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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 2024**

#### **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 2024 together with comparative figures for the corresponding period in 2023.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2024*

		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2024</b>	2023
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
Interest income from banking business		<b>237,869</b>	157,420
Interest expenses from banking business		<b>(99,633)</b>	(17,844)
<b>Net interest income from banking business</b>	4a	<b>138,236</b>	139,576
Service fees and commission income from banking business		<b>101,584</b>	99,410
Service fees and commission expenses from banking business		<b>(14,647)</b>	(15,051)
<b>Net service fees and commission income from banking business</b>	4b	<b>86,937</b>	84,359
<b>Trading income from banking business</b>	4c	<b>13,147</b>	16,160
<b>Service fees and commission income from financial business</b>	4d	<b>(298)</b>	–
<b>Interest income from financial business</b>	4d	<b>477</b>	–
<b>Sales of goods from non-banking and financial businesses</b>	4e	<b>459,822</b>	558,885
<b>Rental income from non-banking and financial businesses</b>	4e	<b>11,992</b>	11,264
<b>Total revenue</b>		<b>710,313</b>	810,244
Cost of sales from non-banking and financial businesses		<b>(247,746)</b>	(258,656)
Other ordinary income and other net gains or losses	5	<b>51,061</b>	24,788
Selling and distribution expenses		<b>(153,846)</b>	(180,987)
Administrative expenses		<b>(330,200)</b>	(321,043)
Share of profit of joint ventures		–	4
Share of profit of associates		<b>5,655</b>	1,962
Finance costs for non-banking and financial businesses	6	<b>(22,045)</b>	(38,941)
<b>Profit before income tax</b>	7	<b>13,192</b>	37,371
Income tax expense	8	<b>(9,484)</b>	(11,134)
<b>Profit for the period</b>		<b>3,708</b>	26,237

		<b>Six months ended 30 June</b>		
		<b>2024</b>	<b>2023</b>	
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>	
		<b>(Unaudited)</b>	<b>(Unaudited)</b>	
<b>Other comprehensive income</b>				
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	(83,058)	32,862
	– Remeasurement of net defined benefit obligation		(16,858)	2,290
			<u>(99,916)</u>	<u>35,152</u>
Item that may be subsequently reclassified to profit or loss				
	– Exchange differences on translation to presentation currency		(246,905)	(51,922)
			<u>(246,905)</u>	<u>(51,922)</u>
<b>Other comprehensive income for the period</b>			<u>(346,821)</u>	<u>(16,770)</u>
<b>Total comprehensive income for the period</b>			<u>(343,113)</u>	<u>9,467</u>
<b>Profit/(loss) for the period attributable to:</b>				
	Owners of the Company		7,024	19,921
	Non-controlling interests		(3,316)	6,316
			<u>3,708</u>	<u>26,237</u>
<b>Total comprehensive income for the period attributable to:</b>				
	Owners of the Company		(338,116)	(4,699)
	Non-controlling interests		(4,997)	14,166
			<u>(343,113)</u>	<u>9,467</u>
<b>Earnings per share attributable to owners of the Company for the period</b>				
	– Basic	10	<u>HK0.16 cent</u>	<u>HK0.46 cent</u>
	– Diluted		<u>HK0.16 cent</u>	<u>HK0.46 cent</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2024*

		30 June 2024	31 December 2023
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
<b>Assets</b>			
Cash and deposits		1,346,891	3,761,431
Due from clients		2,716,725	2,877,929
Due from banks		4,934,561	2,222,968
Trading portfolio investments	11	40,981	27,558
Financial assets at fair value through other comprehensive income	12	202,426	285,627
Financial assets at fair value through profit or loss		–	32,410
Derivative financial assets		4,244	5,136
Trade receivables	13	421,255	442,941
Other financial assets at amortised cost	14	3,055,197	1,878,805
Inventories	15	1,661,795	1,805,899
Interests in joint ventures		496	496
Interests in associates		114,066	108,411
Property, plant and equipment		1,249,286	1,297,608
Investment properties		166,274	166,370
Intangible assets	16	98,549	105,693
Goodwill	17	1,101,126	1,150,672
Deferred tax assets		16,897	16,019
Other assets		414,875	345,033
		17,545,644	16,531,006
<b>Total assets</b>		<b>17,545,644</b>	<b>16,531,006</b>

		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Liabilities</b>			
Due to banks		434	–
Due to clients		11,502,592	10,155,311
Financial liabilities at fair value through profit or loss		32,793	44,905
Derivative financial liabilities		934	49,318
Trade payables	18	203,328	207,230
Contract liabilities		13,325	11,846
Income tax payables		50,954	44,198
Borrowings	19	639,941	681,254
Provisions		4,249	4,812
Lease liabilities		84,453	49,026
Deferred tax liabilities		69,065	68,561
Due to a shareholder		9,025	9,025
Due to directors		71,274	66,772
Other liabilities		835,067	773,454
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>13,517,434</b>	<b>12,165,712</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		435,189	435,189
Reserves		3,395,594	3,731,511
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		<b>3,830,783</b>	<b>4,166,700</b>
Non-controlling interests		197,427	198,594
		<hr/>	<hr/>
<b>Total equity</b>		<b>4,028,210</b>	<b>4,365,294</b>
		<hr/>	<hr/>
<b>Total liabilities and equity</b>		<b>17,545,644</b>	<b>16,531,006</b>
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# **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

*For the six months ended 30 June 2024*

## **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 D2 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.

The Unaudited Interim Financial Information for the six months ended 30 June 2024 was approved for issue by the board of directors of the Company on 29 August 2024.

## **2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

The Unaudited Interim Financial Information has been prepared in accordance with the accounting policies and method of computation used in the 2023 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 2023 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) manufacturing and distribution of watches and timepieces and watch accessories;
- (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 2024

	Watches and timepieces and watch accessories businesses <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)
<b>Segment revenue:</b>					
Net interest income from banking business	–	–	138,236	–	138,236
Net service fees and commission income from banking business	–	–	86,937	–	86,937
Trading income from banking business	–	–	13,147	–	13,147
Service fees and commission income from financial business	–	–	(298)	–	(298)
Interest income from financial business	–	–	477	–	477
Sales of goods from non-banking and financial businesses	459,822	–	–	–	459,822
Rental income from non-banking and financial businesses	–	11,992	–	–	11,992
<b>Total revenue</b>	<b>459,822</b>	<b>11,992</b>	<b>238,499</b>	<b>–</b>	<b>710,313</b>
<b>Segment results</b>	<b>(7,564)</b>	<b>11,729</b>	<b>53,822</b>	<b>–</b>	<b>57,987</b>
Unallocated corporate income and expenses, net	–	–	–	(28,405)	(28,405)
Share of profit of associates	–	–	–	5,655	5,655
Finance costs for non-banking and financial businesses	(9,860)	–	(239)	(11,946)	(22,045)
Profit/(loss) before income tax	(17,424)	11,729	53,583	(34,696)	13,192
Income tax expense	(1,863)	–	(7,582)	(39)	(9,484)
Profit/(loss) for the period	<b>(19,287)</b>	<b>11,729</b>	<b>46,001</b>	<b>(34,735)</b>	<b>3,708</b>

	Six months ended 30 June 2023				
	Watches and timepieces businesses <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)
<b>Segment revenue:</b>					
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
<b>Total revenue</b>	<b>558,885</b>	<b>11,264</b>	<b>240,095</b>	<b>–</b>	<b>810,244</b>
<b>Segment results</b>					
Unallocated corporate income and expenses, net	25,413	10,238	65,736	(494)	100,893
Share of profit of joint ventures	–	–	–	(26,547)	(26,547)
Share of profit of associates	–	–	–	4	4
Finance costs for non-banking and financial businesses	–	–	–	1,962	1,962
	(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	<b>8,085</b>	<b>10,238</b>	<b>56,887</b>	<b>(48,973)</b>	<b>26,237</b>



#### 4. REVENUE

The Group is principally engaging in manufacturing and distribution of watches and timepieces and watch accessories businesses, 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**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Interest income from banking business arising from:</b>		
Interest income – due from banks	<b>130,853</b>	84,973
Interest income – due from clients	<b>15,964</b>	13,085
Interest income from trading securities	<b>–</b>	298
Interest income from mortgage loans	<b>41,463</b>	32,617
Interest income from financial assets	<b>31,446</b>	23,926
Interest (expense)/income from money market papers	<b>(319)</b>	2,521
Negative interest income on due to clients	<b>18,462</b>	–
	<b>237,869</b>	157,420
<b>Interest expenses from banking business arising from:</b>		
Interest expense on due to banks	<b>(161)</b>	(38)
Interest expense on due to clients	<b>(98,849)</b>	(17,807)
Negative interest income on due from banks and clients	<b>(623)</b>	1
	<b>(99,633)</b>	(17,844)
<b>Net interest income from banking business</b>	<b>138,236</b>	139,576

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Service fees and commission income from banking business arising from:</b>		
Commission income from loans	3,152	2,864
Brokerage fees	15,250	14,567
Custody account fees	12,946	13,130
Commission on investment advice and asset management	22,586	21,322
Commission income from service fees	13,562	14,671
Commission income from fiduciary fees	192	194
Commission income from retrocession	2,006	2,196
Other commission income	31,890	30,466
	<u>101,584</u>	<u>99,410</u>
Service fees and commission expenses from banking business	<u>(14,647)</u>	<u>(15,051)</u>
<b>Net service fees and commission income from banking business</b>	<b><u>86,937</u></b>	<b><u>84,359</u></b>

(c) Trading income from banking business

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Debt instruments	4	6
Forex and precious metals	12,877	16,155
Funds	266	(1)
<b>Trading income from banking business</b>	<b><u>13,147</u></b>	<b><u>16,160</u></b>

(d) Revenue from financial business

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Service fees and commission income and expenses	(298)	–
Interest income	477	–
	<u>          </u>	<u>          </u>
<b>Revenue from financial business</b>	<b><u>          179</u></b>	<b><u>          –</u></b>

(e) Revenue from non-banking and financial businesses

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of goods	459,822	558,885
Rental income	11,992	11,264
	<u>          </u>	<u>          </u>
<b>Revenue from non-banking and financial businesses</b>	<b><u>          471,814</u></b>	<b><u>          570,149</u></b>

5. OTHER ORDINARY INCOME AND OTHER NET GAINS OR LOSSES

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Exchange gain, net	16,059	945
Gain on fair value changes in trading portfolio investments, net ( <i>note 11</i> )	72	41
Gain on fair value changes in financial liabilities at fair value through profit or loss	12,162	–
Bank and other interest income from non-banking and financial business	191	127
Dividend income from financial asset at fair value through other comprehensive income (“FVOCI”) ( <i>note 12</i> )	7,934	10,578
Gain on disposal of property, plant and equipment	662	328
Government subsidies	2,272	1,576
Other sundry income	11,709	11,193
	<u>          </u>	<u>          </u>
	<b><u>          51,061</u></b>	<b><u>          24,788</u></b>

## 6. FINANCE COSTS FROM NON-BANKING BUSINESS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on lease liabilities	1,645	1,215
Interests charged on bank borrowings, bank overdrafts and other borrowings	20,400	37,726
	<u>22,045</u>	<u>38,941</u>

## 7. PROFIT BEFORE INCOME TAX

The Group's profit before income tax was arrived at after charging:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	48,627	44,935
Amortisation of intangible assets	6,043	1,516
	<u>54,670</u>	<u>46,451</u>

## 8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Current tax for the period</b>		
The People's Republic of China (the "PRC")	1,447	2,710
Liechtenstein	7,457	9,179
Switzerland	332	135
<b>Deferred tax for the period</b>	248	(890)
Total income tax expense	<u>9,484</u>	<u>11,134</u>

For both the six months ended 30 June 2024 and 2023, 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 2023: 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 2024 (six months ended 30 June 2023: Nil).

## 10. EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	<b>7,024</b>	<b>19,921</b>
	<b>4,351,889</b>	<b>4,351,889</b>
	<b>4,351,889</b>	<b>4,351,889</b>

## 11. TRADING PORTFOLIO INVESTMENTS

	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Equity instruments</b>		
Listed equity instruments in Hong Kong at market value	<b>9,948</b>	629
<b>Debt instruments</b>		
Unlisted debt instruments of financial institutions	<b>4,482</b>	189
<b>Investment fund units</b>		
Unlisted investments fund units	<b>19,605</b>	19,890
<b>Investments in other financial products</b>	<b>6,946</b>	6,850
<b>Total trading portfolio investments</b>	<b>40,981</b>	<b>27,558</b>

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 2024 and 2023.

The fair value gain during the period was amounted to HK\$72,000 (six months ended 30 June 2023: HK\$41,000), which has been recognised in the condensed consolidated statement of comprehensive income as “other ordinary income and other net gains or losses” (note 5) for six months ended 30 June 2024.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>30 June 2024</b>	31 December 2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Listed equity instruments in Hong Kong ( <i>note (a)</i> )	<b>179,826</b>	254,754
Listed equity instruments outside Hong Kong ( <i>note (b)</i> )	<b>17,212</b>	25,342
Unlisted equity investments	<b>5,388</b>	5,531
	<hr/>	<hr/>
Total	<b>202,426</b>	285,627
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### Notes:

- (a) As at 30 June 2024 and 31 December 2023, the listed equity investments in Hong Kong represented 14.76% equity interest in Min Xin Holdings Limited (“Min Xin Shares”). As at 30 June 2024 and 31 December 2023, the Group held 88,150,000 Min Xin Shares. Dividend income of HK\$7,934,000 (six months ended 30 June 2023: HK\$10,578,000) was recognised by the Group in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2024.
- (b) As at 30 June 2024 and 31 December 2023, 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 2024 and 31 December 2023, 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 2024 and 2023.

During the six months ended 30 June 2024, the decrease in fair value of financial assets at fair value through other comprehensive income of HK\$83,058,000 (six months ended 30 June 2023: decrease in fair value of HK\$32,862,000) has been dealt with in other comprehensive income and FVOCI reserve.

### 13. TRADE RECEIVABLES

	<b>30 June 2024</b>	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Trade receivables arising from watches and timepieces and watch accessories business	<b>417,390</b>	429,734
Trade receivables arising from financial business – cash clients	<b>3,865</b>	13,207
	<b><u>421,255</u></b>	<b><u>442,941</u></b>

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 2023: 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 and watch accessories businesses as at the reporting dates, based on invoice date, and net of provisions, is as follows:

	<b>30 June 2024</b>	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
1 to 3 months	<b>189,639</b>	198,365
4 to 6 months	<b>91,904</b>	22,421
Over 6 months	<b>135,847</b>	208,948
	<b><u>417,390</u></b>	<b><u>429,734</u></b>

### 14. OTHER FINANCIAL ASSETS AT AMORTISED COST

	<b>30 June 2024</b>	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
<b>Listed debt instruments, at amortised cost</b>	<b><u>3,055,197</u></b>	<b><u>1,878,805</u></b>
Issued by:		
Governments and public sector	<b>1,884,122</b>	891,891
Financial institutions	<b>670,756</b>	430,835
Corporations	<b>500,319</b>	556,079

## 15. INVENTORIES

	<b>30 June 2024</b>	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Raw materials	<b>180,227</b>	309,729
Work-in-progress	<b>602,685</b>	378,697
Finished goods and merchandise	<b>878,883</b>	1,117,473
	<b><u>1,661,795</u></b>	<b><u>1,805,899</u></b>

## 16. INTANGIBLE ASSETS

	<b>Brand names</b>	<b>Computer software</b>	<b>Technical know-how</b>	<b>Customer relationship</b>	<b>Total</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Six months ended 30 June 2024</b>					
<b>(Unaudited)</b>					
Opening carrying amount	<b>46,302</b>	<b>880</b>	<b>41,805</b>	<b>16,706</b>	<b>105,693</b>
Addition	–	<b>451</b>	–	–	<b>451</b>
Amortisation	–	<b>(51)</b>	<b>(2,290)</b>	<b>(3,702)</b>	<b>(6,043)</b>
Exchange realignment	<b>(2,951)</b>	<b>(22)</b>	<b>1,015</b>	<b>406</b>	<b>(1,552)</b>
<b>Closing carrying amount</b>	<b><u>43,351</u></b>	<b><u>1,258</u></b>	<b><u>40,530</u></b>	<b><u>13,410</u></b>	<b><u>98,549</u></b>
<b>Year ended 31 December 2023</b>					
<b>(Audited)</b>					
Opening carrying amount	43,254	–	–	–	43,254
Amortisation	–	(66)	(3,171)	(5,221)	(8,458)
Addition	–	138	–	–	138
Acquisition of subsidiaries	–	828	46,050	22,333	69,211
Exchange realignment	3,048	(20)	(1,074)	(406)	1,548
<b>Closing carrying amount</b>	<b><u>46,302</u></b>	<b><u>880</u></b>	<b><u>41,805</u></b>	<b><u>16,706</u></b>	<b><u>105,693</u></b>

As at 30 June 2024 and 31 December 2023, all intangible assets are attributable to watches and timepieces businesses.



## 17. GOODWILL

	<b>30 June 2024</b>	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Balance at the beginning of period/year	<b>1,150,672</b>	1,092,012
Acquisition of subsidiaries	–	42,178
Impairment loss during the year	–	(13,389)
Exchange realignment	<b>(49,546)</b>	29,871
	<u><b>1,101,126</b></u>	<u>1,150,672</u>

As at 30 June 2024, goodwill of HK\$834,570,000 (31 December 2023: HK\$865,969,000) are attributable to watches and timepieces and watch accessories businesses while goodwill of HK\$266,556,000 (31 December 2023: HK\$284,703,000) are attributable to banking and financial businesses.

## 18. TRADE PAYABLES

	<b>30 June 2024</b>	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Trade payables arising from watches and timepieces and watch accessories business	<b>199,463</b>	201,095
Trade payables arising from financial business	<b>3,865</b>	6,135
– Cash clients	<u><b>203,328</b></u>	<u>207,230</u>

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

	<b>30 June 2024</b>	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
1 to 3 months	<b>100,370</b>	116,744
4 to 6 months	<b>13,342</b>	8,774
Over 6 months	<b>85,751</b>	75,577
	<u><b>199,463</b></u>	<u>201,095</u>

## 19. BORROWINGS

	<b>30 June 2024</b>	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Bank overdrafts ( <i>note 19.1</i> )	<b>36,922</b>	41,576
Bank borrowings ( <i>note 19.1</i> )	<b>530,231</b>	575,645
Other loans ( <i>note 19.2</i> )	<b>72,788</b>	64,033
	<b><u>639,941</u></b>	<b><u>681,254</u></b>

### 19.1 Bank overdrafts and bank borrowings

As at 30 June 2024, the amount of the Group's bank overdrafts and bank borrowings repayable within one year or on demand is HK\$518,365,000 (31 December 2023: HK\$612,816,000).

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:

	<b>30 June 2024</b>	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Borrowings payable:		
Within one year	<b><u>512,187</u></b>	<u>443,445</u>
In the second year	<b>6,178</b>	117,792
In the third to fifth year	–	4,405
After fifth year	<b><u>48,788</u></b>	<u>51,579</u>
	<b><u>54,966</u></b>	<u>173,776</u>
	<b><u>567,153</u></b>	<b><u>617,221</u></b>

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 2024 and 31 December 2023;
- (ii) entire equity interest of certain subsidiaries within the Group as at 30 June 2024 and 31 December 2023;
- (iii) subordination deeds signed by the Directors of the Group as at 30 June 2024 and 31 December 2023;
- (iv) guarantee provided by the government of certain country as at 30 June 2024 and 31 December 2023;
- (v) personal guarantee provided by non-controlling interests of a subsidiary of the Group and certain independent third parties as at 30 June 2024 and 31 December 2023;

- (vi) certain assets of the non-controlling interests of a subsidiary of the Group and certain independent third parties as at 30 June 2024 and 31 December 2023;
- (vii) a legal charge over certain of the Group's property, plant and equipment with the carrying amounts of HK\$230,461,000 (31 December 2023: HK\$252,528,000) as at 30 June 2024;
- (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 2024 and 31 December 2023;
- (ix) a standby letter of credit with the correspondent borrowings' balances as at 30 June 2024 and 31 December 2023; and
- (x) the value of the deposits charged shall at all times be not less than HK\$5,000,000 or its equivalent in other currencies as at 30 June 2024 and 31 December 2023;
- (xi) an assignment of two insurance policies in the bank's standard form executed by subsidiaries as policy holder and beneficiary to assign by way of security to the bank all the rights title, interests and benefits in and to a policy in the amount of USD5,571,116 in total as at 30 June 2024 (31 December 2023: USD5,571,116) and Teguh Halim, an executive director of the Company as the insured party issued by an insurance company acceptable to the bank, and the proceeds of such policy, free from all encumbrances.
- (xii) 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 2024 and up to the date of this result.

## **19.2 Other loans**

As at 30 June 2024, other loans are unsecured, charge at 5% (31 December 2023: 5%) per annum and repayable within one year.

## 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 %
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	
Total revenue	<b>710,313</b>	810,244	-12.3
Operating expenses	<b>484,046</b>	502,030	-3.6
Gross profit generated from non-banking and financial businesses	<b>224,068</b>	311,493	-28.1
Gross profit generated from banking and financial businesses	<b>238,499</b>	240,095	-0.7
EBITDA	<b>83,843</b>	122,763	-31.7
Profit before tax	<b>13,192</b>	37,371	-64.7
Net profit after tax	<b>3,708</b>	26,237	-85.9
Earnings per share attributable to owners of the Company for the period			
– Basic	<b>HK0.16 cent</b>	HK0.46 cent	-65.2
– Diluted	<b>HK0.16 cent</b>	HK0.46 cent	-65.2
	<b>30 June 2024 <i>HK\$'000</i></b>	31 December 2023 <i>HK\$'000</i>	Variation %
Total assets	<b>17,545,644</b>	16,531,006	-6.1
Total liabilities	<b>13,517,434</b>	12,165,712	-11.1
Total equity	<b>4,028,210</b>	4,365,294	-7.7

## **OPERATING RESULTS**

For the six months ended 30 June 2024, the Group recorded total revenue of approximately HK\$710,313,000 (six months ended 30 June 2023: HK\$810,244,000), a decrease of HK\$99,931,000 or 12.3% over the corresponding period last year.

Operating expenses (including selling and distribution expenses and administrative expenses) for the six months ended 30 June 2024 were approximately HK\$484,046,000 (six months ended 30 June 2023: HK\$502,030,000), a decrease of HK\$17,984,000 or 3.6% over the corresponding period last year.

Gross profit generated from non-banking and financial businesses for the six months ended 30 June 2024 was approximately HK\$224,068,000 (six months ended 30 June 2023: HK\$311,493,000), a decrease of HK\$87,425,000 or 28.1% over the corresponding period last year.

Gross profit generated from banking and financial businesses for the six months ended 30 June 2024 was approximately HK\$238,499,000 (six months ended 30 June 2023: HK\$240,095,000), a decrease of HK\$1,596,000 or 0.7% over the corresponding period last year.

EBITDA for the six months ended 30 June 2024 was approximately HK\$83,843,000 (six months ended 30 June 2023: HK\$122,763,000), a decrease of HK\$38,920,000 or 31.7% over the corresponding period last year.

Net profit after tax for the six months ended 30 June 2024 was approximately HK\$3,708,000 (six months ended 30 June 2023: HK\$26,237,000), a decrease of HK\$22,529,000 or 85.9% over corresponding period last year.

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, timepieces and watch accessories businesses, banking and financial businesses, and various investment businesses.

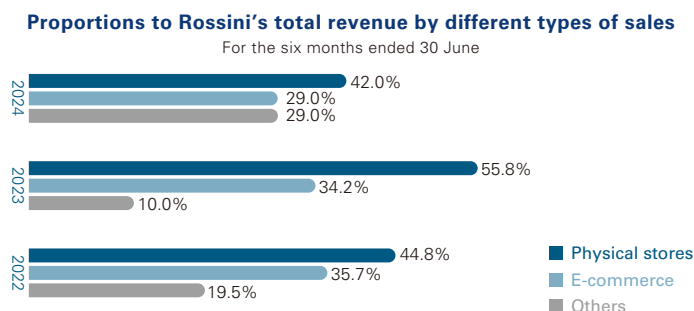
## PERFORMANCE

- I. Watches, timepieces and watch accessories 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 2024, Zhuhai Rossini Watch Industry Limited (“Rossini”), a 91%-subsidiary of the Group, recorded revenue of HK\$148,373,000, a decrease of HK\$9,265,000 or 5.9%, from HK\$157,638,000 for the same period last year. Net profit after tax attributable to owners of the Company for the period under review was HK\$8,249,000, representing a decrease of HK\$10,280,000 or 55.5% from HK\$18,529,000 in the same period last year.



*Note:* Other types of sales mainly include industrial tourism and group purchase.

The domestic consumer demand remains weak. Through the concerted efforts of the watch industry as a whole, Rossini has taken multiple measures to reduce costs, increase efficiency and achieved certain results. The recovery of market confidence is not a one-day issue, instead, it requires a slow process along with the internal and external factors to work out, which Rossini awares and proactively equips itself to seize opportunities that may arise suddenly.

To cope with and be well-prepared for the uncertainties in the watch industry and the relatively slower growth economy, Rossini made efforts on strengthening division management by conducting in-depth market research and follow-up analysis, formulating regional policies based on local conditions, with a view to increasing market share and urging the division to complete sales tasks and goals. Rossini was also endeavoring to expand sales through existing sales channels and sales outlets, and developing high-efficiency new shopping malls through accurate reporting to increase new sales growth points in order to benefit from the post-COVID-19 economy recovery. Rossini's physical store sales in the first half of the year were approximately HK\$62,324,000, 29.1% decrease compared with the same period last year.

Rossini strengthened inventory management continuously. On one hand, the sales of watches concentrated to high-saleable regions through deployment and inventory integration. On the other hand, Rossini strengthened management and analysis of inventory, actively cleared up inventory and dealt with slow-moving watches in a timely manner. It also controlled inventory structure through reasonable control and production of watches based on sales analysis.

E-commerce sales of Rossini for the six months ended 30 June 2024 decreased to approximately HK\$42,999,000 from HK\$53,886,000 for the same period last year, representing a decrease of approximately 20.2%. Rossini actively optimized operations and focused on live broadcasting and distribution channels to stimulate sales. The specific measures for boosting e-commerce included channel refinement operation, visual diversity and innovation strengthening, video diversification and cooperation with leading broadcasting agencies.

With the refined product operations as the core, Rossini's position in the industry was maintained and stabilized on mainstream e-commerce platforms such as Tmall (天貓), Jingdong (京東), Vipshop (唯品會) and Pinduoduo (拼多多), which in turn strengthened channel synergies and was able to respond to market changes with greater flexibility. Moreover, Rossini optimized operation and investment flow strategy through focusing on key product lines and data-driven.

In terms of visual diversity and innovation, the focuses were on color application, pattern design, and layout to show the vitality and creativity of the brand. In the meanwhile, Rossini focused on the diversity and logic of the layout to enhance the overall readability and page appeal.

Video diversification is to enhance the expressiveness and dissemination of the content and to improve the user's reading experience and engagement through combination of pictures, videos, audio and other forms to enrich the types of video shooting. As a result, the completion rate and interaction index of short videos have been significantly improved, which effectively contributed on the platform traffic and brand exposure.

Moreover, cooperating with external broadcasting experts to boost sales has been widely used as one of direct and efficient marketing strategies in e-commerce. Rossini cooperated with top broadcasting agencies to rely on their fan bases and professional sales capabilities of external broadcasting experts to reach the target audience, improve consumers' awareness and confidence in the products and achieve extensive market coverage at a lower cost.

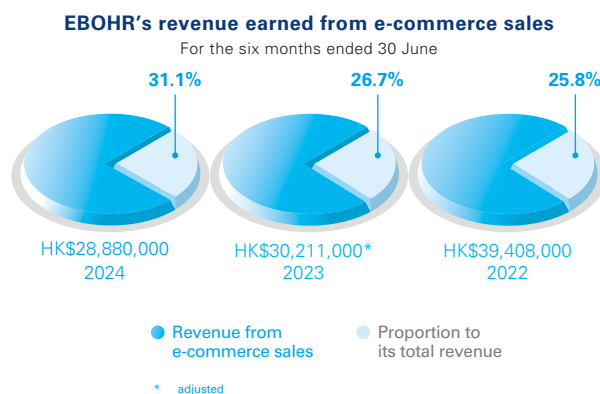
In addition, Rossini will keep investing in technological innovation and research and development while maintaining the existing product positioning. Moreover, the company will make use of digitalization such as the Internet, live broadcasting, short videos, other digit marketing channels, and constantly launch new products that cater to consumer needs.

### ***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 2024 was HK\$92,869,000 a decrease of HK\$20,160,000 or 17.8% from HK\$113,029,000 for the same period last year. Net loss after tax for the six months ended 30 June 2024 was HK\$16,905,000, compared with net profit after tax HK\$13,034,000 for the same period last year.

To ensure stable and adequate cash flow, EBOHR firstly focused on inventory management by adjustment and control. EBOHR struck to accelerate the inventory turnover by establishing a shared pool of different products and horizontally allocating the sub-products to reduce the turnover of non-essential products. Secondly, EBOHR launched “one price to the end” promotion strategy to promote slow-moving products. Thirdly, EBOHR supported cross-department inventory material reuse team’s work by utilizing inventory material from the design source, and reusing reworked materials. As of 30 June 2024, inventory decreased by approximately 7.87% from the same period last year. All these improved the cash flow of the company and resulted in higher efficiency in capital funds relocation.





In the first half of 2024, the revenue generated from e-commerce sales of EBOHR was approximately HK\$28,880,000, a slight drop as compared to same period of 2023. Compared with other competing products, it was mainly due to irreversible market impact of lower customer orders and demand under the less favorable overall economic environment in 2024. To stimulate growth of the sales, EBOHR reached a live streaming cooperation in January 2024 with Kuaishou Xinxuan (快手辛選), which is a digital-native new retail company with supply chain at its core. The single scene realized sales GMV (Gross Merchandise Volume) of RMB9,800,000, greatly accelerating inventory turnover and capital realization.

In addition, the company reached a strategic cooperation with Sanqian Shuobiao (三千說表) of Sanzhiyang Network and signed a sales proposal. In March of this year, the company completed the “Traceability Live Streaming Banding Special” which is a platform conducting live broadcasts of brand origins in the form of “brand traceability” with Sanqian Shuobiao. As a result, sales of RMB3,000,000 GMV was achieved in the single session.

Nevertheless, a major strategic shift in e-commerce is undergoing as platforms switch gears from price priority to more sustainable growth. In other words, not all consumers are primarily motivated by low prices in current environment, a higher rating of shopping experience is more likely to attract higher traffic. EBOHR is in endeavor of adjusting the new selling model of e-commerce platforms and create high-end, personalized and differentiated consumer experience that are in line with the concept of sustainable development. It is expected to be able to achieve qualitative improvement of main products in the second half of the year.

The total property leasing revenue was HK\$6,856,000 for the first half of 2024, a decrease of HK\$44,000 or 0.6% from the HK\$6,900,000 in the first half of 2023, which was recorded in property investment segment result.

## **I.B Foreign Proprietary Brands**



### ***Ernest Borel Holdings Limited***

The Group held 57.14% equity interest in Ernest Borel Holdings Limited (“Ernest Borel”, together with its subsidiaries, the “Ernest Borel Group”) as at 30 June 2024. Ernest Borel Group recorded revenue and net loss after tax for the six months ended 30 June 2024 of HK\$40,068,000 (six months ended 30 June 2023: HK\$80,979,000) and HK\$3,049,000 (six months ended 30 June 2023: net profit of HK\$797,000), respectively.

Mainland China remains as the core market of Ernest Borel Group. Revenue from Mainland China was approximately HK\$32,409,000 for the six months ended 30 June 2024, accounting for approximately 81% of its total revenue. Revenue from the PRC business declined mainly due to a number of factors, including the restructuring of business operations, a sluggish job market, and a distressed housing sector, which dragged down customer spending during the reporting period. Accordingly, the retail market in mainland China being impacted by a more cautious consumer attitude towards consumer discretionary and slower-than-expected recovery of economy after the COVID-19.

From the previous focus on Mainland China, Ernest Borel Group has switched to actively exploring overseas markets through organizing exhibitions overseas. The overseas customers of Ernest Borel Group are mainly concentrated in Europe, the United States and Southeast Asia, Thailand and other places. In addition, we pay close attention to market trends and keep track of consumer preferences to make precise marketing strategies.

The extensive distribution network of the Ernest Borel Group covers retail markets in Mainland China, Hong Kong, Macau, Southeast Asia, Europe and USA. As at 30 June 2024, Ernest Borel Group had 757 points of sales, comprising 618 points of sales in Mainland China, 37 points of sales in Hong Kong, Macau and 102 points of sales in Southeast Asia, Europe and other regions.

In the first half of 2024, the smart watch accessories manufacturing business was inevitably affected by the decrease of the order volume of a subsidiary of the Ernest Borel Group. The main reason was that one of the major customers postponed some production orders until the second half of this year. In the meanwhile, other small and medium-sized customers, who were relatively more sensitive to market trend, delayed their orders as well. As a result, the performance of Ernest Borel Group in smart watch accessories was adversely affected.

In order to keep up with the rapid-changing customer preference and market trend, Ernest Borel Group is currently negotiating with a well-known overseas electronic product manufacturer on the timetable for the research and development of new products and sample production. It is expected to put in production in the fourth quarter of 2024 if all goes as scheduled. In the long run, Ernest Borel Group is optimistic on the smart watch accessories manufacturing business and believes that it will account for the large portion of the watch industry.

Under the current weak market demand, a sophisticated cost control is one of our priorities to maintain the competitiveness. Ernest Borel strictly controlled management expenses, reduced publicity expenses, streamlined staffing to reduce operating expenditures. On the premise of ensuring the smooth operation of the business, Ernest Borel Group strictly controlled various production and operating costs.

In the first half of 2024, revenue from e-commerce was approximately HK\$5,350,000, a decrease of approximately 67.4% compared with HK\$16,430,000 for the same period last year. This was mainly due to the fact that Ernest Borel Group's business development was focused on the PRC market, in which sales was the reflection of the weakened confidence of the domestic markets.

In light of the above factor, Ernest Borel Group will endeavor to expand its online platform in overseas regions and strengthen the promotion of our brands through organizing overseas exhibitions. Since Ernest Borel has been established for more than a century and has gained certain degree of popularity in the watch industry, it has been favored by some foreign customers by virtue of the brand's history and word of mouth. A business plan is under negotiation to develop a business platform in overseas markets. As always, we are aiming to explore more new markets, optimize operating models and enhance the profitability.

### ***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 2024 of HK\$102,779,000 (six months ended 30 June 2023: HK\$106,983,000) and HK\$11,596,000 (six months ended 30 June 2023: HK\$7,953,000), respectively.

Corum has been aiming to speed up inventory turnover currently and since the COVID-19, with the joint effort of the company as a whole, Corum drastically reduced its inventory and the number of finished products. The concept of the strategy is to reduce the production of current collection without counting on the special and tailor-made projects. With a high-end strategy oriented and high-quality components and movements, Corum is ideally being structured to move up to special and tailor-made product markets.

Corum adopted "less is more" approach to prepare its product re-positioning strategy. For example, Corum decreased the point of sales from more than 400 at the end of 2022 to 250 worldwide at the end of 2024, which was aligned with the brand value and the budgeted yearly production. More measures were taken regarding subsidiaries of Corum. Indeed, some decisions had been taken in 2024 regarding the distribution with the aim at reducing the overall expenses as well as increasing the efficiency.

To improve the liquidity of Corum, we were trying to find synergies among different brands. After the summer holidays this year, all the Ernest Borel inventory and people would be located in Corum's building in La Chaux-de-Fonds. This situation implied to be able to think globally, and not only anymore for one brand, but for entire watch business segment of Citychamp. This strategy allowed the Group to save almost all overlapping costs linked with different locations such as transportations, security, IT and Insurance costs.

At the end of June 2024, the structure of Corum Group had been reorganized, by taking into account the overall and current situation but also to anticipate the future and get ready to grow again. Due to constantly changing consumer behavior and expectations Corum planned to launch more creative and innovative products, thus new collection was urging to take place. Accordingly, the emphasis for Corum is to be able to deliver novelties in second half of 2024 in order to generate future liquidity.

During the first half of 2024, Eterna was able to sell some finished products from its inventory. The deal was concluded to sell all the watches without being repaired within Europe and online. It allowed Eterna to transform rather illiquid assets into cash and reach a self-financing situation along the first half of 2024.

The strongest markets of Eterna remained in Europe. This was mainly driven by Adler Luxury, our distributor in Swiss market, who was able to sell our previous collections in 2024. While Indian market was still growing, Eterna expected to launch new collection to nourish their appetite in future and concentrate on a limited number of core collection.

The ongoing move of Ernest Borel to La Chaux-de-Fonds under Corum's buildings facilities the operation of Eterna. Eterna can then take an advantage of ordering more efficiently all the inventory and maximizing the place used.

The revenue of the Dreyfuss Group decreased by 33.8% in the first half of 2024 as compared to the same period last year. This is due to the global economic slowdown and increase in cost-of-living in the domestic market of UK, which is the single largest market of the Dreyfuss Group, representing 65% of its sales for the six months ended 30 June 2024. High inflation rate, currently at 4.2%, has also eroded consumers' disposable income and confidence, leading to a reduced spending. Additionally, the ongoing war in Ukraine has created further uncertainties, affecting the overall sales performance of the Dreyfuss Group.

The Dreyfuss Group seeks to mitigate economic risks in the UK economy by working closely with UK customers to design and supply watches that meet the aspirations of their customers; by developing strategic international markets to lessen the dependence on the UK; by developing the China market in particular to a size similar to the UK; and by maintaining the reputation of Rotary in particular as a well-known and trusted brand.

The Dreyfuss Group recognized the growing significance of social media in influencing buying decisions among younger consumers and was actively marketing via social media to these influential consumers. Implementation of online strategy has led to exceptional growth in online sales and an expanded presence in new territories, including the USA and Canada. Through online advertising strategy, both website visitor numbers and online sales significantly increased.

The Dreyfuss Group also set up a platform on the eBay Marketplace. This platform allowed new customers to discover Rotary. The Dreyfuss Group will leverage this platform to further boost its sales and brand visibility.

## **I.C Non-proprietary Brands**

Currently, the Group held four distribution companies. Collectively, distribution companies contributed revenue and net loss after tax for the six months ended 30 June 2024 of HK\$54,669,000 (six months ended 30 June 2023: HK\$71,394,000) and HK\$1,717,000 (six months ended 30 June 2023: net profit of HK\$152,000) 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 2024 of HK\$21,064,000 (six months ended 30 June 2023: HK\$28,862,000) and HK\$715,000 (six months ended 30 June 2023: HK\$3,183,000) respectively.

## **II.A Bendura Bank AG**

Revenue of Bendura Bank AG (“Bendura Bank” or the “Bank”) for the six months ended 30 June 2024 was HK\$238,499,000, a decrease of HK\$1,596,000 or 0.7% from HK\$240,095,000 for the same period of last year. Net profit after tax attributable to owners of the Company for the six months ended 30 June 2024 was HK\$45,393,000, decreased by HK\$6,579,000 or 12.7% from HK\$51,972,000 for the same period of last year.

The total operating income for the first half year decreased slightly by 3% due to increase in operating expenses compared to previous-year period.

Net income from interest and dividends decreased by HK\$1,340,000 or 1.0% to HK\$138,236,000 for the first half of 2024 from HK\$139,576,000 for the same period of last year as a result of the slight fall in key interest rates.

Net commission and fee income for the first half of 2024 remained at the same level as in the same period of last year.

Income from trading amounted to HK\$13,145,000, approximately HK\$3,015,000 below the previous year’s figure.

Operating expenses (personnel and general expenses) amounted to HK\$171,198,000 in the reporting period, 7.4% higher than HK\$159,434,000 for the same period last year. In the first half of 2024, both personnel and general expenses increased compared to the previous period due to inflation.

Owing to a net new money (NNM) inflow of CHF75 million combined with a positive market performance in the first six months of 2024. Assets under Management (AuM) of the Bank stood at approximately CHF3.62 billion at the end of June 2024 (representing a net increase of CHF0.3 billion compared to December 2023).

Total assets of the Bank amounted to HK\$12,600,383,000, HK\$1,304,350,000 more than HK\$11,296,033,000 as at 31 December 2023. Amounts due from clients decreased from HK\$2,877,929,000 in December 2023 to HK\$2,707,383,000 at half year 2024.

During the reporting period, the Bank continued to benefit from the persistently high level of interest rate, despite interest rates have started to fall and may fall further in the second half of the year. The effect of the war in Ukraine brought additional pressures on banking sector, the pressure point the Bank facing today, like other banks in other regions, was interest rate risk. In order to actively manage the interest rate risk, on-balance-sheet business was generally structured with matching maturities, taking fixed-interest periods into account. As a result, the interest rate risk has a lower level of significance.

A potential intensification of geopolitical tensions in the future may further increase repricing risks in financial markets. The complexity of sanctions against Russia continues to have a serious impact on the operating business and hinder new business in the affected regions. Due to relatively low proportion of assets of Russian clients of Bendura Bank under management, the impact of the sanctions on the profitability of the Bank was minimal and manageable.

To strictly comply with the sanctions, the Bank has adopted a series of prudent and proactive strategies and measures. As a result, all business relationships were being thoroughly scrutinized and particular attention was being paid on international payment transactions.

In the first half of 2024, the board of management continued to carry out a strategy formulative project, with new slogan “Transforming Complexity into tailor-made Solutions”. The core segment was discerning clients with a high-level of complexity but still managing the associated risk profile highly professional. The focus of the project was on two hubs, namely Liechtenstein and Hong Kong. The Bank delighted with exclusive high-touch services, a high cultural and multilingual understanding as well as flexibility and agility. The five strategic pillars (powerful, excellent, focused, profitable and competitive) will be implemented by individual project teams in the upcoming years.

To extend its business in Hong Kong and Asia, in November of 2023, the Bank completed the acquisition of Bendura Wealth Management (Hong Kong) Limited (“BWML”), an asset management company was licensed by the SFC to carry out Types 1, 2, 4, 6 and 9 regulated activities under the Securities and Futures Ordinances (Cap. 571 of the Laws of Hong Kong).

BWML will focus on HNWI (High Net Worth Individuals) and UHNWIs (Ultra High Net Worth Individuals) in Asia looking for wealth management solutions. Those clients shall be accessed through a network of professional intermediaries such as asset managers, family offices, law firms, trust firms and corporate service providers. In addition, new client segments shall be developed through the existing networks of the parent companies, Bendura Bank and the Company. Furthermore, BWML has a small portfolio of existing client relationships as well as records of past clients. Majority of them are to some extent linked to the former owner’s family. Our ultimate goal is to get access to wealthy families in Hong Kong.

### III.A Listed Equity Investment

#### *Citychamp Dartong Company Limited*

As at 30 June 2024, financial assets at fair value through other comprehensive income of the Group was HK\$202,426,000. HK\$17,212,000 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, electromagnetic wire, new energy and other business. As at 30 June 2024, the Group owned 9,154,370 shares of Citychamp Dartong at the market price of RMB1.75 per share (equivalent to HK\$1.88 per share) with the fair value of HK\$17,212,000. The shares held by the Group accounted for 0.66% of the total issued share capital of Citychamp Dartong as at 30 June 2024. Such fair value accounted for 0.10% 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\$8,131,000 for the six months ended 30 June 2024, as a result of decrease in the share price of Citychamp Dartong from RMB2.51 (equivalent to HK\$2.77) as at 31 December 2023 to RMB1.75 (equivalent to HK\$1.88) as at 30 June 2024.

#### *Min Xin Holdings Limited*

Min Xin Holdings Limited (“Min Xin”) (Stock code: 222) is a company engaged in financial services, insurance, property investment and strategic investment. As at 30 June 2024, the investment in Min Xin measured at fair value through other comprehensive income was HK\$179,826,000, i.e. 88,150,000 shares at the market price of HK\$2.04 per share as at 30 June 2024. The Group intends to hold these shares on a long-term basis. Such fair value of the investment accounted for 1.02% of the Group’s total assets. These shares held by the Group accounted for 14.76% of the total issued share capital of Min Xin as at 30 June 2024.

The Group incurred a net loss on fair value change in Min Xin’s investment of HK\$74,928,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: net gain of HK\$38,786,000), as a result of decrease in the share price of Min Xin from HK\$2.89 as at 1 January 2024 to HK\$2.04 as at 30 June 2024. For the six months ended 30 June 2024, the Group received HK\$7,934,000 (six months ended 30 June 2023: HK\$10,578,000) dividend income from Min Xin.

Besides, the Group also held 2,100,000 shares of Min Xin as at 30 June 2024, which were classified as trading portfolio investments.

### **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\$11,992,000 (six months ended 30 June 2023: HK\$11,264,000). Net profit after tax from the property investment business for the six months ended 30 June 2024 was HK\$11,729,000 (six months ended 30 June 2023: HK\$10,238,000).

#### **Headquarters and Other Subsidiaries**

Losses from administrative expenses, finance costs and income tax of the headquarters and other non-major subsidiaries and/or non-major categories of businesses for the six months ended 30 June 2024 was HK\$24,365,000 (six months ended 30 June 2023: HK\$63,669,000).

### **FINANCIAL POSITION**

#### **(1) Liquidity, Financial Resources and Capital Structure**

As at 30 June 2024, the Group had non-pledged cash and bank balances of approximately HK\$1,282,023,000 (31 December 2023: HK\$3,749,474,000). Based on the borrowings of HK\$639,941,000 (31 December 2023: HK\$681,254,000), due to a shareholder of HK\$9,025,000 (31 December 2023: HK\$9,025,000), due to directors of HK\$71,274,000 (31 December 2023: HK\$66,772,000), due to a related company of HK\$142,774,000 (31 December 2023: HK\$148,000,000), due to an associate of HK\$37,023,000 (31 December 2023: HK\$50,000,000) and shareholders' equity of HK\$3,830,783,000 (31 December 2023: HK\$4,166,700,000), 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 23.5% (31 December 2023: 22.9%).

As at 30 June 2024, the Group's bank borrowings amounting to HK\$512,187,000 were repayable within one year, representing 90.3% of the total bank 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\$230,461,000 (31 December 2023: HK\$252,528,000).



### (3) Capital Commitment

As at 30 June 2024, capital commitments were approximately HK\$270,000,000 in total (31 December 2023: 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 2024.

## FINANCIAL REVIEW

### (1) Total Assets

Total assets increased to HK\$17,545,644,000 as at 30 June 2024 from HK\$16,531,006,000 as at 31 December 2023.

#### *Cash and deposits*

	<b>30 June 2024</b>	31 December 2023	Increase/ (decrease) Amount	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
Cash and bank balance	<b>59,637</b>	66,625	(6,988)	10.5
Cash held on behalf of clients	<b>59,868</b>	6,957	52,911	760.5
Sight deposits with central banks	<b>1,227,386</b>	3,687,849	(2,460,463)	(66.7)

#### *Due from banks*

	<b>30 June 2024</b>	31 December 2023	Increase/ (decrease) Amount	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
Due from banks on a daily basis	<b>4,698,213</b>	1,908,088	2,790,125	146.2
Due from banks other claims	<b>83,596</b>	185,560	(101,964)	(54.9)
Due from banks – precious metal	<b>153,017</b>	130,989	22,028	16.8
Valuation adjustments	<b>(265)</b>	(1,669)	1,404	84.1

## (2) Investments

The investment as at 30 June 2024 included (a) trading portfolio investments of HK\$40,981,000; (b) derivative financial assets of HK\$4,244,000; (c) other financial assets at amortised cost of HK\$3,055,197,000; and (d) other financial assets at fair value through other comprehensive income of HK\$202,426,000 (the “Investments”).

### (a) Trading portfolio investments of HK\$40,981,000

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
<b>Equity Instruments</b>		
Listed equity instruments in Hong Kong at market value	<u>9,948</u>	<u>629</u>
<b>Debt instruments</b>		
Unlisted debt instruments of financial institutions	<u>4,482</u>	<u>189</u>
<b>Investment fund units</b>		
Unlisted investment fund units	<u>19,605</u>	<u>19,890</u>
<b>Investments in other financial products</b>	<u>6,946</u>	<u>6,850</u>
<b>Total trading portfolio investments</b>	<u><u>40,981</u></u>	<u><u>27,558</u></u>

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 2024, there were HK\$9,948,000 invested in a variety of listed equities in Hong Kong.

The debt instruments of HK\$4,482,000 invested in the Mainland China by PRC company.

Trading assets of CHF1.0 million (equivalent to HK\$8,876,000) 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\$6,946,000 invested by Eternal Brands Limited, a subsidiary of the Group.

**(b) Derivative financial assets of HK\$4,244,000**

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
Forward and option contracts	<u><b>4,244</b></u>	<u>5,136</u>

In the derivative financial assets of HK\$4,244,000, 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\$3,055,197,000*

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
<b>Listed debt instruments, at amortised cost</b>		
Issued by:		
Governments and public sector	<b>1,884,122</b>	891,891
Financial institutions	<b>670,756</b>	430,835
Corporations	<b>500,319</b>	556,079
	<b><u>3,055,197</u></b>	<b><u>1,878,805</u></b>

As at 30 June 2024, Bendura Bank invested in listed debt instruments issued by government and public sector, financial institutions and corporations amounting to HK\$3,055,197,000. The portfolio was composed of 80 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 0.8%. Largest single investments are bonds issued by Euro Stability Mechanism (CHF26 million) and Treasury Bills (CHF22 million). Both issuers are triple-A and F1 + rated respectively. Risk concentration is analyzed and presented to the senior management on a monthly basis.

Relatively major listed debt instruments as at 30 June 2024 are as follows:

<b>Issuer</b>	<b>Nature of interest rate</b>	<b>Sector</b>	<b>Maturity date</b>	<b>Value (CHF'000)</b>
Asian Infrastructure Inv	Fixed	Financial corporations	14 February 2028	<b>5,092</b>
Nestle Holdings Inc	Fixed	Non-financial corporations	13 March 2026	<b>6,297</b>
Henkel Ag & Co Kgaa	Fixed	Non-financial corporations	17 November 2026	<b>6,619</b>
Amazon.Com Inc	Fixed	Non-financial corporations	12 May 2026	<b>6,685</b>
Dbbs Bank Ltd	Fixed	Financial corporations	26 October 2026	<b>8,240</b>
Treasury Bill	Zero	General governments	18 July 2024	<b>8,898</b>
Efsf	Fixed	General governments	11 October 2024	<b>12,400</b>
Treasury Bill	Zero	General governments	06 August 2024	<b>22,285</b>
Euro Stability Mechanism	Fixed	General governments	16 December 2024	<b>25,560</b>
Others				<b>249,598</b>
Total				<b>351,674</b>
HKD Equivalent to (in '000)				<b>3,055,197</b>

Collectively, listed debt instruments at amortised cost accounted for 17.4% of the Group's total assets.

As at 31 December 2023, Bendura Bank invested in listed debt instruments issued by government and public sector, financial institutions and corporations amounting to HK\$1,878,805,000. The portfolio was composed of 94 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 2.40 years. Largest single investments are bond issued by ESM Treasury Bill matured in May 2024 (CHF25 million) and ESM Treasury Bill matured in February 2024 (CHF12 million). Both are triple-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 2023 are as follows:

Issuer	Nature of interest rate	Sector	Maturity date	Value (CHF'000)
Kfw	Fixed	Financial corporations	15 March 2028	4,633
Asian Infrastructure Inv	Fixed	Financial corporations	14 February 2028	4,907
Nestle Holdings Inc	Fixed	Non-financial corporations	13 March 2026	5,898
Amazon.com Inc	Fixed	Non-financial corporations	12 May 2026	6,713
Henkel AG & Co KGaA	Fixed	Non-financial corporations	17 November 2026	6,716
Intl Bk Recon & Develop	Fixed	Financial corporations	19 March 2024	8,409
DBS Bank Ltd	Fixed	Financial corporations	26 October 2026	8,410
ESM Tbill	Zero Coupon	General governments	22 February 2024	12,007
ESM Tbill	Zero Coupon	General governments	23 May 2024	24,703
Others				<u>120,083</u>
Total				<u>202,479</u>
HKD Equivalent to (in '000)				<u><u>1,878,805</u></u>

**(d) Other financial assets at fair value through other comprehensive income of HK\$202,426,000**

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
Listed equity instruments in Hong Kong	<b>179,826</b>	254,754
Listed equity instruments outside Hong Kong	<b>17,212</b>	25,342
Unlisted equity investment	<b>5,388</b>	5,531
	<u><b>202,426</b></u>	<u>285,627</u>

Listed equity instruments of HK\$17,212,000 related to investment in Citychamp Dartong and HK\$179,826,000 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\$13,517,434,000 as at 30 June 2024 from HK\$12,165,712,000 as at 31 December 2023, mainly attributable to decrease in due to clients.

#### *Due to clients*

	30 June 2024 HK\$'000	31 December 2023 HK\$'000	Increase/ (decrease) Amount HK\$'000	%
Due to clients – precious metals	153,049	131,180	21,869	16.7
Other amounts due to clients, mainly bank deposits	<u>11,349,543</u>	<u>10,024,131</u>	<u>1,325,412</u>	<u>13.2</u>

### (4) Gross Profit from Non-banking and Financial Businesses

Gross profit from non-banking and financial businesses was HK\$224,068,000, a decrease of HK\$87,425,000 or 28.1%.

### (5) EBITDA

EBITDA was HK\$83,843,000, a decrease of HK\$38,920,000 or 31.7%.

### (6) Selling and Distribution Expenses

Total selling and distribution expenses was HK\$153,846,000, a decrease of HK\$27,141,000 or 15.0%.

### (7) Administrative Expenses

Total administrative expenses was HK\$330,200,000, an increase of HK\$9,157,000 or 2.9%.

### (8) Share of Profit of Associates

The share of profit of Fair Future Industrial Limited and its subsidiaries (“Fair Future”), a 25% owned associate and Shun Heng Finance Holding, a 30% owned associate of the Group, was HK\$5,655,000 (six months ended 30 June 2023: HK\$1,962,000). 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\$22,045,000, representing a decrease of HK\$16,896,000 or 43.4%. It was composed of the interest charged on bank borrowings, bank overdrafts and lease liabilities.

**(10) Net Profit Attributable to Owners of the Company**

Net profit attributable to owners of the Company was HK\$7,024,000 (six months ended 30 June 2023: HK\$19,921,000).

**(11) Inventories**

Inventories was HK\$1,661,795,000, a decrease of 8.0% from HK\$1,805,899,000 as at 31 December 2023.

**(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.

**CORPORATE GOVERNANCE**

The Board of Directors (“Board”) and the management of the Company are committed to the maintenance of good corporate governance practices and procedures of the Group. The Company believes that good governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancement of shareholder value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders. With the support from internal and external auditors and other professional advisors, the Group maintains a robust corporate governance framework.

**ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)**

The approach to ESG is shaped by our purpose and values, and a desire to create sustainable long-term value for our stakeholders. As a corporate citizen, the Group understands the critical importance of the global low-carbon transition and a positive impact in helping to tackle challenges and realize opportunities. The Group aims to bring positive influence to environment and wellbeing of society.

To adapt to the new climate-related disclosure requirements on ESG under The Stock Exchange of Hong Kong Limited commencing from 2025, the Group has set up working group responsible for ESG issues, including familiarizing with the reporting requirements and calculations methods, undertaking a gap analysis, reviewing existing internal governance and risk management processes and seeking to integrate sustainability and financial reporting.



## **RISK MANAGEMENT**

We recognize that the primary role of risk management is to protect our business, colleagues, shareholders and the communities that we serve, while ensuring the Group is able to support its strategy and provide sustainable growth.

An effective risk management and sound internal control are pivotal importance of the success of the Group. Our risk function plays an important role in reinforcing our culture and values. The Group continues to monitor, and seek to manage, the potential implications of all the above developments on our customers and our business. As of the private banking business, we closely monitor the geopolitical and economic developments in key markets and sectors and actively manage our credit portfolio through enhanced monitoring, thematic reviews and internal stress tests.

## **OUTLOOK**

Mainland China's economic fundamentals have remained largely solid. Data of the first half of 2024 indicated the economic growth was 5.3% p.a. and 4.7% p.a. for the first and second quarter of 2024 respectively.

The economic situation of Mainland China in the second half of 2024 will remain challenging as the weakness in the property prices and the geopolitical tensions are yet to be resolved satisfactorily.

The summary of the Third Plenum Session on 18 July 2024 was to leverage the role of the market, foster a fairer and more dynamic market environment and make resource allocation as efficient as possible. Given the mentioned guiding principles and with the objective of expanding aggregate demand and boost growth, the Central Government is expected to initiate a slew of measures, as evidenced by the recent policies of consumer goods (appliances and EVs) trade-ins, the issuance of ultra-long special treasury bonds, and the conversion of unsold housing inventory into subsidized housing, to boost industrial investment and technological advances and consumption. It is estimated that the Central Government continue to harness macroeconomic regulation tools and leverage reform measures to foster new quality production forces and transition toward new growth drivers, following the Third Plenum Session.

In the medium and long term, successful industrial investment and technological advances could improve innovation and productivity, thereby increasing Mainland China's growth potential. Stronger consumer and business sentiment may gradually improve. The consumer spending, a key factor hindering recovery for the demand for our watches in Mainland China, may accordingly improve in 2025.

Bendura Bank continues to benefit from the persistently high level of interest rates in 2024, although the USD interest is expected to reduce slightly in September 2024 and fall slightly further in the fourth quarter of 2024.

## **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 2024, the Group had approximately 2,280 full-time staff in Hong Kong and Mainland China and approximately 245 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 2024 (six months ended 30 June 2023: Nil).

## **CORPORATE GOVERNANCE CODE**

During the six months period ended 30 June 2024, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix C1 to 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 attend general meetings to gain and develop a balanced understanding of the views of shareholders. Two Independent Non-executive Directors did not attend the annual general meeting of the Company held on 28 May 2024 due to other business engagement.

- **CG Code F.2.2**

CG 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 28 May 2024 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 2024.

## **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

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 2024), 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

*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

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*

Teguh Halim (*Committee Chairman*)

Siu Chun Wa

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 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any Company’s listed securities (whether on the Stock Exchange or otherwise).

### **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 2024. 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 2024 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 2024.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The 2024 interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.irasia.com/listco/hk/citychamp](http://www.irasia.com/listco/hk/citychamp) and [www.citychampwj.com](http://www.citychampwj.com)), and the 2024 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.

## **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.

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

Hong Kong, 29 August 2024

*As at the date of this announcement, the executive directors of the Company are Mr. Hon Kwok Lung, Mr. Siu Chun Wa, 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 and Mr. Kam, Eddie Shing Cheuk.*