

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 2021**

**FINANCIAL HIGHLIGHTS**

- Revenue for the six months ended 31 December 2021 (“**1HFY2022**”) decreased by approximately 20.0% to approximately HK\$770.7 million as compared with approximately HK\$963.4 million for the six months ended 31 December 2020 (“**1HFY2021**”).
- Profit attributable to owners of the Company for 1HFY2022 was approximately HK\$40.7 million, representing a decrease of approximately 73.8% as compared with approximately HK\$155.3 million for 1HFY2021.
- Basic earnings per share for 1HFY2022 was HK2.0 cents (1HFY2021: HK7.5 cents).
- The board did not recommend a payment of interim dividend for the six months ended 31 December 2021 (six months ended 31 December 2020: nil).

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

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 2021, together with the unaudited comparative figures for the six months ended 31 December 2020 as follows:

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

For the six months ended 31 December 2021

	Notes	Six months ended 31 December	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	770,678	963,391
Cost of sales		(221,264)	(235,257)
Gross profit		549,414	728,134
Other income, gains and losses	4	51,452	63,162
Net reversal of impairment losses (impairment losses) on trade receivables		752	(3,259)
Selling and distribution costs		(492,614)	(511,341)
Administrative expenses		(56,729)	(64,231)
Finance costs		(432)	(508)
Share of results of a joint venture		303	1,082
Profit before taxation		52,146	213,039
Income tax	5	(13,566)	(53,447)
Profit for the period	6	38,580	159,592
Other comprehensive income (expense)			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of leasehold land and buildings		46	263
Exchange differences arising on translation		31,559	131,468
Items that may be reclassified subsequently to profit or loss:			
Fair value change on debt instruments at fair value through other comprehensive income		(2,136)	5,459
Reclassification adjustment relating to debt instruments at fair value through other comprehensive income disposed of during the period		(1,574)	–
Total comprehensive income for the period		66,475	296,782

		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2021</b>	2020
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited)
Profit (loss) for the period attributable to:			
– Owners of the Company		<b>40,741</b>	155,332
– Non-controlling interests		<b>(2,161)</b>	4,260
		<u><b>38,580</b></u>	<u>159,592</u>
Total comprehensive income (expense) attributable to:			
– Owners of the Company		<b>67,685</b>	289,247
– Non-controlling interests		<b>(1,210)</b>	7,535
		<u><b>66,475</b></u>	<u>296,782</u>
Earnings per share – basic ( <i>HK cents</i> )	8	<u><b>2.0</b></u>	<u>7.5</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Notes</i>	As at 31 December 2021 <i>HK\$'000</i> (Unaudited)	As at 30 June 2021 <i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	<i>9</i>	<b>455,683</b>	446,832
Right-of-use assets	<i>9</i>	<b>50,356</b>	51,455
Investment property	<i>10</i>	<b>107,700</b>	107,700
Interest in a joint venture		<b>10,824</b>	12,011
Deposits paid for acquisition of property, plant and equipment		<b>1,963</b>	2,055
Financial assets at fair value through profit or loss	<i>11</i>	<b>123,145</b>	121,025
Debt instruments at fair value through other comprehensive income	<i>12</i>	<b>164,616</b>	166,094
Financial assets at amortised cost	<i>13</i>	<b>364,003</b>	271,742
Deferred tax assets		<b>59,329</b>	55,160
		<b>1,337,619</b>	1,234,074
<b>Current assets</b>			
Inventories	<i>14</i>	<b>378,248</b>	378,677
Trade receivables	<i>15</i>	<b>180,926</b>	284,948
Other receivables, deposits and prepayments		<b>117,807</b>	115,285
Tax recoverable		<b>4,860</b>	1,891
Financial assets at fair value through profit or loss	<i>11</i>	–	308,079
Debt instrument at fair value through other comprehensive income	<i>12</i>	–	37,966
Financial assets at amortised cost	<i>13</i>	<b>159,328</b>	447,293
Bank balances and cash		<b>890,290</b>	254,856
		<b>1,731,459</b>	1,828,995
Assets classified as held for sale		–	14,720
		<b>1,731,459</b>	1,843,715
<b>Current liabilities</b>			
Trade payables and bills payable	<i>16</i>	<b>54,144</b>	56,901
Other payables and accrued charges		<b>110,034</b>	149,240
Tax liabilities		<b>98,237</b>	63,572
Bank borrowings		–	40,000
Lease liabilities	<i>9</i>	<b>10,718</b>	11,320
Other loans		<b>15,594</b>	7,766
		<b>288,727</b>	328,799
Net current assets		<b>1,442,732</b>	1,514,916
Total assets less current liabilities		<b>2,780,351</b>	2,748,990

		<b>As at</b>	As at
		<b>31 December</b>	30 June
		<b>2021</b>	2021
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	(Audited)
Capital and reserves			
Share capital		<b>207,357</b>	207,638
Reserves		<b>2,460,154</b>	2,394,168
		<hr/>	<hr/>
Equity attributable to owners of the Company		<b>2,667,511</b>	2,601,806
Non-controlling interests		<b>30,778</b>	31,988
		<hr/>	<hr/>
Total equity		<b>2,698,289</b>	2,633,794
		<hr/>	<hr/>
Non-current liabilities			
Lease liabilities	9	<b>4,338</b>	4,887
Deferred tax liabilities		<b>77,724</b>	110,309
		<hr/>	<hr/>
		<b>82,062</b>	115,196
		<hr/>	<hr/>
		<b>2,780,351</b>	2,748,990
		<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 31 December 2021*

## 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 2021 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 30 June 2021.

### ***Application of amendments to HKFRSs***

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 July 2021 for the preparation of the condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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.

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 <sup>1</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

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 condensed consolidated financial statements in the foreseeable future.

***Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)***

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

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
  - i. the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
  - ii. if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "Financial Instruments: Presentation".

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 December 2021 and the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the amendments will not result in reclassification of the Group's liabilities.

### 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.

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 2021, the Group's revenue was recognised at a point in time.



*Six months ended 31 December 2021 (Unaudited)*

	Tian Wang Watch Business <i>HK\$'000</i>	Balco Watch Business <i>HK\$'000</i>	Watch Movements Trading Business <i>HK\$'000</i>	Other Brands (PRC) Business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Revenue</b>					
External sales	652,051	11,468	45,667	61,492	770,678
Inter-segment sales	—	—	10,249	—	10,249
Segment revenue	<u>652,051</u>	<u>11,468</u>	<u>55,916</u>	<u>61,492</u>	780,927
Elimination					<u>(10,249)</u>
Group revenue					<u>770,678</u>
<b>Results</b>					
Segment results	<u>39,790</u>	<u>(12,511)</u>	<u>(1,003)</u>	<u>2,740</u>	29,016
Interest income					29,295
Unallocated other income, gains and losses					15,556
Central administration costs					(21,316)
Finance costs					<u>(405)</u>
Profit before taxation					<u>52,146</u>

Six months ended 31 December 2020 (Unaudited)

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

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

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

	Six months ended	
	31 December	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<i>Other income:</i>		
Bank interest income	334	1,258
Interest income on financial assets measured at fair value through profit or loss (FVTPL)	10,317	7,870
Interest income from debt instruments at fair value through other comprehensive income (FVTOCI)	5,074	5,570
Interest income on financial assets at amortised cost	13,570	11,650
Watch repair and maintenance services income	4,199	3,055
Government subsidies ( <i>Note</i> )	9,039	11,658
Rental income	1,924	1,726
Others	1,082	4,020
	<u>45,539</u>	<u>46,807</u>
<i>Other gains and losses:</i>		
Gain from change in fair value of an investment property	–	10,400
Loss on disposal and written-off of property, plant and equipment	(5,812)	(4,018)
(Loss) gain from changes in fair value of FVTPL	(2,680)	11
Gain on disposal of a debt instrument at FVTOCI	1,659	–
Net exchange gain	12,746	9,962
	<u>5,913</u>	<u>16,355</u>
	<u><u>51,452</u></u>	<u><u>63,162</u></u>

*Note:* The amount includes mainly (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; (ii) unconditional government subsidies for creative design, innovation and technology in the PRC.

## 5. INCOME TAX

	Six months ended	
	31 December	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	203	1,320
PRC Enterprise Income Tax	13,748	32,428
PRC withholding tax	36,369	142
	<u>50,320</u>	<u>33,890</u>
Overprovision in prior years:		
PRC Enterprise Income Tax	—	(32)
	<u>50,320</u>	<u>33,858</u>
Deferred taxation	<u>(36,754)</u>	<u>19,589</u>
	<u><u>13,566</u></u>	<u><u>53,447</u></u>

Under the two-tiered Hong Kong Profits Tax Rates Regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the condensed consolidation financial statements. 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 ended 31 December 2020. Tian Wang Shenzhen obtained the official certificate of this qualification in early 2019. With this qualification, Tian Wang Shenzhen was 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.

## 6. PROFIT FOR THE PERIOD

<b>Six months ended</b>	
<b>31 December</b>	
<b>2021</b>	<b>2020</b>
<b>HK\$'000</b>	<b>HK\$'000</b>
<b>(Unaudited)</b>	<b>(Unaudited)</b>

Profit for the period has been arrived at after charging:

Staff costs (including Directors' remuneration)	<b>179,610</b>	183,463
Retirement benefits scheme contributions (including Directors' remuneration)	<b>30,959</b>	9,579
Total staff costs	<b>210,569</b>	193,042
Depreciation of property, plant and equipment	<b>33,661</b>	31,843
Depreciation of right-of-use assets	<b>9,397</b>	9,157
Allowance (reversal) for obsolete inventories recognised as cost of sales	<b>11,888</b>	(5,749)
Concessionaire fee ( <i>Note</i> )	<b>114,580</b>	144,403

*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.

## 7. DIVIDENDS

The board did not recommend a payment of interim dividend for the six months ended 31 December 2021 (six months ended 31 December 2020: nil).

## 8. EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Earnings:		
Earnings for the purpose of calculating basic earnings per share		
– profit for the period attributable to owners of the Company	<u><b>40,741</b></u>	<u>155,332</u>
	<i>'000</i>	<i>'000</i>
Numbers of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u><b>2,076,361</b></u>	<u>2,079,946</u>

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

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

During the six months ended 31 December 2021, the Group purchased property, plant and equipment of approximately HK\$43,084,000 (six months ended 31 December 2020: approximately HK\$84,435,000).

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 1 year to 5 years (1HFY2021: 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 approximately HK\$7.3 million and lease liabilities of approximately HK\$7.3 million (1HFY2021: right-of-use assets of approximately HK\$4.4 million and lease liabilities of approximately HK\$4.4 million).

During the last 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.

## 10. INVESTMENT PROPERTY

*HK\$'000*

### **Fair value**

At 1 July 2020	92,000
Increase in fair value recognised in profit or loss	17,700
Transferred to property, plant and equipment	<u>(2,000)</u>
At 30 June 2021 and 31 December 2021	<u><u>107,700</u></u>

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.

As at 30 June 2021, 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.

In the opinion of directors, there is no significant change of fair value of the investment property as at 31 December 2021.

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at <b>31 December</b> <b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 30 June 2021 <i>HK\$'000</i> (Audited)
Certificate of deposits (a)	<b>112,019</b>	413,145
Wealth management product (b)	–	4,833
Life insurance (c)	<b>11,126</b>	11,126
	<u><b>123,145</b></u>	<u>429,104</u>
Analysed for reporting purposes as:		
Non-current assets	<b>123,145</b>	121,025
Current assets	–	308,079
	<u><b>123,145</b></u>	<u>429,104</u>

- (a) As at 31 December 2021 and 30 June 2021, amount included certificate of deposits issued by banks in the PRC with interest payable monthly at a fixed rate ranging from 3.4% to 3.9% (30 June 2021: 3.4% to 4.18%) per annum. These certificates are transferrable but not early redeemable. The maturity dates of the certificates are from March 2023 to March 2024 (30 June 2021: December 2021 to December 2023).
- (b) As at 30 June 2021, such financial asset included a wealth management product issued by a bank in the PRC. The product was redeemable on demand and not principal-protected. The return of the product was determined by the performance of the underlying investments which are mainly fixed income and debt instruments.
- (c) As at 31 December 2021 and 30 June 2021, such financial asset included two life insurance schemes for an executive director of the Company issued by two separate insurance companies, both of which are the independent third parties. The Company is the holder and the beneficiary of the schemes. Pursuant to the first 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 2021, the Company paid HK\$6,000,000 (30 June 2021: HK\$6,000,000). Pursuant to the second scheme, the total premium payable by the Company was US\$643,500 (equivalent to approximately HK\$5,000,000), which was fully settled as at 30 June 2021.

The management of the Group considers that the carrying amounts of financial assets as at 31 December 2021 recorded in the condensed consolidated statement of financial position approximate their fair values.



## 12. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2021 <i>HK\$'000</i> (Unaudited)	As at 30 June 2021 <i>HK\$'000</i> (Audited)
Debt instruments – unlisted	<u>164,616</u>	<u>204,060</u>
Analysed for reporting purposes as:		
Non-current assets	164,616	166,094
Current assets	<u>–</u>	<u>37,966</u>
	<u><b>164,616</b></u>	<u><b>204,060</b></u>

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 are perpetual bonds (30 June 2021: August 2021 to perpetuity), carry coupon rates ranging from 5.9% to 6.25% (30 June 2021: 4.9% to 6.25%) and payable semi-annually.

## 13. FINANCIAL ASSETS AT AMORTISED COST

	As at 31 December 2021 <i>HK\$'000</i> (Unaudited)	As at 30 June 2021 <i>HK\$'000</i> (Audited)
Certificate of deposits	61,280	60,120
Fixed deposits	<u>462,051</u>	<u>658,915</u>
	<u><b>523,331</b></u>	<u><b>719,035</b></u>
Analysed for reporting purposes as:		
Non-current assets	364,003	271,742
Current assets	<u>159,328</u>	<u>447,293</u>
	<u><b>523,331</b></u>	<u><b>719,035</b></u>

*Note:* As at 31 December 2021 and 30 June 2021, financial assets at amortised cost included certificate of deposits and fixed deposits by various banks in the PRC with interest at fixed rate ranging from 3.1% to 4.125% per annum at maturity for both periods payable. These certificates are nontransferable and not early redeemable. The maturity date of the certificates of deposit and fixed deposits are from January 2022 to November 2024 (30 June 2021: July 2021 to June 2024).

#### 14. INVENTORIES

	As at 31 December 2021 <i>HK\$'000</i> (Unaudited)	As at 30 June 2021 <i>HK\$'000</i> (Audited)
Raw materials and consumables	73,289	62,254
Work in progress	4,778	6,711
Finished goods	<u>300,181</u>	<u>309,712</u>
	<u><b>378,248</b></u>	<u><b>378,677</b></u>

#### 15. TRADE RECEIVABLES

	As at 31 December 2021 <i>HK\$'000</i> (Unaudited)	As at 30 June 2021 <i>HK\$'000</i> (Audited)
Trade receivables from third parties	211,060	316,242
Trade receivables from related companies	1,362	451
Less: allowance for credit losses	<u>(31,496)</u>	<u>(31,745)</u>
	<u><b>180,926</b></u>	<u><b>284,948</b></u>

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

The following is an ageing analysis of trade receivables from third parties net of allowance for credit losses presented based on the date of receipt of goods for retail customers and delivery of goods for wholesale and corporate customers, which approximates to the respective date of revenue recognition, as at 31 December 2021 and 30 June 2021:

	As at <b>31 December</b> <b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 30 June 2021 <i>HK\$'000</i> (Audited)
0 to 60 days	145,451	253,226
61 to 120 days	23,259	18,558
121 to 180 days	4,164	3,523
Over 180 days	6,690	9,190
	<u>179,564</u>	<u>284,497</u>

The following is an ageing analysis of trade receivables from a related company, representing 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 2021 and 30 June 2021:

	As at <b>31 December</b> <b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 30 June 2021 <i>HK\$'000</i> (Audited)
0 to 60 days	<u>1,362</u>	<u>451</u>

## 16. TRADE PAYABLES AND BILLS PAYABLE

	As at <b>31 December</b> <b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 30 June 2021 <i>HK\$'000</i> (Audited)
Trade payables to third parties	52,157	54,830
Bills payable to third parties	1,987	2,071
	<u>54,144</u>	<u>56,901</u>

The average credit period on purchases of goods is ranging from 30 to 60 days. The following is an ageing analysis of trade payables to third parties presented based on the invoice date as at 31 December 2021 and 30 June 2021:

	<b>As at 31 December 2021 <i>HK\$'000</i> (Unaudited)</b>	<b>As at 30 June 2021 <i>HK\$'000</i> (Audited)</b>
0 to 30 days	<b>44,646</b>	38,224
31 to 60 days	<b>4,545</b>	6,965
61 to 90 days	<b>1,497</b>	3,387
Over 90 days	<b>1,469</b>	6,254
	<b><u>52,157</u></b>	<b><u>54,830</u></b>

Bills payable as at 31 December 2021 and 30 June 2021 is aged within 30 days based on issuance date of the bills.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Review

### *Revenue*

Since February 2020, the economy of China and retail sales have been hit by the outbreak of the COVID-19 pandemic. Revenue of Time Watch Investments Limited (the “**Company**” or “**Time Watch**”) and its subsidiaries (collectively, the “**Group**”) decreased by approximately HK\$192.7 million or approximately 20.0% from approximately HK\$963.4 million for the six months ended 31 December 2020 (“**1HFY2021**”) to approximately HK\$770.7 million for the six months ended 31 December 2021 (“**1HFY2022**”). 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 recurrence of the COVID-19 pandemic and continued appearance of variant virus which affected the sales of Tian Wang Watch.

### *Tian Wang Watch Business*

Revenue from the sales of Tian Wang watch (“**Tian Wang Watch Business**”), which accounted for approximately 84.6% of the total revenue of the Group for 1HFY2022 (1HFY2021: approximately 85.1%) and continued to be the Group’s main source of revenue, decreased by approximately HK\$168.0 million or approximately 20.5% from approximately HK\$820.1 million for 1HFY2021 to approximately HK\$652.1 million for 1HFY2022. The retail network for the sales of Tian Wang Watch remained stable from 2,226 point of sales (“**POS**”) as at 30 June 2021 to 2,214 POS as at 31 December 2021, with a net decrease of 12 POS.

### *Balco Watch Business*

Revenue from the sales of Balco watch (“**Balco Watch Business**”), which accounted for approximately 1.5% of the total revenue of the Group for 1HFY2022 (1HFY2021: approximately 2.0%), decreased by approximately HK\$8.1 million or approximately 41.5% from approximately HK\$19.6 million for 1HFY2021 to approximately HK\$11.5 million for 1HFY2022.

### *Other Brands (PRC) Business*

Retail sales of well-known brand watches other than Tian Wang and Balco Watch (“**Other Brands (PRC) Business**”) decreased by approximately HK\$18.9 million or approximately 23.5% from approximately HK\$80.4 million for 1HFY2021 to approximately HK\$61.5 million for 1HFY2022, which accounted for approximately 8.0% of the total revenue of the Group for 1HFY2022 (1HFY2021: approximately 8.3%). The decrease in revenue of Other Brands (PRC) Business was mainly due to the weak consumer sentiment caused by the recurrence of the COVID-19 pandemic and continued appearance of variant virus.

### *Watch Movements Trading Business*

Revenue from trading of watch movement (“**Watch Movements Trading Business**”) accounted for approximately 5.9% of the Group’s total revenue for 1HFY2022 (1HFY2021: approximately 4.5%). For 1HFY2022, revenue from trading of watch movements was approximately HK\$45.7 million, representing an increase of approximately HK\$2.3 million or approximately 5.3% from approximately HK\$43.4 million for 1HFY2021.

### *Gross Profit*

The Group’s overall gross profit decreased by approximately HK\$178.7 million or approximately 24.5% from approximately HK\$728.1 million for 1HFY2021 to approximately HK\$549.4 million for 1HFY2022. The drop was mainly due to the decrease in gross profit from the Tian Wang Watch Business which was in line with the decrease in its revenue. The Group’s overall gross profit margin decreased by approximately 4.3 percentage point from approximately 75.6% for 1HFY2021 to approximately 71.3% for 1HFY2022. The decrease was mainly due to a lower gross profit margin from Tian Wang Watch Business.

### *Other Income, Gains and Losses*

The Group’s other income, gains and losses decreased by approximately HK\$11.7 million or approximately 18.5% from approximately HK\$63.2 million for 1HFY2021 to approximately HK\$51.5 million for 1HFY2022. The decrease was due to (i) gain from change in fair value of an investment property of approximately HK\$10.4 million in 1HFY2021 but not in 1HFY2022, (ii) loss from changes in fair value of financial assets at fair value through profit or loss of approximately HK\$2.7 million which offset with, (iii) the increase in net exchange gain of approximately HK\$2.8 million due to the appreciation of Renminbi (“**RMB**”).

### ***Selling and Distribution Costs***

The Group's selling and distribution costs decreased by approximately HK\$18.7 million or approximately 3.7% from approximately HK\$511.3 million for 1HFY2021 to approximately HK\$492.6 million for 1HFY2022. The decrease was mainly due to the combined effect of (i) the decrease in concessionaire fee and rental expenses as in line with the decrease in revenue; and (ii) the increase in staff costs as no temporary deduction and exemption of social insurance premiums in the PRC in 1HFY2022 as compared with significant deduction and exemption in 1HFY2021.

### ***Administrative Expenses***

The Group's administrative expenses decreased by approximately HK\$7.5 million or approximately 11.7% from approximately HK\$64.2 million for 1HFY2021 to approximately HK\$56.7 million for 1HFY2022. The decrease was mainly due to the decrease in staff costs and decrease in rental expenses as a result of the acquisition by the Group of the existing office premise from a connected party of the Company in June 2021.

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

The Group's finance costs remained stable for both 1HFY2021 and 1HFY2022. The Group's income tax decreased by approximately HK\$39.9 million or approximately 74.6% from approximately HK\$53.4 million for 1HFY2021 to approximately HK\$13.6 million for 1HFY2022. The decrease was mainly attributable to the decrease in enterprise income tax and withholding tax of the Group's PRC subsidiaries. The Group's effective tax rate increased from approximately 25.1% for 1HFY2021 to approximately 26.0% for 1HFY2022.

### ***Profit attributable to the owners of the Company***

The profit attributable to the owners of the Company for 1HFY2022 decreased by approximately HK\$114.6 million or approximately 73.8% from approximately HK\$155.3 million for 1HFY2021 to approximately HK\$40.7 million for 1HFY2022. The decrease was mainly attributable to the weak consumer sentiment caused by recurrence of the COVID-19 pandemic and continued appearance of variant virus, the revenue from PRC subsidiaries dropped significantly.

## **Business Review**

### ***Overview***

During 1HFY2022, 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), Other Brands (PRC) Business and its ancillary Watch Movements Trading Business.

Tian Wang Watch Business continued to be the Group's core (PRC) Business, which contributed approximately 84.6% of the total revenue of the Group in 1HFY2022. 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 1HFY2022, over 69% 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 direct self-managed sales network and sell their products through distributors.

With 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 2021, the number of the Group's POS for Tian Wang Watch Business was 2,214, representing a net decrease of 12 POS as compared to the number of POS for Tian Wang Watch Business as at 30 June 2021. As at 31 December 2021, the number of the Group's POS for Balco Watch Business was 249, representing a net decrease of 22 POS as compared to the number of POS for Balco Watch Business as at 30 June 2021. As at 31 December 2021, the number of the Group's POS for Other Brands (PRC) Business was 39, representing a net decrease of 13 POS as compared to the number of POS for Other Brands (PRC) Business as at 30 June 2021.



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

### *Tian Wang Watch*

Revenue of Tian Wang Watch Business, which contributed approximately 84.6% of the Group's total revenue for 1HFY2022 (1HFY2021: approximately 85.1%) remained the Group's major source of revenue. The offline retail sales of Tian Wang Watch Business for 1HFY2022 decreased by approximately 17.0% as compared to 1HFY2021. It was primarily due to shrinking retail market of traditional watches as well as competition from electronic and digital wearable devices. The recurrence of the COVID-19 pandemic also affected the general consumer confidence and consumer sentiment. This has even put the overall offline retail market under pressure. During 1HFY2022, the Group has launched not less than 10 new models of Tian Wang watches with price ranging from approximately RMB100 to RMB2,900 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 1HFY2022, revenue from Balco Watch Business was approximately HK\$11.5 million as compared with approximately HK\$19.6 million for 1HFY2021, representing a decrease of approximately HK\$8.1 million or approximately 41.5%. The decrease was mainly resulted from the recurrence of the outbreak of COVID-19 pandemic and the keen competition from other imported watches of similar price range.

### *Other Brands (PRC) Business*

Revenue of Other Brands (PRC) Business was approximately HK\$61.5 million for 1HFY2022 as compared with approximately HK\$80.4 million for 1HFY2021, representing a decrease of approximately HK\$18.9 million or approximately 23.5%. 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 1HFY2022, the e-commerce business continued to be one of the major channels to the Group's revenue. For 1HFY2022, the sales of watches experienced a decline because of the intense competition among players in the market.

### **Inventory Control**

The Group's inventory balance was approximately HK\$378.2 million as at 31 December 2021, representing a decrease of approximately HK\$0.4 million or approximately 0.1% as compared with approximately HK\$378.7 million as at 30 June 2021. The Group's inventory turnover days increased to approximately 312 days for 1HFY2022, as compared with approximately 292 days for the year ended 30 June 2021. 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\$180.0 million and approximately HK\$162.7 million as at 31 December 2021 and 30 June 2021 respectively, with corresponding provision for these inventory balances of approximately HK\$120.4 million and approximately HK\$106.9 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\$890.3 million and approximately HK\$254.9 million as at 31 December 2021 and 30 June 2021 respectively.

The Group's net cash generated from operating activities for 1HFY2022 was approximately HK\$155.9 million, representing a decrease of approximately HK\$148.2 million from approximately HK\$304.1 million for 1HFY2021. The amount was primarily attributable to profit before taxation from continuing operations of approximately HK\$52.1 million from the Group's operations adjusted for non-cash items of approximately HK\$33.9 million, increase of working capital balances of approximately HK\$60.8 million, income taxes paid of approximately HK\$20.2 million and interest received of approximately HK\$29.3 million.

The Group's net cash from investing activities for 1HFY2022 was approximately HK\$521.3 million, which was mainly attributable to purchase of property, plant and equipment of approximately HK\$36.5 million, net cash inflow from financial assets at amortised cost of approximately HK\$206.5 million, net cash inflow from redemption of financial assets at fair value through profit and loss of approximately HK\$306.7 million and net cash inflow from redemption of debt instruments at fair value through other comprehensive income of approximately HK\$36.8 million.

The Group's net cash used in financing activities for 1HFY2022 was approximately HK\$42.0 million, which was mainly attributable to the repayment of bank borrowing of approximately HK\$40.0 million. The Group had a net cash position as at 31 December 2021 and 30 June 2021. As at 31 December 2021, the Group's total equity was approximately HK\$2,698.3 million, representing an increase of approximately HK\$64.5 million as compared with approximately HK\$2,633.8 million as at 30 June 2020. The Group's working capital was approximately HK\$1,442.7 million as at 31 December 2021, representing a decrease of approximately HK\$72.2 million as compared with approximately HK\$1,514.9 million as at 30 June 2021.

As at 31 December 2021, 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 2.4% as at 31 December 2021 and 30 June 2021 respectively.

### Charge on Group Assets

There was no material charge on the Group's assets as at 31 December 2021 and 30 June 2021.

### Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2021 and 30 June 2021.

### Capital Commitments

Set out below is the breakdown of capital commitment of the Group as at 31 December 2021 and 30 June 2021:

	<b>As at 31 December 2021 <i>HK\$'000</i></b>	As at 30 June 2021 <i>HK\$'000</i>
Capital commitments in respect of life insurance contract	<b>4,000</b>	4,000
Capital commitments in respect of property, plant and equipment	<b>23,098</b>	24,463
	<b><u>27,098</u></b>	<u>28,463</u>

## **Foreign Currency Exposure**

The Group has foreign currency sales, which exposed itself to foreign currency risk. In addition, financial assets such as debt instruments at fair value through other comprehensive income, certain trade and other receivables, bank balances, other payables and accrued charges, bank borrowings and other loan 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 2021, the Group employed a total of approximately 4,400 full time employees from continuing operations (30 June 2021: approximately 4,400). The staff costs incurred during 1HFY2022 was approximately HK\$210.6 million (1HFY2021: approximately HK\$193.0 million). The Group's emolument policies are formulated on the performance of individual employees and the salary rate in different regions, which will be reviewed regularly every year. Apart from provident fund scheme and medical insurance offered to the full time employees of the Group, discretionary bonuses are also awarded to employees according to the assessment of individual performance.

## **Social Responsibility**

The Group's charitable and other donations for 1HFY2022 amounted to approximately HK\$0.1 million (1HFY2021: approximately HK\$0.1 million). No donations were made to political parties.

## **Prospect and Strategies**

Throughout the past few months, the recurrence of the COVID-19 pandemic adversely affected the Group's sales performance. As the pandemic is expected to occur repeatedly and variant virus would appear continuously, the Group still experiences difficulties in resuming all regional operation to normal even though China is one of the first countries who leads the post-pandemic recovery. Since China has been adopting the "dynamic zero-COVID" strategy, lockdowns, travel restrictions and social-distancing measures within the nation resulting from continuous occasional outbreak of COVID-19 will inevitably affect the Group's business to certain extent.

In view of the current situation, the Group will adopt a prudent approach on reviewing the performance of POS and developing the retail network of Tian Wang Watch. Potential new shop opening will be carefully evaluated by senior management team. At the same time, performance of existing POS will be closely monitored so that Tian Wang's sales network can be optimized to achieve the best geographical market coverage. Moreover, the Group will continue to provide a wide range of fashionable watch to cope with the fast-changing retail arena while injecting new elements in difference series and potential co-operation projects.

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

The Group's other business segments, including Balco Watch Business and Other Brands (PRC) Business, are still experiencing difficulties and affected by current market conditions. The Group will press ahead with its plan for improving business performance so as to enhance the overall operational efficiency for both segments as a near target.

In light of the extremely challenging retail environment together with the unstable economic condition, the Group has been taking a conservative approach to deal with the crisis by focusing on cash management. As a result, the financial position of the Group remains strong despite a period of turmoil. The Group believes that maintaining sufficient liquidity and adequate working capital as the Group's treasury management policy will be the key to business survival as well as the foundation for long term success during this extreme operating environment.

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

In accordance with the shareholders' resolution passed by the shareholders of the Company at the annual general meeting held on 25 November 2021, the Directors were granted a general mandate to repurchase up to 207,637,600 shares of the Company, representing 10% of the total number of issued Shares as at 25 November 2021 (the "**Repurchase Mandate**").

During 1HFY2022, pursuant to the Repurchase Mandate, the Company repurchased a total of 2,808,000 shares (the "**Repurchase**") of HK\$0.10 each in the share capital (the "**Shares**") of its own shares on the Stock Exchange, details of which are as follows:

<b>Month of repurchase</b>	<b>Number of ordinary shares of HK\$0.1 each repurchased</b>	<b>Highest price paid per share (HK\$)</b>	<b>Lowest price paid per share (HK\$)</b>	<b>Approximate aggregate consideration paid (HK\$'000)</b>
December 2021	<u>2,808,000</u>	<u>0.72</u>	<u>0.70</u>	<u>1,981</u>

The repurchased Shares had been cancelled on 30 December 2021.

The Board is of the view that the Repurchase was made for the benefit of the Company and the Shareholders as a whole with a view to enhancing the net assets value per Share and earnings per Share of the Company.

During 1HFY2022, save as disclosed, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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

During 1HFY2022, 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 1HFY2022, 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 1HFY2022.

## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Company for 1HFY2022 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 2021 (six months ended 31 December 2020: 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](http://www.hkexnews.hk) and the Company's website at [www.timewatch.com.hk](http://www.timewatch.com.hk). The interim report for the six months ended 31 December 2021 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 2022

*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.*