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 2019

- Revenue for the year ended 30 June 2019 ("**FY2019**") decreased by approximately 9.9% to approximately HK$2,670.2 million, as compared with approximately HK$2,962.3 million for the year ended 30 June 2018 ("**FY2018**").
- Gross profit for FY2019 decreased by approximately 9.3% to approximately HK$1,885.3 million, as compared with approximately HK$2,079.2 million for FY2018.
- Gross profit margin slightly increased by approximately 0.4 percentage points from approximately 70.2% for FY2018 to approximately 70.6% for FY2019. The gross profit margin of Tian Wang Watch Business remain stable for both years.
- Profit attributable to the owners of the Company for FY2019 amounted to approximately HK$305.4 million, representing an increase of approximately 4.8% as compared with approximately HK$291.4 million for FY2018.
- Basic earnings per share for FY2019 was HK14.7 cents (FY2018: HK14.0 cents).
- Proposed final dividend for FY2019 is HK4.3 cents per share.

ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2019

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 FY2019 together with the consolidated statement of financial position of the Group as at 30 June 2019, and the notes with comparative figures for FY2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*3*	**2,670,209**	2,962,262
Cost of sales		**(784,959)**	(883,060)
Gross profit		**1,885,250**	2,079,202
Other income, gains and losses	*4*	**72,565**	43,247
Net impairment losses on trade receivables		**(12,693)**	(28,857)
Selling and distribution costs		**(1,379,996)**	(1,494,333)
Administrative expenses		**(189,776)**	(199,334)
Finance costs	*5*	**(8,307)**	(8,970)
Share of results of a joint venture		**648**	–
Profit before taxation		**367,691**	390,955
Income tax	*6*	**(74,624)**	(114,992)
Profit for the year	*7*	**293,067**	275,963
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of leasehold land and buildings		**491**	475
Exchange differences arising on translation		**(66,972)**	35,345
Items that may be reclassified subsequently to profit or loss:			
Fair value change of available-for-sale investments		**–**	(1,435)
Fair value change of debt instruments at fair value through other comprehensive income		**5,294**	–
Reclassification adjustment relating to available-for-sale investment disposed of during the year		**–**	1,498
Reclassification adjustment relating to debt instruments at fair value through other comprehensive income disposed of during the year		**1,392**	–
		(59,795)	35,883
Total comprehensive income for the year		**233,272**	311,846

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Profit (loss) for the year attributable to:			
Owners of the Company		**305,360**	291,447
Non-controlling interests		**(12,293)**	(15,484)
		293,067	275,963
Total comprehensive income (expense) attributable to:			
Owners of the Company		**247,138**	326,469
Non-controlling interests		**(13,866)**	(14,623)
		233,272	311,846
Earnings per share	*9*		
– Basic *(HK cents)*		**14.7**	14.0

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 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	10	**231,713**	180,143
Prepaid lease payments		**34,708**	37,501
Investment property	11	**113,900**	111,000
Deposits paid for acquisition of property, plant and equipment		**1,919**	3,958
Interests in a joint venture		**9,481**	–
Financial assets at fair value through profit or loss	12	**383,918**	–
Debt instruments at fair value through other comprehensive income	13	**200,298**	–
Available-for-sale investments		**–**	19,165
Deferred tax assets		**48,863**	51,216
		1,024,800	402,983
Current assets			
Inventories	14	**480,665**	583,650
Prepaid lease payments		**1,306**	1,359
Trade receivables	15	**370,046**	415,692
Other receivables, deposits and prepayments	15	**113,384**	129,608
Tax recoverable		**20**	7
Financial asset at fair value through profit or loss	12	**274,656**	337,725
Debt instruments at fair value through other comprehensive income	13	**19,441**	–
Available-for-sale investments		**–**	29,617
Pledged bank deposits		**7,793**	6,953
Bank balances and cash		**421,748**	762,162
		1,689,059	2,266,773
Current liabilities			
Trade payables and bills payable	16	**79,228**	88,083
Other payables and accrued charges		**163,831**	185,004
Contract liabilities		**182**	–
Tax liabilities		**37,754**	59,433
Bank borrowings and overdraft		**62,542**	67,521
Other loans		**143,333**	135,118
		486,870	535,159
Net current assets		**1,202,189**	1,731,614
Total assets less current liabilities		**2,226,989**	2,134,597

	2019	2018
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**207,995**	207,995
Reserves	**2,015,553**	1,892,700
Equity attributable to owners of the Company	**2,223,548**	2,100,695
Non-controlling interests	**(64,517)**	(47,601)
Total equity	**2,159,031**	2,053,094
Non-current liabilities		
Deferred tax liabilities	**67,958**	81,503
	67,958	81,503
	2,226,989	2,134,597

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

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, 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 leasehold land and buildings, investment property 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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

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

The Group has applied the following new and amendments to HKFRSs and an interpretation issued by the HKICPA for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

2.1 HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 July 2018. Any difference at the date of initial application is recognised in the opening accumulated profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 July 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Sales of watches – retail business;
- Sales of watches – e-commerce business;
- Wholesale of watches; and
- Sales of watch movements.

2.2 HKFRS 9 "Financial Instruments" and the related amendments

In the current year, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 July 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. The difference between carrying amounts as at 30 June 2018 and the carrying amounts as at 1 July 2018 are recognised in the opening accumulated profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]

[1] *Effective for annual periods beginning on or after 1 January 2019.*

[2] *Effective for annual periods beginning on or after 1 January 2021.*

[3] *Effective for annual periods beginning on or after a date to be determined.*

[4] *Effective for business combinations and assets acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.*

[5] *Effective for annual periods beginning on or after 1 January 2020.*

3. REVENUE AND SEGMENT INFORMATION

Revenue

For the year ended 30 June 2019

Disaggregation of revenue from contracts with customers

Type of goods	For the year ended 30 June 2019 Watches *HK$'000*	Watch movements *HK$'000*
Sales of watches		
– Tian Wang Watch	1,963,106	–
– Balco Watch	77,405	–
– Other brands	501,516	–
	2,542,027	–
Trading of watch movements	–	128,182
Total	2,542,027	128,182

Sales channel	***HK$'000***
Retail	1,683,372
E-commerce platforms	566,360
Wholesale	420,477
Total	2,670,209

Timing of revenue recognition	
A point in time	2,670,209

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

a. **Tian Wang Watch Business** – Manufacturing, wholesale and retail business of owned brand watches – Tian Wang Watch;

b. **Balco Watch Business** – Wholesale and retail business of owned brand watches – Balco Watch;

c. **Watch Movements Trading Business** – Wholesale of watch movements;

d. **Other Brands (PRC) Business** – Retail business of imported watches mainly of well-known brands; and

e. **Other Brands (Global) Business** – Global distribution of owned and licensed international brands of watches.

These operating divisions are the basis of internal reports about components which are regularly reviewed by the chief operating decision maker ("**CODM**"), 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. No operating segments have been aggregated in arising at the reportable segments of the Group.

Segment revenue and results

Year ended 30 June 2019

	Tian Wang Watch Business	Balco Watch Business	Watch Movements Trading Business	Other Brands (PRC) Business	Other Brands (Global) Business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue						
External sales	**1,963,106**	**77,405**	**128,182**	**209,221**	**292,295**	**2,670,209**
Inter-segment sales	**–**	**–**	**36,969**	**–**	**–**	**36,969**
Segment revenue	**1,963,106**	**77,405**	**165,151**	**209,221**	**292,295**	**2,707,178**
Elimination						**(36,969)**
Group revenue						**2,670,209**
Results						
Segment results	**439,110**	**(36,908)**	**(6,560)**	**5,523**	**(19,343)**	**381,822**
Interest income						**42,982**
Unallocated other income, gains and losses						**3,051**
Central administration costs						**(51,857)**
Finance costs						**(8,307)**
Profit before taxation						**367,691**

Year ended 30 June 2018

	Tian Wang Watch Business	Balco Watch Business	Watch Movements Trading Business	Other Brands (PRC) Business	Other Brands (Global) Business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue						
External sales	2,172,949	116,137	144,482	229,454	299,240	2,962,262
Inter-segment sales	–	–	68,374	–	–	68,374
Segment revenue	2,172,949	116,137	212,856	229,454	299,240	3,030,636
Elimination						(68,374)
Group revenue						2,962,262
Results						
Segment results	483,716	(35,007)	564	3,835	(33,207)	419,901
Interest income						23,009
Unallocated other income, gains and losses						9,650
Central administration costs						(52,635)
Finance costs						(8,970)
Profit before taxation						390,955

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.

4. OTHER INCOME, GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Other income:		
Bank interest income	**4,549**	2,847
Interest income on financial assets measured at fair value through profit or loss ("**FVTPL**")	**32,363**	17,326
Interest income on available-for-sale investments	**–**	2,836
Interest income on debt instruments at FVTOCI	**6,070**	–
Watch repair and maintenance services income	**6,369**	7,015
Government subsidies *(Note)*	**17,177**	9,381
Rental income	**11,030**	8,373
Others	**7,187**	7,538
	84,745	55,316
Other gains and losses:		
Loss on disposal and write-off of property, plant and equipment	**(11,935)**	(19,095)
Loss on disposal of a debt instrument at FVTOCI	**(1,203)**	–
Loss on disposal of available-for-sale investments	**–**	(1,680)
Gain from changes in fair value of financial assets measured at FVTPL	**8,032**	–
Gain from change in fair value of an investment property	**2,900**	6,054
Net exchange (loss) gain	**(9,974)**	2,652
	(12,180)	(12,069)
	72,565	43,247

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 grants for the reimbursement of expenses incurred for research and development activities in the People's Republic of China ("**PRC**").

5. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on bank borrowings	**4,259**	2,317
Interest on loan from a director	**512**	469
Interest on loan from a related party	**1,882**	1,815
Interest on loan from a non-controlling interest of a subsidiary	**471**	482
Imputed interest on loan from a non-controlling interest of a subsidiary	**940**	3,887
Interest on loan from a third party	**243**	–
	8,307	8,970

6. INCOME TAX

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax	**76,466**	116,304
PRC withholding tax	**29,846**	1,065
	106,312	117,369
Underprovision (overprovision) in prior years:		
Hong Kong Profits Tax	**472**	22
PRC Enterprise Income Tax	**(20,968)**	48
	(20,496)	70
Deferred taxation	**(11,192)**	(2,447)
	74,624	114,992

7. PROFIT FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging/(crediting):		
Auditor's remuneration	**2,850**	2,615
Directors' remuneration		
Fees	**1,056**	1,080
Other emoluments	**20,357**	20,596
Retirement benefit scheme contributions	**70**	63
	21,483	21,739
Other staff costs	**406,887**	453,897
Retirement benefit scheme contributions	**57,098**	56,647
Total staff costs	**485,468**	532,283
Depreciation of property, plant and equipment	**70,382**	82,759
Amortisation of prepaid lease payments	**1,326**	1,374
Cost of inventories recognised as cost of sales	**735,619**	814,026
Research and development costs recognised as cost of sales	**45,977**	51,025
Allowance for inventories recognised as cost of sales	**3,363**	18,009
Concessionaire fee *(Note)*	**441,630**	511,611
Operating lease payment in respect of shop counters and shops	**26,402**	24,638
Operating lease payment in respect of office premises and factories	**23,674**	21,638

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

	2019	2018
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2019 Interim – HK2 cents (2018 Interim – HK2 cents) per share	**41,599**	41,599
2018 Final – HK3.75 cents (2017 Final – HK3 cents) per share	**77,998**	62,398
	119,597	103,997

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 30 June 2019 of HK4.3 cents per share (2018: HK3.75 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 is based on the following data:

	2019	2018
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purposes of calculating basic earnings per share – profit for the year attributable to owners of the Company	**305,360**	291,447
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	**2,079,946**	2,079,946

No diluted earnings per share is presented as there is no potential ordinary share outstanding for both years.

10. PROPERTY, PLANT AND EQUIPMENT

During the year ended 30 June 2019, the Group purchased property, plant and equipment of approximately HK$140,546,000 (year ended 30 June 2018: approximately HK$115,836,000) and wrote off property, plant and equipment of approximately HK$12,175,000 (year ended 30 June 2018: approximately HK$19,552,000).

11. INVESTMENT PROPERTY

The Group purchased an investment property in Hong Kong in FY2018 and measured at fair value of approximately HK$113,900,000 as at 30 June 2019 (30 June 2018: approximately HK$111,000,000).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	HK$'000	*HK$'000*
Financial assets measured at FVTPL:		
Certificates of deposit	**288,597**	–
Investment in a trust	**92,861**	–
Structured deposits	**274,656**	337,725
Life insurance	**2,460**	–
	658,574	337,725
Analysed for reporting purposes as:		
Non-current assets	**383,918**	–
Current assets	**274,656**	337,725
	658,574	337,725

13. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019
	HK$'000
Debt instruments	**219,739**
Analysed for reporting purposes as:	
Non-current assets	**200,298**
Current assets	**19,441**
	219,739

The debt instruments represent the Group's investments in corporate bonds. These corporate bonds are measured at fair value which are quoted bid prices by a bank. The corporate bonds carry coupon rates ranging from 4.50% to 6.25% (2018: 4.50% to 5.45%) payable semi-annually and will be matured from January 2020 to perpetuity (2018: November 2018 to January 2020).

The amounts are denominated in USD which is not the functional currency of the relevant group entity.

14. INVENTORIES

	2019	2018
	HK$'000	*HK$'000*
Raw materials and consumables	**71,887**	106,724
Work in progress	**5,227**	7,122
Finished goods	**403,551**	469,804
	480,665	583,650

15. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019	2018
	HK$'000	*HK$'000*
Trade receivables from third parties	**409,691**	434,424
Trade receivables from related companies	**2,844**	6,416
Less: allowance for credit losses	**(42,489)**	(25,148)
	370,046	415,692
Deposits	**26,582**	34,606
Prepayment	**19,851**	29,654
VAT receivables	**9,584**	8,892
Fund deposits to e-payment platforms	**18,645**	32,473
Amount due from a joint venture	**7,226**	–
Others	**31,496**	23,893
	113,384	129,608
Total trade and other receivables, deposits and prepayments	**483,430**	545,300

As at 30 June 2019 and 1 July 2018, trade receivables from contracts with customers amounted to approximately HK$370,046,000 and HK$410,032,000 respectively.

Trade receivables from third parties mainly represent receivables from department stores and e-commerce platforms in relation to the collection of sales proceeds from concessionaire sales of merchandise to customers and other corporate customers and wholesalers for the Group's wholesale business and trading of watch movements business. The average credit period granted to the debt(s) is 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, which approximates to the respective date of revenue recognition, at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
0 to 60 days	**310,481**	337,548
61 to 120 days	**39,785**	56,101
121 to 180 days	**7,872**	4,117
Over 180 days	**9,064**	11,510
	367,202	409,276

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:

	2019	2018
	HK$'000	*HK$'000*
0 to 60 days	**2,844**	3,055
61 to 120 days	**–**	1,251
121 to 180 days	**–**	581
Over 180 days	**–**	1,529
	2,844	6,416

16. TRADE PAYABLES AND BILLS PAYABLE

	2019	2018
	HK$'000	*HK$'000*
Trade payables to third parties	**70,146**	71,836
Bills payable to third parties	**5,860**	5,359
Trade payables to related companies	**3,222**	10,888
	79,228	88,083

The average credit period on purchases of goods is 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:

	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**43,254**	47,965
31 to 60 days	**9,075**	11,280
61 to 90 days	**10,933**	4,801
Over 90 days	**6,884**	7,790
	70,146	71,836

The related companies, including companies in which entities owned by non-controlling interests 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 ageing analysis of trade payables to the related companies based on invoice date at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
31 to 60 days	**–**	124
61 to 90 days	**–**	2,060
Over 90 days	**3,222**	8,704
	3,222	10,888

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$292.1 million or approximately 9.9% from approximately HK$2,962.3 million for FY2018 to approximately HK$2,670.2 million for FY2019.

Tian Wang Watch Business

Revenue of Tian Wang Watch Business continued to be the Group's main source of revenue which accounted for approximately 73.5% of the total revenue of the Group for FY2019 (FY2018: approximately 73.4%). Revenue of Tian Wang Watch Business decreased by approximately HK$209.8 million or approximately 9.7% from approximately HK$2,172.9 million for FY2018 to approximately HK$1,963.1 million for FY2019. The retail sales network shrank from 2,585 points of sales ("**POS**") as at 30 June 2018 to 2,532 POS as at 30 June 2019, with a net decrease of 53 POS.

Balco Watch Business

Revenue of Balco Watch Business decreased by approximately HK$38.7 million or approximately 33.4% from approximately HK$116.1 million for FY2018 to approximately HK$77.4 million for FY2019. The decline was mainly due to the decrease in sales of the Balco watches in the PRC market.

Other Brands (PRC) Business

Retail sales of other well-known brand watches other than Tian Wang Watch and Balco Watch decreased by approximately HK$20.2 million or approximately 8.8% from approximately HK$229.5 million for FY2018 to approximately HK$209.2 million for FY2019, which accounted for approximately 7.8% of the total revenue of the Group for FY2019 (FY2018: approximately 7.7%). The decrease in revenue of Other Brands (PRC) Business was caused by the closure of POS in the PRC as these other brand watches were mainly sold through POS in the PRC.

Other Brands (Global) Business

Global distribution of licensed international brands of watches recorded a decrease in revenue of approximately HK$6.9 million or approximately 2.3% from approximately HK$299.2 million for FY2018 to approximately HK$292.3 million for FY2019. The decrease was attributable to the non-renewal of license agreement with several international brands of watches.

Watch Movements Trading Business

Revenue of Watch Movements Trading Business accounted for approximately 4.8% of the Group's total revenue for FY2019 (FY2018: approximately 4.9%). For FY2019, revenue from trading of watch movements was approximately HK$128.2 million, representing a decrease of approximately HK$16.3 million or approximately 11.3% from approximately HK$144.5 million for FY2018. The decrease was primarily due to the slowdown of watch movements trading business in Hong Kong and the PRC during FY2019.

Gross Profit

The Group's gross profit decreased by approximately HK$194.0 million or approximately 9.3% from approximately HK$2,079.2 million for FY2018 to approximately HK$1,885.3 million for FY2019. The decrease was mainly due to decrease in Tian Wang Watch Business as in line with the decrease in revenue. The Group's gross profit margin slightly increased by 0.4 percentage points from approximately 70.2% for FY2018 to approximately 70.6% for FY2019.

Other Income, Gains and Losses

The Group's other income, gains and losses increased by approximately HK$29.3 million or approximately 67.8% from approximately HK$43.2 million for FY2018 to approximately HK$72.6 million for FY2019. The increase was owing to a combined effect of increase in interest income on financial assets measured at FVTPL of approximately HK$15.0 million, increase in interest income on debt instruments at FVTOCI of approximately HK$6.1 million, increase in government subsidies of approximately HK$7.8 million, gain from changes in fair value of financial assets measured at FVTPL of approximately HK$8.0 million, decrease in loss on disposal and write-off of property, plant and equipment of approximately HK$7.2 million and increase in net exchange loss of approximately HK$12.6 million.

Selling and Distribution Costs

The Group's selling and distribution costs decreased by approximately HK$114.3 million or approximately 7.7% from approximately HK$1,494.3 million for FY2018 to approximately HK$1,380.0 million for FY2019. The decrease was mainly due to decrease in concessionaire fee and staff cost incurred with the decrease in number of POS.

Administrative Expenses

The Group's administrative expenses decreased by approximately HK$9.6 million or approximately 4.8% from approximately HK$199.3 million for FY2018 to approximately HK$189.8 million for FY2019. The decrease was mainly owing to decrease in staff cost, decrease in legal and professional fee and decrease in operating expenses of Other Brands (Global) Business due to continuous cost control by the management.

Finance Costs and Income Tax

The Group's finance costs decreased by approximately HK$0.7 million or approximately 7.4% from approximately HK$9.0 million for FY2018 to approximately HK$8.3 million for FY2019 as a result of the decrease in borrowings for the Watch Movements Trading Business.

The Group's income tax decreased by approximately HK$40.4 million or approximately 35.1% from approximately HK$115.0 million for FY2018 to approximately HK$74.6 million for FY2019. The decrease was primarily due to one-off tax credit in FY2019 as a result of preferential tax treatment granted to the relevant PRC subsidiaries for the calendar year ended 31 December 2018. The Group's effective tax rate decreased from approximately 29.4% for FY2018 to approximately 20.3% for FY2019.

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 FY2019 increased by approximately HK$13.9 million or approximately 4.8% from approximately HK$291.4 million for FY2018 to approximately HK$305.4 million for FY2019.

BUSINESS REVIEW

Overview

During FY2019, the Group continued to run its principal business of manufacturing, wholesale, retail sales and e-commerce business of its two proprietary brands of watches (namely, Tian Wang and Balco Watch). It is also engaged in retail sales of other brands of watches in the PRC, global distribution of other brands of watches and its ancillary business of trading in watch movements.

In FY2019, the retail markets for watches in the PRC and Hong Kong remained challenging as consumer confidence was affected by a trade dispute between China and the United States. As a result, the Group experienced slower-growth in sales and downward pressure on profitability. Nevertheless, the Group continued to maintain its leading position in the PRC's national watch market with competitive advantages developed over years and the sustainable growth in sales at its e-commerce business.

The Group's core brand business of Tian Wang Watch accounted for approximately 73.5% of its total revenue in FY2019. As a heritage brand with a history of over-30-years, Tian Wang Watch has established a reputation for making high-quality, accurate and stylish watches. This is the key to the continued success and widespread brand recognition of Tian Wang Watch. Based on the information gathered from customers through the Group's nation wide network of point of sale ("POS"), the Group is able to satisfy the increasing demand for high-quality and trendy watches from customers of different age groups.

Retail Network

The Group's retail network principally comprises its directly managed and controlled sales counters located in department stores and shopping malls. Over 69% 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 its 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 2019, the number of the Group's POS for the business of Tian Wang Watch was 2,532, representing a net decrease of 53 POS compared to that as at 30 June 2018. As at 30 June 2019, the number of the Group's POS for the business of Balco Watch was 353, representing a net decrease of 40 POS compared to that as at 30 June 2018. As at 30 June 2019, the number of the Group's POS for Other Brands (PRC) Business was 70, representing a net decrease of 8 POS compared to that as at 30 June 2018.

Proprietary Watches of the Group

Tian Wang Watch

The business of Tian Wang Watch remained the Group's main source of revenue, contributing to approximately 73.5% of the Group's total revenue for FY2019 (FY2018: approximately 73.4%). During FY2019, the Group has launched not less than 60 new models of Tian Wang watches with prices ranging from approximately RMB200 to RMB18,800 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 increased demand of customers of different income levels and age groups.

Balco Watch

Balco watches are assembled in and imported from Switzerland. The business of Balco Watch generated approximately 2.9% of the Group's total revenue for FY2019 (FY2018: approximately 3.9%). Revenue from the business of Balco Watch decreased by approximately HK$38.7 million or approximately 33.4% to approximately HK$77.4 million for FY2019 from the approximately HK$116.1 million for FY2018. The decrease was mainly due to a drop in sales in the PRC market. The Group continued with its strategies for improving the performance of the Balco Watch business. Such strategies include optimizing the sales and distribution channels within and outside PRC and launching new stylish models of Balco watches on the market.

Other Brands (PRC) Business

As the living standard of ordinary people in China has improved in the past few decades, consumers are looking for more choices of quality and stylish watches of both domestic brands and international brands. The Group's Other Brands (PRC) Business, 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. At the same time, the Group closed under-performing POS and opened new POS in strategic locations so as to optimise its sales network.

Other Brands (Global) Business

Although the revenue from this business segment edged down by approximately 2.3% from HK$299.2 million for FY2018 to HK$292.3 million for FY2019, the loss recorded by the business has been substantially narrowed by more than 41.7% because of stringent control of expenses. The global watch industry becomes more difficult due to the competition from wearable devices and trade war between China and the United States.

Watch Movements Trading Business

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 not only ensures a reliable and stable supply of watch movements to its business of Tian Wang Watch but also generates revenue by supplying watch movements to other watch manufacturers and distributors. For FY2019, the Watch Movements Trading Business accounted for approximately 4.8% of the Group's total revenue (FY2018: approximately 4.9%). Revenue from this line of business decreased by approximately HK$16.3 million or approximately 11.3% to approximately HK$128.2 million for FY2019 from approximately HK$144.5 million for FY2018.

E-commerce Business

Since 2013, the Group has been engaging in an e-commerce business and selling its products on several major online sales platforms such as those of Tmall and JD.com. In order to tap the growing consumption power of a younger generation, 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 FY2019, the e-commerce business continued to be one of the major contributors to the Group's revenue. Watch sales at the business edged down by approximately HK$8.6 million or approximately 1.5% to approximately HK$566.4 million for FY2019 from approximately HK$575.0 million for FY2018 due to keen competition. However, the Group's watch sales at Tmall on Alibaba's "Single's Day" (November 11th) remained steady for FY2019 compared with those for FY2018. The Group continued to top Tmall's domestic watch sales chart for six consecutive years.

INVENTORY CONTROL

The Group's inventory balance was approximately HK$480.7 million as at 30 June 2019, representing a decrease of approximately HK$103.0 million or approximately 17.6% as compared with approximately HK$583.7 million as at 30 June 2018. The Group's inventory turnover days increased to approximately 247 days for FY2019, as compared with 234 days for FY2018. The decrease in inventory balance was primarily attributable to the improved internal management on inventory control during FY2019. The Group will continue to monitor and control its inventory level vigilantly while expanding the sales network so that the expansion 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$147.6 million and approximately HK$154.1 million as at 30 June 2019 and 30 June 2018 respectively, with corresponding provision for these inventory balances of approximately HK$92.7 million and approximately HK$98.3 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, our 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 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, net with bank overdraft, were approximately HK$397.9 million and approximately HK$754.1 million as at 30 June 2019 and 30 June 2018 respectively.

The Group's net cash generated from operating activities for FY2019 was approximately HK$435.3 million, representing an increase of approximately HK$6.0 million from approximately HK$429.3 million for FY2018. The amount was primarily attributable to profit before taxation of approximately HK$367.7 million from the Group's operations adjusted for non-cash items of approximately HK$54.6 million, increase of working capital balances of approximately HK$80.5 million, income taxes paid of approximately HK$104.5 million and interest received of approximately HK$36.9 million.

The Group's net cash used in investing activities for FY2019 was approximately HK$646.2 million, which was mainly attributable to purchase of property, plant and equipment of approximately HK$138.6 million, purchase of financial assets at fair value through profit or loss of approximately HK$2,923.2 million, purchase of debt instruments at fair value through other comprehensive income of approximately HK$195.3 million which was partially offset by redemption of financial assets at fair value through profit or loss of approximately HK$2,591.8 million.

The Group's net cash used in financing activities for FY2019 was approximately HK$126.0 million, which was mainly attributable to dividends payment of approximately HK$119.6 million and repayment of bank borrowings of approximately HK$478.0 million, which was partially offset by borrowings raised of approximately HK$473.3 million. The Group's bank borrowings and overdraft were approximately HK$62.5 million and approximately HK$67.5 million as at 30 June 2019 and 30 June 2018 respectively.

The Group was in net cash position as at 30 June 2019 and 30 June 2018. As at 30 June 2019, the Group's total equity was approximately HK$2,159.0 million, representing an increase of approximately HK$105.9 million from approximately HK$2,053.1 million as at 30 June 2018. The Group's working capital was approximately HK$1,202.2 million as at 30 June 2019, representing a decrease of approximately HK$529.4 million as compared with approximately HK$1,731.6 million as at 30 June 2018.

As at 30 June 2019, the Group's bank balances and cash were mainly denominated in Renminbi, United States dollar and Hong Kong dollar. As at 30 June 2019, all the Group's bank borrowings were short term bank borrowings subject to variable interest rates and principally denominated in Hong Kong dollar and United States dollar.

The gearing ratio being calculated as total debt over total equity remained relatively stable at approximately 9.5% and approximately 9.9% as at 30 June 2019 and 30 June 2018, respectively.

CHARGE ON GROUP ASSETS

There was no material charge on the Group's assets as at 30 June 2019 and 2018.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2019 and 2018.

CAPITAL COMMITMENTS

	2019	2018
	HK$'000	*HK$'000*
Capital commitments in respect of life insurance contract	**8,000**	–
Capital commitments in respect of property, plant and equipment	**49,277**	85,549
	57,277	85,549

FOREIGN CURRENCY EXPOSURE

The Group has foreign currency sales, which expose itself to foreign currency risk. In addition, available-for-sale investments, debt instruments at fair value through other comprehensive income, certain trade and other receivables, pledged bank deposits, bank balances, other payables and accrued charges, bank borrowings and overdraft 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 2019, the Group employed a total of approximately 5,200 full time employees in the PRC and Hong Kong (30 June 2018: approximately 5,300). The staff costs incurred during FY2019 was approximately HK$485.5 million (FY2018: approximately HK$532.3 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 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 Company.

SOCIAL RESPONSIBILITY

The Group's charitable and other donations for FY2019 amounted to approximately HK$3.7 million (FY2018: approximately HK$2.7 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$702.0 million had been utilised for FY2013, FY2014, FY2015, FY2016, FY2017 and FY2018. For FY2019, the Company had not further utilised of the proceeds in the manner set out in the following table.

	Amount of net proceeds allocated and unutilised as at 1 July 2018 *(HK$'m)*	**Amount of net proceeds utilised for FY2019** *(HK$'m)*	**Balance as at 30 June 2019** *(HK$'m)*	**Actual business progress up to 30 June 2019**
Opening of POS in the coming years	–	–	–	
Establishing joint ventures worldwide with experienced operators of watch sales network and acquiring their inventories	–	–	–	
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	40.0	–	40.0	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.
	40.0	–	40.0	

The Group will keep monitoring the use of the net proceeds from the IPO.

PROSPECT AND STRATEGIES

Global economy is expected to still be plagued by such issues as the escalating trade dispute between China and the United States, the intensifying tension in both global trade and geopolitical situation, and the Brexit in the second half of 2019 and the year 2020.

Nevertheless, despite the above mentioned uncertainties, the Chinese economy continued to grow steadily, recording year-on-year growth of 6.3% in GDP in the first half of 2019, which was in line with market expectations. In particular, consumption's contribution to the country economic growth is predicted to rise to nearly 80% in 2019. Meanwhile, China's retail industry has entered a period of rapid transition, innovation and widerspread application of technologies. Retailers have to thoroughly understand customers' lifestyle habits and consumption patterns, make more use of the Internet and big data, form closer links with diverse businesses, and conduct both ambient marketing and smart retail in order to accelerate the upgrading of traditional retail businesses and respond promptly to market needs.

For its offline retail business, the Group will continue to roll out and execute its prudent POS expansion plan by opening new POS for Tian Wang. At the same time, the Group will also closely monitor and assess the performance of all its existing POS on a regular basis and implement its business strategy the POS of its distribution network in order to improve its market coverage and increase the revenue stream. Looking ahead, the Group will open more new POS in shopping malls to replace the underperforming POS in department stores. Moreover, the Group will continuously widen the variety of product lines, especially those for the younger generation as the target customers.

The e-commerce business continues to be another key contributor of the Group's revenue and is targeted at the younger generation of customers. The watches put up for online sales are exclusively available at the online sales platform and are different from those being sold at the POS of Tian Wang brand. The competition between both the retail business and e-commerce business of Tian Wang is thus minimised. The Group will continue to allocate more resources and put more efforts to the e-commerce business in order to sustain growth in sales and maintain profitability.

The Group's other business segments, including the business of Balco Watch, Other Brands (PRC) Business and Other Brands (Global) Business, are still experiencing difficulties and affected by market conditions in FY2019. However, the Other Brands (Global) Business has improved its performance substantially through stringent control of expenses. It has also thus improved the gross profit margin. The Group will press ahead with its plans for improving business performance so as to enhance its overall profitability.

The Directors still expect the watch market to be challenging but full of ample opportunities in the coming years. The Group is well-positioned to capture such opportunities as it had laid a solid foundation in recent years for its development. The Group will continue capitalize on the era of "New Retail in China" adopt a prudent approach to business and ahere to its clear positioning. All this will, consolidate its position in the China's watch market.

PROPOSED FINAL DIVIDEND AND ANNUAL GENERAL MEETING

For FY2019, the Directors have recommended the payment of a final dividend of HK4.3 cents per share, amounting to approximately HK$89.4 million, representing a payout of approximately 48.4% of profit attributable to the owners of the Company in the second half of the year. Subject to the approval of the shareholders at the forthcoming annual general meeting (the "**Annual General Meeting**") of the Company to be held on 21 November 2019, the proposed final dividend will be paid to shareholders of the Company whose name appears on the register of members of the Company at the close of business on 28 November 2019. It is expected that the proposed final dividend will be paid on or about 9 December 2019.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining members who are qualified for attending the Annual General Meeting, the register of members of the Company will be closed from 18 November 2019 to 21 November 2019 (both days inclusive), during which period no transfer of share of the Company will be effected. In order to qualify for attending the Annual General Meeting, all transfers of shares of the Company 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on 15 November 2019.

For the purpose of determining members who are qualified for the proposed final dividend for FY2019 which is subject to approval by the shareholders at the Annual General Meeting, the register of members of the Company will be closed on 28 November 2019, on which no transfer of share of the Company will be effected. In order to qualify for the entitlement to the proposed final dividend, all transfers of shares of the Company 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 27 November 2019.

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 FY2019.

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 Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Save as disclosed below, during FY2019, 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'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.

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 10 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 up to the date of this announcement.

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 FY2019.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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 FY2019 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu 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 FY2019 will be despatched to the shareholders of the Company and will also 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, 25 September 2019

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