TWI GROUP

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 Report 2025

Who We Are

We are the leading manufacturer, brand-owner and retailer of domestic watches in the People's Republic of China (the "PRC").

Established in 1988, the Group's core proprietary brand, Tian Wang (天王), has been developed into a well-known and one of the top national watch brands in the PRC, positioning for the mass market. Another proprietary brand of the Group, Balco, which was initially registered in Switzerland in 1986 by an independent third party and was acquired by the Group in 2002, offers Swiss-made watches targeting younger middle-income consumers in the PRC.

With long brand heritage and reputation in the PRC, we operate an extensive offline sales network of approximately 1,700 directly managed and controlled points of sales together with sales channels in various major e-commerce platforms.

Mission

We continue to improve our efficiency in production and store operation through strategically expanding sales network and devote greater effort on e-commerce, enhancing the Group's overall competitiveness.

We will continue to focus on achieving good financial performance to deliver stable returns and long term value to our shareholders.

We deliver quality experience to our customers through provision of excellence pre-sale and aftersale service.

We hire talents who participate in the success of the Company and will invest in the development of all our employees.

Vision

We strive to provide stylish and high-quality watches with reasonable price to customers, strengthen our leading position in the market, deliver sustainable shareholder value to our shareholders and help our employees to grow and share the success of the Company.

Contents

FINANCIAL HIGHLIGHTS

	Six months ended 31 December 2024 *HK$'000* (Unaudited)	Six months ended 31 December 2023 *HK$'000* (Unaudited)
Revenue	**342,957**	431,964
Gross profit	**235,072**	315,582
Gross margin (%)	**68.5%**	73.1%
(Loss)/profit attributable to owners of the Company	**(10,914)**	11,482

	As at 31 December 2024 *HK$'000* (Unaudited)	As at 30 June 2024 *HK$'000* (Audited)
Total assets	**2,472,365**	2,540,873
Total liabilities	**206,951**	224,705
Equity attributable to owners of the Company	**2,265,008**	2,314,592
Average Inventory Turnover Days (days)	**316**	317
Average Trade Receivables Turnover Days (days)	**56**	61
Average Trade Payables Turnover Days (days)	**43**	31

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 ("1HFY2024") to approximately HK$343.0 million for the six months ended 31 December 2024 ("1HFY2025"). 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 1HFY2025 (1HFY2024: 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 1HFY2024 to approximately HK$284.8 million for 1HFY2025. 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 1HFY2024 to approximately HK$16.1 million for 1HFY2025. 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 1HFY2025 (1HFY2024: approximately 9.2%). For 1HFY2025, 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 1HFY2024.

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 1HFY2025 was approximately HK$56.5 million, representing a decrease of approximately HK$27.8 million from approximately HK$84.3 million for 1HFY2024. 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 1HFY2025 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:

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

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.

FINANCIAL ASSETS AT AMORTISED COST

As at 31 December 2024, financial assets at amortised cost of the Group represented fixed deposits issued by banks in the PRC. The table below sets out a summary of the financial assets at amortised cost of the Group as at 31 December 2024 and the comparative figures as at 30 June 2024:

Issuer	Product type	Principal business	Investment cost as at		Fair value as at		Interest income from these product for 1HFY2025	Realised interest income for 1HFY2025	Unrealised gain or loss and interest income during 1HFY2025	Size relative to the Company's total asset as at 31 December 2024
			31 December 2024	30 June 2024	31 December 2024	30 June 2024				
			(RMB'000)	*(RMB'000)*	*(HKD'000)*	*(HKD'000)*	*(HKD'000)*	*(HKD'000)*	*(HKD'000)*	*(HKD'000)*
Agricultural Bank of China	Fixed deposit	Banking services	92,000	90,000	98,854	96,696	1,126	–	1,131	4.0%
Huaxia Bank	Fixed deposit	Banking services	245,000	165,000	263,253	177,276	3,100	2,211	2,502	10.6%
Bank of Ningbo	Fixed deposit	Banking services	–	51,000	–	54,794	5,823	5,823	–	0.0% *(Note 1)*
China Guangfa Bank	Fixed deposit	Banking services	140,000	130,000	150,430	139,672	2,170	–	2,166	6.1%
Pudong Development Bank	Fixed deposit	Banking services	30,000	–	32,235	–	552	–	438	1.3%
China Merchants Bank	Fixed deposit	Banking services	5,000	–	5,372	–	9	–	8	0.2%

Note 1: Such product has reached maturity before 31 December 2024. As such, the size relative to the Company's total assets as at 31 December 2024 is not applicable.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2024, financial assets at fair value through profit or loss of the Group represented unlisted investment fund units, unlisted financial products purchased from commercial banks and insurance companies. The table below sets out a summary of the financial assets at fair value through profit or loss of the Group as at 31 December 2024 and the comparative figures as at 30 June 2024:

Issuer	Product type	Principal business	Investment cost as at		Fair value as at		Interest income from these product for 1HFY2025	Realised gain/ interest income for 1HFY2025	Unrealised gain/(loss) for 1HFY2025	Size relative to the Company's total asset as at 31 December 2024
			31 December 2024	30 June 2024	31 December 2024	30 June 2024				
			('000)	*('000)*	*(HKD'000)*	*(HKD'000)*	*(HKD'000)*	*(HKD'000)*	*(HKD'000)*	
KKR Ascendant Fund SCSp	Unlisted investment fund units	Investment in businesses	USD1,573	–	12,262	–	–	–	–	0.5%
FWD Life insurance Company (Bermuda) Limited	Life insurance	Life services	HKD10,000	HKD10,000	7,404	7,404	N/A	N/A	N/A	0.3%
Manulife (International) Limited	Universal life insurance	Life services	HKD5,000	HKD5,000	2,624	2,624	N/A	N/A	N/A	0.1%

DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 31 December 2024, debt instruments at fair value through other comprehensive income of the Group represented listed corporate bonds. The table below sets out a summary of the debt instruments at fair value through other comprehensive income of the Group as at 31 December 2024 and the comparative figures as at 30 June 2024:

Issuer	Product type	Principal business	Investment cost as at		Fair value as at		Interest income from these product for 1HFY2025	Realised gain/ interest income for 1HFY2025	Unrealised gain/(loss) for 1HFY2025	Size relative to the Company's total asset as at 31 December 2025
			31 December 2024 *(USD'000)*	30 June 2024 *(USD'000)*	31 December 2024 *(HKD'000)*	30 June 2024 *(HKD'000)*	*('000)*	*('000)*	*('000)*	
HSBC Holdings Plc	Corporate bonds	Banking services	2,360	4,700	17,598	37,458	1,732	1,732	(651)	0.7%
Nan Fung Treasury (III) Limited	Corporate bonds	Property development	6,720	6,720	39,346	36,645	1,366	1,366	3,676	1.6%
NWD Finance (BVI) Limited	Corporate bonds	Property development	6,500	6,500	19,455	28,853	1,708	1,708	(8,264)	0.8%
Barclays Plc	Corporate bonds	Banking services	3,977	3,977	31,126	30,676	955	955	632	1.3%
Societe Generale SA	Corporate bonds	Banking services	2,901	–	22,143	–	795	555	(293)	0.9%

During 1HFY2024, the Group had adopted a conservative approach in deploying its surplus fund, such as investment in fixed deposits, certificate of deposits, low risk and high credit rating products issued by financial institutions and listed companies. The Group will from time to time monitor market situation, continue to adopt this investment strategy in order to optimize the usage of its surplus fund.

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 report.

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 up to FY2024. For 1HFY2025, the Company had not further utilised the proceeds. Set out below are details of the unutilised net proceeds from IPO as at 1 July 2024 and 31 December 2024:

	Amount of net proceeds allocated and unutilised as at 1 July 2024 *(HK$'m)*	**Amount of net proceeds utilised for 1HFY2025** *(HK$'m)*	**Balance as at 31 December 2024** *(HK$'m)*	**Actual business progress up to 31 December 2024**
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

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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2024

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)

For the six months ended 31 December 2024 (cont'd)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	**As at 31 December 2024 HK$'000 (Unaudited)**	As at 30 June 2024 HK$'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	*18*	**56,430**	55,481
		1,109,432	995,364
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
		1,362,933	1,545,509

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

At 31 December 2024 (cont'd)

	Notes	**As at 31 December 2024 HK$'000 (Unaudited)**	As at 30 June 2024 HK$'000 (Audited)
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
		159,037	154,723
Net current assets		**1,203,896**	1,390,786
Total assets less current liabilities		**2,313,328**	2,386,150
Capital and reserves			
Share capital	*17*	**205,807**	205,807
Reserves		**2,059,201**	2,108,785
Equity attributable to owners of the Company		**2,265,008**	2,314,592
Non-controlling interests		**406**	1,576
Total equity		**2,265,414**	2,316,168
Non-current liabilities			
Deferred tax liabilities	*18*	**42,536**	62,815
Lease liabilities	*9*	**5,378**	7,167
		47,914	69,982
		2,313,328	2,386,150

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2024

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Special reserve *HK$'000* *(Note a)*	Translation reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Properties revaluation reserve *HK$'000*	Statutory surplus reserves *HK$'000* *(Note b)*	Accumulated profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 July 2024	205,807	501,230	(230,147)	(110,694)	(37,363)	7,663	70,514	1,907,582	2,314,592	1,576	2,316,168
Loss for the period	–	–	–	–	–	–	–	(10,914)	(10,914)	(1,258)	(12,172)
Exchange differences arising on translation	–	–	–	4,143	–	–	–	–	4,143	88	4,231
Gain on revaluation of leasehold land and buildings	–	–	–	–	–	54	–	–	54	–	54
Fair value change on debt instruments at fair value through other comprehensive income	–	–	–	–	(7,119)	–	–	–	(7,119)	–	(7,119)
Reclassification adjustment relating to debt instruments at fair value through other comprehensive income disposed of during the period	–	–	–	–	(761)	–	–	–	(761)	–	(761)
Total comprehensive (expense) income for the period	–	–	–	4,143	(7,880)	54	–	(10,914)	(14,597)	(1,170)	(15,767)
Appropriation to reserve	–	–	–	–	–	–	614	(614)	–	–	–
Dividends recognised as distribution during the period	–	–	–	–	–	–	–	(34,987)	(34,987)	–	(34,987)
At 31 December 2024 (unaudited)	205,807	501,230	(230,147)	(106,551)	(45,243)	7,717	71,128	1,861,067	2,265,008	406	2,265,414
At 1 July 2023	205,807	501,230	(230,147)	(103,792)	(23,359)	9,537	69,562	1,957,221	2,386,059	1,531	2,387,590
Profit for the period	–	–	–	–	–	–	–	11,482	11,482	(459)	11,023
Exchange differences arising on translation	–	–	–	20,319	–	–	–	–	20,319	540	20,859
Gain on revaluation of leasehold land and buildings	–	–	–	–	–	56	–	–	56	–	56
Fair value change on debt instruments at fair value through other comprehensive income	–	–	–	–	(17,571)	–	–	–	(17,571)	–	(17,571)
Reclassification adjustment relating to debt instruments at fair value through other comprehensive income disposed of during the period	–	–	–	–	2,864	–	–	–	2,864	–	2,864
Total comprehensive (expense) income for the period	–	–	–	20,319	(14,707)	56	–	11,482	17,150	81	17,231
Appropriation to reserve	–	–	–	–	–	–	919	(919)	–	–	–
Dividends recognised as distribution during the period	–	–	–	–	–	–	–	(82,320)	(82,320)	–	(82,320)
At 31 December 2023 (unaudited)	205,807	501,230	(230,147)	(83,473)	(38,066)	9,593	70,481	1,885,464	2,320,889	1,611	2,322,500

Notes:

(a) The special reserve represents: (i) the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the share capital of the acquired subsidiaries; (ii) financial guarantee provided to ultimate holding company as a result of group reorganisation which occurred in prior years; and (iii) the difference between the nominal amount and fair value of the loan advanced from a non-controlling shareholder of a subsidiary at initial recognition.

(b) The statutory surplus reserves represent enterprise development and general reserve fund appropriated from the profit after taxation of subsidiaries established in the People's Republic of China (the "PRC").

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2024

	Six months ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	**56,501**	84,281
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	**(118,693)**	133,080
NET CASH USED IN FINANCING ACTIVITIES	**(39,661)**	(85,767)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(101,853)**	131,594
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**959,234**	792,200
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**4,561**	3,987
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by Bank balances and cash	**861,942**	927,781

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

2. PRINCIPAL ACCOUNTING POLICIES (cont'd)

Application of amendments to HKFRSs (cont'd)

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.

3. REVENUE AND SEGMENT INFORMATION (cont'd)

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)

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

3. REVENUE AND SEGMENT INFORMATION (cont'd)

Six months ended 31 December 2023 (Unaudited)

	Tian Wang Watch Business	Watch Movements Trading Business	Other Brands (PRC) Business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
External sales	379,400	39,796	12,768	431,964
Inter-segment sales	–	4,680	–	4,680
Segment revenue	379,400	44,476	12,768	436,644
Elimination				(4,680)
Group revenue				431,964
Results				
Segment results	4,041	(1,247)	(1,259)	1,535
Interest income				32,730
Unallocated other income, gains and losses				(1,078)
Central administration costs				(17,515)
Finance costs				(312)
Profit before taxation				15,360

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

	Six months ended 31 December 2024 HK$'000 (Unaudited)	2023 HK$'000 (Unaudited)
Other income:		
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 *(Note)*	**4,600**	8,356
Rental income	**1,936**	2,109
Others	**2,048**	2,368
	40,539	46,890
Other gains and losses:		
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)
	(7,513)	(7,384)
	33,026	39,506

4. OTHER INCOME, GAINS AND LOSSES (cont'd)

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
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	**–**	–
PRC Enterprise Income Tax	**(5,625)**	2,662
PRC withholding tax	**16,304**	5,145
	10,679	7,807
Overprovision in prior years:		
PRC Enterprise Income Tax	**(35)**	–
	10,644	7,807
Deferred taxation	**(21,228)**	(3,470)
	(10,584)	4,337

5. INCOME TAX (CREDIT) CHARGE (cont'd)

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)	**104,953**	115,709
Retirement benefit scheme contributions (including Directors' remuneration)	**21,452**	21,717
Total staff costs	**126,405**	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:

	Six months ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings:		
Earnings for the purpose of calculating basic (loss) earnings per share – (Loss)/profit for the period attributable to owners of the Company	**(10,914)**	11,482
	'000	*'000*
Numbers of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**2,058,068**	2,058,068

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. (1HFY2024: 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 (1HFY2024: no right-of-use assets and lease liabilities recognised).

10. INVESTMENT PROPERTIES

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

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

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

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.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (cont'd)

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 *HK$'000* **(Unaudited)**	As at 30 June 2024 *HK$'000* (Audited)
Debt instruments	**129,668**	133,632
Analysed for reporting purposes as:		
Non-current assets	**129,668**	133,632

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

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

15. TRADE RECEIVABLES

	As at 31 December 2024 HK$'000 (Unaudited)	As at 30 June 2024 HK$'000 (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)
	77,967	131,579

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.

15. TRADE RECEIVABLES (cont'd)

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:

	As at 31 December 2024 *HK$'000* **(Unaudited)**	As at 30 June 2024 *HK$'000* (Audited)
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	**6,531**	7,003
	76,490	129,618

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:

	As at 31 December 2024 *HK$'000* **(Unaudited)**	As at 30 June 2024 *HK$'000* (Audited)
0 to 60 days	**1,477**	1,961

16. TRADE PAYABLES AND BILLS PAYABLE

	As at 31 December 2024 *HK$'000* **(Unaudited)**	As at 30 June 2024 *HK$'000* (Audited)
Trade payables to third parties	**25,413**	22,183
Bills payable to third parties	**1,676**	949
	27,089	23,132

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 *HK$'000* **(Unaudited)**	As at 30 June 2024 *HK$'000* (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	**1,624**	1,921
	25,413	22,183

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

17. SHARE CAPITAL

	Number of shares	Share capital
	'000	*HK$'000*
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 July 2023, 30 June 2024 and 31 December 2024	100,000,000	100,000,000
Issued:		
At 1 July 2023, 30 June 2024 and 31 December 2024	2,058,068	205,807

All the shares issued rank pari passu with the existing shares in all respects.

18. DEFERRED TAXATION

The following are the major deferred tax (assets) liabilities recognised and movement during the period:

	Allowance for obsolete inventories	Allowance for credit losses	Unrealised profit	Accelerated tax depreciation	Revaluation of a property	Withholding tax arising from PRC subsidiaries	Impairment, provision and other temporary differences	Right-of-use assets (restated)	Lease liabilities (restated)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2024	(32,386)	(6,787)	(11,035)	772	(1,535)	62,043	(3,738)	2,793	(2,793)	7,334
Charged (credited) to profit or loss	328	35	(1,312)	–	–	(20,279)	–	–	–	(21,228)
At 31 December 2024 (unaudited)	(32,058)	(6,752)	(12,347)	772	(1,535)	41,764	(3,738)	2,793	(2,793)	(13,894)

For the purpose of presentation in the condensed consolidated statement of financial position, the following is the analysis of the deferred taxation.

	As at 31 December 2024	As at 30 June 2024
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Deferred tax assets	**56,430**	55,481
Deferred tax liabilities	**42,536**	62,815

The Group had unused tax losses of approximately HK$133,750,000 and approximately HK$116,513,000 as at 31 December 2024 and 30 June 2024 respectively. No deferred tax assets have been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

19. COMMITMENTS

a. Operating lease commitments

The Group as lessor

At 31 December 2024 and 30 June 2024, the Group had contracted with tenants for the following future minimum lease payments:

	As at 31 December 2024 HK$'000 (Unaudited)	As at 30 June 2024 HK$'000 (Audited)
Within one year	**2,999**	2,255
Second year	**2,681**	1,868
Third year	**213**	210
Fourth year	**220**	212
Fifth year	**234**	230
Over five years	**414**	530
	6,761	5,305

b. Capital commitments

	As at 31 December 2024 HK$'000 (Unaudited)	As at 30 June 2024 HK$'000 (Audited)
Capital commitments in respect of property, plant and equipment	**10,329**	11,349
Capital commitments in respect of unlisted investment funds	**26,665**	39,041
	36,994	50,390

20. RELATED PARTY TRANSACTIONS

Saved as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following related party transactions during the period:

	Six months ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Sales to entities related to a non-controlling interest of a subsidiary *(Note b)*	**12,573**	1,312
Short-term lease payment to related companies *(Note a)*	**212**	211
Rental income from an entity related to a non-controlling interest of a subsidiary *(Note b)*	**382**	–

Notes:

(a) The related companies are wholly owned and controlled by Mr. Tung Koon Ming, an executive Director. These transactions are also constitute connected transactions under the Listing Rules.

(b) These transactions also constitute continuing connected transactions under the Listing Rules.

20. RELATED PARTY TRANSACTIONS (cont'd)

Compensation of key management personnel

The remuneration of Directors and other members of key management were as follows:

	Six months ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Short-term benefits	**6,219**	6,209
Post-employment benefits	**75**	70
	6,294	6,279

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (cont'd)

(i) *Fair value of the Group's financial assets that are measured at fair value on a recurring basis* (cont'd)

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at 31 December 2024 *HK$'000* (unaudited)	Fair value as at 30 June 2024 *HK$'000* (audited)	Fair value hierarchy	Valuation techniques and key input	Significant unobservable input
Debts instruments at FVTOCI					
– Corporate bonds	**129,668**	133,632	Level 1	Quoted bid prices	N/A
Financial assets at FVTPL					
– Life insurance	**10,028**	10,028	Level 3	Discounted cash flow approach	1. Discount rate *(Note 1)* 2. Marginal Death Rate *(Note 2)*
– Unlisted investment fund units	**12,262**	–	Level 2	Net asset value	*Note 3*

Note 1: The higher the discount rate, the lower the fair value.

Note 2: The higher the marginal death rate, the higher the fair value.

Note 3: The significant unobservable inputs of the investments are the net asset value of the underlying made by fund. The higher the net asset value of the underlying investments, the higher the fair value.

There were no transfer between Level 1 and 2 in the period.

(ii) *Fair value of the Group's financial assets that are not measured at fair value on a recurring basis*

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

ADDITIONAL INFORMATION

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 (including sale of treasury shares). As at 30 June 2024, the Company did not have any treasury shares (as defined in the Listing Rules).

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).

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company ("Shares"), underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Name of Group member/ associated corporation	Capacity/ nature of interest	Number and class of securities *(Note 1)*	Approximate percentage of shareholding *(Note 3)*
Mr. Tung Koon Ming ("Mr. Tung")	Company	Beneficiary of a trust *(Note 2)*	1,466,869,000 Shares (L)	71.27%
Mr. Tung Koon Kwok Dennis	Company	Beneficial owner	16,778,000 Shares (L)	0.82%

Notes:

1. The letter "L" denotes a long position in the shares of the Company or the relevant associated corporation.

2. These Shares as to 10,592,000 Shares were held by Tung Koon Ming Family (PTC) Limited and as to 1,456,277,000 Shares were held by Red Glory Investments Limited ("Red Glory"), which was in turn wholly owned by Tung Koon Ming Family (PTC) Limited. Tung Koon Ming Family (PTC) Limited is a trust of which Mr. Tung is the settlor and a beneficiary. Accordingly, Mr. Tung was deemed to be interested in all the Shares held by Tung Koon Ming Family (PTC) Limited and Red Glory by virtue of the SFO.

3. The percentage has been calculated based on the total number of Shares in issue as at 31 December 2024 (i.e. 2,058,068,000 shares).

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executive of the Company had an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 31 December 2024, the interests and short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of shareholder	Capacity/nature of interest	Number and class of securities *(Note 1)*	Approximate percentage of shareholding *(Note 6)*
Tung Koon Ming Family (PTC) Limited	Interest of a controlled corporation *(Note 2)*	1,456,277,000 Shares (L)	70.76%
	Beneficial owner *(Note 2)*	10,592,000 Shares (L)	0.51%

Name of shareholder	Capacity/nature of interest	Number and class of securities *(Note 1)*	Approximate percentage of shareholding *(Note 6)*
Red Glory	Beneficial owner	1,456,277,000 Shares (L)	70.76%
Ms. Tam Fun Hung ("Ms. Tam")	Interest of spouse *(Note 3)*	1,466,869,000 Shares (L)	71.27%
Areo Holdings Limited	Interest of a controlled corporation *(Note 4)*	186,292,000 Shares (L)	9.05%
Lam Lai Ming	Interest of a controlled corporation *(Note 4)*	186,292,000 Shares (L)	9.05%
Li Gabriel	Interest in a controlled corporation *(Note 4)*	186,292,000 Shares (L)	9.05%
Orchid Asia V, L.P.	Beneficial owner *(Note 4)*	180,946,000 Shares (L)	8.79%
OAV Holdings, L.P.	Interest of a controlled corporation *(Note 4)*	180,946,000 Shares (L)	8.79%
Orchid Asia V GP, Limited	Interest of a controlled corporation *(Note 4)*	180,946,000 Shares (L)	8.79%
Orchid Asia V Group Management, Limited	Interest of a controlled corporation *(Note 4)*	180,946,000 Shares (L)	8.79%
Orchid Asia V Group, Limited	Interest of a controlled corporation *(Note 4)*	180,946,000 Shares (L)	8.79%
Webb David Michael	Interest of a controlled corporation *(Note 5)*	63,354,320 Shares (L)	3.08%
	Beneficial owner	41,217,680 Shares (L)	2.00%

1. The letter "L" denotes a person's long position in the Shares or underlying Shares.

2. Tung Koon Ming Family (PTC) Limited was deemed to be interested in all these Shares by virtue of the SFO. Details of the interests in all these Shares are disclosed in note 2 to the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" in this interim report.

3. Ms. Tam is the spouse of Mr. Tung. Ms. Tam was deemed to be interested in the Shares in which Mr. Tung was interested by virtue of the SFO. Details of Mr. Tung's interests in the Shares are disclosed in note 2 to the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" in this interim report.

4. So far as the Directors are aware of, these Shares were beneficial owned as to 180,946,000 Shares by Orchid Asia V, L.P. and 5,346,000 Shares by Orchid Asia V Co-Investment, Limited. So far as the Directors are aware of, Orchid Asia V, L.P. was wholly-controlled by OAV Holdings, L.P., which was in turn wholly-owned by Orchid Asia V GP, Limited. Orchid Asia V GP, Limited was wholly-owned by Orchid Asia V Group Management, Limited, which was in turn wholly-owned by Orchid Asia V Group, Limited. Orchid Asia V Group, Limited was wholly-owned by Areo Holdings Limited.

   So far as the Directors are aware of, Orchid Asia V Co-Investment, Limited was also wholly-controlled by Areo Holdings Limited. Areo Holdings Limited was wholly-owned by Ms. Lam Lai Ming. Areo Holdings Limited is also controlled by Mr. Li Gabriel by virtue of his directorship therein. Accordingly, Ms. Lam Lai Ming and Mr. Li Gabriel were taken to be interested in the Shares in which Areo Holdings Limited was interested by virtue of the SFO.

5. So far as the Directors are aware of, these Shares were held by Preferable Situation Assets Limited, which was wholly-owned by Mr. Webb David Michael. Mr. Webb David Michael was deemed to be interested in all Shares in which Preferable Situation Assets Limited was interested by virtue of the SFO.

6. The percentage has been calculated based on the total number of Shares in issue as at 31 December 2024 (i.e. 2,058,068,000 shares).

Save as disclosed above, as at 31 December 2024, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tung Koon Ming *(Chairman and chief executive officer)*
Mr. Tung Koon Kwok Dennis
Mr. Tung Wai Kit
Mr. Deng Guanglei

Independent non-executive Directors

Mr. Wong Wing Keung Meyrick
Mr. Choi Ho Yan
Ms. Law Stacey Man Yee

AUDIT COMMITTEE

Mr. Choi Ho Yan *(Chairman)*
Mr. Wong Wing Keung Meyrick
Ms. Law Stacey Man Yee

NOMINATION COMMITTEE

Mr. Tung Koon Ming *(Chairman)*
Mr. Wong Wing Keung Meyrick
Ms. Law Stacey Man Yee

REMUNERATION COMMITTEE

Mr. Wong Wing Keung Meyrick *(Chairman)*
Mr. Choi Ho Yan
Ms. Law Stacey Man Yee

CORPORATE GOVERNANCE COMMITTEE

Mr. Wong Wing Keung Meyrick *(Chairman)*
Mr. Choi Ho Yan
Ms. Law Stacey Man Yee

COMPANY SECRETARY
Ms. Hui Wai Man, Shirley

AUDITOR
Baker Tilly Hong Kong Limited
Level 8, K11 ATELIER King's Road
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LEGAL ADVISERS
Chiu & Partners (as to Hong Kong laws)
Scihead & Partners (as to PRC laws)

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HONG KONG BRANCH SHARE REGISTRAR
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STOCK CODE ON THE HONG KONG STOCK EXCHANGE

2033

INVESTOR INFORMATION

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