORATE GOVERNANCE

During the six months ended 30th September 2012, the Company has complied with the Code Provisions of the revised Code on Corporate Governance Practices as well as the former Code (the "Code Provisions") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for the following deviations:

Code Provision A.2.1

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

Code Provision A.4.2

Under Code Provision A.4.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Not all directors of the Company retire strictly under Code Provision A.4.2 but in accordance with the Company's Bye-Laws. Bye-Law 110(A) stipulates that one-third of the directors of the Company who have been longest serving in office since their last election, except the Chairman, Vice-Chairman or CEO, shall retire from office by rotation at each annual general meeting.

Code Provision B.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 B.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 their performance.

Code Provision E.1.2

Under the first part of Code Provision E.1.2, the Chairman of the Board should attend annual general meetings. The Chairman of the Board Mr. Joseph C.C. Wong, was unable to attend the annual general meeting of the Company held on 23rd August 2012. The respective Chairmen of the Audit Committee and the Corporate Governance Committee were present. In the absence of the Chairman of the Nomination Committee and the Remuneration Committee, another committee member was invited to and attended the annual general meeting.

Audit Committee

On 19th June 2012 and 22nd November 2012, the Audit Committee together with the management of the Company reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including review of the Group's results for the year ended 31st March 2012 and for the six months ended 30th September 2012 respectively before they were presented to the Board of directors for approval.

Remuneration Committee

The Remuneration Committee met on 27th June 2012 to conduct a review on the salaries of the executive directors.

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 10 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 during the six months ended 30th September 2012.

PUBLICATION OF FINANCIAL INFORMATION AND INTERIM REPORT

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk under "Latest Listed Company Information" and the Company's website at www.stelux.com. The Company's Interim Report for 2012/2013 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

"The fear of the Lord is the instruction of wisdom; and before honour is humility."

Proverbs 15:33

Hong Kong, 29th November 2012

Directors of the Company as at the date hereof:

Executive directors:
Chumphol Kanjanapas (alias Joseph C. C. Wong) *(Chairman and Chief Executive Officer)*, Anthony Chu Kai Wah and Vincent Lau Tak Bui

Non-Executive directors:
Sakorn Kanjanapas, Wu Chun Sang *(independent)*, Lawrence Wu Chi Man *(independent)* and Agnes Kwong Yi Hang *(independent)*