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CITYCHAMP WATCH & JEWELLERY GROUP LIMITED

冠城鐘錶珠寶集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 256)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

INTERIM RESULTS

The board of directors (the “Board”) of Citychamp Watch & Jewellery Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2023 together with comparative figures for the corresponding period in 2022.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Interest income from banking business		157,420	62,225
Interest expenses from banking business		(17,844)	(10,672)
Net interest income from banking business	4a	139,576	51,553
Service fees and commission income from banking business		99,410	104,044
Service fees and commission expenses from banking business		(15,051)	(17,087)
Net service fees and commission income from banking business	4b	84,359	86,957
Trading income from banking business	4c	16,160	23,028
Service fees and commission income from financial business	4d	–	949
Interest income from financial business	4d	–	173
Sales of goods from non-banking and financial businesses	4e	558,885	685,987
Rental income from non-banking and financial businesses	4e	11,264	9,124
Total revenue		810,244	857,771
Cost of sales from non-banking and financial businesses		(258,656)	(340,803)
Other ordinary income and other net gains or losses	5	24,788	14,920
Selling and distribution expenses		(180,987)	(237,615)
Administrative expenses		(321,043)	(316,752)
Share of profit/(loss) of joint ventures		4	(83)
Share of profit of associates		1,962	4,023
Finance costs	6	(38,941)	(32,853)
Profit/(loss) before income tax	7	37,371	(51,392)
Income tax expense	8	(11,134)	(3,258)
Profit/(loss) for the period		26,237	(54,650)

		Six months ended 30 June		
		2023	2022	
<i>Notes</i>		HK\$'000	HK\$'000	
		(Unaudited)	(Unaudited)	
Other comprehensive income				
Items that will not be subsequently reclassified to profit or loss				
	– Change in fair value of financial assets at fair value through other comprehensive income	12	32,862	(70,973)
	– Remeasurement of net defined benefit obligation		2,290	264
		<u>35,152</u>	<u>(70,709)</u>	
Item that may be subsequently reclassified to profit or loss				
	– Exchange differences on translation to presentation currency		(51,922)	(100,550)
		<u>(51,922)</u>	<u>(100,550)</u>	
Other comprehensive income for the period		<u>(16,770)</u>	<u>(171,259)</u>	
Total comprehensive income for the period		<u>9,467</u>	<u>(225,909)</u>	
Profit/(loss) for the period attributable to:				
	Owners of the Company	19,921	(52,094)	
	Non-controlling interests	6,316	(2,556)	
		<u>26,237</u>	<u>(54,650)</u>	
Total comprehensive income for the period attributable to:		<u>9,467</u>	<u>(225,909)</u>	
	Owners of the Company	(4,699)	(218,854)	
	Non-controlling interests	14,166	(7,055)	
		<u>9,467</u>	<u>(225,909)</u>	
Earnings/(loss) per share attributable to owners of the Company for the period				
	– Basic	10	HK0.46 cent	(HK1.20 cents)
	– Diluted		HK0.46 cent	(HK1.20 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30 June 2023	31 December 2022
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Assets			
Cash and deposits		705,647	4,314,638
Due from clients		2,854,221	2,678,772
Due from banks		4,304,729	1,929,640
Trading portfolio investments	11	27,265	28,093
Financial assets at fair value through other comprehensive income	12	328,682	296,080
Derivative financial assets		1,847	2,888
Trade receivables	13	402,094	336,640
Other financial assets at amortised cost	14	2,172,514	1,571,725
Inventories	15	1,792,187	1,935,923
Income tax recoverable		14	218
Interests in joint ventures		495	491
Interests in associates		114,164	122,202
Property, plant and equipment		1,274,152	1,285,314
Investment properties		170,906	170,906
Intangible assets	16	111,579	43,254
Goodwill	17	1,121,678	1,092,012
Deferred tax assets		15,657	8,585
Assets of a disposal group held for sale		24,988	24,988
Non-current assets held for sale		–	5,138
Other assets		394,588	309,736
		15,817,407	16,157,243
Total assets		15,817,407	16,157,243

		30 June	31 December
		2023	2022
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Liabilities			
Due to banks		5,579	1,099
Due to clients		9,529,041	9,987,678
Derivative financial liabilities		1,724	12,622
Trade payables	18	207,189	198,994
Contract liabilities		41,651	41,946
Income tax payables		41,461	36,878
Borrowings	19	882,522	958,135
Provisions		385	387
Lease liabilities		54,080	48,886
Deferred tax liabilities		69,872	52,776
Due to a shareholder		12,000	12,000
Due to directors		65,379	81,515
Contingent consideration payable		77,687	–
Other liabilities		636,189	545,466
		<hr/>	<hr/>
Total liabilities		11,624,759	11,978,382
EQUITY			
Equity attributable to owners of the Company			
Share capital		435,189	435,189
Reserves		3,578,139	3,577,624
		<hr/>	<hr/>
		4,013,328	4,012,813
Non-controlling interests		179,320	166,048
		<hr/>	<hr/>
Total equity		4,192,648	4,178,861
		<hr/>	<hr/>
Total liabilities and equity		15,817,407	16,157,243
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

The unaudited condensed interim financial information (“the Unaudited Interim Financial Information”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants and with the applicable disclosure provisions in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Unaudited Interim Financial Information is presented in Hong Kong Dollars (“HK\$”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (“HK\$’000”) unless otherwise stated.

In April 2023, the Group has completed the acquisition of the entire equity interests of Gold Vantage Industrial Limited and its subsidiaries (together the “Gold Vantage Group”) at the consideration of HK\$108,456,000. Since then, Gold Vantage Group become the subsidiaries of the Group. Details of the acquisition are set out in the note 20 to the unaudited condensed consolidated interim financial information.

Other than the aforesaid transaction, there was no significant change in the Group’s operations for the six months ended 30 June 2023.

The Unaudited Interim Financial Information for the six months ended 30 June 2023 was approved for issue by the board of directors of the Company on 30 August 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Unaudited Interim Financial Information has been prepared in accordance with the accounting policies and method of computation used in the 2022 Annual Financial Statements, except for the adoption of the new or amended Hong Kong Financial Reporting Standards (“HKFRSs”), which include individual HKFRSs, HKAS and Interpretations. The Group has not early adopted any new HKFRSs that have been issued but are not yet effective. The Unaudited Interim Financial Information should be read in conjunction with the 2022 Annual Financial Statements.

3. SEGMENT INFORMATION

The chief operating decision-maker is identified as executive directors. The executive directors have identified the Group’s product and service lines as operating segments as follows:

- (a) manufacture and distribution of watches and timepieces;
- (b) property investments; and
- (c) banking and financial businesses.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Six months ended 30 June 2023				
	Watches and timepieces <i>HK\$'000</i> (Unaudited)	Property investments <i>HK\$'000</i> (Unaudited)	Banking and financial businesses <i>HK\$'000</i> (Unaudited)	Unallocated <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue:					
Net interest income from banking business	–	–	139,576	–	139,576
Net service fees and commission income from banking business	–	–	84,359	–	84,359
Trading income from banking business	–	–	16,160	–	16,160
Sales of goods from non-banking and financial businesses	558,885	–	–	–	558,885
Rental income from non-banking and financial businesses	–	11,264	–	–	11,264
Total revenue	558,885	11,264	240,095	–	810,244
Segment results	25,413	10,238	65,736	(494)	100,893
Unallocated corporate income and expenses, net	–	–	–	(26,547)	(26,547)
Share of profit of joint ventures	–	–	–	4	4
Share of profit of associates	–	–	–	1,962	1,962
Finance costs	(14,901)	–	(165)	(23,875)	(38,941)
Profit/(loss) before income tax	10,512	10,238	65,571	(48,950)	37,371
Income tax expense	(2,427)	–	(8,684)	(23)	(11,134)
Profit/(loss) for the period	8,085	10,238	56,887	(48,973)	26,237

	Six months ended 30 June 2022				
	Watches and timepieces <i>HK\$'000</i> (Unaudited)	Property investments <i>HK\$'000</i> (Unaudited)	Banking and financial businesses <i>HK\$'000</i> (Unaudited)	Unallocated <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue:					
Net interest income from banking business	–	–	51,553	–	51,553
Net service fees and commission income from banking business	–	–	86,957	–	86,957
Trading income from banking business	–	–	23,028	–	23,028
Service fees and commission income from financial business	–	–	949	–	949
Interest income from financial business	–	–	173	–	173
Sales of goods from non-banking and financial businesses	685,987	–	–	–	685,987
Rental income from non-banking and financial businesses	–	9,124	–	–	9,124
Total revenue	685,987	9,124	162,660	–	857,771
Segment results	3,085	8,180	12,455	–	23,720
Unallocated corporate income and expenses, net	–	–	–	(35,804)	(35,804)
Share of loss of joint ventures	–	–	–	(83)	(83)
Share of profit of associates	–	–	1,247	2,776	4,023
Loss on disposal of subsidiaries	–	–	(10,395)	–	(10,395)
Finance costs	(13,300)	–	(519)	(19,034)	(32,853)
Profit/(loss) before income tax	(10,215)	8,180	2,788	(52,145)	(51,392)
Income tax expense	(1,376)	335	(2,184)	(33)	(3,258)
Profit/(loss) for the period	(11,591)	8,515	604	(52,178)	(54,650)

4. REVENUE

The Group is principally engaging in manufacture and distribution of watches and timepieces, property investments and banking and financial businesses.

For banking and financial businesses, revenue mainly comprises net interest income, net service fees and commission income and net trading income. For non-banking and financial businesses, revenue mainly represents the net invoiced value of goods sold, after allowance for returns and trade discounts and rental income received and receivables.

Revenue recognised during the period is as follows:

(a) **Net interest income from banking business**

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income from banking business arising from:		
Interest income – due from banks	84,973	18,566
Interest income – due from clients	13,085	18,866
Interest income from trading securities	298	112
Interest income from mortgage loans	32,617	13,760
Interest income from financial assets	23,926	11,421
Interest income/(expense) from money market papers	2,521	(341)
Negative interest income on due to clients	–	(159)
	157,420	62,225
Interest expenses from banking business arising from:		
Interest expense on due to banks	(38)	(10,775)
Interest expense on due to clients	(17,806)	(18)
Negative interest income on due from banks and clients	1	121
	(17,844)	(10,672)
Net interest income from banking business	139,576	51,553

(b) Net service fees and commission income from banking business

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Service fees and commission income from banking business arising from:		
Commission income from loans	2,864	2,112
Brokerage fees	14,567	19,825
Custody account fees	13,130	12,975
Commission on investment advice and asset management	21,322	25,841
Commission income from service fees	14,671	16,641
Commission income from fiduciary fees	194	184
Commission income from retrocession	2,196	3,068
Other commission income	30,466	23,398
	<u>99,410</u>	<u>104,044</u>
Service fees and commission expenses from banking business	<u>(15,051)</u>	<u>(17,087)</u>
Net service fees and commission income from banking business	<u>84,359</u>	<u>86,957</u>

(c) Trading income from banking business

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Debt instruments	6	(15)
Equity instruments	–	1
Forex and precious metals	16,155	23,028
Funds	(1)	14
Trading income from banking business	<u>16,160</u>	<u>23,028</u>

(d) Revenue from financial business

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Service fees and commission income	–	949
Interest income	–	173
Revenue from financial business	–	1,122

(e) Revenue from non-banking and financial businesses

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sale of goods	558,885	685,987
Rental income	11,264	9,124
Revenue from non-banking and financial businesses	570,149	695,111

5. OTHER ORDINARY INCOME AND OTHER NET GAINS OR LOSSES

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Exchange gain, net	945	9,952
Gain on fair value changes in trading portfolio investments, net	41	1,725
Bank and other interest income from non-banking and financial business	127	248
Dividend income from financial asset at fair value through other comprehensive income (“FVOCI”) (note 12)	10,578	–
Gain on disposal of property, plant and equipment	328	228
Government subsidies	1,576	1,929
Other sundry income	11,193	838
	24,788	14,920

6. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on lease liabilities	1,215	1,729
Interests charged on bank borrowings and bank overdrafts	<u>37,726</u>	<u>31,124</u>
	<u>38,941</u>	<u>32,853</u>

7. PROFIT/(LOSS) BEFORE INCOME TAX

The Group's profit/(loss) before income tax was arrived at after charging:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	44,935	52,208
Amortisation of intangible assets	<u>1,516</u>	<u>181</u>

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax for the period		
The People's Republic of China (the "PRC")	2,710	757
Liechtenstein	9,179	2,987
Switzerland	135	338
Deferred tax for the period	<u>(890)</u>	<u>(824)</u>
Total income tax expense	<u>11,134</u>	<u>3,258</u>

For both the six months ended 30 June 2023 and 2022, no provision for Hong Kong profits tax has been made as the Group has no assessable profits arising in Hong Kong. The subsidiaries established in the PRC are subject to income taxes at tax rates ranging between 15% and 25% (six months ended 30 June 2022: between 15% and 25%). Overseas tax is calculated at the rates applicable in the respective jurisdictions.

The Group is subject to PRC withholding tax at the rate of 5% in respect of dividend income derived from PRC incorporated company.

9. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the period ended 30 June 2023 (six months ended 30 June 2022: Nil).

10. EARNINGS/(LOSS) PER SHARE

The calculations of the basic and diluted earnings/(loss) per share attributable to owners of the Company are based on the following data:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to owners of the Company for the purpose of calculating basic and diluted earnings/(loss) per share	19,921	(52,094)
	4,351,889	4,351,889
	Number of shares	
	Six months ended 30 June	
	2023	2022
	'000	'000
	(Unaudited)	(Unaudited)
Weighted average number of shares for the purpose of calculating basic and diluted earnings/(loss) per share	4,351,889	4,351,889

11. TRADING PORTFOLIO INVESTMENTS

	30 June	31 December
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Equity instruments		
Listed equity instruments in Hong Kong at market value	438	451
Listed equity instruments outside Hong Kong at market value	209	586
Total equity instruments	647	1,037
Debt instruments		
Unlisted debt instruments of financial institutions	5,583	190
Investment fund units		
Unlisted investments fund units	14,270	20,186
Investments in other financial products	6,765	6,680
Total trading portfolio investments	27,265	28,093

The investments under trading portfolio investments are held for trading purposes.

There is no transfer under the fair value hierarchy classification for the six months ended 30 June 2023 and 2022.

The fair value loss during the period was amounted to HK\$41,000 (six months ended 30 June 2022: fair value gain of HK\$1,725,000), which has been recognised in the condensed consolidated statement of comprehensive income as “other ordinary income and other net gains or losses” (note 7) for six months ended 30 June 2023.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Listed equity instruments in Hong Kong (<i>note (a)</i>)	297,066	258,280
Listed equity instruments outside Hong Kong (<i>note (b)</i>)	26,200	32,124
Unlisted equity investments	5,416	5,676
	<hr/>	<hr/>
Total	328,682	296,080
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) As at 30 June 2023 and 31 December 2022, the listed equity investments in Hong Kong represented 14.76% equity interest in Min Xin Holdings Limited (“Min Xin Shares”). As at 30 June 2023 and 31 December 2022, the Group held 88,150,000 Min Xin Shares. Dividend income of HK\$10,578,000 (six months ended 30 June 2022: HK\$Nil) was recognised by the Group in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2023.
- (b) As at 30 June 2023 and 31 December 2022, the listed equity investments outside Hong Kong represented 0.66% equity interest in Citychamp Dartong Company Limited (“Citychamp Dartong Shares”) listed on the Shanghai Stock Exchange in the PRC. As at 30 June 2023 and 31 December 2022, the Group held 9,154,370 Citychamp Dartong Shares. No dividend income was recognised by the Group in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2023 and 2022.

During the six months ended 30 June 2023, the increase in fair value of financial assets at fair value through other comprehensive income of HK\$32,862,000 (six months ended 30 June 2022: decrease in fair value of HK\$70,973,000) has been dealt with in other comprehensive income and FVOCI reserve.

13. TRADE RECEIVABLES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade receivables	402,094	336,640

The Group's trading terms with its customers of watches and timepieces businesses are mainly on credit, except for certain customers, where payment in advance is required. The credit period is generally for a period of one to six months (31 December 2022: one to six months) for major customers. Each customer has a maximum credit limit. The credit term for customers is determined by the management according to industry practice together with consideration of their creditability. Trade receivables are non-interest bearing.

Ageing analysis of trade receivables arising from watches and timepieces businesses as at the reporting dates, based on invoice date, and net of provisions, is as follows:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
1 to 3 months	267,241	192,527
4 to 6 months	42,301	28,459
Over 6 months	92,552	115,654
	402,094	336,640

14. OTHER FINANCIAL ASSETS AT AMORTISED COST

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Listed debt instruments, at amortised cost	2,172,514	1,571,725
Issued by:		
Governments and public sector	209,901	229,862
Financial institutions	1,391,872	901,527
Corporations	570,741	440,336
	2,172,514	1,571,725

15. INVENTORIES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Raw materials	280,272	398,884
Work-in-progress	290,726	419,654
Finished goods and merchandise	<u>1,221,189</u>	<u>1,117,385</u>
	<u>1,792,187</u>	<u>1,935,923</u>

16. INTANGIBLE ASSETS

	Supplier and distribution networks HK\$'000	Brand names HK\$'000	Trading rights HK\$'000	Customer relationship HK\$'000	Technical knowhow HK\$'000	Total HK\$'000
Six months ended 30 June 2023						
(Unaudited)						
Opening carrying amount	-	43,254	-	-	-	43,254
Acquisition of subsidiaries (note 20)	-	-	-	22,333	46,050	68,383
Amortisation	-	-	-	(746)	(770)	(1,516)
Exchange realignment	-	1,458	-	-	-	1,458
	<u>-</u>	<u>44,712</u>	<u>-</u>	<u>21,587</u>	<u>45,280</u>	<u>111,579</u>
Closing carrying amount	<u>-</u>	<u>44,712</u>	<u>-</u>	<u>21,587</u>	<u>45,280</u>	<u>111,579</u>
Year ended 31 December 2022						
(Audited)						
Opening carrying amount	183	44,982	7,246	-	-	52,411
Amortisation	(174)	-	-	-	-	(174)
Disposal of subsidiaries	-	-	(7,246)	-	-	(7,246)
Exchange realignment	(9)	(1,728)	-	-	-	(1,737)
	<u>-</u>	<u>43,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,254</u>
Closing carrying amount	<u>-</u>	<u>43,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,254</u>

As at 30 June 2023 and 31 December 2022, all intangible assets are attributable to watches and timepieces businesses.

17. GOODWILL

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Balance at the beginning of period/year	1,092,012	1,151,788
Acquisition of subsidiaries (<i>note 20</i>)	42,178	–
Disposal of subsidiaries	–	(3,080)
Exchange realignment	(12,512)	(56,696)
	<hr/>	<hr/>
Balance at the end of period/year	<u>1,121,678</u>	<u>1,092,012</u>

As at 30 June 2023, goodwill of HK\$853,813,000 (31 December 2022: HK\$832,881,000) are attributable to watches and timepieces businesses while goodwill of HK\$267,865,000 (31 December 2022: HK\$259,131,000) are attributable to banking and financial businesses.

18. TRADE PAYABLES

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade payables	207,189	198,994
	<hr/>	<hr/>

Ageing analysis of trade payables arising from watches and timepieces businesses as at the reporting dates, based on invoice dates, is as follows:

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
1 to 3 months	138,410	128,811
4 to 6 months	47,865	6,530
Over 6 months	20,914	63,653
	<hr/>	<hr/>
	<u>207,189</u>	<u>198,994</u>

19. BORROWINGS

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Bank overdrafts (<i>note 19.1</i>)	47,118	51,910
Bank borrowings (<i>note 19.1</i>)	777,925	864,725
Other loans (<i>note 19.2</i>)	57,479	41,500
	<u>882,522</u>	<u>958,135</u>

19.1 Bank overdrafts and bank borrowings

As at 30 June 2023, the amount of the Group's bank overdrafts and bank borrowings repayable within one year or on demand is HK\$705,241,000 (31 December 2022: HK\$639,674,000).

Based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause. Borrowings are repayable as follows:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Borrowings payable:		
Within one year	<u>382,908</u>	<u>339,289</u>
In the second year	386,641	376,557
In the third to fifth year	4,621	149,358
After fifth year	<u>50,873</u>	<u>51,431</u>
	<u>541,281</u>	<u>577,346</u>
	<u>825,043</u>	<u>916,635</u>

At the reporting date, the Group's borrowings were secured by:

- (i) corporate guarantees provided by certain subsidiaries within the Group as at 30 June 2023 and 31 December 2022;
- (ii) entire equity interest of certain subsidiaries within the Group as at 30 June 2023 and 31 December 2022;
- (iii) subordination deeds signed by the Directors of the Group as at 30 June 2023 and 31 December 2022;
- (iv) guarantee provided by the government of certain country as at 30 June 2023 and 31 December 2022;
- (v) personal guarantee provided by non-controlling interests of a subsidiary of the Group and certain independent third parties as at 30 June 2023 and 31 December 2022;

- (vi) certain assets of the non-controlling interests of a subsidiary of the Group and certain independent third parties as at 30 June 2023 and 31 December 2022;
- (vii) a legal charge over certain of the Group's land and buildings with the carrying amounts of HK\$183,577,000 (31 December 2022: HK\$259,439,000) as at 30 June 2023;
- (viii) a legal charge over the Group's certain financial assets at fair value through other comprehensive income of not less than 52,890,000 shares of Min Xin Holdings Limited as at 30 June 2023 and 31 December 2022;
- (ix) a standby letter of credit with the correspondent borrowings' balances as at 30 June 2023 and 31 December 2022; and
- (x) personal guarantee provided by a director of the Company.

Certain of bank overdrafts and bank borrowings contain clause which give the banks the right at their sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations. Borrowings due for repayment after one year which contain a repayment on demand clause and are expected to be settled within one year. The carrying amounts of the bank overdrafts and bank borrowings are approximate to their fair value.

The directors of the Company are not aware of any breach of covenant for the six months ended 30 June 2023 and up to the date of this result.

19.2 Other loans

As at 30 June 2023, other loans are unsecured, charge at 5% (31 December 2022: 5%) per annum and repayable within one year.

20. ACQUISITION OF SUBSIDIARIES

Acquisition of Gold Vantage Group

On 19 April 2023, the Group completed the acquisition of the entire equity interest of Gold Vantage Industrial Limited ("Gold Vantage"), which together with its subsidiaries (collectively, the "Gold Vantage Group") at the consideration of HK\$108,456,000 from Fair Future Industrial Limited ("Fair Future"), an associate of the Company. Gold Vantage Group are principally engaged in the business of design, development and manufacturing of stainless-steel alloy watches cases, smart watch cases on ODM or OEM basis.

Pursuant to the sales and purchase agreement, the consideration shall be settled by way of issuing 38,461,538 consideration shares of Ernest Borel Holdings Limited ("Ernest Borel", a subsidiary of the Company and listed on the Main Board of the Stock Exchange of Hong Kong) and HK\$40,000,000 by cash in different timeslots. The number of consideration shares and the amount of cash consideration for the settlement shall be subject to the adjustment pursuant to the profit guarantee, in which Fair Future guarantees to the Group that the net profit after tax of Gold Vantage Group for each of financial years ending 31 December 2023, 31 December 2024 and 31 December 2025 shall not be less than HK\$30,000,000 (the "Profit Target"). If there is any shortfall of the Profit Target in any such year, an amount equal to 1.5 times the amount by which the actual net profit after tax is less than the Profit Target (the "Profit Compensation") shall be payable by Fair Future to the Group.

The consideration shall be reduced by the amount of the Profit Compensation firstly by the reduction of the outstanding consideration shares for the instalment and then the balance of the Profit Compensation shall be reduced by the outstanding cash consideration for the instalment. If the unpaid instalment is not sufficient to set off the Profit Compensation, the difference between the Profit Compensation and the unpaid instalment shall be paid in cash by Fair Future to the Group within 30 business days after the issuance of the annual financial statements of Gold Vantage Group for the respective financial year.

The first instalment of 12,820,512 consideration shares of Ernest Borel has been issued to Fair Future at the completion date. The first instalment of cash consideration of HK\$13,333,333.3 shall be paid to Fair Future (i) on 1 April 2024 if the annual financial statements of Gold Vantage Group for the year ended 31 December 2023 has been issued on or before 31 March 2024 or (ii) within 30 business days after the issuance of annual financial statements of Gold Vantage Group for the year ended 31 December 2023 if the annual financial statements for the year ended 31 December 2023 is issued after 31 March 2024.

The second instalment of 12,820,513 consideration shares of Ernest Borel shall be issued to Fair Future (i) on 1 April 2025 if the annual financial statements of Gold Vantage Group for the year ended 31 December 2024 has been issued on or before 31 March 2025 or (ii) within 30 business days after the issuance of annual financial statements of Gold Vantage Group for the year ended 31 December 2024 if the annual financial statements for the year ended 31 December 2024 is issued after 31 March 2025. Payment for the second instalment of cash consideration of HK\$13,333,333.3 is subject to the net profit after tax for the six months ending 30 June 2024 attained by Gold Vantage Group (“2024 H1 Profit”):

- (i) If the 2024 H1 Profit is not less than HK\$14,000,000, an amount up to HK\$13,333,333.3 shall be paid to Fair Future on 1 September 2024.
- (ii) If the 2024 H1 Profit is HK\$12,000,000 or more but less than HK\$14,000,000, an amount of HK\$12,000,000.00 shall be paid to Fair Future on 1 September 2024. If the 2024 H1 Profit is HK\$10,000,000 or more but less than HK\$12,000,000, an amount of HK\$10,000,000.00 shall be paid to Fair Future on 1 September 2024. The respective shortfall between HK\$13,333,333.3 of the second instalment cash consideration and the amount of cash paid under the aforesaid scenarios shall be paid to Fair Future (i) on 1 April 2025 if the annual financial statements of Gold Vantage Group for the year ended 31 December 2024 has been issued on or before 31 March 2025; or (ii) within 30 business days after the issuance of the annual financial statements of Gold Vantage Group for the year ended 31 December 2024 if the annual financial statements for the year ended 31 December 2024 is issued after 31 March 2025.
- (iii) If the 2024 H1 Profit is less than HK\$10,000,000, an amount up to HK\$13,333,333.3 shall be paid to Fair Future (i) on 1 April 2025 if the annual financial statements of Gold Vantage Group for the year ended 31 December 2024 has been issued on or before 31 March 2025; or (ii) within 30 business days after the issuance of the annual financial statements of Gold Vantage Group for the year ended 31 December 2024 if the annual financial statements for the year ended 31 December 2024 is issued after 31 March 2025.

The third instalment of 12,820,513 consideration shares of Ernest Borel shall be issued to Fair Future and the third instalment cash consideration of HK\$13,333,333.4 shall be paid to Fair Future (i) on 1 April 2026 if the annual financial statements of Gold Vantage Group for the year ended 31 December 2025 has been issued on or before 31 March 2026 or (ii) within 30 business days after the issuance of annual financial statements of Gold Vantage Group for the year ended 31 December 2025 if the annual financial statements for the year ended 31 December 2025 is issued after 31 March 2026.

The first instalment of consideration shares of Ernest Borel has been issued to Fair Future at the completion date. The remaining instalments of the consideration are subject to the adjustment of Profit Compensation and are recognised as contingent consideration payable.

The total consideration is determined as follows:

	<i>HK\$'000</i> (Unaudited)
Issuance of first instalment consideration shares of Ernest Borel at the completion	30,769
Fair value of other consideration	77,687
	<hr/>
Total consideration	108,456
	<hr/> <hr/>

Details of the net assets acquired as at the acquisition date are as follows:

	<i>HK\$'000</i> (Unaudited)
Total consideration	108,456
Less: Fair value of net assets acquired	<u>(66,278)</u>
Goodwill	<u><u>42,178</u></u>

The goodwill of HK\$42,178,000 arising from the acquisition is attributable to the synergies expected to arise from the business combination and the growth and profit potential in the expansion of smart watches business. None of the goodwill recognized is expected to be deductible for income tax purposes.

The fair values of the identifiable assets and liabilities arising from the acquisition of Gold Vantage Group as at the date of acquisition:

	Fair value <i>HK\$'000</i> (Unaudited)
Cash and deposits	12,186
Property, plant and equipment	25,634
Intangible assets	68,383
Deferred tax assets	7,690
Inventories	7,679
Trade receivables	11,067
Other assets	2,755
Deferred tax liabilities	(17,096)
Trade payables	(10,506)
Bank borrowings	(5,336)
Lease liabilities	(373)
Other liabilities	<u>(35,805)</u>
Fair value of net assets acquired	<u>66,278</u>

	<i>HK\$'000</i> (Unaudited)
Net cash inflow from acquisition of subsidiaries:	
Cash and deposits in subsidiaries acquired	<u>12,186</u>
	<u><u>12,186</u></u>

Gold Vantage Group contributed revenue of approximately HK\$21,203,000 and net profit of approximately HK\$5,257,000 to the Group from the date of acquisition to 30 June 2023.

Had the business combination taken place on 1 January 2023, revenue of the Group for the six months ended 30 June 2023 would have been increased by approximately HK\$14,549,000 and net profit would have decreased by HK\$6,893,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the operations of the Group that actually would have been achieved had the acquisition of Gold Vantage Group been completed on 1 January 2023 nor are they intended to be a projection of future results.

MANAGEMENT DISCUSSION AND ANALYSIS

OUR STRATEGY

The Group takes a long-term perspective in formulating our corporate strategy. We engage capital and people where we identify opportunities to generate returns which exceed our cost of capital over the long term and invest in the existing and new businesses. It is our intention to remain a conglomerate with different businesses capable of generating sustainable long-term growth.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Variation %
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	
Total revenue	810,244	857,771	-5.5
Operating expenses	502,030	554,367	-9.4
Gross profit generated from non-banking and financial businesses	311,493	354,308	-12.1
Gross profit generated from banking and financial businesses	240,095	162,660	47.6
EBITDA	122,763	33,850	262.7
Profit/(loss) before tax	37,371	(51,392)	N/A
Net profit/(loss) after tax	26,237	(54,650)	N/A
Earnings/(loss) per share attributable to owners of the Company for the period			
– Basic	HK0.46 cent	(HK1.20 cents)	N/A
– Diluted	HK0.46 cent	(HK1.20 cents)	N/A
	30 June 2023 <i>HK\$'000</i>	31 December 2022 <i>HK\$'000</i>	Variation %
Total assets	15,817,407	16,157,243	-2.1
Total liabilities	11,624,759	11,978,382	-2.9
Total equity	4,192,648	4,178,861	-0.3

OPERATING RESULTS

For the six months ended 30 June 2023, the Group recorded total revenue of approximately HK\$810,244,000 (six months ended 30 June 2022: HK\$857,771,000), a decrease of HK\$47,527,000 or 5.5% over the corresponding period last year.

Operating expenses (including selling and distribution expenses and administrative expenses) for the six months ended 30 June 2023 was approximately HK\$502,030,000 (six months ended 30 June 2022: HK\$554,367,000), a decrease of HK\$52,337,000 or 9.4% over the corresponding period last year.

Gross profit generated from non-banking and financial businesses for the six months ended 30 June 2023 was approximately HK\$311,493,000 (six months ended 30 June 2022: HK\$354,308,000), a decrease of HK\$42,815,000 or 12.1% over the corresponding period last year.

Gross profit generated from banking and financial businesses for the six months ended 30 June 2023 was approximately HK\$240,095,000 (six months ended 30 June 2022: HK\$162,660,000), an increase of HK\$77,435,000 or 47.6% over the corresponding period last year.

EBITDA for the six months ended 30 June 2023 was approximately HK\$122,763,000 (six months ended 30 June 2022: HK\$33,850,000), an increase of HK\$88,913,000 or 262.7% over the corresponding period last year.

Net profit after tax for the six months ended 30 June 2023 was approximately HK\$26,237,000 (six months ended 30 June 2022: net loss of HK\$54,650,000).

PERFORMANCE

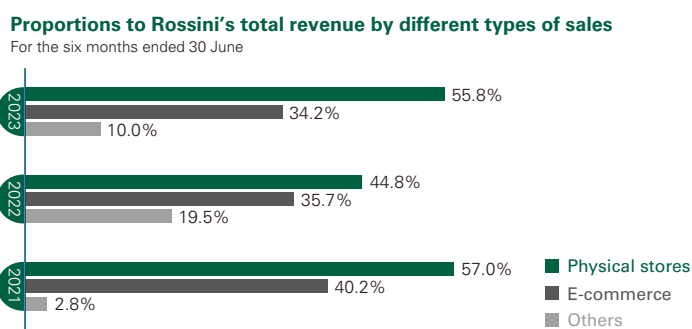
Notwithstanding the challenging environment, we have formulated certain actions to deal with the issues arose for each of the key business. Our Group comprises three key divisions – watches and timepieces businesses, banking and financial businesses, and various investment businesses.

- I. Watches and timepieces businesses
 - I.A – local proprietary brands
 - I.B – foreign proprietary brands
 - I.C – non-proprietary brands
 - I.D – others
- II. Banking and financial businesses
 - II.A – Bendura Bank AG
- III. Various investment business
 - III.A – listed equity investment
 - III.B – property investment

I.A Local Proprietary Brands

Zhuhai Rossini Watch Industry Limited

For the six months ended 30 June 2023, Zhuhai Rossini Watch Industry Limited (“Rossini”), a 91%-subsidiary of the Group, recorded revenue of HK\$157,638,000, a decrease of HK\$85,397,000 or 35.1%, from HK\$243,035,000 for the same period last year. Net profit after tax attributable to owners of the Company for the period under review was HK\$18,529,000, representing an increase of HK\$1,743,000 or 10.4% from HK\$16,786,000 in the same period last year.



In the first half of 2023, people have begun to return normal life after COVID-19. However, the fundamentals of the economy are still affected by the reduction in income and low consumer confidence. Coupled with the impact of consumption downgrades, the recovery of the non-daily necessities market such as watches is still slow.

To cope with this challenging time, Rossini worked on expanding its sales through existing sales channels, developing high-efficiency new shopping mall sales points accurately and effectively, and focusing on counties and towns in third-tier and fourth-tier cities and exploring opportunities in fifth-tier and sixth-tier cities. At the same time, Rossini formulated sales policies to motivate and promote sales at important festivals and sales nodes. Rossini's physical store sales in the first half of the year were approximately HK\$87,956,000, a slight decrease compared with the same period last year.

Rossini strictly managed the inventory of goods. On one hand, the inventory was built based on the characteristics of consumers and their estimated demand in different regions; on the other hand, by strictly controlling the number of orders and continuously improving the accuracy of orders, the inventory of Rossini dropped by 12.7% as compared with the same period last year.

E-commerce sales for the six months ended 30 June 2023 decreased to approximately HK\$53,886,000 from HK\$86,718,000 for the same period last year, representing a decrease of approximately 37.9%. The competition of traditional e-commerce platforms was still relatively severe. They focused on live broadcast and distribution channels. In the first half of 2023, those platforms carried out a number of main festival marketing activities, and the exposure of the activities to the general public was good. Rossini cooperated with those platforms by promoting products in gift box sets to increase sales. During the period, the exposure of short videos and the upward trend of directing live broadcast rooms were obvious, driving new growth in sales of live broadcast channels. The marketing plan focused on core single products and drove store sales through marketing creativity, improving store sales and brand exposure.

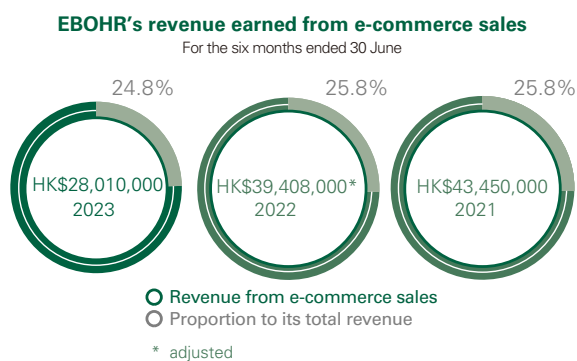
With the changes in the COVID-19 control government policies, the domestic tourism market in Mainland China was gradually recovering. Rossini's industrial tourism business has increased significantly compared with the same period last year. From January to June 2023, there were 94,603 visitors in industrial tourism, a significant increase from the total number of 859 visitors in the first half of 2022. From January to June 2023, the sales revenue of industrial tourism was approximately HK\$11,085,000, a very substantial increase compared with the same period last year. At the same time, Rossini increased the reception of research groups.

EBOHR Group

EBOHR Group is composed of EB Brand Limited, EBOHR Luxuries International Limited (“EBOHR”) and its subsidiaries (the “EBOHR Group”).

Revenue of EBOHR Group for the six months ended 30 June 2023 was HK\$113,029,000, a decrease of HK\$39,584,000 or 25.9% from HK\$152,613,000 for the same period last year. Net loss after tax for the six months ended 30 June 2023 was HK\$13,034,000, compared with a loss of HK\$8,122,000 for the same period last year.

EBOHR kept focused on stringent cost control and on reduction of inventory. To minimise existing inventory, it fully supported the work of the cross-department inventory material reuse team, strengthened the utilization rate of inventory materials from the design perspective, and closely monitored the purchase of new materials. Compared with June 2022 in the same period, the inventory decreased by 11.3%.



In the first half of 2023, the revenue earned from e-commerce sales was approximately HK\$28,010,000, representing a 28.9% drop as compared to same period of 2022. It was mainly due to the decline in new retail (live broadcast) and Xinxuan, of which new retail (live broadcast) fell by 51.4%.

EBOHR developed a new image to cultivate brand awareness and to leverage spending power of the new generation of consumers, aiming to expand the customer base for a better market penetration in order to improve its sales performance. While meeting consumer needs, it shaped the brand image by developing low-cost, high-quality and popular gifts.

Considering the increasing market demand for smart watches, EBOHR continued to promote the research and development in the first half of 2023. In cooperation with Huawei, EBOHR developed two smart watches that won the bid in chronological order. It is a new innovative structure and the “utility model patent” is being applied.

The total property leasing revenue was HK\$6,900,000 for the first half of 2023, an increase of HK\$1,814,000 or 35.67% from the HK\$5,086,000 in the first half of 2022, which was recorded in property investment segment result.

I.B Foreign Proprietary Brands



Ernest Borel Holdings Limited

The Group held 60.47% equity interest in Ernest Borel Holdings Limited (“Ernest Borel”, together with its subsidiaries, the “Ernest Borel Group”) as at 30 June 2023. Ernest Borel Group recorded revenue and net profit after tax for the six months ended 30 June 2023 of HK\$80,979,000 (six months ended 30 June 2022: HK\$53,598,000) and HK\$797,000 (six months ended 30 June 2022: net loss of HK\$6,235,000), respectively.

Mainland China remains as the core market of the Ernest Borel Group. Revenue from Mainland China was approximately HK\$55,900,000 for the six months ended 30 June 2023, accounting for approximately 91.1% of its total revenue of watches business.

The extensive distribution network of the Ernest Borel Group covers retail markets in Mainland China, Hong Kong, Macau, South Asian countries, Europe, USA. As at 30 June 2023, Ernest Borel Group had 818 POS, comprising 673 POS in Mainland China, 43 POS in Hong Kong and Macau and 102 POS in Southeast Asia, Europe and other regions.

On 19 April 2023, the acquisition of Gold Vantage Group has been completed. Gold Vantage Group contributed revenue of approximately HK\$21,203,000 and net profit of approximately HK\$5,257,000 to the Group from the date of acquisition to 30 June 2023.

During the first half of 2023, consumer confidence in the offline market has declined and hence, the relevant expenditure by the customers has been accordingly reduced. Ernest Borel has managed to maintain customer sentiment and market follow-up, increased the enthusiasm for replenishment of products, and strived for more cooperation opportunities.

Under the current weak market demand, a sophisticated cost control is always the key for maintaining the competitiveness. Ernest Borel strictly controlled management expenses, reduced advertising and publicity expenses, streamlined staffing to reduce operating expenditure.

In the first half of 2023, e-commerce sales revenue was HK\$16,430,000, a decrease of approximately 6.4% compared with HK\$17,560,000 for the same period last year. Ernest Borel actively tried to expand more new sales channels, such as third-party cooperation, Pinduoduo, etc., maintained a good cooperative relationship with each platform, actively communicated with them, and strived for more resource activities.

Other Foreign Proprietary Brands

Collectively, Corum, Eterna and The Dreyfuss Group Limited (the “Dreyfuss Group”) contributed revenue and net loss after tax for the six months ended 30 June 2023 of HK\$106,983,000 (six months ended 30 June 2022: HK\$129,928,000) and HK\$7,953,000 (six months ended 30 June 2022: HK\$10,002,000), respectively.

In the first half of 2023, on the one hand, Corum pushed to reduce accounts receivable rate, and on the other hand, it monitored inventory on a global scale while trying to improve the efficiency of inventory turnover. The project launched two years ago which has been emphasized on the reduction of the consignment level, was successful. Corum also continued to reduce marketing expenses to enhance the sales and to reinforce the image of the brand over the world.

In order to further improve its performance, Corum conducted a comprehensive review of its existing business strategy and brand positioning. In the second half of the year, Corum will adopt a more targeted marketing strategy, focus on the production of high-end watches, and gradually rebuild its global reputation and brand awareness.

The most important markets of Eterna continue to be in Europe, mainly with our two partners, Luxury Brand International GmbH and Wisa Lux. But there is also a growing interest in Asia, namely with the partner in Vietnam – Top Ten – (managed through the subsidiary in Malaysia), and also with Eterna (Asia) Limited (located in Hong Kong) for the Greater China markets. The trend in the United States is toward online sales. Eterna has begun to look for partners and use online sales to enlarge such customer base.

The performance of the Dreyfuss Group has improved on last year as the performance of the UK and global economy slowly recovers from COVID-19, but high inflation, currently at 8%, has also weighed on consumers' disposable income and confidence. The war in Ukraine has also created uncertainty, which has contributed to weakness and uncertainty in the UK and international markets. UK is still the Dreyfuss Group's largest single market, representing approximately 82.3% of its total turnover for the six months ended 30 June 2023. UK domestic sales increased approximately 8.8% compared to the same period last year.

By joining the Spring CMJ Trade Fair in March, the Dreyfuss Group was able to showcase its core range and introduced new launches to the large jewellery retail network. This allowed new and existing customers to arrange meetings with its sales teams. As a result of this trade fair and meetings, four lapsed customer accounts have been reactivated.

By focusing on customer needs and pushing exclusive orders into the large specialist retailers, the Dreyfuss Group aimed to gain greater presence online. Through its online advertising strategy and improved website, the online sales of the Dreyfuss Group have exceptional growth of 115% with a 139% increase in gross profit for the six months ended 30 June 2023.

I.C Non-proprietary Brands

Currently, the Group held four distribution companies. Collectively, distribution companies contributed revenue and net profit after tax for the six months ended 30 June 2023 of HK\$71,394,000 (six months ended 30 June 2022: HK\$82,943,000) and HK\$152,000 (six months ended 30 June 2022: net loss after tax HK\$3,075,000) respectively.

I.D Others

Other non-major subsidiaries of the Group also engaged in other non-major categories of watches and timepieces businesses, which collectively contributed revenue and net loss after tax for the six months ended 30 June 2023 of HK\$28,862,000 (six months ended 30 June 2022: HK\$23,870,000) and HK\$3,183,000 (six months ended 30 June 2022: HK\$2,150,000) respectively.

II.A Bendura Bank AG

Revenue of Bendura Bank AG (“Bendura Bank” or the “Bank”) for the six months ended 30 June 2023 was HK\$240,095,000, an increase of HK\$78,557,000 or 48.6% from HK\$161,538,000 for the same period last year. Net profit after tax attributable to owners of the Company for the six months ended 30 June 2023 was HK\$51,972,000, representing an increase of HK\$40,649,000 or 359.0% from HK\$11,323,000 for the same period last year.

Generally, the higher half-year profit contributed from increase in interest rate business with total operating income increased by a respectable 43% compared to previous-year period.

Net income from interest and dividends increased by HK\$88,023,000 or 170.7% to HK\$139,576,000 for the first half of 2023 from HK\$51,553,000 for the same period last year as a result of the recent increases in key interest rates. Increase in the interest income was able to offset the lower commission income and income from trading activities.

Net commission and fee income decreased by 3.0% to HK\$84,359,000 for the first half of 2023 from HK\$86,957,000 for the same period last year. The restrained client behaviour in the first half of 2023 contributed to the drop.

Income from trading amounted to HK\$16,160,000, approximately HK\$6,868,000 below the previous year’s figure.

Operating expenses amounted to HK\$159,434,000, 18.5% higher than HK\$134,592,000 for the same period last year.

At the end of June 2023, assets under management (AuM) increased by CHF36.0 million to CHF3.65 billion from 31 December 2022. This was due to a net new money inflow of CHF50.3 million in the first six months of 2023.

Total assets amounted to HK\$10,560,506,000, HK\$740,238,000 less than HK\$11,300,744,000 as at 31 December 2022. Amounts due from clients decreased to HK\$2,854,221,000 in June 2023 from HK\$2,678,772,000 in December 2022, mainly due to a decline in the lombard loan business. The decline in total assets contributed to lower income from trading.

Effects of the war in Ukraine including the sanctions against Russian which massively hamper existing business and make new business in the affected regions virtually impossible, have certain but not significant impact to the revenue of the Bank due to relatively low proportion of asset under management from Russian clients. The Bank has taken a series of proactive and careful measures, not to violate the sanctions. As a result, all business relationships and transactions are in strict compliance with all the legal regulations.

In the first half of 2023, the board of management carried out a strategy formulative project, which sets out to develop a strong and future-proof strategy for the Bank. Over fifty employees have participated in an event in early May which resulted in the increase in employee engagement and alignment. Main strategic fields of action were identified and validated that the new strategy will be formulated to secure a successful growth path for the Bank.

To extend its business in Hong Kong and in Asia, the Bank is in the process of acquiring an asset management company holding licenses of Securities and Futures Commission, namely type 1 for dealing securities, type 4 for advising securities and a type 9 for asset management.

To the extent the laws in Hong Kong allows, this new company will offer client relationship management and investment advisory services in Hong Kong. It aims to build and maintain client relationships in person and to bridge the time difference between Hong Kong and Liechtenstein. It will focus on high net worth individuals and ultra high net worth individuals in Asia looking for wealth management solutions. New client segments will be developed through the existing networks of the bank and its holding company, Citychamp Watch & Jewellery Group Limited. With the support of existing and past clients, the new company can quickly get access to wealthy families in Hong Kong.

III.A Listed Equity Investment

Citychamp Dartong Company Limited

As at 30 June 2023, financial assets at fair value through other comprehensive income of the Group was HK\$328,682,000. HK\$26,200,000 was related to the listed equity investment in the equity share of Citychamp Dartong Company Limited (“Citychamp Dartong”). Citychamp Dartong is a company listed on the Shanghai Stock Exchange (Stock code: 600067) and engages in real estate, enameled wire, banking and new energy. As at 30 June 2023, the Group owned 9,154,370 shares of Citychamp Dartong at the market price of RMB2.65 per share (equivalent to HK\$2.86 per share) with the fair value of HK\$26,200,000. The shares held by the Group accounted for 0.66% of the total issued share capital of Citychamp Dartong as at 30 June 2023. Such fair value accounted for 0.17% of the Group’s total assets.

The Group incurred a net loss on fair value change through other comprehensive income in investment in Citychamp Dartong of HK\$5,924,000 for the six months ended 30 June 2023, as a result of decrease in the share price of Citychamp Dartong from RMB3.10 (equivalent to HK\$3.51) as at 31 December 2022 to RMB2.65 (equivalent to HK\$2.86) as at 30 June 2023.

Min Xin Holdings Limited

Investment in Min Xin Holdings Limited (“Min Xin”) (Stock code: 222) was measured at fair value through other comprehensive income. The Company intends to hold the investment on a long-term basis.

Min Xin is a company engaged in financial services, insurance, property investment and strategic investment. As at 30 June 2023, the investment in Min Xin was HK\$297,066,000, i.e. 88,150,000 shares at the market price of HK\$3.37 per share as at 30 June 2023. Such fair value of the investment accounted for 1.88% of the Group’s total assets. The shares held by the Company accounted for 14.76% of the total issued share capital of Min Xin as at 30 June 2023.

The Company incurred a net gain on fair value change in Min Xin’s investment of HK\$38,786,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: net loss of HK\$52,008,000), as a result of increase in the share price of Min Xin from HK\$2.93 as at 1 January 2023 to HK\$3.37 as at 30 June 2023. For the six months ended 30 June 2023, the Company received HK\$10,578,000 (six months ended 30 June 2022: HK\$Nil) dividend income from Min Xin.

III.B Property Investment

The property in Mainland China and Hong Kong owned by the Group have been leased out, with stable rental returns to the Group. During the period, these investment properties generated rental income of HK\$11,264,000 (six months ended 30 June 2022: HK\$9,124,000). Net profit after tax from the property investment business for the six months ended 30 June 2023 was HK\$10,238,000 (six months ended 30 June 2022: HK\$8,515,000).

Headquarter and Other Subsidiaries

Losses from administrative expenses, finance costs and income tax of the headquarter and other non-major subsidiaries and/or non-major categories of businesses for the six months ended 30 June 2023 was HK\$63,669,000 (six months ended 30 June 2022: HK\$56,849,000).

FINANCIAL POSITION

(1) Liquidity, Financial Resources and Capital Structure

As at 30 June 2023, the Group had non-pledged cash and bank balances of approximately HK\$705,647,000 (31 December 2022: HK\$4,314,638,000). Based on the borrowings of HK\$882,522,000 (31 December 2022: HK\$958,135,000), due to a shareholder of HK\$12,000,000 (31 December 2022: HK\$12,000,000), due to directors of HK\$65,379,000 (31 December 2022: HK\$81,515,000), due to a related company of HK\$148,000,000 (31 December 2022: HK\$148,000,000), due to an associate of HK\$10,000,000 (31 December 2022: HK\$10,000,000) and shareholders' equity of HK\$4,013,328,000 (31 December 2022: HK\$4,012,813,000), the Group's gearing ratio (being borrowings plus due to a shareholder plus due to directors plus due to a related company and due to an associate divided by shareholders' equity) was 27.9% (31 December 2022: 30%).

As at 30 June 2023, the Group's borrowings amounting to HK\$382,908,000 were repayable within one year, representing 46.4% of the total borrowings.

(2) Charge on Assets

As at 30 June 2023, the Group's borrowings were mainly secured by:

- (a) corporate guarantee provided by certain subsidiaries within the Group;
- (b) equity interest of certain subsidiaries within the Group; and
- (c) a legal charge over the Group's land and buildings with the carrying amount of HK\$183,577,000 (31 December 2022: HK\$259,439,000).

(3) Capital Commitment

As at 30 June 2023, capital commitments were approximately HK\$270,000,000 in total (31 December 2022: HK\$270,000,000) for investment in an associate – Citychamp Allied International Limited and a property project.

Except for the above, the Group had no other material capital commitments as at 30 June 2023.

FINANCIAL REVIEW

(1) Total Assets

Total assets decreased to HK\$15,817,407,000 as at 30 June 2023 from HK\$16,157,243,000 as at 31 December 2022.

Cash and deposits

	30 June 2023	31 December 2022	Increase/ (decrease) Amount	
	HK\$'000	HK\$'000	HK\$'000	%
Cash and bank balance	63,138	75,452	(12,314)	(16.3)
Sight deposits with central banks	642,509	4,239,186	(3,596,677)	(84.8)

Due from banks

	30 June 2023	31 December 2022	Increase/ (decrease) Amount	
	HK\$'000	HK\$'000	HK\$'000	%
Due from banks on a daily basis	4,085,976	1,594,134	2,491,842	156.3
Due from banks other claims	220,711	336,170	(115,459)	(34.3)
Valuation adjustments	(1,958)	(664)	1,294	194.9

(2) Investments

The investment as at 30 June 2023 included (a) trading portfolio investments of HK\$27,265,000; (b) derivative financial assets of HK\$1,847,000; (c) other financial assets at amortised cost of HK\$2,172,514,000; and (d) other financial assets at fair value through other comprehensive income of HK\$328,682,000 (the “Investments”).

(a) Trading portfolio investments of HK\$27,265,000

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Equity Instruments		
Listed equity instruments in Hong Kong at market value	438	451
Listed equity instruments outside Hong Kong at market value	209	586
Total equity instruments	647	1,037
Debt instruments		
Unlisted debt instruments of financial institutions	5,583	190
Investment fund units		
Unlisted investment fund units	14,270	20,186
Investments in other financial products	6,765	6,680
Total trading portfolio investments	27,265	28,093

It is the objective of the Group to maintain certain level of liquidity in the form of trading portfolio investments for unplanned capital expenditure. The liquidity is usually parked with the listed equities in order to generate short term return.

As at 30 June 2023, there were HK\$438,000 invested in a variety of listed equities in Hong Kong and HK\$209,000 invested in Mainland China and overseas markets.

The debt instruments of HK\$5,583,000 invested in the Mainland China by PRC company.

Trading assets of CHF1.01 million (equivalent to HK\$8,886,000) represents the single investment by Bendura Bank in the form of an unlisted investment fund. Bendura Bank acquired above trading assets from a professional counterparty in March 2019. The investment policy of Bendura Bank AG includes strict implementation of the investment process and is subject to constant review by the investment committee.

Investments in other financial products consist of the financial product investments of HK\$6,765,000 invested by Eternal Brands Limited, a subsidiary of the Group.

(b) Derivative financial assets of HK\$1,847,000

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Forward and option contracts	<u><u>1,847</u></u>	<u><u>2,888</u></u>

In the derivative financial assets of HK\$1,847,000, there were forward and option contracts conducted by Bendura Bank.

Bendura Bank offers derivative products including currency forwards and swaps to its clients. These derivative positions were managed through entering back-to-back deals with external parties to ensure that remaining exposures are within acceptable risk levels. First-rate banks serve as counterparties, as is generally the case in trading business. It is not the objective of Bendura Bank to speculate the gain on the change in the price by conducting forward and option contracts without having invested in the underlying assets.

(c) *Other financial assets at amortised cost of HK\$2,172,514,000*

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Listed debt instruments, at amortised cost		
Issued by:		
Governments and public sector	209,901	229,862
Financial institutions	1,391,872	901,527
Corporations	570,741	440,336
	<u>2,172,514</u>	<u>1,571,725</u>

As at 30 June 2023, Bendura Bank invested in listed debt instruments issued by government and public sector, financial institutions and corporations amounting to HK\$2,172,514,000. The portfolio was composed of 106 listed debt instruments with different maturity, geography, segment and currency and hence, diversification is ensured. Almost all listed debt instruments were considered upper-medium-grade and are subject to low credit risk. The average remaining term of the held-to-maturity investment is 2.1 years, while the modified duration of the portfolio is only 1.79%. Largest single investments are bonds issued by ESM Bill (CHF39 million) and DBS Bank Ltd (CHF9 million). Both issuers are triple-A rated. Risk concentration is analyzed and presented to the senior management on a monthly basis.

Relatively major listed debt instruments as at 30 June 2023 are as follows:

Issuer	Nature of interest rate	Sector	Maturity date	Value (CHF'000)
Asian Infrastructure Inv	Fixed	Financial corporations	14 February 2028	5,159
Nestle Holdings Inc	Fixed	Non-financial corporations	13 March 2026	6,278
Amazon.Com Inc	Fixed	Non-financial corporations	12 May 2026	7,140
Henkel Ag & Co Kga	Fixed	Non-financial corporations	17 November 2026	7,144
Euro Stability Mechanism	Fixed	General governments	08 September 2023	8,871
Intl Bk Recon & Develop	Fixed	Financial corporations	19 March 2024	8,947
DBS Bank Ltd	Fixed	Financial corporations	26 October 2026	8,949
Euro Stability Mechanism	Fixed	Financial corporations	31 July 2023	38,941
Others				157,421
				<hr/>
Total				248,850
				<hr/>
HKD Equivalent to (in '000)				2,172,514
				<hr/> <hr/>

Collectively, listed debt instruments at amortised cost accounted for 13.7% of the Group's total assets.

As at 31 December 2022, Bendura Bank invested in listed debt instruments issued by government and public sector, financial institutions and corporations amounting to HK\$1,571,725,000. The portfolio was composed of 97 listed debt instruments with different maturity, geography, segment and currency and hence, diversification is ensured. Almost all listed debt instruments were considered upper-medium grade and are subject to low credit risk. The average remaining term of the held-to-maturity investment is 2.88 years. Largest single investments are bond issued by International Bank of Reconstruction and Development (CHF9 million) and ESM Treasury Bill (CHF13 million). Both are double-A issuers. Risk concentration is analysed and presented to the senior management on a monthly basis.

Relatively major listed debt instruments as at 31 December 2022 are as follows:

Issuer	Nature of interest rate	Sector	Maturity date	Value (CHF'000)
IBM Corp	Fixed	Non-financial corporations	15 May 2024	4,501
State of Qatar	Fixed	General governments	14 March 2024	4,531
EFSF	Fixed	Financial corporations	15 December 2025	4,749
Bank of Montreal	Fixed	Financial corporations	22 December 2023	4,929
Amazon.com Inc	Fixed	Non-financial corporations	12 May 2026	6,571
Henkel AG & Co KGaA	Fixed	Non-financial corporations	17 November 2026	6,575
DBS Bank Ltd	Fixed	Financial corporations	26 October 2026	8,206
Intl Bk Recon & Develop	Fixed	Financial corporations	19 March 2024	9,005
ESM Tbill	Zero Coupon	General governments	16 March 2023	12,815
Others				124,219
Total				186,101
HKD Equivalent to (in '000)				1,571,725

(d) Other financial assets at fair value through other comprehensive income of HK\$328,682,000

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Listed equity instruments in Hong Kong	297,066	258,280
Listed equity instruments outside Hong Kong	26,200	32,124
Unlisted equity investment	5,416	5,676
	328,682	296,080

Listed equity instruments of HK\$26,200,000 related to investment in Citychamp Dartong and HK\$297,066,000 related to investment in Min Xin. Details of investments in Citychamp Dartong and Min Xin are set out on division III.A of this management discussion and analysis.

(3) Total Liabilities

Total liabilities decreased to HK\$11,624,759,000 as at 30 June 2023 from HK\$11,978,382,000 as at 31 December 2022, mainly attributable to decrease in due to clients.

Due to clients

	30 June 2023 HK\$'000	31 December 2022 HK\$'000	Increase/ (decrease) Amount HK\$'000	%
Due to clients – precious metals	123,530	208,435	(84,905)	(40.7)
Other amounts due to clients, mainly bank deposits	9,405,511	9,779,243	(373,732)	(3.8)

(4) Gross Profit from Non-Banking and Financial Businesses

Gross profit from non-banking and financial businesses was HK\$311,493,000, a decrease of HK\$42,815,000 or 12.1%.

(5) EBITDA

EBITDA was HK\$122,763,000, an increase of HK\$88,913,000 or 262.7%.

(6) Selling and Distribution Expenses

Total selling and distribution expenses was HK\$180,987,000, a decrease of HK\$56,628,000 or 23.8%.

(7) Administrative Expenses

Total administrative expenses was HK\$321,043,000, an increase of HK\$4,291,000 or 1.4%.

(8) Share of Profit of Associates

The share of profit of Fair Future Industrial Limited (“Fair Future”), a 25% owned associate and Shun Heng Finance Holding, a 30% owned associate of the Group, was HK\$1,962,000 (six months ended 30 June 2022: HK\$4,023,000). Fair Future is one of the leading OEM quartz watch manufacturers in Mainland China.

(9) Finance Costs from Non-Banking Business

Finance costs from non-banking business was HK\$38,941,000, representing an increase of HK\$6,088,000 or 18.5%. It was composed of the interest charged on bank borrowings, bank overdrafts and lease liabilities.

(10) Net Profit/(Loss) Attributable to Owners of the Company

Net profit attributable to owners of the Company was HK\$19,921,000 (six months ended 30 June 2022: net loss of HK\$52,094,000).

(11) Inventories

Inventories was HK\$1,792,187,000, a decrease of 7.4% from HK\$1,935,923,000 as at 31 December 2022.

(12) Events after Reporting Period

As of the date of this result, the Group has no significant events after the reporting period required to be disclosed.

THE IMPACT OF THE COVID-19 ON THE GROUP

The COVID-19 was first reported in late 2019 and has been spreading throughout the world continuously till now that COVID-19 is becoming ease and the global economy is now under recovery. The Company will follow up the latest market situation in real time, and adopt different marketing strategies in a targeted and differentiated manner according to the market recovery situation in each region, so as to seize sales opportunities and ensure continuous improvement.

During the last few years, to overcome the adverse impacts of the COVID-19, the watch and timepieces businesses have adopted a number of strategies, including conducting in-depth follow-up analysis continuously, taking measures to limit the losses, focusing more on e-commerce business, and digital channels. Classical wholesale was particularly hit as the crisis moved consumers to online shopping. The relevance of e-commerce and digital channels grew. With our long-standing preparation efforts on e-commerce development, it has begun to bear fruit.

As Bendura Bank focused more on online marketing, the impact of COVID-19 almost diminished to zero.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company (the “Audit Committee”) has reviewed the Group’s unaudited financial statements for the six months ended 30 June 2023. Based on this review and discussions with the management, the Audit Committee was satisfied that the unaudited financial statements for the six months ended 30 June 2023 were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the six months ended 30 June 2023.

CORPORATE GOVERNANCE

The board of directors of the Company (the “Board”) committed to maintain a standard of corporate governance that is consistent with market practices. We believe that an appropriate mix of skills, experience and perspectives within the Board helps strengthen its effectiveness.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE PERFORMANCE

Good Environmental, Social and Governance, or ESG, practices have always been an integral part of the Group’s business strategy and management approach. As a good corporate citizen, the Group committed to contributing to its different stakeholders by way of supporting the well-beings of our employees and their families, the community and society at large, and advocating environmental protection and efficient use of resources. We supported a wide range of charitable activities, with an emphasis on education and social welfare. We believe that it is worthwhile to support our community and helping businesses and individuals.

To adapt to the new requirements of the Listing Rules on ESG commencing from 2020, the Group has set up a working group responsible for the ESG issues, identifying the importance, reviewing the process, evaluating the effectiveness and strengthening of relevant disclosures.

RISK MANAGEMENT

We monitor our risks and uncertainties facing the Group and formulate and adopt appropriate risk management measures against each principal risk and uncertainty. In view of our increasing focus on private banking, fund management and securities trading businesses, risk management will continue to be of great importance for the Group. To cope with the legal risks of money laundering and tax fraud, Bendura Bank has enhanced the due diligence process on its customers, including review of their business models, economic activities and financial background.

OUTLOOK

Despite the recession risk in the US and Europe, ongoing geopolitical issues and the war in Ukraine in the first half of 2023, we remain upbeat for the remaining period of 2023. We expect a gradual, although slow, rebound in the prospects of our watch business in Hong Kong and Mainland China. We also expect that Bendura Bank continues to perform satisfactorily.

The Chinese Government have decided to manage and mitigate the systematic risks such as weak domestic demand, fragile business confidence, a highly uncertain external environment and a slow-growth global economy. The key objective is to maintain a calibrated strategy with cautious adjustment aimed at regaining and maintaining the growth momentum. It appears that the new policy directives are getting economic recovery back on track gradually.

A strong recovery of consumption in Mainland China right after the adverse impact of the COVID-19, hindered by worries about job prospects and income growth, didn't quickly realize in the first half of 2023. However, given the stimulus policies focusing on grow momentum by the Chinese Government, the consumer confidence is being restored and hence, it is expected to gradually reflect in the growth in the retail sale in the third quarter of 2023. As such, our both domestic and foreign watch brands are expected to perform better in the second half of 2023.

Bendura Bank has managed to attract the best talent and provide an environment that allows talented individuals to grow and prosper together within Bendura Bank. It has created a critical mass of human resources to provide a personalized service to affluent clients who are looking for more from Bendura Bank to create change and drive sustainable growth.

Bendura Bank's development in Hong Kong and Mainland China is further reinforced by the government policies expected to support the development of the family office industry in Hong Kong.

In view of the anticipated interest rate environment, being the tailwind of rising interest rates globally, in the second half of 2023, the increase in interest income will compensate for the any decrease in commission and/or fee income. Besides, stable personnel expenses will play their part and contribute to the bottom line of the Group in the second half of 2023.

EMPLOYEES AND REMUNERATION POLICY

Our sustained success would not be possible without the high levels of expertise, professionalism and commitment shown by our employees. As at 30 June 2023, the Group had approximately 2,500 full-time staff in Hong Kong and Mainland China and approximately 210 in Europe. The remuneration packages offered to the employees are determined and reviewed on an arm's length basis with reference to the market conditions and individual performance. The Group also provides other benefits to its employees, including year-end double pay, medical insurance and retirement benefits, and incentive bonuses are offered with reference to the Group's operating results and employee's individual performance. All employees of the Group in Hong Kong have joined the mandatory provident fund schemes. Employees of Group's subsidiaries in Mainland China also participate in social insurance scheme administrated and operated by local authorities and contributions are made according to the local laws and regulations.

INTERIM DIVIDEND

The Board has resolved not to distribute an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

CORPORATE GOVERNANCE CODE

During the six months period ended 30 June 2023, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Listing Rules, except with the details disclosed below:

- **CG Code C.1.6**

CG Code C.1.6 stipulates that independent non-executive directors of the Company (the “Independent Non-executive Director”) should generally attend general meetings. One Independent Non-executive Director did not attend the annual general meeting of the Company held on 23 May 2023 due to other business engagement.

- **CG Code F.2.2**

C G Code F.2.2 stipulates that the chairman of the board should attend the annual general meeting. The chairman of the board did not attend the annual general meeting of the Company held on 23 May 2023 due to other business engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the Company’s code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry of the Directors, the Directors have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2023.

BOARD COMMITTEES

Audit Committee

The Audit Committee currently comprises following members:

Independent Non-executive Directors

Kam, Eddie Shing Cheuk (*Committee Chairman*)

Kwong Chun Wai, Michael

Zhang Bin

Li Ziqing

During the period under review, the Audit Committee met with the Company's external auditor, the Board and senior management. The Audit Committee reviewed the financial reporting and other information to Shareholders (including a review of the unaudited financial statements for the six months ended 30 June 2023), the works done by internal audit for the reporting period and performed other duties set out in the terms of reference. The Audit Committee also reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters with the Board and senior management.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") currently comprises following members:

Independent Non-executive Directors

Kam, Eddie Shing Cheuk

(*Committee Chairman*)

Kwong Chun Wai, Michael

Zhang Bin

Li Ziqing

Executive Directors

Hon Kwok Lung

Siu Chun Wa

The Remuneration Committee makes recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. The Remuneration Committee also makes recommendations to the Board on the remuneration packages of individual Executive Directors and senior management. The Remuneration Committee ensures that no Director or any of his/her associates is involved in deciding his/her own remuneration.

Nomination Committee

The nomination committee of the Company (the “Nomination Committee”) currently comprises following members:

Executive Directors

Hon Kwok Lung (*Committee Chairman*)
Siu Chun Wa

Independent Non-executive Directors

Kwong Chun Wai, Michael
Zhang Bin
Kam, Eddie Shing Cheuk
Li Ziqing

The principal duties of the Nomination Committee are to review the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, independence from or relationship with other members of the Board, experience (professional or otherwise), skills, knowledge and length of service) of the Board, identify and nominate individuals suitably qualified to become board members and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors. The Nomination Committee also develops, maintains and reviews the board diversity policy. The Nomination Committee is also responsible for assessing the independence of Independent Non-executive Directors.

Risk Management Committee

The risk management committee of the Company (the “Risk Management Committee”) currently comprises following members:

Executive Directors

Sit Lai Hei (*Committee Chairman*)
Hao Xiaohui
Shi Tao

The principal duties of the Risk Management Committee are to evaluate and determine the risk appetite that the Group is willing to take in achieving its strategic objectives, to oversee the Group’s risk management system on an ongoing basis and conduct a review on the effectiveness of the system at least once annually, and to identify significant risks to which the Group is exposed and develop plans and measures to management or mitigate such significant risks.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any Company's listed securities (whether on the Stock Exchange or otherwise).

APPRECIATION

Our financial performance and strategic moves reflected the joint efforts of the Board and management in successfully pursuing our mission. Our performance could not have achieved without the leadership of the Board and our management team. I would like to express my deep gratitude to our employees, customers, suppliers, bankers, professional consultants, business partners, and Shareholders for their support.

PUBLICATION OF 2023 INTERIM RESULTS AND 2023 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The 2023 interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.irasia.com/listco/hk/citychamp and www.citychampwj.com), and the 2023 Interim Report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Citychamp Watch & Jewellery Group Limited
Fong Chi Wah
CFO & Company Secretary

Hong Kong, 30 August 2023

As at the date of this announcement, the executive directors of the Company are Mr. Hon Kwok Lung, Mr. Siu Chun Wa, Mr. Hao Xiaohui, Mr. Shi Tao, Ms. Sit Lai Hei, Mr. Hon Hau Wong, and Mr. Teguh Halim; and the independent non-executive directors of the Company are Dr. Kwong Chun Wai, Michael, Mr. Zhang Bin, Mr. Kam, Eddie Shing Cheuk, and Mr. Li Ziqing.