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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 2025

- Revenue for FY2025 decreased by approximately 21.7% to approximately HK$689.4 million, as compared with approximately HK$881.0 million for FY2024.

- Gross profit for FY2025 decreased by approximately 25.5% to approximately HK$477.8 million, as compared with approximately HK$641.2 million for FY2024.

- Gross profit margin decreased from approximately 72.8% for FY2024 to approximately 69.3% for FY2025.

- Loss attributable to owners of the Company for FY2025 was approximately HK$17.5 million, as compared to profit attributable to owners of the Company of approximately HK$33.6 million for FY2024.

- Basic loss per Share for FY2025 was HK0.9 cents (FY2024: Basic earnings per Share of HK1.6 cents).

- Proposed a special dividend for FY2025 of HK1.0 cents per Share.

ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2025

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 2025 ("**FY2025**" or the "**Year**") together with the consolidated statement of financial position of the Group as at 30 June 2025, and the notes with comparative figures for the year ended 30 June 2024 ("**FY2024**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2025

	NOTES	**2025** ***HK$'000***	2024 *HK$'000*
Revenue	*3*	**689,431**	881,036
Cost of sales		**(211,629)**	(239,881)
Gross profit		**477,802**	641,155
Other income, gains and losses, net	*4*	**61,024**	69,014
Net reversal of impairment losses on trade receivables		**734**	830
Selling and distribution costs		**(477,623)**	(568,977)
Administrative expenses		**(83,844)**	(93,177)
Impairment losses on property, plant and equipment		**(4,835)**	(6,623)
Net (provision for) reversal of provision for onerous contracts		**(3,131)**	1,177
Finance costs	*5*	**(592)**	(619)
(Loss) profit before taxation		**(30,465)**	42,780
Income tax credit (charge)	*6*	**11,619**	(8,741)
(Loss) profit for the year	*7*	**(18,846)**	34,039

	NOTES	2025 HK$'000	2024 HK$'000
Other comprehensive (expense) income			
Items that will not be reclassified to profit or loss:			
Loss on revaluation of leasehold land and buildings		**(9,114)**	(2,227)
Deferred tax on revaluation of a property		**1,451**	353
Exchange differences arising on translation		**22,372**	(6,935)
Items that may be reclassified subsequently to profit or loss:			
Fair value change of debt instruments at fair value through other comprehensive income		**(14,045)**	(16,868)
Reclassification adjustment relating to debt instruments at fair value through other comprehensive income disposed of during the year		**(760)**	2,864
		(96)	(22,813)
Total comprehensive (expense) income for the year		**(18,942)**	11,226
(Loss) profit for the year attributable to:			
Owners of the Company		**(17,535)**	33,636
Non-controlling interests		**(1,311)**	403
		(18,846)	34,039
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(18,080)**	10,856
Non-controlling interests		**(862)**	370
		(18,942)	11,226
(Loss) earnings per share	*9*		
– Basic *(HK cents)*		**(0.9)**	1.6

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	NOTES	**2025** **HK$'000**	2024 *HK$'000*
Non-current assets			
Property, plant and equipment	*10*	**317,480**	340,256
Right-of-use assets	*11*	**34,437**	39,356
Investment properties	*12*	**122,519**	142,639
Financial assets at fair value through profit or loss	*13*	**24,923**	10,028
Debt instruments at fair value through other comprehensive income	*14*	**153,080**	133,632
Financial assets at amortised cost	*15*	**257,513**	273,972
Deferred tax assets		**55,559**	55,481
		965,511	995,364
Current assets			
Inventories	*16*	**166,741**	187,384
Trade receivables	*17*	**90,124**	131,579
Other receivables, deposits and prepayments	*17*	**60,602**	70,695
Tax recoverable		**4,127**	2,151
Financial assets at amortised cost	*15*	**204,257**	194,466
Bank balances and cash		**979,751**	959,234
		1,505,602	1,545,509

	NOTES	2025 HK$'000	2024 HK$'000
Current liabilities			
Trade payables and bills payable	*18*	**16,385**	23,132
Other payables and accrued charges		**65,493**	72,440
Tax payable		**53,554**	38,856
Lease liabilities		**3,156**	4,673
Bank and other borrowings		**32,140**	15,622
		170,728	154,723
Net current assets		**1,334,874**	1,390,786
Total assets less current liabilities		**2,300,385**	2,386,150
Capital and reserves			
Share capital		**205,807**	205,807
Reserves		**2,055,718**	2,108,785
Equity attributable to owners of the Company		**2,261,525**	2,314,592
Non-controlling interests		**257**	1,576
Total equity		**2,261,782**	2,316,168
Non-current liabilities			
Deferred tax liabilities		**34,991**	62,815
Lease liabilities		**3,612**	7,167
		38,603	69,982
		2,300,385	2,386,150

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

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

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards 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. 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 HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 July 2024 for the preparation of the consolidated financial statements:

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

The nature of the impact of the amendments to HKFRS Accounting Standards that are applicable to the Group are described below:

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months;

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

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the 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, in these financial statements. The Group intends to apply these new and amendments to HKFRS Accounting Standards, if applicable, when they become effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

[1] *Effective for annual periods beginning on or after a date to be determined.*
[2] *Effective for annual periods beginning on or after 1 January 2025.*
[3] *Effective for annual periods beginning on or after 1 January 2026.*
[4] *Effective for annual periods beginning on or after 1 January 2027.*

Further information about those new and amendments to HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

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.

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 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 even 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 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 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 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. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future 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

(i) Disaggregation of revenue from contracts with customers

	For the year ended 30 June 2025	
Type of goods	**Watches**	**Watch movements**
	HK$'000	***HK$'000***
Sales of watches		
– Tian Wang Watch	**580,764**	**–**
– Other brands	**26,433**	**–**
	607,197	**–**
Trading of watch movements	**–**	**82,234**
Total	**607,197**	**82,234**

Sales channel	***HK$'000***
Retail	**396,072**
E-commerce platforms	**184,349**
Wholesale	**109,010**
Total	**689,431**
Timing of revenue recognition	
A point in time	**689,431**

Type of goods	For the year ended 30 June 2024 Watches *HK$'000*	 Watch movements *HK$'000*
Sales of watches		
– Tian Wang Watch	769,430	–
– Other brands	25,556	–
	794,986	–
Trading of watch movements	–	86,050
Total	794,986	86,050

Sales channel	*HK$'000*
Retail	532,159
E-commerce platforms	241,426
Wholesale	107,451
Total	881,036
Timing of revenue recognition	
A point in time	881,036

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

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

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

c. **Other Brands (PRC) Business** – Wholesale and retail business of owned brand watches – Balco Watch and imported watches 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 2025

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

Year ended 30 June 2024

	Tian Wang Watch Business *HK$'000*	Watch Movements Trading Business *HK$'000*	Other Brands (PRC) Business *HK$'000*	Consolidated *HK$'000*
Revenue				
External sales	769,430	86,050	25,556	881,036
Inter-segment sales	–	6,210	–	6,210
Segment revenue	769,430	92,260	25,556	887,246
Elimination				(6,210)
Group revenue				881,036
Results				
Segment results	22,894	(527)	(3,752)	18,615
Interest income				65,097
Unallocated other income, gains and losses				(1,285)
Central administration costs				(39,028)
Finance costs				(619)
Profit before taxation				42,780

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

	2025	2024
	HK$'000	*HK$'000*
Other income:		
Bank interest income	**33,599**	38,995
Interest income on debt instruments at FVTOCI	**10,460**	9,668
Interest income on financial assets at amortised cost	**12,970**	14,664
Interest income on financial assets measured at FVTPL	**–**	1,770
Government subsidies *(Note)*	**8,853**	14,403
Rental income	**3,854**	3,406
Watch repair and maintenance services income	**1,185**	1,385
Others	**7,227**	4,996
	78,148	89,287
Other gains and losses:		
Loss on disposal and write-off of property, plant and equipment	**(4,429)**	(5,430)
Loss on deregistration of a subsidiary	**–**	(1,202)
Gain (loss) on disposal of debt instruments at FVTOCI	**772**	(2,885)
Gain (loss) from changes in fair value of financial assets measured at FVTPL	**2,493**	(4,297)
Loss on revaluation of leasehold land and buildings	**(1,222)**	–
Loss from change in fair value of investment properties	**(20,492)**	(3,913)
Net exchange gain (loss)	**5,754**	(2,546)
	(17,124)	(20,273)
	61,024	69,014

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

	2025	2024
	HK$'000	*HK$'000*
Interest expenses on lease liabilities	**353**	619
Interest expenses on bank borrowings	**239**	–
	592	619

6. INCOME TAX (CREDIT) CHARGE

	2025	2024
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax	**782**	10,463
PRC withholding tax	**16,304**	5,145
	17,086	15,608
Overprovision in prior years:		
PRC Enterprise Income Tax	**(2,254)**	(299)
	14,832	15,309
Deferred taxation	**(26,451)**	(6,568)
	(11,619)	8,741

7. (LOSS) PROFIT FOR THE YEAR

	2025	2024
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,500**	1,450
Directors' remuneration		
Fees	**1,020**	1,020
Other emoluments	**9,660**	14,656
Retirement benefit scheme contributions	**76**	70
	10,756	15,746
Other staff costs	**193,270**	218,789
Retirement benefit scheme contributions	**48,067**	35,991
Total staff costs	**252,093**	270,526
Depreciation of property, plant and equipment	**38,129**	47,052
Depreciation of right-of-use assets	**6,022**	7,060
Impairment losses on property, plant and equipment	**4,835**	6,623
Net provision for (reversal of provision for) onerous contracts	**3,131**	(1,177)
Cost of inventories recognised as cost of sales	**193,928**	226,071
Research and development costs recognised as cost of sales	**16,346**	16,310
Allowance for (net reversal of allowance for) obsolete inventories recognised as cost of sales	**1,355**	(2,500)
Concessionaire fee *(Note)*	**98,884**	133,209

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

8. DIVIDENDS

Subsequent to the end of the reporting period, no final dividend (2024: HK0.7 cents) per share and a special dividend of HK1.0 cents (2024: HK1.0 cents) per share in respect of the year ended 30 June 2025 has been proposed by the directors and is subject to the approval by the shareholders of the Company in the forthcoming annual general meeting of the Company.

9. (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:

	2025	2024
	HK$'000	*HK$'000*
(Loss) earnings:		
(Loss) earnings for the purposes of calculating basic (loss) earnings per share – (loss) profit for the year attributable to owners of the Company	**(17,535)**	33,636

	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purposes of calculating basic (loss) earnings per share	**2,058,068**	2,058,068

No diluted (loss) earnings per share for the years ended 30 June 2025 and 2024 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 2025, the Group purchased property, plant and equipment of approximately HK$30,565,000 (year ended 30 June 2024: approximately HK$38,236,000), disposed and wrote off property, plant and equipment of approximately HK$4,429,000 (year ended 30 June 2024: approximately HK$5,430,000).

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 for certain light boxes located in retail stores in the PRC. The Group estimates the recoverable amount of the cash-generating unit to which the assets belong to when it is not possible to estimate the recoverable amount individually including allocation of corporate assets when reasonable and consistent basis can be established. Each cash-generating unit represents the Group's retail stores in PRC within the Tian Wang Watch Business Segment. The recoverable amount of cash generating unit has been determined based on a value in use calculations using cash flow projections based on forecasts approved by the management of the Group covering the remaining lease terms with a pre-tax discount rate of 15.27% (2024: 11.00%) per annum as at 30 June 2025. The forecasted revenue and gross profit margin have been determined with reference to the expected market development and the past performance of the retail stores. The management conducted impairment assessment on recoverable amounts of the Identified PPE and the Identified ROU assets (as defined below) relating to light boxes (the "**Identified PPE**") and right-of-use assets (the "**Identified ROU assets**")) and were impaired to their recoverable amounts of HK$22,882,000 (2024: HK$26,099,000) and HK$1,869,000 (2024: HK$3,461,000), respectively, which are their carrying amounts.

Based on the result of the assessment, management of the Group determined that the recoverable amounts of certain cash-generating units are lower than the corresponding carrying amounts. The impairment amount has been allocated to each category of the Identified PPE and the Identified ROU assets such that the carrying amount of each category of asset is not reduced below the highest of its value in use, fair value less costs of disposal and zero. Based on the value in use calculations and the allocation, impairment losses of HK$4,835,000 (2024: HK$6,623,000) have been recognised against the carrying amounts of the Identified PPE.

11. RIGHT-OF-USE ASSETS

	Leasehold land *HK$'000*	**Leased properties** *HK$'000*	**Total** *HK$'000*
As at 30 June 2025			
Carrying amount	27,234	7,203	34,437
As at 30 June 2024			
Carrying amount	27,838	11,518	39,356
For the year ended 30 June 2025			
Depreciation charge	1,140	4,882	6,022
For the year ended 30 June 2024			
Depreciation charge	1,245	5,815	7,060

	2025 ***HK$'000***	2024 *HK$'000*
Expenses relating to short-term leases	**2,776**	11,571
Total cash outflow for lease	**8,999**	18,471
Additions to right-of-use assets	**651**	2,567

12. 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 and 1 July 2024	142,639
Decrease in fair value recognised in profit or loss	(20,492)
Exchange realignment	372
At 30 June 2025	122,519

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.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025	2024
	HK$'000	*HK$'000*
Financial assets measured at FVTPL:		
Unlisted investment fund units	**12,794**	–
Life insurance	**12,129**	10,028
	24,923	10,028
Analysed for reporting purposes as:		
Non-current assets	**24,923**	10,028

14. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025	2024
	HK$'000	*HK$'000*
Debt instruments	**153,080**	133,632
Analysed for reporting purposes as:		
Non-current assets	**153,080**	133,632

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% (2024: 5% to 6.38%) payable quarterly to semi-annually (2024: quarterly to semi-annually) and are perpetual.

The amount is denominated in USD which is not the functional currency of the relevant group entity.

15. FINANCIAL ASSETS AT AMORTISED COST

	2025	2024
	HK$'000	*HK$'000*
Fixed deposits	**461,770**	468,438
Analysed for reporting purposes as:		
Non-current assets	**257,513**	273,972
Current assets	**204,257**	194,466
	461,770	468,438

As at 30 June 2025 and 2024, financial assets at amortised cost represent fixed deposits issued by various banks in the PRC with interest at a fixed rate ranging from 1% to 3.25% (2024: 1.8% to 3.5%) per annum payable at maturity. The maturity dates of fixed deposits are ranging from August 2025 to December 2027 (2024: July 2024 to March 2027).

16. INVENTORIES

	2025	2024
	HK$'000	*HK$'000*
Raw materials and consumables	**34,440**	32,942
Work in progress	**3,797**	7,395
Finished goods	**128,504**	147,047
	166,741	187,384

17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2025	2024
	HK$'000	*HK$'000*
Trade receivables from third parties	**113,057**	154,930
Trade receivables from related companies	**2,156**	1,961
Less: allowance for credit losses	**(25,089)**	(25,312)
	90,124	131,579
Deposits	**14,812**	15,751
Prepayments	**9,284**	15,074
VAT receivables	**1,306**	2,469
Fund deposits to e-payment platforms *(Note)*	**3,145**	5,336
Interest receivables	**25,400**	24,575
Others	**6,655**	7,490
	60,602	70,695
Total trade and other receivables, deposits and prepayments	**150,726**	202,274

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

As at 1 July 2023, trade receivables from contracts with customers amounted to approximately HK$162,639,000.

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

The 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:

	2025	2024
	HK$'000	*HK$'000*
0 to 60 days	**74,091**	102,657
61 to 120 days	**6,677**	15,507
121 to 180 days	**2,762**	4,451
Over 180 days	**4,438**	7,003
	87,968	129,618

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:

	2025	2024
	HK$'000	*HK$'000*
0 to 60 days	**2,156**	1,961

18. TRADE PAYABLES AND BILLS PAYABLE

	2025	2024
	HK$'000	*HK$'000*
Trade payables to third parties	**14,498**	22,183
Bills payable to third parties	**1,887**	949
	16,385	23,132

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:

	2025	2024
	HK$'000	*HK$'000*
0 to 30 days	**7,359**	9,740
31 to 60 days	**5,458**	9,360
61 to 90 days	**650**	1,162
Over 90 days	**1,031**	1,921
	14,498	22,183

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately HK$191.6 million or approximately 21.7% from approximately HK$881.0 million for FY2024 to approximately HK$689.4 million for FY2025. 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**"). Since early 2025, the new administration of the United States of America (the "**United States**") had triggered global tariff wars by imposing a series of steep tariffs on most of the goods imported into the United States, with higher than average tariff rate for imports from China. 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 continued to be the Group's main source of revenue which accounted for approximately 84.2% of the total revenue of the Group for FY2025 (FY2024: approximately 87.3%). Revenue of Tian Wang Watch Business decreased by approximately HK$188.6 million or approximately 24.5% from approximately HK$769.4 million for FY2024 to approximately HK$580.8 million for FY2025. In view of the slowdown in China's economic growth, during FY2025, 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 1,695 points of sale ("**POS**") as at 30 June 2024 to 1,487 POS as at 30 June 2025, with a net decrease of 208 POS.

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$0.8 million or approximately 3.1% from approximately HK$25.6 million for FY2024 to approximately HK$26.4 million for FY2025, which accounted for approximately 3.8% of the total revenue of the Group for FY2025 (FY2024: approximately 2.9%). 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, which was newly launched during FY2025. Such increase was partially offset by the decrease in revenue from the sales of other well-known brand watches (other than Tian Wang Watch) in China during the Year.

Watch Movements Trading Business

Revenue from trading of watch movements ("**Watch Movements Trading Business**") accounted for approximately 11.9% of the Group's total revenue for FY2025 (FY2024: approximately 9.8%). For FY2025, revenue from trading of watch movements was approximately HK$82.2 million, representing a decrease of approximately HK$3.8 million or approximately 4.4% from approximately HK$86.0 million for FY2024, primarily due to the decrease in demand of watch movements in Hong Kong market.

Gross Profit

The Group's gross profit decreased by approximately HK$163.4 million or approximately 25.5% from approximately HK$641.2 million for FY2024 to approximately HK$477.8 million for FY2025. The decrease was mainly due to decrease in revenue 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$8.0 million or approximately 11.6% from approximately HK$69.0 million for FY2024 to approximately HK$61.0 million for FY2025. The decrease was mainly due to the composite effect of (i) decrease in interest income from bank deposits, financial assets and debt instruments of approximately HK$8.1 million from approximately HK$65.1 million for FY2024 to approximately HK$57.0 million for FY2025; (ii) the increase in loss from change in fair value of investment properties of approximately HK$16.6 million from approximately HK$3.9 million for FY2024 to approximately HK$20.5 million for FY2025; and (iii) net exchange gain of approximately HK$5.8 million in FY2025, as compared to a net exchange loss of approximately HK$2.5 million in FY2024.

Selling and Distribution Costs

The Group's selling and distribution costs decreased by approximately HK$91.4 million or approximately 16.1% from approximately HK$569.0 million for FY2024 to approximately HK$477.6 million for FY2025. 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 decreased by approximately HK$9.4 million or approximately 10.1% from approximately HK$93.2 million for FY2024 to approximately HK$83.8 million for FY2025.

Finance Costs and Income Tax

The Group's finance costs remained stable for both FY2024 and FY2025. The Group recorded an income tax credit of approximately HK$11.6 million for FY2025, comparing to an income tax charge of approximately HK$8.7 million for FY2024. The income tax credit for FY2025 was due to the loss before taxation to the Group during the Year.

Loss/Profit attributable to the owners of the Company

The loss attributable to the owners of the Company for FY2025 was approximately HK$17.5 million, as compared to the profit attributable to the owners of the Company of HK$33.6 million for FY2024. The change was mainly due to (i) the decrease in revenue generated from Tian Wang Watch Business by approximately HK$188.6 million, resulting in a loss of approximately HK$38.7 million contributed from this segment for FY2025, comparing to a profit of approximately HK$22.9 million for FY2024; and (ii) the increase in loss from change in fair value of investment properties by approximately HK$16.6 million from approximately HK$3.9 million for FY2024 to HK$20.5 million for FY2025.

BUSINESS REVIEW

Overview

During FY2025, 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 84.2% of the total revenue of the Group in FY2025. 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 FY2025, over 65.9% 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 2025, the number of the Group's POS for the sales of Tian Wang watches was 1,487, representing a net decrease of 208 POS compared to that as at 30 June 2024. As at 30 June 2025, the number of the Group's POS for the sales of other brands watches was 88, representing a net decrease of 45 POS compared to that as at 30 June 2024.

Proprietary Watch of the Group

Tian Wang Watch

Revenue of Tian Wang Watch Business, which contributed approximately 84.2% of the Group's total revenue for FY2025 (FY2024: approximately 87.3%) remained to be the Group's major source of revenue. During FY2025, the Group has launched over 16 new models of Tian Wang watches with prices ranging from approximately RMB1,100 to RMB6,200 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

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. The revenue generated from Other Brands (PRC) Business increased by approximately HK$0.8 million or 3.1% from approximately HK$25.6 million for FY2024 to approximately HK$26.4 million for FY2025. 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, which was newly launched since 1 July 2024. 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 11.9% of the Group's total revenue for FY2025 (FY2024: approximately 9.8%). Revenue from this business segment decreased by approximately HK$3.8 million or approximately 4.4% to approximately HK$82.2 million for FY2025 from approximately HK$86.0 million for FY2024, mainly due to the slight decrease 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 FY2025, the e-commerce business continued to be one of the major contributors to the Group's revenue, which accounted for approximately 26.7% of the total revenue of the Group during FY2025 (FY2024: approximately 27.4%).

INVENTORY CONTROL

The Group's inventory balance was approximately HK$166.7 million as at 30 June 2025, representing a decrease of approximately HK$20.7 million or approximately 11.0% as compared with approximately HK$187.4 million as at 30 June 2024. The Group's inventory turnover days decreased to approximately 305 days for FY2025, as compared with approximately 317 days for FY2024. 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 FY2025. 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$136.4 million and approximately HK$152.7 million as at 30 June 2025 and 30 June 2024 respectively, with corresponding provision for these inventory balances of approximately HK$104.9 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.

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$979.8 million and approximately HK$959.2 million as at 30 June 2025 and 30 June 2024, respectively.

The Group's net cash generated from operating activities for FY2025 was approximately HK$92.4 million, representing a decrease of approximately HK$86.4 million from approximately HK$178.8 million for FY2024. The net cash generated from operating activities was primarily attributable to loss before taxation of approximately HK$30.5 million from the Group's operations adjusted for non-cash items of approximately HK$19.2 million, decrease of working capital balances of approximately HK$60.9 million, income taxes paid of approximately HK$3.4 million and interest received of approximately HK$46.1 million.

The Group's net cash used in investing activities for FY2025 was approximately HK$64.6 million, which was mainly attributable to the redemption of financial assets at amortised cost of approximately HK$355.0 million, proceeds from disposal of debt instruments at fair value through other comprehensive income of approximately HK$36.9 million, interest received from debt instruments at fair value through other comprehensive income of approximately HK$10.5 million, which was offset by the cash used in the purchase of property, plant and equipment of approximately HK$30.6 million, purchase of debt instruments at fair value through other comprehensive income of approximately HK$69.9 million, purchase of financial assets at amortised cost of approximately HK$354.2 million, and purchase 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 FY2025 was approximately HK$25.5 million, which was mainly attributable to dividends paid to the shareholders of the Company (the "**Shareholders**") of approximately HK$35.4 million, and the payment of lease liabilities of approximately of HK$5.9 million, which was partially financed by bank borrowings of approximately HK$16.4 million.

The Group was in net cash position as at 30 June 2024 and 2025. As at 30 June 2025, the Group's total equity was approximately HK$2,261.8 million, representing a decrease of approximately HK$54.4 million from approximately HK$2,316.2 million as at 30 June 2024. The Group's working capital was approximately HK$1,334.9 million as at 30 June 2025, representing a decrease of approximately HK$55.9 million as compared with approximately HK$1,390.8 million as at 30 June 2024.

As at 30 June 2025, the Group's bank balances and cash were mainly denominated in United States dollar ("**US$**"), RMB and HK$.

The gearing ratio, as calculated based on the total debt divided by the total equity at the end of the respective year, of the Group was approximately 1.7% and approximately 1.2% as at 30 June 2025 and 30 June 2024, respectively. The increase in gearing ratio was because of the deployment of bank borrowings of approximately HK$16.4 million.

CHARGES ON GROUP ASSETS

There was no material charges on the Group's assets as at 30 June 2025 and 2024.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2025 and 2024.

SIGNIFICANT INVESTMENTS

As at 30 June 2025, the Group held investment properties with a fair value of approximately HK$122.5 million.

During FY2025, the Group recorded a loss from change in fair value of its investment properties of approximately HK$20.5 million (FY2024: HK$3.9 million). As at 30 June 2025, 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 2025 amounted to approximately HK$122.5 million, representing a decrease of approximately HK$20.5 million as compared with that as of 30 June 2024. 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$23-HK$24 per sq.ft.	4.2%
The PRC – Factory units	Income approach	HK$24-HK$29 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.

In addition, the Group also held (i) financial assets at fair value through profit and loss of approximately HK$24.9 million; (ii) financial assets at amortised cost of approximately HK$461.8 million; and (iii) debt instruments at fair value through other comprehensive income of approximately HK$153.1 million as at 30 June 2025.

Save as disclosed above, the Group did not hold any other significant investments as at 30 June 2025.

Investments in KKR Fund II

On 29 August 2025, the Company entered into a subscription agreement for the subscription (the "**Subscription**") of limited partnership interests in KKR Asia Tactical Credit (Overseas) Fund SCSp ("**KKR Fund II**") with total subscription amount of US$10,000,000. Please refer to the announcement of the Company dated 29 August 2025 for further details of the Subscription.

To the best knowledge, information and belief of the Company:

(i) the investment strategy of KKR Fund II is to maintain a flexible and wide investment mandate, leveraging a collaborative investment process to identify the most attractive opportunities across the whole credit spectrum, with a predominant focus within liquid and traded leveraged credit markets;

(ii) KKR Fund II seeks to generate an attractive return through implementing a wide range of investment themes across market condition, in particular, it targets to maintain an investment portfolio comprising (a) around 75-80% of its core investments with dislocation/relative value, proprietary research and liquidity premium, such as large market capitalization technology conglomerates in Hong Kong; and (b) around 20-25% event driven investment with near term catalysts and stressed credits, such as convertible bonds, rating actions and perpetual securities;

(iii) the majority of the assets of KKR Fund II will be sourced from traded and liquid credit markets within the Asia-pacific region, across both the investment grade and lower rated spectrum. As at 31 July 2025, approximately 34% of the investments of KKR Fund II have an average rating of BB+; and

(iv) investment decisions of KKR Fund II are made by its investment manager primarily based on certain core factors, including but not limited to, sector exposures, rating quality and liquidity, which may be adjusted from time to time depending on the prevailing market conditions. Each of the investment decisions is driven by rigorous bottom-up credit research by its analysts, who focus first on the fundamentals of each security, while taking into account industry trends and the wider economic environment, through major procedures and considerations as follows:

(a) Security analysis – Analysts would conduct individual security analysis and incorporate their views on industry trends and the macro environment. The analysts would create an investing framework for their respective sectors and work with the macro and risk analytics teams to incorporate a top-down view of the sector to help inform thematic views.

(b) Sector exposures – The fund assesses sector positioning as part of the portfolio construction process. Sector exposures are mainly driven by bottoms-up ideas which are informed by macro and sector views and there are no formal ranges or bounds for specific sector(s). Nevertheless, the fund would actively stay away from selected high-risk sectors that face substantial macro and structural headwinds.

(c) Ratings quality – Analysts would assess the ratings quality by forming their own credit view for each potential investment through proprietary research on each potential investment, focusing on bottom-up, security-based analysis that incorporates company-specific, sector-wide, and macroeconomic factors.

(d) Liquidity – The fund evaluates the liquidity of the investments with reference to the size of the issuers. The fund does not pose a bright line on the size of the issuer, but most of its investments are offered by issuers with an average market capitalization of over US$300 million. The fund would carefully manage allocations to smaller deals to ensure it appropriately matches liquidity needs on an account-by-account basis, generally with the smallest issuance size to be US$100 million to ensure liquidity.

To the best knowledge, information and belief of the Company, KKR & Co. Inc. ("**KKR**") (the holding company of the investment manager and general partner of KKR Fund II) is a leading global investment firm and, together with its group companies, manage assets of approximately US$664 billion globally as at 31 March 2025. In view of the market position and reputation of KKR for its disciplined investment management, robust governance and innovative strategies, particularly in the Asia-pacific region, in 2023, the Company subscribed for limited partnership interests in a fund under KKR, namely the KKR Ascendant Fund SCSp ("**KKR Fund I**"), which had achieved a value growth of approximately 3.3% up to 30 June 2025. Considering that KKR Fund I was only established in May 2022 and the Company only started to contribute capital to KKR Fund I in December 2024, the Company is of the view that that such performance and return is satisfactory. Building on the experience in the Group's investment in KKR Fund I, in or around April 2025, the Group was approached by KKR Fund II for potential investment.

Prior to the Subscription, the Company has conducted comprehensive due diligence, including (i) reviewing the track record, qualifications and experience of funds managed by KKR, confirming their strong expertise and global leadership in private equity and alternative investments; (ii) understanding the investment strategy of KKR Fund II, including its focus, risk management protocols, sector and/or geographical diversification and historical performance; (iii) discussing with the investment team of KKR Fund II to assess alignment of objectives, transparency, and ongoing support; and (iv) reviewing the terms of the Subscription to understand, among others, the withdrawal mechanism. After conducting the above due diligence procedures, the Company considers that (i) the Subscription is in line with its investment objectives; (ii) the experience and qualification of the investment manager would allow the Company to mitigate direct investment risks; and (iii) the transactions contemplated under the Subscription are in the interests of the Company and its Shareholders as a whole.

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 alias, 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.

Investment portfolio of the Group

As at 30 June 2025, the investment portfolio of the Group mainly aimed at generating interest income and comprised (i) interests in investment funds; (ii) certificate of deposits and fixed deposits issued by banks in the PRC; (iii) unlisted financial products purchased from commercial banks or insurance companies; and (iv) listed corporate bonds. Such investments include both short-term and long-terms investments with different time frames. Among the cash, bank deposits and investments held by the Group as at 30 June 2025, approximately 82% were held on short-term basis (including cash and short-term deposits and investments with maturity of two years or less), while approximately 18% were held on long-term basis (including investments with maturity exceeding two years).

Investment decisions

Investment decisions of the Group are made through a multi-layered governance structure. An investment management team (the "**Investment Management Team**"), comprising two executive Directors (namely Mr. Tung Koon Ming and Mr. Tung Wai Kit) and the chief financial officer of the Group, assisted by the PRC Financial Controller and the Group Financial Manager, is responsible for identifying suitable investment opportunities available on the market and the execution of the investments. Pursuant to the Investment Policy, the Investment Management Team may approve investments (or a series of investments) with an amount below 5% of the market capitalization and/or total assets of the Group from time to time. Any proposed investment exceeding such threshold must be reviewed and approved by the Board.

Ongoing risk management and control measures

The Group maintains comprehensive internal control and risk management processes, including regular performance reviews, stringent approval workflows and periodic monitoring of all investment projects. The Investment Management Team is responsible for ongoing monitoring of the investments made by the Group, the preparation of half-yearly reports in relation to the performance of the investments and regular re-evaluations of counterparties and/or investment targets. The Investment Management Team is also responsible for ensuring that records of all investment proposals, documentation and accounting records are properly kept. The Investment Management Team should promptly report to the Board in the event of any material adverse changes in the Group's investments, which are determined on a case-by-case basis depending on the nature and size of the specific investment. Generally, the Investment Management Team is required to report to the Board if, among other things, (i) the investment has recorded ongoing and irrecoverable losses; or (ii) there is any material change in the circumstances or terms of the investment so that it no longer conforms with the Group's investment strategy (for example, increase in risk level due to macroeconomics changes).

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 the Year, and the Company did not have any future plans for material investments or capital assets in the coming year as at the date of this announcement.

CAPITAL COMMITMENTS

Set forth below are details of the capital commitments of the Group as at 30 June 2025 and 2024:

	30 June 2025	30 June 2024
	HK$'000	*HK$'000*
Capital commitments in respect of property, plant and equipment	**8,891**	11,349
Capital commitments in respect of unlisted investment funds	**26,862**	39,041
	35,753	50,390

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 2025, the Group employed a total of approximately 2,400 full-time employees from continuing operations in the PRC and Hong Kong (30 June 2024: approximately 3,000). The staff costs incurred during FY2025 was approximately HK$252.1 million (FY2024: approximately HK$270.5 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 sponsor TianWang watches as prizes for Shenzhen Nanshan Half Marathon. Charitable and donations incurred by the Group during the year was Nil (2024: approximately HK$0.5 million). No donations was made to political parties.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering ("**IPO**") of the shares of the Company (the "**Share(s)**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in February 2013 amounted to approximately HK$742.0 million, of which approximately HK$705.5 million had been utilised up to 30 June 2024. For FY2025, the Company had not further utilised the proceeds. Details of the unutilised net proceeds are set out in the following table:

	Amount of net proceeds allocated and unutilised as at 1 July 2024 *(HK$'m)*	Amount of net proceeds utilised for FY2025 *(HK$'m)*	Balance as at 30 June 2025 *(HK$'m)*	Actual business progress up to 30 June 2025
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

Since the break of 2025, the new United States administration had triggered global tariff wars by enacting a series of steep tariffs affecting nearly all goods imported into the United States, with higher than average tariff rate for import from China. Th on-going 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.

During the Year, the Group continued to diversify its business operations and revenue streams. In FY2025, the Group commenced the business of supplying mechanical watch movements and watches produced on OEM basis to markets other than Hong Kong, Macau and China. In addition, the Group also launched a new business line supplying watches to corporate customers on OEM/ODM bases. Revenue generated from these new businesses had compensated for the decline the fall in revenue due to decline in demand for other well-known brands watches other than 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.

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

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.

FINAL DIVIDEND AND SPECIAL DIVIDEND

After considering the Company's existing bank and cash balance level, the working capital requirements for future business development, and to show appreciation for the support of the Shareholders, the Board has recommended a special dividend of HK1.0 cents per Share for FY2025, payable on 11 December 2025 to Shareholders whose names appeared on the Register of Members of the Company as of 28 November 2025. The Board resolved not to recommend the declaration of a final dividend for FY2025.

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 21 November 2025, the register of members of the Company will be closed from 18 November 2025 to 21 November 2025 (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 17 November 2025.

For the purpose of determining members who are qualified for the proposed special dividend for FY2025 which is subject to approval by the Shareholders at the Annual General Meeting, the register of members of the Company will be closed on 28 November 2025, on which no transfer of Share will be effected. In order to qualify for the entitlement to the proposed special dividend, all transfers of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at the above address for registration no later than 4:30 p.m. on 27 November 2025.

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 FY2025. As at 30 June 2025, 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 FY2025, 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.

Code provision F.2.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. Mr. Tung, the chairman of the Board, was unable to attend the annual general meeting held on 22 November 2024 (the "**2024 AGM**") due to other business engagements. Mr. Tung Wai Kit, an executive Director who presided at the 2024 AGM, together with members of the Board who attended the 2024 AGM communicated with Shareholders at the 2024 AGM.

* *The amendments to the CG Code effective on 1 July 2025 will apply to the corporate governance reports and annual reports of the Company for financial years commencing on or after 1 July 2025.*

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 FY2025.

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 FY2025 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 FY2025 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 FY2025 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 2025

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