

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

- Group Turnover increased by 16.3% to HK\$805.5 million
- Profit Attributable to Equity Holders of the Company of HK\$50.8 million

During the year ended 31 March 2023 (“FY2022/23”), Group turnover increased by 16.3% to HK\$805.5 million compared with HK\$692.5 million in the year ended 31 March 2022 (“FY2021/22”).

A profit attributable to Group equity holders of HK\$50.8 million was recorded in FY2022/23 (FY2021/22: Loss of HK\$106.7 million) after taking into account of the following items:

- the gain on disposal of a property in Hong Kong (“Disposal gain”) of HK\$78.7 million (FY2021/22: nil);
- the accounting impact from HKFRS 16 Leases (non-cash) of HK\$12.4 million (income) (FY2021/22: HK\$29.1 million (income));
- an impairment loss (non-cash) of HK\$5.6 million (FY2021/22: HK\$8.1 million) relating to right-of-use assets mainly arising from retail stores with declined store profitability;
- a revaluation gain of investment properties (non-cash) of HK\$14.8 million (FY2021/22: impairment loss of HK\$23.0 million due to revaluation of investment properties and leasehold land and buildings);
- the impairment loss of intangible assets (non-cash) was HK\$3.9 million in FY2022/23 (FY2021/22: HK\$2.7 million) due to reducing recoverable amount.

If the above Disposal gain and the non-cash items were excluded, the Group would have reported a loss of HK\$45.6 million in FY2022/23. This represents a reduction of loss by 55.3% compared with a loss of HK\$102.0 million in FY2021/22 after excluding the above non-cash items, which was due to recovery of sales in Hong Kong and Southeast Asia region together with uplift in operating efficiency in all operating regions.

- 集團營業額上升 16.3% 至 HK\$805.5 佰萬
- 本公司權益持有人應佔溢利為 HK\$50.8 佰萬

於截至 2023 年 3 月 31 日止年度(「2022/23 財政年度」)，集團營業額增加 16.3% 至 HK\$805.5 佰萬，而截至 2022 年 3 月 31 日止年度(「2021/22 財政年度」)為 HK\$692.5 佰萬。

於 2022/23 財政年度錄得集團權益持有人應佔溢利 HK\$50.8 佰萬(2021/22 財政年度：虧損 HK\$106.7 佰萬)，已經計及下列項目：

- 出售一項香港物業之收益(「出售收益」) HK\$78.7 佰萬(2021/22 財政年度：無)；
- 香港財務報告準則第 16 號租賃的會計影響(非現金)HK\$12.4 佰萬(收入)(2021/22 財政年度：HK\$29.1 佰萬(收入))；
- 有關使用權資產的減值虧損(非現金) HK\$5.6 佰萬(2021/22 財政年度：HK\$8.1 佰萬)，主要來自盈利水平有所下降的零售店舖；
- 重新估值投資物業的收益(非現金)HK\$14.8 佰萬(2021/22 財政年度：重新估值投資物業及租賃土地及樓宇而產生減值虧損 HK\$23.0 佰萬)；
- 於 2022/23 財政年度，由於可回收金額減少，無形資產減值虧損(非現金)為 HK\$3.9 佰萬(2021/22 財政年度：HK\$2.7 佰萬)。

如剔除上述出售收益及非現金項目，本集團於 2022/23 財政年度錄得虧損 HK\$45.6 佰萬，較 2021/22 財政年度的虧損 HK\$102.0 佰萬(剔除上述非現金項目)減少虧損 55.3%，此乃由於香港及東南亞地區的銷售復甦，以及所有營運地區的經營效率提高所致。

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The Group gross profit margin was 45.3% in FY2022/23 (FY2021/22: 46.7%), decrease by 1.4%. The gross profit margin of retail segment improved resulting from fine-tuning of product portfolio. However, it was partly offset by the shrinking gross profit margin in wholesale segment.

Various government subsidies of approximately HK\$7.5 million (FY2021/22: HK\$8.4 million) were received in our operating regions during the reporting period.

In FY2022/23, the Group continued to implement inventory control measures. The Group inventory balance at 31 March 2023 was HK\$222.1 million, a decline of 14.8% or HK\$38.6 million compared with the balance at 31 March 2022 of HK\$260.7 million. Stock turnover days improved from 258 days at 31 March 2022 to 184 days at 31 March 2023. Continuous inventory control and prudent stock procurement are in place to strengthen balance sheet management.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: Nil per ordinary share).

CITY CHAIN GROUP

- City Chain Group turnover increased by 20% year-on-year
- City Chain Group loss before interest and tax (“**LBIT**”) reduced to HK\$8.2 million (FY2021/22: HK\$74.2 million)

The CITY CHAIN Group operates around 109 stores in Hong Kong, Macau, Mainland China (“**Greater China**”), Singapore, Thailand and Malaysia together with online stores under our own brands of “CITY CHAIN” and “SOLVIL et TITUS”.

The CITY CHAIN Group reported a 20% increase in turnover to HK\$529.2 million (FY2021/22: HK\$441.4 million) which was mainly driven by sales growth in Hong Kong with same store sales growth of 38.8% and the momentum in Southeast Asia. The loss before interest and tax (LBIT) was HK\$8.2 million (FY2021/22: HK\$74.2 million).

於 2022/23 財政年度，本集團的毛利率為 45.3% (2021/22 財政年度：46.7%)，下降 1.4%。由於對產品組合調整，零售分部的毛利率有所提高。然而，部分被批發分部的毛利率下降所抵銷。

於報告期內，集團營運地區獲得各項政府補貼約 HK\$7.5 佰萬 (2021/22 財政年度：HK\$8.4 佰萬)。

於 2022/23 財政年度，本集團繼續推行存貨管控措施。本集團於 2023 年 3 月 31 日的存貨結餘為 HK\$222.1 佰萬，較 2022 年 3 月 31 日的結餘 HK\$260.7 佰萬減少 14.8% 或 HK\$38.6 佰萬。存貨周轉天數由 2022 年 3 月 31 日的 258 日改善至 2023 年 3 月 31 日的 184 日。本集團將繼續實施存貨控制及謹慎採購措施，以強化資產負債表管理。

末期股息

董事會不建議宣派截至 2023 年 3 月 31 日止年度的末期股息 (2022 年：每股普通股零)。

「時間廊」集團

- 「時間廊」集團營業額按年上升 20%
- 「時間廊」集團除利息及稅項前虧損(「**除利息及稅項前虧損**」)減少至 HK\$8.2 佰萬(2021/22 財政年度：HK\$74.2 佰萬)

「時間廊」集團於香港、澳門、中國內地(「**大中華**」)、新加坡、泰國及馬來西亞營運約 109 間店舖，並以集團的自有品牌「時間廊」及「鐵達時」經營網上商店。

「時間廊」集團的營業額增加 20% 至 HK\$529.2 佰萬 (2021/22 財政年度：HK\$441.4 佰萬)，主要受香港銷售增長(同店銷售增長 38.8%)及東南亞銷售增長勢頭所帶動。除利息及稅項前虧損為 HK\$8.2 佰萬 (2021/22 財政年度：HK\$74.2 佰萬)。

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Greater China

Turnover for CITY CHAIN operations in Greater China was HK\$274.1 million (FY2021/22: HK\$242.7 million), representing a y-o-y growth of 12.9%. The rise was mainly driven by the growth in Hong Kong of 32.1% y-o-y, partly offset by the sales drop in Mainland China and Macau due to the strict movement control throughout the FY2022/23. A loss before interest and tax (“LBIT”) of HK\$14.7 million (FY2021/22: HK\$72.8 million) was recorded after taking into account of the following factors:

- a revaluation gain of investment properties of HK\$10.6 million in FY2022/23 due to valuation at year end (FY2021/22: impairment loss HK\$10.7 million); and
- the accounting impact from HKFRS 16 Leases of HK\$9.4 million (income) (FY2021/22: HK\$23.7 million (income)).

If the above two factors were excluded in both years, the LBIT for FY2022/23 would be HK\$34.7 million, a reduction in loss by 59.6% or HK\$51.1 million from HK\$85.8 million for FY2021/22.

Since January 2023, Hong Kong has resumed cross-border travel with Mainland China. With tourist arrivals and resumption of normal travel, retail sales in the quarter January to March 2023 strongly improved by 80% year on year. However, the uncertain macro-economic environment and inflationary pressures casted doubts on the pace of recovery. Prudent procurement management and strict discipline in operating cost will be continued to sustain long term growth of the business.

Meanwhile, our online business of our own brands “CITY CHAIN” and “SOLVIL et TITUS” has continued to report a profitable result in Hong Kong despite the fact that certain customers switched from online to physical stores after the relaxation of social-distancing and anti-pandemic measures. At the same time, efficiency on our Mainland China watch e-commerce business has also continued to improve.

大中華

大中華「時間廊」業務的營業額為 HK\$274.1 百萬 (2021/22 財政年度：HK\$242.7 百萬)，按年增長 12.9%。有關增長乃主要由於香港按年 32.1% 的增長，部分被中國內地及澳門於 2022/23 財政年度一直實施嚴格的出入控制導致銷售下降所抵銷。除利息及稅項前虧損為 HK\$14.7 百萬 (2021/22 財政年度：HK\$72.8 百萬)，已計及以下因素：

- 由於年末估值，於 2022/23 財政年度投資物業重估收益為 HK\$10.6 百萬 (2021/22 財政年度：減值虧損 HK\$10.7 百萬)；及
- 香港財務報告準則第 16 號租賃的會計影響 HK\$9.4 百萬 (收入) (2021/22 財政年度：HK\$23.7 百萬 (收入))。

如於兩個年度剔除上述兩項因素，2022/23 財政年度除利息及稅項前虧損將為 HK\$34.7 百萬，虧損較 2021/22 財政年度 HK\$85.8 百萬收窄 59.6% 或 HK\$51.1 百萬。

自 2023 年 1 月起，香港恢復與中國內地的跨境旅遊。隨著抵港遊客人數及旅遊恢復正常，2023 年 1 月至 3 月的季度零售額按年大幅增長 80%。然而，不確定的宏觀經濟環境及通脹壓力拖累復甦進度。集團將繼續審慎管理採購及嚴格監察營運費用，務求維持業務的長期增長。

同時，儘管若干客戶在社交距離及防疫措施放寬後從線上轉向實體店，集團自有品牌「時間廊」及「鐵達時」的線上業務在香港繼續錄得盈利。另一方面，中國內地手錶電子商貿業務的營運效率亦繼續提昇。

Southeast Asia

With reopening of economies and gradual recovery in consumer sentiment, our Southeast Asian operations recorded turnover growth of 28.4% to HK\$255.1 million (FY2021/22: HK\$198.7 million) and generated earnings before interest and tax (“EBIT”) of HK\$6.5 million (FY2021/22: LBIT of HK\$1.4 million). Singapore and Malaysia operations posted an EBIT of HK\$11.6 million (FY2021/22: EBIT of HK\$8.4 million), while Thailand operations recorded a reduced loss of HK\$5.1 million (FY2021/22: LBIT of HK\$9.8 million).

With continual investments in our e-commerce platforms and corresponding marketing efforts, our e-commerce business in Southeast Asia regions continued to develop satisfactorily during FY2022/23 with sales growth by approximately 74.4% y-o-y.

SUPPLY CHAIN MANAGEMENT AND WHOLESALE TRADING

Turnover for this division comprising our supply chain and wholesale trading subsidiaries increased by 10.0% to HK\$276.3 million (FY2021/22: HK\$251.1 million) and an EBIT of HK\$41.0 million was posted (FY2021/22: HK\$45.8 million).

As mentioned in the Group’s Voluntary Announcement of Business Update published on 1 August 2022, the modification of wholesale distributorship arrangements of “GRAND SEIKO” and “CREDOR” watches in Singapore, Brunei and Malaysia was effective from 3 October 2022. The Group will continue to:

- (a) distribute as sole wholesale distributor for “GRAND SEIKO” and “CREDOR” watches in Hong Kong and Macau, and “SEIKO” watches in Hong Kong, Macau, Singapore, Brunei and Malaysia;
- (b) act as retailer for “GRAND SEIKO”, “SEIKO” and “CREDOR” watches in Hong Kong, Macau, Singapore and Malaysia.

Our wholesale trading unit will continue to launch various marketing campaigns with quality service support to increase sell-through rate to retailers.

東南亞

隨著經濟重新開放及消費氣氛逐步復甦，集團東南亞業務錄得營業額增長 28.4% 至 HK\$255.1 百萬 (2021/22 財政年度：HK\$198.7 百萬)，並錄得除利息及稅項前溢利 HK\$6.5 百萬 (2021/22 財政年度：除利息及稅項前虧損為 HK\$1.4 百萬)。新加坡及馬來西亞業務錄得除利息及稅項前溢利 HK\$11.6 百萬 (2021/22 財政年度：除利息及稅項前溢利為 HK\$8.4 百萬)，而泰國業務虧損收窄，錄得 HK\$5.1 百萬 (2021/22 財政年度：除利息及稅項前虧損為 HK\$9.8 百萬)。

集團持續投資電子商貿平台，加上開展相應的市場營銷工作，東南亞地區電子商貿業務在 2022/23 財政年度繼續取得令人滿意的發展，銷售額按年增長約 74.4%。

供應鏈管理及批發貿易

供應鏈及批發貿易分部的營業額上升 10.0% 至 HK\$276.3 百萬 (2021/22 財政年度：HK\$251.1 百萬) 及錄得除利息及稅項前溢利 HK\$41.0 百萬 (2021/22 財政年度：HK\$45.8 百萬)。

誠如本集團於 2022 年 8 月 1 日刊發的業務最新資料的自願公告所述，對「GRAND SEIKO」及「CREDOR」品牌鐘錶於新加坡、汶萊及馬來西亞的批發分銷安排作出的修改已於 2022 年 10 月 3 日生效。本集團將繼續：

- (a) 作為鐘錶品牌「GRAND SEIKO」及「CREDOR」於香港及澳門，及鐘錶品牌「精工」於香港、澳門、新加坡、汶萊及馬來西亞的獨家批發經銷商進行分銷；
- (b) 擔任鐘錶品牌「GRAND SEIKO」、「精工」及「CREDOR」於香港、澳門、新加坡及馬來西亞的零售商。

集團此分部將繼續開展多項市場營銷活動，並提供優質顧客服務以增加零售商的銷售。

GROUP OUTLOOK

Despite there was gradual recovery of retail performance in our operating regions, tourist arrivals and local consumer sentiments were yet to reach pre-pandemic levels. In addition, inflationary pressure and rising interest rate could impact economy recovery and consumer spending power. The Group maintains a cautious view on the short run outlook given the uncertainties in post-pandemic development and economic growth in our operating regions. The Group also remains judicious in taking various measures in streamlining operating costs to enhance shop productivity and corporate financial performance, while endeavours to achieve sustainable business development. Given the uplift of our e-commerce development in various regions, the Group will continue to invest in this growing segment to realize the potential of integration of online and offline channels.

FINANCE

The Group's capital management, currency and interest rate movement are constantly monitored and reviewed by the management of the Group to address and manage relevant financial risks relating to the Group's operations. The Group maintains prudent treasury management policies to address liquidity to finance both short-term and long-term working capital needs for business operations. Funds are generated from business operating activities and banking facilities in the form of term loans and short-term trading facilities. Forecast and actual cash flow analyses are continuously monitored. Maturity of assets and liabilities and requirement of financial resources for business operations are prudently managed.

Group gearing ratio was 60.7% (31 March 2022: 95.7%) with shareholders' funds standing at HK\$424.1 million (31 March 2022: HK\$378.1 million) and net debts of HK\$257.4 million (31 March 2022: HK\$361.8 million). The net debts are based on the bank borrowings of HK\$342.8 million (31 March 2022: HK\$473.9 million) and less bank balance and cash of HK\$85.4 million (31 March 2022: HK\$112.1 million). The bank borrowings comprised of HK\$116.4 million repayable within one year and HK\$226.4 million with scheduled repayment after one year but repayable on demand and were classified as current liabilities. The Group's cash inflow from its operations was HK\$60.8 million. The unutilized banking facilities as at 31 March 2023 was HK\$60.314 million.

集團展望

儘管集團經營地區的零售表現有逐步復甦的跡象，抵港遊客人數及當地消費情緒尚未達到疫情前水平。此外，通脹壓力及利率上升可能影響經濟復甦及消費者的消費能力。鑒於集團經營地區的疫情後發展及經濟增長存在不確定因素，本集團對短期前景持審慎態度。本集團亦採取各種果斷措施減省經營成本，以提高店舖生產力及企業財務表現，並致力實踐可持續的業務發展。由於各地區的電子商貿發展提昇，本集團將繼續投放於此具增長動力的業務，以發揮整合線上及線下零售網絡渠道的潛力。

財務

本集團管理層密切監察及掌握集團的資本管理、貨幣及利率變動，以監控本集團營運相關的財務風險。本集團實行嚴謹的財務管理策略，以掌控用於業務營運的短期及長期資金需求的流動性。有關資金來自業務營運以及有期貸款及短期貿易融資等銀行融資。本集團亦持續監察現有及預估未來現金流，審慎管理資產及負債的到期日以及業務營運的財務資金需要。

本集團的借貸比率為 60.7% (2022 年 3 月 31 日：95.7%)，股東資金為 HK\$424.1 佰萬 (2022 年 3 月 31 日：HK\$378.1 佰萬)，本集團的淨債務為 HK\$257.4 佰萬 (2022 年 3 月 31 日：HK\$361.8 佰萬)。淨債務乃根據銀行貸款 HK\$342.8 佰萬 (2022 年 3 月 31 日：HK\$473.9 佰萬) 減去銀行結餘及現金 HK\$85.4 佰萬 (2022 年 3 月 31 日：HK\$112.1 佰萬)。銀行貸款包括 HK\$116.4 佰萬需於一年內償還及 HK\$226.4 佰萬為預定還款期於一年以後 (但可應要求償還，因此列為流動負債)。本集團營運的現金流入為 HK\$60.8 佰萬。於 2023 年 3 月 31 日，未動用銀行融資為 HK\$60.314 佰萬。

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On 28 January 2022, a subsidiary of the Group entered into a provisional agreement with an independent third party for the disposal (“Disposal”) of a property in Hong Kong at a consideration of HK\$120 million. The Disposal was completed in August 2022 (“Completion”) and the gain on disposal of HK\$78.7 million was recognised in the financial year ended 31 March 2023. Majority of the sales proceeds were used to repay bank loans of the Group.

The Group’s major borrowings are in Hong Kong dollars and mostly based on a floating rate at HIBOR or bank prime lending rates. As major assets of the Group are in Hong Kong dollars, the natural hedge mechanism is applied.

As at 31 March 2023, the current assets and current liabilities were approximately HK\$420.0 million (31 March 2022: HK\$549.9 million) and HK\$565.7 million (31 March 2022: HK\$734.9 million), respectively. The current ratio was approximately 0.74 (0.75 as at 31 March 2022).

As at 31 March 2023, the Group’s total equity funds amounted to HK\$430.1 million.

The Group does not use any financial instruments for hedging purposes.

The Group does not engage in speculative derivative trading.

As at 31 March 2023, a subsidiary of the Company had contingent liabilities in respect of bank guarantees given to landlords in lieu of rental deposits for certain retail shops and suppliers amounting to approximately HK\$7.202 million (31 March 2022: HK\$5.296 million).

The Group does not have plans for material investments or change of capital assets.

於2022年1月28日，本集團一間附屬公司與一名獨立第三方就出售（「出售」）一間位於香港的物業訂立臨時買賣協議，代價為HK\$120百萬。該出售事項於2022年8月完成，並於截至2023年3月31日止的財政年度確認出售事項的出售收益HK\$78.7百萬。大部分出售所得款項用於償還本集團的銀行貸款。

本集團的主要貸款以港幣結算，主要按香港銀行同業拆息率或銀行最優惠利率基準，以浮動息率計算。由於本集團的主要資產以港幣計算，故本集團應用自然對沖機制。

於2023年3月31日，流動資產及流動負債分別約為HK\$420.0百萬(2022年3月31日：HK\$549.9百萬)及HK\$565.7百萬(2022年3月31日：HK\$734.9百萬)。流動比率約為0.74(2022年3月31日：0.75)。

於2023年3月31日，本集團的股權總額為HK\$430.1百萬。

集團並無使用任何財務工具作對沖用途。

集團並無參與純投機的衍生工具交易。

於2023年3月31日，本公司一間附屬公司有或然負債約HK\$7.202百萬(2022年3月31日：HK\$5.296百萬)，涉及向業主就其若干零售店鋪的租金按金及若干供應商提供銀行擔保。

集團並無任何重大投資或轉變資本資產之計劃。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

As at 31 March 2023, certain property, plant and equipment and investment properties amounting to HK\$443.6 million (31 March 2022: HK\$479.8 million of certain property, plant and equipment, investment properties and assets classified as held for sale) were pledged to secure banking facilities granted to the Group.

The investment properties were revalued by independent valuers as at 31 March 2023. A revaluation gain of HK\$14.8 million was recorded in the year ended 31 March 2023 accordingly.

NUMBER AND REMUNERATION OF EMPLOYEES, REMUNERATION POLICIES, BONUS AND TRAINING SCHEMES

The Group's remuneration policies are reviewed on a regular basis and remuneration packages are in line with market practices in the relevant countries where the Group operates. As at 31 March 2023, the Group had around 840 employees (31 March 2022: 910). The Group offers KPI related bonuses to eligible employees based on the performance of the Group and the individual employee. The Group also provides related training programmes to improve the quality, competence and skills of its employees.

Joseph C.C. Wong

Chairman and Chief Executive Officer

Hong Kong, 27 June 2023

於2023年3月31日，本集團部分物業、機器及設備及投資物業總值HK\$443.6百萬(2022年3月31日：部分物業、機器及設備、投資物業及分類為持作可供出售資產總值HK\$479.8百萬)已抵押予銀行以獲取銀行信貸。

於2023年3月31日，投資物業由獨立專業合資格估值師重新估值。截至2023年3月31日止年度，錄得重估收益HK\$14.8百萬。

僱員數目、酬金政策、獎金及僱員培訓計劃

集團以其運營國家的人力資源市場為準則，釐定給予當地僱員的報酬，並定期進行檢討。本集團於2023年3月31日約有840位(2022年3月31日：910位)僱員。集團就業績及個別僱員表現提供按「關鍵績效指標」釐定之獎金予合資格的僱員。集團亦提供相關的培訓計劃改善僱員質素、能力及技能。

黃創增

主席及行政總裁

香港，2023年6月27日