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Time Watch Investments Limited
時計寶投資有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2033)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2023

- Revenue for the year ended 30 June 2023 ("**FY2023**") decreased by approximately 30.3% to approximately HK$981.8 million, as compared with approximately HK$1,408.1 million for the year ended 30 June 2022 ("**FY2022**").
- Gross profit for FY2023 decreased by approximately 29.5% to approximately HK$721.0 million, as compared with approximately HK$1,022.3 million for FY2022.
- Gross profit margin increased from approximately 72.6% for FY2022 to approximately 73.4% for FY2023.
- Profit attributable to owners of the Company for FY2023 was approximately HK$37.1 million, representing an increase of approximately 12.4% as compared with approximately HK$33.0 million for FY2022.
- Basic earnings per share for FY2023 was HK1.8 cents (FY2022: HK1.6 cents).
- Proposed a final dividend and a special dividend for FY2023 is HK0.8 cents and HK3.2 cents per share.

ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2023

The board (the "**Board**") of directors (the "**Directors**") of Time Watch Investments Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for FY2023 together with the consolidated statement of financial position of the Group as at 30 June 2023, and the notes with comparative figures for FY2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	NOTES	**2023** *HK$'000*	2022 *HK$'000*
Revenue	*3*	**981,760**	1,408,092
Cost of sales		**(260,757)**	(385,810)
Gross profit		**721,003**	1,022,282
Other income, gains and losses, net	*4*	**43,375**	56,181
Net (impairment losses) reversal of impairment losses on trade receivables		**(1,460)**	1,029
Selling and distribution costs		**(627,264)**	(915,800)
Administrative expenses		**(94,706)**	(111,256)
Impairment losses on property, plant and equipment		**(4,741)**	(10,050)
Impairment losses on right-of-use assets		**(81)**	(1,750)
Net reversal of provision for (provision for) onerous contracts		**10,157**	(17,141)
Finance costs	*5*	**(838)**	(850)
Share of results of a joint venture		**72**	1,061
Profit before taxation		**45,517**	23,706
Income tax (charge) credit	*6*	**(7,498)**	7,927
Profit for the year	*7*	**38,019**	31,633
Other comprehensive (expense) income			
Items that will not be reclassified to profit or loss:			
(Loss) gain on revaluation of leasehold land and buildings		**(321)**	8,345
Gain on revaluation of property, plant and equipment upon transfer to investment properties		**–**	2,270
Deferred tax on revaluation of a property		**72**	(1,312)
Exchange differences arising on translation		**(115,985)**	(36,925)
Items that may be reclassified subsequently to profit or loss:			
Fair value change of debt instruments at fair value through other comprehensive income		**(17,971)**	(15,035)
Reclassification adjustment relating to debt instruments at fair value through other comprehensive income disposed of during the year		**1,291**	(1,574)
		(132,914)	(44,231)
Total comprehensive expense for the year		**(94,895)**	(12,598)

	NOTES	2023 HK$'000	2022 HK$'000
Profit (loss) for the year attributable to:			
Owners of the Company		**37,070**	33,020
Non-controlling interests		**949**	(1,387)
		38,019	31,633
Total comprehensive expense attributable to:			
Owners of the Company		**(93,483)**	(9,614)
Non-controlling interests		**(1,412)**	(2,984)
		(94,895)	(12,598)
Earnings per share	*9*		
– Basic *(HK cents)*		**1.8**	1.6

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	NOTES	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment	10	**385,626**	429,792
Right-of-use assets	11	**44,156**	56,929
Investment properties	12	**125,668**	126,840
Deposits paid for acquisition of property, plant and equipment		**–**	844
Interest in a joint venture		**–**	11,467
Financial assets at fair value through profit or loss	13	**7,603**	106,745
Debt instruments at fair value through other comprehensive income	14	**198,151**	256,526
Financial assets at amortised cost	15	**168,542**	289,336
Deferred tax assets		**52,638**	58,968
		982,384	1,337,447
Current assets			
Inventories	16	**228,632**	354,420
Trade receivables	17	**162,639**	187,669
Other receivables, deposits and prepayments	17	**81,661**	84,780
Tax recoverable		**2,364**	2,642
Financial assets at fair value through profit or loss	13	**93,130**	71,338
Financial assets at amortised cost	15	**276,582**	58,570
Bank balances and cash		**792,200**	840,498
		1,637,208	1,599,917
Current liabilities			
Trade payables and bills payable	18	**17,625**	45,789
Other payables and accrued charges		**81,638**	115,006
Tax payable		**34,356**	48,973
Lease liabilities		**5,879**	10,816
Other loans		**15,673**	15,695
		155,171	236,279
Net current assets		**1,482,037**	1,363,638
Total assets less current liabilities		**2,464,421**	2,701,085

	NOTES	2023 HK$'000	2022 HK$'000
Capital and reserves			
Share capital		**205,807**	205,807
Reserves		**2,180,252**	2,376,998
Equity attributable to owners of the Company		**2,386,059**	2,582,805
Non-controlling interests		**1,531**	28,807
Total equity		**2,387,590**	2,611,612
Non-current liabilities			
Deferred tax liabilities		**66,893**	74,818
Lease liabilities		**9,938**	14,655
		76,831	89,473
		2,464,421	2,701,085

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. GENERAL

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

The Company is an investment holding company.

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

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

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, 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 2022 for the preparation of the consolidated financial statements:

Amendment to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendment to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 to 2020

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

Impacts on application of Amendments to HKAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The Group has applied the amendments for the first time in the current year. The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37, the unavoidable costs under a contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

In accordance with the transitional provisions, the amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application, 1 July 2022. Specifically, the Group's assessment of onerous contracts in relation to the unavoidable cost of running retail stores under short term lease.

The application of the amendments in the current year has had no impact on the Group's financial positions and performance.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17 (Including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 12	International Tax Reform – Pillar Two model Rules[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement[3]
Amendments to HKAS 21	Lack of Exchangeability[4]

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

[2] *Effective for annual periods beginning on or after 1 January 2023*

[3] *Effective for annual periods beginning on or after 1 January 2024*

[4] *Effective for annual periods beginning on or after 1 January 2025*

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

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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

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

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 "Income Taxes" ("**HKAS 12**") so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for the Group's annual reporting periods beginning on or after 1 July 2023, with early application permitted. As at 30 June 2023, the carrying amounts of right-of use assets and lease liabilities which are subject to the amendments amounted to HK$44,156,000 and HK$15,817,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of accumulated profits (or other component of equity, as appropriate) at the beginning of the earliest comparative period presented.

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Government of the Hong Kong SAR (the "**Government**") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**"), which will eventually abolish the statutory right of an employer to reduce its long service payment ("**LSP**") and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund ("**MPF**") scheme (also known as the "**offsetting mechanism**"). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the "**Transition Date**"). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 and recognise such deemed contributions as reduction of current service cost in the period the related service is rendered, and any impact from ceasing to apply the practical expedient is recognised as a catch-up adjustment in profit or loss with a corresponding adjustment to the LSP liability during the year ended 30 June 2023.

In this year and in prior periods, consistent with the HKICPA guidance the Group has been accounting for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed employee contributions towards the LSP. However, the Group has been applying the abovementioned practical expedient.

The Group has assessed the implications of this new guidance on the above accounting policies and has decided to change those accounting policies to conform with the guidance. The management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time these consolidated financial statements are authorised for issue, as the Group has yet to fully complete its assessment of the impact of the HKICPA guidance. The Group expects to adopt this guidance with retrospective application in its annual financial statements for the year ending 30 June 2024.

3. REVENUE AND SEGMENT INFORMATION

Revenue

(i) Disaggregation of revenue from contracts with customers

	For the year ended 30 June 2023	
Type of goods	**Watches**	**Watch movements**
	HK$'000	***HK$'000***
Sales of watches		
– Tian Wang Watch	**859,140**	**–**
– Other brands	**60,126**	**–**
	919,266	**–**
Trading of watch movements	**–**	**62,494**
Total	**919,266**	**62,494**

Sales channel	***HK$'000***
Retail	**640,193**
E-commerce platforms	**252,060**
Wholesale	**89,507**
Total	**981,760**

Timing of revenue recognition	
A point in time	**981,760**

Type of goods	For the year ended 30 June 2022 Watches	Watch movements
	HK$'000	*HK$'000*
Sales of watches		
– Tian Wang Watch	1,196,554	–
– Other brands	131,578	–
	1,328,132	–
Trading of watch movements	–	79,960
Total	1,328,132	79,960

Sales channel	*HK$'000*
Retail	969,506
E-commerce platforms	313,180
Wholesale	125,406
Total	1,408,092
Timing of revenue recognition	
A point in time	1,408,092

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

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

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

c. **Other Brands (PRC) Business** – Wholesale and retail business of owned brand watches – Balco Watch and imported watches mainly of well-known brands.

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

Segment revenue and results

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

Year ended 30 June 2023

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

Year ended 30 June 2022

	Tian Wang Watch Business *HK$'000*	Watch Movements Trading Business *HK$'000*	Other Brands (PRC) Business *HK$'000*	Consolidated *HK$'000*
Revenue				
External sales	1,196,554	79,960	131,578	1,408,092
Inter-segment sales	–	17,399	–	17,399
Segment revenue	1,196,554	97,359	131,578	1,425,491
Elimination				(17,399)
Group revenue				1,408,092
Results				
Segment results	46,040	(670)	(13,869)	31,501
Interest income				48,701
Unallocated other income, gains and losses				(9,014)
Central administration costs				(46,632)
Finance costs				(850)
Profit before taxation				23,706

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

Inter-segment sales are charged at prevailing market rates.

4. OTHER INCOME, GAINS AND LOSSES

	2023	2022
	HK$'000	*HK$'000*
Other income:		
Bank interest income	**21,163**	8,062
Interest income on financial assets measured at fair value through profit or loss ("**FVTPL**")	**2,650**	6,620
Interest income on debt instruments at fair value through other comprehensive income ("**FVTOCI**")	**14,993**	11,501
Interest income on financial assets at amortised cost	**17,620**	22,518
Watch repair and maintenance services income	**2,898**	6,805
Government subsidies *(Note)*	**20,415**	13,773
Rental income	**4,103**	3,889
Others	**3,496**	6,020
	87,338	79,188
Other gains and losses:		
Loss on disposal and write-off of property, plant and equipment	**(2,330)**	(10,490)
Loss on disposal of a joint venture	**(269)**	–
Gain on disposal of subsidiaries	**1,245**	–
Gain on disposal of a debt instrument at FVTOCI	**584**	1,659
Loss from changes in fair value of financial assets measured at FVTPL	**(1,233)**	(3,243)
Gain from change in fair value of an investment properties	**432**	736
Net exchange loss	**(42,392)**	(11,669)
	(43,963)	(23,007)
	43,375	56,181

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

During the year ended 30 June 2023, the Group obtained government grants of approximately HK$927,000 (2022: Nil) in respect of COVID-19-related subsidies which relates to Employment Support Scheme provided by the Hong Kong government.

5. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest expenses on lease liabilities	**838**	845
Interest expenses on bank borrowings	**–**	5
	838	850

6. INCOME TAX CHARGE (CREDIT)

	2023	2022
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**63**	102
PRC Enterprise Income Tax	**11,264**	(3,670)
PRC withholding tax	**196**	36,496
	11,523	32,928
Overprovision in prior years:		
Hong Kong Profits Tax	**(15)**	–
PRC Enterprise Income Tax	**(2,487)**	(244)
	9,021	32,684
Deferred taxation	**(1,523)**	(40,611)
	7,498	(7,927)

7. PROFIT FOR THE YEAR

	2023	2022
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,400**	3,010
Directors' remuneration		
Fees	**1,045**	1,080
Other emoluments	**9,762**	10,084
Retirement benefit scheme contributions	**84**	88
	10,891	11,252
Other staff costs	**239,278**	325,253
Retirement benefit scheme contributions	**49,955**	61,497
Total staff costs	**300,124**	398,002
Depreciation of property, plant and equipment	**51,572**	71,399
Depreciation of right-of-use assets	**10,962**	19,286
Impairment losses on property, plant and equipment	**4,741**	10,050
Impairment losses on right-of-use assets	**81**	1,750
(Net reversal of provision for) provision for onerous contracts	**(10,157)**	17,141
Cost of inventories recognised as cost of sales	**238,249**	339,657
Research and development costs recognised as cost of sales	**15,100**	37,053
Allowance for obsolete inventories recognised as cost of sales	**7,408**	9,100
Concessionaire fee *(Note)*	**159,706**	212,279

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

8. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend and a special dividend in respect of the year ended 30 June 2023 of HK0.8 cents and HK3.2 cents per share (2022: HK0.7 cents and HK4.3 cents per share) has been proposed by the directors and is subject to the approval by the shareholders of the Company in the forthcoming annual general meeting of the Company.

9. EARNINGS PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purposes of calculating basic earnings per share – profit for the year attributable to owners of the Company	**37,070**	33,020
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**2,058,068**	2,074,586

No diluted earnings per share for the years ended 30 June 2023 and 2022 were presented as there were no potential ordinary shares in issue for both years.

10. PROPERTY, PLANT AND EQUIPMENT

During the year ended 30 June 2023, the Group purchased property, plant and equipment of approximately HK$74,662,000 (year ended 30 June 2022: approximately HK$91,173,000), disposed and wrote off property, plant and equipment of approximately HK$40,731,000 (year ended 30 June 2022: approximately HK$11,544,000).

Impairment assessment of the Identified PPE and the Identified ROU assets

The performance of the Group's retail stores were impacted by the prolonged COVID-19 pandemic, the management concluded there was indication for impairment and performed impairment assessment for certain light boxes located in retail stores in the PRC. The Group estimates the recoverable amount of the cash-generating unit to which the assets belong to when it is not possible to estimate the recoverable amount individually including allocation of corporate assets when reasonable and consistent basis can be established. Each cash-generating unit represents the Group's retail stores in the PRC. The recoverable amount of cash generating unit has been determined based on a value in use calculations using cash flow projections based on forecasts approved by the management of the Group covering the remaining lease terms with a pre-tax discount rate of 11.09% (2022: 10.56%) per annum as at 30 June 2023. The forecasted revenue and gross profit margin have been determined with reference to the expected market development and the past performance of the retail stores. The management conducted impairment assessment on recoverable amounts of light boxes (the "**Identified PPE**") and right-of-use assets (the "**Identified ROU assets**") were impaired to their recoverable amounts of HK$40,893,000 (2022: HK$75,314,000) and HK$3,676,000 (2022: HK$7,613,000), respectively, which are their carrying amounts.

Based on the result of the assessment, management of the Group determined that the recoverable amounts of certain cash-generating units are lower than the corresponding carrying amounts. The impairment amount has been allocated to each category of the Identified PPE and the Identified ROU assets such that the carrying amount of each category of asset is not reduced below the highest of its value in use, fair value less costs of disposal and zero. Based on the value in use calculations and the allocation, impairment losses of HK$4,741,000 (2022: HK$10,050,000) and HK$81,000 (2022: HK$1,750,000) have been recognised against the carrying amounts of the Identified PPE and the Identified ROU assets, respectively.

11. RIGHT-OF-USE ASSETS

	Leasehold land	**Leased properties**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
As at 30 June 2023			
Carrying amount	29,232	14,924	44,156
As at 30 June 2022			
Carrying amount	33,039	23,890	56,929
For the year ended 30 June 2023			
Depreciation charge	1,302	9,660	10,962
Impairment losses recognised	–	81	81
For the year ended 30 June 2022			
Depreciation charge	1,391	17,895	19,286
Impairment losses recognised	–	1,750	1,750

	2023	2022
	HK$'000	*HK$'000*
Expenses relating to short-term leases	**22,639**	62,068

12. INVESTMENT PROPERTIES

	HK$'000
Fair value	
At 1 July 2021	107,700
Increase in fair value recognised in profit or loss	736
Transfer to property, plant and equipment	19,021
Exchange realignment	(617)
At 30 June 2022 and 1 July 2022	126,840
Increase in fair value recognised in profit or loss	432
Exchange realignment	(1,604)
At 30 June 2023	125,668

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

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	HK$'000	*HK$'000*
Financial assets measured at FVTPL:		
Certificate of deposits	**93,130**	170,790
Life insurance	**7,603**	7,293
	100,733	178,083
Analysed for reporting purposes as:		
Non-current assets	**7,603**	106,745
Current assets	**93,130**	71,338
	100,733	178,083

14. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023	2022
	HK$'000	*HK$'000*
Debt instruments	**198,151**	256,526
Analysed for reporting purposes as:		
Non-current assets	**198,151**	256,526

The debt instruments represent the Group's investments in corporate bonds listed on the Stock Exchange and overseas stock exchanges. These corporate bonds are measured at fair value which are quoted bid prices by banks. The corporate bonds carry coupon rates ranging from 5% to 6.38% (2022: 5% to 6.25%) payable semi-annually and are perpetual.

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

15. FINANCIAL ASSETS AT AMORTISED COST

	2023	2022
	HK$'000	*HK$'000*
Certificate of deposits	**–**	58,570
Fixed deposits	**445,124**	289,336
	445,124	347,906
Analysed for reporting purposes as:		
Non-current assets	**168,542**	289,336
Current assets	**276,582**	58,570
	445,124	347,906

Note:

As at 30 June 2023 and 2022, financial assets at amortised cost included certificate of deposits and fixed deposits issued by various banks in the PRC with interest at a fixed rate ranging from 2.25% to 3.85% (2022: 3.5% to 4.13%) per annum payable at maturity. These certificates are held to collect contractual cash flows. The maturity dates of the certificates and fixed deposits are from July 2023 to March 2026 (2022: August 2022 to November 2024).

16. INVENTORIES

	2023	2022
	HK$'000	*HK$'000*
Raw materials and consumables	**68,782**	81,465
Work in progress	**7,287**	4,163
Finished goods	**152,563**	268,792
	228,632	354,420

17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023	2022
	HK$'000	*HK$'000*
Trade receivables from third parties	**188,259**	216,643
Trade receivables from related companies	**641**	610
Less: allowance for credit losses	**(26,261)**	(29,584)
	162,639	187,669
Deposits	**14,347**	21,088
Prepayments	**9,835**	5,900
VAT receivables	**832**	949
Fund deposits to e-payment platforms *(Note)*	**5,084**	4,348
Amount due from a joint venture	**–**	7,996
Interest receivables	**40,080**	31,374
Others	**11,483**	13,125
	81,661	84,780
Total trade and other receivables, deposits and prepayments	**244,300**	272,449

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

As at 1 July 2021, trade receivables from contracts with customers amounted to approximately HK$284,948,000.

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

The amount due from a joint venture is non-trade in nature, and the amount is interest-free, unsecured, unguaranteed and repayable on demand.

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

	2023	2022
	HK$'000	*HK$'000*
0 to 60 days	**128,996**	151,770
61 to 120 days	**16,612**	21,479
121 to 180 days	**5,525**	7,270
Over 180 days	**10,865**	6,540
	161,998	187,059

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

	2023	2022
	HK$'000	*HK$'000*
0 to 60 days	**641**	610

18. TRADE PAYABLES AND BILLS PAYABLE

	2023	2022
	HK$'000	*HK$'000*
Trade payables to third parties	**16,489**	43,597
Bills payable to third parties	**1,136**	2,192
	17,625	45,789

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

	2023	2022
	HK$'000	*HK$'000*
0 to 30 days	**15,185**	29,465
31 to 60 days	**799**	10,132
61 to 90 days	**38**	1,494
Over 90 days	**467**	2,506
	16,489	43,597

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately HK$426.3 million or approximately 30.3% from approximately HK$1,408.1 million for FY2022 to approximately HK$981.8 million for FY2023. The decrease was mainly attributable to the rebound of the COVID-19 pandemic and the strict quarantine measures imposed in Mainland China in the second half of 2022 which led to negative impact on sales of non-essential goods such as watches.

Tian Wang Watch Business

Revenue from the sales of Tian Wang watch ("**Tian Wang Watch Business**") continued to be the Group's main source of revenue which accounted for approximately 87.5% of the total revenue of the Group for FY2023 (FY2022: approximately 85.0%). Revenue of Tian Wang Watch Business decreased by approximately HK$337.5 million or approximately 28.2% from approximately HK$1,196.6 million for FY2022 to approximately HK$859.1 million for FY2023. Due to the prolonged COVID-19 pandemic and the uncertain economic conditions in the the People's Republic of China (the "**PRC**"), the retail sales network for Tian Wang watches shrank from 2,086 point of sales ("**POS**") as at 30 June 2022 to 1,786 POS as at 30 June 2023, with a net decrease of 300 POS.

Other Brands (PRC) Business

Revenue from the sales of other well-known brand watches apart from Tian Wang watch ("**Other Brands (PRC) Business**") decreased by approximately HK$71.5 million or approximately 54.3% from approximately HK$131.6 million for FY2022 to approximately HK$60.1 million for FY2023, which accounted for approximately 6.1% of the total revenue of the Group for FY2023 (FY2022: approximately 9.3%).

Starting from FY2022, the sales of Balco watch business was merged into Other Brands (PRC) Business in view of the trivial amount of sales generated by Balco Watch compared with the total revenue of the Group.

Watch Movements Trading Business

Revenue from trading of watch movement ("**Watch Movements Trading Business**") accounted for approximately 6.4% of the Group's total revenue for FY2023 (FY2022: approximately 5.7%). For FY2023, revenue from trading of watch movements was approximately HK$62.5 million, representing a decrease of approximately HK$17.5 million or approximately 21.9% from approximately HK$80.0 million for FY2022.

Gross Profit

The Group's gross profit decreased by approximately HK$301.3 million or approximately 29.5% from approximately HK$1,022.3 million for FY2022 to approximately HK$721.0 million for FY2023. The decrease was mainly due to decrease in sales from the Tian Wang Watch Business and was in line with the decrease in revenue.

Other Income, Gains and Losses

The Group's other income, gains and losses decreased by approximately HK$12.8 million or approximately 22.8% from approximately HK$56.2 million for FY2022 to approximately HK$43.4 million for FY2023. The decrease was due to the composite effect of (i) increase in bank interest income of approximately HK$13.1 million from approximately HK$8.1 million for FY2022 to approximately HK$21.2 million for FY2023; (ii) increase in government subsidies of approximately HK$6.6 million from approximately HK$13.8 million for FY2022 to approximately HK$20.4 million for FY2023; and offset by (iii) increase of net exchange loss of HK$30.7 million from approximately HK$11.7 million in FY2022 to approximately HK$42.4 million in FY2023, which was mainly due to depreciation of Renminbi ("**RMB**").

Selling and Distribution Costs

The Group's selling and distribution costs decreased by approximately HK$288.5 million or approximately 31.5% from approximately HK$915.8 million for FY2022 to approximately HK$627.3 million for FY2023. The decrease was attributable to (i) decrease in concessionaire fee and rental expenses due to the closing down for some of the POS; (ii) decrease in staff costs as in line with the decrease in revenue.

Administrative Expenses

The Group's administrative expenses decreased by approximately HK$16.6 million or approximately 14.9% from approximately HK$111.3 million for FY2022 to approximately HK$94.7 million for FY2023, which was mainly due to the decrease in staff costs.

Finance Costs and Income Tax

The Group's finance costs were approximately HK$0.9 million for FY2023 (HK$0.9 million for FY2022), which were mainly the interest expenses of lease liabilities.

The Group's income tax increased by approximately HK$15.4 million or approximately 194.6% from a tax credit of approximately HK$7.9 million for FY2022 to tax charge of approximately HK$7.5 million for FY2023. The Group's effective tax rate increased significantly from approximately –33.4% for FY2022 to approximately 16.5% for FY2023, because of the preferential tax treatment granted to the relevant PRC subsidiaries of the Company for the calendar year ended 31 December 2021 for FY2022.

Profit attributable to the owners of the Company

As a combined result of the factors presented above, the profit attributable to the owners of the Company for FY2023 increased by approximately HK$4.1 million or approximately 12.4% from approximately HK$33.0 million for FY2022 to approximately HK$37.1 million for FY2023.

BUSINESS REVIEW

Overview

During FY2023, the Group's principal business remained to be (i) the manufacturing, retail sales and e-commerce business of its two proprietary brands watches (namely, Tian Wang watch and Balco watch); (ii) retail sales of well-known brand of watches in the PRC; and (iii) the Watch Movements Trading Business.

Tian Wang Watch Business continues to be the Group's core brand business, which contributed approximately 87.5% of the total revenue of the Group in FY2023. Its over-30-years-long brand heritage and reputation of delivering high quality, precise and stylish watches are key factors of the success of Tian Wang Watch Business and widespread brand recognition. Based on the information gathered from customers through the Group's national wide POS network, the Group can strive to cater for increasing demand for high quality and trendy watches from customers of different age group.

Retail Network

The Group's retail network principally comprises its directly managed and controlled sales counters located in department stores and shopping malls. During FY2023, over 68% of the sales of the Group's Tian Wang and Balco watches were conducted at the Group's directly managed POS. Since the Group sells most of its watches directly to customers, the Group has been able to obtain first-hand market information and feedback from customers directly through its frontline sales staff. The Group considers this as an advantage over its competitors, who generally do not have fully and directly managed sales network and can only sell most of their products through distributors.

As at 30 June 2023, the number of the Group's POS for the sales of Tian Wang watches was 1,786, representing a net decrease of 300 POS compared to that as at 30 June 2022. As at 30 June 2023, the number of the Group's POS for the sales of other brands watches was 167, representing a net decrease of 66 POS compared to that as at 30 June 2022.

Proprietary Watch of the Group

Tian Wang Watch

The Tian Wang Watch Business remained the Group's main source of revenue, contributing to approximately 87.5% of the Group's total revenue for FY2023 (FY2022: approximately 85.0%). During FY2023, the Group has launched not less than 50 new models of Tian Wang watches with prices ranging from approximately RMB200 to RMB6,800 per watch for direct retail sales, e-commerce channels and corporate sales. This wide range of unit prices of Tian Wang watches allowed the Group to cater for different needs and demand of customers of different income levels and age groups.

Other Brands (PRC) Business

The Other Brands (PRC) Business, continued to provide a wide range of domestic and international products in order to satisfy the demand of customers of different income levels and age groups. Since the PRC market was still affected by the COVID-19 pandemic during the second half of 2022, the decrease in consumer sentiment has led to the decrease in demand for both Balco watches and watches of other well-known brands, which resulted in the decrease in revenue of the Group by approximately HK$71.5 million or 54.3% from approximately HK$131.6 million for FY2022 to approximately HK$60.1 million for FY2023. During FY2023, the Group had closed down some of the under-performing POS so as to optimise its sales network.

Watch Movements Trading Business

The Watch Movements Trading Business involves procurement of watch movements from suppliers located in Hong Kong. The Directors consider that the Group’s in-house watch movements procurement and trading arm forms an integral part of its overall business operation because it does not only ensure a reliable and stable supply of watch movements to the Tian Wang Watch Business but also generates revenue by supplying watch movements to other external watch manufacturers and distributors. The revenue of the Watch Movements Trading Business accounted for approximately 6.4% of the Group’s total revenue for FY2023 (FY2022: approximately 5.7%). Revenue from this business segment decreased by approximately HK$17.5 million or approximately 21.9% to approximately HK$62.5 million for FY2023 from approximately HK$80.0 million for FY2022. The decrease was mainly attributable to the decrease in demand of watch movements in Hong Kong market as a result of the COVID-19 pandemic and the uncertain economic condition.

E-commerce Business

Apart from retail and wholesales, the Group has been engaging in the e-commerce business by selling its products on several major online sales platforms such as those of Tmall and JD.com since 2013. In order to capture the growing consumption power of the younger generation in the PRC, the Group launched some models of Tian Wang and Balco watches which are more affordable and feature fast fashion style through the online sales channel. The Directors also believe that a wide variety of watches enables the Group to reach out to more diverse customers, including those of different age groups. For FY2023, the e-commerce business continued to be one of the major contributors to the Group's revenue, which accounted for approximately 25.7% of the total revenue of the Group during FY2023. For FY2023, the sales of watches on e-commerce platforms had decreased by approximately HK$61.1 million from approximately HK$313.2 million for FY2022 to approximately HK$252.1 million for FY2023 because of intense competition among market players in the online sales channel and the weak market sentiments due to strict COVID-19 quarantine measures in Mainland China in the second half of 2022. Nevertheless, the Group continued to be one of the leading brands in Tmall's domestic watch sales chart for ten consecutive years.

INVENTORY CONTROL

The Group's inventory balance was approximately HK$228.6 million as at 30 June 2023, representing a decrease of approximately HK$125.8 million or approximately 35.5% as compared with approximately HK$354.4 million as at 30 June 2022. The Group's inventory turnover days increased to approximately 408 days for FY2023, as compared with approximately 347 days for FY2022. The decrease in inventory balance was primarily attributable to the management's effort in controlling the procurement and production schedule of products in view of the decrease in market demand of its products and closure of certain of its POS for Tian Wang watch and watches of other brands during FY2023. The Group will continue to monitor and control its inventory level to cope with the business plan so that the business plan and inventory level will not adversely affect the cash flow and liquidity of the Group.

The inventory aged over two years were approximately HK$150.3 million and approximately HK$162.9 million as at 30 June 2023 and 30 June 2022 respectively, with corresponding provision for these inventory balances of approximately HK$112.8 million and approximately HK$112.6 million respectively. The management of the Group assesses and reviews the inventory ageing analysis at the end of each reporting period and identifies the slow-moving items that are no longer suitable for use in production or sales. At the end of each reporting period, the management will provide necessary provision if the net realisable value of the inventory is estimated to be below the cost.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group adopts a conservative treasury policy. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations 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$792.2 million and approximately HK$840.5 million as at 30 June 2023 and 30 June 2022 respectively.

The Group's net cash generated from operating activities for FY2023 was approximately HK$107.6 million, representing a decrease of approximately HK$67.9 million from approximately HK$175.5 million for FY2022. The net cash generated from operating activities was primarily attributable to profit before taxation of approximately HK$45.5 million from the Group's operations adjusted for non-cash items of approximately HK$12.0 million, increase of working capital balances of approximately HK$27.2 million, income taxes paid of approximately HK$18.6 million and interest received of approximately HK$41.5 million.

The Group's net cash used in investing activities for FY2023 was approximately HK$21.1 million, which was mainly attributable to purchase of property, plant and equipment of approximately HK$73.8 million, purchase of financial assets at fair value through profit or loss of approximately HK$2.0 million, purchase of debt instruments at fair value through other comprehensive income of approximately HK$36.9 million, purchase of financial assets at amortised cost of approximately HK$323.4 million which was partially offset by redemption of financial assets at fair value through profit or loss of approximately HK$68.1 million, redemption of financial assets at amortised cost of approximately HK$192.9 million, disposal of debt instruments at fair value through other comprehensive income of approximately HK$76.5 million, and disposal of property, plant and equipment of approximately HK$38.4 million.

The Group's net cash used in financing activities for FY2023 was approximately HK$122.1 million, which was mainly attributable to dividends paid to shareholders of the Company (the "**Shareholders**") of approximately HK$110.1 million, and the payment of lease liabilities of approximately of HK$11.2 million.

The Group was in net cash position as at 30 June 2022 and 2023. As at 30 June 2023, the Group's total equity was approximately HK$2,387.6 million, representing a decrease of approximately HK$224.0 million from approximately HK$2,611.6 million as at 30 June 2022. The Group's working capital was approximately HK$1,482.0 million as at 30 June 2023, representing an increase of approximately HK$118.4 million as compared with approximately HK$1,363.6 million as at 30 June 2022.

As at 30 June 2023, the Group's bank balances and cash were mainly denominated in United States dollar, Renminbi and Hong Kong dollar.

The gearing ratio, as calculated based on the total debt divided by the total equity at the end of the respective year, of the Group was approximately 1.3% and approximately 1.6% as at 30 June 2023 and 30 June 2022, respectively. The decrease in gearing ratio was because of the decrease in lease liabilities during FY2023.

CHARGES ON GROUP ASSETS

There was no material charges on the Group's assets as at 30 June 2023 and 2022.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2023 and 2022.

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

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

CAPITAL COMMITMENTS

	30 June 2023 *HK$'000*	30 June 2022 *HK$'000*
Capital commitments in respect of life insurance contract	**–**	2,000
Capital commitments in respect of property, plant and equipment	**13,120**	16,603
Capital commitments in respect of unlisted investment funds	**39,183**	–
	52,303	18,603

FOREIGN CURRENCY EXPOSURE

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

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

EMPLOYEES AND EMOLUMENTS POLICIES

As at 30 June 2023, the Group employed a total of approximately 3,100 full-time employees from continuing operations in the PRC and Hong Kong (30 June 2022: approximately 4,100). The staff costs incurred during FY2023 was approximately HK$300.1 million (FY2022: approximately HK$398.0 million). The Group's emolument policies are formulated on the performance of individual employees and on the basis of the trends of salaries in various regions, which will be reviewed every year. Apart from provident fund scheme and medical insurance, discretionary bonuses are also awarded to employees according to the individual performance assessment. The emolument payable to the Directors is determined by the Board based on the recommendations made by the remuneration committee of the Company.

SOCIAL RESPONSIBILITY

The Group's charitable and other donations for FY2023 amounted to approximately HK$0.3 million (FY2022: approximately HK$0.5 million). No donations were made to political parties.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering ("**IPO**") of the Company in February 2013 amounted to approximately HK$742.0 million, of which approximately HK$705.5 million had been utilised for up to 30 June 2022. For FY2023, the Company had not further utilised the proceeds, details of which are set out in the following table.

	Amount of net proceeds allocated and unutilised as at 1 July 2022 *(HK$'m)*	**Amount of net proceeds utilised for FY2023** *(HK$'m)*	**Balance as at 30 June 2023** *(HK$'m)*	**Actual business progress up to 30 June 2023**
Engaging an active and well-known Chinese television and movie actor celebrity as the new spokesperson for Tian Wang watches and for producing television commercials focusing on the spokesperson	36.5	–	36.5	The Group is still looking for suitable candidate whose image is in line with the brand image and recognition of Tian Wang brand and the proposed large-scale nationwide marketing campaign for Tian Wang brand.
	36.5	–	36.5	

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

PROSPECT AND STRATEGIES

In FY2023, the Group had encountered a series of market changes due to COVID-19 related social distancing measures and the uncertain economic conditions. These market changes not only posed challenges to the Group for maintaining competitive edges in business operation, but also created opportunities to the Group for implementing changes in both products and sales channels, to cope with the highly turbulent markets.

In the second half of 2022, the PRC continued to be affected by the COVID-19 pandemic. Requirements of quarantine, social distancing, and travel restrictions were even tightened up. There were temporary suspensions of business of some of the Group's sales outlets in various cities of China. The consumer sentiment remained weak.

The Chinese government started to loosen the COVID-19 restriction policies in December 2022. The market sentiment was positive after all the restriction policies were lifted, especially during the Spring Festival, and the market was recovering gradually. It is expected the economy in China will recover in medium term of time.

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

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

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

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

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

FINAL DIVIDEND AND SPECIAL DIVIDEND

After considering the Company's existing bank and cash balance level, the working capital requirements for future business development, and to show appreciation for the support of the Shareholders, the Board has recommended a special dividend of HK3.2 cents per share and a final dividend of HK0.8 cents per share for FY2023, payable on 15 December 2023 to Shareholders whose names appeared on the Register of Members of the Company as of 1 December 2023.

CLOSURE OF REGISTER OF MEMBERS AND ANNUAL GENERAL MEETING

For the purpose of determining members who are qualified for attending the forthcoming annual general meeting (the "**Annual General Meeting**") of the Company to be held on 24 November 2023, the register of members of the Company will be closed from 21 November 2023 to 24 November 2023 (both days inclusive), during which period no transfer of share of the Company ("**Share(s)**") will be effected. In order to qualify for attending the Annual General Meeting, all transfers of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. on 20 November 2023.

For the purpose of determining members who are qualified for the proposed special and final dividend for FY2023 which is subject to approval by the Shareholders at the Annual General Meeting, the register of members of the Company will be closed on 1 December 2023, on which no transfer of share of the Company will be effected. In order to qualify for the entitlement to the proposed special and final dividend, all transfers of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at the above address for registration no later than 4:30 p.m. on 30 November 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during FY2023.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Save as disclosed below, during FY2023, the Company had complied with the code provisions of the CG Code.

Mr. Tung Koon Ming ("**Mr. Tung**") is currently performing the role of chairman of the Board and chief executive officer of the Group. Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Taking into account of Mr. Tung's strong expertise and insight of the watch industry, the Board considered that the roles of chairman and chief executive officer being performed by Mr. Tung enables more effective and efficient overall business planning, decision making and implementation thereof by the Group. In order to maintain good corporate governance and to ensure Company's compliance with code provisions of the CG Code, the Board will regularly review the need to appoint different individuals to perform the roles of chairman and chief executive officer separately.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all the Directors, the Company is satisfied that and the Directors confirmed that they have fully complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transaction during FY2023.

REVIEW OF ANNUAL RESULTS

The audit committee of the Board and the management of the Company have reviewed the accounting principles and practices adopted by the Group and the financial statements for FY2023.

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for FY2023 as set out in this announcement have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Baker Tilly Hong Kong Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.timewatch.com.hk. The Company's annual report for FY2023 will be despatched to the Shareholders and will also be published on the aforesaid websites of the Stock Exchange and the Company in due course in accordance with the Listing Rules.

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

Hong Kong, 28 September 2023

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