

LEVEL 7 ASSESSMENT SPECIFICATION

Student name:	K.C. Woo	Student ID number:	2123229
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Financial Analysis
of
Stelux Holdings International Ltd.

University of Wales Trinity Saint David – MBA
Finance for Business Managers
(HKBM7008 HKMA)
Lecturer: Dr. Katherine Mo

Name: K.C. Woo
Student Number: 2123229
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DATE: 31.AUG.2022

Executive Summary:

OVERVIEW:

When COVID-19 was confirmed in Hong Kong in January 2020, the economy fell rapidly, almost every business activity was impacted, and the retail industry faced its most challenging period. Stelux Holdings International Ltd was founded in 1985 as a pioneer in introducing the multi-brand concept chain store in Hong Kong. However, in the past two years, their business has declined dramatically due to this disaster.

OBJECTIVE:

This report's primary objective is to perform an in-depth analysis of the financial statements. It overviews the most influential economic analysis strategies, methodologies, and techniques. The report includes: (1) *the income statement*, (2) *the balance sheet*, (3) *the cash flow statement*, and (4) *the rates of return*.

PROPOSED SOLUTION:

We recommend STELUX to develop a VR mobile application designed to boost sales and compete with two of their counterparts. It is anticipated that this improved business strategy will enable the group to accelerate sales growth and delivery soon.

CONCLUSIONS:

It is anticipated that this improved business strategy will enable the Group to accelerate sales growth and delivery soon.

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1. Introduction:

A financial analysis examines the organizational structure, activities, expenditures, and other factors affecting business performance. Financial accounting aims to determine whether an entity is reliable, financially secure, cash-flow positive or generating sufficient profits to justify a capital expenditure. Performing these analyses within an organization can assist investors in planning for the future or analysing previous performance. In addition, it assists investors in identifying the most promising prospects. There are two types of financial analysis: elemental analysis and statistical analysis. Financial statements and ratios are used to calculate accurate market prices. Statistics emphasize the price of security rather than its changes in value over time as the basis for determining its value. (CFI Team b, 2022)

This report's primary objective is to perform an in-depth analysis of the financial statements. It overviews the most influential economic analysis strategies, methodologies, and techniques. The report includes: (1) the income statement, (2) the balance sheet, (3) the cash flow statement, and (4) the rates of return. (Tuovila, 2022)

1.1. *Company Background:*

The **Stelux Holdings International Ltd** (0084HK) was founded in Hong Kong in 1963 as a manufacturer of stainless-steel watch components exported to Europe and Japan. **STELUX** grew during the decade following, and in 1972 it was listed on the Hong Kong Stock Exchange. STELUX (2022).

Furthermore, **STELUX** performs a wide range of business activities, including renting real estate, managing parking lots and storehouses, providing real estate consulting services, and providing other managerial services. It has offices in Singapore, Malaysia, Macau, Thailand, Switzerland, and the Bahamas, in addition to Hong Kong.

1.2. *Operating Business Overview (Products & Services and The Sales Market):*

Stelux Holdings International Ltd. was originally a manufacturer of watch components. Since 1985, the company has been engaged in the retail and trading of watches. As part of its acquisition of the concept of multiple-brand chain stores, **CITY CHAIN** offers a wide variety of fashionable watches. As a manufacturer, **STELUX** has also launched its own brands, including Universal Geneve, Catena, Solvil et Titus, and CYMA. Apart from this, The **STELUX** Group also merged with the **Thong Sia Group** in 2005. Thong Sia is the sole distributor of SEIKO watches and clocks and the premium line GRAND SEIKO in Hong Kong and far east Asia of five decades. This merger was done with the purpose of increasing the watch's share of the retail market. SHI is operating 34 retail shops under CITY CHAIN and SEIKO flag ship store in Hong Kong.

1.3. *Today's Business Environment:*

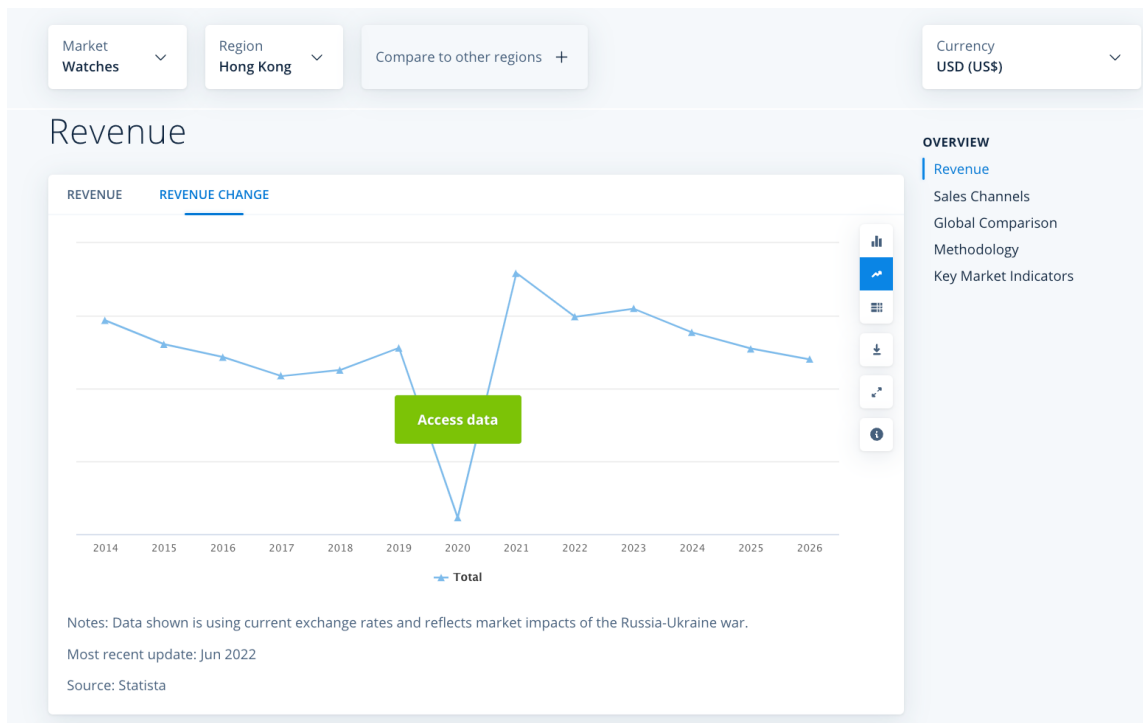


Figure 1. Shows the revenue of the watch industry from 2014 to 2022 and forecasts the revenue changed from 2022 to 2026 in Hong Kong in U.S. Dollars (Statista, 2022).

US\$3.78bn will be generated by revenue in the Watches market. The market is expected to grow at 7.00% per year (CAGR 2022-2026). Globally, most revenue is accrued in China (US\$15,770.00m in 2022). In line with the population statistics, incomes per habitant of US\$0.50k are predicted in 2022. By 2022, mass-market watches will contribute 52% of watch sales.

We can see from the table that COVID-19 has significantly impacted. The overall retail market at the year-end of 2019 has a steep V-shaped decline to 2020, especially in the Watch and Jewellery sectors. Its tourism-driven sales disappeared entirely due to a ZERO COVID policy restricting tourists' arrivals.

Compared to 2014, it performed dramatically better in 2020, scoring even higher than in the previous 8 years. In 2021, the performance is still better than in 2019, despite a slight drop. Consequently, two factors contributed to the results: the ZERO COVID policy, which restricted tourist entry, and also limited Hong Kong citizens were travelling overseas comfortably. Thus, they have left extra money to spend on luxury watches on the market.

Also, a number of people have excess cash from the government's redemption scheme (Consumption Voucher Scheme, 2022) and retailers have launched marketing plans (City Chain, 2022). to boost sales for mass-market watches. (the market price is less than HKD 10.000).

1.4. *Company Structure:*

According to the annual report, employee expenses (including salaries and allowances, pension and other costs) totalled 181.27 Million for the year ended 2022. 62 per cent are females, and 92 per cent are full-time employees. 72 per cent are aged between 18 and 44, and less than 9 per cent aged above 55. Furthermore, 60 per cent of employee turnover in the age group of 18 to 34 came from the frontline. STELUX also provided an average of 13 hours of training per staff member to ensure the customers enjoyed the shopping experience. Covid-19 caused a decrease of 41% in staff in 2022, from 1550 in 2019 to 910 in 2022. See Appendix F.

1.5. *Research Comparison Company Information:*

To conduct this analysis, data were collected from three organizations to compare **Selux Holdings International Limited (0084HK)**, **Emperor International Holdings (1633HK)** and **Oriental Watch Holdings (0398HK)**.

As shown in the following table, all three corporations above operate similarly, and their size, organization, and segments are identical. Thus, a comparative financial management analysis is undertaken for the three companies mentioned as follow:

ref.	Sheet 10	Sheet 11	Sheet 12
Company Name	Stelux Hldgs Int.	Emperor Int. Hldgs	Oriental Watch Hldgs
(Stock number)	0084	0163	0398
Business Nature	Watch Retailing		
Market value*1 (HKD)	58.60M	2,648M	2,164M
PE*1	N/A	N/A	6
Market area	In HK	In HK	In HK
Number of Stores*2	34	30	11

*1 See Appendix A.

*2 See Appendix B.

2. STELUX 's financial analysis:

An analysis of Selux's financial reports is provided in this section. The six areas are based on the **economic structure, compensation & ability to pay, performance capability, return on investment, future growth**, and market price & return of stocks. We calculated the risk associated with three companies and the relevant average industry and provided references to support our calculations. Provide Balance Sheet/Income Statement (See Appendix E) and Schedule 5-financial ratio analysis table (K.C. Woo, 2022).

2.1. *Listed Company Bankruptcy Index Z-Score Analysis:*

The purpose to use **Altman's Z-Score** to provides a rapid and unbiased method of assessing bankruptcy risks. (Altman, 1968). An organization with a Z-Score of less than 1.23 is at high risk of bankruptcy. Z-Score between 1.23 and 2.99 represents a grey area. If a company's Z-Score is higher than 2.90, the company is unlikely to become bankrupt.

Company	Stelux Hldgs Int.			Emperor Int. Hldgs	Oriental Watch Hldgs
YR	19/20	20/21	21/22	21/22	21/22
	HKD '000	HKD '000	HKD '000	HKD '000	HKD '000
NET CURRENT ASSETS	(299,541)	(185,708)	(226,362)	2,900,267	1549334.00
TOTAL ASSETS	1,705,915	1,357,838	1,182,030	5,350,255	2879275.00
RETAIN EARNING	425,799	382,873	273,499	1,614,834	1986271.00
EBIT	(432,079)	(27,180)	(71,562)	287,080	565833.00
STOCK VALUE*1	0.085	0.09	0.061	0.205	0.28
TOTAL EQUITY	537,101	494,597	384,748	4,720,790	2,036,167
NUMBER OF SHARES (THOUSAND SHARES)	1,046,474.03	1,046,474.03	1,046,474.03	677,945.00	487,358.00
TOTAL LIABILITIES	1,168,814	863,241	797,282	629,465	843,108
SALES	1,034,794	706,267	692,507	3,926,608	3,639,774

Note 1 : March 31 closing value by dividend and stock split adjustment. See Appendix D.

$$Z\text{-Score} = 1.2 * A + 1.4 * B + 3.3 * C + .6 * D + 0.999 * E$$

A = Working Capital/Total Assets.

B = Retained Earnings/Total Assets.

C = EBIT / Total Assets.

D = [(Stock value x Total number of stocks)/RMB&HKD ex rate]/Total Liabilities].

E = Sales/Total Assets.

Company	Stelux Hldgs Int.			Emperor Int. Hldgs	Oriental Watch Hldgs
YR	19/20	20/21	21/22	21/22	21/22
A	(0.18)	(0.14)	(0.19)	0.54	0.54
B	0.25	0.28	0.23	0.30	0.69
C	(0.25)	(0.02)	(0.06)	0.05	0.20
D	0.08	0.11	0.08	0.22	0.16
E	0.61	0.52	0.59	0.73	1.26
Z SCORE	(0.05)	0.75	0.53	2.12	3.62

The above table analysis of listed companies' bankruptcy index shows that Selux's three-year Z-Scores are all below 1.23, which indicates a high risk of bankruptcy, symbolic its financial weakness. In contrast, Emperor has a Z-Score of 2.12, which is in the grey area, while Oriental has the best Z-Score of 3.62. is the most healthiest among three organisations.

2.2. Financial Structure:

COMPANY	Stelux Hldgs Int.			Emperor Int. Hldgs	Oriental Watch Hldgs	3 Companies
YEARS	19/20	21/20	21/22	19 - 22(3 Years Average)		
FA to LONG TERM LIABILITY RATIO	7.19	9.78	15.62	10.86	0.34	0.32
CL to NET ASSET RATIO	(3.40)	(4.12)	(3.25)	(3.59)	0.18	0.31
CL to STOCK RATIO	2.73	2.86	2.82	2.80	0.20	1.01
						1.34

Fixed Assets to Long-Term Liability Ratio, also known as a debt-to-asset ratio or debt ratio, determines how much of an asset's worth has been covered by debt. The higher the ratio, the greater the financial threat.

Compared with the two competitors, their debt-to-asset ratios have averaged 32% and 33% over the last three years. Investing portfolios tend to favour A debt ratio of 30% to 60%. Consequently, investors profited from these two companies. In contrast, **STELUX displays 1,086%, which is 32 times the average; this indicates a high financial risk.** (Ahern, 2022) **FAI (LTL + E).**

Current Liability to Net Asset Ratio for an organization is its capacity to pay off its loans. An organization with a healthy liquidity ratio exceeds 1, signalling it is financially stable and unlikely to encounter financial difficulties.

A negative 3.59 ratio has been recorded over the past three years for STELUX's Current Liability to Net Asset Ratio. After dropping to minus 4.12 in 2021, the ratio climbed by almost 90% to minus 3.25 in 2022; negative ratios continue to exist. Hence, for every HKD1 of current liabilities, the business has minus HKD3.59 in current assets. Despite their ratio was not greater than 1. It is still more favourable for investors to invest in the other two companies than in STELUX. (Indeed, 2022). **CL/Net Asset.**

Current Liability to Stock Ratio measure a company's ability to pay off its debt. Cash ratios above 1 enable an organization to pay off all short-term liabilities and maintain reserves. Conversely, a higher percentage could signal that funds are not utilized effectively since they could be used in more lucrative opportunities instead of earning risk-free returns. (FreshBooks, 2019).

City Chain retail prices are more affordable, not included Grand Seiko, reflected the Liquidity Ratio performed significantly better. Maintaining a low inventory of fashionable watches is easy, consequence in a remarkable Liquidity Ratio. **CL/Inventory**.

2.3. *Paying Debt Ability:*

COMPANY	Stelux Hldgs Int.				Emperor Int. Hldgs	Oriental Watch Hldgs	3 Companies
YEARS	19/20	21/20	21/22	19 - 22(3 Years Average)			
CURRENT RATIO	0.71	0.76	0.69	0.72	6.42	4.19	3.77
QUICK RATIO	0.34	0.41	0.34	0.36	1.35	3.19	1.64
CASH RATIO	0.12	0.22	0.15	0.17	1.04	2.65	1.29
TOTAL DEBT RATIO	0.69	0.64	0.67	0.67	0.12	0.29	0.36
DEBT/EQUITY RATIO	2.18	1.75	2.07	2.00	0.13	0.41	0.85
LONG-TERM DEBT RATIO*(FINANCING)	0.22	0.14	0.09	0.15	0.02	0.16	0.11
EQUITY MULTIPLIER(EM)	3.18	2.75	3.07	3.00	1.13	1.41	1.85
TOTAL DEBT/FIXED ASSET RATIO	1.38	1.26	1.43	1.35	0.35	1.28	0.99
TIME INTEREST COVER RATIO	(8.54)	(0.95)	(3.71)	(4.40)	17.53	47.02	20.05
CASH COVERAGE	(6.55)	7.66	3.36	1.49	44.94	70.77	39.07

The main liquidity ratios for a business are:

Current Ratio evaluates an organization's ability to discharge its debts that will mature in the next 12 months. It is determined by its current ratio. This ratio compares the value of total CA over total CL. This reflects the economic condition of an organization and how it utilizes cash flow to pay off liabilities and receivables. In addition the current ratio of less than 1 shows that an organization is at risk of having trouble covering its future liabilities. While ratio greater than 1.50 usually reflects sufficient cash flow. (CFI Team c, 2022).

The current STELUX ratio was 0.72, which was 28% below average. It also did not have adequate cash to pay off the company's short-term obligations. In contrast, the other two companies recorded 4.19 and 6.42; the current ratios were too large, leaving surplus funds rather than pursuing expansions.

CA/CL.

Quick Ratio measures an organisation's capacity to cover its present debts with its available cash. A larger quick ratio indicates an organisation's proven ability and stability to pay. An organisation with a quick ratio equal to or greater than one has sufficient cash to pay off its obligations promptly. **(CA-I)/CL**. (Kibet, 2022).

Cash Ratio also known as cash to equity ratios, indicate how much money an organization can pay its future obligations. A cash ratio is a tighter, more cautious measurement than working capital ratio or acid test. In the valuation, only liquid assets are taken into account.

A ratio greater than 1 indicates that an organization can cover its obligations with current assets and still have leftover funds. Investors like to see a high cash asset ratio, which means an organization can repay its loan quickly. In general, a percentage of not less than 0.5 to 1 is ideal. Due to only current assets, the cash ratio indicates an organization's financial health. However, there is a risk that the cash ratio won't accurately assess an organization since it's unsustainable for organizations to have too much money. (CFI Team d, 2022).

STELUX's Cash Ratio was 0.17, indicating it did not have enough cash. The Emperor performed well in this area of 1.04, whereas the Oriental retained too much money. **CASH/CL**.

The main leverage ratios are:

Total Debt Ratio is obtained by subtracting total debt from total assets. A high ratio indicates that assets are being funded predominantly with loans, rather than investments, and is a haphazard strategy for fund-raising. STELUX with 69% debt ratio, and the others not over 30%, indicated that the company funding majority by loans. **TL/TA**. (AccountingTools, 2022).

Debt/Equity Ratio is calculated by dividing the total amount of debt by the total amount of equity. The intent is to see if funding is coming from a reasonable proportion of debt. Lenders like to see a large equity stake in a business. **TL/TE**. (Fernando, 2022).

Long-Term Debt Ratio*(Financing) analysts estimate the company's ability to meet long-term obligations. It takes place annually, as most companies' balance sheets are published at the end of each calendar year. Identify a business's debt pattern by evaluating the change in its long-term debt ratio over time. To compare with the average industrial company 11%, STELUX has 15% of long-term debt per dollar in assets. **LT/TE**. (Carbon Collective, 2021).

Equity Multiplier (Em) is an accounting ratio that calculates how much of a business' assets are funded from shareholders' contributions. When the Em is low, it indicates that a business is relying more on equity and less on financial borrowings to support its investment in assets; in construct business with a high Em are commonly perceived as safer as a lower debt obligation is possible.

STELUX showed that a high equity multiplier illustrated its smart acquisition approach that enabled it to invest in assets at a lower cost than others. **TA/TE**. (Nickolas, 2022)

Total Debt/Fixed Asset Ratio is a metric of debt-to-assets ratio that evaluates the ratio of liabilities (both short-term debt and long-term debt) to the company's accumulated assets. When an organization's debt-to-assets ratio is greater than one, it indicates that it has more obligations than assets. On the other hand, vice versa.

STELUX and ORIENTAL both had total debt to asset ratios of around 1.30, while Emperor's was lower at 35%. By this analysis, we found that several among of assets were raised by obligations. As a result, Emperor was the safest company among the three. **TL/FA**. (MasterClass, 2021)

Time Interest Cover Ratio is obtained by dividing income before interest and taxes by interest expense. The purpose is to examine if a business can at least pay off its interest payments over time. A loan balance may not be settled even if it is not reimbursed. If a loan is expected to mature into a new loan, this mechanism works well.

STELUX has a negative 44% liquidity ratio, indicating that it has a high probability of bankruptcy. **EBIT/Interest**. (Hayes b, 2022).

Cash Coverage ratio is a metric that evaluates a company's capability to cover its liabilities with its available cash to assess a company's liquidity.

With a cash coverage ratio of 1.36, STELUX can cover 136% of its debt. In contrast, Emperor was 45 times and Oriental was 70 times higher.

(EBIT + Depreciation + Amortization)/Interest. (Indeed, 2021).

2.4 Operating Ability:

COMPANY	Stelux Hldgs Int.				Emperor Int. Hldgs	Oriental Watch Hldgs	3 Companies
YEARS	19/20	21/20	21/22	19 - 22(3 Years Average)			
INVENTORY RATIO	257	256	258	257	367	72	232
RECEIVABLE RATIO	58	73	72	68	15	21	35
CREDITOR'S RATIO	43	58	71	57	7	40	35
OPERATION PERIODS	315	329	330	325	382	92	266
CASH PERIODS	272	272	259	268	375	52	232
TOTAL ASSET TURNOVER	0.61	0.52	0.59	0.57	0.73	1.26	0.86

The Major Operating Efficiency Ratios are:

The Inventory Turnover Ratio is a metric of how frequently inventory is traded and restocked over a specified period of times. It indicates that the organization traded the merchandise it acquired minus any products ruined due to defects or decrease. Companies that are successful generally undergo several inventory turnovers each year, but this varies from industry to industry and product category to product category. Fast Moving Consumer Goods generally have a very fast turnover rate, however very pricey goods, for instance, Rolex watches and Hermès leather goods, tend to have long delivery times and a limited supply annually.

The inventory turnover days of Selux are almost the same +/- one day of 257days, which is 110 days shorter than Emperor and 0.9% longer than industrial average 232days, as Oriental demonstrated a phenomenal performance 72 days.

Inventory Turnover Ratio = $365/(\text{COGS}/\text{INVENTORY})$. (Jenkins, 2022).

Average Collection Period measures the duration it takes for an organization to receive payments owed by its clients, in the context of accounts receivable (AR). Companies use average billing cycle to meet their financial commitments.

It indicates that Selux's collection period over the past 3 years, the average is 68 days. This corresponds to the normal average 45 to 75 days (page 152, Dr Mo). and was slightly longer than the industry average of 35 days. **Receivable Ratio = $365/(\text{SALES}/\text{AR})$.** (Kenton, 2022).

Creditor's Ratio is a calculation of the debt that a company owes to its suppliers at the end of its credit period. This ratio represents the debt the creditor owes to its suppliers after repayment and the average daily transactions of the creditor.

The data reveals that the 7 days of Emperor had the shortest duration, which was five times shorter than the industry average. Oriental was approximately the same as the average, while Stelux was nearly half a month longer than the average.

Creditor's Ratio = $\text{Trade payables} \times 365/\text{COGS}$. (CFI Team (2022).

Cash Flow Statement Analysis are:

Operating Period defines as the number of days it takes for a business to receive, sell the merchandise, and collect the proceeds from the sale of the merchandise. Businesses rely heavily on this cycle to evaluate their performance.

In last two years, Selux recorded two weeks longer compare to 19/20 season with a timeline of 330 days, and nearly two months longer than industrial average. On the other hand, Emperor did the most poorly, took nearly 4.5 months longer than the average. The cash returned in 92 days with Oriental is still the most favourable of the three companies.

Operation Ratio = $\text{Inventory Periods(Ratios)} + \text{Receivable Periods(Ratios)}$ (CFI Team a, 2022).

Cash Period as a measure of cash flow from sales describes the time (counted in days), it requires for a company to turn its stocks into revenues. By measuring this ratio, the organization is able to determine how long it takes to sell its stock, acquire debt, and cover its expenses.

In 21/22, Selux did well with a timeline of 259 days. Nearly two weeks faster than the previous two years and catching up with the industrial average of 232 days. Despite the fact that Emperor 375 days was the longest, it continues to lag behind the other two. Oriental continues to offer the most competitive cash return in 52 days. **Cash Period = Operation Periods(Ratios) - Payment Periods(Ratios)**. (Hayes, 2022).

The Asset Turnover Ratio is used to analyse the relationship between a business's monetary earnings and its investments. By analysing this ratio, it can identify how successfully a company is using its resources to increase profits. Generally, Total Asset Turnover is smaller than one or 100 percent when a company has substantial fixed assets.

The turnover of Selux's total assets over the last three years has remained stable at around 57%, while compared to others in the industry, which is the lowest at 86%.

Total Asset Turnover = Sales/Total Assets. (Hayes a, 2022).

2.5. Profitability:

COMPANY	Stelux Hldgs Int.			Emperor Int. Hldgs	Oriental Watch Hldgs	3 Companies
YEARS	19/20	21/20	21/22	19 - 22(3 Years Average)		
GROSS PROFIT MARGIN	0.49	0.46	0.47	0.47	0.31	0.32
NET PROFIT MARGIN	(0.39)	(0.12)	(0.15)	(0.22)	0.05	0.11
EBITDA MARGIN	(0.36)	0.05	0.00	(0.10)	0.19	0.23

Rates of Return and Profitability Analysis:

Gross Profit Margin measures an organization's efficiency by analysing its revenue after deducting the cost of goods sold (COGS). Gross profit margin is commonly calculated as a ratio of sales. As a percentage of turnover, gross profit margin demonstrates how efficiently organisations generate sales revenue. It allows businesses with different incomes to be evaluated more effectively.

A gross profit of 30% is generally considered positive. There were, however, three companies that recorded above 30%. The relatively low retail price of STELUX makes it the most competitive in this area. **(Sales - Cogs)/Sales**. (Bloomenthal, 2021).

Net Profit Margin is the percentage of revenue earned. Organizations or industries measure it by the ratio of their net profits to their revenues. The value is commonly represented as a percentage, but can also be expressed numerically. It measures what percentage of an organization's revenue is converted into profits.

In the last 3 years, STELUX had a negative ratio (minus 22%), while other companies recorded 19% and 23%, meaning others were financially healthy and STELUX was not good enough.

Net Income After Tax/Sales. (Murphy a, 2022).

EBITDA Margin illustrates a company's profitability as a percentage of its profit. In accounting, EBITDA stands for earnings before interest, taxes, depreciation, and amortization. By comparing a company's EBITDA margin with its competitors, one can analyse its performance. In addition to focusing on the fundamental factors of a business, EBITDA assesses cash flow and revenue. Generally, an organization has a high EBITDA margin, its total costs are generally meagre as a percentage of its total income, whereas the expenditures are substantial.

EBITDA margin of an organisation over 10% is positive; however, the SETLUX's recorded an opposite result of minus 10% in average 3 years, obviously came from minus 36% in 19/20, although it has gradually improved to 5% and 0% in the following two years, which is still far from behind the peer. It's reflected that suffered from some managerial challenges and managed company inefficiently.

(EBIT + DA)/Sales. (James Chen, 2022).

2.6. Growth Capacity:

COMPANY	Stelux Hldgs Int.				Emperor Int. Hldgs	Oriental Watch Hldgs	3 Companies
YEARS	19/20	21/20	21/22	19 - 22(3 Years Average)			
MARKET CAPITALIZATION	88,950	92,090	63,835	81,625	138,979	138,117	119,574
PE RATIO	(0.22)	(1.13)	(0.60)	(0.65)	0.68	0.34	0.12
MARKET TO BOOK RATIO	4.24	3.69	5.64	4.52	0.02	0.10	1.55
ROE	(0.38)	(0.08)	(0.10)	(0.19)	0.30	0.83	0.31
SELF SUSTAINABLE GROWTH RATE	0.41	0.37	0.26	0.34	0.26	0.98	0.53

Market Capitalization describes how much a business is valued as reflected by the stock market. It is defined as the total market value of all available stocks. Market Cap is frequently interpreted as the size of an organization, then benchmarks the organization's financial status to competitors of similar scales. The Comparison Companies are similar, however the business performance of STELUX was not as good as others. **Price Per Shares X No. Of Shares.** (Fernando a, 2022).

PE Ratio, the price-to-earnings ratio measures a corporation's share price to its revenue per share. A higher P/E ratio indicates that the corporation is overvalued, in other words, that stockholders are anticipating aggressive ROI soon. The negative ratio of STELUX reflected the market won't see any future of it compare to others. **Price Per Share/Earnings Per Share (Np/No. Of Share).** (Fernando b, 2022).

Market To Book Ratio allows investors to estimate a stock's value by comparing the company's book value to its market value. A higher book-to-market ratio implies that the market is offering the company's shares at a discount according to their book value. A market-to-book ratio over 1 indicates that the organization's stock is overvalued. A ratio lower than 1 implies that it could be undervalued; the contrary is true for the book-to-market ratio. STELLUX is 4.5 times overvalued, it must take notice.

Market Value Per Share/Book Value Per Share. (Kenton a, 2022).

ROE: It represents the return on net assets. It is a ratio of business performance determined by dividing net income by shareholders' equity. The shareholders' stake = an organization's assets less its obligations.

In the watch retail industry, ROE above 25% represents a sound investment. The Orientals are phenomenal in 83% of cases, but STELUX has had negative ratios for the last 3 years. , therefore the operation must be changed before it is too late. **ROA X 1.** (Fernando c, 2022).

Self-Sustainable Growth Rate is the maximal rate of development that a business can sustain without adding extra equity or debt. Essentially, it is the rate at which a business can expand while using its own internal resources without requesting funds externally. STELUX's 34% SSGR is relatively safe compare with others. **Reserve/Equity.** (Murphy b, 2022).

COMPANY	Stelux Hldgs Int.				Emperor Int. Hldgs	Oriental Watch Hldgs	3 Companies
YEARS	19/20	21/20	21/22	19 - 22(3 Years Average)			
SALES GROWTH RATIO	181%	-32%	-2%	49%	49%	4%	34%
ULTIMATE GROWTH RATE	2%	2%	2%	2%	2%	2%	2%
EBITDIA (%)	-32%	31%	9%	3%	19%	23%	15%

Sales Growth Ratio is a metric to calculate the change over time in each value in percentage. It is generally used to analyse managerial performance, and ROI. As a result, benchmarking an organisation's current performance and to anticipate its potential growth.

Stelux recorded tremendously before the impacted of COVID-19 which benefit from the sales from the tourists from China, however, the opposite growth(lost) to minus 32%, and gradually picked up to minus 2% in 21/22 financial year. Emperor didn't have much influence of it, had outstanding 49%.

(New Sales- Old Sales)/Old Sales. (Chen a, 2022).

Ultimate Growth Rate. 2% (NEWS.GOV.HK, 2022).

EBITDIA (%) is a calculation of a company's profitability, so the higher is better. STELUX recorded only 3%, which is far behind than others. **(EBIT +DI +A)/Sales in %** (Johnson, 2022).

3. STELUX 's Corporate Governance assessment:

A Corporate Governance Assessment enable organisations to display their transparency and ethical performance to shareholders, bankers, authorities, customers, and insurance firms. An unbiased expert inspection can help satisfy shareholders' concerns and demonstrate the corporation's commitment to ethical or appropriate corporate governance. As a result, this can enhance investment costs and share prices, since well-governed organizations are able to leverage the high-value shareholders who intend to invest in strong governance. (DNV, 2022).

Governance policy and business ethics:

To sustainably safeguard the Group's performance and shareholders' interests, STELUX believes that enacting appropriate legislation and regulations is essential. Code Provision D.3.1 applies to corporate governance committees. The Corporate Governance Committee met to assess alignment with Code Provisions and transparency in the Corporate Governance Report. In addition, the Board is responsible for identifying and managing ESG-related risks, also recognizes global responsibility for ESG concerns.

Risk management processes:

Financial Risk Management includes foreign exchange, interest rate, credit, and liquidity risk and *Capital management* Risk management policies are reviewed and agreed upon by the board, audit committee and risk steering committee.

Investing rights and relationships:

Interaction with shareholders and investors is paramount to STELUX. Publishing material relevant to the Group and its official website: www.stelux.com, facilitates timely and comprehensive information exchange. Annual General Meetings serve as a platform for direct communication between the Board and shareholders. External auditors, senior management, and all directors will try to attend the AGM. However, due to COVID-19 restrictions, a hybrid AGM was held in 2021. Any concerns can be sent via email or by writing to the Company Secretary.

Reporting, audit, and verification:

RSM Hong Kong (RSM, 2022) is responsible for reviewing the consolidated financial statements as of 31 March 2022, and verifying all reports provided by HKICPA. HKFRSs consist of "HKFRS"; "HKAS"; and their interpretations.

Board structure and management:

The Board at present has a total of 6 members; two executive directors, one non-executive director and three independent non-executive directors (with a female independent non-executive director).

Joseph C. C. Wong (**Chairman and CEO**)

Suriyan Joshua Kanjanapas (non-executive director) (appointed from 20 October (*appointed from 20 October 2021*))

Wallace Kwan Chi Kin (**executive director and CFO**)

Agnes Kwong Yi Hang (independent non-executive director)

Jeff Ho Chi Kin (independent non-executive director)

Ricky Lai Kai Ming (independent non-executive director)
(*appointed from 31 August 2021*)

Lawrence Wu Chi Man (independent non-executive director)
(*retired on 31 August 2021*)

Note: In accordance with Bye-law 110(A), all non-executive directors of the Company serve for three years, or until they are removed by rotation. Directors, including those nominated for a specific term, must resign by rotation every three years under Code Provision A.4.2. Code Provision A.4.2 requires all directors to step down. As defined in the Company's Bye-Laws 110(A), one third of the company's directors, except the Chairman and CEO, must step down at an annual general meeting by rotation.

Board and executive compensation:

(c) Key management compensation		(c) 主要管理層報酬	
		2022 HK\$'000 港幣仟元	2021 HK\$'000 港幣仟元
Salaries and other short-term employee benefits	薪金及其他短期僱員福利	7,226	5,088
Contribution to retirement benefit scheme	退休計劃供款	115	116
		<u>7,341</u>	<u>5,204</u>

The Group operates in Hong Kong under the following crucial and essential employment and workers' regulations:

- Employment Ordinance (Cap. 57)
- Employees' Compensation (Cap. 282)

Director contracts are not terminated by the employer within one year without payment of wages (other than mandatory benefits).

Ownership structure and control:

REPORT OF THE DIRECTORS 董事會報告書

SHARE OPTIONS

The Company and its subsidiaries did not set up or operate any share option scheme for the year ended 31 March 2022 and up to the date of publication of this Annual Report.

DIRECTORS' INTERESTS

As at 31 March 2022, the interests and short positions of the directors, and the Company's chief executive in the shares, underlying shares and debentures of the Company or any associated corporation (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 Companies were as follows:

(a) The Company – Ordinary shares

Long position in shares and underlying shares of the Company

購股權

本公司及其附屬公司於截至2022年3月31日止年度及直至本年報刊發日期並無設立或進行任何購股權計劃。

董事之權益

於2022年3月31日，按本公司根據證券及期貨條例（「證券及期貨條例」）第352條而置存之登記冊所記錄，董事及本公司之最高行政人員於本公司或其任何相聯法團（按證券及期貨條例第XV部之定義）之股份、相關股份及債券中擁有之權益及淡倉，或根據上市發行人董事進行證券交易之標準守則而須知會本公司及聯交所之權益及淡倉如下：

(a) 本公司—普通股

於本公司之股份及相關股份之好倉

Name of Director 董事姓名	Number of shares 股份數目				Total 總數	Approximate percentage of the total shares in issue as at 31 March 2022 於2022年3月31日佔全部已發行股份之概約百分比
	Personal interest 個人權益	Family interest 家屬權益	Corporate/ trust interest 法團／ 信託權益	Other interest 其他權益		
Mr. Joseph C. C. Wong 黃創培先生	548,474,814	11,000	855,200 (Note 1) (附註1)	—	549,341,014	52.49

Note: MR. Joseph C. C. Wong, Chairman and CEO, holds over 52.49% of shares worth \$549.34 million according to the director report, as the majority shareholder (Mitchell, 2020). He has the right to direct the company's direction.

COMPANY	Stelux Hldgs Int.			Emperor Int. Hldgs	Oriental Watch Hldgs	3 Companies
YEARS	19/20	21/20	21/22	19 - 22(3 Years Average)		
RETURN ON ASSETS(ROA after tax)	(0.24)	(0.06)	(0.09)	(0.13)	0.04	0.14
RETURN ON EQUITY(ROA after tax)	(0.75)	(0.17)	(0.28)	(0.40)	0.04	0.20
						(0.05)

Return on Assets (ROA after tax)

Net Income After Tax/Total Assets.

Return on Equity (ROA after tax)

Net Income After Tax/Total Equity.

An organization's profitability can be measured by ROE and ROA.

Risk/liabilities are considered in ROA, while they are not in ROE. (Ryan Fuhrmann, 2022).

4. Investment project assessment:

STELUX plans to develop a **mobile virtual reality (VR) application (APP)** this year that will cost 5 million in Hong Kong. See Appendix K. To operate the proposed project, the group will invest 300 million into a long-term property, which is going to use for 50 years. Include 1 million renovation, the initial cost will prepare 306 million. (reference to 5% of HKD586 million for revenue in 2021/22). To assess the investment, we will use different financial ratios to evaluate the project, including Net Present Value (NPV), Accounting Rate of Return (ARR), Payback Period (PBP) and Internal Rate of Return IRR.

4.1 Project Items Basic Information:

Project Cost:	
Application cost	(5,000.00)
Building	(300,000.00)
Decoration(renovation) cost	(1,000.00)
Initial cost	(306,000.00)
Total Sales	484,754.90
Direct Sales	100%
Final growth rate	2%

*Application Cost breakdown. See Appendix G.

*The value of Building (New Office for the proposed project) refers to the 21/22 fair value measurement of a commercial building. See Appendix F.

*Decoration includes Furniture & Fixture; assume 1 million, which is 20% of the mobile app development cost.

*This new project will be 100% operated by Setlux, so that direct sales will be 100%.

*The final growth rate of 2 per cent corresponds to the government's inflation rate. See Appendix C.

We are planning to open a new office in San Po Kong at the Maxgrand Plaza, 27th floor, No. 3 Tai Yau Street, approximately nine minutes from the company's headquarters at Stelux House 698 Prince Edward Road East San Po Kong Kowloon Hong Kong. The site has an approximate area of 304,371 square feet, and the sale price is \$15,070, which is \$31.29 million. Our target price is 30 million, so we will negotiate to achieve that amount. A department will use this newly constructed office to run the mobile application project. See Appendix I.

No cash will be involved in the proposed VR mobile app project; customers will use credit cards or other online payment gateways such as PayPal, Alipay, or Apple Pay to settle transactions.

4.2 The First Year Calculation of Sales:

In projections, we assume that the revenues generated by generating new sales through mobile applications will make up 70 per cent of the HKD692,507,000 revenue in 2021/2022. As a result, this project will generated HKD487,754,900 in total.

4.3 Computing Tax Cost Calculation:

Growth	10.00%	Increase in revenue from year 2020 to 2021				Remarks
Year	1	2	3	4	5	
Sales	484,754.90	533,230.39	533,230.39	533,230.39	533,230.39	
EBITDA	45,269	49,795.9	49,795.9	49,795.9	49,795.9	9.34%
Depreciation	2%	2%	2%	2%	2%	straight line depr method p.64 5
Building	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	50
	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	5
Decoration(renovation)	200.00	200.00	200.00	200.00	200.00	5
Total Depr	7,200.00	7,200.00	7,200.00	7,200.00	7,200.00	
EBIT	38,069.00	42,595.90	47,575.49	53,053.04	59,078.34	
Tax	6,281.39	7,028.32	7,849.96	8,753.75	9,747.93	16.5%
Profit	31,787.62	35,567.58	39,725.53	44,299.29	49,330.42	EBIT - TAX

Note 1: profit after 5 year would be using ultimate growth rate as mentioned in 4.1

4.4 Cash flow Calculation:

Growth		10.00%	Increase in revenue from year 2020 to 2021				Remarks
Year	Initial cost	1	2	3	4	5	
EBITDA		45,269.00	49,795.90	54,775.49	60,253.04	66,278.34	
Expenditure 1		(39,842.87)	(39,842.87)	(39,842.87)	(39,842.87)	(39,842.87)	cash period
Expenditure 2		(200.00)	(200.00)	(200.00)	(200.00)	(200.00)	Decoration
Tax		(6,281.39)	(7,028.32)	(7,849.96)	(8,753.75)	(9,747.93)	
Cashflow	(306,000.00)	(1,055.25)	2,724.71	6,882.67	11,456.42	16,487.55	

*Expenditure 1: Working Expenditure (thousand in HKD)

*Expenditure 2: Annual Decoration Cost (thousand in HKD)

5. Capital Budgeting:

Capital budgeting is a method to estimate the ROI of a proposed plan. **Payback Period (PB)**, **Internal Rate of Return (IRR)**, and **Net Present Value (NPV)** commonly used to evaluate investment.

PB refers to the amount of time needed for an organization to earn revenue to offset capital expenditures.

IRR represents the potential earnings on an investment. Financially sound investments have an IRR better than the minimum return.

NPV is probably the most appropriate of the three metrics for determining whether the investment was worthwhile compared to similar projects. Pinkasovitch (2022).

5.1 ARR and NPV Calculation:

ARR	
TOTAL INCOME FOR 50 YEARS	1,367,245.67
AVERAGE PROFIT (A)	2,744.91
INITIAL COST (B)	306,000.00
ARR (A/B)	8.94%

NPV				
WACC	2.53%			
Year	Cashflow	PV	Cashflow	PV
INITIAL COST (B)	306,000.00			
1	(1,055.25)	(1,029)	6 to 10	87,517.90
2	2,724.71	2,592	11 to 20	203,310.66
3	6,882.67	6,386	21 to 30	247,834.56
4	11,456.42	10,367	31 to 40	302,108.95
5	16,487.55	14,551	41 to 50	368,269.12
NPV= (WACC, ALL CASHFLOW for 50 yrs.) Less INITIAL COST:				309,394.87

5.2 Payback Period and IRR:

Yr	Cashflow in/(out)	PV of cashflow	CUM Cashflow	Profit
0	(306,000.0)	(306,000)	(306,000)	
1	(1,055.25)	(1,029)	(307,055)	10,187.84
2	2,724.71	2,592	(304,331)	11,807.82
3	6,882.67	6,386	(297,448)	13,589.80
4	11,456.42	10,367	(285,991)	15,549.98
5	16,487.55	14,551	(269,504)	17,706.18
6	16,817.30	14,476	(252,687)	18,060.30
7	17,153.64	14,401	(235,533)	18,421.51
8	17,496.72	14,327	(218,036)	18,789.94
9	17,846.65	14,253	(200,190)	19,165.74
10	18,203.59	14,179	(181,986)	19,549.05
11	18,567.66	14,106	(163,418)	19,940.03
12	18,939.01	14,033	(144,479)	20,338.83
13	19,317.79	13,960	(125,162)	20,745.61
14	19,704.15	13,888	(105,457)	21,160.52
15	20,098.23	13,816	(85,359)	21,583.73
16	20,500.19	13,745	(64,859)	22,015.41
17	20,910.20	13,674	(43,949)	22,455.72
18	21,328.40	13,603	(22,620)	22,904.83
19	21,754.97	13,533	(865)	23,362.93
20	22,190.07	13,463	21,325	23,830.18

Notes: Payback is 20 Years and One Month
 IRR is 5.7%
 PI is 2.01

5.3 New Project Appraisal Methods for Analysis:

- **ARR 8.94%** In general, the higher the ARR, the more promising the investment. ARR is the sum of all subscription revenues for a specified period. The more recurring revenue generated, the longer the business can continue to grow. In this proposed VR mobile, it will generate 8.94% annually for 50 years.
- **Payback Period is 20 Years and 1 Month.** According to the above analysis, the VR mobile application will pay for itself in 20 years and 1 month. The net present value of this investment indicated a positive return in the second year. Growth continued for 50 years.
- **IRR** The analysis indicated the **IRR of 5.7%** the proposed investment of cash flows is acceptable. It gives the investor confidence that they will receive their investment back and will likely generate a handsome return.
- **NPV** with the WACC 2.53% · **NPV 309.39 million**, this investment will have an NPV of HKD309.39 million after 50 years. And it means shareholders are prepared to commit up to 309.39 million to receive around HKD14 million yearly, starting from the 5th year 5 to the 50th year.

6. Financing and capital management:

According to the annual report of 21/22, the cash inflow from the operation of STELUX only left 92.2 million at the year ended, therefore the proposed project will finance from bank which match with the company currently gearing ratio 95.7%, And as of 31 March 2022, weighted average effective interest rate per annum for bank borrowings was 1.8% (2021: 2.3%). See Appendix J.

7. Conclusion and Recommendation:

As Figure 8-1 shows, the acquisition of the proposed mobile application and possible optimization of the entire operation is discussed in Part 4.

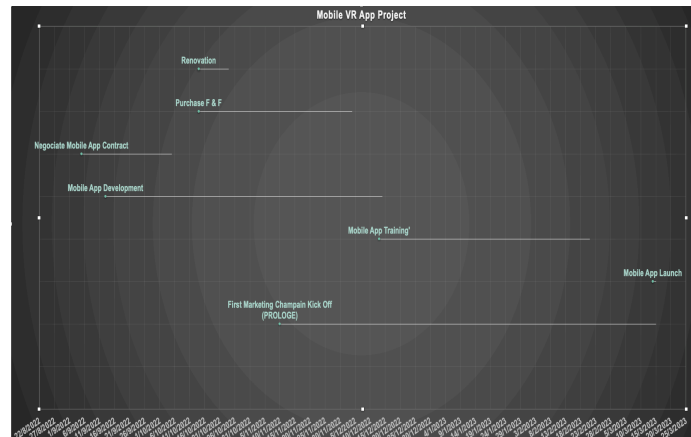


Figure 8 -1 Gantt Chart (Created by Author)

<u>Duration</u>		<u>Description</u>
05/09/2022	to 04/10/2022	Negotiate Mobile App Contract
11/09/2022	to 11/10/2022	New Office Inspection
11/09/2022	to 10/11/2022	Marketing Campaign Design (For 1st and 2nd)
13/09/2022	to 13/12/2022	Mobile App Development
14/10/2022	to 13/12/2022	Renovation
14/10/2022	to 03/12/2022	Purchase F & F
10/11/2022	to 14/03/2023	First Marketing Campaign Kick Off (PROLOGUE)
13/12/2022	to 14/03/2023	Mobile App Training
14/3/2023	to 14/03/2023	Mobile App Launch

In conclusion, Hong Kong's economy sank rapidly after COVID-19 in January 2020, affecting almost every economic sector. Given that limited tourists are allowed to travel to Hong Kong, the ZERO COVID policy has brutally hit the retail market.

According to the year-end financial report of the 21/22 financial year, STELUX Group's turnover decreased by 1.95% to HKD693 million, while last year's turnover was HKD706 million. Moreover, the Z-Score is 0.53, which implies a high degree of bankruptcy, indicating the company's financial weakness. The STELUX group performed lower than the Oriental group. And far more severe than the Emperor group.

In response, it closed some shops and laid off some employees to 910. Following the pandemic and Hong Kong's economic recovery, the group changed its investment strategy to property and brand development. As customers' shopping habits change, they tend to synchronize online and offline transaction channels and shift their sales channels to e-commerce.

This recommendation is for STELUX to develop a VR mobile application designed to boost sales and compete with two of their counterparts. It is anticipated that this improved business strategy will enable the Group to accelerate sales growth and delivery soon.

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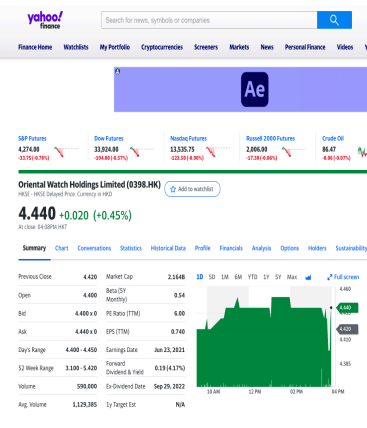
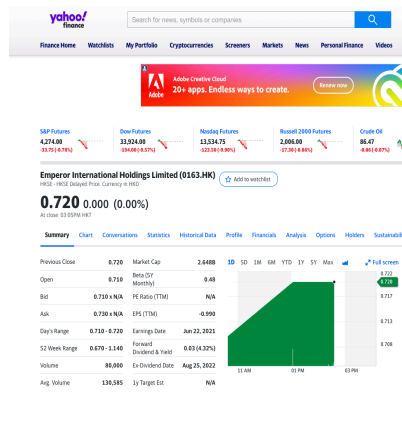
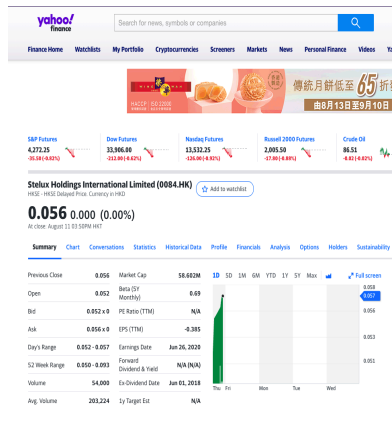
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Appendix A.



Appendix B.

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Appendix C.



Hong Kong Economy
The Government of the Hong Kong Special Administrative Region

Enter search keyword[s]

Site Map | A A A 繁 簡

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Welcome Message
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Home > Hong Kong Economic Situation > Latest Developments

Latest Developments

Gross Domestic Product and its major components (PDF) (Excel)

Latest situation

The Hong Kong economy improved in overall terms in the second quarter of 2022, but the extent of improvement was weaker than expected. Real GDP decreased at a moderated pace of 1.3% from a year earlier, after contracting by 3.9% in the preceding quarter. Weakened global demand and continued cross-boundary transportation disruptions dragged heavily on export performance. Meanwhile, domestic activities saw some revival but the momentum softened in the latter part of the quarter. Looking forward, the markedly deteriorating external environment will weigh heavily on Hong Kong's export performance in the remainder of the year. Nonetheless, if cross-boundary logistics disruptions between the Mainland and Hong Kong show more visible easing, Hong Kong's external trade may get some relief. The latest adjustments to the quarantine and testing arrangements for inbound visitors should also help exports of services. Domestically, economic activities should revive further provided that the local epidemic situation remains under control. The Consumption Voucher Scheme will continue to support consumption demand, but tighter financial conditions may have some dampening effect on consumer sentiment and spending. Rising borrowing costs may also make businesses more cautious in undertaking fixed asset investment. Taking into account the worse-than-expected economic performance in the first half and the sharp deterioration of global economic prospects, the real GDP growth forecast for 2022 is revised downwards to -0.5% to 0.5%. The forecast rate of underlying consumer price inflation for 2022 is maintained at 2%.

- Link to press release of Gross Domestic Product

Appendix D.

Time Period: Aug 30, 2021 - Aug 30, 2022

Show: Historical Prices

Frequency: Daily

Apply

Currency in HKD

Date	Open	High	Low	Close*	Adj Close**	Volume
Apr 29, 2020	0.088	0.092	0.086	0.090	-	-
Apr 28, 2020	0.084	0.084	0.084	0.084	-	-
Apr 27, 2020	0.086	0.086	0.080	0.081	-	-
Apr 24, 2020	0.099	0.099	0.098	0.098	-	-
Apr 23, 2020	0.090	0.090	0.090	0.090	-	-
Apr 22, 2020	0.084	0.090	0.084	0.088	-	-
Apr 21, 2020	0.086	0.086	0.081	0.086	-	-
Apr 20, 2020	0.090	0.090	0.090	0.090	-	-
Apr 17, 2020	0.086	0.090	0.086	0.090	-	-
Apr 16, 2020	0.094	0.094	0.087	0.090	-	-
Apr 15, 2020	0.089	0.090	0.089	0.090	-	-
Apr 14, 2020	0.087	0.095	0.078	0.086	-	-
Apr 09, 2020	0.072	0.077	0.072	0.077	-	-
Apr 08, 2020	0.073	0.088	0.070	0.080	-	-
Apr 07, 2020	0.079	0.079	0.070	0.076	-	-
Apr 06, 2020	0.071	0.071	0.071	0.071	-	-
Apr 03, 2020	0.073	0.073	0.073	0.073	-	-
Apr 02, 2020	0.076	0.076	0.076	0.076	-	-
Apr 01, 2020	0.075	0.078	0.075	0.076	-	-
Mar 31, 2020	0.085	0.085	0.082	0.085	-	-
Mar 30, 2020	0.080	0.082	0.080	0.081	-	-

Time Period: Mar 30, 2021 - Apr 30, 2021

Show: Historical Prices

Frequency: Daily

Apply

Currency in HKD

Date	Open	High	Low	Close*	Adj Close**	Volume
Apr 29, 2021	0.082	0.089	0.080	0.086	0.086	569,000
Apr 28, 2021	0.083	0.083	0.083	0.083	0.083	-
Apr 27, 2021	0.086	0.093	0.082	0.082	0.082	320,000
Apr 26, 2021	0.086	0.086	0.086	0.085	0.085	201,000
Apr 23, 2021	0.086	0.086	0.086	0.086	0.086	-
Apr 22, 2021	0.087	0.087	0.086	0.086	0.086	130,000
Apr 21, 2021	0.086	0.086	0.086	0.086	0.086	-
Apr 20, 2021	0.082	0.087	0.082	0.086	0.086	120,400
Apr 19, 2021	0.083	0.083	0.083	0.083	0.083	-
Apr 16, 2021	0.083	0.083	0.083	0.083	0.083	-
Apr 15, 2021	0.083	0.083	0.083	0.083	0.083	45,000
Apr 14, 2021	0.082	0.087	0.081	0.087	0.087	-
Apr 13, 2021	0.081	0.081	0.081	0.082	0.082	2,000
Apr 12, 2021	0.082	0.082	0.082	0.082	0.082	17,000
Apr 09, 2021	0.082	0.082	0.082	0.082	0.082	-
Apr 08, 2021	0.083	0.083	0.080	0.081	0.081	110,000
Apr 07, 2021	0.085	0.085	0.085	0.085	0.085	1,000
Apr 01, 2021	0.088	0.091	0.083	0.085	0.085	124,000
Mar 31, 2021	0.091	0.091	0.083	0.088	0.088	71,000
Mar 30, 2021	0.091	0.093	0.085	0.091	0.091	84,000

Time Period: Aug 30, 2021 - Aug 30, 2022

Show: Historical Prices

Frequency: Daily

Apply

Currency in HKD

Date	Open	High	Low	Close*	Adj Close**	Volume
Apr 29, 2022	0.059	0.066	0.058	0.059	0.059	763,000
Apr 28, 2022	0.057	0.063	0.055	0.063	0.063	88,000
Apr 27, 2022	0.058	0.058	0.058	0.058	0.058	43,000
Apr 26, 2022	0.059	0.059	0.059	0.059	0.059	-
Apr 25, 2022	0.059	0.059	0.059	0.059	0.059	-
Apr 22, 2022	0.059	0.060	0.056	0.059	0.059	902,000
Apr 21, 2022	0.059	0.059	0.059	0.059	0.059	-
Apr 20, 2022	0.059	0.059	0.059	0.059	0.059	-
Apr 19, 2022	0.060	0.060	0.059	0.059	0.059	354,000
Apr 14, 2022	0.061	0.061	0.059	0.060	0.060	449,000
Apr 13, 2022	0.057	0.067	0.057	0.060	0.060	428,000
Apr 12, 2022	0.059	0.059	0.059	0.059	0.059	-
Apr 11, 2022	0.059	0.059	0.059	0.059	0.059	-
Apr 08, 2022	0.059	0.059	0.059	0.059	0.059	202,000
Apr 07, 2022	0.059	0.059	0.059	0.059	0.059	-
Apr 06, 2022	0.060	0.060	0.058	0.060	0.060	861,000
Apr 04, 2022	0.058	0.073	0.058	0.060	0.060	875,000
Apr 01, 2022	0.061	0.061	0.061	0.061	0.061	-
Mar 31, 2022	0.061	0.061	0.061	0.061	0.061	-
Mar 30, 2022	0.060	0.061	0.060	0.061	0.061	42,000

*Close price adjusted for splits.

**Adjusted close price adjusted for splits and dividend and/or capital gain distributions.

*Close price adjusted for splits.

**Adjusted close price adjusted for splits and dividend and/or capital gain distributions.

Appendix E.

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

綜合收益表及全面收益表

For the year ended 31 March 2022 截至2022年3月31日止年度

		Note 附註	2022 HK\$'000 港幣仟元	2021 HK\$'000 港幣仟元
Revenue	收入	8	692,507	706,267
Cost of sales	銷售成本		(368,770)	(381,542)
Gross profit	毛利		323,737	324,725
Other (losses)/gains	其他(虧損)/收益	9	(11,332)	43,102
Other income	其他收入	10	42,949	96,375
Selling expenses	銷售支出		(233,712)	(266,760)
General and administrative expenses	一般及行政支出		(161,516)	(161,376)
Other operating expenses	其他營運支出		(31,688)	(63,246)
Finance costs	財務成本	11	(19,275)	(28,710)
Loss before tax	除稅前虧損	12	(90,837)	(55,890)
Income tax expense	所得稅支出	15	(15,623)	(25,731)
Loss for the year	年內虧損		(106,460)	(81,621)
Loss for the year attributable to:	以下人士應佔年內虧損：			
Equity holders of the Company	本公司權益持有人		(106,716)	(81,890)
Non-controlling interests	非控股權益		256	269
			(106,460)	(81,621)
Loss per share	每股虧損			
Basic and diluted (HK cents)	基本及攤薄(港仙)	16	(10.20)	(7.83)
Other comprehensive (loss)/income:	其他全面(虧損)/收益：			
<i>Item that may be reclassified subsequently to profit or loss:</i>	<i>其後可重新分類至損益的項目：</i>			
Exchange differences of translation of foreign operations	海外業務的匯兌差額		(3,108)	42,687
<i>Item that will not be reclassified to profit or loss:</i>	<i>其後不會重新分類至損益的項目：</i>			
Change in fair value of equity investment at fair value through other comprehensive income	按公平值透過其他全面收益列賬的股份投資的公平值變動	21	(281)	(3,570)
Other comprehensive (loss)/income for the year, net of tax	年內除稅後其他全面(虧損)/收益		(3,389)	39,117
Total comprehensive loss for the year	年內全面虧損總額		(109,849)	(42,504)
Total comprehensive loss for the year attributable to:	以下人士應佔年內全面虧損總額：			
Equity holders of the Company	本公司權益持有人		(109,374)	(42,926)
Non-controlling interests	非控股權益		(475)	422
			(109,849)	(42,504)

The notes on page 51 to 165 are an integral part of these consolidated financial statements.

第51至165頁的附註為此等綜合財務報表不可或缺的部份。

CONSOLIDATED BALANCE SHEET

綜合資產負債表

As at 31 March 2022 於2022年3月31日

		Note	2022 HK\$'000 港幣仟元	2021 HK\$'000 港幣仟元
		附註		
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	17	196,748	265,476
Investment properties	投資物業	18	283,100	296,700
Right-of-use assets	使用權資產	19	77,593	123,990
Intangible assets	無形資產	20	51,342	53,459
Equity investment at fair value through other comprehensive income	按公平值透過其他全面收益列賬的股份投資	21	1,593	1,874
Deposits and prepayments	按金及預付款項	23	14,757	20,643
Deferred tax assets	遞延稅項資產	28	7,046	16,071
Total non-current assets	非流動資產總額		632,179	778,213
Current assets	流動資產			
Inventories	存貨	22	260,679	267,303
Trade and other receivables	貿易及其他應收賬款	23	135,740	141,978
Cash and cash equivalents	現金及現金等值物	24	112,121	170,344
			508,540	579,625
Assets classified as held for sale	分類為持作可供出售資產	25	41,311	–
Total current assets	流動資產總額		549,851	579,625
Total assets	資產總額		1,182,030	1,357,838
EQUITY	股權			
Capital and reserves attributable to the equity holders of the Company	本公司權益持有人應佔股本及儲備			
Share capital	股本	26	104,647	104,647
Reserves	儲備	27	273,499	382,873
Shareholders' funds	股東資金		378,146	487,520
Non-controlling interests	非控股權益		6,602	7,077
Total equity	股權總額		384,748	494,597

CONSOLIDATED BALANCE SHEET

綜合資產負債表

As at 31 March 2022 於2022年3月31日

		Note	2022 HK\$'000 港幣仟元	2021 HK\$'000 港幣仟元
		附註		
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Deferred tax liabilities	遞延稅項負債	28	26,690	27,760
Lease liabilities	租賃負債	29	35,690	70,148
Total non-current liabilities	非流動負債總額		62,380	97,908
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付賬款	30	180,634	148,724
Income tax payable	應付所得稅		25,054	17,441
Bank borrowings	銀行貸款	31	473,876	512,797
Lease liabilities	租賃負債	29	55,338	86,371
Total current liabilities	流動負債總額		734,902	765,333
Total liabilities	負債總額		797,282	863,241
Total equity and liabilities	股權及負債總額		1,182,030	1,357,838

The consolidated financial statements on page 45 to 165 were approved by the Board of Directors on 23 June 2022 and were signed on its behalf.

董事會在2022年6月23日批准並簽署載於第45頁至第165頁的綜合財務報表。

Joseph C.C. Wong
黃創增
Chairman and Chief Executive Officer
主席及行政總裁

Wallace Kwan Chi Kin
關志堅
Executive Director and Chief Financial Officer
行政董事及首席財務總裁

The notes on page 51 to 165 are an integral part of these consolidated financial statements.

第51至165頁的附註為此等綜合財務報表不可或缺的部份。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 March 2022 截至2022年3月31日止年度

		Attributable to equity holders of the company 本公司權益持有人應佔				
		Share capital	Reserves (Note 27) 儲備	Total	Non- controlling interests	Total equity
		股本	(附註27)	總計	非控股權益	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣仟元	港幣仟元	港幣仟元	港幣仟元	港幣仟元
At 1 April 2020	於2020年4月1日	104,647	425,799	530,446	6,655	537,101
(Loss)/profit for the year	年度(虧損)/溢利	–	(81,890)	(81,890)	269	(81,621)
Other comprehensive income	其他全面收益	–	38,964	38,964	153	39,117
Changes in equity for the year	年度權益變動	–	(42,926)	(42,926)	422	(42,504)
At 31 March 2021	於2021年3月31日	104,647	382,873	487,520	7,077	494,597
At 1 April 2021	於2021年4月1日	104,647	382,873	487,520	7,077	494,597
(Loss)/profit for the year	年度(虧損)/溢利	–	(106,716)	(106,716)	256	(106,460)
Other comprehensive loss	其他全面虧損	–	(2,658)	(2,658)	(731)	(3,389)
Changes in equity for the year	年度權益變動	–	(109,374)	(109,374)	(475)	(109,849)
At 31 March 2022	於2022年3月31日	104,647	273,499	378,146	6,602	384,748

The notes on page 51 to 165 are an integral part of these consolidated financial statements.

第51至165頁的附註為此等綜合財務報表不可或缺的部份。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 March 2022 截至2022年3月31日止年度

		Note 附註	2022 HK\$'000 港幣仟元	2021 HK\$'000 港幣仟元
Loss before tax	除所得稅前虧損		(90,837)	(55,890)
Adjustments for	調整			
Depreciation of:	折舊：			
– property, plant and equipment	– 物業、機器及設備		24,908	27,849
– right-of-use assets	– 使用權資產		75,629	108,383
Loss on disposal of property, plant and equipment	出售物業、機器及設備虧損		232	826
Gain on termination of leases	終止租賃合約收益		(3,803)	(310)
Fair value changes of investment properties	投資物業公平值變動		13,600	48,100
Provision for inventories	存貨撥備		5,804	24,885
Inventories written off	存貨撇賬		865	1,560
Impairment/(reversal of impairment) of trade receivables	應收貿易賬款減值／(減值撥回)		2	(98)
Impairment loss of:	減值：			
– property, plant and equipment	– 物業、機器及設備		10,467	7,544
– right-of-use assets	– 使用權資產		8,058	15,676
– intangible assets	– 無形資產		2,722	5,583
Gain on disposal of a subsidiary	出售附屬公司收益	32(a)	–	(97,778)
Interest income	利息收入		(220)	(277)
Finance costs	財務成本		19,275	28,710
Operating profit before working capital changes	營運資金轉變前的經營溢利		66,702	114,763
Adjustments for	調整			
Inventories	存貨		904	89,182
Trade and other receivables	貿易及其他應收賬款		13,199	43,540
Trade and other payables	貿易及其他應付賬款		31,241	(27,800)
Cash generated from operations	營運活動所得現金		112,046	219,685
Interest paid	支付利息		(9,118)	(13,377)
Interest on lease liabilities	租賃負債利息		(10,157)	(15,333)
Hong Kong profits tax paid	支付香港利得稅		(474)	(1,637)
Hong Kong profits tax refunded	已退回香港利得稅		1,681	479
Overseas profits tax paid	支付海外利得稅		(4,387)	(5,329)
Overseas profits tax refunded	已退回海外利得稅		2,640	855
Net cash generated from operating activities	營運活動所得的現金淨額		92,231	185,343

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 March 2022 截至2022年3月31日止年度

		Note 附註	2022 HK\$'000 港幣仟元	2021 HK\$'000 港幣仟元
Cash flows from investing activities	投資活動的現金流量			
Cash inflow arising from disposal of a subsidiary	出售附屬公司所得款項	32(a)	–	107,965
Purchase of property, plant and equipment	購入物業、機器及設備		(9,118)	(4,153)
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備所得款項		8	260
Interest received	已收利息		220	277
Net cash (used in)/generated from investing activities	投資活動(所用)/所得的現金淨額		(8,890)	104,349
Cash flows from financing activities	融資活動的現金流量			
Drawdown of bank borrowings	提取銀行貸款		161,649	57,137
Repayment of bank borrowings	償還銀行貸款		(200,570)	(195,789)
Principal portion of lease payments	支付租賃本金部份		(99,392)	(191,855)
Decrease in pledged bank deposit	抵押銀行存款減少		–	57,224
Net cash used in financing activities	融資活動所用的現金淨額		(138,313)	(273,283)
Net (decrease)/increase in cash and cash equivalents	現金及現金等值物之(減少)/增加淨額		(54,972)	16,409
Effect of foreign exchange rate changes	匯率變動的影響		(3,251)	26,919
Cash and cash equivalents at the beginning of the year	年初的現金及現金等值物		170,344	127,016
Cash and cash equivalents at the end of the year	年終的現金及現金等值物		112,121	170,344
Analysis of balances of cash and cash equivalents:	現金及現金等值物結餘的分析：			
Cash and cash equivalents	現金及現金等值物	24	112,121	170,344

The notes on page 51 to 165 are an integral part of these consolidated financial statements.

第51至165頁的附註為此等綜合財務報表不可或缺的部份。

NOTES TO THE FINANCIAL STATEMENTS
財務報表附註

8. REVENUE AND SEGMENT INFORMATION (Continued)

For the year ended 31 March 2022

8. 收入及分部資料(續)

截至2022年3月31日止年度

		Watch retail 鐘錶零售			Total 合計
		Hong Kong, Macau and Mainland China 香港、 澳門及 中國大陸 HK\$'000 港幣仟元	Rest of Asia 亞洲 其餘地區 HK\$'000 港幣仟元	Watch wholesale trading 鐘錶 批發業務 HK\$'000 港幣仟元	
Revenues from contracts with customers within the scope of HKFRS 15	香港財務報告準則第15號 範圍內的客戶合約收益				
– Gross segment	一分部總額	242,664	198,748	392,540	833,952
– Inter-segment	一分部間	–	–	(141,445)	(141,445)
Sales to external customers	銷售予外來客戶	242,664	198,748	251,095	692,507
Timing of revenue recognition	收入確認時間				
– At a point in time	一於一個時間點轉撥	242,664	198,748	251,095	692,507
Segment results	分部業績	(72,797)	(1,381)	45,839	(28,339)
Net corporate expenses	集團行政淨支出				(43,223)
Finance costs	財務成本				(19,275)
Loss before tax	除稅前虧損				(90,837)
Income tax expense	所得稅支出				(15,623)
Loss for the year	年度虧損				(106,460)

25. ASSETS CLASSIFIED AS HELD FOR SALE

	2022 HK\$'000 港幣仟元	2021 HK\$'000 港幣仟元
Land and buildings transfer from property plant and equipment 轉自物業、機械及設備的土地及樓宇	41,311	—

On 28 January 2022, the Group entered into a provisional agreement with an independent third party seeking to dispose one of its properties and anticipates that the disposal will be completed by August 2022. Further on 10 February 2022, a sale and purchase agreement were executed, both parties have reached a consensus on the selling price of HK\$120 million and a deposit sum of HK\$12 million was received by the Group in March 2022.

The directors of the Company expect that the fair value less costs to sell of the business will be higher than the aggregate carrying amount of the property. Therefore, no impairment loss was recognised neither on reclassification of the assets nor as at 31 March 2022.

As at 31 March 2022, the assets classified as held for sale were pledged as security for the Group's bank borrowings (Note 31).

25. 分類為持作可供出售資產

於2022年1月28日，本集團與一名獨立第三方訂立臨時買賣協議，以尋求出售其其中一項物業，並預期該出售事項將於2022年8月完成。其後，雙方就售價港幣120佰萬元達成共識，於2022年2月10日簽訂買賣協議，本集團於2022年3月已收取港幣12佰萬元按金。

本公司董事預期該業務的公平值減出售成本將高於該物業的總賬面值。因此，在資產重新分類時或於2022年3月31日概無確認減值虧損。

截至2022年3月31日，分類為持作可供出售的資產已抵押予銀行以獲取銀行貸款(附註31)。

26. SHARE CAPITAL

	Number of shares of HK\$0.1 each 每股面值 港幣0.1元的 股份數目	HK\$'000 港幣仟元
Authorised: At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	法定股本： 於2020年4月1日，2021年3月31日， 2021年4月1日及2022年3月31日	1,600,000,000 160,000
Issued and fully paid: At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	已發行及繳足股本： 於2020年4月1日，2021年3月31日 2021年4月1日及2022年3月31日	1,046,474,025 104,647

34. RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

The balances due from/to related companies as disclosed in Notes 23 and 30 are unsecured, interest-free and repayable on demand. The related companies are entities which have directors in common with the Group.

(c) Key management compensation

		2022 HK\$'000 港幣仟元	2021 HK\$'000 港幣仟元
Salaries and other short-term employee benefits	薪金及其他短期僱員福利	7,226	5,088
Contribution to retirement benefit scheme	退休計劃供款	115	116
		7,341	5,204

35. CONTINGENT LIABILITIES

As at 31 March 2022, 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 a supplier amounting to approximately HK\$5.296 million (2021: HK\$4.810 million).

At 31 March 2022, the directors do not consider it probable that a claim will be made against the Group under the above guarantees.

33. 有關聯人士交易(續)

(b) 與有關聯人士之間的結餘

附註23及30所披露的應收及應付關聯公司間的款項為無抵押、免息及應要求償還。關聯公司指與本集團擁有共同董事之實體。

(c) 主要管理層報酬

	2022 HK\$'000 港幣仟元	2021 HK\$'000 港幣仟元
Salaries and other short-term employee benefits	7,226	5,088
Contribution to retirement benefit scheme	115	116
	7,341	5,204

35. 或然負債

於2022年3月31日，本公司一間附屬公司有或然負債約港幣5.296佰萬元(2021年：港幣4.810佰萬元)，涉及向業主就其若干零售店鋪的租金按金及一間供應商提供銀行擔保。

於2022年3月31日，董事會並不認為就上述擔保向本集團提出申索的可能性。

NOTES TO THE FINANCIAL STATEMENTS
財務報表附註

12. LOSS BEFORE TAX

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

12. 除稅前虧損

本集團的除稅前虧損已扣除／(計入)收益表中以下項目。

		2022 HK\$'000 港幣仟元	2021 HK\$'000 港幣仟元
Auditor's remuneration:	核數師酬金		
– audit services	– 核數服務	1,896	1,942
– non-audit services	– 非核數服務	585	520
Cost of inventories sold and raw materials consumed	出售存貨成本及原材料消耗	368,770	381,542
Depreciation of:	折舊：		
– property, plant and equipment (Note 17)	– 物業、機器及設備(附註17)	24,908	27,849
– right-of-use assets (Note 19)	– 使用權資產(附註19)	75,629	108,383
Employee benefit expenses (Note 13)	僱員福利支出(附註13)	181,270	173,696
Fair value changes of investment properties	投資物業公平值變動	13,600	48,100
Impairment loss of:	減值：		
– property, plant and equipment (Note 17)	– 物業、機器及設備(附註17)	10,467	7,544
– right-of-use assets (Note 19)	– 使用權資產(附註19)	8,058	15,676
– intangible assets (Note 20)	– 無形資產(附註20)	2,722	5,583
Loss on disposal of property, plant and equipment	出售物業、機器及設備虧損	232	826
Gain on termination of leases	終止租賃合約收益	(3,803)	(310)
Lease rental in respect of land and buildings	關於土地及樓宇的租賃租金		
– short-term lease payments	– 短期租賃付款	13,480	8,312
– variable lease payments	– 可變租賃付款	3,920	4,458
– rent concession (Note 10)	– 租金減免(附註10)	(9,299)	(35,173)
Impairment/(reversal of impairment) of trade receivables (Note 23)	應收貿易賬款減值／(減值撥回)(附註23)	2	(98)
Provision for inventories	存貨撥備	5,804	24,885
Inventories written off	存貨撇賬	865	1,560

Appendix F.

NOTES TO THE FINANCIAL STATEMENTS 附註釋表附註

13. EMPLOYEE BENEFIT EXPENSES

Salaries and allowances	薪金及津貼
Pension contributions less forfeitures utilised (note a)	退休金供款(扣除已動用的)
Others	其他

13. 僱員福利支出

2022	2021
HK\$'000	HK\$'000
港幣千元	港幣千元
164,509	156,887
14,858	14,169
1,903	2,640
181,270	173,696

(a) Pension-defined contribution plans

The Group operates a retirement scheme under Occupation Retirement Scheme Ordinance ("ORSO scheme") up to 30 November 2000 for employees in Hong Kong. With effect from 1 December 2000, a mandatory provident fund ("MPF") scheme is set up which is available to eligible employees of the Group, including executive directors of the Company. No further employees and contributions have been

(a) 退休金—定額供款計劃

截至2000年11月30日為止，本集團根據職業退休計劃條例為香港僱員提供退休供款計劃。自2000年12月1日起，本集團設立強制性公積金計劃（「強積金計劃」），本集團的合資格僱員（包括本公司行政董事）均可選擇參加。強積金計劃成立後，職業退休計劃並無新增僱員或供款。本集團及僱

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

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

The Group's remuneration policies are reviewed on a regular basis and remuneration packages are in line with market practices in the relevant countries where the Group operates. As at 31 March 2020, the Group had 1,120 employees (31 March 2019: 1,550 employees). The Group offers KPI related bonuses to eligible employees based on the performance of the Group and the individual employee. The Group also provides related training programmes to improve the quality, competence and skills of its employees.

Joseph C. C. Wong
Chairman and Chief Executive Officer
Hong Kong, 26 June 2020

僱員數目及薪金、酬金政策、獎金及僱員培訓計劃

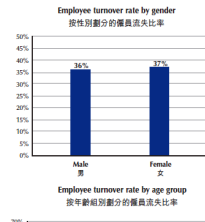
集團以其經營國家的人力資源市場為準則，釐定給予當地僱員的報酬，並定期進行檢討。本集團於2020年3月31日共有1,120位(2019年3月31日：1,550位)僱員。集團就業績及個別僱員表現提供按「關鍵績效指標」釐定之獎金予合資格的僱員。集團亦提供相關的培訓計劃改善僱員質素、能力及技能。

黃創智
主席及行政總裁
香港，2020年6月26日

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 環境、社會及管治報告

KPI B1.2

Employee turnover rate by gender, age group and geographical region.
按性別、年齡組別及地區劃分的僱員流失比率。



關鍵績效指標B1.2

按性別、年齡組別及地區劃分的僱員流失比率。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

As at 31 March 2022, certain property, plant and equipment, investment properties and assets classified as held for sale amounting to HK\$479.8 million (31 March 2021: HK\$513.9 million of certain property, plant and equipment and investment properties) were pledged to secure banking facilities granted to the Group.

The investment properties and leasehold land and buildings were revalued by independent valuers as at 31 March 2022. An impairment loss of HK\$23.0 million was recorded in the year ended 31 March 2022 accordingly.

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

The Group's remuneration policies are reviewed on a regular basis and remuneration packages are in line with market practices in the relevant countries where the Group operates. As at 31 March 2022, the Group had around 910 employees (31 March 2021: 1,000). The Group offers KPI related bonuses to eligible employees based on the performance of the Group and the individual employee. The Group also provides related training programmes to improve the quality, competence and skills of its employees.

Joseph C. C. Wong
Chairman and Chief Executive Officer
Hong Kong, 23 June 2022

於2022年3月31日，本集團部分物業、機器及設備、投資物業及分類為持作可供出售資產總值HK\$479.8百萬(2021年3月31日：部分物業、機器及設備及投資物業總值HK\$513.9百萬)已抵押予銀行以獲取銀行信貸。

於2022年3月31日，投資物業及租賃土地及樓宇由獨立專業合資格估值師重新估值。截至2022年3月31日止年度，錄得減值虧損HK\$23.0百萬。

僱員數目、薪金政策、獎金及僱員培訓計劃

集團以其經營國家的人力資源市場為準則，釐定給予當地僱員的報酬，並定期進行檢討。本集團於2022年3月31日約有910位(2021年3月31日：1,000位)僱員。集團就業績及個別僱員表現提供按「關鍵績效指標」釐定之獎金予合資格的僱員。集團亦提供相關的培訓計劃改善僱員質素、能力及技能。

黃創智
主席及行政總裁
香港，2022年6月23日

Appendix G.

Biz Forest

Quotation

Quotation no.: QJ-CCJ20220830-01
 PO no.: 908132567
 From: Lau Tak Shun Desmond
 Tel.: +852 5190 3554
 Email: desmond.lau@biz-forest.com

Date: 30 August 2022

To: Stelux Holdings Int. Ltd.
 Tel.:
 Email:
 Address:

Omni Channels Broadcast CMS Hub

Items	Description	Unit Price (HK\$)	Qty	Price (HK\$)
1. Service Cost				
1. SA&D		\$240,000	1	\$270,000
2. Setup Server Infrastructure		\$45,000	1	\$45,000
3. UI / UX Design		\$120,000	1	\$120,000
4. eCommerce	Magento CE 2.4.3 eCommerce Development	\$600,000	1	\$640,000
5. APP Development	iOS APP Android APP	\$600,000	1	\$640,000
6. AR Development	Augmented Reality, enable watch on wrist digital experience,	\$150,000	1	\$150,000
7. 3D Models	(1,000 model with 5 texture variation for each)	\$2,000	1,000	\$2,000,000
8. Training	- On-site training 4 sessions - User Manual	\$48,000	1	\$48,000
9. Deployment		\$40,000	1	\$40,000
10. Project Management		\$584,000	1	\$584,000
11. Omni Channel Broadcast	- Chatbot - WhatsApp Broadcast - Live Agent CS Support	\$111,800	1	\$111,800
2. Operation Cost				
1. AWS Cloud (Annually)	Environment: - Development Environment - Staging Environment - Production Environment Production Environment Spec: - Cloud Front - Application Load Balancer - EC2 – linux x 3 - S3 Bucket - RDS – MySQL Community - NAT Gateway	\$108,260	1	\$108,260
3. License Cost				
1. Apple Dev Account (Annually)		\$788	1	\$788
2. Android Dev Account (One-off)		\$200	1	\$197
3. WAT (Annually)		\$3,744	1	\$3,755
4. CINNOX – Live Agent (Annually)		\$3,360	10	\$33,600
5. Chatbot & Broadcast (Annually)	Business Pro Plan + Broadcast Budget	\$114,600	1	\$114,600
				\$4,910,000

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Page 1 of 6

Room 29, Unit 01-03, 29/F, CDW Buildings, 388 Castle Peak Road, Tsuen Wan - Email: info@biz-forest.com - Tel.: +852 5190 3554

Biz Forest

Quotation

Optional

Items	Description	Unit Price (HK\$)	Qty	Price (HK\$)
1. Support & Maintenance	40 Tickets Plan Yearly	\$90,000	1	\$90,000
				\$90,000

Terms:

- Please sign and return this quotation for ordering.
- Please keep this quotation PRIVATE and CONFIDENTIAL.
- This quotation will be valid for TWO weeks.
- Payment Terms:
 - 30% of total payment is payable within 30 days upon the sign of this quotation.
 - 30% of total payment is payable within 30 days upon the sign of SA&D.
 - 30% of total payment is payable within 30 days upon the sign of UAT.
 - 10% of total payment is payable within 30 days upon the production go-live.

Service Provider: Biz Forest Limited
 Name: Lau Tak Shun Desmond
 Signature:

For and on behalf of
 Biz Forest Limited

 Authorized Signatory(s)

Client: Stelux Holdings Int. Ltd.
 Name:
 Signature:

Require signature with company chop

Date: 30 August 2022

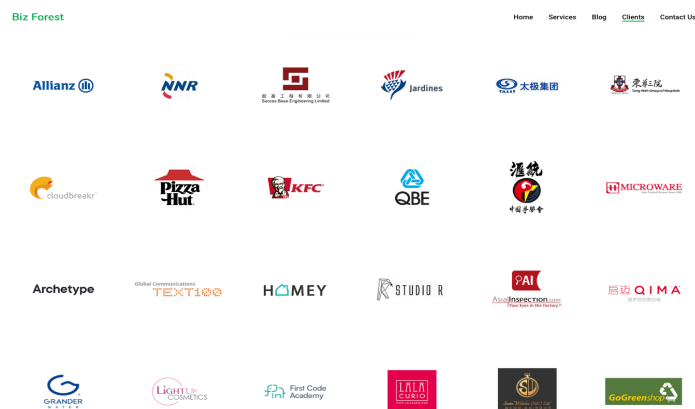
Date:

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Page 2 of 6

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Official website of Biz Forest: <https://biz-forest.com/>
 Major Business Partners:



Appendix H.

7. FAIR VALUE MEASUREMENTS (Continued)

(a) Fair value hierarchy (Continued)

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Disclosures of level in fair value hierarchy:

		Level 1 第1層 HK\$'000 港幣仟元	Level 2 第2層 HK\$'000 港幣仟元	Level 3 第3層 HK\$'000 港幣仟元	Total 總計 HK\$'000 港幣仟元
Recurring fair value measurements	經常性公平值計量				
At 31 March 2022	於2022年3月31日				
Financial assets	金融資產				
Equity investment at fair value through other comprehensive income	按公平值透過其他全面收益列賬的股份投資				
– unlisted equity securities	– 非上市股本證券	–	–	1,593	1,593
Non-financial assets	非金融資產				
Investment properties	投資物業				
– commercial building	– 商業樓宇	–	–	283,100	283,100
		–	–	284,693	284,693
At 31 March 2021	於2021年3月31日				
Financial assets	金融資產				
Equity investment at fair value through other comprehensive income	按公平值透過其他全面收益列賬的股份投資				
– unlisted equity securities	– 非上市股本證券	–	–	1,874	1,874
Non-financial assets	非金融資產				
Investment properties	投資物業				
– commercial building	– 商業樓宇	–	–	296,700	296,700
		–	–	298,574	298,574

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

7. 公平值計量 (續)

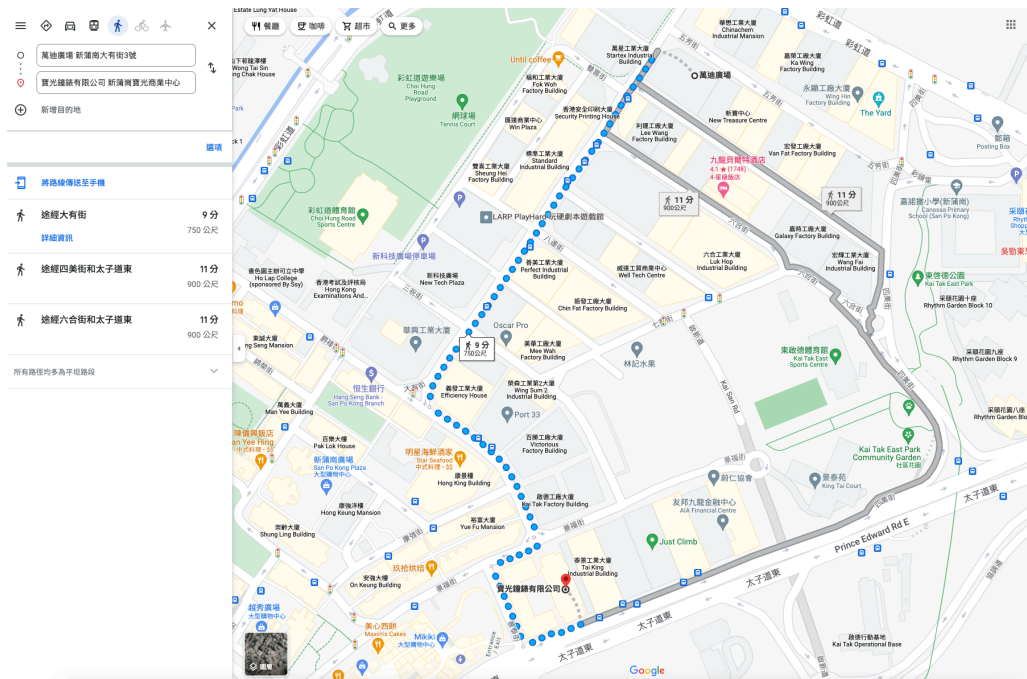
(a) 公平值架構 (續)

本集團之政策為於轉撥事件或導致轉撥情況發生變化當日，確認轉入及轉出三個級別。

按公平值等級作出之披露：

年內，經常性公平值計量之第1、2及3層之間概無轉撥。

Appendix I.



City View; Carpet+Ceiling

Area Approx. 2,076 sq.ft.

Lease @\$32 \$66,847

Sale @\$15,070 \$31.29M

Ref. No.: C0165301 Date: 18/08/2022

新蒲崗萬迪廣場

到以下平台觀看: [YouTube](#) 迪廣場外觀設計別具氣派

Video

Photo

Building Information

Maxgrand Plaza, located at 3 Tai Yau Street, San Po Kong, is Commercial type.

Type	Grade	Completion	Title	No. of Buildings
Commercial	A	2016	Spin-Off	1
No. of Floors	Total Area	Passenger Lift	Cargo Lift	Air Conditioning
27	Approx. 304,371 sq.ft.	6	1	Water Cooling

More Information

Location | Street View

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Appendix J.

GROUP OUTLOOK

Although the global market continues to be affected by the pandemic, the Group strives to stay ahead of the changing consumer behaviour while maintains the prudent view on the short run outlook given the uncertainties in post-pandemic development and magnitude of economic recovery in our operating regions. The Group will continue to invest in the growing segment of e-commerce business and leverage available resources to integrate online and offline transaction channels. By developing these new business strategies, the Group shall be able to achieve the goal of accelerating sales growth and delivering satisfactory shopping experience particularly in online channels.

FINANCE

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

Group gearing ratio was 95.7% (31 March 2021: 70.2%) with shareholders' funds standing at HK\$378.1 million (31 March 2021: HK\$487.5 million) and net debts of HK\$361.8 million (31 March 2021: HK\$342.5 million). The net debts are based on the bank borrowings of HK\$473.9 million (31 March 2021: HK\$512.8 million) and less bank balance and cash of HK\$112.1 million (31 March 2021: HK\$170.3 million). The bank borrowings comprised of HK\$226.2 million repayable within one year and HK\$247.7 million with scheduled repayment after one year but repayable on demand and were classified as current liabilities. The Group's cash inflow from its operations was HK\$92.2 million. The unutilized banking facilities as at 31 March 2022 was HK\$82.7 million.

集團前景

儘管全球市場繼續受到疫情的影響，但考慮到疫情後的發展及本集團經營地區的經濟復甦程度的不確定性，本集團致力適應轉變中的消費者行為，並對短期前景保持審慎看法。本集團將繼續投資於不斷增長的電子商務業務領域，並利用現有資源整合線上及線下交易渠道。通過發展此等新的業務策略，本集團將能夠實現加快銷售增長的目標，尤其在網上渠道為客戶提供滿意的購物體驗。

財務

本集團管理層密切監察及掌握集團的資本管理、貨幣及利率變動，以監控本集團營運相關的財務風險。本集團實行嚴謹的財務管理策略，以掌控用於業務營運的短期及長期資金需求的流動性。有關資金來自業務營運以及有期貸款及短期貿易融資等銀行融資。本集團亦持續監察現有及預估未來現金流，審慎管理資產及負債的到期日以及業務營運的財務資金需要。

本集團的借貸比率為 95.7% (2021 年 3 月 31 日：70.2%)，股東資金為 HK\$378.1 百萬 (2021 年 3 月 31 日：HK\$487.5 百萬)，本集團的淨債務為 HK\$361.8 百萬 (2021 年 3 月 31 日：HK\$342.5 百萬)。淨債務乃根據銀行貸款 HK\$473.9 百萬 (2021 年 3 月 31 日：HK\$512.8 百萬) 減去銀行結餘及現金 HK\$112.1 百萬 (2021 年 3 月 31 日：HK\$170.3 百萬)。銀行貸款包括 HK\$226.2 百萬需於一年內償還及 HK\$247.7 百萬為預定還款期於一年以後 (但可應要求償還，因此列為流動負債)。本集團營運的現金流入為 HK\$92.2 百萬。於 2022 年 3 月 31 日，未動用銀行融資為 HK\$82.7 百萬。

NOTES TO THE FINANCIAL STATEMENTS
財務報表附註

31. BANK BORROWINGS (Continued)

Note: (Continued)

- (c) The bank borrowings of the Group are denominated in Hong Kong dollars.
- (d) As at 31 March 2022, weighted average effective interest rate per annum for bank borrowings was 1.8% (2021: 2.3%).

31. 銀行貸款(續)

附註：(續)

- (c) 本集團的銀行貸款以港元計值。
- (d) 於2022年3月31日，銀行貸款的加權平均實際年利率為1.8厘(2021年：2.3厘)。

32. CONSOLIDATED CASH FLOW INFORMATION

- (a) On 6 January 2021, the Group disposed 100% of its entire equity interest in STL Properties Limited ("STL"), a wholly owned subsidiary of the Group for a cash consideration of HK\$107.965 million.

Details of net assets of STL at date of disposal were as follows:

32. 綜合現金流量表附註

- (a) 於2021年1月6日，本集團以現金代價港幣107.965百萬元出售其於寶光物業有限公司(本集團的全資附屬公司)的全部股權。

寶光物業有限公司於出售日期的淨資產詳情如下：

		2021 HK\$'000 港幣仟元
Property, plant and equipment (Note 17)	物業、機器及設備(附註17)	10,761
Deposits and prepayments	按金及預付款項	2
Income tax payable	應付所得稅	(37)
Deferred tax liabilities (Note 28)	遞延稅項負債(附註28)	(539)
Total net assets disposed	出售的淨資產總額	10,187
Consideration	代價	
Cash consideration	現金代價	107,965
Gain on disposal of a subsidiary	出售附屬公司的收益	
Cash consideration received	收到的現金代價	107,965
Net assets disposed	出售的淨資產	(10,187)
Gain on disposal	出售的收益	97,778
Net cash inflow arising on disposal	出售產生的淨現金流入	
Cash consideration received	收到的現金代價	107,965

Appendix K.

AR-Watches (2022) <https://ar-watches.com/> (Accessed: 31 Aug. 2022).

AR-WATCHES
TIME TO TRY





Our Augmented Reality Services For Brands



3D Modelling

We just need the photos of your products to create realistic 3D models.



3D Watch Model Hosting

We can host the 3D models of your watches in our cloud so that users can try them on via the AR-Watches app before buying.



White Label App

We can create a white label application for your brand.



Analytics

We provide detailed analytics on how many times users try on the watches of your brand.



Free Consulting

We offer free consulting to find the best business model for you and your brand.



Easy Pricing

We offer easy pricing and an affordable entry ticket.

