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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 2020

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 2020 together with comparative figures for the corresponding period in 2019.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Interest income from banking business		91,674	112,844
Interest expenses from banking business		(17,463)	(18,181)
Net interest income from banking business	4a	74,211	94,663
Service fees and commission income from banking business		132,473	149,352
Service fees and commission expenses from banking business		(32,183)	(39,182)
Net service fees and commission income from banking business	4b	100,290	110,170
Trading income from banking business	4c	20,693	28,608
Service fees and commission income from financial business	4d	3,891	858
Interest income from financial business	4d	26	102
Sales of goods from non-banking and financial businesses	4e	592,947	1,182,778
Rental income from non-banking and financial businesses	4e	4,056	5,145
Total revenue		796,114	1,422,324
Cost of sales from non-banking and financial businesses		(290,027)	(499,558)
Other ordinary income and other net gains or losses	5	44,641	45,272
Selling and distribution expenses		(255,956)	(382,556)
Administrative expenses		(332,622)	(400,138)
Share of loss of joint ventures		(348)	(1,345)
Share of (loss)/profit of associates		(1,071)	6,756
Finance costs	6	(46,825)	(40,882)
(Loss)/Profit before income tax	7	(86,094)	149,873
Income tax expense	8	(6,381)	(39,884)
(Loss)/Profit for the period		(92,475)	109,989

		Six months ended 30 June	
		2020	2019
<i>Notes</i>		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
	– Change in fair value of financial assets at fair value through other comprehensive income	12 (64,316)	(74,790)
	– Remeasurement of net defined benefit obligation	525	(1,316)
	– Release of exchange reserve upon disposal of a subsidiary	(405)	–
		<u>(64,196)</u>	<u>(76,106)</u>
Item that may be subsequently reclassified to profit or loss			
	– Exchange differences on translation to presentation currency	275	(4,266)
Other comprehensive income for the period		<u>(63,921)</u>	<u>(80,372)</u>
Total comprehensive income for the period		<u>(156,396)</u>	<u>29,617</u>
(Loss)/profit for the period attributable to:			
	Owners of the Company	(100,846)	88,608
	Non-controlling interests	8,371	21,381
		<u>(92,475)</u>	<u>109,989</u>
Total comprehensive income for the period attributable to:			
	Owners of the Company	(164,749)	8,765
	Non-controlling interests	8,353	20,852
		<u>(156,396)</u>	<u>29,617</u>
(Loss)/earnings per share attributable to owners of the Company for the period			
	– Basic	10 (HK2.32 cents)	HK2.04 cents
	– Diluted	(HK2.32 cents)	HK2.04 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		30 June 2020	31 December 2019
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Assets			
Cash and deposits		2,423,047	4,897,246
Due from clients		2,118,488	2,093,250
Due from banks		6,352,552	4,901,198
Trading portfolio investments	11	96,574	227,903
Financial assets at fair value through other comprehensive income	12	358,439	422,861
Derivative financial assets		17,794	10,275
Trade receivables	13	393,393	478,262
Other financial assets at amortised cost	14	1,347,004	1,307,960
Inventories	15	2,149,872	2,257,966
Income tax recoverable		4,541	7,706
Interests in joint ventures		748	1,096
Interests in associates		114,415	115,486
Property, plant and equipment		1,112,297	1,148,049
Investment properties		182,186	182,186
Intangible assets	16	51,845	52,089
Goodwill	17	1,059,625	1,065,051
Deferred tax assets		12,561	11,626
Other assets		527,525	416,871
		18,322,906	19,597,081
Total assets		18,322,906	19,597,081

		30 June	31 December
		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Liabilities			
Due to banks		9,767	17,968
Due to clients		11,160,339	11,963,052
Derivative financial liabilities		9,369	54,788
Trade payables	18	299,763	411,427
Contract liabilities		6,615	18,565
Income tax payables		58,646	55,577
Borrowings	19	1,744,990	1,740,362
Provisions		1,703	–
Lease liabilities		67,509	83,975
Deferred tax liabilities		55,138	59,881
Due to a shareholder		12,000	12,000
Due to directors		17,000	22,241
Other liabilities		454,799	496,356
		<hr/>	<hr/>
Total liabilities		13,897,638	14,936,192
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital		435,189	435,189
Reserves		3,654,285	3,819,883
		<hr/>	<hr/>
		4,089,474	4,255,072
Non-controlling interests		335,794	405,817
		<hr/>	<hr/>
Total equity		4,425,268	4,660,889
		<hr/>	<hr/>
Total liabilities and equity		18,322,906	19,597,081
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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

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 (“HKICPA”) and with the applicable disclosure provisions in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

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 2020 was approved for issue by the board of directors on 28 August 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Unaudited Interim Financial Information has been prepared in accordance with the accounting policies and method of computation used in the 2019 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 (“Int”). 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 2019 Annual Financial Statements.

3. SEGMENT INFORMATION

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

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

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

	Six months ended 30 June 2020				
	Watches and timepieces <i>HK\$'000</i> (Unaudited)	Property investments <i>HK\$'000</i> (Unaudited)	Banking and financial businesses <i>HK\$'000</i> (Unaudited)	Unallocated <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue:					
Net interest income from banking business	–	–	74,211	–	74,211
Net service fees and commission income from banking business	–	–	100,290	–	100,290
Trading income from banking business	–	–	20,693	–	20,693
Service fees and commission income from financial business	–	–	3,891	–	3,891
Interest income from financial business	–	–	26	–	26
Sales of goods from non-banking and financial businesses	592,947	–	–	–	592,947
Rental income from non-banking and financial businesses	–	4,056	–	–	4,056
Total revenue	592,947	4,056	199,111	–	796,114
Segment results	(46,277)	3,252	36,835	–	(6,190)
Unallocated corporate income and expenses, net	–	–	–	(31,660)	(31,660)
Share of loss of joint ventures	–	–	–	(348)	(348)
Share of loss of associates	–	–	–	(1,071)	(1,071)
Finance costs	(14,783)	–	(170)	(31,872)	(46,825)
Loss before income tax	(61,060)	3,252	36,665	(64,951)	(86,094)
Income tax expense	(2,743)	(77)	(3,094)	(467)	(6,381)
(Loss)/profit for the period	(63,803)	3,175	33,571	(65,418)	(92,475)

	Six months ended 30 June 2019				
	Watches and timepieces <i>HK\$'000</i> (Unaudited)	Property investments <i>HK\$'000</i> (Unaudited)	Banking and financial businesses <i>HK\$'000</i> (Unaudited)	Unallocated <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue:					
Net interest income from banking business	–	–	94,663	–	94,663
Net service fees and commission income from banking business	–	–	110,170	–	110,170
Trading income from banking business	–	–	28,608	–	28,608
Service fees and commission income from financial business	–	–	858	–	858
Interest income from financial business	–	–	102	–	102
Sales of goods from non-banking and financial businesses	1,182,778	–	–	–	1,182,778
Rental income from non-banking and financial businesses	–	5,145	–	–	5,145
Total revenue	1,182,778	5,145	234,401	–	1,422,324
Segment results	131,011	3,942	102,540	–	237,493
Unallocated corporate income and expenses, net	–	–	–	(52,149)	(52,149)
Share of loss of joint ventures	–	–	–	(1,345)	(1,345)
Share of profit of associates	–	–	–	6,756	6,756
Finance costs	(12,788)	–	(427)	(27,667)	(40,882)
Profit before income tax	118,223	3,942	102,113	(74,405)	149,873
Income tax expense	(27,036)	(227)	(12,621)	–	(39,884)
Profit/(loss) for the period	91,187	3,715	89,492	(74,405)	109,989

4. REVENUE

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

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

Revenue recognised during the period is as follows:

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

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income from banking business arising from:		
Interest income – due from banks	58,050	79,983
Interest income – due from clients	12,376	14,092
Interest income from trading portfolio investments	–	3
Interest income from mortgage loans	9,377	6,998
Interest income from debt instruments	9,664	11,794
Interest income from money market papers	532	–
Negative interest income/(expense) on due to clients	1,675	(26)
	<u>91,674</u>	<u>112,844</u>
Interest expenses from banking business arising from:		
Interest expense on due to banks	(14,625)	(17,611)
Interest expense on due to clients	(2,655)	(500)
Negative interest income on due from banks and clients	(183)	(70)
	<u>(17,463)</u>	<u>(18,181)</u>
Net interest income from banking business	<u><u>74,211</u></u>	<u><u>94,663</u></u>

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

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Service fees and commission income from banking business arising from:		
Commission income from loans	1,804	4,666
Brokerage fees	28,757	16,123
Custody account fees	11,986	13,523
Commission on investment advice and asset management	45,227	46,423
Commission income from service fees	20,289	36,656
Commission income from fiduciary fees	238	296
Commission income from retrocession	2,659	3,043
Other commission income	21,513	28,622
	<u>132,473</u>	<u>149,352</u>
Service fees and commission expenses from banking business	<u>(32,183)</u>	<u>(39,182)</u>
Net service fees and commission income from banking business	<u><u>100,290</u></u>	<u><u>110,170</u></u>

(c) **Trading income from banking business**

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Debt instruments	–	(55)
Forex and precious metals	20,693	27,929
Funds	–	734
	<hr/>	<hr/>
Trading income from banking business	20,693	28,608
	<hr/> <hr/>	<hr/> <hr/>

(d) **Revenue from financial business**

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Service fees and commission income	3,891	858
Interest income	26	102
	<hr/>	<hr/>
Revenue from financial business	3,917	960
	<hr/> <hr/>	<hr/> <hr/>

(e) **Revenue from non-banking and financial businesses**

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sale of goods	592,947	1,182,778
Rental income	4,056	5,145
	<hr/>	<hr/>
Revenue from non-banking and financial businesses	597,003	1,187,923
	<hr/> <hr/>	<hr/> <hr/>

5. OTHER ORDINARY INCOME AND OTHER NET GAINS OR LOSSES

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Gain on fair value changes in trading portfolio investments, net	19,857	4,375
Bank and other interest income from non-banking and financial business	745	1,775
Dividend income from trading portfolio investments	57	400
Dividend income from financial asset at fair value through other comprehensive income ("FVOCI") (note 12)	8,815	12,262
Gain on disposal of property, plant and equipment	–	22
Government subsidies	3,668	15,365
Other sundry income	11,499	11,073
	<u>44,641</u>	<u>45,272</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on lease liabilities	1,758	2,564
Interests charged on corporate bonds	–	14,222
Interests charged on bank borrowings and bank overdrafts	45,006	23,748
Margin loan interests	61	348
	<u>46,825</u>	<u>40,882</u>

7. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	69,000	66,836
Amortisation of intangible assets	835	888
	<u>69,835</u>	<u>67,724</u>

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax for the period		
The People's Republic of China (the "PRC")	7,602	26,522
Liechtenstein	3,756	13,148
Switzerland	680	749
Deferred tax for the period	<u>(5,657)</u>	<u>(535)</u>
Total income tax expense	<u>6,381</u>	<u>39,884</u>

For both the six months ended 30 June 2020 and 2019, 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 2019: 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% or 10% in respect of its PRC sourced income earned, including rental income from properties in PRC and 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 2020 (Six months ended 30 June 2019: Nil).

10. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
(Loss)/Profit attributable to owners of the Company for the purpose of calculating basic and diluted (loss)/earnings per share	<u>(100,846)</u>	<u>88,608</u>
	Number of shares	
	Six months ended 30 June	
	2020	2019
	<i>'000</i>	<i>'000</i>
	(Unaudited)	(Unaudited)
Weighted average number of shares for the purpose of calculating basic and diluted (loss)/ earnings per share	<u>4,351,889</u>	<u>4,351,889</u>

11. TRADING PORTFOLIO INVESTMENTS

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Equity instruments		
Listed equity instruments in Hong Kong at market value	19,712	69,042
Listed equity instruments outside Hong Kong at market value	4,023	78,307
Total equity instruments	23,735	147,349
Debt instruments		
Unlisted debt instruments of financial institutions	5,481	27,612
Investment fund units		
Unlisted investments fund units	61,093	46,758
Investments in other financial products	6,265	6,184
Total trading portfolio investments	96,574	227,903

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Listed equity instruments in Hong Kong (<i>note (a)</i>)	238,005	282,080
Listed equity instruments outside Hong Kong (<i>note (b)</i>)	114,935	135,176
Unlisted equity investments	5,499	5,605
Total	358,439	422,861

Notes:

- (a) As at 30 June 2020 and 31 December 2019, the listed equity investments in Hong Kong represented 14.76% equity interest in Min Xin Holdings Limited (“Min Xin Shares”). As at 30 June 2020 and 31 December 2019, the Group held 88,150,000 Min Xin Shares. A dividend income totaling HK\$8,815,000 (Six months ended 30 June 2019: HK\$8,815,000) was recognised by the Group in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2020.
- (b) As at 30 June 2020 and 31 December 2019, the listed equity investments outside Hong Kong represented 2.04% equity interest in Citychamp Dartong Company Limited (“Citychamp Dartong Shares”) listed in Shanghai Stock Exchange in the PRC. As at 30 June 2020 and 31 December 2019, the Group held 30,389,058 Citychamp Dartong Shares. No dividend income (six months ended 30 June 2019: HK\$3,447,000) was recognised by the Group in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2020.

During the six months ended 30 June 2020, the decrease in fair value of financial assets at fair value through other comprehensive income of HK\$64,316,000 (Six months ended 30 June 2019: HK\$74,790,000) has been dealt with in other comprehensive income and FVOCI reserve.

13. TRADE RECEIVABLES

As at 30 June 2020, the Group's trade receivables is amounted to HK\$393,393,000 (31 December 2019: HK\$478,262,000), in which HK\$390,832,000 (31 December 2019: HK\$474,933,000) is arising from watches and timepieces businesses and HK\$2,561,000 (31 December 2019: HK\$3,329,000) is arising from financial business.

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 2019: one to six months) for major customers. Each customer has a maximum credit limit. The credit term for customers is determined by the management according to industry practice together with consideration of their creditability. Trade receivables are non-interest bearing.

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
1 to 3 months	291,185	343,863
4 to 6 months	23,355	44,032
Over 6 months	76,292	87,038
	<u>390,832</u>	<u>474,933</u>

14. OTHER FINANCIAL ASSETS AT AMORTISED COST

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Listed debt instruments, at amortised cost	<u>1,347,004</u>	<u>1,307,960</u>
Issued by:		
Governments and public sector	82,162	82,373
Financial institutions	970,289	778,199
Corporations	294,553	447,388
	<u>1,347,004</u>	<u>1,307,960</u>

15. INVENTORIES

	30 June 2020	31 December 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Raw materials	392,274	480,804
Work-in-progress	450,531	460,376
Finished goods and merchandise	<u>1,307,067</u>	<u>1,316,786</u>
	<u>2,149,872</u>	<u>2,257,966</u>

16. INTANGIBLE ASSETS

	Supplier and distribution networks	Brand names	Trading rights	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Six months ended 30 June 2020				
(Unaudited)				
Opening carrying amount	2,246	42,597	7,246	52,089
Amortisation	(800)	(35)	–	(835)
Exchange realignment	<u>74</u>	<u>517</u>	<u>–</u>	<u>591</u>
Closing carrying amount	<u>1,520</u>	<u>43,079</u>	<u>7,246</u>	<u>51,845</u>
Year ended 31 December 2019				
(Audited)				
Opening carrying amount	3,935	42,129	7,246	53,310
Amortisation	(1,644)	(72)	–	(1,716)
Exchange realignment	<u>(45)</u>	<u>540</u>	<u>–</u>	<u>495</u>
Closing carrying amount	<u>2,246</u>	<u>42,597</u>	<u>7,246</u>	<u>52,089</u>

As at 30 June 2020, intangible assets of HK\$44,599,000 (31 December 2019: HK\$44,843,000) are attributable to watches and timepieces businesses while intangible assets of HK\$7,246,000 (31 December 2019: HK\$7,246,000) are attributable to financial business.

17. GOODWILL

	30 June 2020	31 December 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Balance at the beginning of period/year	1,065,051	1,071,552
Exchange realignment	<u>(5,426)</u>	<u>(6,501)</u>
Balance at the end of period/year	<u>1,059,625</u>	<u>1,065,051</u>

As at 30 June 2020, goodwill of HK\$806,150,000 (31 December 2019: HK\$815,010,000) are attributable to watches and timepieces businesses while goodwill of HK\$253,475,000 (31 December 2019: HK\$250,041,000) are attributable to banking and financial businesses.

18. TRADE PAYABLES

As at 30 June 2020, the Group's trade payables is amounted to HK\$299,763,000 (31 December 2019: HK\$411,427,000), in which HK\$244,845,000 (31 December 2019: HK\$304,944,000) is arising from watches and timepieces business and HK\$54,918,000 (31 December 2019: HK\$106,483,000) is arising from financial business.

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
1 to 3 months	145,568	278,983
4 to 6 months	18,073	6,977
Over 6 months	81,204	18,984
	244,845	304,944

19. BORROWINGS

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Bank overdrafts	54,261	48,294
Bank borrowings	1,690,729	1,676,685
Margin loan payable	–	15,383
	1,744,990	1,740,362

As at 30 June 2020, the amount of the Group's bank overdrafts and bank borrowings repayable within one year or on demand is HK\$1,740,917,000 (31 December 2019: HK\$1,724,979,000). The remaining balances are repayable over one year.

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 2020 and 31 December 2019;
- (ii) guarantee provided by the government of certain country;
- (iii) entire equity interest of certain subsidiaries within the Group as at 30 June 2020 and 31 December 2019;
- (iv) pledged bank deposits of HK\$111,763,000 as at 31 December 2019;

- (v) a legal charge over certain of the Group's land and buildings with the carrying amounts of HK\$87,467,000 (31 December 2019: HK\$95,180,000) as at 30 June 2020; and
- (vi) certain of the Group's trade receivables with the carrying amounts of HK\$11,570,000 (31 December 2019: HK\$13,484,000) as at 30 June 2020.

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.

As at 30 June 2020, one of the financial covenants as stipulated in the relevant agreements in respect of borrowings with outstanding principal of approximately HK\$917,790,000 was not satisfied. The Company is in the process of the application of waivers as of the date of authorisation of the interim financial information for six months ended 30 June 2020.

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 %
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	
Total revenue	796,114	1,422,324	-44.0
Operating expenses	588,578	782,694	-24.8
Gross profit generated from non-banking and financial businesses	306,976	688,365	-55.4
Gross profit generated from banking and financial businesses	199,111	234,401	-15.1
EBITDA	30,566	258,479	-88.2
(Loss)/Profit before tax	(86,094)	149,873	N/A
(Loss)/Net profit after tax	(92,475)	109,989	N/A
(Loss)/Earnings per share attributable to owners of the Company for the period			
– Basic	(HK2.32 cents)	HK2.04 cents	N/A
– Diluted	(HK2.32 cents)	HK2.04 cents	N/A
	30 June 2020 <i>HK\$'000</i>	31 December 2019 <i>HK\$'000</i>	Variation %
Total assets	18,322,906	19,597,081	-6.5
Total liabilities	13,897,638	14,936,192	-7.0
Total equity	4,425,268	4,660,889	-5.1

Operating Results

For the six months ended 30 June 2020, the Group recorded total revenue of approximately HK\$796,114,000 (Six months ended 30 June 2019: HK\$1,422,324,000), a decrease of HK\$626,210,000 or 44.0% over the corresponding period last year.

Operating expenses (including selling and distribution expenses and administrative expenses) for the six months year ended 30 June 2020 was approximately HK\$588,578,000 (Six months ended 30 June 2019: HK\$782,694,000), a decrease of HK\$194,116,000 or 24.8% over the corresponding period last year.

Gross profit generated from non-banking and financial businesses for the six months ended 30 June 2020 was approximately HK\$306,976,000 (Six months ended 30 June 2019: HK\$688,365,000), a decrease of HK\$381,389,000 or 55.4% over the corresponding period last year.

Gross profit generated from banking and financial businesses for the six months ended 30 June 2020 was approximately HK\$199,111,000 (Six months ended 30 June 2019: HK\$234,401,000), a decrease of HK\$35,290,000 or 15.1% over the corresponding period last year.

EBITDA for the six months ended 30 June 2020 was approximately HK\$30,566,000 (Six months ended 30 June 2019: HK\$258,479,000), a decrease of HK\$227,913,000 or 88.2% over the corresponding period last year.

Net loss after tax for the six months ended 30 June 2020 was approximately HK\$92,475,000 (Six months ended 30 June 2019: net profit after tax HK\$109,989,000).

Performance

The first half year performance was delivered against an exceptionally challenging environment as both the continued trade tensions between the US and Mainland China and the Coronavirus Disease 2019 pandemic (“COVID-19”), which have significantly impacted the global economy particularly the Mainland Chinese economy.

Notwithstanding the challenging environment, we have formulated certain actions to deal with the issues arosed for each of the key business. Our Group comprises three key divisions – watches and timepieces businesses, banking and financial businesses, and various investment businesses. These divisions are described in more details in the following review.

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

- II. Banking and financial businesses
 - II.A – Bendura Bank AG
 - II.B – Shun Heng Finance Holding (Hong Kong) Limited

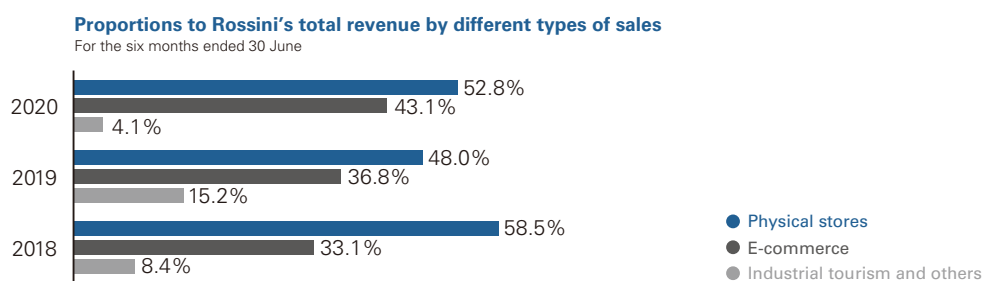
- III. Various investment business
 - III.A – listed equity investment
 - III.B – property investment
 - III.C – other marketable securities

I.A Local Proprietary Brands

Zhuhai Rossini Watch Industry Limited

For the six months ended 30 June 2020, Zhuhai Rossini Watch Industry Limited (“Rossini”), a 91% subsidiary of the Group, recorded revenue of HK\$268,065,000, a decrease of HK\$276,654,000 or 50.8% from HK\$544,719,000 for the same period last year. Net profit after tax attributable to owners of the Company for the period under review was HK\$27,350,000, representing a decrease of HK\$109,294,000 or 80.0% from HK\$136,644,000 in the same period last year.

In the past few years, the traditional retail model of watch industry has been challenged by the ever-growing e-commerce in Mainland China. The outbreak of COVID-19 in the first half of 2020 further enlarged the existing challenges. Since physical store is still one of the major source of revenue, it eventually brings an adverse effect to overall performance of Rossini. In order to minimize the impact from COVID-19, various measures such as cost control, sales promotion and adjustment to sales strategy for the physical stores had been taken by Rossini.



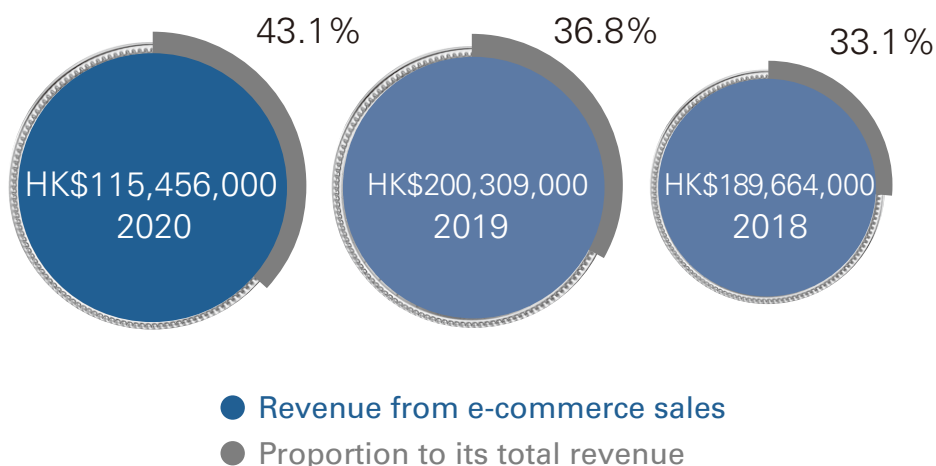
Note: Other types of sales mainly include industrial tourism and group purchase.

The COVID-19 reduces the overall watch demand. As a result, e-commerce sales for the six months ended 30 June 2020 decreased to HK\$115,456,000 from HK\$200,309,000 for the same period last year, representing a decrease of approximately 42.4%. However, the proportion of revenue from e-commerce keeps increasing over the years. As one of the strategies to compensate for the reduction of revenue from physical distribution, Rossini has developed intensively on e-commerce, and a positive outcome has been achieved.

To facilitate the currently developing e-commerce business, Rossini kept expanding its territory for occupying more market shares by opening online distributors on the leading e-commerce platforms including Taobao, Tmall and JD. In addition, the shopping preferences of the Chinese consumers, especially those of the young generation, are influenced by key opinion leaders (KOL), who spread their views on social media live streaming apps. Rossini's e-commerce team seized the current trend and as a result e-commerce livestreaming has taken off. Rossini was actively exploring new opportunities on popular social media platforms including Xiaohongshu, Kuaishou and Tik Tok to strengthen its brand awareness.

Rossini's revenue earned from e-commerce sales

For the six months ended 30 June



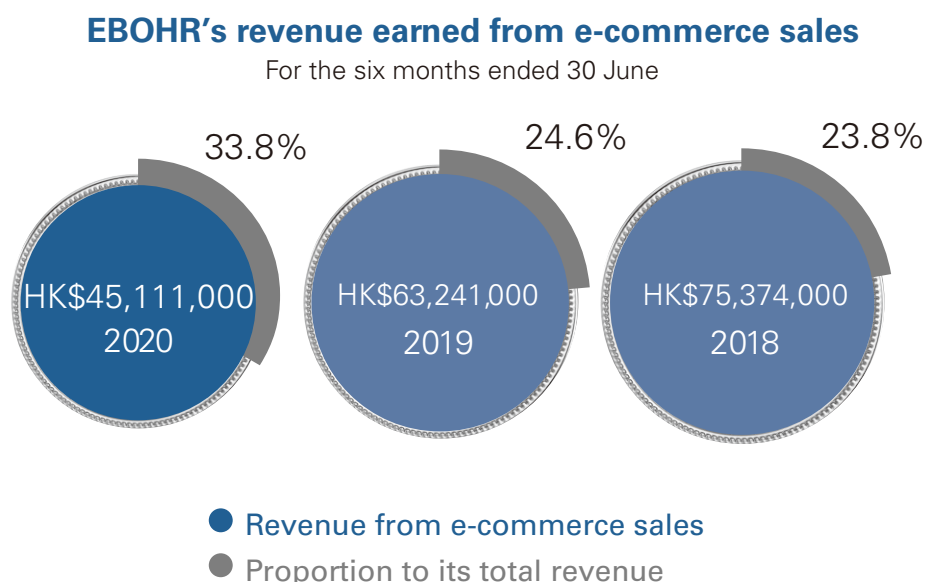
Tourism industry is one of the most impacted industries under the COVID-19 and hence Rossini's revenue from industrial tourism is also inevitably affected. The tourist number for the six months ended 30 June 2020 was approximately 10,000 (six month ended 30 June 2019: 230,000). Revenue from which was approximately HK\$1,795,000, representing a decrease of approximately 96% over the corresponding period of the last year.

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 2020 was HK\$133,564,000, a decrease of HK\$124,068,000 or 48.2% from HK\$257,632,000 for the same period last year. Net loss after tax for the six months ended 30 June 2020 was HK\$16,498,000, compared with net profit after tax of HK\$2,903,000 for the same period last year.

The loss was primarily attributable to two reasons. First, the revenue dropped significantly mainly due to the COVID-19; it intensified the declining trend of revenue from physical stores, which dropped approximately 53% compared to the same period in 2019. Second, revenue from e-commerce dropped approximately 28.7% compared to the same period last year, with the high online selling expenses, the profits margins remained low. EBOHR had imposed stringent control, including reduction of advertising expense and proper management on inventory turnover. However, operating cost of e-commerce remained high as it is necessary for maintaining the brand awareness in the competitive level.

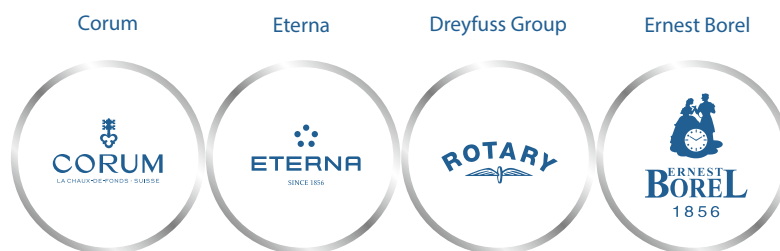


To deal with the challenge from the COVID-19, EBOHR has taken various measures including proper prevention on virus infection and readjustment of the business strategy, aiming to maximize both labour productivity and profits. EBOHR also utilized the popular social media to enhance the brand exposure in the market. In the month of June 2020, sales revenue starts recovering gradually. Considering that the COVID-19 is generally under control in Mainland China, the overall performance will turn positive in the remaining months of the year.

Mainland China is our home and remains the backbone of our business. Rossini and EBOHR Group continue to be the major sources of revenue and collectively account for more than 67% of the total revenue from non-banking and financial businesses of the Group (Six months ended 30 June 2019: 68%).

The rapid growth of digital economy is changing consumer behavior, and Rossini and EBOHR are aggressively implementing strategies to enhance e-commerce. It is believed that the proportion of the e-commerce sales to both companies' revenue and profit will increase in next few years.

I.B Foreign Proprietary Brands



Ernest Borel Holdings Limited

The Group held 64.08% equity interest in Ernest Borel Holdings Limited (“Ernest Borel”, together with its subsidiaries, the “Ernest Borel Group”) as at 30 June 2020. Ernest Borel Group recorded revenue and net loss after tax attributable to owners of the Company for the six months ended 30 June 2020 of HK\$36,627,000 (Six months ended 30 June 2019: HK\$55,734,000) and HK\$7,839,000 (Six months ended 30 June 2019: HK\$23,049,000), respectively.

Mainland China remains as the core market of the Ernest Borel Group. Revenue from Mainland China was approximately HK\$36,674,000 for the six months ended 30 June 2020, accounting for approximately 94.7% of its total revenue.

The extensive distribution network of the Ernest Borel Group covers retail markets in Mainland China, Hong Kong, Macau and South Asian countries. As at 30 June 2020, Ernest Borel Group had 775 POS (six months ended 30 June 2019: 808 POS), comprising 635 POS in Mainland China and 125 POS in Hong Kong, Macau and South Asian countries.

During the first half of 2020, continuous social disturbance in Hong Kong and the global outbreak of the COVID-19 significantly reduced the consumer sentiment in Hong Kong and Mainland China, hence affecting the revenue. In order to improve the Brand awareness and sales performance, Ernest Borel was actively developing e-commerce in both Mainland China and Hong Kong. During the first half of 2020, Ernest Borel put a lot of efforts on promotion through social media like Weixin, Weibo and various live-streaming channel. With promotion of exclusive products on the e-commerce platforms, the revenue from e-commerce is further enhanced. In addition, in order to improve the performance from physical stores, Ernest Borel kept seeking new POS with potential growth and actively reviewed the performance of existing POS. Furthermore, Ernest Borel has imposed more stringent control on resources allocation and frequent monitoring on inventories, which helps to reduce cost and maximise the profits.

Other Foreign Proprietary Brands

Collectively, Corum, Eterna and The Dreyfuss Group Limited (the “Dreyfuss Group”) contributed revenue and net loss after tax for the period ended 30 June 2020 of HK\$67,190,000 (Six months ended 30 June 2019: HK\$184,499,000) and HK\$51,746,000 (Six months ended 30 June 2019: HK\$27,431,000), respectively.

Switzerland's watchmaking industry has been crippled by the COVID-19 from the beginning of 2020. The lockdowns imposed on a large part of the world's population, the closure of stores and the inability to travel have put the brakes on sales of "Swiss Made" watches in markets around the world. As a result, revenue from Corum dropped significantly due to the market shrinking. Under the challenging environment, Corum disclosed a new positioning and marketing strategy in early 2020, which received a positive feedback from customers and other stakeholders. The main objective of this strategy is to enhance the revenue and to reinforce the image of the brand. The positive reaction from the stakeholders revealed that Corum correctly addressed its positioning and marketing strategies. Corum also planned to explore the Chinese market in the 2nd half of 2020 to enhance the sales performance.

The COVID-19 also affected both activity and revenue of Eterna. With the virus, the activity of Eterna from April to June 2020 was around 35%, meaning that only urgent and vital needs to run the business were fulfilled. During first half of 2020, Eterna did not produce new watch series and mainly focused on clearing the inventories. It allows Eterna to reach a sustainable way of self-financing. Generally, Eterna adopts a product strategy that focusing on easily marketable products, and making use of the components of existing inventory so as to minimise the cost.

As Eterna Movement still relies heavily on the intercompany orders from Corum and Eterna, the overall reduction of demand from both companies further reduced the revenue of Eterna Movement. Eterna Movement is actively seeking third party customers to reduce the reliance from the intercompany orders. At the same time, cost reduction continues to be a main strategy of Eterna Movement in maximizing the profits.

As UK is the Dreyfuss Group's largest single market, representing approximately 79% of its total turnover for the six-month ended 30 June 2020. The economic and political Brexit-related factors affecting its marketplace also heavily influenced the Dreyfuss Group's overall performance. With the COVID-19 in 2020, the UK watch market continues to be very soft both in terms of sale-in and sale-through and as a result, sales in the UK market has continued to decline in the first half of 2020. The key strategy for the UK market is to increase the profitability of trade with the major customers, by providing desirable watches at compelling price points that deliver the targeted profitability.

With the exception of Europe, the international scene has largely mirrored the sales impact of COVID-19 seen in the UK. With a primary focus on Germany, the European team continues to achieve sales by planting and developing distribution in other countries, including in Scandinavia, Central & Eastern Europe. The MENA region (Middle East and North Africa) had been restructured to focus on cash-in-advance sales and actively developing good relationship with profitable customers.

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

I.C Non-proprietary Brands

Currently, the Group held four distribution companies. Collectively, distribution companies contributed revenue and net loss after tax attributable to owners of the Company for the period ended 30 June 2020 of HK\$76,233,000 (Six months ended 30 June 2019: HK\$125,449,000) and HK\$1,628,000 (Six months ended 30 June 2019: net profit after tax HK\$2,451,000) respectively.

I.D Others

Other non-major subsidiaries of the Group also engaged in other non-major categories of watch and timepieces businesses, which collectively contributed revenue and net loss after tax for the period ended 30 June 2020 of HK\$11,268,000 (Six months ended 30 June 2019: HK\$14,744,000) and HK\$9,566,000 (Six months ended 30 June 2019: HK\$4,192,000) respectively.

II.A BENDURA BANK AG

Bendura Bank AG (“Bendura Bank” or the “Bank”) aims to accompany its clients from one generation to the next and to provide long-term wealth creation and protection. 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.

Revenue of the Bank for the period ended 30 June 2020 was HK\$195,194,000, a decrease of HK\$38,247,000 or 16.4% from HK\$233,441,000 over the same period last year. Net profit after tax attributable to owners of the Company for the period ended 30 June 2020 was HK\$12,379,000, representing a decrease of HK\$54,129,000 or 81.4% from HK\$66,508,000 for the same period last year.

While the COVID-19 adversely affected the revenue due to limited operation of the Bank and limited communication with the clients, lower interest rates reduced the net interest margins. Specifically, the substantial decline in the net profit after tax was attributable to (1) significantly lower net interest income, (2) lower net commission and fee income, and (3) most significantly, an impairment loss on financial assets.

In interest-related business, the Bank continued to face negative interest rates in Swiss Frans and Euros. Interest income from interest and dividends decreased significantly by CHF 2.83 million or 23% compared to the same period last year. Lower interest rates shrank the Banks’ net interest margins. Particularly, Fed’s latest rate cuts to insulate the economy against coronavirus fallout did hurt the Bank’s earnings very badly as a large portion of the Banks’ assets was denominated in USD. Moreover, the Bank’s liquidity in USD significantly decreased during the first six months in 2020 since clients’ deposits decreased.

Net commission and fee income of the Bank decreased from CHF 14.04 million to CHF 12.48 million, mainly due to reduced payment operation services.

Income from financial transactions amounted to CHF 2.57 million, roughly CHF 1.07 million below the same period last year. This decline was due to lower income from foreign exchange transactions for clients and treasury activities.

Operating expenses amounted to CHF 17.55 million in the first half of 2020 and hence increased by 3% compared to the same period last year. Although there was higher personnel costs due to increased headcount, the 3% reduction of general expenses compensate part of the additional personnel cost. As a result, only a low level of increasing the operating cost.

There was an impairment in total of CHF 3.07 million related to a note issued by Wirecard AG, a company listed in Frankfurt Stock Exchange which the Bank originally has invested EUR 3.5 million in the note. In June 2020, Wirecard AG, formerly rated as Baa3 by Moodys, filed for insolvency after the very serious fraud was discovered and the share price decreased from EUR 108 on 18 June 2020 to EUR 6.4 on 30 June 2020. The Bank will closely monitor the insolvency proceedings of Wirecard AG. At the same time, the Bank also imposed more stringent risk policy in terms of bond selection and amount subscribed to minimize the occurrence of, and loss from similar risk.

As an innovative private bank, Bendura Bank continues to expand in trading and investment consulting for discrete clients. Considering the strong growth in advisory mandates and tailor-made strategy solutions, the Bank has decided to introduce, alongside with its classic strategies, a whole range of new and innovative investment solutions in 2020.

The new solutions include launching a portfolio which invests globally and focuses primarily on Asian assets, a portfolio which focuses on Eastern Europe, and a portfolio which follows an ESG integrated investment process including ESG impact investments, such as Microfinance and Green Bonds. The creations will allow clients to combine any two or three of the above portfolios to fit the clients' investment and ESG strategies.

As measures to deal with the impact of the COVID-19, all of our employees are equipped with laptops. They can work from home and hence, the daily business will not be affected. All digitalization projects will be pushed so that our employees will have full access to all needed information when working at home. Besides, new software for online on boarding of clients will be implemented and similar software for new employees.

II.B SHUN HENG FINANCE HOLDING (HONG KONG) LIMITED

The Group currently conducts securities and asset management businesses under the umbrella of Shun Heng Finance Holding (Hong Kong) Limited (“Shun Heng Finance Holding”), which is 60% owned by the Group. It comprises Shun Heng Securities Limited and Hong Kong Metasequoia Capital Management Limited.

For the period ended 30 June 2020, Shun Heng Finance Holding contributed revenue and net profit after tax attributable to owners of the Company of HK\$3,917,000 and HK\$3,475,000 respectively (Six months ended 30 June 2019: HK\$960,000 and net profit after tax of HK\$5,464,000 respectively).

Shun Heng Securities Limited

Shun Heng Securities Limited (“Shun Heng Securities”), 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. Following Shun Heng Securities upgrading its online trading system which provides higher security and better user experience, the account opening number showed improvement in the first half of 2020. Shun Heng Securities will continue to expand new customers and improve service quality, further taking the brokerage and trading business to a whole new level. In addition to the traditional brokerage business, Shun Heng Securities has actively sought opportunities to grow the underwriting business for overseas bonds issued by Chinese enterprises. From 1 January 2018 to 30 June 2020, Shun Heng has successfully underwritten 11 bond projects with a cumulative amount of approximately US\$1 billion, achieving brand awareness in the Hong Kong Market.

Hong Kong Metasequoia Capital Management Limited

Hong Kong Metasequoia Capital Management Limited (“Metasequoia Capital”), 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.

Metasequoia Capital has launched two funds, namely Global Opportunities Fund and Stable Growth Fund. Global Opportunities Fund invests mainly in securities markets in Hong Kong and the US, with asset under management slightly decreased from US\$10.24 million initially to US\$10.03 million now. The Stable Growth Fund invests in domestic CNY bond and reached asset under management of approximately US\$6.9 million. Since the two funds were established in August 2017 and December 2018, the current net profit after deducting management fees and performance fees for Global Opportunities Fund and Stable Growth Fund as of 30 June 2020 is 75% and 17%, respectively.

III.A LISTED EQUITY INVESTMENT

(1) Citychamp Dartong Company Limited

As at 30 June 2020, financial assets at fair value through other comprehensive income of the Group was HK\$358,439,000. HK\$114,935,000 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 engaged in real estate, enameled wire, banking and new energy. As at 30 June 2020, the Group owned 30,389,058 shares of Citychamp Dartong at the market price of RMB3.45 per share (equivalent to HK\$3.78 per share) with the fair value of HK\$114,935,000. The shares held by the Group accounted for 2.04% of the total issued share capital of Citychamp Dartong as at 30 June 2020. Such fair value accounted for 0.6% 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\$20,241,000 for the period ended 30 June 2020, as a result of decrease in the share price of Citychamp Dartong from RMB3.98 (equivalent to HK\$4.45) as at 31 December 2019 to RMB3.45 (equivalent to HK\$3.78) as at 30 June 2020.

This is the Group's long-term investment due held for dividend yield and long-term capital gain. Given its substantial land bank for development and profitability of certain business segments, we are optimistic about the future prospects of the Citychamp Dartong.

(2) *Min Xin Holdings Limited*

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

Min Xin is a company engaged in financial services, securities trading, real estate development, toll road and manufacturing. As at 30 June 2020, the investment in Min Xin was HK\$238,005,000, i.e. 88,150,000 shares at the market price of HK\$2.70 per share as at 30 June 2020. Such fair value of the investment accounted for 1.3% of the Group's total assets. The shares held by the Company accounted for 14.76% of the total issued share capital of Min Xin as at 30 June 2020.

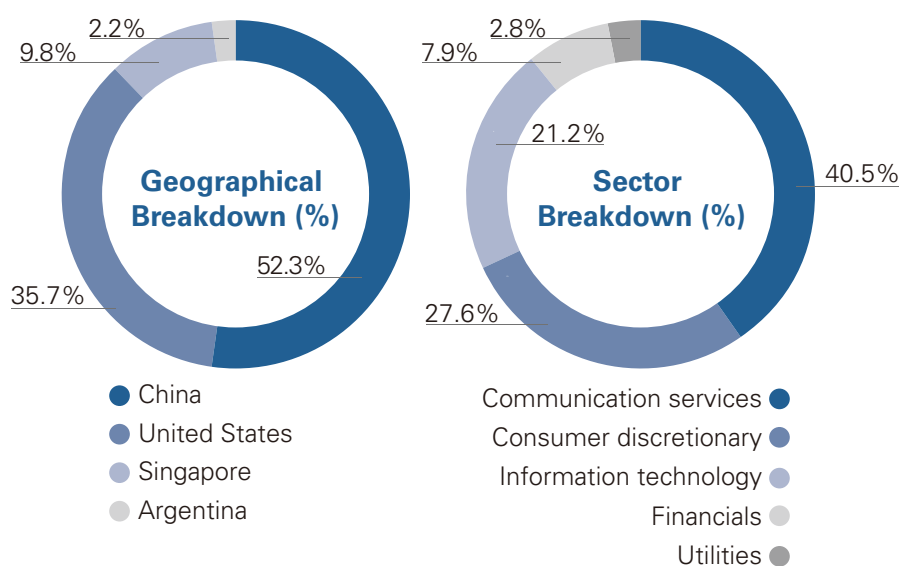
The Company incurred a net loss on fair value change in Min Xin's investment of HK\$44,075,000 for the period ended 30 June 2020 (Six months ended 30 June 2019: net loss of HK\$108,425,000), as a result of decrease in the share price of Min Xin from HK\$3.20 as at 1 January 2020 to HK\$2.70 as at 30 June 2020. For the six months ended 30 June 2020, the Company's dividend income from Min Xin was HK\$8,815,000.

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\$4,056,000 (Six months ended 30 June 2019: HK\$5,145,000). Net Profit after tax from the property investment business for the six months ended 30 June 2020 was HK\$3,175,000 (Six months ended 30 June 2019: HK\$3,715,000).

III.C OTHER MARKETABLE SECURITIES

The Group has acted as the founder investor and invested USD5.12 million in Metasequoia Investment Fund SPC – Global Opportunities Fund SP (the “Fund”) since 15 August 2017 in order to facilitate establishing the fund management business with an initial capital of USD10.24 million. The rest of the fund was subscribed by other investors with the capital of USD5.12 million. As of 4 May 2020, the Group redeemed 3,840 shares in the amount USD5,907,000 of Metasequoia Investment Fund SPC which generating a profit of USD2,067,000 since August 2017 and USD655,000 for the period from 1 January 2020 to 4 May 2020 respectively. As of 30 June 2020, the total net asset value of the Fund was USD10.03 million, composed of USD1.87 million and USD8.16 million for the Group and other inventors respectively.



HEADQUARTER AND OTHER SUBSIDIARIES

Losses from administrative expenses, finance costs and income tax of the headquarter and other non-major subsidiaries and/or non-major categories of businesses for the six months ended 30 June 2020 was HK\$59,948,000 (Six month ended 30 June 2019: HK\$74,405,000).

Financial Position

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

As at 30 June 2020, the Group had non-pledged cash and bank balances of approximately HK\$2,423,047,000 (31 December 2019: HK\$4,785,483,000). Based on the borrowings of HK\$1,744,990,000 (31 December 2019: HK\$1,740,362,000), due to a shareholder of HK\$12,000,000 (31 December 2019: HK\$12,000,000), due to directors of HK\$17,000,000 (31 December 2019: HK\$22,241,000) and shareholders' equity of HK\$4,089,474,000 (31 December 2019: HK\$4,255,072,000), the Group's gearing ratio (being borrowings plus due to a shareholder and due to directors divided by shareholders' equity) was 43% (31 December 2019: 41%).

As at 30 June 2020, the Group's borrowings amounting to HK\$1,740,917,000 were repayable within one year, representing 99.8% of the total borrowings.

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

Currency	Nature of interest rate	Duration with 1 year HK\$'000	Duration with more than 1 year HK\$'000
CHF	Floating	54,260	4,073
HKD	Floating	504,448	–
RMB	Floating	384,589	–
USD	Floating	797,620	–
		<u>1,740,917</u>	<u>4,073</u>

(2) *Charge on Assets*

As at 30 June 2020, the Group's borrowings were secured by:

- (a) corporate guarantee provided by certain subsidiaries within the Group;
- (b) equity interest of certain subsidiaries within the Group;
- (c) guarantee provided by the government of certain country;
- (d) a legal charge over the Group's land and buildings with the carrying amount of HK\$87,467,000 (31 December 2019: HK\$95,180,000); and
- (e) certain of the Group's trade receivables with the carrying amounts of HK\$11,570,000 (31 December 2019: HK\$13,484,000).

(3) *Capital Commitment*

As at 30 June 2020, capital commitments were approximately HK\$478,588,000 in total (31 December 2019: HK\$482,652,000) 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 2020.

Financial Review

(1) *Total Assets*

Total assets decreased to HK\$18,322,906,000 as at 30 June 2020 from HK\$19,597,081,000 as at 31 December 2019.

Cash and deposits

	30 June 2020	31 December 2019	Increase/ (decrease) Amount
	HK\$'000	HK\$'000	HK\$'000
Cash and bank balance	377,016	329,377	47,639
Cash held on behalf of clients	52,589	104,227	(51,638)
Sight deposits with central banks	1,993,442	4,463,642	(2,470,200)

Due from banks

	30 June 2020 HK\$'000	31 December 2019 HK\$'000	Increase/ (decrease) Amount HK\$'000
Due from banks on a daily basis	6,149,916	4,720,429	1,429,487
Due from banks other claims	205,116	182,006	23,110
Valuation adjustments	(2,480)	(1,237)	1,243
	<u>6,147,436</u>	<u>4,719,198</u>	

(2) Investments

The investment as at 30 June 2020 included (a) trading portfolio investments of HK\$96,574,000; (b) derivative financial assets of HK\$17,794,000; (c) other financial assets at amortised cost of HK\$1,347,004,000; and (d) other financial assets at fair value through other comprehensive income of HK\$358,439,000 (the “Investments”).

(a) Trading portfolio investments of HK\$96,574,000

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Equity Instruments		
Listed equity instruments in Hong Kong at market value	19,712	69,042
Listed equity instruments outside Hong Kong at market value	4,023	78,307
Total equity instruments	<u>23,735</u>	<u>147,349</u>
Debt instruments		
Unlisted debt instruments of financial institutions	5,481	27,612
Investment fund units		
Unlisted investment fund units	61,093	46,758
Investments in other financial products	6,265	6,184
Total trading portfolio investments	<u>96,574</u>	<u>227,903</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 2020, there were HK\$19,712,000 invested in a variety of listed equities in Hong Kong and HK\$4,023,000 invested in Mainland China and overseas markets.

The debt instruments of HK\$5,481,000 invested in the Mainland China by PRC company.

Trading assets of CHF5.7 million (equivalent to HK\$46,625,000) 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\$6,265,000 invested by Eternal Brands Limited, a subsidiary of the Group.

(b) *Derivative financial assets of HK\$17,794,000*

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Derivative financial assets		
Forward and option contracts	<u>17,794</u>	<u>10,275</u>
	<u>17,794</u>	<u>10,275</u>

In the derivative financial assets of HK\$17,794,000, 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.

As at 30 June 2020, forward contracts of HK\$17,794,000 related to FX swaps were entered by Bendura Bank. Based upon risk/return considerations, client deposits denominated in foreign currencies were, in part, no longer invested on the interbank market but were swapped into Swiss francs using currency swaps and deposited with the Swiss National Bank (SNB). Income from the interest component of currency swaps exceeded the expense of SNB negative interest and the reduced level of interest from banks. During the first half of 2020, Bendura Bank recorded HK\$20,896,000 profits with FX swaps.

(c) *Other financial assets at amortised cost of HK\$1,347,004,000*

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Listed debt instruments, at amortised cost		
Issued by:		
Governments and public sector	82,162	82,373
Financial institutions	970,289	778,199
Corporations	294,553	447,388
	1,347,004	1,307,960

Bendura Bank invested in listed debt instruments issued by government and public sector, financial institutions and corporations amounting to HK\$1,347,004,000. The portfolio was composed of 78 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 2.6 years, while the modified duration of the portfolio is only 1.8%. Largest single investments are bonds issued by International Bank for Reconstruction and Development (CHF10 million) and European Investment Bank (CHF11 million). Both issuers are triple-A rated. Risk concentration is analyzed and presented to the senior management on a monthly basis.

Relatively major listed debt instruments as at 30 June 2020 are as follows:

Issuer	Nature of interest rate	Sector	Maturity date	Value (CHF'000)
Bank of Montreal	Fixed	Financial corporations	22 December 2023	5,000
China Merchants Bank/Lux	Fixed	Financial corporations	19 June 2022	5,340
Deutsche Bank Ag	Floating	Financial corporations	16 May 2022	7,472
Abn Amro Bank Nv	Floating	Financial corporations	19 July 2022	7,618
Bank of Nova Scotia	Floating	Financial corporations	05 October 2022	8,082
Intl Bk Recon & Develop	Fixed	Financial corporations	19 March 2024	9,512
European Investment Bank	Floating	Financial corporations	24 March 2021	11,434
Others				110,598
				<hr/>
Total				165,056
				<hr/>
Equivalent to HK\$'000				1,347,004
				<hr/> <hr/>

Collectively, listed debt instruments at amortised cost accounted for 7.4% of the Group's total assets.

As at 31 December 2019, Bendura Bank invested in listed debt instruments issued by government and public sector, financial institutions and corporations amounting to HK\$1,307,960,000. The portfolio was composed of 58 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 2.4 years. Largest single investments are bond issued by International Bank for Reconstruction and Development (CHF19 million) and followed by European Investment Bank (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 2019 are as follows:

Issuer	Nature of interest rate	Sector	Maturity date	Value (CHF'000)
China Merchants Bank/Lux	Fixed	Financial Institutions	19 June 2022	5,426
Deutsche Bank Ag	Floating	Financial Institutions	16 May 2022	7,591
Abn Amro Bank Nv	Floating	Financial Institutions	19 July 2022	7,746
Bank of Nova Scotia	Floating	Financial Institutions	5 October 2022	8,228
Intl Bk Recon & Develop	Fixed	Financial Institutions	19 March 2024	9,670
European Investment Bank	Floating	Financial Institutions	24 March 2021	11,631
Intl Bk Recon & Develop	Floating	Financial Institutions	18 March 2020	19,364
Other				<u>92,845</u>
Total				<u>162,501</u>
Equivalent to HK\$'000				<u><u>1,307,960</u></u>

(d) *Other financial assets at fair value through other comprehensive income of HK\$358,439,000*

	30 June 2020 HK\$'000	31 December 2019 HK\$'000
Listed equity instruments in Hong Kong	238,005	282,080
Listed equity instruments outside Hong Kong	114,935	135,176
Unlisted equity investment	5,499	5,605
	<u>358,439</u>	<u>422,861</u>

Listed equity instruments of HK\$114,935,000 related to investment in Citychamp Dartong and HK\$238,005,000 related to investment in Min Xin. Details of investments in Citychamp Dartong and Min Xin are set out from pages 27 to 28 of announcement.

(3) *Total Liabilities*

Total liabilities decreased to HK\$13,897,638,000 as at 30 June 2020 from HK\$14,936,192,000 as at 31 December 2019, mainly attributable to decrease in due to clients.

Due to clients

	30 June 2020	31 December 2019	Increase/ (decrease) Amount	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	%
Due to clients – precious metals	141,307	56,762	84,545	148.9
Other amounts due to clients, mainly bank deposits	11,019,032	11,906,290	(887,258)	(7.5)

(4) *Gross profit from non-banking and financial businesses*

Gross profit from non-banking and financial businesses was HK\$306,976,000, a decrease of HK\$381,389,000 or 55.4%.

(5) *EBITDA*

EBITDA was HK\$30,566,000, a decrease of HK\$227,913,000 or 88.2%.

(6) *Selling and distribution expenses*

Total selling and distribution expenses was HK\$255,956,000, a decrease of HK\$126,600,000 or 33.1%.

(7) *Administrative expenses*

Total administrative expenses was HK\$332,622,000, a decrease of HK\$67,516,000 or 16.9%.

(8) *Share of loss/profit of associates*

The share of loss of Fair Future Industrial Limited (“Fair Future”), a 25% owned associate of the Group, was HK\$1,071,000 (Six months ended 30 June 2019: share of profit HK\$6,756,000). 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\$46,825,000, representing an increase of HK\$5,943,000 or 14.5%. It was composed of the interest charged on bank borrowings, bank overdrafts and lease liabilities.

(10) Net loss attributable to owners of the Company

Net loss attributable to owners of the Company was HK\$100,846,000 (Six months ended 30 June 2019: net profit attributable to owners of the Company of HK\$88,608,000).

(11) Inventories

Inventories was HK\$2,149,872,000, a decrease of 4.8% from HK\$2,257,966,000 as at 31 December 2019.

(12) Events after reporting period

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

The impact of the COVID-19 on the Group

The COVID-19 has devastated the World's largest and most interconnected economies. First reported in late 2019, it was spreading throughout Asia, Europe, the USA, and the rest of the world. The virus also has disrupted a large number of industries that suffered from sharp falls in production and demand, owing to social distancing measures, lockdowns and travel restrictions. It deteriorates the general economic environment and in particular, affects adversely the general consumption. The decrease in general consumption, reinforced by the sudden change of income and wealth as well as the psychological and emotional effect, is further affected by temporary or permanent closures as a result of decrease in foot traffic and additional measures imposed by shopping malls or individual shops.

The COVID-19 will likely go down in history as one of the worst disasters ever in human history. Specifically, the COVID-19 has contributed to approximately 44% reduction of turnover for the Group in the first half of 2020 as compared with the same period last year. The loss was approximately HK\$92 million for the first half of 2020 as compared with profit of approximately HK\$110 million for the same period last year. With such magnitude of change, we are obliged to assess whether the impact of the COVID-19 has potentially led to asset impairment for tangible and non-tangible assets of the Group.

Specifically, we have to consider the impairment tests for the goodwill and intangible assets as well as the valuation of other assets.

In response to the adverse impacts of the COVID-19, the watch businesses have adopted a number of actions, including implementation of a cost control measures and exploring new distribution channels such as e-commerce and new retailing tactics.

It appears that generally, the watch business and banking business are picking up starting from May 2020. In the last few years, the Bank has significantly de-risked the business model in terms of transaction banking and at the same time the Bank has managed to set up a resilient loan book. The short-term and medium-term forecasts are considered, rather uncertain but not unpromising, amid the most recent development of the COVID-19 in Mainland China and the rest of the world as of the review date. Given the urgent and aggressive administrative action with the view to terminate the spread of the disease and the expansionary monetary and fiscal path of most central banks are following, there are possibilities that the global economy, especially Mainland Chinese economy, is going to pick up in the remaining period of 2020. As such, based on the information, both external and internal, currently available to us, and to the best of our current knowledge and analysis, the potential impairments of the above-mentioned assets are considered not necessary for the interim result 2020. We would closely monitor the performance of different businesses and assets in the remaining period of 2020 and consider the short-term and the medium-term forecasts and evaluate them for the proper accounting disclosure in annual report 2020.

We would continuously review the current liquidity position and expected financial resources. To address the adverse impact of COVID-19 on funding needs, we would formulate an action plan. Firstly, we will impose strict cost control measures throughout the entire Group. Secondly, we will apply for government subsidies in Mainland China, Switzerland and Hong Kong to minimize the impact from COVID-19. Thirdly, we will direct the subsidiaries to operate with key focus on liquidity. Lastly, and most importantly, we will work on the change of the portfolio mix of the Group.

Review of Financial Statements

The audit committee of the Company has reviewed the Group's unaudited financial statements for the six months ended 30 June 2020. 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 2020 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 2020.

Corporate Governance

The Board remains focused on improving its effectiveness and the efficiency of the governance processes. We believe that an appropriate mix of skills, experience and perspectives within the Board helps strengthen its effectiveness.

Environmental, Social, and Governance Performance

Good Environmental, Social and Governance, or ESG, practices have always been an integral part of the Group's business strategy and management approach. As a good corporate citizen, the Group contributes to the community that we operate our businesses. We are committed to integrating sustainability into our core business activities and contributing to our community. We supported a wide range of philanthropic initiatives, with an emphasis on education and social welfare. Supporting our community and helping businesses and individuals realize their potential make what we do truly worthwhile.

To adapt to the new requirements of the Listing Rules on ESG commencing from 2020, the Group is under the process of implementing internal processes and systems including designation of a senior management member to head the ESG, implementation of the identification and review process and strengthening of relevant disclosures.

Risk Management

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

OUTLOOK

Currently, the COVID-19 continues to dominate the headlines, for both everyday life and developments of the global economy and in the financial markets. Most countries have already taken urgent and aggressive administrative actions with the view to terminate the spread of the disease. It appears there is consensus that the low point of the economic developments around the globe was reached in the second quarter of 2020. The People's Bank of China, the European Central Bank and the US Federal Reserve Bank will not be shifting gears in the second half of 2020. Instead, they will largely solidify the expansionary monetary and fiscal path they have taken thus far in the battle against the COVID-19.

There are sights of improvements in the US economy since July 2020, especially after the reopening for business of a number of states. The economy of the European Union is considered to have reached and passed its lowest point of the economic growth in the second quarter 2020. The leading indicators of the European Union suggest as much, having risen since May 2020. For Mainland China, the recent rise in industrial production matches well with its electricity consumption exceeding its five-year average and its domestic freight volumes returning to its five-year average. These indicators clearly confirm the recovering Chinese economy in the second half of 2020.

In the second half of 2020, the local proprietary watch brand business in Mainland China is expected to rebound gradually although slowly for the following reasons: (a) the relatively satisfactory scenario is achieved through tight control measures all over the country, (b) production and distribution is gradually recovered through opening up of activities, (c) consumer confidence is re-established as a result. Generally, the market conditions are expected to improve in the longer term and hence the demand for watches, both on-line and in physical distribution outlets all over the country, will grow modestly.

The foreign proprietary watch brand business, owing to the adverse impact of social distancing, lockdowns and travel restrictions on their key markets and its market positioning where the general demand is relatively weak, remains very challenging in the second half of 2020.

Bendura Bank, although its operation and performance being affected by the COVID-19, has developed organically as shown by the stability of asset under management, higher liquidity level and increased headcount amid challenging market conditions. The banking and financial businesses continue to perform with the banking business as the main driver of revenue and profitability in the years to come.

Undoubtedly, we are now facing one of the worst disasters ever in human history. While we are confronting the key issues and risks in this challenging time, we believe that the opportunities in our markets remain substantial and the work that we have done in recent years in enhancing our capabilities and strengthening our resilience put us now in a stronger position to capture those opportunities in spite of COVID-19. We are confident that as we execute our strategic objectives with discipline and passion, we will generate sustainable growth and create long-term value for all our stakeholders.

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 2020, the Group had approximately 4,900 full-time staff in Hong Kong and Mainland China and approximately 300 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 bonuses 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 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.

Dividend

The Board has resolved not to distribute an interim dividend for the six months ended 30 June 2020 (Six months ended 30 June 2019: Nil).

CORPORATE GOVERNANCE CODE

During the six months period ended 30 June 2020, the Company has complied with all the code provisions of the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except with the details disclosed below:

(1) CG Code E.1.2

CG Code E.1.2 stipulates that the chairman of the board of directors should attend the annual general meeting. The Chairman of the Board was unable to attend the annual general meeting of the Company held on 30 June 2020 (the “AGM 2020”) due to other business engagement.

(2) CG Code A.6.7

CG Code A.6.7 stipulates that independent non-executive directors should attend general meetings. Three independent non-executive directors did not attend the AGM 2020 due to other business engagements or travel restrictions under COVID-19.

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 2020.

BOARD COMMITTEES

Audit Committee

The audit committee of the Company currently comprises following members:

Independent Non-executive Directors

Fung Tze Wa (*Committee Chairman*)

Kwong Chun Wai, Michael

Zhang Bin

Rudolf Heinrich Escher

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 2020), the accounting system, the system of internal controls 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 of the Company.

Remuneration Committee

The remuneration committee of the Company currently comprises following members:

<i>Independent Non-executive Directors</i>	<i>Executive Directors</i>
Fung Tze Wa (<i>Committee Chairman</i>)	Hon Kwok Lung
Kwong Chun Wai, Michael	Shang Jianguang
Zhang Bin	
Rudolf Heinrich Escher	

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 currently comprises following members:

<i>Executive Directors</i>	<i>Independent Non-executive Directors</i>
Hon Kwok Lung (<i>Committee Chairman</i>)	Fung Tze Wa
Shang Jianguang	Kwong Chun Wai, Michael
	Zhang Bin
	Rudolf Heinrich Escher

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 currently comprises following members:

Executive Directors

Sit Lai Hei (*Committee Chairman*)

Shi Tao

Lam Toi Man

Bi Bo

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.

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

During the six months ended 30 June 2020, the Company did not buy back any Company's listed shares (whether on the Stock Exchange or otherwise).

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER OF THE COMPANY

On 16 July 2019, the Company and a syndicate of banks (the "Syndicated Banks") entered into a facility agreement (the "Syndicated Loan Agreement"), with Hang Seng Bank Limited ("Hang Seng") as the mandated lead arranger, pursuant to which the Syndicated Banks have agreed to grant a term loan facility in the amount up to US\$150,000,000 (the "Syndicated Loan") to the Company for a term of 36 months.

Pursuant to the Syndicated Loan Agreement, it will be an event of default if (1) Mr. Hon Kwok Lung ("Mr. Hon") together with his direct family members and Ms. Sit Lai Hei (the "Hon Family") fail to maintain (i) directly or indirectly, at least 60% of the beneficial shareholding interest in the issued share capital of the Company; or (ii) control over the management and business of the Company and its subsidiaries (excluding Bendura Bank AG and its subsidiaries and Shun Heng Finance Holding (Hong Kong) Limited and its subsidiaries; or (2) Mr. Hon (or another member of the Hon Family) is not the chairman of the Board of the Company. On and at any time after the occurrence of such event which is continuing, Hang Seng as the agent may, and shall if so directed by the Syndicated Banks whose commitments aggregate 66²/₃% or more of the total commitment, by notice to the Company, (i) cancel the commitments (and reduce them to zero); (ii) declare that all or part of the Syndicated Loan, together with accrued interest, and all other amounts accrued or outstanding be immediately due and payable; (iii) declare that all or part of the Syndicated Loan be payable on demand; and/or (iv) exercise or direct Hang Seng as the security agent to exercise any or all of its rights, remedies, powers or discretions under the Syndicated Loan Agreement.

Details are set out in the announcement of the Company dated 16 July 2019.

PUBLICATION OF 2020 INTERIM RESULTS AND 2020 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The 2020 interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.irasia.com/listco/hk/citychamp and www.citychampwj.com), and the 2020 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, 28 August 2020

As at the date of this announcement, the Board of the Company 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 who are the Executive Directors, and Mr. Fung Tze Wa, Dr. Kwong Chun Wai Michael, Mr. Zhang Bin and Mr. Rudolf Heinrich Escher, who are the Independent Non-Executive Directors.