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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

The board of directors (the "Board") of Citychamp Watch & Jewellery Group Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017 together with the consolidated statement of financial position of the Group as at 31 December 2017, and the notes with comparative figures for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Interest income from banking business		**120,604**	26,934
Interest expenses from banking business		**(25,612)**	(8,951)
Net interest income from banking business	5(a)	**94,992**	17,983
Service fees and commission income from banking business		**307,041**	95,896
Service fees and commission expenses from banking business		**(94,425)**	(23,301)
Net service fees and commission income from banking business	5(b)	**212,616**	72,595
Trading income from banking business	5(c)	**65,227**	18,902
Service fees and commission income from financial business	5(d)	**9,307**	–
Interest income from financial business	5(d)	**128**	–
Sales of goods from non-banking and financial business	5(e)	**2,583,495**	2,811,352
Rental income from non-banking and financial business	5(e)	**16,936**	19,123
Total revenue		**2,982,701**	2,939,955
Cost of sales from non-banking and financial businesses		**(1,226,494)**	(1,296,518)
Other ordinary income and other net gains or losses	6	**1,300,392**	63,165
Selling and distribution expenses		**(800,923)**	(841,444)
Administrative expenses		**(774,011)**	(648,477)
Share of loss of joint ventures		**(1,159)**	–
Share of profit of associates		**20,711**	23,134
Finance costs from non-banking business	7	**(68,453)**	(79,447)
Profit before income tax	8	**1,432,764**	160,368
Income tax expense	9	**(221,566)**	(96,528)
Profit for the year		**1,211,198**	63,840
Other comprehensive income			
Item that will not be subsequently reclassified to profit or loss			
– Remeasurement of net defined benefit obligations		**15,186**	14,368
Items that may be subsequently reclassified to profit or loss			
– Exchange differences on translation to presentation currency		**233,906**	(226,038)
– Release of exchange reserve to profit or loss upon disposal of subsidiaries		**(2,809)**	4,701
– Share of exchange differences on translation of associates		**96**	(112)
– Changes in fair value of available-for-sale financial assets		**(5,041)**	(75,210)
		226,152	(296,659)
Other comprehensive income for the year		**241,338**	(282,291)
Total comprehensive income for the year		**1,452,536**	(218,451)
Profit for the year attributable to:			
Owners of the Company		**1,170,484**	36,703
Non-controlling interests		**40,714**	27,137
		1,211,198	63,840
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,395,850**	(227,203)
Non-controlling interests		**56,686**	8,752
		1,452,536	(218,451)
Earnings per share attributable to owners of the Company	12		
– Basic		**HK26.91 cents**	HK0.84 cent
– Diluted		**HK26.87 cents**	HK0.84 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	**2017 HK$'000**	2016 HK$'000
Assets			
Cash and deposits		**7,420,678**	5,066,901
Due from clients		**1,011,516**	627,809
Due from banks		**5,921,878**	5,295,369
Trading portfolio investments		**641,031**	197,089
Income tax recoverable		**10,133**	9,693
Derivative financial assets		**4,680**	2,338
Trade receivables	13	**506,287**	461,585
Inventories		**2,027,191**	1,996,187
Available-for-sale financial assets		**488,368**	351,352
Held-to-maturity investments		**1,138,704**	338,709
Short-term investments		**–**	112,969
Interests in joint ventures		**5,117**	–
Interests in associates		**99,648**	88,841
Property, plant and equipment		**1,027,303**	948,022
Investment properties		**125,384**	107,779
Prepaid land lease payments		**51,083**	59,042
Intangible assets	14	**13,136**	124,904
Goodwill	15	**906,036**	862,834
Deferred tax assets		**6,900**	10,741
Other assets		**450,598**	593,656
Total assets		**21,855,671**	17,255,820
Liabilities			
Due to banks		**3,042**	3,007
Due to clients		**14,270,089**	10,393,047
Derivative financial liabilities		**35,656**	2,050
Trade payables	16	**305,798**	349,837
Corporate bonds		**732,978**	692,127
Income tax payables		**101,985**	87,654
Borrowings		**583,269**	1,190,340
Provisions		**721**	532
Subordinated debt		**95,674**	83,345
Deferred tax liabilities		**8,188**	33,196
Other liabilities		**570,145**	567,995
Total liabilities		**16,707,545**	13,403,130
Equity			
Equity attributable to owners of the Company			
Share capital		**435,032**	434,682
Reserves		**4,369,849**	3,198,199
		4,804,881	3,632,881
Non-controlling interests		**343,245**	219,809
Total equity		**5,148,126**	3,852,690
Total liabilities and equity		**21,855,671**	17,255,820

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL INFORMATION

Citychamp Watch & Jewellery Group Limited (the "Company") is a limited liability company incorporated in Cayman Islands. Its registered office address is P.O. Box 309, Ugland House, South Church Street, Grand Cayman, Cayman Islands and its principal place of business is Units 1902-04, Level 19, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year, the principal activities of the Company and its subsidiaries (together referred to as the "Group") include:

– Manufacturing and distribution of watches and timepieces;

– Property investments; and

– Banking and financial businesses.

The Group has completed the acquisition of entire equity interest in Shun Heng Securities Limited ("Shun Heng") and Hong Kong Metasequoia Capital Management Limited ("Metasequoia Capital") in February 2017.

In September 2017, the Group has completed the disposal of the entire equity interest in Seti Timber Industry (Shenzhen) Co., Ltd. and its subsidiaries ("Seti Timber Group") at the consideration of RMB1,513,515,000 (approximately HK$1,762,703,000). The disposal constituted a discloseable transaction of the Company pursuant to the listing rules, details of which were contained in the announcements of the Company dated 23 March 2017 and 28 March 2017. In December 2017, the Group has completed the disposal of the 51% equity interest in Gold Vantage Industrial Limited and its subsidiaries (together as "Gold Vantage Group") to its associate Fair Future Industrial Limited ("Fair Future") at the consideration of HK$5,100.

Other than the aforementioned transactions, there was no other significant change in the Group's operations during the year.

The Group's principal places of the business are in Hong Kong, Switzerland, United Kingdom, Liechtenstein and the People's Republic of China (the "PRC").

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or revised HKFRSs – effective 1 January 2017

In the current year, the Group has applied for the first time the following new or revised standards, amendments and interpretations (the "new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in the notes to the consolidated cash flows statement.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on these consolidated financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to HKFRS 12 has no impact on these consolidated financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued but are not yet effective and have not been early adopted by the Group.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards[1]
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HKFRS 16	Leases[2]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

Amendments to HKAS 40, Investment Property – Transfers of Investment Property

The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

Amendments to HKFRS 10 and HKAS 28 (2011) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to HKFRS 2 – Classification and Measurement of Share-based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 and the facts and circumstances that exist at that date, the Group have performed a preliminary assessment of the impact of HKFRS 9 to the Group's consolidated financial statements. Application of HKFRS 9 in the future would have impact on the classification and measurement of the Group's financial assets. In addition, the expected credit loss model would result in early provision of credit losses, which are not yet incurred in relation to the Group's financial assets measured at amortised cost. The change in fair value of the Group's financial liabilities designated at FVTPL that is attributable to changes in credit risk could be presented in other comprehensive income. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the completion of the detailed review.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRSs. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments to HKFRS 15 – Revenue from Contracts with customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The directors anticipate that the initial application of the HKFRS 15 will result in changes to the accounting policies relating to revenue recognition. Additional disclosures will also be made in respect of trade receivables and revenue recognition, including any significant judgement and estimation made. The directors have performed a preliminary analysis of the requirements of the initial application of the HKFRS 15 and have anticipated that the adoption of HKFRS 15 will not have a material impact on the consolidated financial statements of the Group.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group may be required to recognise a right-of-use assets and corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirement may result in change in measurement, presentation and disclosure as indicated above. The Group is currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the Group completes the review.

HK(IFRIC)-Int 22 – Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially acquirees the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

The Group is in the progress of making assessments of the potential impact of these new or revised HKFRSs upon initial application.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the HKICPA. The consolidated financial statements also included the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

3.2 Basis of measurement

The consolidated financial statements have been prepared under historical cost basis except for investment properties and financial instruments including trading portfolio investments, derivative financial instruments and available-for-sale financial assets, which are measured at fair value. The adoption of new or revised HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 2.

It should be noted that accounting estimates and assumptions are used in preparing these consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

3.3 Functional and presentation currency

The consolidated financial statements are 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.

4. SEGMENT INFORMATION

The chief operating decision-maker, being the Company's executive directors, have re-organised the Group's product and service lines as operating segments as follows:

(a) manufacturing 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.

2017

	Watches and timepieces HK$'000	Property investments HK$'000	Banking and financial businesses HK$'000	Total HK$'000
Segment revenue:				
Net interest income from banking business	–	–	**94,992**	**94,992**
Net service fees and commission income from banking business	–	–	**212,616**	**212,616**
Trading income from banking business	–	–	**65,227**	**65,227**
Service fees and commission income from financial business	–	–	**9,307**	**9,307**
Interest income from financial business	–	–	**128**	**128**
Sales of goods from non-banking and financial businesses	**2,583,495**	–	–	**2,583,495**
Rental income from non-banking and financial businesses	–	**16,936**	–	**16,936**
Total revenue	**2,583,495**	**16,936**	**382,270**	**2,982,701**
Segment results	**98,979**	**24,420**	**156,527**	**279,926**
Unallocated corporate income and expenses, net				**(152,179)**
Gain on disposal of subsidiaries				**1,353,795**
Share of loss of joint ventures				**(1,159)**
Share of profit of associates				**20,711**
Finance costs from non-banking business				**(68,330)**
Profit before income tax				**1,432,764**
Income tax expense				**(221,566)**
Profit for the year				**1,211,198**
Segment assets	**4,609,858**	**125,817**	**15,880,189**	**20,615,864**
Unallocated corporate assets:				
– Interests in associates				**99,648**
– Interests in joint ventures				**5,117**
– Available-for-sale financial assets				**249,796**
– Trading portfolio investments				**495,751**
– Cash and deposits				**247,488**
– Other unallocated corporate assets				**142,007**
Consolidated total assets				**21,855,671**
Segment liabilities	**661,219**	**26,739**	**14,574,259**	**15,262,217**
Unallocated corporate liabilities:				
– Corporate bonds				**732,978**
– Borrowings				**583,269**
– Other unallocated corporate liabilities				**129,081**
Consolidated total liabilities				**16,707,545**
Other segment information				
Provision for impairment loss on trade receivables	**8,110**	–	–	**8,110**
Impairment loss on intangible assets	**123,378**	–	–	**123,378**
Impairment loss on goodwill	**19,000**	–	–	**19,000**
Reversal of impairment due from banks and customers credit risks, net	–	–	**96**	**96**
Provision for inventories	**43,258**	–	–	**43,258**
Depreciation and amortisation	**104,655**	**2,231**	**10,401**	**117,287**
Additions to non-current assets	**162,322**	–	**9,109**	**171,431**
Net surplus on revaluation of investment properties	–	**17,605**	–	**17,605**
Gain on disposal of subsidiaries	**28,247**	–	–	**28,247**

2016

	Watches and timepieces HK$'000	Property investments HK$'000	Banking and financial business HK$'000	Total HK$'000
Segment revenue:				
Net interest income from banking business	–	–	17,983	17,983
Net service fees and commission income from banking business	–	–	72,595	72,595
Trading income from banking business	–	–	18,902	18,902
Sales of goods from non-banking business	2,811,352	–	–	2,811,352
Rental income from non-banking business	–	19,123	–	19,123
Total revenue	2,811,352	19,123	109,480	2,939,955
Segment results	201,582	3,079	53,988	258,649
Unallocated corporate income and expenses, net				(41,968)
Share of profit of associates				23,134
Finance costs from non-banking business				(79,447)
Profit before income tax				160,368
Income tax expense				(96,528)
Profit for the year				63,840
Segment assets	4,618,884	201,017	11,518,558	16,338,459
Unallocated corporate assets:				
– Interests in associates				88,841
– Available-for-sale financial assets				254,512
– Trading portfolio investments				187,362
– Short–term investments				112,969
– Cash and deposits				70,453
– Other unallocated corporate assets				203,224
Consolidated total assets				17,255,820
Segment liabilities	688,546	68,786	10,608,974	11,366,306
Unallocated corporate liabilities:				
– Corporate bonds				692,127
– Borrowings				1,190,340
– Other unallocated corporate liabilities				154,357
Consolidated total liabilities				13,403,130
Other segment information				
Provision for impairment loss on trade receivables	12,797	–	–	12,797
Impairment loss on goodwill	70,566	–	–	70,566
Reversal of provisions for litigation risks, net	–	–	1,942	1,942
Reversal of impairment on due from banks and customers credit risks, net	–	–	270	270
Provision for inventories	4,885	–	–	4,885
Reversal of provision for inventories	5,325	–	–	5,325
Depreciation and amortisation	100,074	2,436	3,178	105,688
Additions to non-current assets	182,693	–	202,163	384,856
Net deficit on revaluation of investment properties	–	3,897	–	3,897
(Gain/Loss) on disposal of a subsidiaries	28,699	–	–	28,699

Unallocated corporate income and expenses mainly comprised dividend income from trading portfolio investments and available-for-sale financial assets, gain on fair value changes in trading portfolio investment, gain on fair value changes in the derivative financial assets, gain on repurchase of corporate bonds, impairment of yacht and other corporate income and expenses of the Group's headquarter which are not directly attributable to the business activities of any operating segment. Other corporate expenses mainly included employee costs, directors' remuneration and office rental expenses for administrative purpose.

The Group's revenues from external customers are divided into the following geographical areas:

	Revenue from external customers	
	2017	2016
	HK$'000	HK$'000
Hong Kong	**129,046**	124,585
PRC	**2,070,853**	2,119,637
Switzerland	**21,201**	77,651
United Kingdom	**101,265**	153,689
Liechtenstein	**372,835**	109,480
Others	**287,501**	354,913
	2,982,701	2,939,955

The geographical location of revenue is based on the location of customers.

The Group has a large number of customers and there is no significant revenue that is more than 10% of the Group's revenue derived from specific external customers for the years ended 31 December 2017 and 2016.

5. REVENUE

The Group is principally engaging in manufacturing 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 (notes 5(a), 5(b), 5(c) and 5(d)). 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 (note 5(e)).

Revenue recognised during the year is as follows:

(a) Net interest income from banking business

	2017	2016
	HK$'000	HK$'000
Interest income from banking business arising from:		
Interest income – due from banks	**85,006**	15,937
Interest income – due from clients	**23,405**	8,480
Interest income from trading portfolio investments	**155**	36
Interest income from mortgage loans	**3,751**	727
Interest income from available-for-sale financial assets	**1,945**	413
Interest income from held-to-maturity investments	**5,551**	1,108
Interest income from money market papers	**1,792**	77
Negative interest expense on due to clients	**(1,001)**	156
	120,604	26,934
Interest expenses from banking business arising from:		
Interest expense on due to banks	**(20,620)**	(6,123)
Interest expense on due to clients	**(946)**	(659)
Interest expense for issued debt instruments	**(3,606)**	(941)
Negative interest income on due from banks and clients	**(440)**	(1,228)
	(25,612)	(8,951)
Net interest income from banking business	**94,992**	17,983

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

	2017 HK$'000	2016 HK$'000
Service fees and commission income from banking business arising from:		
Commission income from loans	**2,743**	597
Brokerage fees	**47,871**	17,646
Custody account fees	**27,281**	7,158
Commission on investment advice and asset management	**93,665**	25,585
Commission income from service fees	**78,710**	28,555
Commission income from fiduciary fees	**528**	90
Commission income from retrocession	**3,954**	1,080
Other commission income	**52,289**	15,185
	307,041	95,896
Service fees and commission expenses from banking business	**(94,425)**	(23,301)
Net service fees and commission income from banking business	**212,616**	72,595

(c) Trading income from banking business

	2017 HK$'000	2016 HK$'000
Debt instruments	**598**	(37)
Securities	**298**	8
Forex and precious metals	**63,868**	18,808
Funds	**463**	123
Trading income from banking business	**65,227**	18,902

(d) Revenue from financial business

	2017 HK$'000	2016 HK$'000
Service fees and commission income from financial business	**9,307**	–
Interest income from financial business	**128**	–
Revenue from financial business	**9,435**	–

(e) Revenue from non-banking and financial businesses

	2017 HK$'000	2016 HK$'000
Sales of goods	**2,583,495**	2,811,352
Rental income	**16,936**	19,123
Revenue from non-banking and financial businesses	**2,600,431**	2,830,475

6. OTHER ORDINARY INCOME AND OTHER NET GAINS OR LOSSES

	2017 **HK$'000**	2016 HK$'000
(Loss)/Gain on fair value changes in trading portfolio investments, net	**(5,949)**	68,187
(Loss)/Gain on fair value changes in derivative financial instruments, net	**(11)**	5,098
Net surplus/(deficit) on revaluation of investment properties	**17,605**	(3,897)
Gain/(Loss) on disposal of subsidiaries (note 10)	**1,382,042**	(28,699)
Gain/(Loss) on disposal of property, plant and equipment	**1,711**	(328)
Bank and other interest income from non-banking and financial businesses	**9,723**	22,453
Dividend income from trading portfolio investments	**1,406**	3,358
Dividend income from available-for-sale financial assets	**3,436**	3,558
Exchange gain, net	**–**	5,367
Sales of scrap materials	**217**	3,471
Other operating income	**4,453**	4,993
Government subsidies (note (a))	**26,672**	31,587
Gain on repurchase of corporate bonds	**–**	312
Impairment loss on intangible assets (note 14)	**(123,378)**	–
Impairment loss on goodwill (note 15)	**(19,000)**	(70,566)
Reversal of provisions for litigation risks, net	**–**	1,942
Reversal of impairment on due from banks and customers credit risks, net	**96**	270
Other sundry income, net	**1,369**	16,059
	1,300,392	63,165

Note:

(a) Government subsidies mainly comprised of unconditional subsidies received for subsidising the Group's business.

7. FINANCE COSTS FROM NON-BANKING BUSINESS

	2017 **HK$'000**	2016 HK$'000
Interest charged on corporate bonds	**30,534**	30,222
Interest charged on bank borrowings and bank overdrafts	**37,719**	49,225
Margin loan interest	**200**	–
	68,453	79,447

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2017 HK$'000	2016 HK$'000
Cost of inventories recognised as expense, including:	**1,226,494**	1,296,518
– Reversal of provision for inventories (note (c))	**–**	(5,325)
– Provision for inventories	**48,383**	10,231
Depreciation and amortisation	**122,797**	111,762
– Depreciation (note (a))	**119,767**	107,363
– Amortisation of prepaid land lease payments (note (b))	**1,219**	949
– Amortisation of intangible assets (note (b))	**1,811**	3,450
Lease payments under operating leases in respect of:		
– Land and buildings	**56,964**	53,007
– Plant and machinery	**1,400**	1,386
Auditor's remuneration	**4,300**	3,900
Gross rental income	**(16,936)**	(19,123)
Less: direct operating expenses	**3,970**	3,487
Net rental income	**(12,966)**	(15,636)
Research and development expenses (note (b))	**54,317**	61,270
Impairment loss on trade receivables	**8,110**	12,797

Notes:

(a) Depreciation expense of HK$15,082,000 (2016: HK$20,271,000) has been included in cost of sales from non-banking and financial businesses, HK$50,159,000 (2016: HK$42,009,000) in selling and distribution expenses and HK$54,526,000 (2016: HK$45,083,000) in administrative expenses.

(b) Amortisation expenses and research and development expenses had been included in the administrative expenses.

(c) The reversal of provision for inventories made in prior years arose mainly due to an increase in the estimated net realisable value of certain finished goods as a result of improved sales performance.

9. INCOME TAX EXPENSE

For the year ended 31 December 2017 and 2016, Hong Kong profit tax has been provided for certain subsidiaries within the Group and is calculated at 16.5% on the estimated assessable profits. The subsidiaries established in the PRC are subject to income taxes at tax rates ranging between 15% and 25% (2016: 15% and 25%). Overseas tax is calculated at the rates applicable in the respective jurisdictions.

The Group is also subject to PRC withholding tax at the rate of 5% or 10% (2016: 5% or 10%) in respect of its PRC sourced income earned, including rental income from properties in the PRC, dividend income derived from PRC incorporated company and profit arising from the transfer of equity interest in PRC incorporated company.

	2017 HK$'000	2016 HK$'000
Current tax for the year		
Hong Kong	**465**	15
PRC	**224,845**	91,319
Liechtenstein	**19,059**	10,554
Switzerland	**812**	240
Under/(Over)-provision in respect of prior years		
Switzerland	**–**	14
United Kingdom	**–**	(1,528)
Deferred tax for the year	**(23,615)**	(4,086)
Total income tax expense	**221,566**	96,528

10. DISPOSAL OF SUBSIDIARIES

10.1 Disposal of Seti Timber Group

The Group's gain on disposal of Seti Timber Group for the year ended 31 December 2017 were set out as follows:

	HK$'000
Net assets disposed of	**414,530**
Non-controlling interests	**(2,670)**
Release of exchange reserve upon disposal	**(2,952)**
	408,908
Less: Total consideration	**(1,762,703)**
Gain on disposal of Seti-Timber Group (note 6)	**(1,353,795)**

The cash consideration of RMB1,400,000,000 (equivalent to HK$1,630,446,000) in respect of disposal of Seti Timber Group has been fully received by the Group during the year ended 31 December 2017.

10.2 Disposal of Gold Vantage Group

The Group's gain on disposal of Gold Vantage Group for the year ended 31 December 2017 were set out as follows:

	HK$'000
Net liabilities disposed of	**(53,200)**
Non-controlling interests	**24,815**
Release of exchange reserve upon disposal	**143**
	(28,242)
Less: Total consideration	**(5)**
Gain on disposal of Gold Vantage Group (note 6)	**(28,247)**

The cash consideration of HK5,100 from disposal of Gold Vantage Group has been fully received by the Group during the year ended 31 December 2017.

11. DIVIDENDS

At the board meeting held on 28 March 2018, the board of directors resolved to recommend a 2017 final dividend of HK6 cents per ordinary share (2016: Nil). The proposed 2017 final dividend is subject to shareholders' approval in the forthcoming 2018 annual general meeting and has not been recognised as dividend payable as at 31 December 2017, but will be reflected as an appropriation of retained profits/share premium for the year ending 31 December 2018.

The board of directors resolved to recommend a special dividend of HK5 cents per share for the year ended 31 December 2016. The proposed special dividend for the year ended 31 December 2016 was approved by the shareholders in the 2017 annual general meeting held on 26 May 2017 and had been paid to the Company's shareholders during the year 31 December 2017. The board of directors has not recommend a special dividend for the year ended 31 December 2017.

12. EARNINGS PER SHARE

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

Earnings	2017 HK$'000	2016 HK$'000
Profit attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	**1,170,484**	36,703

Number of shares	2017 Number of shares '000	2016 Number of shares '000
Weighted average number of shares for the purpose of calculating basic earnings per share	**4,350,313**	4,367,238
Effect of dilutive potential shares:		
– share options issued by the Company	**5,752**	9,314
Weighted average number of shares for the purpose of calculating diluted earnings per share	**4,356,065**	4,376,552

13. TRADE RECEIVABLES

As at 31 December 2017, the Group's trade receivable is amounted to HK$506,287,000 (2016: HK$461,585,000), in which HK$500,980,000 (2016: HK$461,585,000) is arising from watch and timepieces business and HK$5,307,000 (2016: Nil) is arising from financial business.

The Group's trading terms with its customers of watches and timepieces business 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 (2016: one to six months) for major customers. The credit term for customers is determined by the management according to industry practice together with consideration of their creditability. In view of the aforementioned and the fact that the Group's trade receivables are related to a wide range of customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

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

	2017 HK$'000	2016 HK$'000
1 to 3 months	**407,744**	364,628
4 to 6 months	**44,480**	39,784
Over 6 months	**48,756**	57,173
	500,980	461,585

14. INTANGIBLE ASSETS

	Supplier and distribution networks HK$'000	Brand names HK$'000	Patents HK$'000	Trading rights HK$'000	Total HK$'000
Year ended 31 December 2017					
Opening carrying amount	**6,814**	**117,796**	**294**	**–**	**124,904**
Acquisition of subsidiaries (notes 17(a) and 17(b))	**–**	**–**	**–**	**7,246**	**7,246**
Impairment loss for the year (note 6)	**–**	**(123,070)**	**(308)**	**–**	**(123,378)**
Amortisation	**(1,672)**	**(74)**	**(65)**	**–**	**(1,811)**
Exchange realignment	**443**	**5,653**	**79**	**–**	**6,175**
Closing carrying amount	**5,585**	**305**	**–**	**7,246**	**13,136**

Intangible assets with indefinite useful lives amounted to HK$27,011,000 (2016: HK$25,946,000) are attributable to the CGU of Montres Corum Sarl and its subsidiaries (together the "Corum Group"). The recoverable amount of the CGU of Corum Group has been determined from value-in-use calculation in which overall negative cash flow is expected. The recoverable amount of the CGU of Corum Group as at 31 December 2017 would be nil. In the opinion of the directors of the Company, the revenue growth of Corum Group is not achieved as previously expected and it is uncertain that those intangible assets could generated economic benefit to Corum Group. As such, an impairment loss on the intangible assets of HK$27,011,000 (2016: Nil) was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2017.

Intangible assets with indefinite useful lives amounted to HK$96,058,000 (2016: HK$91,494,000) and intangible assets with definite useful lives amounted to HK$309,000 (2016: HK$294,000) are attributable to the CGU of The Dreyfuss Group Limited and its subsidiaries ("Dreyfuss Group"). An impairment loss on the intangible assets of HK$96,367,000 (2016: Nil) was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2017.

15. GOODWILL

The amount of goodwill capitalised as an asset recognised in the consolidated statement of financial position, arising from business combinations, is as follows:

	2017 HK$'000	2016 HK$'000
Year ended 31 December		
Opening carrying amount	**862,834**	741,636
Acquisition of subsidiaries (notes 17(a) and 17(b))	**3,080**	242,875
Impairment loss (note)	**(19,000)**	(70,566)
Exchange realignment	**59,122**	(51,111)
Closing carrying amount	**906,036**	862,834

Note:

Dreyfuss Group incurred loss for the year ended 31 December 2017 and the revenue growth and the plan of new market development are not achieved as previously expected. The directors of the Company considered the goodwill arising from the acquisition of Dreyfuss Group should be impaired. Recoverable amount of the CGU of Dreyfuss Group as at 31 December 2017 will be nil (2016:HK$123,273,000). An impairment loss on the goodwill of HK$19,000,000 (2016: HK$70,566,000) was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2017.

16. TRADE PAYABLES

As at 31 December 2017, the Group's trade payable is amounted to HK$305,798,000 (2016: HK$349,837,000), in which HK$262,629,000 (2016: HK$349,837,000) is arising from watch and timepieces business and HK$43,169,000 (2016: Nil) is arising from financial business.

The credit terms of trade payables to watches and timepieces business vary according to the terms agreed with different suppliers. Ageing analysis of trade payables arising from watches and timepieces business as at the reporting dates, based on the invoice dates, is as follows:

	2017	2016
	HK$'000	HK$'000
1 to 3 months	**172,581**	268,590
4 to 6 months	**23,410**	21,771
Over 6 months	**66,638**	59,476
	262,629	349,837

Trade payables to watches and timepieces business are non-interest bearing.

17. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of Shun Heng

In February 2017, the Group acquired the entire interest of Shun Heng, a company licensed to conduct Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (the "SFO"). Following the acquisition, the Group obtained the control over the Shun Heng through the Company's right to nominate majority members of Shun Heng's board of directors, and Shun Hung became a subsidiary of the Company. The acquisition provides an opportunity for the Group to participate in the securities trading industry in Hong Kong and allow the Group to broaden the revenue and income stream.

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

	HK$'000
Cash consideration	24,800
Less: Fair value of net assets acquired	(23,999)
Goodwill (note 15)	801

The goodwill of HK$801,000, which is not deductible for tax purposes, comprises the acquired workforce and the expected future growth of the financial business to diversify the revenue stream of the existing business of the Group.

The fair values of the identifiable assets and liabilities arising from the acquisition of Shun Heng as at the date of acquisition:

	Fair value HK$'000
Cash and deposits	88,924
Property, plant and equipment	108
Intangible assets (note 14)	2,850
Trading portfolio investments	1,104
Trade receivables	13,416
Other assets	2,516
Deferred tax liabilities	(256)
Trade payables	(84,574)
Other liabilities	(89)
Fair value of net assets acquired	23,999

Shun Heng contributed revenue of approximately HK$9,395,000 and net profit of approximately HK$3,347,000 to the Group from the date of acquisition to 31 December 2017.

(b) Acquisition of Metasequoia Capital

In February 2017, the Group acquired the entire interest of Metasequoia Capital, a licensed company to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. Following the acquisition, the Group obtained the control over the Metasequoia Capital through the Company's right to nominate majority members of Metasequoia Capital's board of directors, and Metasequoia Capital became a subsidiary of the Company.

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

	HK$'000
Cash consideration	6,000
Less: Fair value of net assets acquired	(3,721)
Goodwill (note 15)	2,279

The goodwill of HK$2,279,000, which is not deductible for tax purposes, comprises the acquired workforce and the expected future growth of the financial business to diversify the revenue stream of the existing business of the Group.

The fair values of the identifiable assets and liabilities arising from the acquisition of Metasequoia as at the date of acquisition are as follow:

	Fair value HK$'000
Cash and deposits	171
Intangible assets (note 14)	4,396
Other assets	21
Deferred tax liabilities	(725)
Other liabilities	(142)
Fair value of net assets acquired	3,721

No revenue has been generated by Metasequoia Capital from 1 January 2017 to 31 December 2017. Metasequoia Capital contributed net loss of approximately HK$213,000 to the Group from the date of acquisition to 31 December 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

For the year ended 31 December 2017, the Group recorded revenue of approximately HK$2,982,701,000 (31 December 2016: HK$2,939,955,000), an increase of HK$42,746,000 or 1.5% over 2016. In terms of watch business, total revenue gained from the Chinese watch brands, namely, Rossini and EBOHR, decreased by approximately 2.2% while total revenue from the foreign brands, namely, Eterna, Corum and Dreyfuss, decreased by approximately 22.5% compared with last year.

Gross profit from non-banking and financial businesses for the year was approximately HK$1,373,937,000 (31 December 2016: HK$1,533,957,000), a decrease of HK$160,020,000 or 10.4% over 2016.

Gross profit earned from banking and financial businesses for the year was approximately HK$382,270,000 (31 December 2016: HK$109,480,000[1]), an increase of HK$272,790,000 or 249.2% over 2016.

The EBITDA for the year was approximately HK$1,641,712,000 (31 December 2016: HK$351,577,000), an increase of HK$1,263,135,000 or 359.3% over 2016.

Operating expenses (including selling and distribution expenses and administrative expenses) for the year was approximately HK$1,574,934,000 (31 December 2016: HK$1,489,921,000), an increase of HK$85,013,000 or 5.7% over 2016.

Net profit after tax for the year was approximately HK$1,211,198,000 (31 December 2016: HK$63,840,000), an increase of HK$1,147,358,000 or 1,797.2% over last year. The substantial increase was due to the gain generated from the disposal of the entire equity interest in Seti Timber Industry (Shenzhen) Co., Ltd.

PERFORMANCE

Notwithstanding the challenging environment, we have collectively made good progress towards our strategic goals. Our Group comprises three key divisions – watches and timepieces businesses, banking and financial businesses, and various investment businesses. These divisions are described in more detail in the following review.

I. Watches and timepieces
   - I.A – Chinese proprietary brands
   - I.B – foreign proprietary brands
   - I.C – non-proprietary brands
   - I.D – production and others

II. Banking and financial businesses
   - II.A – Bendura Bank AG
   - II.B – Global Wealthy Link Limited

III. Various investment businesses
   - III.A – Citychamp Dartong Company Limited
   - III.B – Property investment
   - III.C – Marketable securities
   - III.D – Non-marketable securities

IV. Extraordinary items – disposal of land and properties

[1] Gross profit for the year ended 31 December 2016 comprised the banking business only and covered the period from 20 September 2016, the completion date of acquisition, to 31 December 2016.

I.A. Watches and timepieces – local proprietary brands

Zhuhai Rossini Watch Industry Ltd. ("Rossini")

Revenue in 2017 was HK$1,020,301,000 (approximately RMB884,866,000), an increase of HK$27,749,000 (approximately RMB35,470,000), or 2.8% (4.2% in RMB), from HK$992,552,000 (approximately RMB849,396,000) in 2016. After share of 91% of the Company, the net profit after tax attributable to owners of the Company in 2017 was HK$283,536,000 (approximately RMB245,899,000) compared with HK$291,662,000 (approximately RMB249,596,000) in 2016, a slight decrease of HK$8,126,000 (approximately RMB3,697,000), or 2.8% (1.5% in RMB).

Year	2015	2016	**2017**
No. of distribution outlets	3,190	3,585	**3,857**

The second phase of Rossini's watch cultural and industrial park, which opened in January 2017, accommodates the brand new and expanded global e-commerce centre. Rossini's e-commerce sales has continued to grow year by year as well as its proportion to its total revenue. Rossini will continue to explore more suitable e-commerce platform to complement its existing platforms and the brand. It is expected that the e-commerce will be able to maintain a solid growth rate in the forthcoming years given the trend of e-commerce and customers' consumption habit and behavior in Mainland China.

Year	2015	2016	**2017**
Revenue earned from e-commerce sales	HK$202,381,000	HK$219,175,000	**HK$280,421,000**
Proportion to the total revenue	17.6%	22.1%	**27.5%**

The watch museum located in Rossini's watch cultural and industrial park attracted more than 300,000 tourists in 2017 and generated revenue of approximately HK$35,850,000.

Rossini has expanded sales to overseas markets and has established its footprint in America in 2017. Given the attractive product, competitive price and reliable quality, the potential for overseas expansion is considered tremendous.

In May 2017, Rossini formed a joint venture named Sino Swiss Clock & Watch Technology Limited, which is 70% owned by Rossini. As the joint venture partner is specialized and experienced in watch after-sales services, Rossini is able to provide more efficient and excellent after-sales services in maintaining and repairing movements, and more specifically offer repair and maintenance services for high-end watches.

As one of China's 500 Most Valuable Brands 2017 with brand value exceeding RMB12.28 billion[1], Rossini treats scientific creativity and product quality as the life of an enterprise and the core elements for sustainable development. Following the certification of National Certified Enterprise Technology Centre, Rossini obtained the recognition of National Industrial Design Centre in 2017. Rossini was also awarded The 17th China Quality Award by the China Association for Quality, as the first enterprise who has received such award in the domestic watch industry.

EBOHR Group

EBOHR Group is composed of EB Brand Limited, EBOHR Luxuries International Limited ("EBOHR") and Shenzhen EBOHR Luxuries E-commerce Co., Ltd.

Revenue in 2017 was HK$685,406,000 (approximately RMB594,425,000), a decrease of HK$65,729,000 (approximately RMB48,374,000), or 8.8% (7.5% in RMB), from HK$751,135,000 (approximately RMB642,799,000) in 2016. Net profit after tax in 2017 was HK$70,144,000 (approximately RMB60,833,000), compared with HK$137,992,000 (approximately RMB118,089,000) in 2016, a decrease of HK$67,848,000 (approximately RMB57,256,000), or 49.2% (48.5% in RMB). Provision of approximately HK$31,692,000 was made on inventories for the year ended 31 December 2017.

[1] According to selection processed by The World Brand Laboratory in June 2017

Year	2015	2016	**2017**
No. of distribution outlets	2,910	3,174	**3,155**

Year	2015	2016	**2017**
Revenue earned from e-commerce sales	HK$148,348,000	HK$163,515,000	**HK$185,508,000**
Proportion to the total revenue	15.5%	21.8%	**27.1%**

During 2017, significant efforts were put on the new product designs and the market is receptive to the new product designs.

EBOHR's new production facilities has been fully operational since 2017. Such facilities will be sufficient for development in the years to come.

EBOHR has been acknowledged by The World Brand Laboratory as one of China's 500 Most Valuable Brands for the Year 2017 with a brand value at RMB9.06 billion.

Rossini and EBOHR continued to be the major sources of revenue and accounted for more than 65.6% of the total revenue from non-banking and financial businesses of the Group (2016: 61.6%).

Despite the challenging market conditions for the local proprietary brands, the Group continued to invest in products and business structure so as to strengthen the ability to act quickly on new business opportunities and to further leverage the advantages of our leading marketing position and trusted brand. However, the impact of the ongoing economic transition on the Mainland China will continue to create opportunities and challenges.

The rapid growth of digital economy is changing consumer behavior, and Rossini and EBOHR are aggressively implementing strategies to enhance e-commerce, taking advantage of the trend of shopping through e-commerce platform.

I.B. Watches and timepieces – Foreign proprietary brands

Collectively, foreign proprietary brands contributed revenue and net loss after tax for the year of HK$515,664,000 for the year under review (31 December 2016: HK$664,953,000) and HK$340,068,000 (31 December 2016: HK$255,702,000) respectively. The net loss included an aggregate amount of approximately HK$19,000,000 and HK$123,378,000 of impairment made on goodwill and intangible assets, respectively, related to foreign watch brands.

Corum managed to generate satisfactory results from Asia, amounting to over 40% of its total revenue in 2017. The Japanese market also performed well in the second half of 2017. Products of focus are Golden Bridge and Admiral that help reinforce the perception of Corum as high value watch.

The operation of Eterna is integrated into Corum to achieve cost saving. Markets for Eterna continue to be in Europe, mainly Germany, Austria, Switzerland and Scandinavia. Eterna plans to work on less product lines and focuses on Kontiki, one of its core pillar series.

Dreyfuss continues to be suffering from lagged economy and weak consumer spending affected by Brexit, as the United Kingdom is its largest single market, from which they earned around 80% of revenue in the past years.

Backed by our competitive strengths and deep understanding of the needs of our customers, we will redeploy our resources to realise gains in efficiency and synergy and will build on the good progress we have made to create long-term value.

I.C. Watches and timepieces – non-proprietary brands

Collectively, distribution companies recorded revenue and net loss after tax for the year of HK$216,476,000 (31 December 2016: HK$290,396,000) and HK$895,000 (31 December 2016: HK$3,987,000) respectively.

Owing to the anti-extravagance policies adopted by the PRC Central Government, the demand for the imported mid-range and high-end watches was weakened in the Mainland China market, which affected the revenue and performance of the distribution companies in 2017.

I.D. Watches and timepieces – production

The Group has the capability to produce mechanical movement ranging from basic mechanical movement to tourbillon and fashion watches on OEM basis for local and international brands.

Collectively, production companies contributed revenue and net profit after tax for the year of HK$143,555,000 (31 December 2016: HK$93,416,000) and HK$40,252,000 (31 December 2016: HK$15,421,000) respectively.

In December 2017, the Group disposed the 51% equity interest it held in Gold Vantage Industrial Limited ("Gold Vantage"), which recorded a gain of disposal at approximately HK$28,247,000.

II.A Bendura Bank AG

The Group completed the acquisition of Bendura Bank AG ("Bendura Bank" or the "Bank") in September 2016 and currently holds 84.69% of its equity interest. The Bank aims to accompany its clients from one generation to the next and to provide long-term wealth creation and protection. Our highly qualified employees are multilingual (German, England, Italian, Turkish, Russian, Polish, Czech, Slovak, Serbian, Croatian, Slovenian, Hungarian and Mandarin) with the necessary cultural understanding, which enables efficient market access internationally. Business segments are based on language regions enabling efficient market access, which is considered to be the key success factor.

The range of private banking is comprehensive, focusing on, among others, following areas:

(1) Asset management and investment advice;

(2) Transaction banking; and

(3) Security issuance and investment funds.

The asset under management was CHF3.6 billion as of 31 December 2017 (2016: CHF 2.8 billion) as a result of the quality service related to the asset management and investment advice. The momentum of growth in asset under management and total asset is expected to continue in the medium term. Transaction banking is making rapid strides towards complete transparency. In order to fulfill the regulatory requirements, our clients have to disclose the full financial background to their payment transactions when first requested to do so by correspondent banks, including the identity of the beneficial owner, a profile of the acting persons and documentation on the transaction. Such information is necessary for the counterparty to comply with local regulatory requirements to fight for tax evasion, money laundering and terrorist financing. The Bank processed 13% fewer transactions in 2017 than 2016, leading to a decrease in income of 12%.

Net interest income increased significantly over last year. This was due firstly to the most recent interest rate hikes in the US and the resulting extra income from interbank deposits held in US dollars and secondly to an increase in lending. By contrast, net commission and fee income fell by around 4%, due chiefly to the decline in operating activity in the transaction banking business segment. Stringent cost management also ensured an attractive cost/income ratio of 54.4%.

Revenue contributed by the Bank for 2017 was HK$372,835,000, an increase of HK$263,355,000, or 240.6%, from HK$109,480,000[2] for 2016. After share of 84.69% of the Company, net profit after tax attributable to owners of the Company for 2017 was HK$106,967,000 compared with HK$39,913,000 for 2016[3], an increase of HK$67,054,000, or 168%.

Bolstered by the continuous favorable performance, Bendura Bank improved the capital base that was well above the adequacy limit required under the Liechtenstein banking law. The strong capital base not only enhances the trust from our clients, but also opens the doors for further existing and new business development.

Bendura Bank continues to invest in the Mandarin speaking team so as to work on opportunities for Mandarin-speaking clients. In the fund management services, another fund management company has been set up to cater for the new business originating from the new clients.

To cope with the heavy regulatory pressure, Bendura Bank spends disproportionately high sums on compliance, risk management, control and reporting systems so that it can remain a stable and secure institution.

The unrivalled language and cultural skills of Bendura Bank will help it secure the position as an exclusive bank among the European private banks and develop the business in Asia. Experienced and dedicated professional team will be sent to work in the proposed representative office in Hong Kong. Besides, Bendura Bank is going to recruit university graduates as private banking trainees for the first time in 2018. They will undergo a comprehensive 24-month training program that involves working in all the Bank's main departments, including placements at the fund management subsidiaries and in the representative office in Hong Kong.

II.B Global Wealthy Link Limited

The Group currently conducts securities and asset management business under the ambarella of Global Wealthy Link Limited ("Global Wealthy"), comprising of Shun Heng Securities Limited and Hong Kong Metasequoia Capital Management Limited, both of which were acquired by the Group in February 2017.

Shun Heng Securities Limited

Shun Heng Securities Limited ("Shun Heng"), a corporate licensed to conduct Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (the "SFO"), is mainly engaged in securities brokerage and margin businesses. In addition to the traditional brokerage business, Shun Heng has embarked on the underwriting business for overseas bond issued by Chinese enterprises, which currently undergoes rapid development. As a breakthrough of underwriting business for overseas USD bond issued by Chinese enterprises, Shun Heng completed three underwriting projects as the placing agent, with an aggregate size of US$450 million, in 2017.

Hong Kong Metasequoia Capital Management Limited

Hong Kong Metasequoia Capital Management Limited ("Metasequoia Capital Management"), a corporate licensed to conduct Type 4 (advisory on securities) and Type 9 (asset management) regulated activities under the SFO, is mainly engaged in asset management business. In the first half of 2017, Metasequoia Capital Management completed the offshore fund structuring in Cayman Islands. In August 2017, Metasequoia Capital Management launched the first securities investment fund, the Global Opportunities Fund, and initially raised approximately HK$80 million. Global Opportunities Fund mainly invests in securities market in Hong Kong, US and A shares. In addition, Metasequoia Capital Management is under the preparation process of launching more funds focusing on the bond market.

[2] Revenue for the year ended 31 December 2016 covered period from 20 September 2016, the completion date of acquisition, to 31 December 2016.

[3] Net profit attributable to the owners of the Company for the year ended 31 December 2016 covered period from 20 September 2016, the completion date of acquisition, to 31 December 2016.

III Various Investment Business

III.A Citychamp Dartong Company Limited

As at 31 December 2017, the Group held 30,389,058 shares of Citychamp Dartong Company Limited, representing 2.04% of its entire issued share capital, with a market value of approximately HK$237,959,000.

III.B Property investment

The factory complex in Dongguan, the property on Yan He South Road, Luohu District, Shenzhen, three shop units on Xianghua Road, Zhuhai, in Guangdong Province of Mainland China, and one apartment in Hong Kong owned by the Group have been leased out, with stable rental returns to the Group for the year under review. During the year, these investment properties generated rental income of HK$16,936,000 (31 December 2016: HK$19,123,000).

III.C Marketable securities

As at 31 December 2017, within the marketable securities portfolio in Hong Kong of approximately HK$508 million (31 December 2016: approximately HK$187 million), the Group owned 88,150,000 shares (31 December 2016: 24,312,000 shares) of Min Xin Holding Limited (stock code: 00222) ("Min Xin") with a market value of approximately HK$506,863,000 (31 December 2016: HK$185,987,000). The Group incurred a net loss on fair value changes in trading portfolio investments of HK$19,632,000 (2016: net profit of HK$63,206,000) for the year ended 31 December 2017, as a result of decrease in the share price of Min Xin. It is the objective of the Group to maintain certain level of liquidity for unexpected utilization. The liquidity is usually parked with the marketable securities portfolio in order to generate short term return.

III.D Non-marketable securities

The Group acted as the founder investor and invested USD5,118,576 in "Metasequoia Investment Fund SPC – Global Opportunities Fund SP" (the "Fund") since 15 August 2017 in order to facilitate establishing the fund management business. As of 31 December 2017, the composition of investments in the Fund were approximately 30% in technology sector, 15% in consumer sector, 10% in new energy sector and the rest of 45% in biomedicine, real estate and financial services sector. Geographically, the Fund was approximately 20% in Mainland China, 40% in Hong Kong and 30% in US. As at 31 December 2017, the total net asset value of the fund was USD5,816,666 and the unrealized gain on fair value for the period from 15 August 2017 to 31 December 2017 was USD698,090.

IV. Extraordinary Items – disposal of land and properties

On 23 March 2017, the Group entered into an equity transfer agreement, under which the Group agreed to dispose the entire equity interest of Seti Timber Industry (Shenzhen) Co., Ltd ("Seti Timber") at the cash consideration of RMB1.51 billion. Seti Timber owned land and properties in Mainland China. The disposal of Seti Timber completed in 2017 and recorded gain of disposal of approximately HK$1.35 billion.

FINANCIAL POSITION

(1) Liquidity, financial resources and capital structure

As at 31 December 2017, the Group had non-pledged cash and bank balances of approximately HK$7,420,678,000 (31 December 2016: HK$5,066,901,000). Based on the borrowings of HK$583,269,000 (31 December 2016: HK$1,190,340,000), the corporate bonds of approximately HK$732,978,000 (31 December 2016: HK$692,127,000) and shareholders' equity of HK$4,804,881,000 (31 December 2016: HK$3,632,881,000), the Group's gearing ratio (being borrowings plus corporate bonds divided by Shareholders' equity) was 27% (31 December 2016: 52%).

As at 31 December 2017, the Group's borrowings amounting to HK$567,177,000 (31 December 2016: HK$1,174,367,000) were repayable within one year, representing 97% (31 December 2016: 99%) of the total borrowings.

List of borrowings by currencies and by nature of interest rate and by duration

Currency	Nature of interest rate	Duration Within 1 year HK$'000	Duration More than 1 year HK$'000
CHF	Fixed/Floating	48,515	16,092
GBP	Floating	43,665	–
HKD	Floating	230,000	–
RMB	Fixed	138,113	–
USD	Floating	106,884	–
		567,177	16,092

(2) Charge on assets

As at 31 December 2017, banking facilities of the Company were secured by the Group's trade receivables of HK$20,724,000 and land and buildings in Switzerland with net book values of HK$117,871,000, totaling HK$138,595,000 (31 December 2016: HK$185,263,000).

(3) Capital commitments

Capital commitments as at 31 December 2017 were approximately HK$270,000,000 in total (31 December 2016: HK$381,684,000) related to investment in associate – Citychamp Allied International Limited.

Except for the above, the Group had no other material capital commitments as at 31 December 2017.

FINANCIAL REVIEW

(1) Total assets

Total asset increased from HK$17,255,820,000 as at 31 December 2016 to HK$21,855,671,000 as at 31 December 2017, mainly attributable to an increase in cash and deposits and due from banks.

Cash and deposits

Year	31 December 2017 HK$'000	31 December 2016 HK$'000	Increase/(decrease) Amount HK$'000	%
Cash and bank balances	**524,293**	428,823	95,470	22.3%
Cash held on behalf of clients	**83,287**	–	83,287	N/A
Sight deposits with central banks	**6,813,098**	4,638,078	2,175,020	46.9%

Due from banks

Year	31 December 2017 HK$'000	31 December 2016 HK$'000	Increase/(decrease) Amount HK$'000	%
Due from banks on a daily basis	**5,818,499**	5,197,546	610,953	11.8%
Due from banks other claims	**113,571**	98,037	15,534	15.8%
Valuation adjustments for default risk	**(192)**	(214)	22	-10.3%

(2) Total liabilities

Total liabilities increased from HK$13,403,130,000 as at 31 December 2016 to HK$16,707,545,000 as at 31 December 2017, mainly attributable to an increase in due to clients.

Due to clients

Year	31 December 2017 HK$'000	31 December 2016 HK$'000	Increase/(decrease) Amount HK$'000	%
Due to clients precious metals	**45,865**	27,499	18,366	66.8%
Other amounts due to clients, mainly bank deposits	**14,224,224**	10,365,548	3,858,676	37.2%

(3) Gross profit from non-banking and financial businesses

Gross profit from non-banking and financial businesses was HK$1,373,937,000, a decrease of 10.4% from HK$1,533,957,000 in 2016.

(4) EBITDA

EBITDA was HK$1,641,712,000, an increase of 359.3% from HK$351,577,000 in 2016.

(5) Selling and distribution expenses from non-banking and financial businesses

Total selling and distribution expenses was HK$800,923,000, a decrease of 4.8% from HK$841,444,000 in 2016.

(6) Administrative expenses from non-banking and financial businesses

Total administrative expenses was HK$774,011,000, an increase of 19.4% from HK$648,477,000 in 2016.

(7) Other ordinary income and other net gains or losses

Other ordinary income and other net gains or losses was HK$1,226,494,000, mainly including gains on disposal of subsidiaries and impairment loss on intangible assets.

The gain on disposal of the entire equity interest in Seti Timber and Gold Vantage amounted to HK$1,382,042,000.

The Group recorded an asset impairment of approximately HK$142,378,000 related to Dreyfuss Group and Corum Group for the year ended 31 December 2017 (2016: HK$70,566,000 related to Dreyfuss Group). The impairment loss was provided as the future performance of Dreyfuss Group and Corum Group does not meet its previously expected performance.

(8) Finance costs from non-banking and financial businesses

Total financial costs were HK$68,453,000, a decrease of 13.8% from HK$79,447,000 in 2016.

(9) Net profit attributable to owners of the Company

Net profit attributable to owners of the Company was HK$1,170,484,000, an increase of 3,089.1% from HK$36,703,000 in 2016.

(10) Inventories

Inventory was HK$2,027,191,000 as at 31 December 2017, an increase of 1.6% from HK$1,996,187,000 as at 31 December 2016.

OUTLOOK

2017 saw China's GDP achieving an unexpected 6.9% growth, which is the first time since 2010 that the pace of growth has picked up. As such, we believe the retail market in Mainland China will gradually improve over the next few years. With our sound capital position, unique network across Mainland China and overseas and pioneering e-commerce platform, Rossini and EBOHR are in a strong position to adapt to challenging market conditions and capture the growth opportunities ahead.

Both asset under management and total asset of Bendura Bank are expected to grow in the medium term. To facilitate the sustainable development, Bendura Bank also explores the opportunity of establishing a presence in Hong Kong.

By combining human resources, market opportunities and risk management, and by drawing on the professionalism of its banking and financial businesses employees, a powerful banking and financial businesses segment with operations in Hong Kong and Europe will gradually be developed.

We will keep investing in building the brand and the channels of distribution for the watch business and investing in the growth of banking and financial businesses so as to generate sustainable return for our shareholders.

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 31 December 2017, the Group had approximately 4,600 full-time staff in Hong Kong and Mainland China and nearly 300 staff in Europe. The remuneration packages offered to the employees were determined and reviewed on an arm's length basis with reference to the market condition and individual performance. The Group also provides other benefits to its employees, including year-end double pay, medical insurance and retirement benefits, and incentive bonus are offered with reference to the Group's operating results and employees' individual performance. All employees of the Group in Hong Kong have joined the provident fund scheme. 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.

FINAL DIVIDEND

The Board recommended that a final dividend of HK6 cents per share for the year ended 31 December 2017 (year ended 31 December 2016: Nil) will be paid on or before 28 August 2018 to shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Friday, 29 June 2018. The proposed final dividend is subject to approval by the Shareholders at the forthcoming annual general meeting (the "AGM 2018").

CLOSURE OF REGISTER OF MEMBERS

The AGM 2018 is scheduled to be held on Monday, 28 May 2018. For the purpose of determining the entitlement to attend and vote at the AGM 2018, the register of members of the Company will be closed from Monday, 21 May 2018 to Monday, 28 May 2018, both days inclusive, during which period no transfer of shares will be registered. In order to eligible to attend and vote at the AGM 2018, all transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 18 May 2018.

The register of members of the Company will be closed from Wednesday, 27 June 2018 to Friday, 29 June 2018, both days inclusive, for the purpose of determining Shareholders' entitlement to the proposed final dividend, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 26 June 2018.

EVENTS AFTER REPORTING PERIOD

There was no material subsequent events undertaken by the Company or by the Group after the reporting period.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a standard of corporate governance that is consistent with market practices.

The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the year ended 31 December 2017 except with the details disclosed below:

(i) CG Code E.1.2

CG Code E.1.2 stipulates that the Chairman of the board of directors (the "Board") should attend the annual general meeting of the Company. The Chairman of the Board was unable to attend the annual general meeting of the Company held on 26 May 2017 (the "AGM 2017") due to other business engagement.

(ii) CG Code A.6.7

CG Code A.6.7 stipulates that independent non-executive directors should attend general meetings. One independent non-executive director did not attend the AGM 2017 due to other business engagements outside Hong Kong.

The Chairman of the Board and independent non-executive directors will endeavor to attend all future general meetings of the Company unless unexpected or special circumstances preventing them from doing so. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision-making processes are properly regulated.

The followings summarize the Company's key corporate governance practices.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as the code of conducts for securities transactions by directors of the Company. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2017.

BOARD OF DIRECTORS

The principal focus of the Board is on the overall strategic development and direction of the Group. The Board also monitors the financial performance and the internal controls of the Group's business operations. Moreover, the Board is responsible for performing the corporate governance duties. The Board has established a clear segregation of duties and responsibilities between the Board and the management as to which types of decisions are to be taken by the Board and which are to be delegated to management. This segregation of duties and responsibilities will be regularly reviewed by the Board. With the Chairman as a facilitator in the establishment that promotes discussion among directors, all the directors have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the board functions.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the independent non-executive directors of the Company, being Mr. Fung Tze Wa (Chairman of the Committee), Dr. Kwong Chun Wai, Michael, Mr. Zhang Bin and Mr. Rudolf Heinrich Escher. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial matters including the review of the audited financial statements for the year ended 31 December 2017.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee") on 23 August 2005 in compliance with the Listing Rules, terms of reference of which have been adopted by the Board of the Company and are consistent with the requirements of the Code. The Remuneration Committee currently comprises Mr. Fung Tze Wa (the Chairman of the Committee), Dr. Kwong Chun Wai, Michael, Mr. Zhang Bin, Mr. Rudolf Heinrich Escher, Mr. Hon Kwok Lung and Mr. Shang Jianguang.

NOMINATION COMMITTEE

The Company has established a nomination committee (the "Nomination Committee") on 26 March 2012 in compliance with the Listing Rules, terms of reference of which have been adopted by the Board of the Company and are consistent with the requirements of the CG Code. The Nomination Committee currently comprises Mr. Fung Tze Wa, Dr. Kwong Chun Wai, Michael, Mr. Zhang Bin, Mr. Rudolf Heinrich Escher, Mr. Hon Kwok Lung (the Chairman of the Committee) and Mr. Shang Jianguang.

RISK MANAGEMENT COMMITTEE

The Company established a risk management committee (the "Risk Management Committee") on 30 March 2016, to assist the Board in reviewing and ensuring the effectiveness of the Group's risk management system. Terms of reference have been adopted by the Board. The Risk Management Committee currently comprises four members, namely Ms. Sit Lai Hei (Chairman of the committee), Mr. Shi Tao, Mr. Lam Toi Man and Mr. Bi Bo.

BUY-BACK, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company did not buy back any Company's listed shares (whether on the Stock Exchange or otherwise) during the the year ended 31 December 2017.

SCOPE OF WORK OF BDO LIMITED ON THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's websites at www.irasia.com/listco/hk/citychamp and www.citychampwatchwj.com. The annual report of the Company for the year ended 31 December 2017 will be available on the respective websites of the Stock Exchange and the Company, and despatched to the shareholders of 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 development could not have been 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
Shang Jianguang
Executive Director & Chief Executive Officer

Hong Kong, 28 March 2018

As at the date of this announcement, the Board comprises Mr. Hon Kwok Lung, Mr. Shang Jianguang, Mr. Shi Tao, Mr. Lam Toi Man, Mr. Bi Bo, Ms. Sit Lai Hei, Mr. Hon Hau Wong and Mr. Teguh Halim as the executive directors; and Mr. Fung Tze Wa, Dr. Kwong Chun Wai, Michael, Mr. Zhang Bin and Mr. Rudolf Heinrich Escher as the independent non-executive directors.