

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

- Group Turnover decreased by 4.7% to HK\$767.6 million
- Profit Attributable to Equity Holders of the Company of HK\$473.2 million
- Net asset value at HK\$912.3 million (31 March 2023: HK\$430.1 million)
- Group gearing ratio at 18.3% (31 March 2023: 60.7%)
- 集團營業額減少4.7%至HK\$767.6百萬
- 本公司權益持有人應佔溢利為HK\$473.2百萬
- 資產淨值為HK\$912.3百萬(2023年3月31日：HK\$430.1百萬)
- 集團借貸比率為18.3%(2023年3月31日：60.7%)

During the year ended 31 March 2024 (“FY2023/24”), Group turnover decreased by 4.7% to HK\$767.6 million compared with HK\$805.5 million in the year ended 31 March 2023 (“FY2022/23”).

於截至2024年3月31日止年度(「2023/24財政年度」)，本集團營業額減少4.7%至HK\$767.6百萬，而截至2023年3月31日止年度(「2022/23財政年度」)為HK\$805.5百萬。

A profit attributable to Group equity holders of HK\$473.2 million was recorded in FY2023/24 (FY2022/23: Profit of HK\$50.8 million) after taking into account of the following special items:

於2023/24財政年度錄得本集團權益持有人應佔溢利HK\$473.2百萬(2022/23財政年度：溢利HK\$50.8百萬)，已經計及下列特殊項目：

- The gain (“Disposal gain 2024”) on disposal of a subsidiary (“Disposal of a subsidiary”) and the disposal of a stock of watches (“Disposal of Watches”) of HK\$544.2 million in FY2023/24;
- The gain on disposal of a property in Hong Kong (“Disposal gain 2023”) of HK\$78.7 million in FY2022/23;
- The accounting impact from HKFRS 16 Leases (non-cash) of HK\$2.9 million (income) (FY2022/23: HK\$12.4 million (income));
- The impairment loss relating to right-of-use assets mainly arising from retail stores with declined store profitability (non-cash) of HK\$18.1 million (FY2022/23: HK\$5.6 million);
- A revaluation difference of properties (non-cash) of HK\$0.1 million (expense) (FY2022/23: HK\$14.8 million (income)) due to revaluation of investment properties;
- The impairment loss of intangible assets (non-cash) of HK\$1.1 million (FY22/23: HK\$3.9 million) due to reducing recoverable amount;
- Government pandemic subsidies of HK\$6.9 million received in FY2022/23 while nil in FY2023/24.
- 於2023/24財政年度出售一間附屬公司(「出售一間附屬公司」)及出售一批鐘錶(「出售鐘錶」)之收益(「2024年出售收益」)HK\$544.2百萬；
- 於2022/23財政年度出售一項香港物業之收益(「2023年出售收益」)HK\$78.7百萬；
- 香港財務報告準則第16號租賃的會計影響(非現金)HK\$2.9百萬(收入)(2022/23財政年度：HK\$12.4百萬(收入))；
- 有關使用權資產的減值虧損(非現金)HK\$18.1百萬(2022/23財政年度：HK\$5.6百萬)，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物業重估差額(非現金)HK\$0.1百萬(開支)(2022/23財政年度：HK\$14.8百萬(收入))；
- 減少可收回金額的無形資產減值虧損(非現金)HK\$1.1百萬(2022/23財政年度：HK\$3.9百萬)；
- 於2022/23財政年度收到的政府疫情補貼HK\$6.9百萬，而於2023/24財政年度則為零。

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If the above special items were excluded, the Group would have reported a loss of HK\$54.6 million in FY2023/24 (FY2022/23: HK\$52.5 million).

In FY2023/24, sales of HK\$40.3 million was recognised upon the Disposal of Watches. If excluding the sales of Disposal of Watches, Group Turnover would be HK\$727.3 million, a decrease of 9.7% compared with FY2022/23.

The Group gross profit margin was 50.2% in FY2023/24 (FY2022/23: 45.3%), increase by 4.9%. The increase in gross profit margin was mainly brought by enhancement of product portfolio.

In FY 2023/24, the Group continued to implement inventory measures. The Group inventory balance at 31 March 2024 was HK\$226.3 million, a slight increase of 1.9% compared with the balance at 31 March 2023 of HK\$222.1 million. 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 2024 (2023: Nil per ordinary share).

CITY CHAIN GROUP

- City Chain Group turnover increased by 2.6% year-on-year
- City Chain Group loss before interest and tax (“**LBIT**”) reduced to HK\$2.6 million (FY 2022/23: HK\$8.2 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 2.6% increase in turnover to HK\$543.0 million (FY2022/23: HK\$529.2 million). If excluding the sales of HK\$40.3 million recognised upon the Disposal of Watches, the turnover in FY2023/24 would be HK\$502.7 million, a decrease of 5.0% compared with FY2022/23.

如剔除上述特殊項目，本集團於2023/24財政年度錄得虧損HK\$54.6百萬(2022/23財政年度：HK\$52.5百萬)。

於2023/24財政年度，於出售鐘錶時確認銷售額HK\$40.3百萬。倘剔除該出售鐘錶的銷售額，本集團營業額將為HK\$727.3百萬，較2022/23財政年度減少9.7%。

於2023/24財政年度，本集團的毛利率為50.2%(2022/23財政年度：45.3%)，上升4.9%。毛利率上升主要由於產品組合改善所致。

於2023/24財政年度，本集團繼續推行存貨管控措施。本集團於2024年3月31日的存貨結餘為HK\$226.3百萬，較2023年3月31日的結餘HK\$222.1百萬輕微增加1.9%。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2024年3月31日止年度的末期股息(2023年：每股普通股零)。

「時間廊」集團

- 「時間廊」集團營業額按年上升2.6%
- 「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\$2.6百萬(2022/23財政年度：HK\$8.2百萬)

「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2.6%至HK\$543.0百萬(2022/23財政年度：HK\$529.2百萬)。倘剔除上述提及的出售鐘錶時確認的銷售額HK\$40.3百萬，於2023/24財政年度的營業額將為HK\$502.7百萬，較2022/23財政年度減少5.0%。

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Greater China

Turnover for City Chain operations in Greater China was HK\$321.5 million (FY 2022/23: HK\$274.1 million), representing a y-o-y growth of 17.3%. The rise was mainly contributed by the sales of HK\$40.3 million recognised upon the Disposal of Watches, combined with the growth of retail shops in Hong Kong and Macau of 8.4% y-o-y. Same store sales growth of 5.6% was recorded in Hong Kong in FY2023/24. However, retail shops sales in Mainland China reported a y-o-y decrease of 28.1% due to softened consumer spending power under the uncertain economic environment. An EBIT of HK\$8.0 million (FY 2022/23: loss of HK\$14.7 million) was recorded after taking into account of the following factors:

- the gain resulted from the Disposal of Watches of HK\$34.7 million in FY2023/24;
- an impairment loss of HK\$0.4 million in FY2023/24 due to valuation of investment properties at year end (FY2022/23: gain of HK\$10.6 million); and
- the accounting impact from HKFRS 16 Leases of HK\$2.2 million (income) (FY2022/23: HK\$9.4 million (income)).

If the above factors were excluded in both years, the LBIT of FY2023/24 would be HK\$28.5 million (FY2022/23: HK\$34.7 million). The improvement of operating results was mainly contributed by enhanced product mix which drove margin increment as well as cautious cost control through streamlining process flows in order to boost operational efficiency.

Meanwhile, our Greater China online business of our own brands “CITY CHAIN” and “SOLVIL et TITUS” delivered a profitable result in FY2023/24. The Group continued to invest and expand our e-commerce business to prioritize our online brand exposure and customer engagement.

大中華

大中華「時間廊」業務的營業額為HK\$321.5百萬(2022/23財政年度：HK\$274.1百萬)，按年增長17.3%。有關增長乃主要由於出售鐘錶時確認銷售額HK\$40.3百萬，以及香港及澳門的零售店舖按年8.4%增長。於2023/24財政年度，香港錄得同店銷售額增長5.6%。然而，由於在不確定的經濟環境下消費者消費能力疲弱，導致中國內地的零售店舖銷售額按年減少28.1%。除利息及稅項前溢利為HK\$8.0百萬(2022/23財政年度：虧損HK\$14.7百萬)，已計及以下因素：

- 於2023/24財政年度出售鐘錶的收益HK\$34.7百萬；
- 於2023/24財政年度的年末投資物業估值之減值虧損HK\$0.4百萬(2022/23財政年度：收益HK\$10.6百萬)；及
- 香港財務報告準則第16號租賃的會計影響HK\$2.2百萬(收入)(2022/23財政年度：HK\$9.4百萬(收入))。

倘於兩個年度剔除上述因素，2023/24財政年度的除利息及稅項前虧損將為HK\$28.5百萬(2022/23財政年度：HK\$34.7百萬)。經營業績的改善主要得益於產品組合的改善，其推動毛利增長以及通過簡化流程以謹慎控制成本從而提高經營效率。

同時，自有品牌「時間廊」及「鐵達時」的網上業務在大中華區繼續錄得盈利。本集團繼續投資及發展電子商貿業務，以提高線上品牌知名度及豐富顧客體驗。

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Southeast Asia

Turnover for City Chain operations in Southeast Asia was HK\$221.5 million, declined by 13.2% y-o-y given prevailing inflation and slowdown in private consumption. In addition, a relatively high comparable base of turnover was recorded in the first half year of FY 2022/23 when movement control and travel restriction boosted retail rebound. LBIT of HK\$10.6 million was recorded in FY2023/24 (FY2022/23: An EBIT of HK\$6.5 million).

With continual investments in our e-commerce platforms to deploy welcoming products for consumers and corresponding marketing efforts, our e-commerce business in Southeast Asia regions continued to develop satisfactorily with sales growth by 25% y-o-y in FY2023/24 and the momentum continued in April to May 2024.

SUPPLY CHAIN MANAGEMENT AND WHOLESALE TRADING

Turnover for this division comprising our supply chain and wholesale trading subsidiaries decreased by 18.7% to HK\$224.5 million (FY2022/23: HK\$276.3 million) and an EBIT of HK\$27.2 million was posted (FY2022/23: HK\$41.0 million).

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

GROUP OUTLOOK

FY2023/24 is supposed to be a year of recovery, but the pace of recovery has been blunted by the global economic slowdown, the uncertain situation in the world, with some important elections coming up and multiple major conflicts. It may not be realistic to expect the retailer performance would return to pre-pandemic level in such post- covid environment. In addition, the new waves of visitors and residents are cautious spenders on the lookout for value, and they are seeking more interesting and diverse experiences rather than time pieces, which would exacerbate the plights of the increasingly challenging watch industry environment.

東南亞

東南亞「時間廊」業務的營業額為HK\$221.5百萬，按年降低13.2%，因受通脹及私人消費放緩所影響。此外，於2022/23財政年度上半年，由於出入及旅遊管制放寬引致消費反彈，因此錄得可比較營業額基數亦相對較高。於2023/24財政年度錄得除利息及稅項前虧損為HK\$10.6百萬（2022/23財政年度：除利息及稅項前溢利HK\$6.5百萬）。

集團持續投資電子商貿業務，為消費者提供受歡迎的產品，加上開展相應的市場營銷工作，東南亞地區的電子商貿業務繼續取得令人滿意的發展，於2023/24財政年度，銷售額按年25%增長，而增長勢頭於2024年4月至5月持續。

供應鏈管理及批發貿易

供應鏈及批發貿易分部的營業額下降18.7%至HK\$224.5百萬（2022/23財政年度：HK\$276.3百萬）及錄得除利息及稅項前溢利HK\$27.2百萬（2022/23財政年度：HK\$41.0百萬）。

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。

集團展望

2023/24財政年度本應是經濟復甦的一年，但全球經濟放緩、世界局勢不明朗，加上多國即將舉行重要選舉以及存在多項重大衝突，阻礙了經濟復甦的步伐。在這種疫情後環境下，期望零售商的業績可恢復至疫情前的水平未必切合實際。此外，新一批的遊客及居民消費變得更為謹慎，不單止追求物有所值，更期望獲得更有趣、更多元的體驗。這將令日益嚴峻的鐘錶業環境雪上加霜。

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Against such uncertain environment in all operating regions, the Group maintains a restrained and prudent approach in management to ensure sustainability. The Group also remains cautious in taking various measures in optimising internal costs, manpower and efficiency in order to enhance productivity and corporate financial performance, while endeavoring to achieve long term stable development for our e-commerce business in various regions. The Group will continue to invest in this growing segment in order to realise the seamless connection between our physical stores operations and our ecommerce presence to unlock the potential of omnichannel.

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 18.3% (31 March 2023: 60.7%) with shareholders' funds standing at HK\$906.6 million (31 March 2023: HK\$424.1 million) and net debts of HK\$166.3 million (31 March 2023: HK\$257.4 million). The net debts are based on the bank borrowings of HK\$234.0 million (31 March 2023: HK\$342.8 million) and less bank balance and cash of HK\$67.7 million (31 March 2023: HK\$85.4 million). The bank borrowings comprised of HK\$92.5 million repayable within one year and HK\$141.5 million with scheduled repayment after one year but repayable on demand and were classified as current liabilities. The unutilized banking facilities as at 31 March 2024 was HK\$79.3 million.

基於上述的不確定環境，本集團在所有經營地區維持克制及審慎的管理方針，以確保可持續的業務發展。本集團亦會繼續謹慎地採取各項措施，優化內部成本、人手及效率，以提升生產力及企業財務表現，並致力於各地區的電子商貿業務取得長遠穩定的發展。本集團將繼續投放於此具增長動力的業務板塊，以實現實體店運營與電子商貿的無縫連接，從而發揮全渠道的潛力。

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18.3% (2023年3月31日：60.7%)，股東資金為HK\$906.6百萬 (2023年3月31日：HK\$424.1百萬)，本集團的淨債務為HK\$166.3百萬 (2023年3月31日：HK\$257.4百萬)。淨債務乃根據銀行貸款HK\$234.0百萬 (2023年3月31日：HK\$342.8百萬) 減去銀行結餘及現金HK\$67.7百萬 (2023年3月31日：HK\$85.4百萬)。銀行貸款包括HK\$92.5百萬需於一年內償還及HK\$141.5百萬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)。於2024年3月31日，未動用銀行融資為HK\$79.3百萬。

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On 12 December 2023, a wholly owned subsidiary of the Company entered into a Share Sale agreement with an independent third party for a disposal of entire issued share capital of another wholly owned subsidiary of the Company at an aggregate consideration of approximately HK\$535.1 million. The transaction was completed on 29 February 2024. According to the terms stated on the Share Sale agreement, HK\$175.0 million was received in FY2023/24. The proceeds received were retained as general working capital of the Group and used to repay portion of bank loan in order to reduce interest expenses.

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 2024, the current assets and current liabilities were approximately HK\$462.8 million (31 March 2023: HK\$420.0 million) and HK\$437.7 million (31 March 2023: HK\$564.5 million), respectively. The current ratio was approximately 1.06 (0.74 as at 31 March 2023).

As at 31 March 2024, the Group's total equity funds amounted to HK\$912.3 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 2024, 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\$7.738 million (31 March 2023: HK\$7.202 million).

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

於2023年12月12日，本公司一間全資附屬公司與一名獨立第三方訂立股份銷售協議，以出售其於本公司另一間全資附屬公司的全部已發行股本，總代價約為HK\$535.1百萬。交易已於2024年2月29日完成。根據股份銷售協議當中所述條款，於2023/24財政年度已收到HK\$175.0百萬。已收取所得款項保留作本集團的一般營運資金及用於償還部分銀行貸款以減少利息開支。

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2024年3月31日，流動資產及流動負債分別約為HK\$462.8百萬(2023年3月31日：HK\$420.0百萬)及HK\$437.7百萬(2023年3月31日：HK\$564.5百萬)。流動比率約為1.06(2023年3月31日：0.74)。

於2024年3月31日，本集團的股權總額為HK\$912.3百萬。

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2024年3月31日，本公司一間附屬公司有或然負債約HK\$7.738百萬(2023年3月31日：HK\$7.202百萬)，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。

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As at 31 March 2024, certain property, plant and equipment and investment properties amounting to HK\$433.8 million (31 March 2023: HK\$443.6 million) were pledged to secure banking facilities granted to the Group.

The investment properties were revalued by independent valuers as at 31 March 2024. A revaluation loss of HK\$0.1 million was recorded in the year ended 31 March 2024 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 2024, the Group had around 825 employees (31 March 2023: 842). 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, 25 June 2024

於2024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\$433.8佰萬(2023年3月31日：HK\$443.6佰萬)已抵押予銀行以獲取銀行信貸。

於2024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2024年3月31日止年度，錄得重估虧損HK\$0.1佰萬。

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2024年3月31日約有825位(2023年3月31日：842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，2024年6月25日