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Time Watch Investments Limited

時計寶投資有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2033)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2024

- Revenue for FY2024 decreased by approximately 10.3% to approximately HK\$881.0 million, as compared with approximately HK\$981.8 million for FY2023.
- Gross profit for FY2024 decreased by approximately 11.1% to approximately HK\$641.2 million, as compared with approximately HK\$721.0 million for FY2023.
- Gross profit margin decreased from approximately 73.4% for FY2023 to approximately 72.8% for FY2024.
- Profit attributable to owners of the Company for FY2024 was approximately HK\$33.6 million, representing a decrease of approximately 9.3% as compared with approximately HK\$37.1 million for FY2023.
- Basic earnings per Share for FY2024 was HK1.6 cents (FY2023: HK1.8 cents).
- Proposed a final dividend and a special dividend for FY2024 is HK0.7 cents and HK1.0 cents per Share.

ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Time Watch Investments Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 30 June 2024 (“**FY2024**”) together with the consolidated statement of financial position of the Group as at 30 June 2024, and the notes with comparative figures for the year ended 30 June 2023 (“**FY2023**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Revenue	3	881,036	981,760
Cost of sales		<u>(239,881)</u>	<u>(260,757)</u>
Gross profit		641,155	721,003
Other income, gains and losses, net	4	69,014	43,375
Net reversal of impairment losses (impairment losses) on trade receivables		830	(1,460)
Selling and distribution costs		(568,977)	(627,264)
Administrative expenses		(93,177)	(94,706)
Impairment losses on property, plant and equipment		(6,623)	(4,741)
Impairment losses on right-of-use assets		–	(81)
Net reversal of provision for onerous contracts		1,177	10,157
Finance costs	5	(619)	(838)
Share of results of a joint venture		–	72
Profit before taxation		42,780	45,517
Income tax charge	6	(8,741)	(7,498)
Profit for the year	7	34,039	38,019
Other comprehensive (expense) income			
Items that will not be reclassified to profit or loss:			
Loss on revaluation of leasehold land and buildings		(2,227)	(321)
Deferred tax on revaluation of a property		353	72
Exchange differences arising on translation		(6,935)	(115,985)
Items that may be reclassified subsequently to profit or loss:			
Fair value change of debt instruments at fair value through other comprehensive income		(16,868)	(17,971)
Reclassification adjustment relating to debt instruments at fair value through other comprehensive income disposed of during the year		2,864	1,291
		<u>(22,813)</u>	<u>(132,914)</u>
Total comprehensive income (expense) for the year		<u>11,226</u>	<u>(94,895)</u>

	<i>NOTE</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Profit for the year attributable to:			
Owners of the Company		33,636	37,070
Non-controlling interests		403	949
		<u>34,039</u>	<u>38,019</u>
Total comprehensive income (expense)			
attributable to:			
Owners of the Company		10,856	(93,483)
Non-controlling interests		370	(1,412)
		<u>11,226</u>	<u>(94,895)</u>
Earnings per share			
	<i>9</i>		
– Basic (<i>HK cents</i>)		<u>1.6</u>	<u>1.8</u>

Details of final dividend proposed for the year are disclosed in note 8 to this annual results announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	<i>10</i>	340,256	385,626
Right-of-use assets	<i>11</i>	39,356	44,156
Investment properties	<i>12</i>	142,639	125,668
Financial assets at fair value through profit or loss	<i>13</i>	10,028	7,603
Debt instruments at fair value through other comprehensive income	<i>14</i>	133,632	198,151
Financial assets at amortised cost	<i>15</i>	273,972	168,542
Deferred tax assets		55,481	52,638
		<u>995,364</u>	<u>982,384</u>
Current assets			
Inventories	<i>16</i>	187,384	228,632
Trade receivables	<i>17</i>	131,579	162,639
Other receivables, deposits and prepayments	<i>17</i>	70,695	81,661
Tax recoverable		2,151	2,364
Financial assets at fair value through profit or loss	<i>13</i>	–	93,130
Financial assets at amortised cost	<i>15</i>	194,466	276,582
Bank balances and cash		959,234	792,200
		<u>1,545,509</u>	<u>1,637,208</u>
Current liabilities			
Trade payables and bills payable	<i>18</i>	23,132	17,625
Other payables and accrued charges		72,440	81,638
Tax payable		38,856	34,356
Lease liabilities		4,673	5,879
Other loans		15,622	15,673
		<u>154,723</u>	<u>155,171</u>
Net current assets		<u>1,390,786</u>	<u>1,482,037</u>
Total assets less current liabilities		<u>2,386,150</u>	<u>2,464,421</u>

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and reserves		
Share capital	205,807	205,807
Reserves	2,108,785	2,180,252
	<hr/>	<hr/>
Equity attributable to owners of the Company	2,314,592	2,386,059
Non-controlling interests	1,576	1,531
	<hr/>	<hr/>
Total equity	2,316,168	2,387,590
	<hr/>	<hr/>
Non-current liabilities		
Deferred tax liabilities	62,815	66,893
Lease liabilities	7,167	9,938
	<hr/>	<hr/>
	69,982	76,831
	<hr/>	<hr/>
	2,386,150	2,464,421
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. GENERAL

The Company was incorporated as an exempted company in the Cayman Islands with limited liability under the Companies Law (2007 Revision) Chapter 22 of the Cayman Islands. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its immediate and ultimate holding company is Red Glory Investments Limited, a company incorporated in the British Virgin Islands. The addresses of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is 27th Floor, CEO Tower, 77 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company is an investment holding company.

The functional currency of the Company is Renminbi ("**RMB**"), while the consolidated financial statements is presented in Hong Kong dollar ("**HK\$**"), which the management of the Group considered that it is more beneficial for the users of the consolidated financial statements, as the Company's shares are listed on the Stock Exchange.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and certain financial instruments, which are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

2.1 New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 July 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 8 "Definition of Accounting Estimates"

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 “Income Taxes” so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 July 2022; and
- (ii) the Group also, as at 1 July 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use assets and lease liabilities.

The application of the amendments has had no material impact on the Group’s financial position and performance, except that the Group discloses the related deferred tax assets of HK\$5,803,000 and deferred tax liabilities of HK\$5,803,000 as at 1 July 2022 on a gross basis but it had no impact on the accumulated profits as at the earliest period presented.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The Group has applied the amendments for the first time in the current accounting period. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in the consolidated financial statements for the year ended 30 June 2024.

2.2 Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap. 57). In June 2022, the Hong Kong SAR Government (the “**Government**”) gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which abolishes the use of the accrued benefits derived from employers' MPF contributions to offset severance payment and LSP (the “**Abolition**”). The Abolition will officially take effect on 1 May 2025 (the “**Transition Date**”). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition. Considering the cumulative catch-up adjustment in profit or loss for the service cost and interest expense were not material, the Group did not restate the comparative figures in the consolidated financial statements.

2.3 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 18	Presentation and Disclosure in Financial Statements ⁵
HKFRS 19	Subsidiaries without Public Accountability: Disclosure ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ⁴

¹ *Effective for annual periods beginning on or after a date to be determined.*

² *Effective for annual periods beginning on or after 1 January 2024.*

³ *Effective for annual periods beginning on or after 1 January 2025.*

⁴ *Effective for annual periods beginning on or after 1 January 2026.*

⁵ *Effective for annual periods beginning on or after 1 January 2027.*

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (the “2022 Amendments”)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group’s outstanding liabilities as at 30 June 2024, the application of the 2020 Amendments and 2022 Amendments will not result in reclassification of the Group’s liabilities.

3. REVENUE AND SEGMENT INFORMATION

Revenue

(i) *Disaggregation of revenue from contracts with customers*

Type of goods	For the year ended 30 June 2024	
	Watches <i>HK\$'000</i>	Watch movements <i>HK\$'000</i>
Sales of watches		
– Tian Wang Watch	769,430	–
– Other brands	25,556	–
	<u>794,986</u>	<u>–</u>
Trading of watch movements	–	86,050
Total	<u>794,986</u>	<u>86,050</u>
Sales channel		<i>HK\$'000</i>
Retail		532,159
E-commerce platforms		241,426
Wholesale		<u>107,451</u>
Total		<u>881,036</u>
Timing of revenue recognition		
A point in time		<u>881,036</u>

Type of goods	For the year ended 30 June 2023	
	Watches	Watch
	<i>HK\$'000</i>	<i>movements</i> <i>HK\$'000</i>
Sales of watches		
– Tian Wang Watch	859,140	–
– Other brands	<u>60,126</u>	<u>–</u>
	<u><u>919,266</u></u>	<u><u>–</u></u>
Trading of watch movements	<u>–</u>	<u>62,494</u>
Total	<u><u>919,266</u></u>	<u><u>62,494</u></u>
Sales channel		<i>HK\$'000</i>
Retail		640,193
E-commerce platforms		252,060
Wholesale		<u>89,507</u>
Total		<u><u>981,760</u></u>
Timing of revenue recognition		
A point in time		<u><u>981,760</u></u>

For management purpose, the Group is currently organised into three operating divisions as follows:

- a. **Tian Wang Watch Business** – Manufacturing, wholesale and retail business of owned brand watches – Tian Wang Watch;
- b. **Watch Movements Trading Business** – Wholesale of watch movements; and
- c. **Other Brands (PRC) Business** – Wholesale and retail business of owned brand watches – Balco Watch and imported watches mainly of well-known brands.

These operating divisions are the basis of internal reports about components which are regularly reviewed by the chief operating decision maker (“CODM”), being the chief executive officer of the Company, for the purposes of resources allocation and assessing their performance. Each of the operating division represents an operating segment and reporting segment.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Year ended 30 June 2024

	Tian Wang Watch Business HK\$'000	Watch Movements Trading Business HK\$'000	Other Brands (PRC) Business HK\$'000	Consolidated HK\$'000
Revenue				
External sales	769,430	86,050	25,556	881,036
Inter-segment sales	—	6,210	—	6,210
Segment revenue	<u>769,430</u>	<u>92,260</u>	<u>25,556</u>	887,246
Elimination				<u>(6,210)</u>
Group revenue				<u>881,036</u>
Results				
Segment results	<u>22,894</u>	<u>(527)</u>	<u>(3,752)</u>	18,615
Interest income				65,097
Unallocated other income, gains and losses				(1,285)
Central administration costs				(39,028)
Finance costs				<u>(619)</u>
Profit before taxation				<u>42,780</u>

Year ended 30 June 2023

	Tian Wang Watch Business <i>HK\$'000</i>	Watch Movements Trading Business <i>HK\$'000</i>	Other Brands (PRC) Business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue				
External sales	859,140	62,494	60,126	981,760
Inter-segment sales	—	6,747	—	6,747
Segment revenue	<u>859,140</u>	<u>69,241</u>	<u>60,126</u>	988,507
Elimination				<u>(6,747)</u>
Group revenue				<u>981,760</u>
Results				
Segment results	<u>70,592</u>	<u>(1,826)</u>	<u>10,819</u>	79,585
Interest income				56,426
Unallocated other income, gains and losses				(49,459)
Central administration costs				(40,197)
Finance costs				<u>(838)</u>
Profit before taxation				<u>45,517</u>

Segment results represent the results of each segment without allocation of corporate items, including interest income, certain other income, gains and losses, central administration costs and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

4. OTHER INCOME, GAINS AND LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<i>Other income:</i>		
Bank interest income	38,995	21,163
Interest income on debt instruments at fair value through other comprehensive income (“FVTOCI”)	9,668	14,993
Interest income on financial assets at amortised cost	14,664	17,620
Interest income on financial assets measured at fair value through profit or loss (“FVTPL”)	1,770	2,650
Government subsidies (<i>Note</i>)	14,403	20,415
Rental income	3,406	4,103
Watch repair and maintenance services income	1,385	2,898
Others	4,996	3,496
	<u>89,287</u>	<u>87,338</u>
<i>Other gains and losses:</i>		
Loss on disposal and write-off of property, plant and equipment	(5,430)	(2,330)
Loss on deregistration of a subsidiary	(1,202)	–
Gain on disposal of subsidiaries	–	1,245
(Loss) gain on disposal of debt instruments at FVTOCI	(2,885)	584
Loss on disposal of a joint venture	–	(269)
Loss from changes in fair value of financial assets measured at FVTPL	(4,297)	(1,233)
(Loss) gain from change in fair value of investment properties	(3,913)	432
Net exchange loss	(2,546)	(42,392)
	<u>(20,273)</u>	<u>(43,963)</u>
	<u>69,014</u>	<u>43,375</u>

Note: The amount represents: (i) government subsidies from local finance bureau which are calculated by reference to the amount of tax paid in accordance with the rules and regulations issued by the local government; and (ii) unconditional government subsidies for creative design, innovation and technology in the People's Republic of China (“PRC”).

During the year ended 30 June 2023, the Group obtained government grants of approximately HK\$927,000 in respect of COVID-19-related subsidies which relates to Employment Support Scheme provided by the Hong Kong government (2024 : Nil).

5. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expenses on lease liabilities	<u>619</u>	<u>838</u>

6. INCOME TAX CHARGE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	–	63
PRC Enterprise Income Tax	10,463	11,264
PRC withholding tax	<u>5,145</u>	<u>196</u>
	15,608	11,523
Overprovision in prior years:		
Hong Kong Profits Tax	–	(15)
PRC Enterprise Income Tax	<u>(299)</u>	<u>(2,487)</u>
	15,309	9,021
Deferred taxation	<u>(6,568)</u>	<u>(1,523)</u>
	<u>8,741</u>	<u>7,498</u>

7. PROFIT FOR THE YEAR

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	1,450	1,400
Directors' remuneration		
Fees	1,020	1,045
Other emoluments	14,656	9,762
Retirement benefit scheme contributions	70	84
	<u>15,746</u>	<u>10,891</u>
Other staff costs	218,789	239,278
Retirement benefit scheme contributions	35,991	49,955
	<u>270,526</u>	<u>300,124</u>
Total staff costs		
Depreciation of property, plant and equipment	47,052	51,572
Depreciation of right-of-use assets	7,060	10,962
Impairment losses on property, plant and equipment	6,623	4,741
Impairment losses on right-of-use assets	–	81
Net reversal of provision for onerous contracts	(1,177)	(10,157)
Cost of inventories recognised as cost of sales	226,071	238,249
Research and development costs recognised as cost of sales	16,310	15,100
(Net reversal of allowance for) allowance for obsolete inventories recognised as cost of sales	(2,500)	7,408
Concessionaire fee (<i>Note</i>)	<u>133,209</u>	<u>159,706</u>

Note: Certain shop counters of the Group paid concessionaire fee to department stores based on monthly sales recognised by these shop counters pursuant to the terms and conditions as set out in the respective agreements signed with individual department stores.

8. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend and a special dividend in respect of the year ended 30 June 2024 of HK0.7 cents and HK1.0 cents per share (2023: HK0.8 cents and HK3.2 cents per share) has been proposed by the directors and is subject to the approval by the shareholders of the Company in the forthcoming annual general meeting of the Company.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings:		
Earnings for the purposes of calculating basic earnings per share – profit for the year attributable to owners of the Company	<u><u>33,636</u></u>	<u><u>37,070</u></u>
	<i>'000</i>	<i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u><u>2,058,068</u></u>	<u><u>2,058,068</u></u>

No diluted earnings per share for the years ended 30 June 2024 and 2023 were presented as there were no potential ordinary shares in issue for both years.

10. PROPERTY, PLANT AND EQUIPMENT

During the year ended 30 June 2024, the Group purchased property, plant and equipment of approximately HK\$38,236,000 (year ended 30 June 2023: approximately HK\$74,662,000), disposed and wrote off property, plant and equipment of approximately HK\$5,430,000 (year ended 30 June 2023: approximately HK\$40,731,000).

Impairment assessment of the Identified PPE and the Identified ROU assets

The performance of the Group's retail stores were impacted by the sluggish economic recovery from the effect of prolonged COVID-19 pandemic and increased uncertainties of retail market in China, the management concluded there was indication for impairment and performed impairment assessment for certain light boxes located in retail stores in the PRC. The Group estimates the recoverable amount of the cash-generating unit to which the assets belong to when it is not possible to estimate the recoverable amount individually including allocation of corporate assets when reasonable and consistent basis can be established. Each cash-generating unit represents the Group's retail stores in the PRC within the Tian Wang Watch Business Segment. The recoverable amount of cash generating unit has been determined based on a value in use calculations using cash flow projections based on forecasts approved by the management of the Group covering the remaining lease terms with a pre-tax discount rate of 11.00% (2023: 11.09%) per annum as at 30 June 2024. The forecasted revenue and gross profit margin have been determined with reference to the expected market development and the past performance of the retail stores. The management conducted impairment assessment on recoverable amounts of light boxes (the "**Identified PPE**") and right-of-use assets (the "**Identified ROU assets**") were impaired to their recoverable amounts of HK\$26,099,000 (2023: HK\$40,893,000) and HK\$3,461,000 (2023: HK\$3,676,000), respectively, which are their carrying amounts.

Based on the result of the assessment, management of the Group determined that the recoverable amounts of certain cash-generating units are lower than the corresponding carrying amounts. The impairment amount has been allocated to each category of the Identified PPE and the Identified ROU assets such that the carrying amount of each category of asset is not reduced below the highest of its value in use, fair value less costs of disposal and zero. Based on the value in use calculations and the allocation, impairment losses of HK\$6,623,000 (2023: HK\$4,741,000) have been recognised against the carrying amounts of the Identified PPE and no impairment losses (2023: HK\$81,000) have been recognised against the carrying amounts of the Identified ROU assets.

11. RIGHT-OF-USE ASSETS

	Leasehold land <i>HK\$'000</i>	Leased properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 June 2024			
Carrying amount	<u>27,838</u>	<u>11,518</u>	<u>39,356</u>
As at 30 June 2023			
Carrying amount	<u>29,232</u>	<u>14,924</u>	<u>44,156</u>
For the year ended 30 June 2024			
Depreciation charge	1,245	5,815	7,060
For the year ended 30 June 2023			
Depreciation charge	1,302	9,660	10,962
Impairment losses recognised	<u><u>–</u></u>	<u><u>81</u></u>	<u><u>81</u></u>
		2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Expenses relating to short-term leases		<u><u>11,571</u></u>	<u><u>22,639</u></u>

12. INVESTMENT PROPERTIES

HK\$'000

Fair value

At 1 July 2022	126,840
Increase in fair value recognised in profit or loss	432
Exchange realignment	<u>(1,604)</u>
At 30 June 2023 and 1 July 2023	125,668
Transfer from property, plant and equipment (<i>Note</i>)	21,000
Decrease in fair value recognised in profit or loss	(3,913)
Exchange realignment	<u>(116)</u>
At 30 June 2024	<u><u>142,639</u></u>

Note: During the year ended 30 June 2024, the management of the Group changed the use of certain commercial units classified under property, plant and equipment from owner-occupied to being leased out for rental purposes.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Financial assets measured at FVTPL:		
Certificate of deposits	–	93,130
Life insurance	<u>10,028</u>	<u>7,603</u>
	<u>10,028</u>	<u>100,733</u>
Analysed for reporting purposes as:		
Non-current assets	10,028	7,603
Current assets	<u>–</u>	<u>93,130</u>
	<u>10,028</u>	<u>100,733</u>

14. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Debt instruments	<u>133,632</u>	<u>198,151</u>
Analysed for reporting purposes as:		
Non-current assets	<u>133,632</u>	<u>198,151</u>

The debt instruments represent the Group's investments in corporate bonds listed on the Stock Exchange and overseas stock exchanges. These corporate bonds are measured at fair value which are quoted bid prices by banks. The corporate bonds carry coupon rates ranging from 5% to 6.38% (2023: 5% to 6.38%) payable quarterly to semi-annually (2023: semi-annually) and are perpetual.

The amount is denominated in US Dollars ("USD") which is not the functional currency of the relevant group entity.

15. FINANCIAL ASSETS AT AMORTISED COST

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Fixed deposits	<u>468,438</u>	<u>445,124</u>
Analysed for reporting purposes as:		
Non-current assets	273,972	168,542
Current assets	<u>194,466</u>	<u>276,582</u>
	<u>468,438</u>	<u>445,124</u>

As at 30 June 2024 and 2023, financial assets at amortised cost represent fixed deposits issued by various banks in the PRC with interest at a fixed rate ranging from 1.8% to 3.5% (2023: 2.25% to 3.85%) per annum payable at maturity. The maturity dates of fixed deposits are ranging from July 2024 to March 2027 (2023: July 2023 to March 2026).

16. INVENTORIES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Raw materials and consumables	32,942	68,782
Work in progress	7,395	7,287
Finished goods	<u>147,047</u>	<u>152,563</u>
	<u>187,384</u>	<u>228,632</u>

17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables from third parties	154,930	188,259
Trade receivables from related companies	1,961	641
<i>Less: allowance for credit losses</i>	<u>(25,312)</u>	<u>(26,261)</u>
	<u>131,579</u>	<u>162,639</u>
Deposits	15,751	14,347
Prepayments	15,074	9,835
VAT receivables	2,469	832
Fund deposits to e-payment platforms (<i>Note</i>)	5,336	5,084
Interest receivables	24,575	40,080
Others	<u>7,490</u>	<u>11,483</u>
	<u>70,695</u>	<u>81,661</u>
Total trade and other receivables, deposits and prepayments	<u><u>202,274</u></u>	<u><u>244,300</u></u>

Note: The fund deposits to e-payment platforms are interest-free and refundable.

Trade receivables from third parties mainly represent receivables from department stores and e-commerce platforms in relation to the collection of sales proceeds from sales of merchandise to customers and other corporate customers and wholesalers for the Group's wholesale business and trading of watch movement business. The credit period granted to the debtor(s) is ranging from 30-60 days. The Group did not have a credit period policy to its related party customers and the related party customers normally settled trade receivables within three months.

The following is an ageing analysis of trade receivables from third parties net of allowance for credit losses, presented based on the date of receipt of goods for retail customers and delivery of goods for wholesale and corporate customers, which approximates to the respective date of revenue recognition, at the end of the reporting period:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 60 days	102,657	128,996
61 to 120 days	15,507	16,612
121 to 180 days	4,451	5,525
Over 180 days	7,003	10,865
	<u>129,618</u>	<u>161,998</u>

The following is an ageing analysis of trade receivables from related companies, representing entities related to non-controlling interests of subsidiaries, presented based on the date of delivery of goods, which approximates to the respective date of revenue recognition, at the end of the reporting period:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 60 days	<u>1,961</u>	<u>641</u>

18. TRADE PAYABLES AND BILLS PAYABLE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables to third parties	22,183	16,489
Bills payable to third parties	<u>949</u>	<u>1,136</u>
	<u>23,132</u>	<u>17,625</u>

The credit period on purchases of goods is ranging from 30 to 60 days. The following is an ageing analysis of trade payables to third parties presented based on the invoice date at the end of the reporting period:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	9,740	15,185
31 to 60 days	9,360	799
61 to 90 days	1,162	38
Over 90 days	<u>1,921</u>	<u>467</u>
	<u>22,183</u>	<u>16,489</u>

Bills payable at the end of the reporting period is aged within 30 days based on issuance date of the bills.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately HK\$100.7 million or approximately 10.3% from approximately HK\$981.8 million for FY2023 to approximately HK\$881.0 million for FY2024. The decrease was mainly attributable to (i) the economy recovery of China since the release of COVID-19 pandemic control measures in December 2022 was seemingly slower than expected in the first half of 2024, and resulted in weak customer demand for affordable luxury products, such as watches and jewelry products, in China, and a decrease in revenue generated from Tian Wang Watch Business segment; and (ii) the closure of some of the under-performing point of sales (“POS”) during FY2024 and the disposal of interests in certain subsidiaries during FY2023, leading to a decrease in revenue generated from Other Brands (PRC) Business Segment.

Tian Wang Watch Business

Revenue from the sales of Tian Wang watch (“**Tian Wang Watch Business**”) continued to be the Group’s main source of revenue which accounted for approximately 87.3% of the total revenue of the Group for FY2024 (FY2023: approximately 87.5%). Revenue of Tian Wang Watch Business decreased by approximately HK\$89.7 million or approximately 10.4% from approximately HK\$859.1 million for FY2023 to approximately HK\$769.4 million for FY2024. Due to the slow economy recovery of China during FY2024, the retail sales network for Tian Wang watches further reduced from 1,786 POS as at 30 June 2023 to 1,695 POS as at 30 June 2024, with a net decrease of 91 POS, in order to trim the selling and distribution expenses.

Other Brands (PRC) Business

Revenue from the sales of other well-known brand watches, including Balco watch, apart from Tian Wang watch (“**Other Brands (PRC) Business**”) decreased by approximately HK\$34.6 million or approximately 57.5% from approximately HK\$60.1 million for FY2023 to approximately HK\$25.6 million for FY2024, which accounted for approximately 2.9% of the total revenue of the Group for FY2024 (FY2023: approximately 6.1%). The decrease was mainly due to the closure of some of the under-performing POS during FY2024 and the disposal of interests in certain subsidiaries during FY2023.

Watch Movements Trading Business

Revenue from trading of watch movements (“**Watch Movements Trading Business**”) accounted for approximately 9.8% of the Group’s total revenue for FY2024 (FY2023: approximately 6.4%). For FY2024, revenue from trading of watch movements was approximately HK\$86.1 million, representing an increase of approximately HK\$23.6 million or approximately 37.7% from approximately HK\$62.5 million for FY2023. The increase was mainly due to improved demand of watch movements in Hong Kong market.

Gross Profit

The Group’s gross profit decreased by approximately HK\$79.8 million or approximately 11.1% from approximately HK\$721.0 million for FY2023 to approximately HK\$641.2 million for FY2024. The decrease was mainly due to decrease in sales from the Tian Wang Watch Business and Other Brands (PRC) Business, and was in line with the decrease in revenue.

Other Income, Gains and Losses

The Group’s other income, gains and losses increased by approximately HK\$25.6 million or approximately 59.1% from approximately HK\$43.4 million for FY2023 to approximately HK\$69.0 million for FY2024. The increase was due to the composite effect of (i) increase in interest income from bank deposits, financial assets and debt instruments of approximately HK\$8.7 million from approximately HK\$56.4 million for FY2023 to approximately HK\$65.1 million for FY2024; and (ii) decrease of net exchange loss of HK\$39.8 million from approximately HK\$42.4 million in FY2023 to approximately HK\$2.5 million in FY2024, but offset by the decrease in government subsidies of approximately HK\$6.0 million from approximately HK\$20.4 million for FY2023 to approximately HK\$14.4 million for FY2024.

Selling and Distribution Costs

The Group’s selling and distribution costs decreased by approximately HK\$58.3 million or approximately 9.3% from approximately HK\$627.3 million for FY2023 to approximately HK\$569.0 million for FY2024. The decrease was attributable to (i) decrease in concessionaire fee and rental expenses due to the closing down for some of the POS; and (ii) decrease in staff costs.

Administrative Expenses

The Group's administrative expenses decreased by approximately HK\$1.5 million or approximately 1.6% from approximately HK\$94.7 million for FY2023 to approximately HK\$93.2 million for FY2024.

Finance Costs and Income Tax

The Group's finance costs were approximately HK\$0.6 million for FY2024 (HK\$0.8 million for FY2023), which were mainly the interest expenses of lease liabilities.

The Group's income tax charge increased by approximately HK\$1.2 million or approximately 16.6% from approximately HK\$7.5 million for FY2023 to approximately HK\$8.7 million for FY2024. The Group's effective tax rate increased from approximately 16.5% for FY2023 to approximately 20.4% for FY2024, because the preferential tax treatment granted to the relevant subsidiaries of the Company in the People's Republic of China (the "PRC") expired on 31 December 2023, and pending renewal in the year of 2024.

Profit attributable to the owners of the Company

As a combined result of the factors presented above, the profit attributable to the owners of the Company for FY2024 decreased by approximately HK\$3.4 million or approximately 9.3% from approximately HK\$37.1 million for FY2023 to approximately HK\$33.6 million for FY2024.

BUSINESS REVIEW

Overview

During FY2024, the Group's principal business remained to be (i) the manufacturing, retail sales and e-commerce business of its two proprietary brands watches (namely, Tian Wang watch and Balco watch); (ii) retail sales of well-known brand of watches in the PRC; and (iii) the Watch Movements Trading Business.

Tian Wang Watch Business continues to be the Group's core brand business, which contributed approximately 87.3% of the total revenue of the Group in FY2024. Its over-30-years-long brand heritage and reputation of delivering high quality, precise and stylish watches are key factors of the success of Tian Wang Watch Business and widespread brand recognition. Based on the information gathered from customers through the Group's national wide POS network, the Group can strive to cater for increasing demand for high quality and trendy watches from customers of different age group.

Retail Network

The Group's retail network principally comprises its directly managed and controlled sales counters located in department stores and shopping malls. During FY2024, over 66% of the sales of the Group's Tian Wang and Balco watches were conducted at the Group's directly managed POS. Since the Group sells most of its watches directly to customers, the Group has been able to obtain first-hand market information and feedback from customers directly through its frontline sales staff. The Group considers this as an advantage over its competitors, who generally do not have fully and directly managed sales network and can only sell most of their products through distributors.

As at 30 June 2024, the number of the Group's POS for the sales of Tian Wang watches was 1,695, representing a net decrease of 91 POS compared to that as at 30 June 2023. As at 30 June 2024, the number of the Group's POS for the sales of other brands watches was 133, representing a net decrease of 34 POS compared to that as at 30 June 2023.

Proprietary Watch of the Group

Tian Wang Watch

The Tian Wang Watch Business remained the Group's main source of revenue, contributing to approximately 87.3% of the Group's total revenue for FY2024 (FY2023: approximately 87.5%). During FY2024, the Group has launched not less than 60 new models of Tian Wang watches with prices ranging from approximately RMB160 to RMB39,880 per watch for direct retail sales, e-commerce channels and corporate sales. This wide range of unit prices of Tian Wang watches allowed the Group to cater for different needs and demand of customers of different income levels and age groups.

Other Brands (PRC) Business

The Other Brands (PRC) Business, including Balco watch, continued to provide a wide range of domestic and international products in order to satisfy the demand of customers of different income levels and age groups. Due to the closure of some of the under-performing POS during FY2024 and disposal its interests in certain subsidiaries during FY2023, the revenue generated from this segment decreased by approximately HK\$34.6 million or 57.5% from approximately HK\$60.1 million for FY2023 to approximately HK\$25.6 million for FY2024.

Watch Movements Trading Business

The Watch Movements Trading Business involves procurement of watch movements from suppliers located in Hong Kong. The Directors consider that the Group's in-house watch movements procurement and trading arm forms an integral part of its overall business operation because it does not only ensure a reliable and stable supply of watch movements to the Tian Wang Watch Business but also generates revenue by supplying watch movements to other external watch manufacturers and distributors. The revenue of the Watch Movements Trading Business accounted for approximately 9.8% of the Group's total revenue for FY2024 (FY2023: approximately 6.4%). Revenue from this business segment increased by approximately HK\$23.6 million or approximately 37.7% to approximately HK\$86.1 million for FY2024 from approximately HK\$62.5 million for FY2023. The increase was mainly due to improved demand of watch movements in Hong Kong market.

E-commerce Business

Apart from retail and wholesales, the Group has been engaging in the e-commerce business by selling its products on several major online sales platforms such as Tmall, JD.com, Vipshop, Tik Tok and Dewu since 2013. In order to capture the growing consumption power of the younger generation in the PRC, the Group launched some models of Tian Wang and Balco watches which are more affordable and feature fast fashion style through the online sales channel. The Directors also believe that a wide variety of watches enables the Group to reach out to more diverse customers, including those of different age groups. For FY2024, the e-commerce business continued to be one of the major contributors to the Group's revenue, which accounted for approximately 27.4% of the total revenue of the Group during FY2024 (FY2023: approximately 25.7%). The e-commerce business of Tian Wang and Balco watches was stable during the year.

INVENTORY CONTROL

The Group's inventory balance was approximately HK\$187.4 million as at 30 June 2024, representing a decrease of approximately HK\$41.2 million or approximately 18.0% as compared with approximately HK\$228.6 million as at 30 June 2023. The Group's inventory turnover days decreased to approximately 317 days for FY2024, as compared with approximately 408 days for FY2023. The decrease in inventory balance was primarily attributable to the management's effort in controlling the procurement and production schedule of products in view of the decrease in market demand of its products and closure of certain of its POS for Tian Wang watch and watches of other brands during FY2024. The Group will continue to monitor and control its inventory level to cope with the business plan so that the business plan and inventory level will not adversely affect the cash flow and liquidity of the Group.

The inventory aged over two years were approximately HK\$152.7 million and approximately HK\$150.3 million as at 30 June 2024 and 30 June 2023, respectively, with corresponding provision for these inventory balances of approximately HK\$109.6 million and approximately HK\$112.8 million, respectively. The management of the Group assesses and reviews the inventory ageing analysis at the end of each reporting period and identifies the slow-moving items that are no longer suitable for use in production or sales. At the end of each reporting period, the management will provide necessary provision if the net realisable value of the inventory is estimated to be below the cost.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group adopts a conservative treasury policy. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations, potential business developments and mitigate the effects of unexpected fluctuations in cash flows.

The Group financed its operations primarily through cash flows from operations. The cash and cash equivalents were approximately HK\$959.2 million and approximately HK\$792.2 million as at 30 June 2024 and 30 June 2023, respectively.

The Group's net cash generated from operating activities for FY2024 was approximately HK\$178.8 million, representing an increase of approximately HK\$71.2 million from approximately HK\$107.6 million for FY2023. The net cash generated from operating activities was primarily attributable to profit before taxation of approximately HK\$42.8 million from the Group's operations adjusted for non-cash items of approximately HK\$9.5 million, increase of working capital balances of approximately HK\$65.8 million, income taxes paid of approximately HK\$10.2 million and interest received of approximately HK\$70.9 million.

The Group's net cash generating from investing activities for FY2024 was approximately HK\$82.2 million, which was mainly attributable to the redemption of financial assets at fair value through profit or loss of approximately HK\$86.8 million, redemption of financial assets at amortised cost of approximately HK\$332.2 million, disposal of debt instruments at fair value through other comprehensive income of approximately HK\$81.1 million, which was partially offset by the cash used in the purchase of property, plant and equipment of approximately HK\$38.2 million, purchase of debt instruments at fair value through other comprehensive income of approximately HK\$31.1 million, purchase of financial assets at amortised cost of approximately HK\$358.2 million.

The Group's net cash used in financing activities for FY2024 was approximately HK\$89.5 million, which was mainly attributable to dividends paid to shareholders of the Company (the "Shareholders") of approximately HK\$82.6 million, and the payment of lease liabilities of approximately of HK\$6.3 million.

The Group was in net cash position as at 30 June 2023 and 2024. As at 30 June 2024, the Group's total equity was approximately HK\$2,316.2 million, representing a decrease of approximately HK\$71.4 million from approximately HK\$2,387.6 million as at 30 June 2023. The Group's working capital was approximately HK\$1,390.8 million as at 30 June 2024, representing a decrease of approximately HK\$91.3 million as compared with approximately HK\$1,482.0 million as at 30 June 2023.

As at 30 June 2024, the Group's bank balances and cash were mainly denominated in United States dollar, Renminbi and Hong Kong dollar.

The gearing ratio, as calculated based on the total debt divided by the total equity at the end of the respective year, of the Group was approximately 1.2% and approximately 1.3% as at 30 June 2024 and 30 June 2023, respectively. The decrease in gearing ratio was because of the decrease in lease liabilities during FY2024.

CHARGES ON GROUP ASSETS

There was no material charges on the Group's assets as at 30 June 2024 and 2023.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2024 and 2023.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were no significant investments held, or material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the period under review, and the Company did not have any future plans for material investments or capital assets as at the date of this announcement.

CAPITAL COMMITMENTS

	30 June	30 June
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital commitments in respect of property, plant and equipment	11,349	13,120
Capital commitments in respect of unlisted investment funds	39,041	39,183
	<u>50,390</u>	<u>52,303</u>

FOREIGN CURRENCY EXPOSURE

The Group has foreign currency sales, which expose itself to foreign currency risk. In addition, debt instruments at fair value through other comprehensive income, certain trade and other receivables, bank balances, other payables and accrued charges, bank borrowings and other loan as well as some intra-group balances are denominated in foreign currencies of the relevant group entities.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group will continue to monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES AND EMOLUMENTS POLICIES

As at 30 June 2024, the Group employed a total of approximately 3,000 full-time employees from continuing operations in the PRC and Hong Kong (30 June 2023: approximately 3,100). The staff costs incurred during FY2024 was approximately HK\$270.5 million (FY2023: approximately HK\$300.1 million). The Group's emolument policies are formulated on the performance of individual employees and on the basis of the trends of salaries in various regions, which will be reviewed every year. Apart from provident fund scheme and medical insurance, discretionary bonuses are also awarded to employees according to the individual performance assessment. The emolument payable to the Directors is determined by the Board based on the recommendations made by the remuneration committee of the Board.

SOCIAL RESPONSIBILITY

The Group's charitable and other donations for FY2024 amounted to approximately HK\$0.5 million (FY2023: approximately HK\$0.3 million). No donations were made to political parties.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering (“IPO”) of the Company in February 2013 amounted to approximately HK\$742.0 million, of which approximately HK\$705.5 million had been utilised for up to 30 June 2023. For FY2024, the Company had not further utilised the proceeds, details of which are set out in the following table.

	Amount of net proceeds allocated and unutilised as at 1 July 2023 (HK\$'m)	Amount of net proceeds utilised for FY2024 (HK\$'m)	Balance as at 30 June 2024 (HK\$'m)	Actual business progress up to 30 June 2024
Engaging an active and well-known Chinese television and movie actor celebrity as the new spokesperson for Tian Wang watches and for producing television commercials focusing on the spokesperson	36.5	–	36.5	The Group is still looking for suitable candidate whose image is in line with the brand image and recognition of Tian Wang brand and the proposed large-scale nationwide marketing campaign for Tian Wang brand.
	<u>36.5</u>	<u>–</u>	<u>36.5</u>	

The Group will keep monitoring the use of the net proceeds from the IPO and the unutilised net proceeds is expected to be fully utilised in the next 5 years, according to the intentions previously disclosed.

PROSPECT AND STRATEGIES

Since the COVID-19 pandemic control measures were lifted in December 2022, the economy of China was recovering gradually in the year of 2023. However, the recovery was seemingly slower than expected in the first half of 2024. Looking ahead, the persisting pressure in China's job market and housing sector will continue hindering the customers' spending power and sentiment.

In response to the current market condition in China and the advocacy by the Chinese government of China branded products and services out-reaching to overseas markets, from 1 July 2024 onwards, the Group commenced the business of supplying mechanical watch movements and watches produced on Original Equipment Manufacturer (OEM) basis to markets other than Hong Kong, Macau and China. The Group will monitor the development of the business of watches produced on OEM and Original Design Manufacturer (ODM) bases, and expand the production facilities when necessary.

For Tian Wang and Balco watches businesses, the Group had adopted a prudent approach to trim low performance sales outlet, and optimize its sales network, in order to maintain the best geographical market coverage. In such regard, the Group had successfully controlled the selling and operating expenses in line with the concession in sales revenue in order to preserve the profitability of the Group. The management will continue to monitor the market trends closely, and deploy suitable resources to run the operation at a highly efficient way.

For the products, the Group will continue to provide a wide range of fashionable watches selections to cope with the fast-changing retail arena while injecting new elements in different series. The Group had introduced box sets consisting of fashionable watches and well-designed jewelry products and accessories. Some of the box sets were in collaboration with third-party renowned brands.

For e-commerce business, the Group expects that the future growth for this division will be challenging because of the increasing competition among the players in the market. However, the Group will continue to improve the operation capabilities of its online business by adopting precise marketing campaigns to capture new customers through live-streaming, short video clips and other emerging media channels. All these initiatives are expected to achieve low-cost and wide-reaching marketing which could maximize marketing outcomes.

The Group has been taking a conservative approach to deal with the challenges by focusing on cash management. As a result, the financial position of the Group remains strong despite a period of turmoil. The Group believes that maintaining sufficient liquidity and adequate working capital as the Group's treasury management policy will be the key to business survival as well as the foundation for long term success during this extreme operating environment. Nevertheless, the Group has provided reasonable and steady return to the Shareholders. From the year ended 30 June 2013 to FY2024, the Company has paid out or declared more than 40% of the profit attributable to owners in the form of cash dividend. Moreover, for 3 consecutive years from the year ended 30 June 2022 to FY2024, the respective dividend to the profit attributable to owners ratios were ranging from 100% to more than 300%.

Looking ahead, the economy outlook and the retail industry in China are still facing uncertainty and challenges. The management expects that the Group's performance and financial position will inevitably be affected in the next couple of years.

FINAL DIVIDEND AND SPECIAL DIVIDEND

After considering the Company's existing bank and cash balance level, the working capital requirements for future business development, and to show appreciation for the support of the Shareholders, the Board has recommended a special dividend of HK1.0 cents per share of the Company ("**Share(s)**") and a final dividend of HK0.7 cents per Share for FY2024, payable on 12 December 2024 to Shareholders whose names appeared on the Register of Members of the Company as of 29 November 2024.

CLOSURE OF REGISTER OF MEMBERS AND ANNUAL GENERAL MEETING

For the purpose of determining members who are qualified for attending the forthcoming annual general meeting (the "**Annual General Meeting**") of the Company to be held on 22 November 2024, the register of members of the Company will be closed from 19 November 2024 to 22 November 2024 (both days inclusive), during which period no transfer of Share will be effected. In order to qualify for attending the Annual General Meeting, all transfers of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. on 18 November 2024.

For the purpose of determining members who are qualified for the proposed special and final dividend for FY2024 which is subject to approval by the Shareholders at the Annual General Meeting, the register of members of the Company will be closed on 29 November 2024, on which no transfer of Share will be effected. In order to qualify for the entitlement to the proposed special and final dividend, all transfers of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at the above address for registration no later than 4:30 p.m. on 28 November 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during FY2024.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Save as disclosed below, during FY2024, the Company had complied with the code provisions of the CG Code.

Mr. Tung Koon Ming ("**Mr. Tung**") is currently performing the role of chairman of the Board and chief executive officer of the Group. Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Although the responsibilities of the chairman and the chief executive officer are vested in one person, all major decisions are made in consultation with the Board members and the senior management of the Company. As there are three independent non-executive Directors on the Board, the Board considers that there is sufficient balance of power on the Board. Also, taking into account of Mr. Tung's strong expertise and insight of the watch industry, the Board considered that the roles of chairman and chief executive officer being performed by Mr. Tung enables more effective and efficient overall business planning, decision making and implementation thereof by the Group. In order to maintain good corporate governance and to ensure Company's compliance with code provisions of the CG Code, the Board will regularly review the need to appoint different individuals to perform the roles of chairman and chief executive officer separately.

Code provision C.5.1 of the CG Code stipulates that the board of directors should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During FY2024, the Board held two regular meetings. The significant matters concerning the business activities and operation of the Group had been either duly reported, discussed and resolved at the two Board meetings or dealt with by the Board by way of written resolutions for expeditious commercial decision making purposes.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all the Directors, the Company is satisfied that and the Directors confirmed that they have fully complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transaction during FY2024.

REVIEW OF ANNUAL RESULTS

The audit committee of the Board and the management of the Company have reviewed the accounting principles and practices adopted by the Group and the financial statements for FY2024.

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for FY2024 as set out in this announcement have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Baker Tilly Hong Kong Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.timewatch.com.hk. The Company's annual report for FY2024 will be published on the aforesaid websites of the Stock Exchange and the Company in due course in accordance with the Listing Rules.

By Order of the Board
Time Watch Investments Limited
Tung Koon Ming
Chairman and Executive Director

Hong Kong, 30 September 2024

As at the date of this announcement, the executive Directors are Mr. Tung Koon Ming, Mr. Tung Koon Kwok Dennis, Mr. Tung Wai Kit and Mr. Deng Guanglei; and the independent non-executive Directors are Mr. Wong Wing Keung Meyrick, Mr. Choi Ho Yan and Ms. Law Stacey Man Yee.