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 2020

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations for the six months ended 31 December 2020 ("**1HFY2021**") decreased by approximately 9.0% to approximately HK$963.4 million as compared with approximately HK$1,058.9 million for the six months ended 31 December 2019 ("**1HFY2020**").

- Profit attributable to owners of the Company from continuing and discontinued operations for 1HFY2021 was approximately HK$155.3 million, representing an increase of approximately 55.7% as compared with approximately HK$99.7 million for 1HFY2020.

- Profit attributable to owners of the Company from continuing operations for 1HFY2021 was approximately HK$155.3 million, representing an increase of approximately 28.4% as compared with approximately HK$121.0 million for 1HFY2020.

- Basic earnings per share from continuing operations for 1HFY2021 was HK7.5 cents (1HFY2020: HK5.8 cents).

- The board did not recommend a payment of interim dividend for the six months ended 31 December 2020 (six months ended 31 December 2019: nil).

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

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 2020, together with the unaudited comparative figures for the six months ended 31 December 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2020

		Six months ended 31 December	
	Notes	**2020** ***HK$'000*** **(Unaudited)**	2019 *HK$'000* (Unaudited) (Restated)
Continuing operations			
Revenue	*3*	**963,391**	1,058,941
Cost of sales		**(235,257)**	(273,093)
Gross profit		**728,134**	785,848
Other income	*4*	**46,807**	46,705
Other gains and losses	*5*	**16,355**	(13,022)
Loss on impairment of trade receivables		**(3,259)**	(2,375)
Selling and distribution costs		**(511,341)**	(587,950)
Administrative expenses		**(64,231)**	(72,994)
Finance costs		**(508)**	(600)
Share of results of a joint venture		**1,082**	844
Profit before taxation		**213,039**	156,456
Income tax	*6*	**(53,447)**	(35,090)
Profit for the period from continuing operations	*7*	**159,592**	121,366
Discontinued operation			
Loss for the period from discontinued operation	*8*	**–**	(41,969)
Profit for the period		**159,592**	79,397
Other comprehensive income (expense)			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of leasehold land and buildings		**263**	254
Exchange differences arising on translation		**131,468**	(34,579)
Items that may be reclassified subsequently to profit or loss:			
Fair value change on debt instruments at fair value through other comprehensive income		**5,459**	2,897
Total comprehensive income for the period		**296,782**	47,969

		Six months ended 31 December	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
			(Restated)
Profit (loss) for the period attributable to owners of the Company			
– from continuing operations		**155,332**	120,964
– from discontinued operation		**–**	(21,217)
		155,332	99,747
Profit (loss) for the period attributable to non-controlling interest			
– from continuing operations		**4,260**	402
– from discontinued operation		**–**	(20,752)
		4,260	(20,350)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**289,247**	69,508
Non-controlling interests		**7,535**	(21,539)
		296,782	47,969
From continuing and discontinued operations			
Earnings per share – basic *(HK cents)*	*10*	**7.5**	4.8
From continuing operations			
Earnings per share – basic *(HK cents)*	*10*	**7.5**	5.8

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Notes	As at 31 December 2020 HK$'000 (Unaudited)	As at 30 June 2020 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	*11*	**311,018**	249,315
Right-of-use assets	*11*	**53,719**	54,708
Investment property	*12*	**100,400**	92,000
Interest in a joint venture		**10,643**	10,755
Deposits paid for acquisition of property, plant and equipment		**1,913**	3,706
Financial assets at fair value through profit or loss	*13*	**376,387**	350,767
Debt instruments at fair value through other comprehensive income	*14*	**164,704**	195,850
Financial assets at amortised cost	*15*	**148,441**	54,850
Deferred tax assets		**49,831**	48,646
		1,217,056	1,060,597
Current assets			
Inventories	*16*	**401,971**	374,315
Trade receivables	*17*	**221,864**	254,447
Other receivables, deposits and prepayments		**101,556**	93,959
Tax recoverable		**3,538**	1,789
Financial assets at fair value through profit or loss	*13*	**–**	17,361
Debt instrument at fair value through other comprehensive income	*14*	**36,670**	–
Financial assets at amortised cost	*15*	**312,197**	–
Bank balances and cash		**575,435**	693,638
		1,653,231	1,435,509
Current liabilities			
Trade payables and bills payable	*18*	**81,021**	34,029
Other payables and accrued charges		**131,427**	132,543
Tax liabilities		**46,812**	30,771
Other loan		**7,753**	7,750
Lease liabilities	*11*	**12,416**	11,519
		279,429	216,612
Net current assets		**1,373,802**	1,218,897
Total assets less current liabilities		**2,590,858**	2,279,494

	Notes	As at 31 December 2020 *HK$'000* (Unaudited)	As at 30 June 2020 *HK$'000* (Audited)
Capital and reserves			
Share capital		**207,995**	207,995
Reserves		**2,251,149**	1,961,465
Equity attributable to owners of the Company		**2,459,144**	2,169,460
Non-controlling interests		**27,948**	23,729
Total equity		**2,487,092**	2,193,189
Non-current liabilities			
Lease liabilities	*11*	**6,240**	9,553
Deferred tax liabilities		**97,526**	76,752
		103,766	86,305
		2,590,858	2,279,494

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

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 except for leasehold land and buildings, investment property and certain financial instruments, which are measured at revalued amounts and fair values.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and the new principal accounting policies as set out below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2020 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 30 June 2020.

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

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

Impact of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 30 June 2021.

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

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[4]
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	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2021

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

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

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. Other than specific standards which still refer to the previous versions of the framework, the Company relied on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

3. REVENUE AND SEGMENT INFORMATION

For management purpose, the Group is currently organised into four 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; and

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

An operating segment regarding the "Other Brands (Global) Business" (being the Group's global distribution of owned and licensed international brands of watches business) was discontinued in the current period. The segment information reported on the next pages does not include any amounts for this discontinued operation, which are described in more detail in note 8.

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.

During the six months ended 31 December 2020, the Group's revenue was recognised at a point in time.

Six months ended 31 December 2020 (Unaudited)

Continuing operations

	Tian Wang Watch Business	Balco Watch Business	Watch Movements Trading Business	Other Brands (PRC) Business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue					
External sales	820,063	19,615	43,350	80,363	963,391
Inter-segment sales	–	–	9,846	–	9,846
Segment revenue	820,063	19,615	53,196	80,363	973,237
Elimination					(9,846)
Group revenue					963,391
Results					
Segment results	194,159	(7,622)	(881)	3,713	189,369
Interest income					26,348
Unallocated other income, gains and losses					23,551
Central administration costs					(25,738)
Finance costs					(491)
Profit before taxation from continuing operations					213,039

Six months ended 31 December 2019 (Unaudited)

Continuing operations

	Tian Wang Watch Business HK$'000	Balco Watch Business HK$'000	Watch Movements Trading Business HK$'000	Other Brands (PRC) Business HK$'000	Consolidated HK$'000
Revenue					
External sales	879,401	25,989	68,293	85,258	1,058,941
Inter-segment sales	–	–	10,767	–	10,767
Segment revenue	879,401	25,989	79,060	85,258	1,069,708
Elimination					(10,767)
Group revenue					1,058,941
Results					
Segment results	169,172	(12,351)	6,161	(3,093)	159,889
Interest income					23,470
Unallocated other income, gains and losses					(2,768)
Central administration costs					(23,535)
Finance costs					(600)
Profit before taxation from continuing operations					156,456

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 resource allocation and performance assessment.

4. OTHER INCOME

	Six months ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Other income:		
Bank interest income	**6,306**	3,234
Interest income on financial assets measured at fair value through profit or loss	**14,472**	14,661
Interest income from debt instruments at fair value through other comprehensive income	**5,570**	5,575
Watch repair and maintenance services income	**3,055**	2,805
Government subsidies *(Note)*	**11,658**	10,622
Rental income	**1,726**	2,043
Others	**4,020**	7,765
	46,807	46,705

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

5. OTHER GAINS AND LOSSES

	Six months ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Gain from change in fair value of an investment property	**10,400**	–
Loss on disposal and written-off of property, plant and equipment	**(4,018)**	(4,887)
Gain (Loss) from changes in fair value of financial assets measured at fair value through profit or loss	**11**	(1,508)
Net exchange gain (loss)	**9,962**	(6,627)
	16,355	(13,022)

6. INCOME TAX

	Six months ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Current tax:		
Hong Kong Profits Tax	**1,320**	2,257
PRC Enterprise Income Tax	**32,428**	31,452
PRC withholding tax	**142**	177
	33,890	33,886
Overprovision in prior years:		
PRC Enterprise Income Tax	**(32)**	(312)
	33,858	33,574
Deferred taxation	**19,589**	1,516
	53,447	35,090

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of EIT Law, the Enterprise Income Tax rate is 25%. Subject to certain preferential tax treatment, the applicable tax rate of the PRC subsidiaries is ranging from 15% to 25% for both periods. On 16 October 2018, Tian Wang Electronics (Shenzhen) Company Limited ("Tian Wang Shenzhen"), a wholly owned subsidiary of the Company, was granted a qualification as high and new technology enterprise by relevant authority for a 3-year period ending 31 December 2020. Tian Wang Shenzhen obtained the official certificate of this qualification in early 2019. With this qualification, Tian Wang Shenzhen is entitled to a preferential tax treatment and the applicable tax rate for the calendar year ended 31 December 2020 was 15%.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Dividends distributed from the PRC subsidiaries are subject to withholding tax at 5% to 10%. Deferred tax in relation to withholding income tax for the undistributed profits of the PRC subsidiaries have been provided.

7. PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Continuing operations		
Profit for the period from continuing operations has been arrived at after charging:		
Staff costs (including Directors' remuneration)	**183,463**	195,486
Retirement benefits scheme contributions (including Directors' remuneration)	**9,579**	27,579
Total staff costs	**193,042**	223,065
Depreciation of property, plant and equipment	**31,843**	35,175
Depreciation of right-of-use assets	**9,157**	6,878
Short-term lease payments	**41,168**	41,340
(Reversal) allowance for obsolete inventories recognised as cost of sales	**(5,749)**	962
Concessionaire fee *(Note)*	**144,403**	159,194

Note: Being variable lease payment, 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. LOSS FROM DISCONTINUED OPERATION/ASSETS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

The Group terminated the license agreement with the brand owner for the grant of the Kenneth Cole license and ceased the Other Brands (Global) Business in last interim reporting period. The cessation of business is consistent with the Group's long-term policy to focus its activities on the Group's core businesses. Since then, the Group has started negotiations with interested parties for the disposal of assets and liabilities. The assets and liabilities attributable to Other Brands (Global) Business sold within twelve months from the end of last interim reporting period were treated as assets classified as held for sale and liabilities associated with assets held for sale respectively and are separately presented in the condensed consolidated statement of financial position.

The loss for the period from the discontinued operation (i.e. Other Brands (Global) Business) for last interim reporting period is set out below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the Other Brands (Global) Business as a discontinued operation.

	Six months ended 31 December 2019 *HK$'000* (Unaudited)
Revenue	91,041
Cost of sales	(76,865)
Other income	6,414
Other gains and losses	(434)
Reversal on impairment of trade receivables	4,582
Selling and distribution costs	(37,687)
Administrative expenses	(26,928)
Finance costs	(2,075)
Loss before tax	(41,952)
Income tax expense	(17)
Loss for the period	(41,969)

	Six months ended 31 December 2019 *HK$'000* (Unaudited)
Loss for the period from discontinued operation had been arrived at after charging (crediting):	
Staff costs	12,326
Retirement benefits scheme contributions	98
Total staff costs	12,424
Depreciation of property, plant and equipment	213
Short-term lease payments	6,974
Reversal on impairment of trade receivables	(4,582)
Cash flows from discontinued operation:	
Net cash flows used in operating activities	(28,776)
Net cash flows used in investing activities	(208)
Net cash flows from financing activities	39,802
Net cash flows	10,818

Major classes of assets and liabilities of the Other Brands (Global) Business as at 31 December 2019 are as follows:

	As at 31 December 2019 *HK$'000* (Unaudited)
Inventories	23,503
Prepayments	118
Pledged bank deposits	5,806
Bank balances and cash	3,708
Assets classified as held for sale	33,135
Trade and other payables	7,184
Liabilities associated with assets classified as held for sale	7,184

9. DIVIDENDS

	Six months ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Dividends recognised as distribution during the period:		
2019 Final – HK4.3 cents per share	**–**	89,438

The board did not recommend a payment of interim dividend for the six months ended 31 December 2020 (six months ended 31 December 2019: nil).

10. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic earnings per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	Six months ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings:		
Earnings for the purpose of calculating basic earnings per share from continuing and discontinued operations – profit for the period attributable to owners of the Company	**155,332**	99,747
	'000	*'000*
Numbers of shares:		
Weighted average number of ordinary shares for the purpose 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 shares outstanding for both periods.

From continuing operations

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

Earnings figures are calculated as follows:

	Six months ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to the owners of the Company	**155,332**	99,747
Less: Loss for the period attributable to the owners of the Company from discontinued operation	**–**	21,217
Earnings for the purpose of basic earnings per share from continuing operations	**155,332**	120,964

From discontinued operation

Basic loss per share from discontinued operation for the period ended 31 December 2019 is HK1.0 cent per share from discontinued operation, based on the loss attributable to the owners of the Company for the period from discontinued operation of approximately HK$21.2 million and the denominators detailed above for basic earnings per share.

11. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

During the six months ended 31 December 2020, the Group purchased property, plant and equipment of approximately HK$84,435,000 (six months ended 31 December 2019: approximately HK$72,947,000).

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 1 year to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and condition. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. On lease commitment, the Group recognised right-of-use assets of HK$4.4 million and lease liabilities of HK$4.4 million.

During the current interim period, due to the outbreak of COVID-19, lessors of the relevant retail stores and offices provided rent concessions to the Group through rent reductions over three to six months.

The rent concession occurred as a direct consequence of COVID-19 pandemic and met all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient under HKFRS 16.46A.

The Group applied the practical expedient not to assess whether the changes constitute lease modifications. During the current interim period, the effects on changes in lease payments due to forgiveness or wavier by the lessors for the relevant leases of approximately HK$152,000 were recognised as negative variable lease payments.

12. INVESTMENT PROPERTY

	HK$'000
Fair value	
At 1 July 2019	113,900
Decrease in fair value recognised in profit or loss	(21,900)
At 30 June 2020	92,000
Transferred to property, plant and equipment	(2,000)
Increase in fair value recognised in profit or loss	10,400
At 31 December 2020	**100,400**

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

The Group leases out office units under operating leases with rental payable monthly. The leases typically run for an initial period of 2 years, with unilateral rights to extend the lease beyond initial period held by lessees only. The lease contracts contain market review clauses in the event the lessee exercises the option to extend.

The fair value of the Group's investment property has been arrived at on the basis of a valuation carried out by an independent qualified professional valuers not connected to the Group.

The Group engages independent qualified professional valuers to perform the valuation. The valuation committee works closely with the independent valuer to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the findings to the board of directors of the Company at the end of the reporting period to explain the cause of fluctuations in the fair value of the property.

In estimating the fair value of the property, the highest and best use of the property is their current use.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2020	As at 30 June 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Certificates of deposits (a)	**372,177**	346,557
Investment in a trust (b)	**–**	17,361
Life insurance (c)	**4,210**	4,210
	376,387	368,128
Analysed for reporting purposes as:		
Non-current assets	**376,387**	350,767
Current assets	**–**	17,361
	376,387	368,128

(a) As at 31 December 2020, financial assets at fair value through profit or loss included certificates of deposit issued by banks in the PRC with interest payable monthly at a fixed rate ranging from 3.9% to 4.18% per annum. These certificates are transferrable subject to market conditions. The maturity dates of the certificates are from December 2021 to March 2023 and early redemption is not acceptable.

(b) As at 31 December 2020, amount included certain subordinated units of a trust in the PRC. The assets of the trust are loan and interest receivables. The trust is transferrable and redeemable. The maturity date of the trust is 15 July 2020. Based on the terms of the trust, the Company is entitled to receive the principal of its investments after the privileged investor in the same trust received all of their investment principals and returns. The principal of the Group's investments are not guaranteed.

(c) As at 31 December 2020, amount included a life insurance scheme of an executive director of the Company with an insurance company, an independent third party. Pursuant to the scheme, the Company is the holder and the beneficiary of the scheme. The total premium to be paid by the Company is HK$10,000,000, which should be settled by five consecutive annual instalments of HK$2,000,000. As at 31 December 2020, the Company has settled two instalments which amount to HK$4,000,000.

The management of the Group considers that the carrying amounts of financial assets recorded at amortised cost in the condensed consolidated statement of financial position approximate their fair values.

14. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2020 *HK$'000* (Unaudited)	As at 30 June 2020 *HK$'000* (Audited)
Debt instruments – unlisted	**201,374**	195,850
Analysed for reporting purposes as:		
Non-current assets	**164,704**	195,850
Current assets	**36,670**	–
	201,374	195,850

The debts instruments represent the Group's investments in corporate bonds. These corporate bonds are measured at fair value which are quoted bid prices by banks, The corporate bonds carry coupon rates ranging from 4.9% to 6.25% payable semi-annually and will be matured from August 2021 to perpetuity.

15. FINANCIAL ASSETS AT AMORTISED COST

	As at 31 December 2020 *HK$'000* (Unaudited)	As at 30 June 2020 *HK$'000* (Audited)
Certificate of deposits (a)	**94,248**	54,850
Fixed deposits over 3 months (b)	**366,390**	–
	460,638	54,850
Analysed for reporting purposes as:		
Non-current assets	**148,441**	54,850
Current assets	**312,197**	–
	460,638	54,850

(a) At 31 December 2020, financial assets at amortised cost included certificate of deposits issued by banks in the PRC with interest at a fixed rate ranging from 3.4% to 4.125% per annum payable at maturity. These certificates are not early redeemable and are expected to be held to maturity. The maturity dates of the certificates will be matured from August 2022 to December 2023.

(b) At 31 December 2020, financial assets at amortised cost included fixed deposits placed in banks in the PRC with interest at a fixed rate ranging from 3.1% to 3.85% per annum payable at maturity and will be matured from April 2021 to July 2023.

16. INVENTORIES

	As at 31 December 2020	As at 30 June 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Raw materials and consumables	**80,547**	68,386
Work in progress	**6,515**	3,141
Finished goods	**314,909**	302,788
	401,971	374,315

17. TRADE RECEIVABLES

	As at 31 December 2020	As at 30 June 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables from third parties	**261,496**	285,628
Trade receivables from related companies	**212**	5,352
Less: allowance for credit losses	**(39,844)**	(36,533)
	221,864	254,447

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 ageing analysis of trade receivables from third parties net of allowance for credit losses presented based on the date of delivery of goods which approximates to the respective date of revenue recognition, as at 31 December 2020 and 30 June 2020:

	As at 31 December 2020	As at 30 June 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 60 days	**192,603**	214,092
61 to 120 days	**21,587**	18,474
121 to 180 days	**4,110**	11,649
Over 180 days	**3,352**	4,880
	221,652	249,095

The following is an ageing analysis of trade receivables from a related company, including an entity related to non-controlling interests of a subsidiary, presented based on the date of delivery of goods, which approximates to the date of revenue recognition, as at 31 December 2020 and 30 June 2020:

	As at 31 December 2020	As at 30 June 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 60 days	**211**	5,352
61 to 120 days	**1**	–
	212	5,352

18. TRADE PAYABLES AND BILLS PAYABLE

	As at 31 December 2020	As at 30 June 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	**77,151**	33,122
Bills payable	**3,870**	907
	81,021	34,029

The average credit period on purchases of goods is ranging from 30 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date as at 31 December 2020 and 30 June 2020:

	As at 31 December 2020	As at 30 June 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**62,007**	22,276
31 to 60 days	**9,510**	4,390
61 to 90 days	**2,392**	2,268
Over 90 days	**3,242**	4,188
	77,151	33,122

Bills payable as at 31 December 2020 and 30 June 2020 is aged within 30 days based on goods receipt date.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

Since February 2020, the economy of China and retail sales have been hit by the COVID-19 pandemic outbreak, the revenue of Time Watch Investments Limited (the "Company" or "Time Watch") and its subsidiaries (collectively, the "Group") decreased by approximately HK$95.6 million or approximately 9.0% from approximately HK$1,058.9 million for the six months ended 31 December 2019 ("1HFY2020") to approximately HK$963.4 million for the six months ended 31 December 2020 ("1HFY2021"). The decrease in the revenue of the Group was primarily due to the decrease in revenue generated by Tian Wang Watch Business, the Group's main source of revenue and such decrease in revenue was attributable to the outbreak of COVID-19 which affected the sales of Tian Wang Watch.

Tian Wang Watch Business

Revenue of Tian Wang Watch Business, which accounted for approximately 85.1% of the total revenue of the Group for 1HFY2021 (1HFY2020: approximately 83.0%) and continued to be the Group's main source of revenue, decreased by approximately HK$59.3 million or approximately 6.7% from approximately HK$879.4 million for 1HFY2020 to approximately HK$820.1 million for 1HFY2021. The retail network for the sales of Tian Wang Watch remained stable from 2,369 point of sales ("POS") as at 30 June 2020 to 2,299 POS as at 31 December 2020, with a net decrease of 70 POS.

Balco Watch Business

Revenue of Balco Watch Business, which accounted for approximately 2.0% of the total revenue of the Group for 1HFY2021 (1HFY2020: approximately 2.5%), decreased by approximately HK$6.4 million or approximately 24.5% from approximately HK$26.0 million for 1HFY2020 to approximately HK$19.6 million for 1HFY2021. Sales of Balco Watch in the PRC decreased by approximately HK$4.9 million or approximately 20.4% from approximately HK$24.0 million for 1HFY2020 to approximately HK$19.1 million for 1HFY2021. Sales of Balco Watch to multi-brand watch distributors in Hong Kong, Macau and Taiwan dropped by approximately HK$1.5 million or approximately 75.0% from approximately HK$2.0 million for 1HFY2020 to approximately HK$0.5 million for 1HFY2021.

Other Brands (PRC) Business

Retail sales of well-known brand watches other than Tian Wang and Balco Watch decreased by approximately HK$4.9 million or approximately 5.7% from approximately HK$85.3 million for 1HFY2020 to approximately HK$80.4 million for 1HFY2021, which accounted for approximately 8.3% of the total revenue of the Group for 1HFY2021 (1HFY2020: approximately 8.1%). The decrease in revenue of Other Brands (PRC) Business was mainly due to the weak consumer sentiment caused by the outbreak of COVID-19 pandemic.

Watch Movements Trading Business

Revenue of Watch Movements Trading Business accounted for approximately 4.5% of the Group's total revenue for 1HFY2021 (1HFY2020: approximately 6.4%). For 1HFY2021, revenue from trading of watch movements was approximately HK$43.4 million, representing a decrease of approximately HK$24.9 million or approximately 36.5% from approximately HK$68.3 million for 1HFY2020. The decline was primarily due to the slowdown of Watch Movements Trading Business in Hong Kong and the PRC during 1HFY2021.

Gross Profit

The Group's gross profit decreased by approximately HK$57.7 million or approximately 7.3% from approximately HK$785.8 million for 1HFY2020 to approximately HK$728.1 million for 1HFY2021. The drop was mainly due to the decrease in Tian Wang Watch Business which was in line with the decrease in its revenue. The Group's gross profit margin increased by approximately 1.4 percentage point from approximately 74.2% for 1HFY2020 to approximately 75.6% for 1HFY2021. The increase was mainly due to the increasing contribution from Tian Wang Watch Business, which has a higher gross profit margin in the revenue mix.

Other Income, Gains and Losses

The Group's other income mainly represented interest income on financial assets measured at fair value through profit or loss, government subsidies granted by local finance bureau in the PRC and bank interest income. The Group's other income remained stable for both 1HFY2020 and 1HFY2021.

The Group's other gains and losses increased by approximately HK$29.4 million or approximately 225.6% from other losses of approximately HK$13.0 million for 1HFY2020 to other gains of approximately HK$16.4 million for 1HFY2021. The increase was mainly attributable to the gain from change in fair value of an investment property of approximately HK$10.4 million and the increase in exchange gain of approximately HK$16.6 million due to appreciation of Renminbi against Hong Kong dollar during 1HFY2021.

Selling and Distribution Costs

The Group's selling and distribution costs decreased by approximately HK$76.6 million or approximately 13.0% from approximately HK$588.0 million for 1HFY2020 to approximately HK$511.3 million for 1HFY2021. The decrease was mainly due to (i) the decrease in concessionaire fee and rental expenses as in line with the decrease in revenue; (ii) the decrease in staff costs resulted from closure of those under-performed POS and temporary deduction and exemption of social insurance premiums in the PRC; (iii) the decrease in advertising and promotion expenses.

Administrative Expenses

The Group's administrative expenses decreased by approximately HK$8.8 million or approximately 12.0% from approximately HK$73.0 million for 1HFY2020 to approximately HK$64.2 million for 1HFY2021. The decrease was mainly due to (i) the decrease in donation; (ii) the decrease in staff costs resulted from temporary deduction and exemption of social insurance premiums granted by the PRC government and (iii) the decrease in consultancy fee.

Finance Costs and Income Tax

The Group's finance costs remained stable for both periods. The Group's income tax increased by approximately HK$18.4 million or approximately 52.3% from approximately HK$35.1 million for 1HFY2020 to approximately HK$53.4 million for 1HFY2021. The increase was mainly attributable to the increase in withholding tax from PRC subsidiaries. The Group's effective tax rate increased from approximately 22.4% for 1HFY2020 to approximately 25.1% for 1HFY2021.

Profit attributable to the owners of the Company

The profit attributable to the owners of the Company from continuing and discontinued operations for 1HFY2021 increased by approximately HK$55.6 million or approximately 55.7% from approximately HK$99.7 million for 1HFY2020 to approximately HK$155.3 million for 1HFY2021. The increase was mainly attributable to the fact that (i) the results of the Group for 1HFY2020 was affected by the loss attributable to the discontinued operation of the global distribution of third-party licensed international brands of watches business segment while there was no such loss incurred during 1HFY2021; (ii) the exchange gains mostly derived from the appreciation of Renminbi against Hong Kong dollar and (iii) a fair value gain on investment property for 1HFY2021 but not in 1HFY2020.

Business Review

Overview

During 1HFY2021, the Group's principal business remained manufacturing, retail sales and e-commerce business of its two proprietary brands watches (namely, Tian Wang and Balco Watch), retail sales of Other Brands of watches in the PRC and its ancillary Watch Movements Trading Business.

Tian Wang Watch Business continues to be the Group's core brand business, which contributed approximately 85.1% of the total revenue of the Group in 1HFY2021. Its over-30-years-long brand heritage and reputation of delivering high quality, precise and stylish watches are key factors of the success of Tian Wang Watch Business and widespread brand recognition. Based on the information gathered from customers through the Group's national wide POS network, the Group can strive to cater for increasing demand for high quality and trendy watches from different age group of the customers.

Retail Network

The Group's retail network principally comprises sales counters located in department stores and shopping malls which are directly managed and controlled by the Group. During 1HFY2021, over 68% of the Group's sales of Tian Wang and Balco Watch 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 sales staff. The Group considers that this is a competitive advantage over its competitors, which generally do not have fully and directly managed sales network and sell their products through distributors.

With the development of shopping malls and the increasing popularity of online shopping platforms, the consumption channels become more diversified. To further optimise the retail network, the Group reduced the number of sales counters located in department stores and increased the number of sales counters in shopping malls across China. As at 31 December 2020, the number of the Group's POS for Tian Wang Watch Business was 2,299, representing a net decrease of 70 POS as compared to the number of POS for Tian Wang Watch Business as at 30 June 2020. As at 31 December 2020, the number of the Group's POS for Balco Watch Business was 290, representing a net decrease of 17 POS as compared to the number of POS for Balco Watch Business as at 30 June 2020. As at 31 December 2020, the number of the Group's POS for Other Brands (PRC) Business was 61, representing a net decrease of 1 POS as compared to the number of POS for Other Brands (PRC) Business as at 30 June 2020.

Proprietary Watches of the Group

Tian Wang Watch

Revenue of Tian Wang Watch Business, which contributed approximately 85.1% of the Group's total revenue for 1HFY2021 (1HFY2020: approximately 83.0%) remained the Group's major source of revenue. The offline retail sales of Tian Wang Watch Business for 1HFY2021 decreased by approximately 4.9% as compared to 1HFY2020. It was primarily due to shrinking retail market of traditional watches as well as competition from electronic and digital wearable devices. The uncertain domestic macroeconomic outlook also affected the general consumer confidence and consumer sentiment. This has even put the overall offline retail market under pressure. During 1HFY2021, the Group has launched not less than 20 new models of Tian Wang watches with price ranging from approximately RMB300 to RMB17,000 per watch for direct offline retail sales, e-commerce channels and corporate sales. The wide range of Tian Wang watches allows the Group to cater for the different needs and increasing demand from customers of different income levels and age groups.

Balco Watch

Balco watches are assembled in and imported from Switzerland. For 1HFY2021, revenue from Balco Watch Business was approximately HK$19.6 million as compared with approximately HK$26.0 million for 1HFY2020, representing a decrease of approximately HK$6.4 million or approximately 24.5%. The decrease was mainly resulted from the general decline in the retail market in the PRC and the keen competition from other imported watches of similar price range. The Group continues to implement constructive business plans to improve the performance of Balco Watch Business, which include optimising its sales and distribution channels within and outside the PRC and launching new stylish models of Balco watches for younger generation.

Other Brands (PRC) Business

Revenue of Other Brands (PRC) Business was approximately HK$80.4 million for 1HFY2021 as compared with approximately HK$85.3 million for 1HFY2020, representing a decrease of approximately HK$4.9 million or approximately 5.7%. The decrease in revenue of Other Brands (PRC) Business was mainly due to the general decline in the retail market of watches in the PRC, especially for the fashion watches and imported mid-range watches as well as keen competition from other imported watches with similar price range.

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 for providing reliable and stable supply of watch movements for the assembly of its Tian Wang watches and generating revenue to the Group through its Watch Movements Trading Business with other watch manufacturers and distributors when there is a surplus of watch movements which are not used for the Group's manufacture of watches for Tian Wang Watch Business.

E-commerce Business

Since 2013, the Group has been engaging in the e-commerce business and selling its products on several major online sales platform such as those of Tmall and JD.com. In order to capture the growing consumption power of the younger generation in the PRC, the Group launched some models of Tian Wang and Balco watches which are more affordable and feature fast fashion style through the online sales channel. The Directors also believe that a wide variety of watches enables the Group to reach out to more diverse customers, including those of different age groups. For 1HFY2021, the e-commerce business continued to be one of the major contributors to the Group's revenue. For 1HFY2021, the sales of watches experienced a decline because of the intense competition among players in the market. However, the sales of watch at Tmall on Alibaba's "Single's Day" (November 11th) remained steady for 1HFY2021 compared with those for 1HFY2020. The Group continued to top Tmall's domestic watch sales chart for eight consecutive years.

Inventory Control

The Group's inventory balance was approximately HK$402.0 million as at 31 December 2020, representing an increase of approximately HK$27.7 million or approximately 7.4% as compared with approximately HK$374.3 million as at 30 June 2020. The Group's inventory turnover days increased to approximately 301 days for 1HFY2021, as compared with approximately 289 days for the year ended 30 June 2020. 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 aged over two years were approximately HK$146.8 million and approximately HK$146.6 million as at 31 December 2020 and 30 June 2020 respectively, with corresponding provision for these inventory balances of approximately HK$96.9 million and approximately HK$98.2 million respectively. The management of the Group regularly monitors the age, quality and quantity of inventory so as to make sure that the stocks are kept at their best value and optimal level that are most favorable for our business operation. It also 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 of the Group will make 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$575.4 million and approximately HK$693.6 million as at 31 December 2020 and 30 June 2020 respectively.

The Group's net cash generated from operating activities for 1HFY2021 was approximately HK$304.1 million, representing an increase of approximately HK$104.0 million from approximately HK$200.1 million for 1HFY2020. The amount was primarily attributable to profit before taxation from continuing operations of approximately HK$213.0 million from the Group's operations adjusted for non-cash items of approximately HK$5.8 million, increase of working capital balances of approximately HK$82.9 million, income taxes paid of approximately HK$23.9 million and interest received of approximately HK$26.3 million.

The Group's net cash used in investing activities for 1HFY2021 was approximately HK$444.2 million, which was mainly attributable to purchase of property, plant and equipment of approximately HK$84.4 million, purchase of financial assets at amortised cost of approximately HK$385.3 million and net cash inflow from financial assets at fair value through profit or loss of approximately HK$17.9 million.

The Group's net cash used in financing activities for 1HFY2021 was approximately HK$6.7 million, which was mainly attributable to the combined effect of dividend paid to a non-controlling interest of approximately HK$3.4 million; repayments of lease liabilities of approximately HK$8.7 million; repayment to a joint venture of approximately HK$3.9 million and increase in advance from related parties of approximately HK$10.5 million. The Group had a net cash position as at 31 December 2020 and 30 June 2020. As at 31 December 2020, the Group's total equity was approximately HK$2,487.1 million, representing an increase of approximately HK$293.9 million from approximately HK$2,193.2 million as at 30 June 2020. The Group's working capital was approximately HK$1,373.8 million as at 31 December 2020, representing an increase of approximately HK$154.9 million as compared with approximately HK$1,218.9 million as at 30 June 2020.

As at 31 December 2020, the Group's bank balances and cash were mainly denominated in Renminbi and Hong Kong dollar.

The gearing ratio being calculated as total debt over total equity was approximately 1.1% and approximately 1.3% as at 31 December 2020 and 30 June 2020 respectively.

Charge on Group Assets

There was no material charge on the Group's assets as at 31 December 2020 and 30 June 2020.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2020 and 30 June 2020.

Capital Commitments

Set out below is the breakdown of capital commitment of the Group as at 31 December 2020 and 30 June 2020:

	As at 31 December 2020	As at 30 June 2020
	HK$'000	*HK$'000*
Capital commitments in respect of life insurance contract *(note 13)*	**6,000**	6,000
Capital commitments in respect of property, plant and equipment	**35,506**	37,444
	41,506	43,444

Foreign Currency Exposure

The Group has foreign currency sales, which exposed itself to foreign currency risk. In addition, financial assets at FVTOCI, certain trade and other receivables, pledged bank deposits, short-term deposits, bank balances, other payables and accrued charges, bank borrowings and overdraft and other loan of the Group and 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, 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 31 December 2020, the Group employed a total of approximately 4,600 full time employees from continuing operations (30 June 2020: approximately 4,700). The staff costs incurred during 1HFY2021 was approximately HK$193.0 million (1HFY2020: approximately HK$223.1 million). The Group's emolument policies are formulated on the performance of individual employees and on the basis of the trends of salaries in various regions, which will be reviewed 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.

Social Responsibility

The Group's charitable and other donations for 1HFY2021 amounted to approximately HK$0.1 million (1HFY2020: approximately HK$5.5 million). No donations were made to political parties.

Prospect and Strategies

The COVID-19 pandemic has totally turned the whole world upside down and has changed people's life and living habit ever since 2020. Most countries are now in recession, travel restriction, lockdown of cities and increase in unemployment rate have been causing huge damage in the global economy. However, despite the global pandemic, according to the National Bureau of Statistic, China's gross domestic product (GDP) increased 2.3% year on year in 2020, despite the decrease of 6.8% in the first quarter in 2020, it steadily picked up quarter by quarter since April 2020. Throughout 2020, as the world's second largest economy, China has been seen as the leader of global recovery, internal industrial engines fired up to meet surging demand thus economic data bidding markets estimations. The central government has recently announced that the turnaround was completed, the national economy is now growing more quickly than it was before the pandemic.

Although China is one of the first country who leads the post-pandemic recovery since the second half of 2020, the Group is still experiencing some difficulties in resuming all regional operations to normal especially after the start of 2021. As China has recorded imported COVID-19 cases spreading in a number of provinces, the new outbreak has led to another round of specific area lock-down thus again has affected the business recovery to some extent. Due to the continuous outbreak of the pandemic, the Group believes that the overall consumer confidence would still takes time to recover and expects that operating environment will still be difficult in 2021.

In view of the current situation, the Group will prudently review the performance of the retail network of Tian Wang Watch. New POS openings will mainly focused in the shopping malls in second-, third– and fourth-tier cities after careful evaluation by the Group's management team. The Group will also keep on monitoring and assessing the performances of all existing POS and continue optimizing its sales network in order to achieve the best geographical market coverage while enhancing its profitability.

Throughout the past few years, the Group has been facing increasing competition from the e-commerce arena, therefore, the Group expects future growth for this division would be moderate or slow. However, the Group will continue to allocate additional resources and devote additional efforts in order to enlarge its market share online as the pandemic has sped up the growing trend for consumers to switch over to online shopping. Meanwhile, the Group has been proactively shifting sales to the e-commerce platform and strengthening its online marketing activities and support through different types of promotions and campaigns.

The Group's other business segments, including the business of Balco Watch, Other Brands (PRC) Business, are still experiencing difficulties and affected by market conditions in 2020. However, both businesses have shown improvement through stringent cost control and optimization of retail network (POS). The Group will press ahead with its plans for improving business performance so as to enhance the overall operational efficiency for both divisions as a near target.

In the light of the recent extremely challenging retail environment together with the unstable economic condition, management expects that the Group's performance and financial position will inevitably be affected to a certain extent in this and the coming couple of years. Therefore, the Group believes that maintaining sufficient liquidity and adequate working capital as the Group's treasury management policy will be the key to business survival during this extreme operating environment.

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 1HFY2021.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During 1HFY2021, the Group did not have material acquisition or disposal of subsidiaries or associated companies.

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 as its code of corporate governance practices. Save as disclosed below, during 1HFY2021, 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 1HFY2021.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Company for 1HFY2021 and discussed the financial related matters with the management of the Group.

INTERIM DIVIDEND

The board did not recommend a payment of interim dividend for the six months ended 31 December 2020 (six months ended 31 December 2019: nil).

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim 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 interim report for the six months ended 31 December 2020 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, 25 February 2021

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.