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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)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

### **FINANCIAL HIGHLIGHTS**

- Revenue for the six months ended 31 December 2014 (“**1H FY2015**”) grew by approximately 13.2% to approximately HK\$1,307.0 million as compared with approximately HK\$1,154.8 million for the six months ended 31 December 2013 (“**1H FY2014**”).
- Gross profit for 1H FY2015 increased by approximately 17.4% to approximately HK\$872.8 million, as compared with approximately HK\$743.5 million for 1H FY2014. The gross profit for Tian Wang watches for 1H FY2015 was approximately HK\$741.9 million, representing an increase of approximately 19.1% as compared with approximately HK\$623.1 million for 1H FY2014.
- Gross profit margin improved from approximately 64.4% for 1H FY2014 to approximately 66.8% for 1H FY2015. The gross profit margin of Tian Wang watches was approximately 80.7% for 1H FY2015, a slight increase as compared with approximately 79.6% for 1H FY2014.
- Profit attributable to owners of the Company for 1H FY2015 was approximately HK\$157.1 million, representing an increase of approximately 4.5% as compared with approximately HK\$150.4 million for 1H FY2014.
- Basic earnings per share for 1H FY2015 was HK7.6 cents (1H FY2014: HK7.2 cents).
- **Other information:**  
Retail network expanded to 2,753 points of sales (“**POS**”) as at 31 December 2014, with a net increase of 263 POS in 1H FY2015.

Proposed interim dividend for 1H FY2015 is HK2 cents per share.

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

The board (the “**Board**”) of Directors (the “**Directors**”) of Time Watch Investments Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 31 December 2014, together with the unaudited comparative figures for the six months ended 31 December 2013 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 31 December 2014*

|                                                                                           |       | Six months ended<br>31 December<br>2014<br>HK\$'000<br>(Unaudited) | 2013<br>HK\$'000<br>(Unaudited) |
|-------------------------------------------------------------------------------------------|-------|--------------------------------------------------------------------|---------------------------------|
|                                                                                           | Notes |                                                                    |                                 |
| Revenue                                                                                   | 3     | 1,306,990                                                          | 1,154,836                       |
| Cost of sales                                                                             |       | (434,159)                                                          | (411,385)                       |
| Gross profit                                                                              |       | 872,831                                                            | 743,451                         |
| Other income, gains and losses                                                            | 4     | 13,388                                                             | 10,394                          |
| Selling and distribution costs                                                            |       | (594,789)                                                          | (501,179)                       |
| Administrative expenses                                                                   |       | (69,719)                                                           | (51,955)                        |
| Finance costs                                                                             | 5     | (326)                                                              | (408)                           |
| Profit before taxation                                                                    |       | 221,385                                                            | 200,303                         |
| Income tax                                                                                | 6     | (65,542)                                                           | (46,296)                        |
| Profit for the period                                                                     | 7     | 155,843                                                            | 154,007                         |
| Other comprehensive income which will not be reclassified subsequently to profit or loss: |       |                                                                    |                                 |
| Exchange differences arising on translation                                               |       | 15,262                                                             | 1,639                           |
| Total comprehensive income for the period                                                 |       | 171,105                                                            | 155,646                         |
| Profit (loss) for the period attributable to:                                             |       |                                                                    |                                 |
| Owners of the Company                                                                     |       | 157,137                                                            | 150,443                         |
| Non-controlling interests                                                                 |       | (1,294)                                                            | 3,564                           |
|                                                                                           |       | 155,843                                                            | 154,007                         |
| Total comprehensive income attributable to:                                               |       |                                                                    |                                 |
| Owners of the Company                                                                     |       | 171,094                                                            | 152,279                         |
| Non-controlling interests                                                                 |       | 11                                                                 | 3,367                           |
|                                                                                           |       | 171,105                                                            | 155,646                         |
| Earnings per share, basic (HK cents)                                                      | 9     | 7.6                                                                | 7.2                             |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

|                                             |              | As at<br>31 December<br>2014<br>HK\$'000<br>(Unaudited) | As at<br>30 June<br>2014<br>HK\$'000<br>(Audited) |
|---------------------------------------------|--------------|---------------------------------------------------------|---------------------------------------------------|
|                                             | <i>Notes</i> |                                                         |                                                   |
| Non-current assets                          |              |                                                         |                                                   |
| Property, plant and equipment               | 10           | 155,901                                                 | 117,651                                           |
| Deferred tax assets                         |              | 27,295                                                  | 27,295                                            |
|                                             |              | <u>183,196</u>                                          | <u>144,946</u>                                    |
| Current assets                              |              |                                                         |                                                   |
| Inventories                                 | 11           | 655,549                                                 | 555,961                                           |
| Trade receivables                           | 12           | 357,323                                                 | 391,521                                           |
| Other receivables, deposits and prepayments |              | 137,728                                                 | 98,194                                            |
| Bank balances and cash                      |              | 605,391                                                 | 660,065                                           |
|                                             |              | <u>1,755,991</u>                                        | <u>1,705,741</u>                                  |
| Current liabilities                         |              |                                                         |                                                   |
| Trade payables and bills payable            | 13           | 121,008                                                 | 122,623                                           |
| Other payables and accrued charges          |              | 92,362                                                  | 91,748                                            |
| Tax liabilities                             |              | 74,488                                                  | 59,434                                            |
| Bank borrowings                             | 14           | 34,277                                                  | 35,958                                            |
|                                             |              | <u>322,135</u>                                          | <u>309,763</u>                                    |
| Net current assets                          |              | <u>1,433,856</u>                                        | <u>1,395,978</u>                                  |
| Total assets less current liabilities       |              | <u><u>1,617,052</u></u>                                 | <u><u>1,540,924</u></u>                           |

|                                              | As at<br>31 December<br>2014<br><i>HK\$'000</i><br>(Unaudited) | As at<br>30 June<br>2014<br><i>HK\$'000</i><br>(Audited) |
|----------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------|
| Capital and reserves                         |                                                                |                                                          |
| Share capital                                | 207,995                                                        | 207,995                                                  |
| Reserves                                     | <u>1,293,872</u>                                               | <u>1,226,775</u>                                         |
| Equity attributable to owners of the Company | 1,501,867                                                      | 1,434,770                                                |
| Non-controlling interests                    | <u>74,023</u>                                                  | <u>68,121</u>                                            |
| Total equity                                 | 1,575,890                                                      | 1,502,891                                                |
| Non-current liabilities                      |                                                                |                                                          |
| Deferred tax liabilities                     | <u>41,162</u>                                                  | <u>38,033</u>                                            |
|                                              | <u><u>1,617,052</u></u>                                        | <u><u>1,540,924</u></u>                                  |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 31 December 2014*

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the condensed consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2014.

The Group has applied for the first time in the current period the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and a new Interpretation issued by the HKICPA.

|                                                 |                                                              |
|-------------------------------------------------|--------------------------------------------------------------|
| Amendments to HKFRS 10,<br>HKFRS 12 and HKAS 27 | Investment Entities                                          |
| Amendments to HKAS 32                           | Offsetting Financial Assets and Financial Liabilities        |
| Amendments to HKAS 36                           | Recoverable Amount Disclosures for Non-Financial Assets      |
| Amendments to HKAS 39                           | Novation of Derivatives and Continuation of Hedge Accounting |
| Amendments to HKAS 19                           | Defined Benefit Plans: Employee Contributions                |
| Amendments to HKFRSs                            | Annual Improvements to HKFRSs 2010-2012 Cycle                |
| Amendments to HKFRSs                            | Annual Improvements to HKFRSs 2011-2013 Cycle                |
| HK(IFRIC) – Int 21                              | Levies                                                       |

The application of the above amendments to HKFRSs in the current period has had no material impact on the amounts reported in the condensed consolidated financial statements and/or on the disclosures set out in the condensed consolidated financial statements.

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

|                                              |                                                                                                    |
|----------------------------------------------|----------------------------------------------------------------------------------------------------|
| HKFRS 9                                      | Financial Instruments <sup>1</sup>                                                                 |
| HKFRS 14                                     | Regulatory Deferral Accounts <sup>2</sup>                                                          |
| HKFRS 15                                     | Revenue from Contracts with Customers <sup>3</sup>                                                 |
| Amendments to HKFRS 11                       | Accounting for Acquisitions of Interests in Joint Operations <sup>4</sup>                          |
| Amendments to HKAS 1                         | Disclosure Initiative <sup>4</sup>                                                                 |
| Amendments to HKAS 16 and HKAS 38            | Clarification of Acceptable Methods of Depreciation and Amortisation <sup>4</sup>                  |
| Amendments to HKAS 16 and HKAS 41            | Agriculture: Bearer Plants <sup>4</sup>                                                            |
| Amendments to HKAS 27                        | Equity Method in Separate Financial Statements <sup>4</sup>                                        |
| Amendments to HKFRS 10 and HKAS 28           | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup> |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exception <sup>4</sup>                             |
| Amendments to HKFRSs                         | Annual Improvements to HKFRSs 2012-2014 Cycle <sup>4</sup>                                         |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

### 3. REVENUE AND SEGMENT INFORMATION

For management purpose, the Group is currently organised into four operating divisions:

- a. Manufacturing, trading of own branded and retailing business of watches – Tian Wang Watch (“**Tian Wang Watch Business**”);
- b. Trading of own branded and retailing business of watches – Balco Watch (“**Balco Watch Business**”);
- c. Trading of watch movements (“**Watch Movements Trading Business**”); and
- d. Retailing business of imported watches mainly of well-known brands (“**Other Brands**”).

These operating divisions are the basis of internal reports about components which are regularly reviewed by the chief operating decision maker, 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.

## Segment revenue and results

*Six months ended 31 December 2014 (Unaudited)*

|                              | <b>Tian Wang<br/>Watch<br/>Business<br/>HK\$'000</b> | <b>Balco<br/>Watch<br/>Business<br/>HK\$'000</b> | <b>Watch<br/>Movements<br/>Trading<br/>Business<br/>HK\$'000</b> | <b>Other<br/>Brands<br/>HK\$'000</b> | <b>Consolidated<br/>HK\$'000</b> |
|------------------------------|------------------------------------------------------|--------------------------------------------------|------------------------------------------------------------------|--------------------------------------|----------------------------------|
| <b>Revenue</b>               |                                                      |                                                  |                                                                  |                                      |                                  |
| External sales               | 919,655                                              | 105,024                                          | 122,894                                                          | 159,417                              | 1,306,990                        |
| Inter-segment sales          | –                                                    | –                                                | 32,276                                                           | –                                    | 32,276                           |
| Segment revenue              | <u>919,655</u>                                       | <u>105,024</u>                                   | <u>155,170</u>                                                   | <u>159,417</u>                       | <u>1,339,266</u>                 |
| Elimination                  |                                                      |                                                  |                                                                  |                                      | (32,276)                         |
| Group revenue                |                                                      |                                                  |                                                                  |                                      | <u>1,306,990</u>                 |
| <b>Results</b>               |                                                      |                                                  |                                                                  |                                      |                                  |
| Segment results              | <u>226,609</u>                                       | <u>(279)</u>                                     | <u>5,835</u>                                                     | <u>(1,853)</u>                       | 230,312                          |
| Interest income              |                                                      |                                                  |                                                                  |                                      | 4,904                            |
| Central administration costs |                                                      |                                                  |                                                                  |                                      | (13,505)                         |
| Finance costs                |                                                      |                                                  |                                                                  |                                      | (326)                            |
| Profit before taxation       |                                                      |                                                  |                                                                  |                                      | <u>221,385</u>                   |

*Six months ended 31 December 2013 (Unaudited)*

|                              | <b>Tian Wang<br/>Watch<br/>Business<br/>HK\$'000</b> | <b>Balco<br/>Watch<br/>Business<br/>HK\$'000</b> | <b>Watch<br/>Movements<br/>Trading<br/>Business<br/>HK\$'000</b> | <b>Other<br/>Brands<br/>HK\$'000</b> | <b>Consolidated<br/>HK\$'000</b> |
|------------------------------|------------------------------------------------------|--------------------------------------------------|------------------------------------------------------------------|--------------------------------------|----------------------------------|
| <b>Revenue</b>               |                                                      |                                                  |                                                                  |                                      |                                  |
| External sales               | 783,102                                              | 84,207                                           | 144,998                                                          | 142,529                              | 1,154,836                        |
| Inter-segment sales          | –                                                    | –                                                | 48,758                                                           | –                                    | 48,758                           |
| Segment revenue              | <u>783,102</u>                                       | <u>84,207</u>                                    | <u>193,756</u>                                                   | <u>142,529</u>                       | <u>1,203,594</u>                 |
| Elimination                  |                                                      |                                                  |                                                                  |                                      | (48,758)                         |
| Group revenue                |                                                      |                                                  |                                                                  |                                      | <u>1,154,836</u>                 |
| <b>Results</b>               |                                                      |                                                  |                                                                  |                                      |                                  |
| Segment results              | <u>202,267</u>                                       | <u>3,323</u>                                     | <u>6,898</u>                                                     | <u>(127)</u>                         | 212,361                          |
| Interest income              |                                                      |                                                  |                                                                  |                                      | 4,160                            |
| Central administration costs |                                                      |                                                  |                                                                  |                                      | (15,810)                         |
| Finance costs                |                                                      |                                                  |                                                                  |                                      | (408)                            |
| Profit before taxation       |                                                      |                                                  |                                                                  |                                      | <u>200,303</u>                   |

Segment results represent the results of each segment without allocation of corporate items, including interest income, central administration costs and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

#### 4. OTHER INCOME, GAINS AND LOSSES

|                                              | Six months ended<br>31 December |               |
|----------------------------------------------|---------------------------------|---------------|
|                                              | 2014                            | 2013          |
|                                              | HK\$'000                        | HK\$'000      |
|                                              | (Unaudited)                     | (Unaudited)   |
| Bank interest income                         | 4,904                           | 4,160         |
| Allowance for doubtful debts                 | –                               | (1,000)       |
| Written off of property, plant and equipment | (5,401)                         | (2,526)       |
| Watch repair and maintenance services income | 2,837                           | 2,331         |
| Net exchange gain                            | 6,267                           | 616           |
| Government subsidies ( <i>Note</i> )         | –                               | 3,694         |
| Others                                       | 4,781                           | 3,119         |
|                                              | <u>13,388</u>                   | <u>10,394</u> |

*Note:* The amount represents (i) government subsidies from local finance bureau which are calculated by reference to the amount of tax paid and certain conditions in accordance with the rules and regulations issued by the local government; and (ii) unconditional government grants for the reimbursement of expenses incurred for research and development activities in the People's Republic of China ("PRC").

#### 5. FINANCE COSTS

|                                                    | Six months ended<br>31 December |             |
|----------------------------------------------------|---------------------------------|-------------|
|                                                    | 2014                            | 2013        |
|                                                    | HK\$'000                        | HK\$'000    |
|                                                    | (Unaudited)                     | (Unaudited) |
| The finance costs represent interests on:          |                                 |             |
| Bank borrowings wholly repayable within five years | <u>326</u>                      | <u>408</u>  |

#### 6. INCOME TAX

|                               | Six months ended<br>31 December |               |
|-------------------------------|---------------------------------|---------------|
|                               | 2014                            | 2013          |
|                               | HK\$'000                        | HK\$'000      |
|                               | (Unaudited)                     | (Unaudited)   |
| Current tax:                  |                                 |               |
| Hong Kong Profits Tax         | 1,105                           | 1,638         |
| PRC Enterprise Income Tax     | 56,853                          | 36,882        |
| PRC withholding tax           | 4,455                           | 1,266         |
|                               | <u>62,413</u>                   | <u>39,786</u> |
| Overprovision in prior years: |                                 |               |
| PRC Enterprise Income Tax     | –                               | (1,963)       |
|                               | <u>62,413</u>                   | <u>37,823</u> |
| Deferred taxation             | 3,129                           | 8,473         |
|                               | <u>65,542</u>                   | <u>46,296</u> |



## 7. PROFIT FOR THE PERIOD

**Six months ended**  
**31 December**  
**2014**                      2013  
**HK\$'000**                      **HK\$'000**  
**(Unaudited)**                      (Unaudited)

Profit for the period has been arrived at after charging:

|                                                                              |                |         |
|------------------------------------------------------------------------------|----------------|---------|
| Staff costs (including Directors' remuneration)                              | <b>172,720</b> | 133,122 |
| Retirement benefits scheme contributions (including Directors' remuneration) | <b>21,295</b>  | 16,797  |
| Total staff costs                                                            | <b>194,015</b> | 149,919 |
| Depreciation of property, plant and equipment                                | <b>29,629</b>  | 17,584  |
| Allowance for obsolete inventories recognised as cost of sales               | <b>7,386</b>   | 5,000   |
| Concessionaire fee ( <i>Note</i> )                                           | <b>264,069</b> | 227,869 |

*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

**Six months ended**  
**31 December**  
**2014**                      2013  
**HK\$'000**                      **HK\$'000**  
**(Unaudited)**                      (Unaudited)

Dividends recognised as distribution during the period:

|                                    |                |         |
|------------------------------------|----------------|---------|
| 2014 Final – HK3 cents per share   | <b>62,398</b>  | –       |
| 2014 Special – HK2 cents per share | <b>41,599</b>  | –       |
| 2013 Final – HK3 cents per share   | –              | 62,398  |
| 2013 Special – HK2 cents per share | –              | 41,599  |
|                                    | <b>103,997</b> | 103,997 |

## 9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

|                                                                                                                                   | Six months ended<br>31 December |                  |
|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------|------------------|
|                                                                                                                                   | 2014                            | 2013             |
|                                                                                                                                   | HK\$'000                        | HK\$'000         |
|                                                                                                                                   | (Unaudited)                     | (Unaudited)      |
| Earnings:                                                                                                                         |                                 |                  |
| Earnings for the purpose of calculating basic earnings per share<br>(profit for the period attributable to owners of the Company) | <u>157,137</u>                  | <u>150,443</u>   |
|                                                                                                                                   | '000                            | '000             |
| Numbers of shares:                                                                                                                |                                 |                  |
| Weighted average number of ordinary shares for the purpose<br>of calculating basic earnings per share                             | <u>2,079,946</u>                | <u>2,079,946</u> |

There was no diluted earnings per share for the six months ended 31 December 2014 and 2013 as there were no potential ordinary shares in issue during the six months ended 31 December 2014 and 2013.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2014, the Group purchased property, plant and equipment of approximately HK\$71,424,000 (six months ended 31 December 2013: approximately HK\$44,706,000) and wrote off property, plant and equipment of approximately HK\$5,401,000 (six months ended 31 December 2013: approximately HK\$2,526,000).

## 11. INVENTORIES

|                               | As at<br>31 December<br>2014 | As at<br>30 June<br>2014 |
|-------------------------------|------------------------------|--------------------------|
|                               | HK\$'000                     | HK\$'000                 |
|                               | (Unaudited)                  | (Audited)                |
| Raw materials and consumables | 80,579                       | 59,242                   |
| Work in progress              | 10,764                       | 12,816                   |
| Finished goods                | <u>564,206</u>               | <u>483,903</u>           |
|                               | <u>655,549</u>               | <u>555,961</u>           |

## 12. TRADE RECEIVABLES

|                                           | As at<br><b>31 December</b><br><b>2014</b><br><i>HK\$'000</i><br>(Unaudited) | As at<br>30 June<br>2014<br><i>HK\$'000</i><br>(Audited) |
|-------------------------------------------|------------------------------------------------------------------------------|----------------------------------------------------------|
| Trade receivables from third parties      | 352,267                                                                      | 389,499                                                  |
| Trade receivable from a fellow subsidiary | 4,811                                                                        | 2,660                                                    |
| Trade receivable from a related company   | 1,602                                                                        | 704                                                      |
| Less: allowance for doubtful debts        | (1,357)                                                                      | (1,342)                                                  |
|                                           | <u><b>357,323</b></u>                                                        | <u><b>391,521</b></u>                                    |

Trade receivables from third parties mainly represent receivables from department stores in relation to the collection of sales proceeds from concessionaire sales of merchandise to customers. The average credit period granted to the department stores is 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 aged analysis of trade receivables from third parties net of allowance for doubtful debts presented based on the date of delivery of goods which approximates to the respective date of revenue recognition, as at 31 December 2014 and 30 June 2014:

|                 | As at<br><b>31 December</b><br><b>2014</b><br><i>HK\$'000</i><br>(Unaudited) | As at<br>30 June<br>2014<br><i>HK\$'000</i><br>(Audited) |
|-----------------|------------------------------------------------------------------------------|----------------------------------------------------------|
| 0 to 60 days    | 300,640                                                                      | 340,821                                                  |
| 61 to 120 days  | 28,821                                                                       | 29,172                                                   |
| 121 to 180 days | 11,063                                                                       | 13,366                                                   |
| Over 180 days   | 10,386                                                                       | 4,798                                                    |
|                 | <u><b>350,910</b></u>                                                        | <u><b>388,157</b></u>                                    |

The following is an aged analysis of trade receivable from a fellow subsidiary presented based on the date of delivery of goods, which approximates to the respective date of revenue recognition, as at 31 December 2014 and 30 June 2014:

|                | As at<br><b>31 December</b><br><b>2014</b><br><i>HK\$'000</i><br>(Unaudited) | As at<br>30 June<br>2014<br><i>HK\$'000</i><br>(Audited) |
|----------------|------------------------------------------------------------------------------|----------------------------------------------------------|
| 0 to 60 days   | 3,139                                                                        | 1,913                                                    |
| 61 to 120 days | 1,672                                                                        | 747                                                      |
|                | <u><b>4,811</b></u>                                                          | <u><b>2,660</b></u>                                      |

The following is an aged analysis of trade receivable from a related company (in which a Director of the Company, Mr. Tung Koon Ming (“**Mr. Tung**”) has control) presented based on the date of delivery of goods, which approximates to the date of revenue recognition, as at 31 December 2014 and 30 June 2014:

|                 | As at<br><b>31 December</b><br><b>2014</b><br><i>HK\$'000</i><br>(Unaudited) | As at<br>30 June<br>2014<br><i>HK\$'000</i><br>(Audited) |
|-----------------|------------------------------------------------------------------------------|----------------------------------------------------------|
| 0 to 60 days    | 648                                                                          | 698                                                      |
| 61 to 120 days  | 683                                                                          | 6                                                        |
| 121 to 180 days | 271                                                                          | —                                                        |
|                 | <u>1,602</u>                                                                 | <u>704</u>                                               |

### 13. TRADE PAYABLES AND BILLS PAYABLE

|                                                                                  | As at<br><b>31 December</b><br><b>2014</b><br><i>HK\$'000</i><br>(Unaudited) | As at<br>30 June<br>2014<br><i>HK\$'000</i><br>(Audited) |
|----------------------------------------------------------------------------------|------------------------------------------------------------------------------|----------------------------------------------------------|
| Trade payables                                                                   | 108,006                                                                      | 109,264                                                  |
| Bills payable                                                                    | 4,946                                                                        | 3,067                                                    |
| Trade payables to entities owned by non-controlling shareholders of subsidiaries | 8,056                                                                        | 10,292                                                   |
|                                                                                  | <u>121,008</u>                                                               | <u>122,623</u>                                           |

The average credit period on purchases of goods is 30 to 60 days. The following is an aged analysis of trade payables presented based on the invoice date as at 31 December 2014 and 30 June 2014:

|               | As at<br><b>31 December</b><br><b>2014</b><br><i>HK\$'000</i><br>(Unaudited) | As at<br>30 June<br>2014<br><i>HK\$'000</i><br>(Audited) |
|---------------|------------------------------------------------------------------------------|----------------------------------------------------------|
| 0 to 30 days  | 69,228                                                                       | 63,966                                                   |
| 31 to 60 days | 13,369                                                                       | 20,686                                                   |
| 61 to 90 days | 7,059                                                                        | 9,249                                                    |
| Over 90 days  | 18,350                                                                       | 15,363                                                   |
|               | <u>108,006</u>                                                               | <u>109,264</u>                                           |

The entities owned by non-controlling shareholders of subsidiaries did not have a specified credit period policy granting to the Group and the Group normally settled trade payables within three months. The following is an aged analysis of trade payables to entities owned by non-controlling shareholders of subsidiaries based on the invoice date as at 31 December 2014 and 30 June 2014:

|               | As at<br><b>31 December</b><br><b>2014</b><br><i>HK\$'000</i><br>(Unaudited) | As at<br>30 June<br>2014<br><i>HK\$'000</i><br>(Audited) |
|---------------|------------------------------------------------------------------------------|----------------------------------------------------------|
| 0 to 60 days  | 1,344                                                                        | 10,108                                                   |
| 61 to 90 days | 2,191                                                                        | –                                                        |
| Over 90 days  | 4,521                                                                        | 184                                                      |
|               | <u>8,056</u>                                                                 | <u>10,292</u>                                            |

Bills payable as at 31 December 2014 and 30 June 2014 is aged within 30 days based on goods receipt date.

#### 14. BANK BORROWINGS

|                      | As at<br><b>31 December</b><br><b>2014</b><br><i>HK\$'000</i><br>(Unaudited) | As at<br>30 June<br>2014<br><i>HK\$'000</i><br>(Audited) |
|----------------------|------------------------------------------------------------------------------|----------------------------------------------------------|
| Unsecured:           |                                                                              |                                                          |
| Trust receipts loans | 34,277                                                                       | 27,958                                                   |
| Bank loans           | –                                                                            | 8,000                                                    |
|                      | <u>34,277</u>                                                                | <u>35,958</u>                                            |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### *Revenue*

Revenue of the Group increased by approximately HK\$152.2 million or approximately 13.2% from approximately HK\$1,154.8 million for the 1HFY2014 to approximately 1,307.0 million for 1HFY2015.

#### *Tian Wang Watches*

Sales of Tian Wang watches continued to be the Group's main source of revenue which accounted for approximately 70.4% of the total revenue of the Group for 1HFY2015 (1HFY2014: approximately 67.8%). Sales of Tian Wang watches recorded a revenue of approximately HK\$919.7 million for 1HFY2015, representing an increase of approximately HK\$136.6 million or approximately 17.4% as compared with approximately HK\$783.1 million for 1HFY2014. The growth during 1HFY2015 was mainly driven by (i) the expansion of retail network by approximately 13.1% from 1,900 POS as at 30 June 2014 to 2,149 POS as at 31 December 2014; and (ii) the rapid growth in sales of watches through e-commerce channels by approximately HK\$38.8 million or approximately 47.6% from approximately HK\$81.5 million for 1HFY2014 to approximately HK\$120.3 million for 1HFY2015.

#### *Balco Watches*

Sales of Balco watches increased by approximately HK\$20.8 million or approximately 24.7% from approximately HK\$84.2 million for 1HFY2014 to approximately HK\$105.0 million for 1HFY2015, which accounted for approximately 8.0% of the total revenue of the Group for 1HFY2015 (1HFY2014: approximately 7.3%). The increase was primarily due to (i) the increase in the number of POS by approximately 2.6% from 492 POS as at 30 June 2014 to 505 POS as at 31 December 2014; and (ii) the increase in sales to multi-brand watch distributors in Hong Kong, Macau and Taiwan by approximately HK\$13.6 million or approximately 59.9% from approximately HK\$22.7 million for 1HFY2014 to approximately HK\$36.3 million for 1HFY2015.

#### *Other Brands Watches*

Sales of other well-known brand watches other than Tian Wang and Balco brands ("**Other Brands**") increased by approximately HK\$16.9 million or approximately 11.9% from approximately HK\$142.5 million for 1HFY2014 to approximately HK\$159.4 million for 1HFY2015, which accounted for approximately 12.2% of the total revenue of the Group for 1HFY2015 (1HFY2014: approximately 12.3%). The increase in sales of Other Brands watches was primarily attributed to (i) the contribution of revenue of approximately HK\$32.7 million for 1HFY2015 (1HFY2014: approximately HK\$29.7 million) from a joint venture company, Time Watch (Hefei) Company Limited ("**Time Watch Hefei**"); and (ii) the contribution of revenue of approximately HK\$15.6 million for 1HFY2015 from another joint venture company established recently in December 2013, Time Watch (Chengdu) Company Limited ("**Time Watch Chengdu**").

### *Watch Movements Trading Business*

Revenue from Watch Movements Trading Business accounted for approximately 9.4% of the Group's total revenue for 1HFY2015 (1HFY2014: approximately 12.6%). For 1HFY2015, revenue from trading of watch movements was approximately HK\$122.9 million, representing a decrease of approximately HK\$22.1 million or approximately 15.2% from approximately HK\$145.0 million for 1HFY2014. The decrease was primarily due to less watch movements were available for selling to external customers after allocation of watch movements to the production of the Group's Tian Wang watches.

### *Gross Profit*

The Group's gross profit increased by approximately HK\$129.4 million or approximately 17.4% from approximately HK\$743.5 million for 1HFY2014 to approximately HK\$872.8 million for 1HFY2015, while the gross profit margin increased to approximately 66.8% for 1HFY2015 from approximately 64.4% for 1HFY2014. The increase in gross profit and the improvement in gross profit margin were primarily due to the increase in sales contribution of Tian Wang watches from approximately 67.8% of the Group's total revenue for 1HFY2014 to approximately 70.4% for 1HFY2015, as well as the improvement in gross profit margin of Tian Wang watches from approximately 79.6% for 1HFY2014 to approximately 80.7% for 1HFY2015, which was a result of the increase in sales of regular-priced watch models.

### *Other Income, Gains and Losses*

The Group's other income, gains and losses increased from approximately HK\$10.4 million for 1HFY2014 to approximately HK\$13.4 million for 1HFY2015, representing an increase of approximately HK\$3.0 million or approximately 28.8%. This was primarily due to the increase in bank interest income, watch repair and maintenance services income and net exchange gain for 1HFY2015.

### *Selling and Distribution Costs*

The Group's selling and distribution costs increased by approximately HK\$93.6 million or approximately 18.7% from approximately HK\$501.2 million for 1HFY2014 to approximately HK\$594.8 million for 1HFY2015, which accounted for approximately 45.5% of the Group's total revenue for 1HFY2015 (1HFY2014: approximately 43.4%). The increase was mainly due to (i) the increase in concessionaire and rental fees by approximately HK\$36.3 million as a result of an increase in revenue and the number of POS; (ii) the increase in salaries of sales personnel by approximately HK\$26.1 million as a result of increase in number of sales staff, which was in line with the increase of number of POS and the increase in sales commission together with the increase in revenue; (iii) the increase in advertising and promotion fees by approximately HK\$18.8 million; and (iv) the increase in other sales related costs such as depreciation, packing, entertainment expenses, service charges and management fee by approximately HK\$12.4 million, which were in connection with the Group's market expansion.

### ***Administrative Expenses***

The Group's administrative expenses increased to approximately HK\$69.7 million for 1HFY2015 from approximately HK\$52.0 million for 1HFY2014, representing an increase of approximately HK\$17.8 million or approximately 34.2%. The increase was primarily due to the increase in salaries of the Group's administrative staff by approximately HK\$16.7 million.

### ***Finance Costs and Income Tax Expenses***

The Group's finance costs decreased by approximately HK\$0.1 million or approximately 20.1% from approximately HK\$0.4 million for 1HFY2014 to approximately HK\$0.3 million for 1HFY2015 as a result of a decrease in bank borrowings during 1HFY2015. The Group's income tax expenses increased from approximately HK\$46.3 million for 1HFY2014 to approximately HK\$65.5 million for 1HFY2015, representing an increase of approximately HK\$19.2 million or approximately 41.6%. The Group's effective tax rate increased from approximately 23.1% for 1HFY2014 to approximately 29.6% for 1HFY2015.

### ***Profit for the Period***

As a result of the factors discussed above, the Group's net profit for 1HFY2015 increased by approximately HK\$1.8 million or approximately 1.2% from approximately HK\$154.0 million for 1HFY2014 to approximately HK\$155.8 million for 1HFY2015. The net profit margin decreased from approximately 13.3% for 1HFY2014 to approximately 11.9% for 1HFY2015.

## **Business Review**

### ***Overview***

During 1HFY2015, the Group's principal business remained manufacture and retail sales of its two proprietary brands watches (namely, Tian Wang and Balco), retail sales of Other Brands watches in the PRC and Watch Movements Trading Business.

The Group achieved a sales growth of approximately 13.2% over the same period in previous financial year. Tian Wang watches continued to be the Group's core business, which contributed approximately 70.4% of the total revenue of the Group during 1HFY2015.

### ***Retail Network***

The Group's retail network principally comprises sales counters located in department stores which are directly managed and controlled by the Group. Over 83% of the Group's sales of Tian Wang and Balco watches were made through the Group's directly managed POS. Since the Group sells most of its watches to its retail customers directly, the Group has been able to obtain first hand market information and direct feedback from customers through its frontline staff. The Group considers that this a comparative advantage over its competitors, which generally do not have fully direct managed sales network and sell their products through distributors.



As at 31 December 2014, number of the Group's POS for Tian Wang watches was 2,149 POS, representing a net increase of 249 POS and 407 POS as compared to the number of POS for Tian Wang watches as at 30 June 2014 and 31 December 2013, respectively. As at 31 December 2014, number of the Group's POS for Balco watches was 505 POS, representing a net increase of 13 POS and 50 POS as compared to the number of POS for Balco watches as at 30 June 2014 and 31 December 2013, respectively. As at 31 December 2014, number of the Group's POS for Other Brands watches was 99 POS, representing a net increase of 1 POS and 9 POS as compared to the number of POS for Other Brands watches as at 30 June 2014 and 31 December 2013, respectively.

### ***Proprietary Watches of the Group***

#### ***Tian Wang Watches***

Sales of Tian Wang watches remained the Group's major source of revenue, which contributed approximately 70.4% of the Group's total revenue for 1HFY2015 (1HFY2014: approximately 67.8%). For 1HFY2015, revenue from Tian Wang watches was approximately HK\$919.7 million as compared with approximately HK\$783.1 million for 1HFY2014, representing an increase of approximately HK\$136.6 million or approximately 17.4%. During 1HFY2015, the Group launched approximately 90 new models of Tian Wang watches with price ranging from approximately RMB100 to RMB4,000 per watch which were sold through direct retail sales, corporate sales and e-commerce channels. The wide price range of Tian Wang watches allowed the Group to cater for the different needs of customers, and allowed the Group to capture more demand from customers of different income level.

#### ***Balco Watches***

Balco watches are assembled and imported from Switzerland. The Group faces keen competition from other imported watches of similar price range, including Citizen, Casio, Titoni and Enicar. Sales of Balco watches accounted for approximately 8.0% of the Group's total revenue for 1HFY2015 (1HFY2014: approximately 7.3%). For 1HFY2015, revenue from Balco watches was approximately HK\$105.0 million as compared with approximately HK\$84.2 million for 1HFY2014, representing an increase of approximately HK\$20.8 million or approximately 24.7%. There was an increase in sales of Balco watches in the PRC by approximately HK\$7.2 million or approximately 11.7% from approximately HK\$61.5 million for 1HFY2014 to approximately HK\$68.7 million for 1HFY2015. The Group continued to seek other ways to develop its Balco watch business, including broadening its sales and distribution channels in and outside of the PRC. There was an increase of approximately HK\$13.6 million or approximately 59.9% in the sales of Balco watches to Hong Kong, Macau and Taiwan through multi-brand watches distributors. Revenue from these sales increased from approximately HK\$22.7 million for 1HFY2014 to approximately HK\$36.3 million for 1HFY2015.

#### ***Other Brands Watches***

Revenue from sales of Other Brands watches was approximately HK\$159.4 million for 1HFY2015 as compared with approximately HK\$142.5 million for 1HFY2014, representing an increase of approximately HK\$16.9 million or approximately 11.9%. Revenue from sales of Other Brands watches accounted for approximately 12.2% of the Group's total revenue for 1HFY2015 (1HFY2014: approximately 12.3%). The increase in sales of Other Brands watches was mainly contributed by the increase in revenue from Time Watch Hefei and Time Watch Chengdu.

### *Watch Movements Trading Business*

The Directors consider that the in-house watch movements procurement and trading arm of the Group is an integral segment of the Group's overall business operation by providing a reliable and stable supply of watch movements for the assembly of its Tian Wang watches and bringing revenue to the Group through its Watch Movements Trading Business with other watch manufacturers and distributors when there is a surplus of watch movements. For 1HFY2015, sales of watch movements accounted for approximately 9.4% of the Group's total revenue (1HFY2014: approximately 12.6%). There was a decrease in sales of approximately HK\$22.1 million or approximately 15.2% from approximately HK\$145.0 million for 1HFY2014 to approximately HK\$122.9 million for 1HFY2015.

### *E-commerce Business*

In March 2013, the Company established a 70%-owned subsidiary, Shenzhen Time Watch Trading Company Limited, which entered into operation agreements with several online sales platform (including but not limited to Paipai (Tencent QQ), Jingdong mall and Tmall) and offered sales of lower-priced watches and new youth watch series products to younger generation in order to capture their rising consumption power. The Directors believe that a wide variety of watches will enable the Group to reach out to an extensive range of customers across different age groups. For 1HFY2015, there was a significant increase in sales of watches through e-commerce channels by approximately HK\$38.8 million or approximately 47.6% from approximately HK\$81.5 million for 1HFY2014 to approximately HK\$120.3 million for 1HFY2015.

### **Inventory Control**

The Group's inventory balance was approximately HK\$655.5 million as at 31 December 2014, representing an increase of approximately HK\$99.6 million or approximately 17.9% as compared with approximately HK\$556.0 million as at 30 June 2014. The increase was in line with the increase in the Group's inventory balance of Tian Wang finished watches from approximately HK\$291.6 million as at 30 June 2014 to approximately HK\$319.3 million as at 31 December 2014. The Group's inventory turnover days increased to approximately 257 days for 1HFY2015, as compared with approximately 217 days for the year ended 30 June 2014. The Group will continue to monitor and control its inventory level vigilantly while implementing its sales network expansion plan in order to ensure that the expansion plan and inventory level will not adversely affect the cash flow and liquidity of the Group. The inventory quantities per Tian Wang, Balco and Other Brands POS were approximately 547, 319 and 606 respectively as at 31 December 2014 (30 June 2014: approximately 562 (Tian Wang), 206 (Balco) and 566 (Other Brands)).

The inventory aged over two years were approximately HK\$95.1 million and approximately HK\$78.6 million as at 31 December 2014 and 30 June 2014, respectively, with corresponding provision for these inventory balances of approximately HK\$52.1 million and approximately HK\$44.0 million, respectively. The management assesses and reviews the inventory ageing analysis at the end of each reporting period and identifies the slow-moving inventory 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 management to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

The Group financed its operations primarily through cash flows from operations and short-term bank loans. The cash and cash equivalents were approximately HK\$605.4 million and approximately HK\$660.1 million as at 31 December 2014 and 30 June 2014, respectively.

The Group's net cash generated from operating activities for 1H FY2015 was approximately HK\$106.1 million. The amount was primarily attributable to profit before taxation of approximately HK\$221.4 million from the Group's operations adjusted for non-cash items of approximately HK\$37.8 million, decrease in working capital balances of approximately HK\$109.3 million, income taxes paid of approximately HK\$48.7 million and interest received of approximately HK\$4.9 million.

The Group's net cash generated from investing activities for 1H FY2015 was approximately HK\$71.4 million, which was mainly attributable to purchase of property, plant and equipment of approximately HK\$71.4 million.

The Group's net cash used in financing activities for 1H FY2015 was approximately HK\$96.4 million, which was mainly attributable to dividends paid of approximately HK\$104.0 million and repayment of bank borrowings of approximately HK\$126.9 million, which was partially offset by borrowings raised of approximately HK\$125.2 million and capital injection by non-controlling shareholders of subsidiaries of approximately HK\$9.6 million. The Group's bank borrowings were approximately HK\$34.3 million and approximately HK\$36.0 million as at 31 December 2014 and 30 June 2014, respectively.

The Group had a net cash position as at 31 December 2014 and 30 June 2014. As at 31 December 2014, the Group's total equity was approximately HK\$1,575.9 million, representing an increase of approximately HK\$73.0 million from approximately HK\$1,502.9 million as at 30 June 2014. The Group's working capital was approximately HK\$1,433.9 million as at 31 December 2014, representing an increase of approximately HK\$37.9 million as compared with approximately HK\$1,396.0 million as at 30 June 2014.

As at 31 December 2014, the Group's bank balances and cash were mainly denominated in Renminbi. As at 31 December 2014, all the Group's bank borrowings were short term bank borrowings that were principally denominated in Hong Kong dollar and Swiss Franc, were subject to variable interest rates and were repayable within one year, details of which are set out in note 14 to this interim results announcement.

The gearing ratio being calculated as total debt over total equity was approximately 2.2% and approximately 2.4% as at 31 December 2014 and 30 June 2014, respectively.

### **Charge on Group Assets**

There was no material charge on the Group's assets as at 31 December 2014 and 30 June 2014.

### **Contingent Liabilities**

The Group did not have any material contingent liabilities as at 31 December 2014 and 30 June 2014.

## **Capital Commitments**

The Group did not have any material capital commitments as at 31 December 2014 and 30 June 2014.

## **Foreign Currency Exposure**

The Group has foreign currency sales, which expose itself to foreign currency risk. In addition, certain trade and other receivables, bank balances, other payables and accrued charges, and bank borrowings of the Group and intra-group balances are denominated in foreign currencies of relevant group entities.

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

## **Employees and emoluments policies**

As at 31 December 2014, the Group employed a total of approximately 4,500 full time employees (30 June 2014: approximately 4,300) engaging in design, purchasing, production, sales and marketing and administration. The staff costs incurred during 1HFY2015 was approximately HK\$194.0 million (1HFY2014: approximately HK\$149.9 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 regularly every year. Apart from provident fund scheme and medical insurance, discretionary bonuses are also awarded to employees according to the assessment of individual performance.

## **Outlook**

It is expected that the growth of consumer market in the PRC will continue to slow down for the six months ending 30 June 2015. For retail sales, the Group will continue to execute its plan of opening not less than 200 POS for Tian Wang per year. These new POS will be located mainly in 2nd, 3rd or 4th tier cities in the PRC, where the purchasing power is improving in recent years along with the development of the PRC. These new POS will become the revenue drivers for the Group's Tian Wang retail sales in the coming years. Besides, the Group will continue to allocate more resources on the development of its e-commerce business. Target customers of the Group's e-commerce business are mainly the younger generation, and the products sold through the e-commerce channels are exclusive and are different from those sold in the Tian Wang POS. Hence, the competition between Tian Wang retail business and Tian Wang e-commerce business is minimised. We have confidence that the e-commerce business is complementary to Tian Wang retail business and the higher growth in revenue generated from the e-commerce business will compensate for some slow down in the growth of retail sales in the future. On the above basis, the Directors are confident that the Group will maintain steady growth in its business in the near future.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2014.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

During 1HFY2015, there was no material acquisition or disposal of subsidiaries or associated companies by the Company.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules. Save as disclosed below, during the six months ended 31 December 2014, the Company had complied with the code provisions of the CG Code.

Pursuant to code provision A.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. Taking into account of Mr. Tung Koon Ming’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 Koon Ming enables more effective and efficient overall business planning, decision making and implementation thereof by the Group. In order to maintain good corporate governance and fully comply 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.

## **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 as set out in Appendix 10 to the Listing Rules (the “**Model Code**”). 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 the six months ended 31 December 2014.

## **AUDIT COMMITTEE**

The audit committee has reviewed the unaudited condensed consolidated financial statements of the Company for the six months ended 31 December 2014 and discussed the financial related matters with the management of the Group.

## **INTERIM DIVIDEND**

The Directors have recommended an interim dividend of HK2 cents per share (six months ended 31 December 2013: HK2 cents per share), amounting to approximately HK\$41.6 million for the six months ended 31 December 2014 (six months ended 31 December 2013: approximately HK\$41.6 million) to the shareholders of the Company. The proposed interim dividend will be paid to shareholders whose name appears on the register of members of the Company at the close of business on 13 March 2015. It is expected that the proposed interim dividend will be paid on or about 23 March 2015.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed on 13 March 2015 and no transfer of shares will be effected on that date. In order to qualify for the proposed interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 12 March 2015

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.timewatch.com.hk](http://www.timewatch.com.hk). The interim report for the six months ended 31 December 2014 will be despatched to the shareholders of the Company and 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**  
**Mr. Tung Koon Ming**  
*Chairman and Executive Director*

Hong Kong, 26 February 2015

*As at the date of this announcement, the executive Directors are Mr. Tung Koon Ming, Mr. Hou Qinghai, Mr. Tung Wai Kit and Mr. Deng Guanglei, and the independent non-executive Directors are Mr. Ma Ching Nam, Mr. Wong Wing Keung Meyrick and Mr. Choi Ho Yan.*