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

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

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 30 JUNE 2026

- Revenue for FY2026 decreased by approximately 12.1% to approximately HK\$606.3 million, as compared with approximately HK\$689.4 million for FY2025.
- Gross profit for FY2026 decreased by approximately 16.9% to approximately HK\$397.1 million, as compared with approximately HK\$477.8 million for FY2025.
- Gross profit margin decreased from approximately 69.3% for FY2025 to approximately 65.5% for FY2026.
- Loss attributable to owners of the Company for FY2026 was approximately HK\$81.9 million, as compared to loss attributable to owners of the Company of approximately HK\$17.5 million for FY2025.
- Basic loss per Share for FY2026 was HK4.0 cents (FY2025: Basic loss per Share of HK0.9 cents).
- The board did not recommend a payment of final dividend for FY2026 (FY2025: special dividend of HK1.0 cents per share).

ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2026

The board (the “**Board**”) of directors (the “**Directors**”) of Time Watch Investments Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 30 June 2026 (“**FY2026**” or the “**Year**”) together with the consolidated statement of financial position of the Group as at 30 June 2026, and the notes with comparative figures for the year ended 30 June 2025 (“**FY2025**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2026

	NOTES	2026 HK\$'000	2025 HK\$'000
Revenue	3	606,349	689,431
Cost of sales		<u>(209,220)</u>	<u>(211,629)</u>
Gross profit		397,129	477,802
Other income, gains and losses, net	4	21,952	61,024
Net reversal of impairment losses on trade receivables		202	734
Selling and distribution costs		(390,821)	(477,623)
Administrative expenses		(85,122)	(83,844)
Impairment losses on property, plant and equipment		(20,329)	(4,835)
Impairment losses on right-of-use assets		(1,763)	–
Net provision for onerous contracts		(1,323)	(3,131)
Finance costs	5	<u>(1,151)</u>	<u>(592)</u>
Loss before taxation		(81,226)	(30,465)
Income tax (charge) credit	6	<u>(701)</u>	<u>11,619</u>
Loss for the year	7	<u>(81,927)</u>	<u>(18,846)</u>

	NOTES	2026 HK\$'000	2025 HK\$'000
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss:			
Loss on revaluation of properties and car park		–	(9,114)
Deferred tax on revaluation of a property		–	1,451
Exchange differences arising on translation		49,262	22,372
Items that may be reclassified subsequently to profit or loss:			
Fair value change of debt instruments at fair value through other comprehensive income		25,480	(14,045)
Reclassification adjustment relating to debt instruments at fair value through other comprehensive income disposed of during the year		(861)	(760)
		<u>73,881</u>	<u>(96)</u>
Total comprehensive expense for the year		<u>(8,046)</u>	<u>(18,942)</u>
Loss for the year attributable to:			
Owners of the Company		(81,850)	(17,535)
Non-controlling interests		(77)	(1,311)
		<u>(81,927)</u>	<u>(18,846)</u>
Total comprehensive (expense) income attributable to:			
Owners of the Company		(9,356)	(18,080)
Non-controlling interests		1,310	(862)
		<u>(8,046)</u>	<u>(18,942)</u>
Loss per share	9		
– Basic (<i>HK cents</i>)		<u>(4.0)</u>	<u>(0.9)</u>

Details of dividends proposed during the year are disclosed in note 8 to this annual results announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

		2026	2025
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	<i>10</i>	266,504	317,480
Right-of-use assets	<i>11</i>	30,868	34,437
Investment properties	<i>12</i>	110,217	122,519
Financial assets at fair value through profit or loss	<i>13</i>	115,404	24,923
Debt instruments at fair value through other comprehensive income	<i>14</i>	195,422	153,080
Financial assets at amortised cost	<i>15</i>	126,907	257,513
Deferred tax assets		62,109	55,559
		907,431	965,511
Current assets			
Inventories	<i>16</i>	159,736	166,741
Trade receivables and bills receivables	<i>17</i>	78,702	90,124
Other receivables, deposits and prepayments	<i>17</i>	55,000	60,602
Tax recoverable		2,273	4,127
Financial assets at fair value through profit or loss	<i>13</i>	119,765	—
Financial assets at amortised cost	<i>15</i>	210,061	204,257
Bank balances and cash		945,911	979,751
		1,571,448	1,505,602

		2026	2025
	NOTES	HK\$'000	HK\$'000
Current liabilities			
Trade payables and bills payable	18	24,399	16,385
Other payables and accrued charges		76,493	65,493
Tax payable		38,982	53,554
Lease liabilities		3,581	3,156
Bank and other borrowings		65,507	32,140
		<u>208,962</u>	<u>170,728</u>
Net current assets		<u>1,362,486</u>	<u>1,334,874</u>
Total assets less current liabilities		<u><u>2,269,917</u></u>	<u><u>2,300,385</u></u>
Capital and reserves			
Share capital		205,807	205,807
Reserves		2,025,781	2,055,718
Equity attributable to owners of the Company		2,231,588	2,261,525
Non-controlling interests		(1,055)	257
Total equity		<u>2,230,533</u>	<u>2,261,782</u>
Non-current liabilities			
Deferred tax liabilities		38,313	34,991
Lease liabilities		1,071	3,612
		<u>39,384</u>	<u>38,603</u>
		<u><u>2,269,917</u></u>	<u><u>2,300,385</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

1. GENERAL

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

The Company is an investment holding company.

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

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the disclosure requirements of the Hong Kong Companies Ordinance.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

2.1 Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 July 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.2 New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 20	Regulatory Assets and Regulatory Liabilities ⁴
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 28	Amendments to the Fair Value Option for Investments in Associates and Joint Ventures ³
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ Effective for annual periods beginning on or after 1 January 2029.

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

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

The disclosure requirements in HKFRS 7 “Financial Instrument: Disclosures” in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent event not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The amendments are required to be applied retrospectively, with specific exceptions. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements”. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (the title of which will be changed to Basis of Preparation of Financial Statements upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. Additional disclosures required for the Group’s MPMs will be disclosed in a separate note to the consolidated financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue

Disaggregation of revenue from contracts with customers

Type of goods	For the year ended 30 June 2026	
	Watches	Watch
	HK\$'000	movements HK\$'000
Sales of watches		
– Tian Wang Watch	484,330	–
– Other brands	33,648	–
	<u>517,978</u>	<u>–</u>
Trading of watch movements	<u>–</u>	<u>88,371</u>
Total	<u>517,978</u>	<u>88,371</u>
Sales channel		HK\$'000
Retail		326,711
E-commerce platforms		150,298
Wholesale		<u>129,340</u>
Total		<u>606,349</u>
Timing of revenue recognition		
A point in time		<u>606,349</u>

Type of goods	For the year ended 30 June 2025	
	Watches HK\$'000	Watch movements HK\$'000
Sales of watches		
– Tian Wang Watch	580,764	–
– Other brands	26,433	–
	<u>607,197</u>	<u>–</u>
Trading of watch movements	–	82,234
Total	<u>607,197</u>	<u>82,234</u>
Sales channel		HK\$'000
Retail		396,072
E-commerce platforms		184,349
Wholesale		<u>109,010</u>
Total		<u>689,431</u>
Timing of revenue recognition		
A point in time		<u>689,431</u>

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

- a. **Tian Wang Watch Business** – Manufacturing, wholesale and retail business of owned brand watches – Tian Wang Watch;
- b. **Watch Movements Trading Business** – Wholesale of watch movements; and
- c. **Other Brands (PRC) Business** – Wholesale and retail business of owned brand watches – Balco Watch, imported watches and Original Equipment Manufacturer (“OEM”)/Original Design Manufacturer (“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 and reporting segment.

Segment revenue and results

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

Year ended 30 June 2026

	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>
Revenue				
External sales	484,330	88,371	33,648	606,349
Inter-segment sales	—	3,736	—	3,736
Segment revenue	<u>484,330</u>	<u>92,107</u>	<u>33,648</u>	610,085
Elimination				<u>(3,736)</u>
Group revenue				<u>606,349</u>
Results				
Segment results	<u>(59,753)</u>	<u>955</u>	<u>(3,133)</u>	(61,931)
Interest income				48,698
Unallocated other income, gains and losses				(28,645)
Central administration costs				(38,197)
Finance costs				<u>(1,151)</u>
Loss before taxation				<u>(81,226)</u>

Year ended 30 June 2025

	Tian Wang Watch Business HK\$'000	Watch Movements Trading Business HK\$'000	Other Brands (PRC) Business HK\$'000	Consolidated HK\$'000
Revenue				
External sales	580,764	82,234	26,433	689,431
Inter-segment sales	—	2,486	—	2,486
Segment revenue	<u>580,764</u>	<u>84,720</u>	<u>26,433</u>	691,917
Elimination				<u>(2,486)</u>
Group revenue				<u>689,431</u>
Results				
Segment results	<u>(38,661)</u>	<u>(3,093)</u>	<u>(4,853)</u>	(46,607)
Interest income				57,029
Unallocated other income, gains and losses				(5,305)
Central administration costs				(34,990)
Finance costs				<u>(592)</u>
Loss before taxation				<u>(30,465)</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 resources allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

4. OTHER INCOME, GAINS AND LOSSES, NET

	2026 HK\$'000	2025 HK\$'000
<i>Other income:</i>		
Bank interest income	30,453	33,599
Interest income on debt instruments at fair value through other comprehensive income ("FVTOCI")	11,169	10,460
Interest income on financial assets at amortised cost	7,076	12,970
Dividend income from listed securities	1,008	–
Government subsidies (<i>Note</i>)	5,336	8,853
Rental income	3,021	3,854
Watch repair and maintenance services income	1,279	1,185
Others	2,807	7,227
	<u>62,149</u>	<u>78,148</u>
<i>Other gains and losses:</i>		
Loss on disposal and write-off of property, plant and equipment	(4,883)	(4,429)
Loss on early termination of lease contracts	(6)	–
Gain on disposal of debt instruments at FVTOCI	873	772
(Loss) gain from changes in fair value of financial assets measured at fair value through profit or loss ("FVTPL")	(11,383)	2,493
Loss from change in fair value of investment properties	(13,234)	(20,492)
Loss on revaluation of properties and car park	(6,005)	(1,222)
Net exchange (loss) gain	(5,559)	5,754
	<u>(40,197)</u>	<u>(17,124)</u>
	<u>21,952</u>	<u>61,024</u>

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

5. FINANCE COSTS

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Interest expenses on lease liabilities	313	353
Interest expenses on bank borrowings	<u>838</u>	<u>239</u>
	<u>1,151</u>	<u>592</u>

6. INCOME TAX CHARGE (CREDIT)

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax	4,464	782
PRC withholding tax	<u>–</u>	<u>16,304</u>
	4,464	17,086
Overprovision in prior years:		
PRC Enterprise Income Tax	<u>(535)</u>	<u>(2,254)</u>
	3,929	14,832
Deferred taxation	<u>(3,228)</u>	<u>(26,451)</u>
	<u>701</u>	<u>(11,619)</u>

7. LOSS FOR THE YEAR

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration	1,500	1,500
Directors' remuneration		
Fees	1,020	1,020
Other emoluments	14,690	9,660
Retirement benefit scheme contributions	80	76
	15,790	10,756
Other staff costs	169,363	193,270
Retirement benefit scheme contributions	33,860	48,067
Total staff costs	219,013	252,093
Depreciation of property, plant and equipment	37,565	38,129
Depreciation of right-of-use assets	8,409	6,022
Impairment losses on property, plant and equipment	20,329	4,835
Impairment losses on right-of-use assets	1,763	–
Net provision for onerous contracts	1,323	3,131
Cost of inventories recognised as cost of sales	196,996	193,928
Research and development costs recognised as cost of sales	14,561	16,346
(Reversal of allowance for) allowance for obsolete inventories recognised as cost of sales	(2,846)	1,355
Concessionaire fee (<i>Note</i>)	79,061	98,884

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

8. DIVIDENDS

During the year ended 30 June 2026, a special dividend in respect of the year ended 30 June 2025 of HK\$0.01 per ordinary share, amounting to HK\$20,581,000 in aggregate, was declared and paid to owners of the Company.

No final dividend in respect of the years ended 30 June 2026 and 30 June 2025 was paid or proposed for ordinary shareholders of the Company.

9. LOSS PER SHARE

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Loss:		
Loss for the purposes of calculating basic loss per share – loss for the year attributable to owners of the Company	<u>(81,850)</u>	<u>(17,535)</u>
	<i>'000</i>	<i>'000</i>

Number of shares:

Weighted average number of ordinary shares for the purposes of calculating basic loss per share	<u>2,058,068</u>	<u>2,058,068</u>
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No diluted loss per share for the years ended 30 June 2026 and 2025 were presented as there were no potential ordinary shares in issue for both years.

10. PROPERTY, PLANT AND EQUIPMENT

During the year ended 30 June 2026, the Group purchased property, plant and equipment of approximately HK\$6,705,000 (year ended 30 June 2025: approximately HK\$30,565,000), disposed and wrote off property, plant and equipment of approximately HK\$4,883,000 (year ended 30 June 2025: approximately HK\$4,429,000).

Impairment assessment of the Identified PPE and the Identified ROU assets

The performance of the Group's retail stores were impacted by the sluggish economy and increased uncertainties of retail market in China, the management concluded there was indication for impairment and performed impairment assessment on the property, plant and equipment ("**Identified PPE**") and right-of-use assets ("**Identified ROU assets**") relating to retail stores of Tian Wang Watch Business Segment. The Group estimates the recoverable amount of the cash-generating unit to which the assets belong to when it is not possible to estimate the recoverable amount individually including allocation of corporate assets when reasonable and consistent basis can be established. Otherwise, recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Each cash-generating unit represents the Group's retail stores in PRC within the Tian Wang Watch Business Segment. The recoverable amounts of each cash generating unit and group of cash generating units have been determined based on value in use calculations using cash flow projections based on forecasts approved by the management of the Group covering the following 1 to 5 years with pre-tax discount rates ranging from 10.56% to 28.91% (2025: 10.87% to 29.26%) per annum as at 30 June 2026. The forecasted revenue and gross profit margin have been determined with reference to the expected market development and the past performance of the Tian Wang Watch Business. The management conducted impairment assessment on the Identified PPE and the Identified ROU assets and were impaired to their recoverable amounts of HK\$180,643,000 (2025: HK\$220,711,000) and HK\$23,770,000 (2025: HK\$25,040,000), respectively, which are their carrying amounts.

Based on the result of the assessment, management of the Group determined that the recoverable amounts of certain cash-generating units are lower than the corresponding carrying amounts. The impairment amount has been allocated to each category of the Identified PPE and the Identified ROU assets such that the carrying amount of each category of asset is not reduced below the highest of its value in use, fair value less costs of disposal and zero. Based on the value in use calculations and the allocation, impairment losses of HK\$20,329,000 (2025: HK\$4,835,000) and HK\$1,763,000 (2025: Nil) have been recognised against the carrying amounts of the Identified PPE and the Identified ROU assets respectively.

11. RIGHT-OF-USE ASSETS

	Leasehold land <i>HK\$'000</i>	Leased properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 June 2026			
Carrying amount	<u>27,246</u>	<u>3,622</u>	<u>30,868</u>
As at 30 June 2025			
Carrying amount	<u>27,234</u>	<u>7,203</u>	<u>34,437</u>
For the year ended 30 June 2026			
Depreciation charge	1,275	7,134	8,409
Impairment losses recognised	–	1,763	1,763
For the year ended 30 June 2025			
Depreciation charge	<u>1,140</u>	<u>4,882</u>	<u>6,022</u>
		2026	2025
		<i>HK\$'000</i>	<i>HK\$'000</i>
Expenses relating to short-term leases		<u>9,190</u>	<u>2,776</u>
Total cash outflow for lease		<u>16,859</u>	<u>8,999</u>
Additions to right-of-use assets		<u>4,233</u>	<u>651</u>

12. INVESTMENT PROPERTIES

HK\$'000

Fair value

At 1 July 2024	142,639
Decrease in fair value recognised in profit or loss	(20,492)
Exchange realignment	<u>372</u>
At 30 June 2025 and 1 July 2025	122,519
Decrease in fair value recognised in profit or loss	(13,234)
Exchange realignment	<u>932</u>
At 30 June 2026	<u><u>110,217</u></u>

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

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Financial assets measured at FVTPL:		
Unlisted investment fund units (<i>Note a</i>)	101,765	12,794
Life insurance (<i>Note b</i>)	13,639	12,129
Listed securities		
– In Hong Kong (<i>Note c</i>)	90,928	–
– Outside Hong Kong (<i>Note c</i>)	28,837	–
	<u>235,169</u>	<u>24,923</u>
Analysed for reporting purposes as:		
Non-current assets	115,404	24,923
Current assets	119,765	–
	<u>235,169</u>	<u>24,923</u>

Notes:

- (a) As at 30 June 2026, the amount represents the subscription for limited partnership interest in 2 funds (2025: limited partnership interest in a fund). The fair value of the investment was determined mainly based on statement of net value of the fund.
- (b) As at 30 June 2026 and 2025, the amount included two life insurance schemes (“**Scheme A**” and “**Scheme B**”) of an executive director of the Company with two independent third party insurance companies. Pursuant to Scheme A, the Company is the holder and the beneficiary of the scheme. The total premium paid by the Company is HK\$10,000,000.

Pursuant to Scheme B, the Company is the holder and the beneficiary of the scheme. The total premium paid by the Company is United States Dollar (“**USD**”) 643,500 (equivalent to approximately HK\$5,000,000).

As at 30 June 2026 and 2025, the fair value of these insurance schemes have been arrived at on the basis of valuation carried by an independent qualified professional valuer not connected to the Group.

- (c) The fair value of these listed securities are determined based on quoted market bids available on the relevant stock exchanges.

14. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2026 HK\$'000	2025 HK\$'000
Debt instruments	<u>195,422</u>	<u>153,080</u>
Analysed for reporting purposes as:		
Non-current assets	<u>195,422</u>	<u>153,080</u>

The debt instruments represent the Group's investments in corporate bonds listed on the Stock Exchange and overseas stock exchanges. These corporate bonds are measured at fair value which are quoted bid prices by banks. The corporate bonds carry coupon rates ranging from 4.3% to 6.25% (2025: 4.3% to 6.25%) payable semi-annually (2025: quarterly to semi-annually) and are perpetual or with fixed maturity date (2025: perpetual).

The corporate bonds are denominated in USD and Australian dollar ("AUD") which are not the functional currency of the relevant group entity.

15. FINANCIAL ASSETS AT AMORTISED COST

	2026 HK\$'000	2025 HK\$'000
Fixed deposits	<u>336,968</u>	<u>461,770</u>
Analysed for reporting purposes as:		
Non-current assets	126,907	257,513
Current assets	<u>210,061</u>	<u>204,257</u>
	<u>336,968</u>	<u>461,770</u>

As at 30 June 2026 and 2025, financial assets at amortised cost represent fixed deposits issued by various banks with interest at a fixed rate ranging from 1.07% to 4.62% (2025: 1% to 3.25%) per annum payable at maturity. The maturity dates of fixed deposits are ranging from July 2026 to December 2027 (2025: August 2025 to December 2027).

16. INVENTORIES

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Raw materials and consumables	31,170	34,440
Work in progress	5,987	3,797
Finished goods	122,579	128,504
	<u>159,736</u>	<u>166,741</u>

17. TRADE RECEIVABLES, BILLS RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Trade receivables from third parties	89,870	113,057
Trade receivables from related companies	5,513	2,156
Bills receivables from third parties	4,615	–
Less: allowance for credit losses	(21,296)	(25,089)
	<u>78,702</u>	<u>90,124</u>
Deposits	11,498	14,812
Prepayments	8,178	9,284
VAT receivables	1,370	1,306
Fund deposits to e-payment platforms (<i>Note</i>)	3,180	3,145
Interest receivables	22,180	25,400
Others	8,594	6,655
	<u>55,000</u>	<u>60,602</u>
Total trade, bills and other receivables, deposits and prepayments	<u>133,702</u>	<u>150,726</u>

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

As at 1 July 2024, trade receivables from contracts with customers amounted to approximately HK\$131,579,000.

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

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

	2026 HK\$'000	2025 HK\$'000
0 to 60 days	57,916	74,091
61 to 120 days	6,401	6,677
121 to 180 days	1,251	2,762
Over 180 days	3,006	4,438
	68,574	87,968

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

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

	2026 HK\$'000	2025 HK\$'000
0 to 60 days	5,513	2,156

18. TRADE PAYABLES AND BILLS PAYABLE

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Trade payables to third parties	22,837	14,498
Bills payable to third parties	<u>1,562</u>	<u>1,887</u>
	<u>24,399</u>	<u>16,385</u>

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
0 to 30 days	9,062	7,359
31 to 60 days	9,854	5,458
61 to 90 days	2,209	650
Over 90 days	<u>1,712</u>	<u>1,031</u>
	<u>22,837</u>	<u>14,498</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately HK\$83.1 million or approximately 12.1% from approximately HK\$689.4 million for FY2025 to approximately HK\$606.3 million for FY2026. The decrease in the revenue of the Group was primarily due to the decrease in revenue generated from the sales of Tian Wang Watch (“**Tian Wang Watch Business**”). The Company had recorded a continuous decrease in revenue of the Group for 5 years from approximately HK\$1,408.1 million for the year ended 30 June 2022 (“**FY2022**”) to approximately HK\$606.3 million for FY2026, representing an overall decrease in revenue by approximately HK\$801.8 million or approximately 56.9%. The persistent decrease was mainly due to weakened the household wealth and consumer confidence resulting from China’s prolonged real estate downturn. The ongoing international trade frictions and tariff wars had adversely affected the economic and employment growth in China, and further weakened the sentiment of the retail market in China during the Year.

Tian Wang Watch Business

Revenue from Tian Wang Watch Business remained to be the Group’s main source of revenue which accounted for approximately 79.9% of the total revenue of the Group for FY2026 (FY2025: approximately 84.2%). Revenue of Tian Wang Watch Business decreased by approximately HK\$96.4 million or approximately 16.6% from approximately HK\$580.8 million for FY2025 to approximately HK\$484.3 million for FY2026. The Company had recorded a continuous decrease in revenue from Tian Wang Watch Business for 5 years from approximately HK\$1,196.6 million for FY2022 to approximately HK\$484.3 million for FY2026, representing an overall decrease in revenue by approximately HK\$712.3 million or approximately 59.5%. In the view of the slowdown in China’s economic growth, during FY2026, as part of the Group’s efforts to better control its selling and distribution expenses, the retail sales network for Tian Wang watches was further reduced from 1,487 points of sale (“**POS**”) as at 30 June 2025 to 1,369 POS as at 30 June 2026, with a net decrease of 118 POS. The overall decrease in retail sales network for Tian Wang Watch Business in 5 years was 717 POS, decreasing from 2,086 POS as at 30 June 2022 to 1,369 POS as at 30 June 2026, representing a shrinking of retail sales network by 34.4%.

Other Brands (PRC) Business

Revenue from the sales of other well-known brand watches, including Balco watch, apart from Tian Wang watch (“**Other Brands (PRC) Business**”) increased by approximately HK\$7.2 million or approximately 27.3% from approximately HK\$26.4 million for FY2025 to approximately HK\$33.6 million for FY2026, which accounted for approximately 5.5% of the total revenue of the Group for FY2026 (FY2025: approximately 3.8%). The increase was primarily attributable to revenue generated from the supply of watches to corporate customers on Original Equipment Manufacturer (OEM) and Original Design Manufacturer (ODM) bases.

Watch Movements Trading Business

Revenue from trading of watch movements (“**Watch Movements Trading Business**”) accounted for approximately 14.6% of the Group’s total revenue for FY2026 (FY2025: approximately 11.9%). For FY2026, revenue from trading of watch movements was approximately HK\$88.4 million, representing an increase of approximately HK\$6.1 million or approximately 7.5% from approximately HK\$82.2 million for FY2025, primarily due to the increase in demand of watch movements in Hong Kong market.

Gross Profit

The Group’s gross profit decreased by approximately HK\$80.7 million or approximately 16.9% from approximately HK\$477.8 million for FY2025 to approximately HK\$397.1 million for FY2026. The decrease was mainly due to decrease in sales generated from the Tian Wang Watch Business and was in line with the decrease in revenue.

Other Income, Gains and Losses

The Group's other income, gains and losses decreased by approximately HK\$39.1 million or approximately 64.0% from approximately HK\$61.0 million for FY2025 to approximately HK\$22.0 million for FY2026. The decrease was mainly due to (i) decrease in interest income from bank deposits, financial assets and debt instruments of approximately HK\$8.3 million from approximately HK\$57.0 million for FY2025 to approximately HK\$48.7 million for FY2026; (ii) loss from changes in fair value of financial assets measured at fair value through profit and loss ("FVTPL") of HK\$11.4 million for FY2026, as compared to gain of HK\$2.5 million for FY2025; and (iii) net exchange loss of HK\$5.6 million in FY2026, as compared to net exchange gain of HK\$5.8 million in FY2025.

Selling and Distribution Costs

The Group's selling and distribution costs decreased by approximately HK\$86.8 million or approximately 18.2% from approximately HK\$477.6 million for FY2025 to approximately HK\$390.8 million for FY2026. The decrease was mainly attributable to (i) decrease in concessionaire fee and rental expenses due to the closing down for some of the POS; and (ii) decrease in staff costs.

Administrative Expenses

The Group's administrative expenses increased by approximately HK\$1.3 million or approximately 1.5% from approximately HK\$83.8 million for FY2025 to approximately HK\$85.1 million for FY2026.

Finance Costs and Income Tax

The Group's finance cost increased by approximately HK\$0.6 million or approximately 94.4% from approximately HK\$0.6 million for FY2025 to approximately HK\$1.2 million for FY2026. The Group recorded an income tax charge of approximately HK\$0.7 million for FY2026, comparing to an income tax credit of approximately HK\$11.6 million for FY2025.

Loss attributable to the owners of the Company

The loss attributable to the owners of the Company increased by approximately HK\$64.3 million or approximately 366.8% from approximately HK\$17.5 million for FY2025 to approximately HK\$81.9 million for FY2026. The change was mainly due to (i) decrease in revenue of the Group by approximately HK\$83.1 million or approximately 12.1% from approximately HK\$689.4 million for FY2025 to approximately HK\$606.3 million for FY2026, (ii) the increase in impairment losses on property, plant and equipment, right-of-use assets and net provision for onerous contracts by approximately HK\$15.4 million or approximately 193.9% from approximately HK\$8.0 million for FY2025 to approximately HK\$23.4 million for FY2026, relating to certain POS that were underperforming during FY2026 as a result of the weak retail market in China, and (iii) decrease in other income, gains and losses by approximately HK\$39.1 million or approximately 64.0% from approximately HK\$61.0 million for FY2025 to approximately HK\$22.0 million for FY2026 due to decrease in interest income, loss from change in fair value of financial assets measured at FVTPL and net exchange losses.

BUSINESS REVIEW

Overview

During FY2026, 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 continues to be the Group's core brand business, which contributed approximately 79.9% of the total revenue of the Group in FY2026. Its over-30-years-long brand heritage and reputation of delivering high quality, precise and stylish watches are key factors of the success of Tian Wang Watch Business and widespread brand recognition. Based on the information gathered from customers through the Group's national wide POS network, the Group can strive to cater for increasing demand for high quality and trendy watches from customers of different age group.

Retail Network

The Group's retail network principally comprises its directly managed and controlled sales counters located in department stores and shopping malls. During FY2026, over 65.3% of the sales of the Group's Tian Wang and Balco watches were conducted at the Group's directly managed POS. Since the Group sells most of its watches directly to customers, the Group has been able to obtain first-hand market information and feedback from customers directly through its frontline sales staff. The Group considers this as an advantage over its competitors, who generally do not have fully and directly managed sales network and can only sell most of their products through distributors.

As at 30 June 2026, the number of the Group's POS for the sales of Tian Wang watches was 1,369, representing a net decrease of 118 POS compared to that as at 30 June 2025. As at 30 June 2026, the number of the Group's POS for the sales of other brands watches was 64, representing a net decrease of 24 POS compared to that as at 30 June 2025.

Proprietary Watch of the Group

Tian Wang Watch

Revenue of Tian Wang Watch Business, which contributed approximately 79.9% of the Group's total revenue for FY2026 (FY2025: approximately 84.2%) remained to be the Group's major source of revenue. During FY2026, the Group has launched over 57 new models of Tian Wang watches with prices ranging from approximately RMB120 to RMB6,600 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 demand from customers of different income levels and age groups.

Other Brands (PRC) Business

The revenue generated from Other Brands (PRC) Business increased by approximately HK\$7.2 million or 27.3% from approximately HK\$26.4 million for FY2025 to approximately HK\$33.6 million for FY2026. The increase was primarily attributable to revenue generated from the supply of watches mainly of well-known brands to corporate customers on OEM/ODM bases. 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 Watch Movements Trading Business involves procurement of watch movements from suppliers located in Hong Kong. The Directors consider that the Group's in-house watch movements procurement and trading arm forms an integral part of its overall business operation because it does not only ensure a reliable and stable supply of watch movements to the Tian Wang Watch Business but also generates revenue by supplying watch movements to other external watch manufacturers and distributors. The revenue of the Watch Movements Trading Business accounted for approximately 14.6% of the Group's total revenue for FY2026 (FY2025: approximately 11.9%). Revenue from this business segment increased by approximately HK\$6.1 million or approximately 7.5% to approximately HK\$88.4 million for FY2026 from approximately HK\$82.2 million for FY2025, mainly due to the increase in the demand of watch movements in Hong Kong market.

E-commerce Business

Apart from retail sales 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 these online sales channels. The Directors also believe that a wide variety of watches enables the Group to reach out to more diverse customers, including those of different age groups. For FY2026, the e-commerce business continued to be one of the major contributors to the Group's revenue, which accounted for approximately 24.8% of the total revenue of the Group during FY2026 (FY2025: approximately 26.7%).

INVENTORY CONTROL

The Group's inventory balance was approximately HK\$159.7 million as at 30 June 2026, representing a decrease of approximately HK\$7.0 million or approximately 4.2% as compared with approximately HK\$166.7 million as at 30 June 2025. The Group's inventory turnover days decreased to approximately 285 days for FY2026, as compared with approximately 305 days for FY2025. The decrease in inventory balance was primarily attributable to the management's effort in controlling the procurement and production schedule of products in view of the decrease in market demand of its products and closure of certain of its POS for Tian Wang watch and watches of other brands during FY2026. 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\$137.1 million and approximately HK\$136.4 million as at 30 June 2026 and 30 June 2025 respectively, with corresponding provision for these inventory balances of approximately HK\$102.0 million and approximately HK\$104.9 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.

PRINCIPAL RISKS AND UNCERTAINTIES

There are certain risks involved in the Group's operations, many of which are beyond the Group's control, including but not limited to those relating to the business and the industry. Principal risks and uncertainties faced by the Group primarily include: (i) volatility in consumer demand arising from economic uncertainty, shifts in consumer preferences, and potential slowdown in spending; (ii) intense competition from both international and domestic watch brands; and (iii) cost pressures associated with the sale and distribution of the Group's products.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group adopts a conservative treasury policy. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations, potential business developments 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\$945.9 million and approximately HK\$979.8 million as at 30 June 2026 and 30 June 2025, respectively.

The Group's net cash generated from operating activities for FY2026 was approximately HK\$50.1 million, representing a decrease of approximately HK\$42.3 million from approximately HK\$92.4 million for FY2025. The decrease in net cash generated from operating activities was primarily attributable to loss before taxation of approximately HK\$81.2 million from the Group's operations adjusted for non-cash items of approximately HK\$52.4 million, decrease of working capital balances of approximately HK\$55.2 million, income taxes paid of approximately HK\$19.6 million and interest received of approximately HK\$43.2 million.

The Group's net cash used in investing activities for FY2026 was approximately HK\$92.4 million, which was mainly attributable to the redemption of financial assets at amortised cost of approximately HK\$446.7 million, proceeds from disposal of debt instruments at fair value through other comprehensive income of approximately HK\$54.7 million, interest received from debt instruments at fair value through other comprehensive income of approximately HK\$7.1 million. Redemption of financial assets at fair value through profit or loss of approximately HK\$127.6 million, dividends received from listed securities of approximately HK\$1.0 million which was offset by the cash used in the purchase of property, plant and equipment of approximately HK\$6.7 million, purchase of debt instruments at fair value through other comprehensive income of approximately HK\$69.4 million, purchase of financial assets at amortised cost of approximately HK\$304.4 million, and purchase of financial assets at fair value through profit or loss of approximately HK\$348.9 million.

The Group's net cash generated from financing activities for FY2026 was approximately HK\$0.5 million, which was mainly attributable to dividends paid to the shareholders of the Company (the "**Shareholders**") of approximately HK\$23.2 million, and the payment of lease liabilities of approximately of HK\$7.7 million, repayment of bank loan of approximately of HK\$23.1 million, interest payment of approximately HK\$1.2 million, which was partially financed by bank borrowings of approximately HK\$55.6 million.

The Group was in net cash position as at 30 June 2025 and 2026. As at 30 June 2026, the Group's total equity was approximately HK\$2,230.5 million, representing a decrease of approximately HK\$31.2 million from approximately HK\$2,261.8 million as at 30 June 2025. The Group's working capital was approximately HK\$1,362.5 million as at 30 June 2026, representing an increase of approximately HK\$27.6 million as compared with approximately HK\$1,334.9 million as at 30 June 2025.

As at 30 June 2026, the Group's bank balances and cash were mainly denominated in United States dollar, Renminbi, Australian dollar and Hong Kong dollar.

The gearing ratio, as calculated based on the total debt divided by the total equity at the end of the respective year, of the Group was approximately 3.1% and approximately 1.7% as at 30 June 2026 and 30 June 2025, respectively. The increase in gearing ratio was because of the increase of bank borrowings of approximately HK\$33.4 million.

CHARGES ON GROUP ASSETS

There was no material charges on the Group's assets as at 30 June 2026 and 2025.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2026 and 2025.

SIGNIFICANT INVESTMENTS

Investment properties

As at 30 June 2026, the Group held investment properties with a fair value of approximately HK\$110.2 million.

During FY2026, the Group recorded a loss from change in fair value of its investment properties of approximately HK\$13.2 million (FY2025: HK\$20.5 million). As at 30 June 2026, the investment properties comprise three properties located in Hong Kong and one property located in China. The market values of the investment properties as at 30 June 2026 amounted to approximately HK\$110.2 million, representing a decrease of approximately HK\$13.2 million as compared with that as of 30 June 2025. The decrease in the market values was mainly resulted from the weak property markets in both Hong Kong and China during the Year, which had adversely affected the prevailing market rents, and in turn affected their fair values.

The market values of the properties held by the Group for investment purpose situated in Hong Kong and the PRC, which are income generating properties, are generally derived by income capitalisation approach based on the capitalisation of the contracted rental income and reversionary potential rental income by adopting appropriate capitalisation rates and prevailing market rents, on the basis of the general assumption and definition of market value as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

The range of major valuation inputs are summarised as below:

Properties	Valuation Techniques	Prevailing market rent per month	Capitalisation rates
Hong Kong – Office units	Income approach	HK\$22 per sq.ft.	4.4%
The PRC – Factory units	Income approach	HK\$24 per sq.m.	6.25%

Compared to the previous financial year, there is no change on the valuation approaches and assumptions while the major inputs are referenced to the prevailing market data as at the valuation date.

Financial assets and debt instruments

As at 30 June 2026, the Company also held (i) financial assets at fair value through profit or loss of approximately HK\$235.2 million; (ii) financial assets at amortised cost of approximately HK\$337.0 million; and (iii) debt instruments at fair value through other comprehensive income of approximately HK\$195.4 million.

Save as disclosed above, as at 30 June 2026, the Group did not hold any other significant investments with a value of 5% or more of the total assets of the Group.

INVESTMENT POLICY

The Company has adopted an internal investment policy (the “**Investment Policy**”) which sets out, among other things, the objectives, guidelines, management and responsibilities of investment activities conducted by the Group. Set out below are details of the infrastructure of the Group’s investments:

Investment objectives

The investment objectives of the Group are to enhance the efficiency in the utilization of idle funds and generate stable return to the Group within an acceptable risk level with a view to broaden its revenue streams and to provide necessary financial support for the development of the Group’s long-term investment projects, which in turn enhance value for its Shareholders.

Investment strategy

The Company will allocate corporate resources efficiently by maintaining an appropriate investment scale and optimizing the structure and diversification of its investment portfolio. At the same time, the Company prioritizes thorough investment risk assessment and control, adhering to the principle of economic benefits as the foremost consideration in all investment decisions.

Investment scope

The Company’s investment activities encompass both long-term and short-term investments, depending on its strategic needs and the prevailing market conditions. Long-term investments focus on growth and strategy, while short-term investments prioritize liquidity, operational support and capital stability.

Permissible and prohibited investments

Under the Investment Policy, the Company may invest in a range of assets including shares, bonds, investment funds, insurance products and bank deposits, while it is restricted from conducting short-term investments in low-rate unsecured bonds or investing in emerging industries, leveraged derivative financial products, or other speculative investment transactions.

Defined risk limits and counterparty risk

While there is no general threshold or restriction in relation to the risk limits or counterparty risk of its investments, the Group is required to adhere to its investment strategy to maintain its investments within an acceptable risk level. In particular, the Group is required to evaluate the counterparty risks of each investment taking into consideration, inter alia, credit ratings of the investment (if any), size and reputation of the issuer, and whether or not the counterparty is a licensed corporation in Hong Kong or overseas.

Liquidity management

It is the top priority of the Group to ensure that it has sufficient cash and bank deposits to meet its working capital requirement. While there is no specific threshold set under the Investment Policy, the Group seeks to maintain a balanced liquidity profile within its cash, bank deposits and investments. In addition, the use of borrowed funds or those required for ongoing operations for investment purposes is prohibited. All of the existing investments of the Group were or will be funded by internal resources of the Group.

The Group maintains comprehensive internal control and risk management processes, including regular performance reviews, stringent approval workflows and periodic monitoring of all investment projects.

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

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

CAPITAL COMMITMENTS

	30 June 2026 <i>HK\$'000</i>	30 June 2025 <i>HK\$'000</i>
Capital commitments in respect of property, plant and equipment	7,086	8,891
Capital commitments in respect of unlisted investment funds	19,869	26,862
	<u>26,955</u>	<u>35,753</u>

FOREIGN CURRENCY EXPOSURE

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

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

EMPLOYEES AND EMOLUMENTS POLICIES

As at 30 June 2026, the Group employed a total of approximately 1,900 full-time employees from continuing operations in the PRC and Hong Kong (30 June 2025: approximately 2,400). The staff costs incurred during FY2026 was approximately HK\$219.0 million (FY2025: approximately HK\$252.1 million). The Group's emolument policies are formulated on the performance of individual employees and on the basis of the trends of salaries in various regions, which will be reviewed every year. Apart from provident fund scheme and medical insurance, discretionary bonuses are also awarded to employees according to the individual performance assessment. The emolument payable to the Directors is determined by the Board based on the recommendations made by the remuneration committee of the Board.

SOCIAL RESPONSIBILITY

The Company is passionate about giving back to the community by participating in various kind of community events for promotion of public hygiene, youth support, poverty alleviation and helping the disadvantaged, environmental protection and foster social positivity. During the Year, the Company sponsored Tian Wang watches as prizes for Shenzhen Nanshan Half Marathon and the 2025 World Match Racing Tour (WMRT) Shenzhen Bao'an Final and World Bay Area Regatta. Charitable and donations incurred by the Group during the Year was HK\$0.1 million (FY2025: Nil). No donations were made to political parties.

During FY2026, the Group had adopted a conservative approach in deploying its surplus fund, such as investment in fixed deposits, unlisted investment fund units, low risk and high credit rating products issued by banks, financial institutions and listed companies.

In the future, 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.

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 30 June 2025. For FY2026, the Company had not further utilised the proceeds, details of which are set out in the following table.

	Amount of net proceeds allocated and unutilised as at 1 July 2025 (HK\$'m)	Amount of net proceeds utilised for FY2026 (HK\$'m)	Balance as at 30 June 2026 (HK\$'m)	Actual business progress up to 30 June 2026
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.
	<u>36.5</u>	<u>–</u>	<u>36.5</u>	

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

China's watches retail market has been one of the weakest categories over the past year, performing worse than the overall retail market. The continuous downfall in China's property market had further eroded the consumer confidence and spending power. In a difficult time, many Chinese buyers became far-more cautious and price-sensitive, and casted a negative impact in demand for Group's Tian Wang and Other Brands retail businesses in China. In constrast to the weak demand in China market, there was a steady growth in demand for the Group's business in supplying the watch movements in Hong Kong market and watches produced on OEM basis supplying to markets other than Hong Kong, Macau and China. Nevertheless, the increase in revenue generated from watch movements and watches produced on OEM basis supplying to markets other than Hong Kong, Macau and China, were not enough to compensate the decline in revenue from Tian Wang in China's market.

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

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

The Group has been taking a conservative approach to deal with the challenges by focusing on cash management. As a result, the financial position of the Group remains strong despite a period of turmoil.

The Group believes that maintaining sufficient liquidity and adequate working capital as the Group's treasury management policy will be the key to business survival as well as the foundation for long term success during this extreme operating environment.

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

DIVIDENDS

The Board did not recommend a payment of final dividend for FY2026 (FY2025: special dividend of HK1.0 cents per share).

CLOSURE OF REGISTER OF MEMBERS AND ANNUAL GENERAL MEETING

For the purpose of determining members who are qualified for attending the forthcoming annual general meeting (the “**Annual General Meeting**”) of the Company to be held on 19 November 2026, the register of members of the Company will be closed from 16 November 2026 to 19 November 2026 (both days inclusive), during which period no transfer of share will be effected. In order to qualify for attending the Annual General Meeting, all transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. on 13 November 2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during FY2026. As at 30 June 2026, the Company did not have any treasury shares (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (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 Appendix C1 to the Listing Rules. Save as disclosed below, during FY2026, the Company had complied with the applicable 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 (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all the Directors, the Company is satisfied that and the Directors confirmed that they have fully complied with the required standard set out in the Model Code and the Company’s code of conduct regarding directors’ securities transaction during FY2026.

REVIEW OF ANNUAL RESULTS

The audit committee of the Board and the management of the Company have reviewed the accounting principles and practices adopted by the Group and the financial statements for FY2026 with no disagreement by the audit committee of the Board.

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for FY2026 as set out in this announcement have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no opinion or assurance conclusion has been expressed by Baker Tilly Hong Kong Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.timewatch.com.hk. The Company's annual report for FY2026 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, 29 September 2026

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.