



2021

INTERIM REPORT



ERNEST BOREL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

STOCK CODE : 1856

CONTENTS

Corporate Information	2
Financial Highlights	4
Management Discussion and Analysis	5
Disclosure of Interests	13
Corporate Governance and Other Information	17
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	19
Condensed Consolidated Statement of Financial Position	20
Condensed Consolidated Statement of Changes in Equity	22
Condensed Consolidated Statement of Cash Flows	23
Notes to the Condensed Consolidated Financial Statements	24

CORPORATE INFORMATION

Ernest Borel Holdings Limited ((the “**Company**”), and together with its subsidiaries, the “**Group**”)

DIRECTORS

Executive Directors

Mr. Shang Jianguang

*(Chairman of the Board of Directors (the “**Board**”))*

Mr. Teguh Halim

(Vice Chairman of the Board)

Ms. Lam Lai

Non-executive Directors

Mr. Xiong Ying

Mr. Tao Li

Independent Non-executive Directors

Mr. To Chun Kei

Mr. Hui Cheuk Kit Frederick

Ms. Chan Lai Wa

COMPANY SECRETARY

Mr. Ng Kin Sun

AUDIT COMMITTEE

Mr. To Chun Kei *(Chairman)*

Mr. Hui Cheuk Kit Frederick

Ms. Chan Lai Wa

REMUNERATION COMMITTEE

Mr. To Chun Kei *(Chairman)*

Mr. Teguh Halim

Mr. Hui Cheuk Kit Frederick

Ms. Chan Lai Wa

NOMINATION COMMITTEE

Mr. Shang Jianguang *(Chairman)*

Mr. To Chun Kei

Mr. Hui Cheuk Kit Frederick

Ms. Chan Lai Wa

EXECUTIVE COMMITTEE

Mr. Shang Jianguang *(Chairman)*

Mr. Teguh Halim

Ms. Lam Lai

INVESTMENT COMMITTEE

Mr. Shang Jianguang *(Chairman)*

Mr. Teguh Halim

Ms. Lam Lai

AUTHORISED REPRESENTATIVES

Ms. Lam Lai

Mr. Ng Kin Sun

COMPANY’S WEBSITE

www.ernestborel.ch

REGISTERED OFFICE

Second Floor, Century Yard, Cricket Square

P.O. Box 902, Grand Cayman, KY1-1103

Cayman Islands

HEAD OFFICE IN SWITZERLAND

8, rue des Perrières
2340 Le Noirmont
Switzerland

INDEPENDENT AUDITOR

BDO Limited
Certified Public Accountants

OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA

Unit 901, Level 9,
Tower A, Onelink International Centre,
No. 230 Tianhe Road,
Tianhe District,
Guangzhou, China

PRINCIPAL BANKER

Hang Seng Bank Limited

PRINCIPAL PLACE OF BUSINESS AND HEAD**OFFICE IN HONG KONG**

Unit 1612–18, Level 16, Tower 1
Grand Century Place
193 Prince Edward Road West
Mongkok, Kowloon
Hong Kong

**PRINCIPAL SHARE REGISTRAR AND
TRANSFER OFFICE IN THE CAYMAN ISLANDS**

Tricor Services (Cayman Islands) Limited
Second Floor, Century Yard, Cricket Square
P.O. Box 902, Grand Cayman, KY1-1103
Cayman Islands

**HONG KONG BRANCH SHARE REGISTRAR
AND TRANSFER OFFICE**

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- Revenue for the financial period ended 30 June 2021 (“**1HFY2021**”) increased from approximately HK\$38.2 million to approximately HK\$80.1 million when compared with the corresponding period of last year (“**1HFY2020**”).
- Gross profit margin increased from approximately 54.6% for 1HFY2020 to approximately 69.6% for 1HFY2021. Gross profit increased from approximately HK\$20.9 million for 1HFY2020 to approximately HK\$55.8 million for 1HFY2021.
- Loss after tax decreased from approximately HK\$10.1 million for 1HFY2020 to approximately HK\$4.8 million for 1HFY2021.
- Basic loss per share was approximately HK1.37 cents for 1HFY2021 and was approximately HK2.91 cents for 1HFY2020.

Note: In the case of any inconsistency between the Chinese translation and the English text of this interim report, the English text shall prevail.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Established since 1856 in Switzerland, Ernest Borel has a proud heritage spanning 165 years. Throughout the course of its history and across its operations, the Group has upheld the principles of producing high precision “Swiss-made” products and implemented stringent quality controls. Under its own brand “Ernest Borel”, the Group is engaged in the design, production, marketing and sale of mechanical and quartz premium watches. As one of the oldest Swiss premium watchmakers, Ernest Borel has adopted the “dancing couple” as its icon, which embodies “romance and elegance”. Together with its distinctive market position, Ernest Borel has gained leadership among brands of watches for couples in Switzerland. The extensive distribution network of the Group covers retail markets in the People’s Republic of China (the “**PRC**”), the Hong Kong Special Administrative Region (“**Hong Kong**”), the Macau Special Administrative Region (“**Macau**”) and other markets. For the six months ended 30 June 2021, the Group has a total of 808 points of sale (“**POS**”).

Ernest Borel recorded a revenue of approximately HK\$80.1 million (1HFY2020: approximately HK\$38.2 million), representing an increase of approximately 109.5%. Gross profit and gross profit margin increased to approximately HK\$55.8 million (1HFY2020: approximately HK\$20.9 million) and increased to approximately 69.6% (1HFY2020: approximately 54.6%) respectively. Consequently, loss attributable to equity holders amounted to approximately HK\$4.8 million.

OVERVIEW

In the first half of 2021, although many countries around the world were still affected by the novel coronavirus (“**COVID-19**”) outbreak, the PRC (the Company’s core market) had implemented and lifted its lockdown policies earlier than many other countries. Because of the positive consumer sentiments in various cities in the PRC, higher sales in the premium watch market were recorded. The Group’s revenue also doubled compared with that of the same period of last year.

In Hong Kong, Macau and overseas markets, as quarantine and access control measures for residents and visitors implemented by the respective governments were still in place, coupled with a series of social distancing measures, there has been a significant reduction in tourist arrivals for sightseeing and shopping, which dealt a heavy blow to the retail and consumption markets in Hong Kong, Macau and overseas. The economic downturn also further weakened consumer sentiment among local residents.

The Group has been closely monitoring market conditions, making appropriate adjustments and devoting resources into the development and expansion of its e-commerce business in the PRC by selling products exclusively available for the e-commerce market on a number of mainstream online sales platforms such as Tmall and JD.com, which had a continuous positive impact on the Group's revenue.

The PRC market

The PRC remains the core market of the Group. As at 30 June 2021, the Group had 694 POS in the country. Revenue from the PRC segment increased by approximately 117.2% from approximately HK\$36.3 million for 1HFY2020 to approximately HK\$78.8 million for 1HFY2021, accounting for approximately 98.4% of total revenue.

Hong Kong and Macau markets

As at 30 June 2021, the Group had 39 POS in Hong Kong and Macau markets. Sales in these markets decreased by approximately 16.4% from approximately HK\$0.7 million for 1HFY2020 to approximately HK\$0.6 million for 1HFY2021, accounting for approximately 0.7% of total revenue.

Other markets

As at 30 June 2021, the Group had 75 POS in the other markets, mainly in Southeast Asia and Europe. Sales in these markets decreased by approximately 41.5% from approximately HK\$1.2 million for 1HFY2020 to approximately HK\$0.7 million for 1HFY2021, accounting for approximately 0.9% of total revenue.

FINANCIAL REVIEW

Revenue and segment information

Our revenue increased by approximately HK\$41.9 million or approximately 109.5% from approximately HK\$38.2 million for 1HFY2020 to approximately HK\$80.1 million for 1HFY2021.

Performance by geographical location

	1HFY2021	1HFY2020	Changes	
	HKD	HKD	HKD	
	(in million)	(in million)	(in million)	%
PRC market	78.8	36.3	42.5	117.2
Hong Kong and Macau markets	0.6	0.7	(0.1)	(16.4)
Other markets mainly in Southeast Asia and Europe	0.7	1.2	(0.5)	(41.5)
Total	80.1	38.2	41.9	109.5

Cost of Sales

Cost of sales increased by approximately HK\$6.9 million or approximately 40.0% from approximately HK\$17.3 million for 1HFY2020 to approximately HK\$24.3 million for 1HFY2021.

Gross profit

Our gross profit increased by approximately HK\$34.9 million or approximately 167.5% from approximately HK\$20.9 million for 1HFY2020 to approximately HK\$55.8 million for 1HFY2021. The increase in gross profit was mainly attributable to increase in revenue as compared to the same period in 2020. The gross profit margin increased from approximately 54.6% for 1HFY2020 to approximately 69.6% for 1HFY2021.

Other gains and losses

We recorded other gains of approximately HK\$0.7 million for 1HFY2021 as compared to other losses of approximately HK\$2.1 million for 1HFY2020.

Distribution expenses

Our distribution expenses increased by approximately HK\$14.6 million or approximately 86.9% from approximately HK\$16.8 million for 1HFY2020 to approximately HK\$31.4 million for 1HFY2021, representing approximately 39.2% of our total revenue for 1HFY2021 (1HFY2020: approximately 44.0%).

Administrative expenses

Our administrative expenses increased by approximately HK\$10.9 million or approximately 90.7% from approximately HK\$12.1 million for 1HFY2020 to approximately HK\$23.0 million for 1HFY2021.

Finance costs

Our finance costs increased by approximately HK\$1.2 million or approximately 20.8% from approximately HK\$5.6 million for 1HFY2020 to approximately HK\$6.8 million for 1HFY2021.

Loss for the period attributable to owners of our Company

Our net loss decreased from approximately HK\$10.1 million for 1HFY2020 to approximately HK\$4.8 million for 1HFY2021, representing a decrease of approximately HK\$5.3 million or approximately 52.9%.

Inventory

Inventory amounted to approximately HK\$361.1 million as at 30 June 2021, which represented an increase of approximately HK\$1.5 million from approximately HK\$359.6 million as at 31 December 2020.

Trade and other receivables and payables

The Group's trade and other receivables amounted to approximately HK\$57.2 million as at 30 June 2021, which represented an increase of approximately HK\$2.2 million from approximately HK\$55.0 million as at 31 December 2020.

The Group's trade and other payables amounted to approximately HK\$27.0 million as at 30 June 2021, which represented an increase of approximately HK\$2.8 million from approximately HK\$24.2 million as at 31 December 2020.

Liquidity, financial resources and capital structure

As at 30 June 2021, the Group had non-pledged cash and bank balances of approximately HK\$24.5 million (31 December 2020: approximately HK\$18.4 million). As at 30 June 2021, the Group had bank and other borrowings of approximately HK\$280.1 million (31 December 2020: approximately HK\$264.0 million), of which approximately HK\$17.2 million (31 December 2020: approximately HK\$23.8 million) were secured and carried with variable interest bearings ranged from 0% to 3.76% (31 December 2020: 0% to 5.24%) per annum; and of which approximately HK\$262.9 million (31 December 2020: approximately HK\$240.2 million) were unsecured and carried with fixed interest bearings ranged from 5% to 6% (31 December 2020: 5% to 6%) per annum. As at 30 June 2021, part of the bank and other borrowings amounted to approximately HK\$4.2 million was repayable over one year and the remaining balance amounted to approximately HK\$275.9 million was repayable within one year.

As at 30 June 2021, the Group's gearing ratio was approximately 201.0% (31 December 2020: approximately 173.9%). This was calculated by dividing the bank and other borrowings (including bank borrowings, amount due to a related party, amounts due to fellow subsidiaries and amounts due to directors) by total equity attributable to owners of the Company as at 30 June 2021.

Foreign exchange exposure

Certain members of our Group have foreign currency sales, which expose us to foreign currency exchange fluctuation risks. In addition, certain trade receivables, other receivables and deposits, bank balances, other payables and accrued expenses, and our intra-group balances were denominated in foreign currencies.

We will monitor foreign exchange trends and will consider hedging significant foreign currency exposure should the need arise.

Charge on assets

As at 30 June 2021, the Group had no charge on the Group's assets (31 December 2020: Nil).

Material acquisition and disposal of subsidiaries or associated companies

No material acquisition or disposal of any subsidiaries or associated companies was made during 1HFY2021.

Future plans for material investments and capital assets

There was no definite future plan for material investments and acquisition of material capital assets as at 30 June 2021.

Contingent liabilities

As at 30 June 2021, the Group did not have any material contingent liabilities (31 December 2020: Nil).

Interim dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021 (1HFY2020: Nil).

Employees and remuneration policies

As at 30 June 2021, the Group had a total of 188 full time employees (31 December 2020: 191). Total staff costs, including directors' emoluments, was approximately HK\$28.0 million for 1HFY2021 (1HFY2020: approximately HK\$22.0 million).

All of our full-time employees are paid a fixed salary and may be granted other allowances, based on their positions. Members of the sales staff are also eligible for commissions based on their ability to meet sales targets. In addition, year-end bonuses may also be awarded to the employees at our discretion and based on employees' performance. Yearly performance appraisals are conducted to ensure that the employees receive feedback on their performance. Our Company has adopted a share option scheme (the "**Share Option Scheme**") on 24 June 2014, which became effective on 11 July 2014 and will expire on 24 June 2024. No option has been granted under the Share Option Scheme during 1HFY2021.

The Group provides training to its employees on a regular basis to keep them abreast of their knowledge in the Group's products, technology developments and market conditions of its industry. In addition, the Group's senior management also participates in conferences to deepen their knowledge in the industry.

Capital commitments

At 30 June 2021, the Group did not have material capital commitments (31 December 2020: Nil).

Events after the reporting period

There are no material events undertaken by the Group after the reporting period.

PROSPECTS

In the second half of 2021, there is a general view in the market that COVID-19 will continue to influence consumer sentiment and traveller access among countries around the world for a certain period of time, posing challenges to the retail market for premium watches and business environment in different places. However, we will continue to focus on the development of our core markets, closely monitor market dynamics and adjust our strategies in every aspect in a timely manner to maintain our profitability targets.

Products

The Group always insists on making high-quality “Swiss-made” watches. In the future, the Group will closely monitor market conditions and keep abreast of the popular trend by analyzing the mindset and consumption power of our major consumers and design watch series, that conformed to the preference of our target consumers, for men, women and couples with our professional product design ability.

Brand Promotion

The Group continues to promote and enhance the awareness of the “Ernest Borel” brand through different forms of marketing initiatives, introducing the “Ernest Borel” brand to younger and international consumers, so that the romantic culture of the “Ernest Borel” brand can be sustained.

In August this year, our new promotion of Ernest Borel watches featuring Miss Viann Zhang, the new brand ambassador of Ernest Borel, demonstrated the romantic image of the watches with Viann’s image of a long-haired fairy and her elegance, giving a new vitality to the brand to be felt refreshingly by the consumers.

In terms of online marketing and promotion, the Group will continue to conduct online media conferences and online live streaming promotion through various online e-commerce platforms and social media platforms. In terms of offline marketing and promotion, the Group will also change the promotional materials at every point of sale to posters and lightboxes featuring our new brand ambassador with a view to enhancing sales performance. In November this year, we will participate in the China International Import Expo to be held in Shanghai, which is believed to further enhance the popularity of Ernest Borel and enable more customers from all over the world to get to know the “Ernest Borel” brand, with the hope that sales can be further increased.

Distribution Channels

The Group continues to adopt effective sales strategies and endeavors to explore new POS in markets with growth potential through different brand promotion tactics. Meanwhile, the Group will continue to review the performance of each POS and abandon those with a weak performance. We always maintain good interaction with our clients and understand the needs of valuable local customers, with a view to increasing the sales revenue of POS with better performances and continuously optimise our sales network. In the future, the Group will continue to focus on and develop its business in Hainan Free Trade Zone as appropriate by timely increase of premium POS. Hainan Free Trade Zone is well placed to attract worldwide tourists and local consumers for sight-seeing and consumption, hence we are optimistic about its sales prospects.

E-commerce sales

In terms of e-commerce, competition among peers is increasing. The outbreak of COVID-19 further accelerates the general trend of online shopping by consumers. The Group will continue to monitor market conditions and timely distribute resources to e-commerce with designated professional e-commerce team for more efficient and professional operation of the e-commerce business. In the future, in order to meet customers' needs, we will strive to promote exclusive watches which will be only available for sale in online platforms. Meanwhile, we will perform ongoing review on the pricing policy of watches, as well as launch quality watches in different price ranges, with a view to attracting more consumers and increase our revenue from e-commerce sales.

Operation

Apart from efforts in sales boosting, effective cost control strategies are also inevitable. The Group has been utilizing and allocating resources in a prudent and timely manner, which enables the Group to cut unnecessary operation cost and expenditure. Meanwhile, the Company has also been closely monitoring our inventory level and was able to maintain it on a reasonable level to reduce inventory risk.

Conclusion

Looking ahead, the global economy remains uncertain as the mutated virus stealthily spread around the globe. Fortunately, after almost two years of struggles, the world possesses sufficient methods and capabilities to fight against the epidemic, and with the increase in COVID-19 vaccination uptakes, we hope that the world will one day be free of COVID-19.

In the future, the Group will still maintain a prudential and active attitude by closely monitoring the development of the epidemic, making ongoing and timely responses and adjustments as well as risk controlling. We will adjust the Group's operation strategies based on our actual situations while controlling operation expense with more caution, in the hope of seizing opportunities amidst difficulties. In conclusion, the Group looks forward to the future and aims to foster constructive development of "Ernest Borel" brand with a view to bringing valuable and sustainable returns for our shareholders in future.

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2021, the interests or short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or the associated corporations of the Company, within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO") which were required: (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to the Company and The Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to The Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules"), are as follows:

Long Positions in the Company's Shares or shares in associated corporation of the Company

Name of Directors	Company/ Name of associated corporation	Capacity/ Nature of Interest	Number of Shares held	Approximate Percentage of interest in the total issued Shares in the Company ⁽²⁾ / associated corporation
Mr. Shang Jianguang	Citychamp Watch & Jewellery Group Limited ("Citychamp")	Beneficial owner/ Personal Interest	5,300,000	0.12%
Mr. Teguh Halim	Citychamp	Beneficial owner/ Personal Interest/ Interest of Spouse ⁽¹⁾	6,000,000	0.14%
Mr. Tao Li	Citychamp	Beneficial owner/ Personal Interest	3,956,000	0.09%

Notes:

- 3,000,000 shares were held by Mr. Teguh Halim's wife.
- Calculated based on the number of issued Shares as at 30 June 2021 (i.e. 347,437,000 shares).

Saved as disclosed above, as at 30 June 2021, none of the Directors and the Chief Executive of the Company and their respective associates had or was deemed to have any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company 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.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to any Director or Chief Executive of the Company, as at 30 June 2021, the persons or corporations (not being a Director or Chief Executive of the Company) who or which had an interest or short position in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Long Position in the Company's Shares

Name	Capacity	Number of Shares	Approximately % of total number of issued Shares ⁽⁵⁾
VGB Limited ⁽¹⁾	Beneficial owner	222,634,485	64.08%
Citychamp ⁽¹⁾	Interest in controlled corporation	222,634,485	64.08%
Sincere View ⁽¹⁾	Interest in controlled corporation	222,634,485	64.08%
Full Day ⁽¹⁾	Interest in controlled corporation	222,634,485	64.08%
Hon Kwok Lung ^(2,3)	Interest in controlled corporation	222,634,485	64.08%
Lam Suk Ying ^(2,3)	Interest in controlled corporation	222,634,485	64.08%
Prime Route ⁽⁴⁾	Beneficial owner	37,935,000	10.92%
Xu Hong ⁽⁴⁾	Interest in controlled corporation	37,935,000	10.92%

Notes:

1. 222,634,485 shares in the issued share capital of the Company were directly held by VGB Limited. VGB Limited is wholly-owned and controlled by Citychamp. Citychamp was the controlled corporation of each of Sincere View International Limited ("**Sincere View**") and Full Day Limited ("**Full Day**"). Accordingly, each of Citychamp, Sincere View and Full Day was deemed to be interested in the shares of the Company held by VGB Limited.
2. Mr. Hon Kwok Lung ("**Mr. Hon**") held the entire issued share capital of Full Day. Sincere View was the controlled corporation of each of Mr. Hon and Ms. Lam Suk Ying ("**Ms. Lam**"), the spouse of Mr. Hon. Accordingly, each of Mr. Hon and Ms. Lam was deemed to be interested in the shares of the Company held by VGB Limited.
3. Mr. Hon and Ms. Lam also directly held 3,500,000 shares and 1,374,000 shares in the issued share capital of Citychamp, respectively.
4. Prime Route is a company wholly-owned and controlled by Ms. Xu. Ms. Xu is therefore deemed to be interested in the shares held by Prime Route.
5. Calculated based on the number of issued Shares as at 30 June 2021 (i.e. 347,437,000 shares).

Save as disclosed above, as at 30 June 2021, the Directors were not aware of any other person or corporation having an interest or short position in the Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

The Company conditionally adopted a Share Option Scheme on 24 June 2014, which was effective upon 11 July 2014 and will expire on 24 June 2024. The purpose of the Share Option Scheme is to help motivate eligible persons to optimize their future performance and efficiency to the Group and/or reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

Eligible persons include (a) any Executive Director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of the Group, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group; (b) a director or proposed director (including an Independent Non-Executive Director) of any member of the Group; (c) a direct or an indirect shareholder of any member of the Group; (d) a supplier of goods or services to any member of the Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and (g) an associate of any of the persons referred to in (a) to (c) above.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 34,700,000 Shares, representing approximately 9.99% of the issued share capital as at the date of this interim report.

No option may be granted to any participant of the Share Option Scheme such that the total number of shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company HK\$1.00 upon acceptance of the grant on or before the 28 days after the offer date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in The Stock Exchange's daily quotations sheets on the offer date; and
- (c) the average closing price of a Share as stated in The Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years from the adoption date, after which no further options will be granted or offered.

From the date on which the Share Option Scheme became effective and up to the date of this interim report, no share options were granted, exercised or cancelled or lapsed under the Share Option Scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has complied with all code provisions as set out in the Corporate Governance Code and the Corporate Governance Report contained in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”) throughout the six months ended 30 June 2021.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors of the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code and its code of conduct regarding directors’ securities transactions throughout the six months ended 30 June 2021.

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code. The duties of our Audit Committee are, among others, to make recommendations to our Board on the appointment, re-appointment and removal of external auditors, and to assist our Board in fulfilling its responsibilities by providing an independent review and supervision of our financial and other reporting, by reviewing our internal control, risk management systems and internal audit functions.

During the six months ended 30 June 2021, the Audit Committee comprises all of our three Independent Non-executive Directors, namely Mr. To Chun Kei, Mr. Hui Cheuk Kit Frederick and Ms. Chan Lai Wa, with Mr. To Chun Kei being the chairman of the Audit Committee. Our unaudited interim results and the interim report for the six months ended 30 June 2021 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results and report complied with the applicable accounting standards and requirements, and that adequate disclosures have been made. The Audit Committee has recommended the Board to adopt the same.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchases, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2021.

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES

In accordance with the continuing obligations set out in Rule 13.21 of the Listing Rules, the following are the details of the facility letter (the “**Facility Letter**”) with covenants relating to specific performance on the controlling shareholders of the Company.

On 19 February 2020, an indirect wholly-owned subsidiary of the Company as the borrower, accepted a Facility Letter issued by a bank offering for the grant of a revolving loan facility and trade finance of up to HK\$20,000,000.

Pursuant to the Facility Letter, amongst other things, the indirect wholly-owned subsidiary of the Company had undertaken to the Bank that:

- (i) Citychamp, the controlling and largest shareholder of the Company and the shares of which are listed on the main board of The Stock Exchange (the “**Mainboard**”) (stock code: 256), shall remain as the largest shareholder of the Company; and
- (ii) Citychamp shall remain listed on the Mainboard and its shares shall not be suspended for trading for more than 21 consecutive calendar days.

Breach of such undertakings will constitute an event of default and all amounts (including principal and interest) due and owing by the indirect wholly-owned subsidiary of the Company to the bank under the Facility Letter shall become immediately due and payable.

As at the date of this interim report, Citychamp is still treated as the controlling and largest shareholder of the Company as well as remain listed on the Mainboard.

PUBLICATIONS OF INTERIM REPORT

This 2021 interim report is published on the HKExnews website at www.hkexnews.hk and on the website of the Company at www.ernestborel.ch.

By Order of the Board

Ernest Borel Holdings Limited

Shang Jianguang

Chairman

Hong Kong, 30 August 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	NOTES	For the six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	80,113	38,236
Cost of sales		(24,315)	(17,374)
Gross profit		55,798	20,862
Other gains and losses, net	4	744	(2,145)
Other income	5	70	762
Distribution expenses		(31,422)	(16,810)
Administrative expenses		(23,013)	(12,065)
Finance costs	6	(6,789)	(5,621)
Loss before tax	8	(4,612)	(15,017)
Income tax (expense)/credit	7	(149)	4,902
Loss for the period attributable to owners of the Company		(4,761)	(10,115)
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit scheme		676	525
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(8,369)	3,273
Other comprehensive income for the period		(7,693)	3,798
Total comprehensive income for the period		(12,454)	(6,317)
Loss per share — (expressed in HK cents)			
Basic and diluted	10	(1.37)	(2.91)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	NOTES	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	39,975	40,330
Rental deposits	12	1,507	955
		41,482	41,285
Current assets			
Inventories		361,141	359,609
Trade and other receivables	12	55,733	54,046
Restricted bank deposits		–	1,354
Bank balances and cash		24,537	18,402
		441,411	433,411
Current liabilities			
Trade and other payables	13	27,014	24,200
Tax payable		2,544	2,585
Lease liabilities		5,638	4,900
Amount due to a related party	14	3,370	5,376
Amounts due to fellow subsidiaries	14	242,522	217,883
Amounts due to directors	14	17,000	17,000
Bank borrowings	15	13,000	19,384
		311,088	291,328
Net current assets		130,323	142,083
Total assets less current liabilities		171,805	183,368

	NOTES	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities		10,561	8,330
Bank borrowings	15	4,215	4,397
Deferred tax liabilities		14,087	14,266
Pension obligation		3,552	4,531
		32,415	31,524
Net assets			
		139,390	151,844
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	3,474	3,474
Reserves		135,916	148,370
Total equity			
		139,390	151,844

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital	Share premium	Other reserve	Actuarial gain and loss reserve	General reserve	Translation reserve	Accumulated losses	Total
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
			(note (i))		(note (ii))			
At 1 January 2020 (audited)	3,474	182,099	15,500	(647)	1,547	6,383	(67,928)	140,428
Loss for the period	-	-	-	-	-	-	(10,115)	(10,115)
Other comprehensive income for the period	-	-	-	525	-	3,273	-	3,798
At 30 June 2020 (unaudited)	3,474	182,099	15,500	(122)	1,547	9,656	(78,043)	134,111
At 1 January 2021 (audited)	3,474	182,099	15,500	(2,020)	1,547	17,845	(66,601)	151,844
Loss for the period	-	-	-	-	-	-	(4,761)	(4,761)
Other comprehensive income for the period	-	-	-	676	-	(8,369)	-	(7,693)
At 30 June 2021 (unaudited)	3,474	182,099	15,500	(1,344)	1,547	9,476	(71,362)	139,390

Notes:

- (i) Other reserve of HK\$15,500,000 represents amount arising from capitalisation of loans from former shareholders of a subsidiary of the Company.
- (ii) General reserve represents the legal reserve being allocated from the retained profits of certain subsidiaries of the Company, as required under the relevant legislation of Switzerland and the People's Republic of China (the "PRC"), respectively.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	3,574	(18,658)
INVESTING ACTIVITIES		
Additions of property, plant and equipment	(1,731)	(2,402)
Restricted bank deposits withdrawn	1,364	–
Interest received	25	24
NET CASH USED IN INVESTING ACTIVITIES	(342)	(2,378)
FINANCING ACTIVITIES		
New bank borrowings raised	17,836	22,569
Repayment of bank borrowings	(24,220)	(1,094)
Lease payments for lease liabilities	(2,935)	(3,704)
Interest paid	(1,006)	(895)
Repayment of loan from a related party	(2,185)	–
Loan from fellow subsidiaries	42,328	4,177
Repayment of loan from fellow subsidiaries	(25,078)	(1,099)
Loan from ultimate holding company	3,000	5,000
Repayment of loan from ultimate holding company	(3,000)	(2,220)
Repayment of loan from directors	–	(5,000)
NET CASH GENERATED FROM FINANCING ACTIVITIES	4,740	17,734
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,972	(3,302)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	18,402	18,735
Effect of foreign exchange rate changes	(1,837)	938
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	24,537	16,371

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 ("**IAS 34**") "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**") as well as the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange (the "**Listing Rules**").

The condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2020 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2021.

The preparation of these condensed consolidated interim financial statements in compliance with IAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These condensed consolidated interim financial statements are presented in Hong Kong Dollars ("**HK\$**"), unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (the "**IFRSs**") and should be read in conjunction with the 2020 consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amount received or receivable for the sales of watches products, less returns and trade discounts, during the interim period. The revenue of the Group are recognised at point in time.

The Group's principal activities are manufacturing and sales of watches. Information reported to the chief operating decision makers, being the executive directors of the Company, for resources allocation and performance assessment, is based on the Group's overall performance, which is considered as a single operating segment. Segment revenue and results are therefore the same as the respective amounts presented in the condensed consolidated statement of profit or loss and other comprehensive income and the condensed consolidated statement of financial position. Entity-wide disclosures of segment information are set out below.

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers based on the location of customers.

	Revenue from external customers For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
People's Republic of China ("PRC")	78,793	36,283
Hong Kong and Macau	592	708
Others (mainly in Southeast Asia and Europe)	728	1,245
	80,113	38,236

Information about major customers

During the period, there is no revenue from customers contributing over 10% of the total sales of the Group (1HFY2020: Nil).

4. OTHER GAINS AND LOSSES, NET

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss on disposal of property, plant and equipment	(1)	–
Exchange gain/(loss), net	1,236	(2,135)
Impairment loss of trade receivables, net	(491)	(10)
	744	(2,145)

5. OTHER INCOME

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	25	24
Sundry income	45	738
	70	762

6. FINANCE COSTS

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on:		
Bank borrowings	265	201
Loan from a related party	137	–
Loan from fellow subsidiaries	5,646	3,877
Loan from ultimate holding company	14	840
Loan from directors	422	518
Interest on lease liabilities	305	185
	6,789	5,621

7. INCOME TAX EXPENSE/(CREDIT)

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax:		
Hong Kong Profits Tax	–	–
Switzerland Income Tax	91	69
PRC Enterprise Income Tax	–	–
	91	69
Deferred tax charge/(credit)	58	(4,971)
Income tax expense/(credit) for the period	149	(4,902)

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both periods. No provision for Hong Kong profits tax has been made for both periods as the Group has no assessable profits arising in Hong Kong.

Switzerland Income Tax is calculated at certain tax rates on the assessable income for both periods. Under relevant Tax Law in Switzerland, the Group's subsidiary incorporated in Switzerland was subject to Direct Federal Tax ("**DFT**") of 8.5% (six months ended 30 June 2020: 8.5%) and Cantonal Communal Tax ("**CCT**") of 11.47% (six months ended 30 June 2020: 11.47%).

Swiss Federal withholding tax is levied at a rate of 35% on the distribution of the profit of the company incorporated in Switzerland for both periods.

Under the laws of PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiary is 25% (six months ended 30 June 2020: 25%). No provision for Enterprise Income Tax has been made for both periods as the Group has no assessable profits arising in the PRC.

8. LOSS BEFORE TAX

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss before tax has been arrived at after charging/(crediting):		
Provision for impairment loss of trade receivables	491	10
Cost of inventories recognised as expenses, including	24,315	17,374
— Reversal of allowance for inventories	(11,937)	(1,974)
Depreciation of property, plant and equipment	7,293	3,252
Staff costs (including directors' emoluments):		
— Salaries and other benefits	25,135	19,992
— Retirement benefits scheme contributions	2,872	2,037
Total staff costs	28,007	22,029

9. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the six months ended 30 June 2021 is based on the loss attributable to owners of the Company of HK\$4,761,000 (six months ended 30 June 2020: HK\$10,115,000) and on the weighted average number of 347,437,000 (six months ended 30 June 2020: 347,437,000) ordinary shares in issue during the period.

There is no potential dilutive ordinary shares outstanding for the six months ended 30 June 2021 and thus the dilute loss per share is the same as the basic loss per share.

11. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 June 2021, the Group acquired property, plant and equipment of HK\$1,731,000 (six months ended 30 June 2020: HK\$2,402,000).

In addition, the Group has entered into a lease contract for premise in the PRC during the six month ended 30 June 2021. Right-of-use assets arising from these lease contracts amounted to HK\$5,796,000 has been recognised during the current period.

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Non-current:		
Rental deposits	1,507	955
Current:		
Trade receivables, gross	63,031	62,645
Less: impairment loss allowance	(20,955)	(18,608)
Trade receivables, net	42,076	44,037
Other receivables	2,759	1,646
Other tax recoverable	903	2,691
Prepayments	7,981	3,651
Deposits	2,014	2,021
	13,657	10,009
Total current trade and other receivables	55,733	54,046
Total trade and other receivables	57,240	55,001

Included in the trade receivables, amounts of HK\$6,807,000 (31 December 2020: HK\$5,274,000) are due from fellow subsidiaries of the Company.

12. TRADE AND OTHER RECEIVABLES (Continued)

The Group allows a credit period ranging from 30 to 120 days to its trade customers. The following is an ageing analysis of trade receivables, net of impairment loss allowance, presented based on the invoice date which approximates the respective revenue recognition date:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
0-90 days	26,751	29,728
91-180 days	11,815	11,932
181-270 days	2,432	1,450
Over 270 days	1,078	927
	42,076	44,037

13. TRADE AND OTHER PAYABLES

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Trade payables	17,615	13,785
Other payables	2,775	2,689
Accruals	5,259	6,176
Contract liabilities arising from sales of goods	1,365	1,550
	27,014	24,200

Included in the trade payables, amount of HK\$1,539,000 (31 December 2020: HK\$ nil) is due to a fellow subsidiary of the Company.

13. TRADE AND OTHER PAYABLES (Continued)

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting periods:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
1–30 days	8,486	8,576
31–60 days	922	1,689
Over 60 days	8,207	3,520
	17,615	13,785

The credit period for trade purchases ranges from 30 to 90 days.

14. AMOUNTS DUE TO A RELATED PARTY, FELLOW SUBSIDIARIES AND DIRECTORS

As at 30 June 2021, an amount due to a related party of principal amount of RMB2,680,000 (equivalent to HK\$3,219,000) (31 December 2020: RMB4,500,000 (equivalent to HK\$5,363,000)) was unsecured, interest bearing at 6% per annum and repayable within one year. The related party is a key management personnel of the Group.

As at 30 June 2021, amounts due to fellow subsidiaries of aggregate principal amount of RMB177,700,000 (equivalent to HK\$213,418,000) (31 December 2020: RMB176,000,000 (equivalent to HK\$209,704,000)) were unsecured, interest bearing at range from 5% to 6% per annum and repayable within one year.

As at 30 June 2021, amounts due to directors of aggregate principal amount of HK\$17,000,000 (31 December 2020: HK\$17,000,000) were unsecured, interest bearing at 5% (2020: 5%) per annum and repayable within one year.

15. BANK BORROWINGS

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Bank loan, secured (note)	14,215	14,397
Import trade loans, secured (note)	3,000	9,384
	17,215	23,781
Less: current position	(13,000)	(19,384)
Non-current position	4,215	4,397
The bank repayable based on scheduled repayment date set out in the loan agreements, are as follows:		
Within one year or on demand	13,000	19,384
More than one year, but not exceeding five years	4,215	4,397
	17,215	23,781

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
The carrying amounts of bank loans that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year or on demand	13,000	19,384

15. BANK BORROWINGS (Continued)

The exposure of the Group's borrowings are as follows:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Variable-rate borrowings	13,000	19,384

The Group's variable-rate borrowings carry interest at Hong Kong Interbank Offered Rate ("**HIBOR**") or London Interbank Offered Rate ("**LIBOR**") plus certain basis points.

The ranges of effective interest rate on the Group's borrowings are as follow:

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Effective interest rate: Variable-rate borrowings	3.03% to 3.76%	3.19% to 5.24%

Note:

- (i) At the reporting date, the bank borrowings of HK\$13,000,000 were secured by corporate guarantee provided by Citychamp Watch & Jewellery Group Limited ("**Citychamp**"), the ultimate holding company of the Group. Further, certain subordination deeds have been signed by Shang Jianguang and Teguh Halim, directors of the Group and Citychamp to secured the bank loan and import trade loan; and
- (ii) At the reporting date, the bank borrowings of HK\$4,215,000 were secured by guarantee provided by the government of certain country.

16. SHARE CAPITAL

	Number of ordinary shares '000	Par value HK\$	Amount HK\$'000
Authorised:			
At 1 January 2020, 30 June 2020, 31 December 2020 and 30 June 2021	10,000,000	0.01	100,000
Issued and fully paid:			
At 1 January 2020, 30 June 2020, 31 December 2020 and 30 June 2021	347,437	0.01	3,474

All the shares issued rank pari passu with the existing shares in all respects.

17. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Financial assets		
Amortised cost	69,372	65,439
Financial liabilities		
Amortised cost	316,696	293,744

18. RELATED PARTY TRANSACTIONS

- (i) During the six months ended 30 June 2021, the Group entered into the following transactions with related parties:

Name of related party	Relationship	Nature of transaction	For the six months ended 30 June	
			2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Guangdong Juxin Watch Co., Limited (廣東鉅信鐘錶連鎖有限公司)	Fellow subsidiary	Sales of goods	3	1
Liaoning Hengjia Horologe Co., Limited (遼寧恒嘉鐘錶有限公司)	Fellow subsidiary	Sales of goods	163	29
Shenzhen Permanence Commerce Co., Limited (深圳市恒譽嘉時貿易有限公司)	Fellow subsidiary	Sales of goods	3,458	1,572
Guangzhou Five Goat Watch Company Ltd (廣州五羊錶業有限公司)	Fellow subsidiary	Sales of goods	12	-
Jilin Dayou Watch Limited (吉林大有鐘錶有限公司)	Fellow subsidiary	Sales of goods	38	-
EBOHR Luxuries International Limited (依波精品(深圳)有限公司)	Fellow subsidiary	Sales of goods	8	-
		Loan interest expenses	58	-
Corum (Hong Kong) Limited	Fellow subsidiary	Purchases of goods	1,473	-
Zhuhai Rossini Watch Industry Limited (珠海羅西尼錶業有限公司)	Fellow subsidiary	Sales of goods	-	7
		Loan interest expenses	2,612	1,292
PAMA Precision Manufacturing Ltd (深圳市帕瑪精品製造有限公司)	Fellow subsidiary	Loan interest expenses	2,208	1,807
Actor Investments Limited (安達投資有限公司)	Fellow subsidiary	Loan interest expenses	768	778
Citychamp Watch & Jewellery Group Limited	Ultimate holding company	Loan interest expenses	14	840
Mr. Shang Jianguang	Director of the Company	Loan interest expenses	372	374
Mr. Teguh Halim	Director of the Company	Loan interest expenses	50	144
Mr. He Wen	Chief Executive Officer of the Company	Loan interest expenses	137	-

18. RELATED PARTY TRANSACTIONS (Continued)

- (ii) The details for balances with related parties are disclosed in note 12, 13 and 14 to the condensed consolidated financial statements.
- (iii) The compensations to key management personnel of the Group (i.e. the Company's directors) are as follows:

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Fees	855	779
Basic salaries and other benefits	2,200	2,120
Pension scheme contributions	36	36
	3,091	2,935