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**Time Watch Investments Limited**  
**時計寶投資有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 2033)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2024**

**FINANCIAL HIGHLIGHTS**

- Revenue for 1HFY2025 decreased by approximately HK\$89.0 million to approximately HK\$343.0 million as compared with approximately HK\$432.0 million for 1HFY2024.
- Loss attributable to owners of the Company for 1HFY2025 was approximately HK\$10.9 million, as compared to a profit attributable to owners of the Company of approximately HK\$11.5 million for 1HFY2024.
- Basic loss per share for 1HFY2025 was HK0.5 cents, as compared to basic earnings per share of HK0.6 cents for 1HFY2024.
- The board did not recommend a payment of interim dividend for 1HFY2025 (1HFY2024: nil).

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

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 2024, together with the unaudited comparative figures for the six months ended 31 December 2023 as follows:

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

*For the six months ended 31 December 2024*

		Six months ended 31 December	
		2024	2023
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	3	342,957	431,964
Cost of sales		(107,885)	(116,382)
Gross profit		235,072	315,582
Other income, gains and losses	4	33,026	39,506
Net reversal of impairment losses on trade receivables		490	935
Selling and distribution costs		(247,674)	(296,559)
Administrative expenses		(43,453)	(43,792)
Finance costs		(217)	(312)
(Loss) profit before taxation		(22,756)	15,360
Income tax credit (charge)	5	10,584	(4,337)
(Loss) profit for the period	6	(12,172)	11,023
Other comprehensive income (expense)			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of leasehold land and buildings		54	56
Exchange differences arising on translation		4,231	20,859
Items that may be reclassified subsequently to profit or loss:			
Fair value change on debt instruments at fair value through other comprehensive income		(7,119)	(17,571)
Reclassification adjustment relating to debt instruments at fair value through other comprehensive income disposed of during the period		(761)	2,864
Total comprehensive (expense) income for the period		(15,767)	17,231

		Six months ended	
		31 December	
		2024	2023
<i>Notes</i>		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited)
(Loss) profit for the period attributable to:			
– Owners of the Company		<b>(10,914)</b>	11,482
– Non-controlling interests		<b>(1,258)</b>	(459)
		<u><b>(12,172)</b></u>	<u>11,023</u>
Total comprehensive (expense) income attributable to:			
– Owners of the Company		<b>(14,597)</b>	17,150
– Non-controlling interests		<b>(1,170)</b>	81
		<u><b>(15,767)</b></u>	<u>17,231</u>
(Loss) earnings per share – basic ( <i>HK cents</i> )	8	<u><b>(0.5)</b></u>	<u>0.6</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

		As at 31 December 2024	As at 30 June 2024
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	334,644	340,256
Right-of-use assets	9	36,939	39,356
Investment properties	10	142,641	142,639
Financial assets at fair value through profit or loss	11	22,290	10,028
Debt instruments at fair value through other comprehensive income	12	129,668	133,632
Financial assets at amortised cost	13	386,820	273,972
Deferred tax assets		56,430	55,481
		<u>1,109,432</u>	<u>995,364</u>
Current assets			
Inventories	14	185,995	187,384
Trade receivables	15	77,967	131,579
Other receivables, deposits and prepayments		71,515	70,695
Tax recoverable		2,190	2,151
Financial assets at amortised cost	13	163,324	194,466
Bank balances and cash		861,942	959,234
		<u>1,362,933</u>	<u>1,545,509</u>

		As at 31 December 2024 <i>HK\$'000</i> (Unaudited)	As at 30 June 2024 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Current liabilities			
Trade payables and bills payable	16	27,089	23,132
Other payables and accrued charges		65,946	72,440
Tax payable		48,122	38,856
Lease liabilities	9	2,317	4,673
Other loans		15,563	15,622
		<u>159,037</u>	<u>154,723</u>
Net current assets		<u>1,203,896</u>	<u>1,390,786</u>
Total assets less current liabilities		<u><u>2,313,328</u></u>	<u><u>2,386,150</u></u>
Capital and reserves			
Share capital		205,807	205,807
Reserves		<u>2,059,201</u>	<u>2,108,785</u>
Equity attributable to owners of the Company		2,265,008	2,314,592
Non-controlling interests		<u>406</u>	<u>1,576</u>
Total equity		<u>2,265,414</u>	<u>2,316,168</u>
Non-current liabilities			
Deferred tax liabilities		42,536	62,815
Lease liabilities	9	<u>5,378</u>	<u>7,167</u>
		<u>47,914</u>	<u>69,982</u>
		<u><u>2,313,328</u></u>	<u><u>2,386,150</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 31 December 2024*

## 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 properties 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 2024 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 30 June 2024.

### ***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 2024 for the preparation of the condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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.

### 3. REVENUE AND SEGMENT INFORMATION

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

- 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 and OEM/ODM watches production 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.

The following is an analysis of the Group's revenue and results by reportable and operating segments, which were recognised at a point in time:

***Six months ended 31 December 2024 (Unaudited)***

	<b>Tian Wang Watch Business <i>HK\$'000</i></b>	<b>Watch Movements Trading Business <i>HK\$'000</i></b>	<b>Other Brands (PRC) Business <i>HK\$'000</i></b>	<b>Consolidated <i>HK\$'000</i></b>
<b>Revenue</b>				
External sales	284,848	41,983	16,126	342,957
Inter-segment sales	–	1,500	–	1,500
Segment revenue	<u>284,848</u>	<u>43,483</u>	<u>16,126</u>	344,457
Elimination				<u>(1,500)</u>
Group revenue				<u>342,957</u>
<b>Results</b>				
Segment results	<u>(28,690)</u>	<u>(1,352)</u>	<u>(1,750)</u>	(31,792)
Interest income				30,494
Unallocated other income, gains and losses				(2,992)
Central administration costs				(18,249)
Finance costs				<u>(217)</u>
Loss before taxation				<u>(22,756)</u>



*Six months ended 31 December 2023 (Unaudited)*

	Tian Wang 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	379,400	39,796	12,768	431,964
Inter-segment sales	—	4,680	—	4,680
Segment revenue	<u>379,400</u>	<u>44,476</u>	<u>12,768</u>	436,644
Elimination				<u>(4,680)</u>
Group revenue				<u>431,964</u>
<b>Results</b>				
Segment results	<u>4,041</u>	<u>(1,247)</u>	<u>(1,259)</u>	1,535
Interest income				32,730
Unallocated other income, gains and losses				(1,078)
Central administration costs				(17,515)
Finance costs				<u>(312)</u>
Profit before taxation				<u>15,360</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.

Inter-segment sales are charged at prevailing market rates.

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

	Six months ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<i>Other income:</i>		
Bank interest income	852	1,384
Interest income on financial assets measured at fair value through profit or loss (FVTPL)	–	1,446
Interest income from debt instruments at fair value through other comprehensive income (FVTOCI)	5,160	5,014
Interest income on financial assets at amortised cost	24,482	24,886
Watch repair and maintenance services income	1,461	1,327
Government subsidies ( <i>Note</i> )	4,600	8,356
Rental income	1,936	2,109
Others	2,048	2,368
	<u>40,539</u>	<u>46,890</u>
<i>Other gains and losses:</i>		
Loss on disposal and written-off of property, plant and equipment	(2,139)	(2,224)
Gain/(loss) on disposal of a debt instrument at FVTOCI	772	(2,884)
Net exchange loss	(6,146)	(2,276)
	<u>(7,513)</u>	<u>(7,384)</u>
	<u><u>33,026</u></u>	<u><u>39,506</u></u>

#### *Notes:*

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 (CREDIT) CHARGE

	Six months ended	
	31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	(5,625)	2,662
PRC withholding tax	<u>16,304</u>	<u>5,145</u>
	10,679	7,807
Overprovision in prior years:		
PRC Enterprise Income Tax	<u>(35)</u>	<u>–</u>
	10,644	7,807
Deferred taxation	<u>(21,228)</u>	<u>(3,470)</u>
	<u><b>(10,584)</b></u>	<u><b>4,337</b></u>

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

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 26 December 2024, a subsidiary, Tian Wang Electronics (Shenzhen) Company Limited (“Tian Wang Shenzhen”), obtained an approval notice from relevant authority, which approved Tian Wang Shenzhen’s application of qualification as a high and new technology enterprise, which is valid for the three calendar years ended 31 December 2026. With this qualification, Tian Wang Shenzhen was entitled to a preferential tax treatment and the applicable tax rate for the calendar years ended 31 December 2023 and 2024 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%. Deferred tax in relation to withholding income tax for the undistributed profits of the PRC subsidiaries have been provided.

## 6. (LOSS) PROFIT FOR THE PERIOD

Six months ended  
31 December  
2024                      2023  
*HK\$'000*                      *HK\$'000*  
(Unaudited)                      (Unaudited)

(Loss) profit for the period has been arrived at  
after charging (crediting):

Staff costs (including Directors' remuneration)

Retirement benefit scheme contributions

(including Directors' remuneration)

Total staff costs

<b>104,953</b>	115,709
<b>21,452</b>	21,717
<b>126,405</b>	137,426

Depreciation of property, plant and equipment

**23,291**

27,875

Depreciation of right-of-use assets

**2,710**

3,573

Net reversal of allowance for obsolete inventories

recognised as cost of sales

**(2,010)**

(6,230)

Concessionaire fee (*Note*)

**48,943**

66,709

*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 2024 (six months ended 31 December 2023: nil).

## 8. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) 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>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Earnings:		
Earnings for the purpose of calculating		
basic (loss) earnings per share		
– (Loss)/profit for the period attributable to		
owners of the Company	<b>(10,914)</b>	<b>11,482</b>
	<b>'000</b>	<b>'000</b>

Numbers of shares:

Weighted average number of ordinary shares for the		
purpose of calculating basic earnings per share	<b>2,058,068</b>	<b>2,058,068</b>

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 2024, the Group purchased property, plant and equipment of approximately HK\$19,666,000 (six months ended 31 December 2023: approximately HK\$19,464,000).

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 1 year to 2 years (1H FY2024: no new lease agreement was entered into). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. 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\$0.7 million and lease liabilities of approximately HK\$0.7 million for current interim period (1H FY2024: no right-of-use assets and lease liabilities recognised).

## 10. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
<b>Fair value</b>	
At 1 July 2023	125,668
Transfer from property, plant and equipment ( <i>Note</i> )	21,000
Decrease in fair value recognised in profit or loss	(3,913)
Exchange realignment	<u>(116)</u>
At 30 June 2024	<u>142,639</u>
Exchange realignment	<u>2</u>
<b>At 31 December 2024</b>	<b><u><u>142,641</u></u></b>

*Note:* During the year ended 30 June 2024, the management of the Group changed the use of certain commercial units classified under property, plant and equipment from owner-occupied to being leased out for rental purposes.

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.

The Group leases out office units under operating leases with rental payable monthly. The leases typically run for an initial period of two to eight years (30 June 2024: two to eight years), with unilateral rights to extend the lease beyond initial period held by lessees only.

As at 30 June 2024, the fair value of the Group's investment properties 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 properties as at 31 December 2024, except for the change of fair value due to exchange realignment for the Group's investment property located in the PRC.

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

	<b>As at 31 December 2024 HK\$'000 (Unaudited)</b>	<b>As at 30 June 2024 HK\$'000 (Audited)</b>
Life insurance ( <i>Note (a)</i> )	<b>10,028</b>	10,028
Unlisted investment fund units ( <i>Note (b)</i> )	<b>12,262</b>	—
	<b><u>22,290</u></b>	<b><u>10,028</u></b>
Analysed for reporting purposes as:		
Non-current assets	<b><u>22,290</u></b>	<b><u>10,028</u></b>

*Note:*

- (a) As at 31 December 2024 and 30 June 2024, the amount included two life insurance schemes ("Scheme A" and "Scheme B") of an executive director of the Company with independent third party insurance companies. Pursuant to Scheme A, the Company is the holder and the beneficiary of the scheme, the total premium to be paid by the Company is HK\$10,000,000, which should be settled by five consecutive annual instalments of HK\$2,000,000. The final installment was paid during the year ended 30 June 2023. Pursuant to the Scheme B, the Company is the holder and the beneficiary of the scheme. The total premium paid by the Company is USD643,500 (equivalent to approximately HK\$5,000,000) and was fully paid as at 30 June 2023.
- (b) As at 31 December 2024, the amount represents the subscription for a limited partnership interests in a fund. The fair value of the investment was determined mainly based on statement of net value of the fund.

The management of the Group considers that the carrying amounts of financial assets as at 31 December 2024 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 2024 <i>HK\$'000</i> (Unaudited)	As at 30 June 2024 <i>HK\$'000</i> (Audited)
Debt instruments	<u>129,668</u>	<u>133,632</u>
Analysed for reporting purposes as:		
Non-current assets	<u><u>129,668</u></u>	<u><u>133,632</u></u>

The debts instruments represent the Group's investments in corporate bonds listed on the Stock Exchange and oversea 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 4.75% to 6.25% (30 June 2024: 5.00% to 6.38%) and payable quarterly to semi-annually (30 June 2024: quarterly to semi-annually) and are perpetual.

## 13. FINANCIAL ASSETS AT AMORTISED COST

	As at 31 December 2024 <i>HK\$'000</i> (Unaudited)	As at 30 June 2024 <i>HK\$'000</i> (Audited)
Fixed deposits	<u><u>550,144</u></u>	<u><u>468,438</u></u>
Analysed for reporting purposes as:		
Non-current assets	386,820	273,972
Current assets	<u>163,324</u>	<u>194,466</u>
	<u><u>550,144</u></u>	<u><u>468,438</u></u>



*Note:* As at 31 December 2024 and 30 June 2024, financial assets at amortised cost included fixed deposits by various banks in the PRC with interest at fixed rate ranging from 1.6% to 3.45% (30 June 2024: 1.8% to 3.5%) per annum payable at maturity. These certificates are held to collect contractual cash flows. The maturity date of the certificates of fixed deposits are from January 2025 to March 2027 (30 June 2024: July 2024 to March 2027).

#### 14. INVENTORIES

	As at 31 December 2024 <i>HK\$'000</i> (Unaudited)	As at 30 June 2024 <i>HK\$'000</i> (Audited)
Raw materials and consumables	30,416	32,942
Work in progress	4,858	7,395
Finished goods	150,721	147,047
	<u>185,995</u>	<u>187,384</u>

#### 15. TRADE RECEIVABLES

	As at 31 December 2024 <i>HK\$'000</i> (Unaudited)	As at 30 June 2024 <i>HK\$'000</i> (Audited)
Trade receivables from third parties	101,335	154,930
Trade receivables from related companies	1,477	1,961
Less: allowance for credit losses	(24,845)	(25,312)
	<u>77,967</u>	<u>131,579</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 wholesalers and corporate customers, which approximates to the respective date of revenue recognition, as at 31 December 2024 and 30 June 2024:

	<b>As at 31 December 2024 HK\$'000 (Unaudited)</b>	<b>As at 30 June 2024 HK\$'000 (Audited)</b>
0 to 60 days	55,187	102,657
61 to 120 days	10,129	15,507
121 to 180 days	4,643	4,451
Over 180 days	<u>6,531</u>	<u>7,003</u>
	<b><u>76,490</u></b>	<b><u>129,618</u></b>

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 2024 and 30 June 2024:

	<b>As at 31 December 2024 HK\$'000 (Unaudited)</b>	<b>As at 30 June 2024 HK\$'000 (Audited)</b>
0 to 60 days	<b><u>1,477</u></b>	<b><u>1,961</u></b>

## 16. TRADE PAYABLES AND BILLS PAYABLE

	As at 31 December 2024 <i>HK\$'000</i> (Unaudited)	As at 30 June 2024 <i>HK\$'000</i> (Audited)
Trade payables to third parties	25,413	22,183
Bills payable to third parties	<u>1,676</u>	<u>949</u>
	<u><b>27,089</b></u>	<u><b>23,132</b></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 2024 and 30 June 2024:

	As at 31 December 2024 <i>HK\$'000</i> (Unaudited)	As at 30 June 2024 <i>HK\$'000</i> (Audited)
0 to 30 days	7,679	9,740
31 to 60 days	6,775	9,360
61 to 90 days	9,335	1,162
Over 90 days	<u>1,624</u>	<u>1,921</u>
	<u><b>25,413</b></u>	<u><b>22,183</b></u>

Bills payable as at 31 December 2024 and 30 June 2024 is aged within 30 days based on issuance date of the bills.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### *Revenue*

During the second half of 2024, revenue of Time Watch Investments Limited (the “**Company**” or “**Time Watch**”) and its subsidiaries (collectively, the “**Group**”) decreased by approximately HK\$89.0 million or approximately 20.6% from approximately HK\$432.0 million for the six months ended 31 December 2023 (“**1H FY2024**”) to approximately HK\$343.0 million for the six months ended 31 December 2024 (“**1H FY2025**”). The decrease in the revenue of the Group was primarily due to the decrease in revenue generated by the sales of Tian Wang Watch Business as a result of the economic uncertainty and employments pressures caused by ongoing international trade frictions and global economic fluctuations, which had weakened China’s consumer confidence, resulting in weak sentiment of the retail market in China during the period.

#### *Tian Wang Watch Business*

Revenue from the Tian Wang Watch Business, which accounted for approximately 83.1% of the total revenue of the Group for 1H FY2025 (1H FY2024: approximately 87.8%), continued to be the Group’s main source of revenue, decreased by approximately HK\$94.6 million or approximately 24.9% from approximately HK\$379.4 million for 1H FY2024 to approximately HK\$284.8 million for 1H FY2025. The retail network for the sales of Tian Wang Watch decreased from 1,695 point of sales (“**POS**”) as at 30 June 2024 to 1,573 POS as at 31 December 2024, with a net decrease of 122 POS.

### *Other Brands (PRC) Business*

Revenue from the sales of other well-known brand watches other than Tian Wang Watch (“**Other Brands (PRC) Business**”) increased by approximately HK\$3.3 million or approximately 26.3% from approximately HK\$12.8 million for 1HFY2024 to approximately HK\$16.1 million for 1HFY2025, which accounted for approximately 4.7% of the total revenue of the Group for 1HFY2025 (1HFY2024: approximately 3.0%). The increase in revenue of Other Brands (PRC) Business was mainly attributable to the commencement of the Group’s business of supplying watches mainly of well-known brands on Original Equipment Manufacturer (OEM) and Original Design Manufacturer (ODM) bases to corporate customers since 1 July 2024.

### *Watch Movements Trading Business*

Revenue from trading of watch movement (“**Watch Movements Trading Business**”) accounted for approximately 12.2% of the Group’s total revenue for 1HFY2025 (1HFY2024: approximately 9.2%). For 1HFY2025, revenue from trading of watch movements was approximately HK\$42.0 million, representing an increase of approximately HK\$2.2 million or approximately 5.5% from approximately HK\$39.8 million for 1HFY2024.

### *Gross Profit*

The Group’s overall gross profit decreased by approximately HK\$80.5 million or approximately 25.5% from approximately HK\$315.6 million for 1HFY2024 to approximately HK\$235.1 million for 1HFY2025. The drop in gross profit was generally in line with the decrease in its revenue. The Group’s overall gross profit margin decreased by approximately 4.6 percentage point from approximately 73.1% for 1HFY2024 to approximately 68.5% for 1HFY2025. The decrease in gross profit margin was mainly due to increase in revenue contribution from Other Brands (PRC) Business and Watch Movements Trading Business which has a lower gross profit margin as compared to the Tian Wang Watch Business.

### ***Other Income, Gains and Losses***

The Group's net gain in other income, gain and losses decreased by approximately HK\$6.5 million or approximately 16.5% from approximately HK\$39.5 million for 1HFY2024 to approximately HK\$33.0 million for 1HFY2025. The decrease was mainly due to (i) the decrease in interest income by HK\$2.2 million from approximately HK\$32.7 million for 1HFY2024 to approximately HK\$30.5 million for 1HFY2025, (ii) the decrease in government subsidies by HK\$3.8 million from approximately HK\$8.4 million for 1HFY2024 to approximately HK\$4.6 million for 1HFY2025, and (iii) the increase in net exchange loss by HK\$3.8 million from approximately HK\$2.3 million for 1HFY2024 to HK\$6.1 million for 1HFY2025.

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

The Group's selling and distribution costs decreased by approximately HK\$48.9 million or approximately 16.5% from approximately HK\$296.6 million for 1HFY2024 to approximately HK\$247.7 million for 1HFY2025. The decrease was mainly due to the reduction of salaries for sales personnel, as a result of closing down of POS and reduction in full time employees.

### ***Administrative Expenses***

The Group's administrative expenses remained relatively stable at approximately HK\$43.5 million for 1HFY2025 (1HFY2024: approximately HK\$43.8 million).

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

The Group's finance costs remained stable for both 1HFY2024 and 1HFY2025. The Group recorded an income tax credit of approximately HK\$10.6 million for 1HFY2025, comparing to an income tax charge of approximately HK\$ 4.3 million for 1HY2024. The income tax credit for 1HFY2025 was due to the loss before taxation to the Group during the period.

### ***Loss/profit attributable to the owners of the Company***

The loss attributable to the owners of the Company for 1HFY2025 was approximately HK\$10.9 million, as compared to the profit attributable to the owners of the Company of HK\$11.5 million for 1HFY2024. The change was mainly due to the decrease in revenue of the Group generated from Tian Wang Watch Business by approximately HK\$94.6 million or approximately 24.9% from approximately HK\$379.4 million for 1HFY2024 to approximately HK\$284.8 million for 1HFY2025, resulted in a loss of approximately HK\$28.7 million contributed from this segment for 1HFY2025, comparing to a profit of approximately HK\$4.0 million for 1HFY2024.

## **Business Review**

### ***Overview***

During 1HFY2025, the Group's principal business remained to be the manufacturing, retail sales and e-commerce business of its two proprietary brands watches (namely, Tian Wang and Balco watch) and other brand watches and its ancillary Watch Movements Trading Business.

Tian Wang Watch Business continued to be the Group's core business, which contributed approximately 83.1% of the total revenue of the Group in 1HFY2025. 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 1HFY2025, over 65% of the Group's sales of Tian Wang and Balco watches were made through the Group's directly managed POS. Since the Group sells most of its watches to its retail customers directly, the Group has been able to obtain first hand market information and direct feedback from customers through its frontline 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.

As at 31 December 2024, the number of the Group's POS for Tian Wang Watch Business was 1,573, representing a net decrease of 122 POS as compared to the number of POS for Tian Wang Watch Business as at 30 June 2024. As at 31 December 2024, the number of the Group's POS for sales of other brands watches was 105, representing a net decrease of 28 POS as compared to that as at 30 June 2024.

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

### ***Tian Wang Watch***

Revenue of Tian Wang Watch Business, which contributed approximately 83.1% of the Group's total revenue for 1HFY2025 (1HFY2024: approximately 87.8%) remained to be the Group's major source of revenue. The offline retail sales of Tian Wang Watch Business for 1HFY2025 decreased by approximately 25.2% as compared to 1HFY2024. The retail market of traditional watches was weak during the period. During 1HFY2025, the Group has launched over 10 new models of Tian Wang watches with prices ranging from approximately RMB1,499 to RMB6,180 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.



### *Other Brands (PRC) Business*

Since 1 July 2024 and onwards, alongside with wholesale and retail business of owned brand watches - Balco Watch and imported watches, the Group commenced the business of supplying watches mainly of well-known brands on OEM/ODM bases to corporate customers, which resulted in the increase in revenue of the Group generated from Other Brands (PRC) Business by approximately HK\$3.3 million or 26.3% from approximately HK\$12.8 million for 1H FY2024 to approximately HK\$16.1 million for 1H FY2025. 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. The newly commenced business of supply of watches on OEM/ODM bases provided a growing point for the Group.

### *Watch Movements Trading Business*

The directors of the Company (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. Revenue from Watch Movements Trading Business accounted for approximately 12.2% of the Group’s total revenue for 1H FY2025 (1H FY2024: approximately 9.2%). For 1H FY2025, revenue from Watch Movements Trading Business was approximately HK\$42.0 million, representing an increase of approximately HK\$2.2 million or approximately 5.5% from approximately HK\$39.8 million for 1H FY2024.

### *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 Tmall, JD.com, Vipshop, Tik Tok and Dewu 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. The e-commerce business continued to be one of the major contributors to the Group's revenue, which accounted for approximately 26.6% of the total revenue of the Group during 1HFY2025 (1HFY2024: approximately 27.9%).

### **Inventory Control**

The Group's inventory balance was approximately HK\$186.0 million as at 31 December 2024, representing a decrease of approximately HK\$1.4 million or approximately 0.7% as compared with approximately HK\$187.4 million as at 30 June 2024. The Group's inventory turnover days remained relatively stable at approximately 316 days for 1HY2025, as compared with approximately 317 days for the year ended 30 June 2024. The inventory balance was controlled at reasonable level, which 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 1HY2025. 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\$144.8 million and approximately HK\$152.7 million as at 31 December 2024 and 30 June 2024, respectively, with corresponding provision for these inventory balances of approximately HK\$106.7 million and approximately HK\$109.6 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 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. The cash and cash equivalents were approximately HK\$861.9 million and approximately HK\$959.2 million as at 31 December 2024 and 30 June 2024 respectively.

The Group's net cash generated from operating activities for 1H FY2025 was approximately HK\$56.5 million, representing a decrease of approximately HK\$27.8 million from approximately HK\$84.3 million for 1H FY2024. The amount was primarily attributable to loss before taxation of approximately HK\$22.8 million from the Group's operations, decrease for non-cash items of approximately HK\$4.6 million, increase of working capital balances of approximately HK\$54.7 million, income taxes paid of approximately HK\$1.3 million and interest received of approximately HK\$30.5 million.

The Group's net cash used in investing activities for 1H FY2025 was approximately HK\$118.7 million, which was mainly attributable to purchase of property, plant and equipment of approximately HK\$19.7 million, net cash outflow from addition of financial assets at amortised cost of approximately HK\$82.6 million, net cash outflow from addition of debt instruments at fair value through other comprehensive income of approximately HK\$4.1 million, net cash outflow from addition of financial assets at fair value through profit or loss of approximately HK\$12.3 million.

The Group's net cash used in financing activities for 1HFY2025 was approximately HK\$39.7 million, which was mainly attributable to the dividend paid of approximately HK\$35.0 million, and the payment of lease liabilities of approximately of HK\$4.7 million. The Group had a net cash position as at 31 December 2024 and 30 June 2024. As at 31 December 2024, the Group's total equity was approximately HK\$2,265.4 million, representing a decrease of approximately HK\$50.8 million as compared with approximately HK\$2,316.2 million as at 30 June 2024. The Group's working capital was approximately HK\$1,203.4 million as at 31 December 2024, representing a decrease of approximately HK\$187.4 million as compared with approximately HK\$1,390.8 million as at 30 June 2024.

As at 31 December 2024, the Group's bank balances and cash were mainly denominated in US dollars, Renminbi and Hong Kong dollar.

The gearing ratio being calculated as total debt over total equity was approximately 1.0% and approximately 1.2% as at 31 December 2024 and 30 June 2024 respectively.

### **Charge on Group Assets**

There was no material charge on the Group's assets as at 31 December 2024 and 30 June 2024.

### **Contingent Liabilities**

The Group did not have any material contingent liabilities as at 31 December 2024 and 30 June 2024.

## Capital Commitments

Set out below is the breakdown of capital commitment of the Group as at 31 December 2024 and 30 June 2024:

	<b>As at 31 December 2024 <i>HK\$'000</i></b>	<b>As at 30 June 2024 <i>HK\$'000</i></b>
Capital commitments in respect of property, plant and equipment	<b>10,329</b>	11,349
Capital commitments in respect of unlisted investment funds	<b><u>26,665</u></b>	<u>39,041</u>
	<b><u><u>36,994</u></u></b>	<b><u><u>50,390</u></u></b>

## 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 2024, the Group employed a total of approximately 2,800 full time employees (30 June 2024: approximately 3,000). The staff costs incurred during 1HFY2025 was approximately HK\$126.4 million (1HFY2024: approximately HK\$137.4 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**

There was no charitable and other donations for 1HFY2025 (1HFY2024: approximately HK\$0.4 million). No donations were made to political parties.

## **Prospect and Strategies**

The performance of China's retail market was unsatisfactory in the second half of 2024. Ongoing adjustments in the real estate market suppressed housing-related consumption, thereby affecting overall retail performance. In addition, international trade frictions and global economic fluctuations affected China's exports, subsequently adversely affecting the domestic employment market. Economic uncertainty and employment pressures had weakened consumer confidence, with more people opting to save rather than spend, causing the weak performance of the Group's business in China in the second half of 2024.

For Tian Wang Watch Business and Other Brands (PRC) Businesses, the Group will continue to trim low performance sales outlet, and optimize its sales network, in order to maintain the best geographical market coverage. 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. For example, during 1HFY2025, the Group had introduced box sets consisting of fashionable watches and well-designed jewelry products and accessories.

From 1 July 2024, alongside with wholesale and retail business of owned brand watches – Balco Watch and imported watches, the Group commenced supplying watches mainly of well-known brands on OEM/ODM base to corporate customers. We will monitor the growth in OEM/ODM watch production, and expand the production facilities when necessary.

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 upheaval in economy. 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 China's retail market in 2025 will be influenced by multiple factors including macroeconomic conditions, policy environment, and consumption trends. For the positive side, the PRC government has launched various policies in boosting the economy, for example, supporting continuing growth in small and medium enterprises, providing consumer vouchers and subsidies to items like new energy vehicles, home appliances, and furniture, which will lead to improved employment prospects and increased consumer confidence. However, if Sino-US trade tensions flare up again, exports suffer, impacting domestic employment and income. The management expects that the Group's performance and financial position will inevitably be affected in the next couple of years.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during 1HFY2025.

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

There were no material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during 1HFY2025, and the Company did not have any future plans for material investments or capital assets as at the date of this announcement.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix C1 to the Listing Rules as its code of corporate governance practices. Save as disclosed below, during 1HFY2025, 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. Although the responsibilities of the chairman and the chief executive officer are vested in one person, all major decisions are made in consultation with the Board members and the senior management of the Company. As there are three independent non-executive Directors on the Board, the Board considers that there is sufficient balance of power on the Board. Also, 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 as set out in Appendix C3 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 1HFY2025.



## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Company for 1HFY2025 and discussed with the management of the Group with respect to the accounting treatment and internal control measures adopted by the Company.

## **INTERIM DIVIDEND**

The board of Directors did not recommend a payment of an interim dividend for 1HFY2025 (1HFY2024: 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 2024 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**  
**Tung Koon Ming**  
*Chairman and Executive Director*

Hong Kong, 27 February 2025

*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.*