



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

(Incorporated in the Cayman Islands with limited liability)

Stock code: 2033

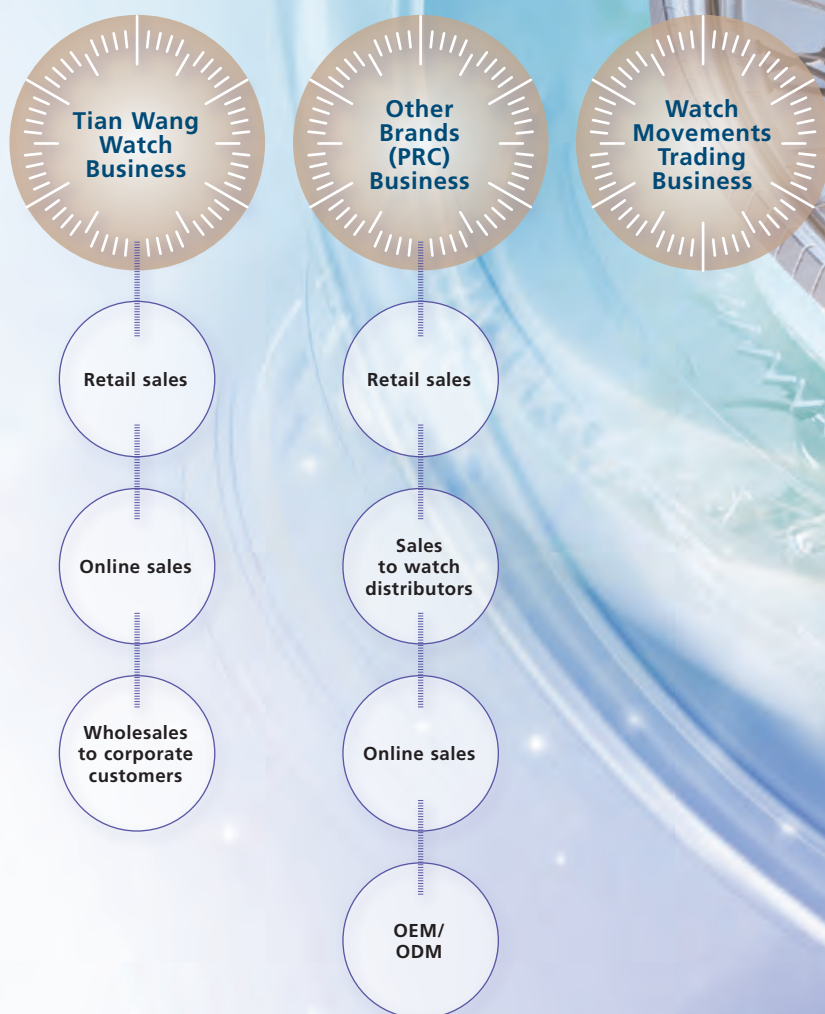
Annual Report
2025

CORPORATE PROFILE

Time Watch Investments Limited (the “Company” or “Time Watch”) and its subsidiaries (collectively, the “Group”) are a leading manufacturer, brand-owner and retailer of domestic watches in the People’s Republic of China (“PRC”).

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

OUR BUSINESSES



2025 RESULTS AT A GLANCE

Equity attributable to
owners of the Company:

HK\$2,261.5 million

(2024: HK\$2,314.6 million)

-2.3%

(Loss) profit attributable to owners
of the Company:

HK\$(17.5) million

(2024: HK\$33.6 million)

(Loss) earnings per share – basic:

HK(0.9) cents

(2024: HK1.6 cents)

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PERMANENT Series

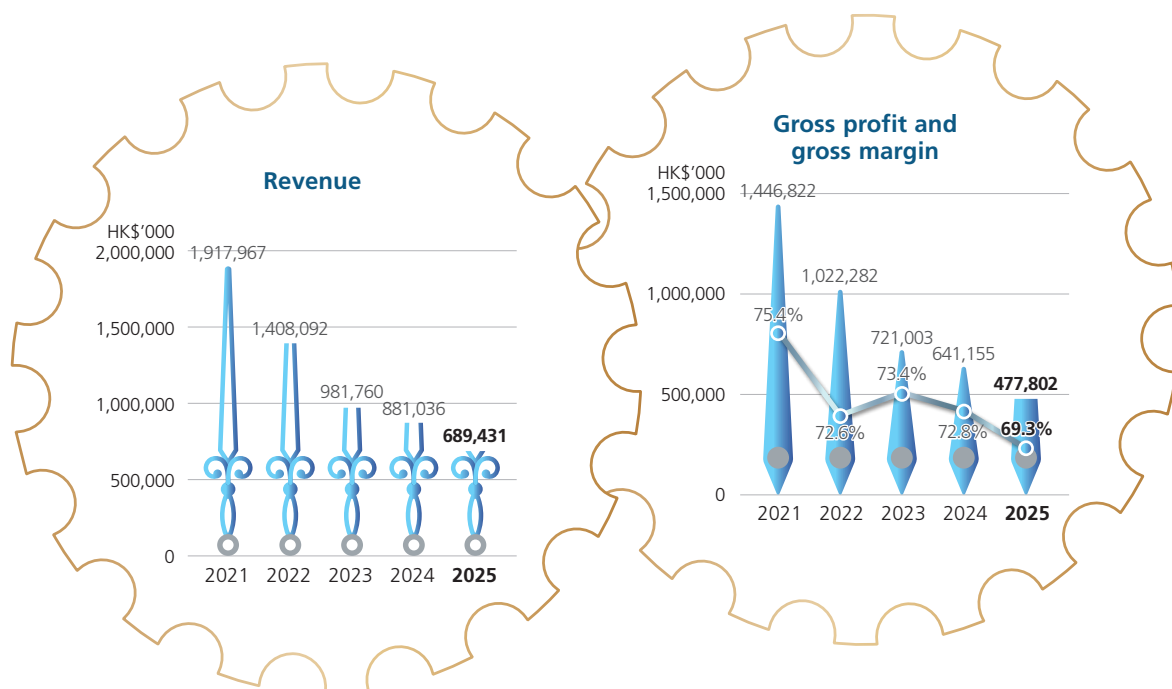
FINANCIAL HIGHLIGHTS

FIVE-YEAR FINANCIAL SUMMARY

The following is a summary of the published audited financial results of the Group for the last five financial years. The financial information for each of the five years ended 30 June 2025 is extracted from the consolidated financial statements in the annual reports for the respective financial years.

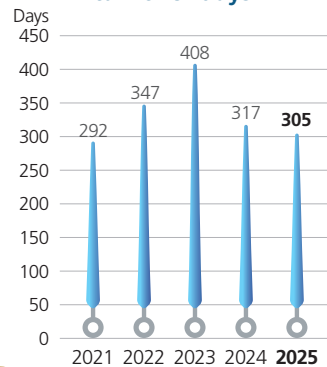
	2021	2022	2023	2024	2025
For the year ended 30 June	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	1,917,967	1,408,092	981,760	881,036	689,431
Gross profit	1,446,822	1,022,282	721,003	641,155	477,802
Gross margin	75.4%	72.6%	73.4%	72.8%	69.3%
(Loss) profit attributable to owners of the Company	259,103	33,020	37,070	33,636	(17,535)

	2021	2022	2023	2024	2025
As at 30 June	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	3,077,789	2,937,364	2,619,592	2,540,873	2,471,113
Total liabilities	443,995	325,752	232,002	224,705	209,331
Equity attributable to owners of the Company	2,601,806	2,582,805	2,386,059	2,314,592	2,261,525
Average inventory turnover days (days)	292	347	408	317	305
Average trade receivables turnover days (days)	51	61	69	61	59
Average trade payables turnover days (days)	35	49	42	31	33

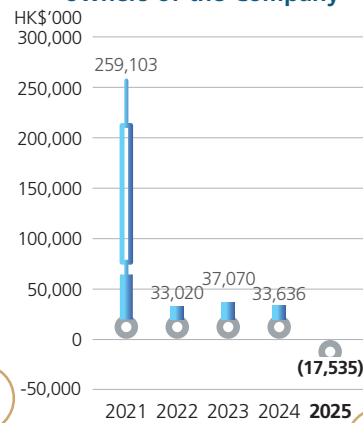


FINANCIAL HIGHLIGHTS

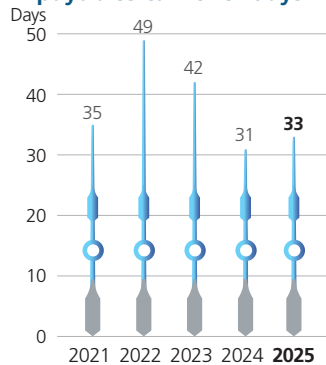
Average inventory turnover days



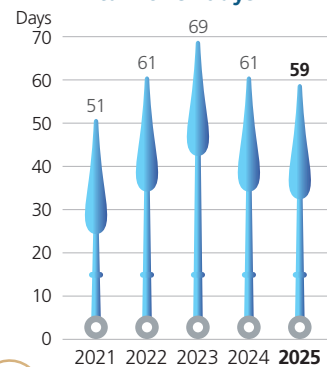
(Loss) profit attributable to owners of the Company



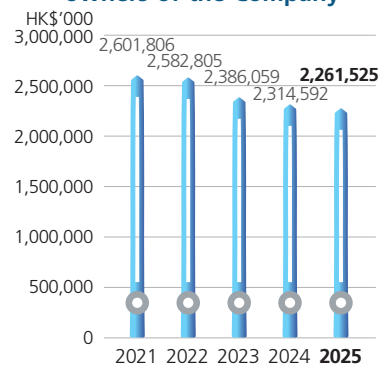
Average trade payables turnover days



Average trade receivables turnover days



Equity attributable to owners of the Company



CHAIRMAN'S STATEMENT

LEGEND Series



Dear Shareholders,

On behalf of Time Watch Investments Limited (the “Company”, together with its subsidiaries, the “Group”), I am pleased to present the Group’s annual results for the financial year ended 30 June 2025 (“FY2025”).

The economy of China continued to face headwinds in FY2025, influenced by ongoing global trade frictions, including the escalation of tariffs imposed by the new United States administration on imports from China, which dampened economic growth and consumer sentiment. Despite positive market sentiments during key periods such as the Spring Festival earlier in the year, persistent challenges in the job market, housing sector, and broader retail environment led to a slower-than-expected recovery. The first half of 2025 saw subdued spending power among consumers, though the Chinese government remains committed to advancing market reforms and stimulating economic revitalisation. The Group maintains its optimistic outlook for a medium-term recovery in China’s economy and stands prepared to pursue expansion opportunities as market conditions improve.

In alignment with the current market dynamics in China and the government’s encouragement for Chinese brands to expand internationally, the Group has proactively diversified its operations. Since 1 July 2024, we have been supplying mechanical watch movements and watches produced on an Original Equipment Manufacturer (OEM) and Original Design Manufacturer (ODM) bases to markets beyond Hong Kong, Macau, and China. Building on this, during FY2025, we launched a new business line focused on supplying watches to corporate customers on both OEM and ODM bases, which has shown promising early contributions. The Group will continue to closely monitor the performance of these OEM and ODM initiatives and scale production facilities as demand warrants.

CHAIRMAN'S STATEMENT

For FY2025, the Group recorded revenue of approximately HK\$689.4 million, representing a decrease of approximately 21.7% from HK\$881.0 million in the year ended 30 June 2024 ("FY2024"). The gross profit margin declined slightly by 3.5 percentage points to 69.3% from 72.8% in FY2024. Reflecting the challenging environment, the Group reported a loss attributable to owners of the Company of approximately HK\$17.5 million for FY2025, compared to a profit of approximately HK\$33.6 million in FY2024. Basic loss per share was HK0.9 cents for FY2025 (FY2024: basic earnings per share of HK1.6 cents).

Tian Wang Watch remained our cornerstone brand in FY2025, contributing approximately 84.2% of the Group's total revenue, or approximately HK\$580.8 million. The Watch Movements Trading Business and Other Brands (PRC) Business accounted for approximately 11.9% and 3.8% of total revenue, respectively.

The e-commerce business sustained its stability as a vital revenue driver during FY2025, comprising approximately 26.7% of total revenue. These platforms continue to serve as effective channels for product marketing and the introduction of innovative watch models, particularly appealing to younger demographics.

As at 30 June 2025, the Group operated 1,487 points of sale ("POS") for Tian Wang Watches Business (FY2024: 1,695 POS), with an additional 88 POS for Other Brands (PRC) Business (FY2024: 133 POS). This strategic optimisation of our retail network provides invaluable insights into customer preferences and enables targeted strategies for marketing, product development, and operational enhancements. The Group will maintain a cautious stance, regularly assessing POS performance and prioritising high-traffic locations in second-, third-, and fourth-tier cities within shopping malls.

The Group will persist in refining its cost control measures and optimising its POS network to bolster profitability through enhanced efficiency and a streamlined cost structure.

The Group has upheld a prudent approach to fund management, ensuring ample liquidity to seize growth opportunities amid uncertainty. As at 30 June 2025, the Group held bank balances and cash of approximately HK\$979.8 million, underscoring our commitment to robust liquidity. This strategy ensures resilience in a volatile market, supports operational needs, and allows surplus funds to generate stable returns.

In light of the Group's solid financial position and working capital needs, and as a gesture of appreciation for the steadfast support of the Shareholders, the Board of Directors (the "Board") recommends a special dividend of HK1.0 cents per share for FY2025. The Group remains dedicated to delivering consistent and sustainable returns to Shareholders. From the year ended 30 June 2013 to FY2025, the Company has distributed or declared cash dividends exceeding 40% of profits attributable to owners in aggregate. Notably, over the three years from FY2023 to FY2025, the dividend payout ratios relative to profits attributable to owners have ranged from coverage to levels well above 100%.

We remain guided by our enduring philosophy of "Focus on Quality, Striving for Perfection", coupled with pragmatic strategies that have fortified our market standing. These principles will enable the Group to navigate ongoing challenges and sustain its leadership in the PRC watch market. On a personal note, I extend my deepest gratitude to our Shareholders, the Board, dedicated staff, valued customers, business partners, and all who have supported us over the years. Together, we will continue innovating stylish, high-quality watches to drive business growth and enhance shareholder value.

Mr. Tung Koon Ming

Chairman

Hong Kong, 29 September 2025



TOTAL
1,575

**NUMBER OF POS OF THE GROUP
AS AT 30 JUNE 2025**

**TIAN WANG
WATCH
BUSINESS**
1,487

**OTHER BRANDS
(PRC) BUSINESS**
88



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 the break of 2025, the new United States administration 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 the 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 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 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 sales generated from the Tian Wang Watch Business and was in line with the decrease in revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

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 HK\$5.8 million in FY2025, as compared to net exchange loss of 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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, Renminbi and Hong Kong dollar.

The gearing ratio, as calculated based on the total debt divided by the total equity at the end of the respective year, of the Group was approximately 1.7% 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.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

Investment properties

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.

Financial assets and debt instruments

As at 30 June 2025, the Company also held (i) financial assets at fair value through profit or 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. For details, please refer the paragraphs headed "Financial assets at amortised cost", "Financial assets at fair value through profit or loss" and "debt instruments at fair value through other comprehensive income" below.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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-term 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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).

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

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

CAPITAL COMMITMENTS

	30 June 2025 HK\$'000	30 June 2024 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 Tian Wang watches as prizes for Shenzhen Nanshan Half Marathon. Charitable and donations incurred by the Group during the year was Nil (FY2024: approximately HK\$0.5 million). No donations were made to political parties.

FINANCIAL ASSETS AT AMORTISED COST

As at 30 June 2025, financial assets at amortised cost represented fixed deposits issued by banks in the PRC. The table below sets out a summary of the financial assets at amortised cost as at 30 June 2025 and the comparative figures as at 30 June 2024:

Issuer	Product type	Principal business	Investment cost as at		Fair value as at		Annual interest income as at 30 June 2025	Realised gain or loss and interest income during FY2025	Unrealised gain or loss and interest income during FY2025	Size relative to the Company's total asset as at 30 June 2025
			30 June 2025	30 June 2024	30 June 2025	30 June 2024				
			RMB'000	RMB'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	
Agricultural Bank of China	Fixed deposit	Banking services	56,400	90,000	61,803	96,696	2,401	971	1,318	2.5%
Hua Xia Bank Co. Limited	Fixed deposit	Banking services	215,000	165,000	235,597	177,276	7,402	3,456	4,508	9.5%
Bank of Ningbo	Fixed deposit	Banking services	–	51,000	–	54,794	1,925	5,778	–	–
										(Note)
China Guangfa Bank	Fixed deposit	Banking services	140,000	130,000	153,412	139,672	4,306	–	4,285	6.2%
Pudong Development Bank	Fixed deposit	Banking services	10,000	–	10,958	–	351	–	254	0.4%

Note: Such product has reached maturity before 30 June 2025. As such, the size relative to the Company's total assets as at 30 June 2025 is not applicable.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 June 2025, financial assets at fair value through profit or loss represented unlisted investment fund units, unlisted financial products purchased from investment company, commercial banks or insurance company. The table below sets out a summary of the financial assets at fair value through profit or loss of the Group as at 30 June 2025 and the comparative figures as at 30 June 2024:

Issuer	Product type	Principal business	Investment cost as at		Fair value as at		Annual interest income as at 30 June 2025	Realised gain or loss and interest income during FY2025	Unrealised gain or loss and interest income during FY2025	Size relative to the Company's total asset as at 30 June 2025
			30 June 2025	30 June 2024	30 June 2025	30 June 2024				
			HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	
FWD Life insurance	Life insurance	Life insurance	10,000	10,000	8,596	7,404	–	–	1,193	0.3%
Manulife (International)	Universal life insurance	Life insurance	5,000	5,000	3,533	2,624	–	–	909	0.1%
KKR Fund I	Unlisted investment fund units	Investment in business	12,299	–	12,794	–	–	–	495	0.5%

DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 30 June 2025, debt instruments at fair value through other comprehensive income represented listed corporate bonds. The table below sets out a summary of debt instruments at fair value through other comprehensive income of the Group as at 30 June 2025 and the comparative figures as at 30 June 2024:

Issuer	Product type	Principal business	Investment cost as at		Fair value as at		Annual interest income as at 30 June 2025	Realised gain or loss and interest income during FY2025	Unrealised gain or loss and interest income during FY2025	Size relative to the Company's total asset as at 30 June 2025
			30 June 2025	30 June 2024	30 June 2025	30 June 2024				
			USD'000	USD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	
HSBC Holdings Plc	Corporate bonds	Banking services	2,360	4,700	18,039	37,458	3,457	2,269	(367)	0.7%
Nan Fung Treasury (III) Limited	Corporate bonds	Property development	6,720	6,720	37,437	36,645	2,725	2,728	1,430	1.5%
NWD Finance (BVI) Limited	Corporate bonds	Property development	6,500	6,500	14,315	28,853	3,407	3,410	(13,457)	0.6%
Barclays PLC	Corporate bonds	Banking services	3,977	3,977	31,427	30,676	1,908	1,909	660	1.3%
Societe Generale SA	Corporate bonds	Banking services	2,901	–	23,194	–	1,110	1,110	530	0.9%
Standard Chartered PLC	Corporate bonds	Banking services	3,720	–	28,669	–	1,390	–	(53)	1.2%

MANAGEMENT DISCUSSION AND ANALYSIS

During FY2025, 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 2024. For FY2025, 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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. 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.

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.

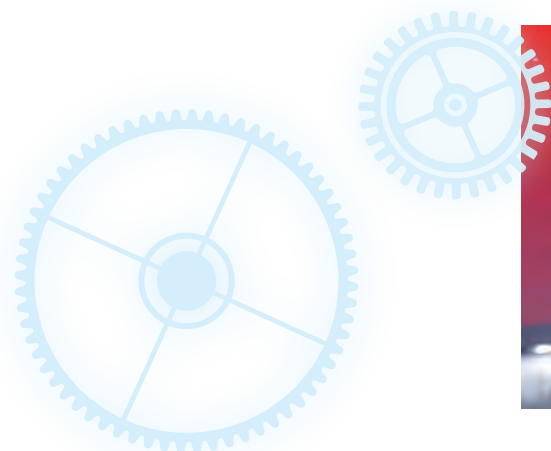
Looking ahead, the economy outlook and the retail industry in China are still facing uncertainty and challenges. The management expects that the Group's performance and financial position will inevitably be affected in the next couple of years.



The background is a complex, abstract composition. It features several interlocking gears in shades of white, cream, and light orange. These gears are set against a backdrop of soft, overlapping circular and curved shapes in pastel colors like pink, peach, and light green. Some areas have a fine grid pattern, while others are filled with small, glowing white dots, giving it a sense of depth and movement.

SHINE Series

CORPORATE EVENTS



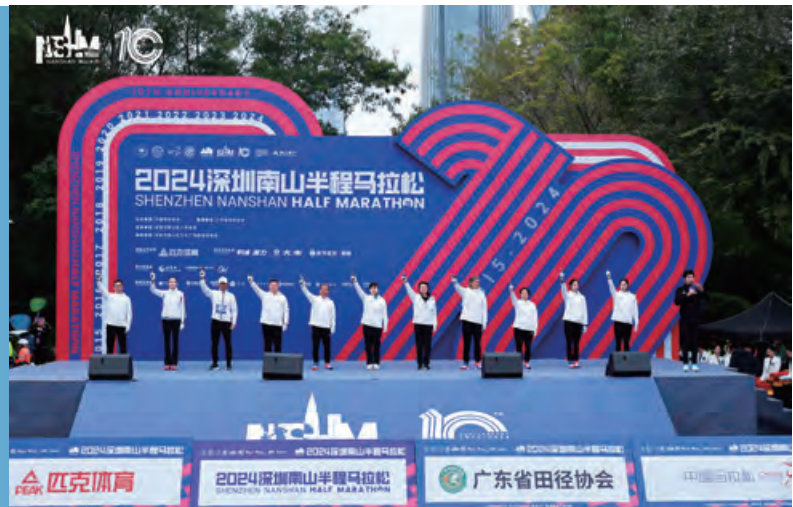
Since its founding in 1988, Tian Wang Watch has remained convinced that “education is the greatest form of charity”. Through sustained commitment and tangible investment in educational philanthropy, it has continually drawn inspiration to forge ahead, enabling its own development to generate greater public value for society. Tian Wang’s educational-charity philosophy dovetails perfectly with that of Teach For China - “to educate others is to meet one’s true self”. Since 2017, in order to realize the shared public welfare vision of “every child in China, regardless of background, should have access to the same high-quality education”, Tian Wang Watch has donated nearly RMB5 million to Teach For China’s public welfare projects in support of rural education, jointly walking this philanthropic path for 8 years.

Looking ahead, Tian Wang Watch will continue to remember its social responsibilities and mission. Guided by gratitude and a spirit of giving back, it will continue to contribute its modest efforts across social welfare, disaster relief, educational assistance, and industry-wide educational culture initiatives.

CORPORATE EVENTS

The highly anticipated 10th Shenzhen Nanshan Half Marathon in 2024 was powered from start to finish by Tian Wang Watch, which served as the official timing partner for this half marathon event. Leveraging 36 years of professional timing expertise to help the event feature timing arch checkpoints every 5 kilometers, Tian Wang Watch empowered runners to precisely manage their pace, strategically plan their splits, and achieve their best results. Simultaneously, it spread the time philosophy: “run your own rhythm – everyone can be a tian wang”.

At the award ceremony, Mr. Deng Guanglei, the general manager of Tian Wang Watch, presented the champion with a premium watch and shared the podium with the top three finishers to celebrate this glorious moment. Completing a marathon takes grit, courage and months of persistence, and building a brand demands the same. Since its founding, Tian Wang Watch has lived by long-termism, adhering to a spirit of sustainable development that keeps pace with the times. It actively embraces new waves of the era, navigating time and mastering its own destiny. On the road ahead, Tian Wang Watch possesses unwavering confidence and enduring patience. Step by step, it will forge its own timeless legend.



PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Tung Koon Ming (董觀明), aged 74, is the founder of the Group, the Chairman, executive Director and chief executive officer of the Company. Mr. Tung is the father of Mr. Tung Wai Kit, an executive Director, and the brother of Mr. Tung Koon Kwok Dennis, an executive Director. He was appointed as an executive Director on 21 September 2011. He is responsible for the overall direction, management and daily operation of the Group. He is also a director of certain subsidiaries of the Group. Mr. Tung has over 30 years of experience in the manufacturing and trading of watches business. Mr. Tung is the founder of Winning Metal Products Manufacturing Company Limited ("Winning Metal"), a controlling shareholder (within the meaning of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) of the Company from 1980 to 2012. He has been the chairman, chief executive officer and director of Time Watch Investments Private Limited ("Time Watch Singapore"), a company which was listed on the Singapore Stock Exchange ("SGX") until it was privatised in June 2011. Through Winning Metal and Time Watch Singapore, Mr. Tung established the Group's watch movements trading business; developed Tian Wang and Balco watch and sales network of the Group in the PRC. Mr. Tung was awarded the Top Ten Persons of the Year (十大風雲人物獎) by the China Watch and Clock Top Forum in 2005 and the outstanding entrepreneurship award by Enterprise Asia in September 2013. He was also a member of the 8th, 9th and 10th Hunan Province People's Political Consultative Committee since 1998. Mr. Tung is currently a director of Red Glory Investments Limited, the controlling shareholder (within the meaning of the Listing Rules) of the Company, which along with Tung Koon Ming Family (PTC) Limited has an interest in such number of shares of the Company ("Shares") under Part XV of the Securities and Futures Ordinance (the "SFO") as disclosed in the section headed "Directors' Report – Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations" of this annual report.

Mr. Tung Koon Kwok Dennis (董觀國), aged 67. He was appointed as an executive Director on 1 March 2019. Mr. Tung Koon Kwok Dennis is the brother of Mr. Tung Koon Ming, the Chairman, executive Director and chief executive officer of the Company and the uncle of Mr. Tung Wai Kit, an executive Director. Mr. Tung Koon Kwok Dennis has over 35 years of experience in sales and marketing in the watch industry. He was a sales manager of Winning Metal. He has been the sales manager of Win Source Trading Limited, a wholly owned subsidiary of the Company since 2012. The main business of both Winning Metal and Win Source Trading Limited is trading of watch movements. Mr. Tung Koon Kwok Dennis was a director of the Federation of Hong Kong Watch Trades & Industries Limited from 1991 to 1999. Mr. Tung Koon Kwok Dennis is currently the honorary director of the Federation of Hong Kong Watch Trades & Industries Limited. Mr. Tung Koon Kwok Dennis is currently a director of various subsidiaries of the Company. Mr. Tung Koon Kwok Dennis has an interest in such number of Shares under Part XV of the SFO as disclosed in the section headed "Directors' Report – Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations" of this annual report.

Mr. Tung Wai Kit (董偉傑), aged 51, was appointed as an executive Director on 21 September 2011. Mr. Tung Wai Kit is the son of Mr. Tung Koon Ming, the Chairman, executive Director and chief executive officer of Company and the nephew of Mr. Tung Koon Kwok Dennis, an executive Director. Mr. Tung Wai Kit is the Group's marketing and administrative controller and is responsible for the marketing, production and administration of the Group's brand of Balco. Mr. Tung Wai Kit has over 25 years of experience in sales and marketing. He is currently a director of certain subsidiaries of the Group. Mr. Tung Wai Kit was a director of Time Watch Singapore, an associate of the controlling shareholders (within the meaning of the Listing Rules) of the Company, whose shares were listed on the SGX until its delisting in June 2011.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Deng Guanglei (鄧光磊), aged 55, was appointed as an executive Director on 15 October 2014. Mr. Deng graduated from 安徽財貿學院 (Anhui Finance and Trade College) (for identification purpose only) in June 1994. He has over 25 years of experience in sales and marketing. He joined 天王電子有限公司 (Tian Wang Electronics Co., Ltd.) ("Tian Wang Electronics") in 1996 as a regional manager of its sales department in which he was responsible for the sales and marketing of Tian Wang brand of watches and left in 1998. By the end of 1998, when he rejoined Tian Wang Electronics after a temporary departure, he was promoted to be the sales manager of its marketing department. Starting from 2004, he started to be assistant general manager and the person-in-charge of the sales and marketing department of 天王電子(深圳)有限公司 (Tian Wang Electronics (Shenzhen) Co., Ltd.) ("Tian Wang Shenzhen"), a wholly-owned subsidiary of the Company. He has been the general manager of the sales and marketing department of Tian Wang Shenzhen since September 2007 and has also served as the general manager of Shenzhen Time Watch Management Consulting Limited since 2012. He was the deputy general manager of Tian Wang Shenzhen in 2016. He is the general manager of Tian Wang Shenzhen since January 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Wing Keung Meyrick (王泳強), aged 67, was appointed as an independent non-executive Director on 10 January 2013. In August 1987, Mr. Wong obtained his Bachelor of Laws from The University of London as an external student. He was called to the degree of utter barrister of the Honourable Society of Gray's Inn in April 1989. In 1990, he started his practice as a barrister-at-law in Hong Kong. Mr. Wong also obtained Master of Laws in international economic law from The Chinese University of Hong Kong in December 2009 and Postgraduate Diploma in Corporate Governance and Directorship jointly issued by the School of Business, Hong Kong Baptist University and The Hong Kong Institute of Directors in June 2011. He obtained a degree in Master of Science in Corporate Governance and Directorship (Distinction) issued by the School of Business, Hong Kong Baptist University in 2011. He is also a Chartered Engineer, a member of the Institute of Energy, the Institution of Mechanical Engineers and the Institution of Engineering and Technology. From November 2005 to June 2011, he served as an independent non-executive director of the Time Watch Singapore, an associate of the controlling shareholders (within the meaning of the Listing Rules) of the Company, whose shares were listed on the SGX until its delisting in June 2011. He has been appointed as an independent non-executive director of Chong Fai Jewellery Group Holdings Company Limited (formerly known as Dominate Group Holdings Company Limited) on 26 September 2018, a company whose shares are listed on the GEM of the Stock Exchange (stock code: 8537).

Mr. Choi Ho Yan (蔡浩仁), aged 49, was appointed as an independent non-executive Director on 10 May 2013. Mr. Choi obtained a degree of Bachelor of Arts in Accounting from the University of Hertfordshire in July 1998. He has over 27 years of experience in auditing, accounting, corporate finance, advisory and restructuring and investors relations. Mr. Choi worked in Ernst and Young as an accountant, and subsequently a senior accountant, from September 1998 to August 2004. From June 2022 to November 2022, Mr. Choi was an independent non-executive director of China Saite Group Company Limited, a company whose shares were listed on the Main Board of the Stock Exchange and subsequently delisted on 16 November 2022. Mr. Choi has been appointed as an independent non-executive director of Jimu Group Limited on 12 February 2022, a company whose shares are listed on the GEM of the Stock Exchange (stock code: 8187). Mr. Choi has been appointed as an independent non-executive director of Sang Hing Holdings (International) Limited on 30 April 2023, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 1472).

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Law Stacey Man Yee (羅敏儀), aged 38, was appointed as an independent non-executive Director on 24 November 2022. Ms. Law started her legal career as a paralegal with a law firm in Sydney, Australia in 2007 whilst undertaking her undergraduate degrees at the University of Technology, Sydney. She obtained her double bachelor's degrees majoring in Business and Management and International Studies in 2011, with a requisite one-year study abroad experience in Kyushu, Japan. Ms. Law then completed her part-time five-year Juris Doctor degree at the University of Technology, Sydney in 2015 and obtained a graduate certificate in professional legal practice from the University of Technology, Sydney in 2016. She was also admitted as a lawyer of the Supreme Court of New South Wales in September 2016. Ms. Law has been the founder and director of Kapability International Limited, a consultancy business specializing in tailor-made business and compliance solutions and commercial advisory, since April 2018.

Ms. Law has actively been participating in philanthropy and public and community services. She is the founder and the chairman of the Rotary Satellite Club of Abacus Hong Kong – Aces since June 2023, a non-profit organization with an aim to deliver innovative and educational youth service projects that support the mental health and well-being of teenagers in Hong Kong. In addition to serving as the Divisional President of Hong Kong St. John Ambulance Brigade, she is currently also the honorary legal advisor for a charitable organization named Forever Peace Foundation Limited as well as a member of the general committee for the Hong Kong Economic & Trade Association and the International Legal Commercial Elites Association respectively. In November 2022, she has joined the Hong Kong Government's Strive and Rise Programme, serving as a volunteer mentor to junior secondary school students for a period of 12 months. Ms. Law was recognized by the International Probono Legal Services Association Limited as a licensed instructor of National Security Law in June 2023.

SENIOR MANAGEMENT

Mr. Li Yu Zhong (李育忠), aged 59, is the factory general manager of Tianwang Shenzhen and the head of the manufacturing and assembly department of the Group. He has more than 29 years of experience in the watch manufacturing business. In 2007, he obtained the qualification of watch repair examiner issued by Shenzhen Occupational Skill Testing Authority. Starting from 2008, he becomes a committee member of Materials and External Watch Parts Subcommittee on National Technical Committee on Watches of Standardisation Administration of China.

Mr. Ng Lai Po (吳麗寶), aged 58, was appointed as the chief financial officer of the Group on 6 January 2023 and is responsible for the overall financial management, tax, treasury and corporate finance matters of the Group. Mr. Ng obtained his Bachelor of Social Sciences from the University of Hong Kong in 1990. He has been a fellow member of the Association of Chartered Certified Accountants since 1999 and an associate member of the Hong Kong Institute of Certified Public Accountants since 2017. Mr. Ng has over 32 years of experience in financial and operation management in Hong Kong and the PRC, covering a variety of industries including property management, department store operation, petroleum, fast-moving consumer goods, pharmaceutical, luxury and fashion products trading and retailing. Mr. Ng has been serving as an independent non-executive director of Elate Holdings Limited (previously known as South Sea Petroleum Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 76) since 2012, and an executive director and compliance officer of M&L Holdings Group Limited, a company listed on GEM of the Stock Exchange (stock code: 8152) since 2017.

CORPORATE GOVERNANCE REPORT

The board (the “Board”) of directors (the “Directors”) of the Company is pleased to report to the shareholders on the corporate governance of the Company for the year ended 30 June 2025 (“FY2025”).

CORPORATE GOVERNANCE PRACTICES

The Board and the Company are always committed to maintaining high standards of corporate governance. Apart from adopting the Corporate Governance Code as set out in Appendix C1 to the Listing Rules as at 30 June 2025 (the “CG Code”)* as the Company’s corporate governance code, the Company has also established a corporate governance committee (the “CG Committee”) with corporate governance functions set out in code provision A.2 of the CG Code. The Company and the CG Committee periodically review the Company’s corporate governance practice to ensure its continuous compliance with the CG Code. During FY2025 and up to the date of this annual report, save as disclosed below, the Company has complied with the applicable code provisions set out in the CG Code.

* *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.*

CODE PROVISION C.2.1

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

Code provision F.2.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. Mr. Tung Koon Ming, 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.

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 and up to the date of this annual report.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board has a balance of skills and experience and a balanced composition of executive and independent non-executive Directors. As at 30 June 2025, the Board comprised seven Directors, four of whom are executive Directors and three of whom are independent non-executive Directors as set out below:

Executive Directors

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

Independent non-executive Directors

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

The Board is responsible for overseeing management of the Group's business and affairs. The Board has delegated the day-to-day responsibility to the executive Directors and senior management of the Company who are closely supervised by the Board to ensure compliance with the Company's policy and strategy. The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company.

Save for the relationship as set out in the "Profile of Directors and Senior Management" section of this annual report, there is no relationship including financial, business, family or other material or relevant relationships, between Board members and the senior management.

The Company maintains appropriate liability insurance to indemnify the Directors for their liabilities in respect of any legal actions taken against the Directors arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

CORPORATE GOVERNANCE REPORT

DIRECTORS' ATTENDANCE AT BOARD MEETINGS AND GENERAL MEETINGS

During FY2025, the Company had held four board meetings and one general meeting which was the annual general meeting for FY2024. The attendance of each of the Directors at these board meetings and general meeting, by name, is set out below:

Directors	Attendance/ Number of board meetings held	Attendance/ Number of general meeting held
Executive Directors		
Mr. Tung Koon Ming (<i>Chairman</i>)	4/4	0/1
Mr. Tung Koon Kwok Dennis	4/4	1/1
Mr. Tung Wai Kit	4/4	1/1
Mr. Deng Guanglei	4/4	1/1
Independent Non-Executive Directors		
Mr. Wong Wing Keung Meyrick	4/4	1/1
Mr. Choi Ho Yan	4/4	1/1
Ms. Law Stacey Man Yee	3/4	1/1

For the individual attendance record of the Directors at the meetings of the remuneration committee, the audit committee, the nomination committee and the CG Committee of the Board, please refer to the paragraphs headed "Remuneration Committee", "Audit Committee", "Nomination Committee" and "Corporate Governance Committee" respectively of this corporate governance report.

Minutes of meetings of the Board and committees are recorded in appropriate detail and are kept by the company secretary of the Company (the "Company Secretary"). The minutes are circulated to the Directors for review within reasonable time after each meeting.

The Directors are able, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Based on these confirmations, the Company considers that each of the independent non-executive Directors to be independent.

TERM OF APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors was appointed for an initial term of not more than three years which shall be renewable automatically for a successive term of one year each commencing from the next day after the expiry of the then current term of his appointment, unless terminated by either party by giving not less than three month's written notice expiring at the end of the initial term or any time thereafter. The appointment of the independent non-executive Directors is subject to the provisions of the articles of association of the Company (the "Articles of Association") with regard to vacation of office of Directors, removal and retirement by rotation of Directors.

CORPORATE GOVERNANCE REPORT

DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT

New Directors, on appointment, will be given an induction package containing all key legal and Listing Rules' requirements as well as guidelines on the responsibilities and obligations to be observed by a director. The package will also include the latest published financial reports of the Company and the documentation for the corporate governance practices adopted by the Board.

Pursuant to Code Provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. During FY2025, the Directors participated in the kinds of trainings as follows:

Directors	Kinds of Trainings
Executive Directors	
Mr. Tung Koon Ming (<i>Chairman</i>)	A, B
Mr. Tung Koon Kwok Dennis	A, B
Mr. Tung Wai Kit	A, B
Mr. Deng Guanglei	A, B
Independent Non-Executive Directors	
Mr. Wong Wing Keung Meyrick	A, B
Mr. Choi Ho Yan	A, B
Ms. Law Stacey Man Yee	A, B

A: Given relevant guideline materials to ensure that they are apprised of the latest changes in the commercial, legal and regulatory requirements in relation to the Company's businesses, and to refresh their knowledge and skills on the roles, functions and duties of a listed company director

B: Received training on the Listing Rules' requirement for CG Code to update and refresh their knowledge in this aspect

The Company also continuously provide relevant materials and/or trainings to Directors on, inter alias, the latest developments regarding Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are also circulated to Directors where appropriate to ensure their awareness of best corporate governance practices.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee") of the Board pursuant to a resolution of the Directors passed on 11 January 2013 with written terms of reference (as amended in 30 September 2022) in compliance with Rule 3.25 of the Listing Rules. The primary functions of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, review performance-based remuneration and ensure none of the Directors determine their own remuneration. During FY2025, the Remuneration Committee has reviewed and approved the remuneration policy and packages of the Directors and the senior management and made recommendation to the Board for consideration and approval.

CORPORATE GOVERNANCE REPORT

The Remuneration Committee currently comprises three independent non-executive Directors. One Remuneration Committee meeting was held during FY2025. Members of the Remuneration Committee and the attendance record of each member are set out below:

Members	Attendance/ Number of meetings held
Independent Non-Executive Directors	
Mr. Wong Wing Keung Meyrick (<i>Chairman</i>)	1/1
Mr. Choi Ho Yan	1/1
Ms. Law Stacey Man Yee	1/1

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") of the Board pursuant to a resolution of the Directors passed on 11 January 2013 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and as amended and re-adopted by the Board with effect from 1 January 2019. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of the external auditor, review the financial statements and material advice in respect of financial reporting and oversee the risk management and internal control systems of the Company. During FY2025, the Audit Committee has reviewed with the management of the Company, the accounting principles and practices adopted by the Group and discussed the audit, risk management and internal control systems and financial reporting matters in relation to the annual report of the Group for FY2025. The Company has an internal audit function. The risk management and internal control systems of the Group are reviewed by the Audit Committee annually. Based on the review conducted by the Audit Committee during FY2025, the Board considers that the risk management and internal control systems of the Group are effective and adequate.

The Audit Committee currently comprises three independent non-executive Directors. Two Audit Committee meetings were held during FY2025. Members of the Audit Committee and the attendance record of each member are set out below:

Members	Attendance/ Number of meetings held
Independent Non-Executive Directors	
Mr. Choi Ho Yan (<i>Chairman</i>)	2/2
Mr. Wong Wing Keung Meyrick	2/2
Ms. Law Stacey Man Yee	2/2

NOMINATION COMMITTEE

The Company has established a nomination committee (the "Nomination Committee") of the Board pursuant to a resolution of Directors passed on 11 January 2013 with written terms of reference in compliance with Rule 3.27A of the Listing Rules and as amended and re-adopted by the Board with effect from 1 January 2019 and 1 July 2025, respectively. The primary function of the Nomination Committee is to review the structure, size and composition of the Board and to make recommendations to the Board regarding candidates to fill vacancies on the Board.

CORPORATE GOVERNANCE REPORT

The Nomination Committee currently comprises one executive Director and two independent non-executive Directors. Two Nomination Committee meetings were held during FY2025 to review the structure, size, diversity and composition of the Board, assess the independence of independent non-executive Directors and make recommendation to the Board on re-election of retiring directors. Members of the Nomination Committee and attendance record of the members are set out below:

Members	Attendance/ Number of meetings held
Executive Director	
Mr. Tung Koon Ming (<i>Chairman</i>)	2/2
Independent Non-Executive Directors	
Mr. Wong Wing Keung Meyrick	2/2
Ms. Law Stacey Man Yee	2/2

DIRECTOR NOMINATION POLICY

The Company has adopted a director nomination policy ("Director Nomination Policy") which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors.

In appointing a new Director, the Nomination Committee and/or the Board will first call a meeting of the Nomination Committee and invite nominations of candidates from Board members for its consideration prior to the meeting. The Nomination Committee may also put forward candidates who are not nominated by the Board. The Nomination Committee shall then make recommendations for the Board's consideration and approval. The information, including biography, independence (for nomination of non-executive or independent non-executive directors only), proposed remuneration and other information as required under the applicable laws and regulations will be included in the circular to shareholders. A shareholder may also serve to the principal place of business of the Company in Hong Kong a notice in writing for its intention to propose a resolution to elect a certain candidate as Director and a notice by the nominated person of his/her willingness to be elected according to the Articles of Association, without the Board's recommendation or nomination of the Nomination Committee other than those candidates as set out in the circular. The Board shall then consider and have the final decision on all matters relating to whether to have the recommended candidates to stand for election at a general meeting. The Nomination Committee shall ensure the transparency and fairness of the selection procedure.

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:

- Reputation for integrity.
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy.
- Willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments.

CORPORATE GOVERNANCE REPORT

- d. Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.
- e. Such other perspectives appropriate to the Company's business.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee may consider other factors so to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

INDEPENDENT VIEWS AND INPUT TO THE BOARD

To ensure independent views and input are made available to the Board, the Board (or through its Board committees) ensures the following mechanisms are in place and reviews the implementation and effectiveness of such mechanisms annually:

- (i) all Directors should have the required character, integrity, perspectives, skills, expertise and experience to fulfill their roles and are encouraged to express their independent views through Board meetings;
- (ii) all Directors are required to declare conflicts of interest (if any) in their roles as Directors and Directors who have material interests shall not vote or be counted in the quorum for the relevant Board resolutions;
- (iii) the chairman of the Board meets with independent non-executive Directors annually without the presence of other Directors; and
- (iv) all independent non-executive Directors are required to confirm in writing on an annual basis their compliance of independence requirements pursuant to Rule 3.13 of the Listing Rules.

BOARD DIVERSITY POLICY

Recognising the benefits of having a diversified Board, the Company adopted a board diversity policy and aims to achieve diversity in the Board in order to achieve a sustainable and balanced development for the businesses of the Group. Selection of candidates for the members of the Board are made through the consideration of a different aspects including age, gender, cultural and education background, ethnicity, professional qualification, skills, knowledge and length of services. Besides the above aspects, the Nomination Committee will consider whether the Board composition, as a whole, has sufficient diversified expertise particularly in corporate management, financial control, business development and human resources management. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The following measurable objectives have been set for implementing the board diversity policy:

- (a) at least 50% of the members of the Board shall have attained education from university;
- (b) at least 40% of the members of the Board shall have obtained accounting or other professional qualifications;

CORPORATE GOVERNANCE REPORT

- (c) at least 20% of the members of the Board shall have China-related work experience; and
- (d) at least 40% of the members of the Board shall be independent non-executive directors.

The Nomination Committee is responsible for ensuring the diversity of the Board. The Nomination Committee shall review the policy and the progress of the measurable objectives annually to ensure its effectiveness to achieve diversity on the Board. Based on its review, the Nomination Committee considers that the current Board is well-balanced and of a diverse mix appropriate for the business development of the Company.

DIVERSITY

In terms of gender diversity, the Board currently comprises one female Director, and will review from time to time the Board's gender diversity.

The Company has taken and will continue to take measures to promote gender diversity across all levels. As at 30 June 2025, among 2,359 employees in total (including senior management and general staff), approximately 13.8% of the employees are male and 86.2% are female, which is regarded by the Board as satisfactory and in line with the business needs of the Company.

The Board will periodically monitor the gender composition of the Board and the workforce and set targets and measurable objectives if and as needed. The Company will continue to take gender diversity into consideration during recruitment such that there is a pipeline of female senior management and potential successors to the Board in the future.

CORPORATE GOVERNANCE COMMITTEE

The Company has established the CG Committee pursuant to a resolution of the Directors passed on 11 January 2013 with written terms of reference in compliance with code provision A.2.1 of the CG Code. The primary functions of the CG Committee are to keep the effectiveness of the corporate governance and system of internal non-financial controls of the Group.

The CG Committee currently comprises three independent non-executive Directors. One CG Committee meeting was held during FY2025 to review the policies and practices on corporate governance of the Group. Members of the CG Committee and the attendance record of each member are set out below:

Members	Attendance/ Number of meetings held
Independent Non-Executive Directors	
Mr. Wong Wing Keung Meyrick (<i>Chairman</i>)	1/1
Mr. Choi Ho Yan	1/1
Ms. Law Stacey Man Yee	1/1

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

The fees in relation to the audit service for continuing operations provided by Baker Tilly Hong Kong Limited, the external auditors of the Company, for FY2025 amounted to approximately HK\$1,500,000 (FY2024: approximately HK\$1,450,000). No non-audit services were provided by Baker Tilly Hong Kong Limited during FY2025.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the financial statements of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give a true and fair view of the state of affairs, the results of operations and cash flows of the Group. In preparing the financial statements for FY2025, suitable accounting policies have been adopted and applied consistently. The financial statements for the reporting year have been prepared on a going concern basis.

A statement by the auditors of the Company about their reporting responsibilities is set out in the "Independent Auditor's Report" on pages 55 to 59 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibility for the effectiveness of the risk management and internal control system of the Group and monitors the internal control systems. The risk management and internal control systems, including a defined management structure with limits of authority, are designed to help achieving business objectives, safeguarding assets against unauthorised use, and maintaining proper accounting records for the provision of reliable financial information for internal use and for publication.

The management is responsible for overseeing the Group's risk management and internal control activities, including liaising with different departments to identify and assess principal risks and the potential effects, establishing mitigation plans, monitoring the implemented plans and ensuring principal risks are properly managed and documented. The risk management and internal control systems are reviewed and assessed, and material internal control defects, if any, are addressed and resolved on an on-going basis by the Audit Committee and the Board, and will be further reviewed and assessed at least once each year by the Board.

An external professional firm was engaged by the Group to conduct review on the internal controls of the Group on a continuous basis and aim to cover all major operations of the Group (including corporate governance, financial and operational) on a cyclical basis. Overall, the Group's systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Based on the risk management and internal control systems established and maintained by the Group and the reviews by external professional firm on internal audit of the Group, the Board is of the view that the Group has maintained effective and adequate risk management and internal control systems during FY2025.

The Group has established procedures in handling and dissemination of inside information in an accurate, secure and timely manner, so as to avoid possible unauthorised access and mishandling of inside information within the Group.

CORPORATE GOVERNANCE REPORT

COMPLIANCE AND ENFORCEMENT OF THE NON-COMPETE UNDERTAKING FROM CONTROLLING SHAREHOLDERS

As disclosed in the prospectus of the Company dated 24 January 2013 (the “Prospectus”), Mr. Tung Koon Ming, Red Rewarding Limited, Time Watch Investments Private Limited, Winning Metal Products Manufacturing Company Limited and Red Glory Investments Limited (the “Covenantors”), being the then controlling shareholders of the Company (the “Controlling Shareholders”), through various companies controlled by them or any of them, are interested in some other different businesses, including but not limited to the (1) retail sales of multi-brand watches outside the PRC; (2) minority investments in various companies that distribute multi-brand watches; (3) minority investments in various companies that manufacture and supply third-party brands of watches and accessories on OEM basis and manufacture and supply of packaging materials for third-party brands of watches; and (4) property investment in the PRC and Hong Kong (“Excluded Business”).

To protect the Group from any potential competition, the Covenantors have given an irrevocable non-compete undertaking (the “Non-compete Undertaking”) in favour of the Company on 11 January 2013 pursuant to which each of the Covenantors has, among other matters, undertaken with the Company that it and its respective associates (other than the Group) shall not, save as to the extent permitted pursuant to the Non-compete Undertaking, engaged in any business which will or may compete with the business currently and from time to time engaged by the Group. Details of the Non-compete Undertaking have been set out in paragraph headed “Relationship with our controlling shareholders – Non-compete undertaking” of the Prospectus.

In order to properly manage any potential or actual conflict of interests between the Group and the Covenantors (to the extent it remains as a Controlling Shareholder) in relation to the compliance and enforcement of the Non-compete Undertaking, the Group has adopted the following corporate governance measures:

- (i) the independent non-executive Directors shall review, at least on an annual basis, the compliance with and enforcement of the terms of the Non-compete Undertaking;
- (ii) any decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Non-compete Undertaking shall be disclosed either through the Company’s annual report or by way of announcement;
- (iii) how the terms of the Non-compete Undertaking have been complied with and enforced shall be disclosed in the corporate governance report of the Company’s annual report;
- (iv) in the event that any of the Directors and/or their respective associates has material interest in any matter to be deliberated by the Board in relation to the compliance and enforcement of the Non-compete Undertaking, he/she may not vote on the resolutions of the Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association; and
- (v) the Group is committed that the Board should include a balanced composition of executives and non-executive Directors (including independent non-executive Directors).

The Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the Controlling Shareholders and their respective associates and the Group and to protect the interests of the shareholders, in particular, the minority shareholders of the Company.

CORPORATE GOVERNANCE REPORT

Throughout FY2025, each of Red Rewarding Limited, Time Watch Investments Private Limited and Winning Metal Product Manufacturing Company Limited was no longer a Controlling Shareholder. The Company has received the annual declaration from each of Mr. Tung Koon Ming and Red Glory Investments Limited in respect of their respective compliance with the terms of the Non-compete Undertaking during FY2025. The independent non-executive Directors, having reviewed the annual declarations and made reasonable enquiry, are satisfied that Mr. Tung Koon Ming and Red Glory Investments Limited have complied with the terms of the Non-compete Undertaking during FY2025.

COMPANY SECRETARY

Ms. Hui Wai Man, Shirley ("Ms. Hui") has been appointed as the Company Secretary since 2 January 2015. Ms. Hui is a practising accountant in Hong Kong and is currently a director of a CPA firm. She is a fellow of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, The Chartered Governance Institute (formerly known as "The Institute of Chartered Secretaries and Administrators") and The Hong Kong Chartered Governance Institute (formerly known as "The Hong Kong Institute of Chartered Secretaries"). During FY2025, Ms. Hui has attended the relevant professional training in accordance with Rule 3.29 of the Listing Rules. Mr. Ng Lai Po, the chief financial officer of the Company, is the primary point of contact at the Company with the Company Secretary.

SHAREHOLDERS' RIGHTS

1. Procedures for shareholders to convene an extraordinary general meeting

- 1.1 The following procedures for shareholders (the "Shareholders", each a "Shareholder") of the Company to convene an extraordinary general meeting ("EGM") of the Company are prepared in accordance with article 64 of the Articles of Association:
- (1) One or more Shareholders (the "Requisitionist(s)") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice (the "Requisition"), to require an EGM to be called by the Directors for the transaction of any business or resolution specified therein.
 - (2) Such Requisition shall be made in writing to the Board or the Company Secretary at 27th Floor, CEO Tower, 77 Wing Hong Street, Kowloon, Hong Kong or via email at ir@timewatch.com.hk.
 - (3) The EGM shall be held within two months after the deposit of such Requisition.
 - (4) If the Directors fail to proceed to convene such meeting within twenty-one (21) days of the deposit of such Requisition, the Requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the Principal Meeting Place (within the meaning of the Articles of Association), and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the Requisitionist(s) by the Company.

2. Procedures for raising enquiries

- 2.1 Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar in Hong Kong, details of which are as follows:

CORPORATE GOVERNANCE REPORT

Tricor Investor Services Limited

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

Email: is-enquiries@hk.tricorglobal.com

Tel: (852) 2980 1333

Fax: (852) 2861 1465

- 2.2 Shareholders may raise enquiries in respect of the Company at the following designated contacts, correspondence addresses, email addresses and enquiry hotlines of the Company:

Email: ir@timewatch.com.hk

Tel: (852) 2945 0703

Address: 27th Floor, CEO Tower, 77 Wing Hong Street, Kowloon, Hong Kong

Attention: Company Secretary/Board of Directors

- 2.3 Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

3. Procedures and contact details for putting forward proposals at shareholders' meetings

- 3.1 To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal (the "Proposal") with his/her/its detailed contact information at the Company's principal place of business at 27th Floor, CEO Tower, 77 Wing Hong Street, Kowloon, Hong Kong.
- 3.2 The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order and made by a Shareholder, the Board of Directors will be asked to include the Proposal in the agenda for the general meeting.
- 3.3 The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:
- (a) Notice of not less than 21 clear days in writing if the Proposal requires an ordinary resolution or a special resolution of the Company in an annual general meeting of the Company; and
 - (b) Notice of not less than 14 clear days in writing if the Proposal requires approval by way of an ordinary resolution or a special resolution of the Company in other general meetings (including an extraordinary general meeting) of the Company.

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company's principal place of business in Hong Kong at 27th Floor, CEO Tower, 77 Wing Hong Street, Kowloon, Hong Kong.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' COMMUNICATION POLICY

The management of the Group endeavours to maintain effective communications with the Shareholders and potential investors. In order to keep the Shareholders and potential investors abreast of the Group's business and development, the Company has established several channels to communicate with its Shareholders as follows:

- (i) Corporate communications such as annual reports, interim reports and circulars are available on the Company's website (www.timewatch.com.hk) and the website of the Stock Exchange;
- (ii) The Company will communicate with Shareholders from time to time by way of other communications including but not limited to announcement, circular and other notices and press releases;
- (iii) The annual general meeting and various general meetings are valuable forums for the Board to communicate directly with the Shareholders; and
- (iv) The Shareholders may direct their enquiries to the Company and/or the Company's branch share registrar in Hong Kong.

The Company has reviewed the implementation and effectiveness of the shareholders' communication policy and is satisfied that it is effective for the Company to understand the views and opinion of the Shareholders through the available channels.

CONSTITUTIONAL DOCUMENTS

During FY2025 and up to the date of this report, there was no change in the Company's constitutional documents.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Company seeks to maintain a balance between meeting Shareholders' expectations and prudent capital management with a sustainable, stable and continuing dividend policy. The Company's dividend policy aims strike a balance between allowing Shareholders to participate in the Company's profit and allowing the Company to retain adequate reserves for business operations and future development. In proposing any dividend payout, the Company would consider in accordance with the Articles of Association and applicable laws and regulations, various factors including (i) the earnings per share of the Company; (ii) the reasonable return in investment of investors and Shareholders in order to provide incentive to them to continue to support the Company in its long-term development; (iii) the financial conditions and business plan of the Company; and (iv) the market sentiment and circumstances. Compliant with the conditions under the dividend policy, the Board may propose final dividends, interim dividends or special dividends distribution as the Board considers appropriate based on the profitability and capital requirements of the Company. The Company shall review and reassess the dividend policy and its effectiveness on a regular basis or when necessary.

UPDATES ON COMPLIANCE AND REGULATORY MATTERS AS DISCLOSED IN THE PROSPECTUS

Failure to fully contribute to social insurance and housing provident fund

As disclosed in the annual report of the Company for FY2024, Tian Wang Shenzhen failed to make full contributions into the social insurance and housing provident fund before the listing date. The Group has made up contributions for all entitled employees of Tian Wang Shenzhen in accordance with the PRC national laws and regulations since July 2012 and has incorporated an enforceable written policy for social insurance and housing provident fund contribution into its human resources management policy as stated in the Prospectus. As there is no established mechanism for enterprises to make up historical deficient contributions, particularly for those contributions which have been outstanding for a certain period of time, the Group has made provision, which cover for both of the employer's and the employee's portions of the unpaid social insurance and housing provident fund contributions, in the consolidated financial statements. As at the date of this report, the Group has not received any notification or orders from the relevant authorities in relation to the previously unpaid social insurance and housing provident fund.

Defects in relation to lease agreements of the Group

As disclosed in the annual report of the Company for FY2024, the Group strives to rectify the non-compliances or defects in lease agreements (please refer to the section headed "Our business – Litigation and compliance" of the Prospectus for details of such non-compliance). As at the date of this report, save for the lease agreements for four POS of the Group which remain unregistered, the Group has rectified the non-compliances and the defective lease agreements in the manner as disclosed in the Prospectus. As disclosed in the Prospectus, the maximum fine which the Group may be subject to for each unregistered lease agreement is RMB10,000. In respect of the four unregistered lease agreements, the Group has requested the relevant local authorities to implement the registration of the agreements. But the registration procedure for the four lease agreements have not been completed up to the date of this annual report because the local authorities have not provided clear registration procedures to the Group.

DIRECTORS' REPORT

The Board of Directors of the Company is pleased to present this annual report together with the audited financial statements of the Company and its subsidiaries (collectively, the "Group") for FY2025.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its major subsidiaries are set out in note 36 to the consolidated financial statements.

BUSINESS REVIEW

A business review of the Group for the FY2025 is set out in the section headed "Management Discussion and Analysis" of this annual report on page 12.

Details of the Group's environmental policies and performance are published in the separate Environmental, Social and Governance Report which will be available at the Company's website and the website of the Stock Exchange.

The Group recognises the importance of compliance with rules and regulations and the impact of non-compliance with such rules and regulations on the business. The Group has been allocating staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators through effective communications. During FY2025, to the best of the Group's knowledge, it has complied with all relevant rules and regulations that have a significant impact on the business operation of the Group.

The Group recognises the value and importance of its employees and provides trainings and career development opportunities to its employees. The Group ensures that all employees are reasonably remunerated and also continues to improve, regularly review and update its policies on remuneration and benefits, training, occupational health and safety. The Group strives to achieve corporate sustainability through providing quality services to its customers and collaborating with its suppliers. To enhance customer satisfaction and promote a customer oriented culture within the Company, the Group takes 'Customer First' as one of its core values. The Group values the feedback from customers and has also established a mechanism to handle customer service, support and complaints. The Group also proactively collaborates with its suppliers and contractors to deliver high quality products and services. The Group has developed and included certain requirements in its standard tender documents. These requirements include regulatory compliance, labour practices, anti-corruption and other business ethics.

The applicable discussion and analysis as cross-referenced above shall form an integral part of this Directors' Report.

MAJOR CUSTOMERS AND SUPPLIERS

During FY2025, sales to the Group's five largest customers accounted for approximately 6.9% of the Group's total revenue of the year and purchase from the Group's five largest suppliers accounted for approximately 32.2% of the Group's total purchase of the year. Purchase from the largest supplier of the Group accounted for approximately 9.1% of the total purchase of the year.

None of the Directors nor any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued shares) of the Company had any interest in the Group's five largest customers or suppliers.

DIRECTORS' REPORT

RESULTS AND DIVIDENDS

The results of the Group for FY2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 60 of this annual report and the state of affairs of the Group as at 30 June 2025 are set out in the consolidated statement of financial position on pages 61 to 62 of this annual report.

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 of the Company ("Share(s)") for FY2025, and, if approved by the Shareholders at the Annual General Meeting (as defined below), be payable on 11 December 2025 to Shareholders whose names appeared on the register of members of the Company as at 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.

RESERVES

Details of the movement in the reserves of the Group during FY2025 are set out in the consolidated statement of changes in equity.

The Company's reserves available for distribution to Shareholders comprise the share premium and the accumulated earnings which amounted to approximately HK\$1,563.8 million for FY2025 (FY2024: approximately HK\$1,703.4 million). Under the Companies Act (Chapter 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands (the jurisdiction where the Company was incorporated), the share premium of the Company is available for paying distributions or dividends to Shareholders subject to the provisions of its memorandum or articles of association (the "Articles of Association") and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business.

DIRECTORS' REPORT

RETIREMENT BENEFIT SCHEMES

The Group participates in retirement schemes and pension schemes operated by the local government for the Group's eligible employees in the PRC and Switzerland, and operates a Mandatory Provident Fund scheme for the employees in Hong Kong. Details of retirement benefit schemes of the Group are set out in note 29 to the consolidated financial statements in this annual report.

During FY2025, no contribution was forfeited (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) under the retirement benefit schemes which may be used by the Group to reduce the contribution payable in the future years. Accordingly, no forfeited contribution was utilised during FY2025, and as at 30 June 2025, there was no forfeited contribution available to reduce the Group's future level of contributions to the retirement benefit schemes.

PROPERTY, PLANT AND EQUIPMENT

During FY2025, the Group acquired furniture and fixtures at a cost of approximately HK\$0.1 million, computer equipment at a cost of approximately HK\$0.9 million, tools, machinery, factory equipment and fittings at a cost of approximately HK\$25.2 million, motor vehicles at a cost of approximately HK\$1.3 million and leasehold improvement of approximately HK\$3.0 million.

Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements in this annual report.

SHARE CAPITAL

Details of the issued share capital of the Company during FY2025 are set out in note 25 to the consolidated financial statements in this annual report.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during FY2025 and up to the date of this report were:

Executive Directors

Mr. Tung Koon Ming (*Chairman*)
Mr. Tung Koon Kwok Dennis
Mr. Tung Wai Kit
Mr. Deng Guanglei

Independent Non-Executive Directors

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

In accordance with article 105(A) of the Articles of Association, Mr. Wong Wing Keung Meyrick, Mr. Choi Ho Yan and Ms. Law Stacey Man Yee will retire at the Annual General Meeting. Mr. Wong Wing Keung Meyrick, Mr. Choi Ho Yan and Ms. Law Stacey Man Yee, being eligible, will offer themselves for re-election at the Annual General Meeting.

DIRECTORS' REPORT

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Based on these confirmations, the Company considers that each of the independent non-executive Directors to be independent.

Mr. Tung Koon Ming and Mr. Tung Wai Kit, both being executive Directors, has each entered into a service agreement with the Company for an initial term of two years with effect from 11 January 2013, Mr. Deng Guanglei, being an executive Director, has entered into a service contract with the Company for an initial term of one year with effect from 15 October 2014, Mr. Tung Koon Kwok Dennis, being an executive Director, has entered into a service contract with the Company for an initial term of two years with effect from 1 March 2019, and renewable automatically until terminated by either party by giving not less than three months' written notice. Each of their appointments is subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors.

Each of the independent non-executive Directors is appointed for an initial term of not more than three years which shall be renewable automatically for a successive term of one year each commencing from the next day after the expiry of the then current term of his appointment, unless terminated by either party by giving not less than three month's written notice expiring at the end of the initial term or any time thereafter. The appointment of the independent non-executive Directors is subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors.

Save as disclosed above, none of the Directors proposed for re-election at the Annual General Meeting of the Company has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

REMUNERATION POLICY

Remuneration of the employees of the Group is determined with reference to various factors, including but not limited to, the relevant job responsibilities, qualifications and experience of the relevant employees and the prevailing market rates.

Remuneration of Directors and members of the senior management of the Group are recommended by the Remuneration Committee with reference to the their duties, responsibilities and performance and the results of the Group.

The remuneration of the senior management by band for FY2025 is set out below:

Remuneration bands	Number of employees
HK\$1,000,001 to HK\$1,500,000	1

Further details of the Directors' remuneration and the five highest paid employees are set out in notes 6 and 7 to the consolidated financial statements in this annual report respectively.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules were as follows:

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

Notes:

1. The letter "L" denotes a long position in the shares of the Company or the relevant associated corporation.
2. These Shares as to 10,592,000 Shares were held by Tung Koon Ming Family (PTC) Limited and as to 1,456,277,000 Shares were held by Red Glory Investments Limited ("Red Glory"), which was in turn wholly owned by Tung Koon Ming Family (PTC) Limited. Tung Koon Ming Family (PTC) Limited is a trust of which Mr. Tung is the settlor and a beneficiary. Accordingly, Mr. Tung was deemed to be interested in all the Shares held by Tung Koon Ming Family (PTC) Limited and Red Glory by virtue of the SFO.
3. The percentage has been calculated based on the total number of Shares in issue as at 30 June 2025 (i.e. 2,058,068,000 shares).

Save as disclosed above, as at 30 June 2025, none of the Directors or the chief executive of the Company had an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware of, as at 30 June 2025, the interests and short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of SFO were as follows:

Name of Shareholder	Capacity/nature of interest	Number and class of securities (note 1)	Approximate percentage of shareholding (note 6)
Tung Koon Ming Family (PTC) Limited	Interest of a controlled corporation (note 2)	1,456,277,000 Shares (L)	70.76%
	Beneficial owner (note 2)	10,592,000 Shares (L)	0.51%
Red Glory	Beneficial owner	1,456,277,000 Shares (L)	70.76%
Ms. Tam Fun Hung ("Ms. Tam")	Interest of spouse (note 3)	1,466,869,000 Shares (L)	71.27%
Areo Holdings Limited	Interest of a controlled corporation (note 4)	186,292,000 Shares (L)	9.05%
Lam Lai Ming	Interest of a controlled corporation (note 4)	186,292,000 Shares (L)	9.05%
Li Gabriel	Interest of a controlled corporation (note 4)	186,292,000 Shares (L)	9.05%
Orchid Asia V, L.P.	Beneficial owner (note 4)	180,946,000 Shares (L)	8.79%
OAV Holdings, L.P.	Interest of a controlled corporation (note 4)	180,946,000 Shares (L)	8.79%
Orchid Asia V GP, Limited	Interest of a controlled corporation (note 4)	180,946,000 Shares (L)	8.79%
Orchid Asia V Group Management, Limited	Interest of a controlled corporation (note 4)	180,946,000 Shares (L)	8.79%
Orchid Asia V Group, Limited	Interest of a controlled corporation (note 4)	180,946,000 Shares (L)	8.79%
Webb David Michael	Interest of a controlled corporation (note 5)	111,532,000 Shares (L)	5.42%
Webb Karen Anne	Interest of a controlled corporation (note 5)	111,532,000 Shares (L)	5.42%

DIRECTORS' REPORT

1. The letter "L" denotes a person's long position in the Shares or underlying Shares.
2. Tung Koon Ming Family (PTC) Limited was deemed to be interested in all these Shares by virtue of the SFO. Details of the interests in all these Shares are disclosed in note 2 to the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" in this annual report.
3. Ms. Tam is the spouse of Mr. Tung. Ms. Tam was deemed to be interested in the Shares in which Mr. Tung was interested by virtue of the SFO. Details of Mr. Tung's interests in the Shares are disclosed in note 2 to the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" in this annual report.
4. So far as the Directors are aware of, these Shares were beneficial owned as to 180,946,000 Shares by Orchid Asia V, L.P. and 5,346,000 Shares by Orchid Asia V Co-Investment, Limited. So far as the Directors are aware of, Orchid Asia V, L.P. was wholly-controlled by OAV Holdings, L.P., which was in turn wholly-owned by Orchid Asia V GP, Limited. Orchid Asia V GP, Limited was wholly-owned by Orchid Asia V Group Management, Limited, which was in turn wholly-owned by Orchid Asia V Group, Limited. Orchid Asia V Group, Limited was wholly-owned by Areo Holdings Limited.

So far as the Directors are aware of, Orchid Asia V Co-Investment, Limited was also wholly-controlled by Areo Holdings Limited. Areo Holdings Limited was wholly-owned by Ms. Lam Lai Ming. Areo Holdings Limited is also controlled by Mr. Li Gabriel by virtue of his directorship therein. Accordingly, Ms. Lam Lai Ming and Mr. Li Gabriel were taken to be interested in the Shares in which Areo Holdings Limited was interested by virtue of the SFO.
5. So far as the Directors are aware of, these Shares as to 45,911,600 Shares were held by Member One Limited and as to 65,620,400 were held by Preferable Situation Assets Limited. Each of the companies was jointly owned by Mr. Webb David Michael and Ms. Webb Karen Anne. Accordingly, Mr. Webb David Michael and Ms. Webb Karen Anne were deemed to be interested in the Shares in which Member One Limited and Preferable Situation Assets Limited were interested by virtue of the SFO.
6. The percentage has been calculated based on the total number of Shares in issue as at 30 June 2025 (i.e. 2,058,068,000 shares).

Save as disclosed above, as at 30 June 2025, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No Director nor an connected entity of the Director had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, subsisting during or at the end of the year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance (whether it is for provision of services to the Group or not) had been entered into between the Company or any of its subsidiaries, and any controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During FY2025 and up to the date of this report, except for the interests of Mr. Tung Koon Ming, an executive Director and one of the Controlling Shareholders, in the Excluded Business, none of the Directors are considered to have any direct or indirect interests in businesses which compete or are likely to compete with businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

CONNECTED TRANSACTIONS

During FY2025, the Group conducted the following continuing connected transactions which were required to be disclosed pursuant to Rule 14A of the Listing Rules:

Pursuant to a master supply agreement entered into between the Group and ILG of Switzerland Ltd ("ILG") dated 28 June 2024 (the "Master Supply Agreement"), the Group agreed to supply watch movements and watches produced on OEM basis to the ILG and its subsidiaries (the "ILG Group"). The term of the Master Supply Agreement is two years from 1 July 2024 to 30 June 2026 (both dates inclusive). During the term of the Master Supply Agreement, any member of the ILG Group may from time to time seek quotation from and place orders with the Group for the purchase of watch or watch movements by way of purchase orders. The purchase price per unit of watch movements and watches so purchased by ILG Group shall be such unit price quoted by the Group and specified in the respective purchase order, provided that the unit purchase price of each of the watch movements or watches shall not be more favourable than the price offered to independent third parties for similar products and sale volume. During FY2025, the aggregate revenue from sale of watch movements by the Group to the ILG Group was approximately HK\$26.8 million.

As (1) ILG was owned as to approximately 67.8% by Mr. Pishu Vashdev Chainani ("Mr. Chainani") and his brother; (2) Mr. Chainani was the sole shareholder of International Watch Group Limited, which in turn held 49% of issued share capital of TWB Investments Limited (an indirect non-wholly owned subsidiary of the Company), each of ILG and other members of the ILG Group is a connected person of the Company at the subsidiary level and the transactions under the Master Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Please refer to the announcement of the Company dated 28 June 2024 for further details of the aforementioned continuing connected transactions.

The Company confirmed that it has complied with the disclosure requirements as applicable to the aforementioned connected transactions under Chapter 14A of the Listing Rules.

DIRECTORS' REPORT

Confirmation by independent non-executive Directors

The independent non-executive Directors have reviewed and confirmed that the above continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation by the auditor of the Company

Baker Tilly Hong Kong Limited, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Baker Tilly Hong Kong Limited has issued its letter containing their findings and conclusions in respect of the continuing connected transactions pursuant to Rule 14A.56 of the Listing Rules, in particular, that nothing has come to its attention that cause it to believe that the continuing connected transactions (i) have not been approved by the Board; (ii) are not carried out, in all material respects, in accordance with the pricing policies of the Group for transaction involving the provision of goods or services by the Group; (iii) are not carried out, in all material respects, in accordance with the relevant agreements governing such transactions; and (iv) have exceeded the annual caps as set by the Company.

RELATED PARTIES' TRANSACTIONS

During FY2025, the Group conducted certain transactions with parties regarded as "related parties" under the applicable accounting standard, details of which are set out in note 33 to the financial statement. Save as disclosed in the paragraphs headed "Connected Transactions" above, the other related party transactions of the Group were exempt from reporting, announcement, and shareholders' approval under Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained a sufficient public float as required under the Listing Rules as at the latest practicable date prior to the issue of this annual report.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 148 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 30 June 2025 and up to the date of this annual report.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on page 31 to page 44 of this annual report.

DIRECTORS' REPORT

AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the management and the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including review of the audited financial statements for FY2025.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws in the Cayman Islands, the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

TAX RELIEF

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Shares during FY2025.

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 (as defined in the Listing Rules)) during FY2025. As at 30 June 2025, the Company did not have any treasury shares.

PERMITTED INDEMNITY PROVISIONS

During FY2025 and up to the date of this report, permitted indemnity provisions (within the meaning in section 469 of the Companies Ordinance) (Chapter 622 of the Laws of Hong Kong) were in force for the benefit of the Directors of the Company and its subsidiaries. The permitted indemnity provisions are provided for in the Articles of Association and in the Directors liability insurance maintained for the Group in respect of potential liability and costs associated with legal proceedings that may be brought against such Directors. During FY2025, no claims were made against the Directors.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company, which were not contract of service with any Director or any person engaged in full time employment of the Company, were entered into or existed during FY2025.

AUDITORS

The consolidated financial statements of the Group for FY2025 have been audited by Baker Tilly Hong Kong Limited. A resolution to re-appoint Baker Tilly Hong Kong Limited as the auditor of the Company in the following year will be proposed at the Annual General Meeting.

Baker Tilly Hong Kong Limited was appointed as the auditor of the Company from 24 November 2022 following the retirement of Deloitte Touche Tohmatsu. Saved as disclosed above, the Company did not change its auditor in the past three years.

On behalf of the Board

Mr. Tung Koon Ming

Chairman

Hong Kong, 29 September 2025

INDEPENDENT AUDITOR'S REPORT



TO THE MEMBERS OF TIME WATCH INVESTMENTS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Time Watch Investments Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 60 to 147, which comprise the consolidated statement of financial position as at 30 June 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key Audit Matter

How our audit addressed the key audit matter

Valuation of inventories

We identified the valuation of inventories as a key audit matter because of its significance to the consolidated financial statements, and the significant judgement exercised by management in identifying slow-moving inventory items that are no longer suitable for use in production or for sale and determining the appropriate levels of write down of inventories.

As set out in note 4 to the consolidated financial statements, in determining the write down of obsolete and slow-moving inventory items, the management reviews the ageing of inventories and carries out an inventory review on a product-by-product basis with reference to subsequent sales and usage of inventories and latest selling prices.

As at 30 June 2025, the carrying amount of inventories is approximately HK\$166,741,000 and allowance for obsolete inventories of approximately HK\$1,355,000 was charged to profit or loss for the year then ended.

Our procedures in relation to evaluating the reasonableness of the valuation of inventories included:

- Understanding the inventory allowance policy of the Group in the identification of slow-moving inventories and measurement of the write down of inventories;
- Assessing whether the inventory allowance at the end of the reporting period was calculated in a manner consistent with the Group's inventory write down policy;
- Testing the accuracy of the Group's inventory ageing analysis, on a sample basis, to purchase invoices or production notes and assessing whether the write down of inventories is reasonable based on the factors considered by the management;
- Enquiring the management and the sales team about any expected changes in plans for the markdown of selling price of slow-moving inventories; and
- Assessing the reasonableness of the estimation of the net realisable value of inventories with reference to usage and sales of inventories subsequent to the end of the reporting period and latest selling prices, on a sample basis.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT

From the matters communicated with those charged with governance, we determine the matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in the independent auditor's report is Chan Ka Kit.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Chan Ka Kit

Practising certificate number P08291

Hong Kong

29 September 2025

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	5	689,431	881,036
Cost of sales		(211,629)	(239,881)
Gross profit		477,802	641,155
Other income, gains and losses, net	8	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	9	(592)	(619)
(Loss) profit before taxation		(30,465)	42,780
Income tax credit (charge)	10	11,619	(8,741)
(Loss) profit for the year	11	(18,846)	34,039
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	13		
– Basic (HK cents)		(0.9)	1.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	14	317,480	340,256
Right-of-use assets	15	34,437	39,356
Investment properties	16	122,519	142,639
Financial assets at fair value through profit or loss	17	24,923	10,028
Debt instruments at fair value through other comprehensive income	18	153,080	133,632
Financial assets at amortised cost	19	257,513	273,972
Deferred tax assets	26	55,559	55,481
		965,511	995,364
Current assets			
Inventories	20	166,741	187,384
Trade receivables	21	90,124	131,579
Other receivables, deposits and prepayments	21	60,602	70,695
Tax recoverable		4,127	2,151
Financial assets at amortised cost	19	204,257	194,466
Bank balances and cash	22	979,751	959,234
		1,505,602	1,545,509
Current liabilities			
Trade payables and bills payable	23	16,385	23,132
Other payables and accrued charges	23	65,493	72,440
Tax payable		53,554	38,856
Lease liabilities	24	3,156	4,673
Bank and other borrowings	27	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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Capital and reserves			
Share capital	25	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	26	34,991	62,815
Lease liabilities	24	3,612	7,167
		38,603	69,982
		2,300,385	2,386,150

The consolidated financial statements on pages 60 to 147 were approved and authorised for issue by the Board of Directors on 29 September 2025 and are signed on its behalf by:

Mr. Tung Koon Ming
DIRECTOR

Mr. Tung Wai Kit
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2025

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (note a)	Translation reserve HK\$'000	Investment revaluation reserve HK\$'000	Properties revaluation reserve HK\$'000	Statutory surplus reserve HK\$'000 (note b)	Accumulated profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 30 June 2023	205,807	501,230	(230,147)	(103,792)	(23,359)	9,537	69,562	1,957,221	2,386,059	1,531	2,387,590
Profit for the year	-	-	-	-	-	-	-	33,636	33,636	403	34,039
Exchange differences arising on translation	-	-	-	(6,902)	-	-	-	-	(6,902)	(33)	(6,935)
Loss on revaluation of leasehold land and buildings	-	-	-	-	-	(2,227)	-	-	(2,227)	-	(2,227)
Deferred tax on revaluation of a property	-	-	-	-	-	353	-	-	353	-	353
Fair value change of debt instruments at fair value through other comprehensive income	-	-	-	-	(16,868)	-	-	-	(16,868)	-	(16,868)
Reclassification adjustment relating to debt instruments at fair value through other comprehensive income disposed of during the year	-	-	-	-	2,864	-	-	-	2,864	-	2,864
Total comprehensive (expense) income for the year	-	-	-	(6,902)	(14,004)	(1,874)	-	33,636	10,856	370	11,226
Dividends declared by the Company to shareholders	-	-	-	-	-	-	-	(82,323)	(82,323)	-	(82,323)
Dividends declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(325)	(325)
Appropriation to reserve	-	-	-	-	-	-	952	(952)	-	-	-
At 30 June 2024	205,807	501,230	(230,147)	(110,694)	(37,363)	7,663	70,514	1,907,582	2,314,592	1,576	2,316,168
Loss for the year	-	-	-	-	-	-	-	(17,535)	(17,535)	(1,311)	(18,846)
Exchange differences arising on translation	-	-	-	21,923	-	-	-	-	21,923	449	22,372
Loss on revaluation of leasehold land and buildings	-	-	-	-	-	(9,114)	-	-	(9,114)	-	(9,114)
Deferred tax on revaluation of a property	-	-	-	-	-	1,451	-	-	1,451	-	1,451
Fair value change of debt instruments at fair value through other comprehensive income	-	-	-	-	(14,045)	-	-	-	(14,045)	-	(14,045)
Reclassification adjustment relating to debt instruments at fair value through other comprehensive income disposed of during the year	-	-	-	-	(760)	-	-	-	(760)	-	(760)
Total comprehensive income (expense) for the year	-	-	-	21,923	(14,805)	(7,663)	-	(17,535)	(18,080)	(862)	(18,942)
Dividends declared by the Company to shareholders	-	-	-	-	-	-	-	(34,987)	(34,987)	-	(34,987)
Dividends declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(457)	(457)
Appropriation to reserve	-	-	-	-	-	-	612	(612)	-	-	-
At 30 June 2025	205,807	501,230	(230,147)	(88,771)	(52,168)	-	71,126	1,854,448	2,261,525	257	2,261,782

Notes:

- (a) The special reserve represents: (i) the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the share capital of the acquired subsidiaries; (ii) financial guarantee provided to ultimate holding company as a result of group reorganisation which occurred in prior years; and (iii) the difference between the nominal amount and fair value of the loan advanced from a non-controlling shareholder of a subsidiary at initial recognition.
- (b) The statutory surplus reserves represent enterprise development and general reserve fund appropriated from the profit after taxation of subsidiaries established in the People's Republic of China (the "PRC").

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2025

	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	(30,465)	42,780
Adjustments for:		
Allowance (reversal of allowance) for obsolete inventories	1,355	(2,500)
Net reversal of impairment losses on trade receivables	(734)	(830)
Depreciation of property, plant and equipment	38,129	47,052
Loss on disposal and write-off of property, plant and equipment	4,429	5,430
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)
Loss on fair value change of investment properties	20,492	3,913
(Gain) loss from changes in fair value of financial assets measured at fair value through profit or loss	(2,493)	4,297
Loss on deregistration of a subsidiary	–	1,202
(Gain) loss on disposal of debt instruments at fair value through other comprehensive income	(772)	2,885
Loss on revaluation of leasehold land and building	1,222	–
Finance costs	592	619
Interest income	(57,029)	(65,097)
Operating cash flows before movements in working capital	(11,286)	52,257
Decrease in inventories	23,130	42,650
Decrease in trade receivables	44,080	31,362
Decrease (increase) in other receivables, deposits and prepayments	11,715	(6,003)
(Decrease) increase in trade payables and bills payable	(7,005)	5,637
Decrease in other payables and accrued charges	(10,971)	(7,826)
Cash generated from operations	49,663	118,077
Interest received	46,109	70,909
Income tax paid	(3,370)	(10,209)
NET CASH FROM OPERATING ACTIVITIES	92,402	178,777
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(30,565)	(38,236)
Proceeds from disposal of debt instruments at fair value through other comprehensive income	36,891	81,064
Purchase of debt instruments at fair value through other comprehensive income	(69,868)	(31,127)
Purchase of financial assets at fair value through profit or loss	(12,299)	–
Redemption of financial assets at fair value through profit or loss	–	86,840
Purchase of financial assets at amortised cost	(354,212)	(358,215)
Redemption of financial assets at amortised cost	354,960	332,163
Interest received from debt instruments at fair value through other comprehensive income	10,460	9,668
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(64,633)	82,157

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2025

	2025 HK\$'000	2024 HK\$'000
FINANCING ACTIVITIES		
Dividends paid	(35,444)	(82,648)
New bank borrowings raised	16,437	–
Interest paid	(592)	(619)
Payment of lease liabilities	(5,870)	(6,281)
NET CASH USED IN FINANCING ACTIVITIES	(25,469)	(89,548)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,300	171,386
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	959,234	792,200
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	18,217	(4,352)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	979,751	959,234
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	979,751	959,234

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 and principal place of business of the Company are disclosed in the section headed “Corporate Information” in this annual report.

The Company is an investment holding company. Details of the principal activities of its subsidiaries are set out in note 34.

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.

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 Hong Kong Institute of Certified Public Accountants (“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	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (cont'd)

2.1 Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year (cont'd)

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") (cont'd)

- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (cont'd)**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	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ³
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ³
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to HKFRS Accounting Standards	<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i> ³
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ²
HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (cont'd)

2.2 New and amendments to HKFRS Accounting Standards in issue but not yet effective (cont'd)

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments (cont'd)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the 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 of Hong Kong Limited ("Listing Rules") 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, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are accounted for in accordance with HKFRS 16 "Leases" ("HKFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value for the purposes of measuring inventories in HKAS 2 "Inventories" or value in use for the purposes of impairment assessment in HKAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.2 Material accounting policy information

The material accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.2 Material accounting policy information (cont'd)

Changes in the Group's interests in existing subsidiaries (cont'd)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.2 Material accounting policy information (cont'd)

Revenue from contracts with customers (cont'd)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The Group sells goods to customer. Revenue from sales of goods to customers is recognised when control of the products has transferred, being when the products are delivered to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products. It is the Group's policy to sell its products to the customers with a right to exchange or return faulty products to another product within reasonable period after delivery. No contract liability and right to the returned goods are recognised as insignificant amount of returns are expected based on accumulated experience.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)**3.2 Material accounting policy information (cont'd)*****Leases (cont'd)****The Group as a lessee (cont'd)*

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.2 Material accounting policy information (cont'd)

Leases (cont'd)

The Group as a lessee (cont'd)

Lease liabilities (cont'd)

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities and makes a corresponding adjustment to the related right-of-use asset whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for a separate lease (see below for the accounting policy for "lease modification")

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)**3.2 Material accounting policy information (cont'd)*****Leases (cont'd)****The Group as a lessee (cont'd)*

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.2 Material accounting policy information (cont'd)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("foreign currencies") are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributable to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.2 Material accounting policy information (cont'd)

Borrowing costs

Borrowing costs which are not eligible for capitalisation to qualifying assets are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income, gain and losses, net".

Retirement benefits costs

Payments to state-managed retirement benefits schemes for staff in the PRC and the Mandatory Provident Fund Scheme for staff in Hong Kong are recognised as expenses when employees have rendered services entitling them to the contributions.

The Group has the defined benefit plans of Long Service Payment ("LSP") under the Hong Kong Employment Ordinance.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. For LSP obligations, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

Current service cost is measured as the increase in the present value of the defined benefit obligation resulting from employee service in the current period. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Current service cost and net interest expense on the net defined benefit plans are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.2 Material accounting policy information (cont'd)

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before taxation, as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.2 Material accounting policy information (cont'd)

Taxation (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.2 Material accounting policy information (cont'd)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost or fair value less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Owned properties and car park in Hong Kong held for use for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on revaluation of owned properties and car park in Hong Kong is recognised in other comprehensive income and accumulated in properties revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of such owned properties is recognised in profit or loss to the extent that it exceeds the balance, if any, on the properties revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred to accumulated profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)**3.2 Material accounting policy information (cont'd)*****Property, plant and equipment (cont'd)***

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

Depreciation is recognised so as to write off the cost or valuation of assets other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.2 Material accounting policy information (cont'd)

Impairment on property, plant and equipment and right-of-use assets (cont'd)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating units, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or the group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or the group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.2 Material accounting policy information (cont'd)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on weighted average method and first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of warranty obligations under the relevant contracts with customers for sale of goods are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the net cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

When assessing whether a contract is onerous or loss-making, the Group includes costs that relate directly to the contract, consisting of both the incremental costs (to specify, e.g. direct labour and materials) and an allocation of other costs (to specify, e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract) that relate directly to fulfilling contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.2 Material accounting policy information (cont'd)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)**3.2 Material accounting policy information (cont'd)*****Financial assets (cont'd)****Classification and subsequent measurement of financial assets (cont'd)*

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income, gains and losses, net" line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.2 Material accounting policy information (cont'd)

Financial assets (cont'd)

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables and deposits, certificate of deposits at amortised cost, fixed deposits, debt instruments at FVTOCI and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within twelve months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)**3.2 Material accounting policy information (cont'd)*****Financial assets (cont'd)****Impairment of financial assets subject to impairment assessment under HKFRS 9 (cont'd)***(i) Significant increase in credit risk (cont'd)**

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.2 Material accounting policy information (cont'd)

Financial assets (cont'd)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (cont'd)

(iv) Write-off policy

The Group considers writing-off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)**3.2 Material accounting policy information (cont'd)***Financial assets (cont'd)**Impairment of financial assets subject to impairment assessment under HKFRS 9 (cont'd)*

(v) Measurement and recognition of ECL (cont'd)

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the investment revaluation reserve in relation to accumulated loss allowance.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other income, gains and losses, net' line item as part of the net exchange gain/loss;
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'Other income, gains and losses, net' line item as part of the net exchange gain/loss. As the foreign currency element recognised in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in the investment revaluation reserve;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other income, gains and losses, net' line item as part of the gain/loss from changes in fair value of financial assets measured at FVTPL.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the assets to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.2 Material accounting policy information (cont'd)

Financial assets (cont'd)

Derecognition of financial assets (cont'd)

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities including trade payables, bills payable, other payables and bank and other borrowings are subsequently measured at amortised cost using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other income, gains and losses, net' line item in profit or loss as part of net exchange gain/loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

3. BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)**3.2 Material accounting policy information (cont'd)***Financial liabilities and equity (cont'd)**Offsetting a financial asset and a financial liability*

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependants of that person or that person's spouse or domestic partner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3.2, the management of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Valuation of inventories

The management of the Group reviews ageing analysis and also carries out inventory review on a product-by-product basis with reference to subsequent sales and usage of inventories and latest selling prices and writes down slow-moving inventory items identified that are no longer suitable for use in production or for sale. Where the actual net realisable values of the inventories are less than expected, further write down of inventories may arise.

During the year ended 30 June 2025, an allowance of obsolete inventories of approximately HK\$1,355,000 was charged (2024: reversal of allowance of obsolete inventories of approximately HK\$2,500,000 was credited) to profit or loss. As at 30 June 2025, the carrying amount of the Group's inventories is approximately HK\$166,741,000 (2024: HK\$187,384,000).

Provision of ECL for trade receivables

The Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using provision matrix and individually assess ECL for credit-impaired trade receivables. The provision rates are based on past due aging as groupings of various debtors that have similar loss patterns and internal credit ratings of individual debtors for credit impaired balances. The provision matrix and individual assessment are based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 31 and 21 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Estimate fair value of investment properties

Investment properties were revalued at the end of the reporting period using income approach by independent qualified professional valuer. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the valuation, management of the Group has made judgement in identifying relevant properties for comparison. The assumptions used are intended to reflect conditions existing at the end of the reporting period. Where there are any changes in the assumptions due to the market conditions in Hong Kong, the estimate of fair value of investment properties may be significantly affected. As at 30 June 2025, investment properties of approximately HK\$122,519,000 (2024: HK\$142,639,000) were revalued with a fair value loss of HK\$20,492,000 (2024: loss of HK\$3,913,000).

Impairment on the Identified PPE and the Identified ROU assets

Impairment on 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") are carried at cost less accumulated depreciation and accumulated impairment losses, if any. In determining whether an asset is impaired, the management of the Group has to exercise judgement and make assumptions, particularly when assessing: (i) whether an event has occurred or any indicators that may affect the asset value; (ii) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (iii) the appropriate key assumptions to be applied in estimating the value in use included in the cash flow projections. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belong, including allocation of corporate assets when a reasonable and consistent basis of allocation 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. Changing the underlying assumptions and key inputs, including but not limited to the forecasted revenue, gross profit margins and discount rates, in the cash flow projections, could materially affect the estimated recoverable amounts.

As at 30 June 2025, the carrying amounts of the Identified PPE and the Identified ROU assets are HK\$22,882,000 and HK\$1,869,000 respectively. The recoverable amounts of the Identified PPE and the Identified ROU assets have been determined by the management of the Group using value in use calculations of the individual retail stores to which these assets belong. The value in use calculations are based on the discounted cash flow projections ("Forecasts") based on management's expectations on the market development and the past performance, where the key input parameters include forecasted revenue, gross profit margins and discount rates. The Group estimates the recoverable amount of the retail stores as it is not possible to estimate the recoverable amount of each of the Identified PPE and the Identified ROU assets individually. During the year ended 30 June 2025, impairment losses of HK\$4,835,000 on the Identified PPE was recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

5. REVENUE AND SEGMENT INFORMATION

Revenue

(i) Disaggregation of revenue from contracts with customers

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	–
	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

5. REVENUE AND SEGMENT INFORMATION (cont'd)

Revenue (cont'd)

(i) Disaggregation of revenue from contracts with customers (cont'd)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

5. REVENUE AND SEGMENT INFORMATION (cont'd)

Revenue (cont'd)

(ii) *Performance obligations for contracts with customers*

Sales of watches

(a) Retail store customers:

The Group sells watches through chain of standalone retail stores and concessionaire counters located inside department stores. Revenue is recognised when control of the products has been transferred to the customers, being the point when the customers purchased and took the goods at the retail stores directly. The Group estimates the sales return provision based on accumulated experience and considered that no provision is recognised as the amount of returns are immaterial. The customers are required to pay the transaction price at the retail stores or the department stores immediately at the point the customers purchase the goods.

The Group usually grants 30 to 60-day credit period to these department stores which receive sales proceeds from the customers on behalf of us.

(b) E-commerce platforms customers (both wholesale and retail):

Retail:

The Group sells watches to retail customers through e-commerce platforms. Revenue from online sales is recognised when the product is delivered to customer. Revenue is recognised at an expected value of the transaction price adjusted for estimated returns based on historical trends. The Group estimates the sales return provision based on accumulated experience and considered that no provision is recognised as the amount of returns are immaterial. The customers are required to pay the transaction price at the e-commerce platform immediately at the point the customers purchase the goods.

The Group usually grants 30-day credit period to these e-commerce platforms.

Wholesale:

The Group sells watches to wholesaler through e-commerce platforms. Revenue is recognised when control of the products has been transferred to the customer, being the point when the Group delivered the watches. Following the delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The customers are required to pay the transaction price at the e-commerce platform immediately at the point the customers purchase the goods.

The Group usually grants 30-day credit period to these e-commerce platforms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

5. REVENUE AND SEGMENT INFORMATION (cont'd)

Revenue (cont'd)

(ii) *Performance obligations for contracts with customers (cont'd)*

Sales of watch movements

The Group wholesale watch movements to corporate customers. Revenue of sales of watch movements is recognised when the products are delivered to the customer. The Group estimates the sales return provision based on accumulated experience and considered that no provision is recognised as the amount of replacement are immaterial. Credit period of 30 to 60 days are usually granted to corporate customers.

End customers are usually granted a warranty of two years for watches and the Group estimates the warranty provision based on accumulated experience and considered that no provision is recognised as the amount of the costs to be incurred during the warranty period is immaterial.

All sales contracts are for the periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

5. REVENUE AND SEGMENT INFORMATION (cont'd)

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 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	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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

5. REVENUE AND SEGMENT INFORMATION (cont'd)**Segment revenue and results (cont'd)**

Year ended 30 June 2024

	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	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

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3.2. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

5. REVENUE AND SEGMENT INFORMATION (cont'd)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

As at 30 June 2025

	Tian Wang Watch Business HK\$'000	Watch Movements Trading Business HK\$'000	Other Brands (PRC) Business HK\$'000	Consolidated HK\$'000
ASSETS				
Segment assets	516,839	14,407	45,590	576,836
Tax recoverable				4,127
Bank balances and cash				979,751
Investment properties				122,519
Financial assets at FVTPL				24,923
Debt instruments at FVTOCI				153,080
Financial assets at amortised cost				461,770
Deferred tax assets				55,559
Property, plant and equipment				84,499
Other assets				8,049
Consolidated total assets				2,471,113
LIABILITIES				
Segment liabilities	57,647	7,381	4,947	69,975
Tax payable				53,554
Bank and other borrowings				32,140
Deferred tax liabilities				34,991
Other liabilities				18,671
Consolidated total liabilities				209,331

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

5. REVENUE AND SEGMENT INFORMATION (cont'd)**Segment assets and liabilities (cont'd)**

As at 30 June 2024

	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>
ASSETS				
Segment assets	597,245	18,459	45,360	661,064
Tax recoverable				2,151
Bank balances and cash				959,234
Investment properties				142,639
Financial assets at FVTPL				10,028
Debt instruments at FVTOCI				133,632
Financial assets at amortised cost				468,438
Deferred tax assets				55,481
Property, plant and equipment				98,986
Other assets				9,220
Consolidated total assets				2,540,873
LIABILITIES				
Segment liabilities	77,993	6,567	5,197	89,757
Tax payable				38,856
Bank and other borrowings				15,622
Deferred tax liabilities				62,815
Other liabilities				17,655
Consolidated total liabilities				224,705

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments except for investment properties, debt instruments at FVTOCI, financial assets at FVTPL, financial assets at amortised cost, bank balances and cash, tax recoverable, deferred tax assets and certain corporate assets.
- all liabilities are allocated to operating segments except for tax payable, bank and other borrowings, deferred tax liabilities and certain corporate liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

5. REVENUE AND SEGMENT INFORMATION (cont'd)

Other segment information

Year ended 30 June 2025

	Tian Wang Watch Business HK\$'000	Watch Movements Trading Business HK\$'000	Other Brands (PRC) Business HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or segment assets:					
Additions of property, plant and equipment	29,834	–	37	694	30,565
Depreciation of property, plant and equipment	32,230	56	997	4,846	38,129
Loss (gain) on disposal and written-off of property, plant and equipment	4,444	–	(15)	–	4,429
Addition of right-of-use assets	651	–	–	–	651
Depreciation of right-of-use assets	5,682	–	217	123	6,022
Net allowance (reversal of allowance) for obsolete inventories	4,487	17	(3,149)	–	1,355
(Net reversal of impairment losses) impairment losses on trade receivables	(1,077)	152	191	–	(734)
Impairment losses on property, plant and equipment	4,835	–	–	–	4,835
Net provision for onerous contracts	3,131	–	–	–	3,131

Year ended 30 June 2024

	Tian Wang Watch Business HK\$'000	Watch Movements Trading Business HK\$'000	Other Brands (PRC) Business HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or segment assets:					
Additions of property, plant and equipment	36,984	3	613	636	38,236
Depreciation of property, plant and equipment	39,999	59	1,189	5,805	47,052
Loss on disposal and written-off of property, plant and equipment	5,332	–	44	54	5,430
Addition of right-of-use assets	2,238	–	243	86	2,567
Depreciation of right-of-use assets	6,551	–	275	234	7,060
Net allowance (reversal of allowance) for obsolete inventories	318	341	(3,159)	–	(2,500)
(Net reversal of impairment losses) impairment losses on trade receivables	(1,234)	95	309	–	(830)
Impairment losses on property, plant and equipment	6,623	–	–	–	6,623
Net reversal of provision for onerous contracts	(1,177)	–	–	–	(1,177)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

5. REVENUE AND SEGMENT INFORMATION (cont'd)**Information about major customers**

There is no single customer contributing over 10% of total revenue of the Group for the years ended 30 June 2025 and 2024.

Geographical information

The Group's operations are located in the PRC and Hong Kong. The Group's revenue from external customers based on the location of the customer and information about its non-current assets by geographical location of the assets are detailed below:

Revenue by geographical location:

	2025 HK\$'000	2024 HK\$'000
The PRC	605,653	793,157
Asia Pacific (besides the PRC)	83,778	87,879
	689,431	881,036

Non-current assets other than deferred tax assets, financial assets at FVTPL, debt instruments at FVTOCI and financial assets at amortised cost by geographical location:

	2025 HK\$'000	2024 HK\$'000
The PRC	285,341	300,490
Hong Kong	189,095	221,761
	474,436	522,251

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

6. DIRECTORS' REMUNERATION

Details of the remuneration paid or payable to the Company's directors were as follows:

	Executive directors				Independent non-executive directors			Total HK\$'000
	Mr. Tung Koon Ming HK\$'000 (Note b)	Mr. Tung Wai Kit HK\$'000	Mr. Deng Guang Lei HK\$'000	Mr. Tung Koon Kwok HK\$'000	Mr. Choi Ho Yan HK\$'000	Mr. Wong Wing Keung Meyrick HK\$'000	Ms. Law Stacey Man Yee HK\$'000	
For the year ended 30 June 2025								
Fee	90	90	90	90	240	240	180	1,020
Salaries and allowances	7,000	878	960	822	–	–	–	9,660
Bonus (Note a)	–	–	–	–	–	–	–	–
Contributions to retirement benefit scheme	–	18	58	–	–	–	–	76
Total remuneration	7,090	986	1,108	912	240	240	180	10,756
	Executive directors				Independent non-executive directors			Total HK\$'000
	Mr. Tung Koon Ming HK\$'000 (Note b)	Mr. Tung Wai Kit HK\$'000	Mr. Deng Guang Lei HK\$'000	Mr. Tung Koon Kwok HK\$'000	Mr. Choi Ho Yan HK\$'000	Mr. Wong Wing Keung Meyrick HK\$'000	Ms. Law Stacey Man Yee HK\$'000	
For the year ended 30 June 2024								
Fee	90	90	90	90	240	240	180	1,020
Salaries and allowances	7,000	876	960	820	–	–	–	9,656
Bonus (Note a)	5,000	–	–	–	–	–	–	5,000
Contributions to retirement benefit scheme	–	18	52	–	–	–	–	70
Total remuneration	12,090	984	1,102	910	240	240	180	15,746

Notes:

- Incentive performance bonuses were determined by the remuneration committee having regard to the performance of directors and the Group's operating results.
- Mr. Tung Koon Ming is also the chief executive officer of the Group and his emoluments disclosed above included those for services rendered by him as the chief executive officer.

The executive directors' emoluments shown above were mainly paid or payable for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly paid or payable for their services as directors of the Company.

During the years ended 30 June 2025 and 2024, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any remuneration in both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

7. EMPLOYEES' EMOLUMENTS

The five highest paid individuals include four (2024: four) directors of the Company for the year ended 30 June 2025. The emoluments of the remaining one (2024: one) individual for the year ended 30 June 2025 are as follows:

	2025 HK\$'000	2024 <i>HK\$'000</i>
Salaries and other benefits	1,212	1,209
Contributions to retirement benefit scheme	18	18
	1,230	1,227

The emoluments of the individuals, who are not directors of the Company, with the highest emoluments are within the following bands:

	2025 Number of individuals	2024 Number of individuals
HK\$1,000,001 to HK\$1,500,000	1	1

During the years ended 30 June 2025 and 2024, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

8. OTHER INCOME, GAINS AND LOSSES, NET

	2025 HK\$'000	2024 HK\$'000
<i>Other income:</i>		
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 (<i>Note</i>)	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
<i>Other gains and losses:</i>		
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 from change in fair value of investment properties	(20,492)	(3,913)
Loss on revaluation of leasehold land and buildings	(1,222)	–
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.

9. FINANCE COSTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

10. INCOME TAX (CREDIT) CHARGE

	2025 HK\$'000	2024 <i>HK\$'000</i>
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 (<i>Note 26</i>)	(26,451)	(6,568)
	(11,619)	8,741

Hong Kong Profits Tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong during the years ended 30 June 2024 and 30 June 2025.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of EIT Law, the Enterprise Income Tax rate is 25%. Subject to certain preferential tax treatment, the applicable tax rate of the PRC subsidiaries is ranging from 15% to 25% for both periods. On 26 December 2024, a subsidiary, Tian Wang Electronics (Shenzhen) Company Limited ("Tian Wang Shenzhen"), obtained an approval notice from relevant authority, which approved the renewal of Tian Wang Shenzhen's application of qualification as a high and new technology enterprise, which is valid for the three calendar years ended 31 December 2026. With this qualification, Tian Wang Shenzhen is entitled to a preferential tax treatment and the applicable tax rate for the years ended 30 June 2024 and 2025 is 15%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

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

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Dividends distributed from the PRC subsidiaries are subject to withholding tax at 5%. Deferred tax in relation to withholding income tax for the undistributed profits of the PRC subsidiaries have been provided. Details of the movement of the deferred tax recognised in respect to withholding income tax for the undistributed profits are set out in note 26.

The tax (credit) charge for the year can be reconciled to the (loss) profit before taxation as follows:

	2025 HK\$'000	2024 HK\$'000
(Loss) profit before taxation	(30,465)	42,780
Tax at the PRC Enterprise Income Tax rate of 25%	(7,616)	10,695
Tax effect of expenses not deductible for tax purpose	13,166	20,438
Tax effect of income not taxable for tax purpose	(20,143)	(21,231)
Income tax on concession and preferential tax rates	(2,357)	(2,238)
Tax effect of tax loss not recognised	12,620	4,026
Utilisation of tax loss previously not recognised	(79)	(1,318)
Overprovision in prior years	(2,254)	(299)
Additional tax benefit to the Group (Note)	–	(2,446)
Withholding tax for distributable earnings of PRC subsidiaries	(4,956)	1,114
Tax (credit) charge for the year	(11,619)	8,741

Note: Pursuant to the relevant tax rules and regulation of the PRC, expenses in research nature are deductible at 200% (2024: 200%) of the cost incurred. The related tax benefit amounted to approximately HK\$Nil for the year ended 30 June 2025 (2024: HK\$2,446,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

11. (LOSS) PROFIT FOR THE YEAR

	2025 HK\$'000	2024 HK\$'000
(Loss) profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	1,500	1,450
Directors' remuneration (<i>Note 6</i>)		
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 (<i>Note</i>)	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

12. 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.

13. (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 HK\$'000	2024 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

14. PROPERTY, PLANT AND EQUIPMENT

	Owned properties – Hong Kong HK\$'000	Owned factory building – PRC HK\$'000	Leasehold improvements HK\$'000	Machinery HK\$'000	Furniture and fixtures HK\$'000	Computer equipment HK\$'000	Motor vehicles HK\$'000	Light boxes HK\$'000	Car park HK\$'000	Total HK\$'000
COST OR VALUATION										
At 1 July 2023	121,300	188,109	30,439	5,293	5,065	15,588	15,984	147,405	2,700	531,883
Exchange adjustments	–	(1,045)	(272)	(16)	(19)	(82)	(32)	(361)	–	(1,827)
Additions	–	–	10,320	372	556	1,643	2,192	23,153	–	38,236
Transfer to investment properties (note 16)	(21,000)	–	–	–	–	–	–	–	–	(21,000)
Loss on valuation	(7,000)	–	–	–	–	–	–	–	(200)	(7,200)
Disposals and write-off	–	–	–	(1,683)	(147)	(828)	(4,698)	(67,873)	–	(75,229)
At 30 June 2024	93,300	187,064	40,487	3,966	5,455	16,321	13,446	102,324	2,500	464,863
Exchange adjustments	–	3,726	824	93	57	275	94	1,957	–	7,026
Additions	–	–	2,960	947	144	907	1,306	24,301	–	30,565
Loss on valuation	(13,900)	–	–	–	–	–	–	–	(600)	(14,500)
Disposals and write-off	–	–	(1,260)	–	(485)	(930)	(1,258)	(17,611)	–	(21,544)
At 30 June 2025	79,400	190,790	43,011	5,006	5,171	16,573	13,588	110,971	1,900	466,410
Comprising:										
At Cost	–	190,790	43,011	5,006	5,171	16,573	13,588	110,971	–	385,110
At Valuation	79,400	–	–	–	–	–	–	–	1,900	81,300
	79,400	190,790	43,011	5,006	5,171	16,573	13,588	110,971	1,900	466,410
DEPRECIATION										
At 30 June 2023	–	1,384	8,416	3,617	3,084	11,629	11,851	106,276	–	146,257
Exchange adjustments	–	(82)	(80)	(9)	(13)	(71)	(14)	(284)	–	(553)
Provided for the year	4,860	7,267	3,194	693	466	2,676	1,550	26,233	113	47,052
Impairment loss recognised	–	–	–	–	–	–	–	6,623	–	6,623
Eliminated on disposals and write-off	–	–	–	(1,683)	(147)	(828)	(4,641)	(62,500)	–	(69,799)
Elimination on revaluation	(4,860)	–	–	–	–	–	–	–	(113)	(4,973)
At 30 June 2024	–	8,569	11,530	2,618	3,390	13,406	8,746	76,348	–	124,607
Exchange adjustments	–	286	272	62	49	241	65	1,663	–	2,638
Provided for the year	4,055	7,220	3,731	704	427	2,172	1,400	18,311	109	38,129
Impairment loss recognised	–	–	–	–	–	–	–	4,835	–	4,835
Eliminated on disposals and write-off	–	–	(1,260)	–	(315)	(930)	(1,258)	(13,352)	–	(17,115)
Elimination on revaluation	(4,055)	–	–	–	–	–	–	–	(109)	(4,164)
At 30 June 2025	–	16,075	14,273	3,384	3,551	14,889	8,953	87,805	–	148,930
CARRYING VALUES										
At 30 June 2025	79,400	174,715	28,738	1,622	1,620	1,684	4,635	23,166	1,900	317,480
At 30 June 2024	93,300	178,495	28,957	1,348	2,065	2,915	4,700	25,976	2,500	340,256

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Depreciation is charged to write off the cost of property, plant and equipment less residual value, if any, on a straight-line basis, at the following rates per annum:

Owned properties	Shorter of 3% and over the lease terms
Leasehold improvements	Shorter of 10% – 20% and over the lease terms
Machinery	10% – 20%
Owned factory building	3%
Furniture and fixtures	10% – 33%
Computer equipment	33%
Motor vehicles	10% – 33%
Light boxes	33%
Car park	4%

The Group's interests in owned properties that are situated in Hong Kong. The leasehold interest in land located in Hong Kong cannot be allocated reliably between the land and buildings elements and is entirely accounted for as property, plant and equipment.

Fair value measurement of the Group's owned properties and car park in Hong Kong

At 30 June 2025, the fair value of the Group's owned properties and car park in Hong Kong were valued by BonVision International Appraisals Limited ("BonVision"), an independent qualified professional valuer not connected to the Group using direct comparison method. The valuation committee works closely with BonVision to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer of the Company ("CFO") reports the findings to the board of directors of the Company at the end of the reporting period to explain the cause of fluctuations in the fair value of the owned properties and car park.

The fair value of the owned properties and car park located in Hong Kong has been determined based on the premium or discount used in the direct comparison approach that reflects recent transaction prices for similar properties, adjusted for differences in the location and conditions of the properties under review. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The Group's owned properties and car park located in Hong Kong at revalued amounts are categorised into Level 3 of the fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)**Fair value measurement of the Group's owned properties and car park in Hong Kong (cont'd)**

The following table shows the valuation techniques used in the determination of fair values and unobservable inputs used in the valuation models.

Description	Fair value		Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
	2025 HK\$'000	2024 HK\$'000				
Owned properties in Hong Kong	79,400	93,300	Direct comparison approach	Premium (discount) on quality of the buildings	-1.7% to 6.9% (2024: -13.3% to 3.9%)	Higher premium or lower discount for higher quality buildings will result in a higher fair value measurement, and vice versa.
Car park in Hong Kong	1,900	2,500	Direct comparison approach	Premium (discount) on quality of the car parks	-1.1% (2024: -6.1% to 3.9%)	Higher premium or lower discount for higher quality car park will result in a higher fair value measurement, and vice versa.

Had the owned properties and car park at 30 June 2025 been carried at cost less accumulated depreciation, its carrying value would have been approximately HK\$84,784,000 (2024: HK\$88,841,000) and HK\$1,506,000 (2024: HK\$1,614,000), respectively.

There were no transfer into or out of Level 3 during both years.

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For the year ended 30 June 2025

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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 disclosed in this note and note 15, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

15. 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 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 <i>HK\$'000</i>
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

For both years, the Group leases various offices premises, factories, shops, shop counters and leasehold land for its operations. The lease terms of leasehold land used for owned factory building ranged from 30 to 50 years. A lease for a piece of land used for warehouse was negotiated for a term of 40 years. The lease terms of factory premises were negotiated for terms of three years. Lease for office premises, warehouse and staff quarters are entered into for fixed term of two to five years. Lease for shops and shop counters are entered into for terms for one to two years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and condition. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

16. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
Fair value	
At 1 July 2023	125,668
Transfer from property, plant and equipment (<i>Note</i>)	21,000
Decrease in fair value recognised in profit or loss	(3,913)
Exchange realignment	(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.

The Group leases out office units under operating leases with rentals payable monthly. The leases typically run for an initial period of 2 to 10 years (2024: 2 to 8 years), with unilateral rights to extend the lease beyond initial period held by lessees only.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

The fair value of the Group's investment properties has been arrived at on the basis of a valuation carried out by BonVision.

The Group engages independent qualified professional valuers to perform the valuation. The valuation committee works closely with BonVision to establish the appropriate valuation techniques and inputs to the model. The CFO reports the findings to the board of directors of the Company at the end of the reporting period to explain the cause of fluctuations in the fair value of the properties.

In estimating the fair value of the properties, the highest and best use of the property is their current use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

16. INVESTMENT PROPERTIES (cont'd)

The valuation was arrived at by using income approach taking into account the current rent receivable from existing tenancy agreements and the reversionary potential of property interests. Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	Level 3 HK\$'000	Fair value as at 30 June 2025 HK\$'000
Office units located in Hong Kong	104,000	104,000
Factory units located in the PRC	18,519	18,519
	122,519	122,519

	Level 3 HK\$'000	Fair value as at 30 June 2024 HK\$'000
Office units located in Hong Kong	122,000	122,000
Factory units located in the PRC	20,639	20,639
	142,639	142,639

	Valuation technique	Significant input(s)	Sensitivity
Office units located in Hong Kong	Income approach	Based on: (i) estimated rental value per square feet per month at HK\$23 – HK\$24 (2024: HK\$23 – HK\$25); and (ii) capitalised at the rate of 4.2% (2024: 3.7%) per annum.	(i) Slightly higher the market rent, slightly higher the fair value. (ii) Slightly higher the capitalisation rate, slightly lower the fair value.
Factory units located in the PRC	Income approach	Based on: (i) estimated rental value per square metres per month at HK\$24 – HK\$29 (2024: HK\$24 – HK\$30); and (ii) capitalised at the rate of 6.25% (2024: 6.25%) per annum.	(i) Slightly higher the market rent, slightly higher the fair value. (ii) Slightly higher the capitalisation rate, slightly lower the fair value.

The fair value measurement is categorised into level 3 fair value hierarchy. There were no transfer into or out of Level 3 during the year.

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For the year ended 30 June 2025

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK\$'000	2024 HK\$'000
Financial assets measured at FVTPL:		
Unlisted investment fund units (<i>Note a</i>)	12,794	–
Life insurance (<i>Note b</i>)	12,129	10,028
	24,923	10,028
Analysed for reporting purposes as:		
Non-current assets	24,923	10,028
	24,923	10,028

Notes:

- (a) As at 30 June 2025, the amount represents the subscription for a limited partnership interests in a fund. The fair value of the investment was determined mainly based on statement of net value of the fund.
- (b) As at 30 June 2025 and 2024, 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 USD643,500 (equivalent to approximately HK\$5,000,000).

As at 30 June 2025 and 2024, the fair value of these insurance schemes have been arrived at on the basis of valuation carried by BonVision. Details of fair value measurement are set out in note 31.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

18. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 HK\$'000	2024 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.

Details of impairment assessment are set out in note 31.

19. FINANCIAL ASSETS AT AMORTISED COST

	2025 HK\$'000	2024 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).

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For the year ended 30 June 2025

20. INVENTORIES

	2025 HK\$'000	2024 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

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2025 HK\$'000	2024 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

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

	2025 HK\$'000	2024 <i>HK\$'000</i>
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 HK\$'000	2024 <i>HK\$'000</i>
0 to 60 days	2,156	1,961

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits for customer. Credit limits attributable to customers are reviewed regularly. The Group has policy for assessment of the provision of ECL, which is based on an evaluation of the collectability and age analysis of accounts grouped based on past due characteristics and on management's judgement including creditworthiness, the past collection history and were adjusted for forward-looking information for example, the economic growth rates and unemployment rate which reflect the general economic conditions in which the debtors operate that was available without undue cost or effect.

As at 30 June 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$13,877,000 (2024: HK\$26,961,000) which are past due as of the reporting date. Out of the past due balances, HK\$5,131,000 (2024: HK\$9,500,000) has been past due more than 90 days and was not considered as in default. The Group rebutted the presumption of default under expected credit losses model for trade receivables past due over 90 days based on no significant change in credit quality after understood these customers' background as well as the good payment records of and continuous business relationship with those customers.

Details of impairment of trade receivables and other receivables and deposits were set out in note 31.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

The trade and other receivables that are denominated in foreign currencies of the relevant group entities are set out below:

	2025 HK\$'000	2024 HK\$'000
HK\$	6,133	7,511

22. BANK BALANCES AND CASH

Bank balances and cash comprise cash and short-term deposits with original maturity of three months or less and carrying interest at average market rates of 3.71% (2024: 4.66%) per annum.

At 30 June 2025, the bank balances and cash of approximately HK\$315,202,000 (2024: HK\$254,681,000) are denominated in RMB, which are not freely convertible into other currencies.

Bank balances and cash that are denominated in foreign currencies of the relevant group entities are set out below:

	2025 HK\$'000	2024 HK\$'000
HK\$	12,702	38,053
RMB	453	97
Swiss Franc ("CHF")	81	85
USD	640,344	552,793

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For the year ended 30 June 2025

23. TRADE PAYABLES, BILLS PAYABLE, OTHER PAYABLES AND ACCRUED CHARGES

	2025 HK\$'000	2024 HK\$'000
<i>Trade payables and bills payable:</i>		
Trade payables to third parties	14,498	22,183
Bills payable to third parties	1,887	949
	16,385	23,132
<i>Other payables and accrued charges:</i>		
Other tax payables	3,619	10,711
Accrued directors' remuneration	360	360
Accrued advertising expenses	3,521	6,682
Accrued staff related costs	10,427	9,767
Advance payment from third parties related to daily operation	11,666	13,267
Other payables and accrued charges	18,182	17,204
Amounts due to non-controlling interests of subsidiaries	10,042	10,042
Provision for onerous contracts	7,676	4,407
	65,493	72,440
	81,878	95,572

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 HK\$'000	2024 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

23. TRADE PAYABLES, BILLS PAYABLE, OTHER PAYABLES AND ACCRUED CHARGES (cont'd)

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

Amounts due to non-controlling interests of subsidiaries are non-trade in nature and the amounts are unsecured, interest-free and repayable on demand.

The following are the provision for onerous contracts recognised and movement during the year:

	2025 HK\$'000
At 1 July 2023	5,603
Net reversal of provision for the year	(1,177)
Exchange realignment	(19)
At 30 June 2024 and 1 July 2024	4,407
Net provision for the year	3,131
Exchange realignment	138
At 30 June 2025	7,676

The provision for onerous contracts represents the unavoidable cost of running retail stores under short-term lease.

24. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Lease liabilities payable:		
Within one year	3,156	4,673
More than one year but not exceeding two years	3,566	6,892
More than two years but not exceeding five years	46	275
	6,768	11,840
Less: Amount due for settlement with twelve months shown under current liabilities	(3,156)	(4,673)
Amount due for settlement after twelve months shown under non-current liabilities	3,612	7,167

The weighted average incremental borrowing rates applied to lease liabilities range from 3.52% to 6.94% (2024: from 3.77% to 6.94%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

25. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
<i>Ordinary shares of HK\$0.1 each</i>		
<i>Authorised:</i>		
At 1 July 2023, 30 June 2024, 1 July 2024 and 30 June 2025	100,000,000	10,000,000
<i>Issued:</i>		
At 1 July 2023, 30 June 2024, 1 July 2024 and 30 June 2025	2,058,068	205,807

26. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 HK\$'000	2024 HK\$'000
Deferred tax assets	55,559	55,481
Deferred tax liabilities	34,991	62,815

The following are the major deferred tax (assets) liabilities recognised and movements thereon during the current and prior years:

	Allowance for obsolete inventories HK\$'000	Allowance for credit losses HK\$'000	Unrealised profit HK\$'000	Accelerated tax depreciation HK\$'000	Revaluation of a property HK\$'000	Withholding tax arising from PRC subsidiaries HK\$'000	Impairment, provision and other temporary differences HK\$'000	Right-of- use assets HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 30 June 2023	(32,446)	(6,860)	(8,812)	819	(380)	66,074	(4,140)	3,608	(3,608)	14,255
Charged (credited) to profit or loss	60	73	(2,223)	(47)	(802)	(4,031)	402	(815)	815	(6,568)
Credited to other comprehensive income	-	-	-	-	(353)	-	-	-	-	(353)
At 30 June 2024	(32,386)	(6,787)	(11,035)	772	(1,535)	62,043	(3,738)	2,793	(2,793)	7,334
(Credited) charged to profit or loss	(591)	48	3,584	13	(842)	(27,839)	(824)	(1,011)	1,011	(26,451)
Credited to other comprehensive income	-	-	-	-	(1,451)	-	-	-	-	(1,451)
At 30 June 2025	(32,977)	(6,739)	(7,451)	785	(3,828)	34,204	(4,562)	1,782	(1,782)	(20,568)

The Group had unused tax losses of approximately HK\$160,530,000 as at 30 June 2025 (2024: HK\$116,513,000). No deferred tax assets have been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses for certain subsidiaries operating in the PRC of approximately HK\$57,033,000 (2024: HK\$31,638,000) that will expire in 2029 (2024: 2028) and the remaining tax losses in Hong Kong can be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

27. BANK AND OTHER BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Unsecured trust receipt loans (<i>Note a</i>)	16,437	–
Other loans (<i>Note b</i>)	15,703	15,622
	32,140	15,622

Notes:

- (a) The unsecured trust receipt loans amounting to HK\$16,437,000 (2024: Nil) are guaranteed by the Company. The loans are borrowed from banks in the PRC and are denominated in RMB. The loans carry interest rate ranging from 1.1% to 1.9% as at 30 June 2025. The loans are due within one year shown under current liabilities.
- (b) The loans from a non-controlling interest of a subsidiary represented two loans of USD1,000,000 each (equivalent to approximately HK\$15,703,000 in aggregate), which are interest-free, unsecured and repayable on demand. The loans are due within one year shown under current liabilities.

28. COMMITMENTS

a. Operating lease arrangements

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2025 HK\$'000	2024 HK\$'000
Within one year	3,608	2,255
Second year	1,934	1,868
Third year	664	210
Fourth year	586	212
Fifth year	601	230
Over five years	3,338	530
	10,731	5,305

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For the year ended 30 June 2025

28. COMMITMENTS (cont'd)**b. Concessionaire fee commitments**

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. In the opinion of the directors of the Company, as the future sales of these shop counters could not be estimated reliably, the concessionaire fee commitments has not been quantified and presented.

c. Capital commitments

	2025 HK\$'000	2024 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

29. RETIREMENT BENEFIT SCHEMES

The Group participates defined contribution retirement benefits plans for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees. No forfeited contributions for the plans may be used by the employer to reduce the existing level of contributions as the contributions are fully vested to the employee upon payments to the plans.

The Group's subsidiaries in the PRC and Swiss are required to make contributions to the state-managed retirement schemes and pension schemes operated by respective local governments and private sectors based on certain percentage of the monthly salaries of their current employees to fund the benefits. The only obligation of these subsidiaries with respect to the retirement benefit schemes is to make the specified contributions. No forfeited contributions will be used by the employer to reduce the existing level of contributions.

The total expense recognised in profit or loss of approximately HK\$48,067,000 (2024: HK\$36,061,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 30 June 2025 and 2024, there were no outstanding contributions payable to the schemes.

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For the year ended 30 June 2025

29. RETIREMENT BENEFIT SCHEMES (cont'd)

Obligation to pay LSP under Hong Kong Employment Ordinance (Chapter 57)

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last monthly wages (before termination of employment) $\times$ 2/3 $\times$ Years of service

Last monthly wages are capped at HK\$22,500 while the amount of long service payment shall not exceed HK\$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement").

The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition had officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR also introduced a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the Last monthly wages immediately preceding the Transition Date and the years of service up to that date. The Amendment Ordinance has impact on the Group's LSP liability with respect to employees that participate in MPF Scheme and the Group has accounted for the offsetting mechanism and its abolition during the year ended 30 June 2024. No LSP obligation is separately disclosed in the notes to the consolidated financial statements as in the opinion of the directors of the Company, the LSP obligation exposure for the Company is insignificant and such disclosure does not give additional value in view of insignificant exposure at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes other loans and net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated profits.

Management of the Group reviews the capital structure regularly taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through issuance of new shares, payment of dividends, and the raise of bank borrowings or the repayment of the existing other loans.

31. FINANCIAL INSTRUMENTS**Categories of financial instruments**

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Financial assets		
Financial assets at FVTPL	24,923	10,028
Debt instruments at FVTOCI	153,080	133,632
Financial assets at amortised cost	1,581,657	1,612,403
Financial liabilities		
Amortised cost	92,296	77,826

Financial risk management objectives and policies

The Group's major financial instruments include financial assets at amortised cost, financial assets at FVTPL, debt instruments at FVTOCI, trade receivables, certain other receivables and deposits, bank balances and cash, trade payables and bills payable, certain other payables and bank and other borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Group has foreign currency sales, which expose itself to foreign currency risk. In addition, debt instruments at FVTOCI, certain trade and other receivables, bank balances, other payables, other loans and intra-group balances are denominated in foreign currencies of the relevant group entities.

The currency risk of the Group is mainly arising from exchange rate of RMB against HK\$, RMB against USD, USD against HK\$ and CHF against HK\$.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

31. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

Currency risk (cont'd)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
HK\$	27,432	52,968	–	–
USD	796,956	689,049	–	–
RMB	453	97	–	–
CHF	81	85	–	–

For entities with a USD functional currency holding monetary assets and liabilities denominated in HK\$, the directors of the Company considered that, as HK\$ is pegged to USD, the Group is not subject to significant foreign currency risk from change in foreign exchange rate of USD against HK\$.

Other than above, several subsidiaries of the Group have the following intra-group receivables/payables denominated in HK\$, USD, CHF and RMB, which are foreign currencies of the relevant group entities.

	Amounts due from group entities		Amounts due to group entities	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
HK\$	940,080	923,345	703,777	685,917
USD	186,411	186,315	–	–
RMB	11,411	4,957	31,616	16,560
CHF	1,069	938	–	–

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

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For the year ended 30 June 2025

31. FINANCIAL INSTRUMENTS (cont'd)**Financial risk management objectives and policies (cont'd)*****Currency risk (cont'd)****Sensitivity analysis*

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against HK\$, RMB against USD, RMB against JPY, JPY against HK\$ and CHF against HK\$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as well as amounts due from and to group entities where the denomination of the balance is in a foreign currency of the group entity. A positive number below indicates a decrease in post-tax loss (2024: an increase in post-tax profit) for the year where the HK\$ and USD strengthen 5% against RMB, JPY and CHF. For a 5% weakening of the HK\$ and USD against RMB, JPY and CHF, there would be an equal and opposite impact on the post-tax loss (2024: profit) for the year.

	2025 HK\$'000	2024 HK\$'000
Decrease in post-tax loss (2024: Increase in post-tax profit) for the year	46,109	43,326

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk

The Group's fair value interest rate risk relates primarily to the fixed rate debt instruments at FVTOCI, financial assets at amortised cost, financial assets at FVTPL and lease liabilities. The Group's cash flow interest rate risk relates to the bank balances and bank borrowings (2024: bank balances).

The Group has not used any interest rate swaps in order to mitigate its exposure associated with fluctuations relating to cash flows interest rate risk. However, the management of the Group will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

In the opinion of management of the Group, the expected change in interest rate on bank balances and bank borrowings (2024: bank balances) will not be significant in the near future, hence sensitivity analysis is not presented.

Credit risk and impairment assessment

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the financial assets (including debt instruments at FVTOCI) whose carrying amounts best represent the maximum exposure to credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

31. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

Credit risk and impairment assessment (cont'd)

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group assesses the potential customer's credit quality and define credit limits for customer. Credit limits attributed to customers are reviewed regularly. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In addition, the Group has policy for assessment of the provision of ECL, which is based on an evaluation of the collectability and age analysis of accounts grouped based on past due characteristics and on management's judgement including creditworthiness, the past collection history and forward-looking information. The Group performs impairment assessment under ECL model on credit-impaired trade receivables individually. Except for credit-impaired trade receivables, which are assessed for impairment individually, the remaining trade receivables are grouped based on aging of outstanding balances. Net reversal of impairment losses of HK\$734,000 (2024: net impairment losses of HK\$830,000) is recognised during the year. Details of the quantitative disclosures are set out below in this note.

The concentration of credit risk is limited due to the customer base being large and unrelated.

Other receivables and deposits

The management of the Group makes individual assessment for debtors with significant balances on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable, supportive and forward looking information that is available. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of deposits and other receivables. ECL on deposits and other receivables is insignificant at 30 June 2025 and 2024 as the exposure of deposits and other receivables is insignificant.

Debt instruments at FVTOCI

The Group only invests in debt securities with low credit risk. The Group's debt instruments at FVTOCI mainly comprise listed bonds that are graded in the top investment grade as per globally understood definitions and therefore are considered to be low credit risk investments. During the year ended 30 June 2025 and 2024, ECL on debt instruments at FVTOCI is insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

31. FINANCIAL INSTRUMENTS (cont'd)**Financial risk management objectives and policies (cont'd)*****Credit risk and impairment assessment (cont'd)****Bank balances, certificate of deposits at amortised cost and fixed deposits*

The credit risks on bank balances, certificate of deposits at amortised cost and fixed deposits are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. No loss allowance provision for bank balances, certificate of deposits at amortised cost and fixed deposits was recognised as the amount is insignificant. The Group has limited exposure to any single financial institution.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL (not credit-impaired)	12m ECL
Medium risk	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL (not credit-impaired)	12m ECL
High risk	Debtor frequently repays after 90 days after due date	Lifetime ECL (not credit-impaired)	Lifetime ECL (not credit-impaired)
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL (credit-impaired)	Lifetime ECL (credit-impaired)
Write-off	There is evidence indicating the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery or trade receivables are over two years past due	Amount is written-off	Amount is written-off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

31. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

Credit risk and impairment assessment (cont'd)

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amounts	
					2025	2024
					HK\$'000	HK\$'000
Debt instruments at FVTOCI						
Investments in listed bonds	18	A1 to Baa3 (2024: A1 to Baa3) (note iii)	N/A	12m ECL	153,080	133,632
Financial assets at amortised cost						
Trade receivables	21	N/A	(note i)	Lifetime ECL	95,387	137,253
		N/A	Loss (note i)	Lifetime ECL (credit-impaired)	19,826	19,638
Other receivables and deposits	21	N/A	(note ii)	12m ECL	50,012	53,152
Bank balances	22	Aa2 to Ba1 (2024: Aa2 to Ba1) (note iii)	N/A	12m ECL	979,111	958,467
Fixed deposits	19	A1 to Ba1 (2024: A1 to Ba1) (note iii)	N/A	12m ECL	461,770	468,438

Notes:

- (i) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL.

As part of the Group's credit risk management, the Group uses debtors' past due ageing to assess the impairment for its customers in relation to its operation because the customers of the Group consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables from customers which are assessed collectively as at 30 June 2025 within lifetime ECL (not credit-impaired). Debtors that are credit-impaired with gross carrying amounts of approximately HK\$19,826,000 as at 2025 (2024: HK\$19,638,000) were assessed individually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

31. FINANCIAL INSTRUMENTS (cont'd)**Financial risk management objectives and policies (cont'd)*****Credit risk and impairment assessment (cont'd)****Notes: (cont'd)*

(i) (cont'd)

For the year ended 30 June 2025**Gross carrying amount**

	Average loss rate	Trade receivables past due HK\$'000
Current (not past due)	0.5%	76,628
1-30 days past due	0.6%	3,558
31-60 days past due	2.1%	3,209
61-90 days past due	7.6%	2,194
More than 90 days past due	47.2%	9,798
		95,387

For the year ended 30 June 2024**Gross carrying amount**

	Average loss rate	Trade receivables past due HK\$'000
Current (not past due)	1.5%	106,149
1-30 days past due	1.6%	8,968
31-60 days past due	2.6%	6,887
61-90 days past due	7.4%	2,818
More than 90 days past due	28.9%	12,431
		137,253

During the year ended 30 June 2025, the Group reversed HK\$624,000 (2024: net reversed of impairment of HK\$460,000) impairment allowance for trade receivables, based on the provision matrix. Impairment allowance of HK\$110,000 (2024: HK\$370,000 were impaired) were reversed on credit impaired debtors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

31. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

Credit risk and impairment assessment (cont'd)

Notes: (cont'd)

(i) (cont'd)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Trade receivables HK\$'000
As at 30 June 2023	6,167	20,094	26,261
Changes due to financial instruments recognised as at 1 July:			
– Reversal of impairment losses	(4,948)	(432)	(5,380)
– Write-offs	–	(4)	(4)
New financial assets originated	4,488	62	4,550
Exchange realignment	(33)	(82)	(115)
As at 30 June 2024	5,674	19,638	25,312
Changes due to financial instruments recognised as at 1 July:			
– Reversal of impairment losses	(2,875)	(110)	(2,985)
New financial assets originated	2,251	–	2,251
Exchange realignment	213	298	511
As at 30 June 2025	5,263	19,826	25,089

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. Trade receivable of HK\$nil (2024: HK\$4,000) was written off by the Group during the year ended 30 June 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

31. FINANCIAL INSTRUMENTS (cont'd)**Financial risk management objectives and policies (cont'd)****Credit risk and impairment assessment (cont'd)**

Notes: (cont'd)

(i) (cont'd)

Changes in the loss allowance for trade receivables are mainly due to:

	2025		2024	
	Decrease in lifetime ECL (not credit- impairment) HK\$'000	Decrease in lifetime ECL (credit- impaired) HK\$'000	Decrease in lifetime ECL (not credit- impairment) HK\$'000	Decrease in lifetime ECL (credit- impaired) HK\$'000
Repayment from:				
– trade receivables with gross carrying amount of HK\$131,161,000 (2024: HK\$162,741,000)	(2,875)	(110)	(4,948)	(432)
Write-off of:				
– trade receivables with gross carrying amount of HK\$nil (2024: HK\$4,000)	–	–	–	(4)

(ii) For the purpose of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

Deposits and other receivables, fund deposits to e-payment platforms and interest receivables do not have fixed repayment terms or are not past due as at 30 June 2025 and 2024.

(iii) External credit ratings are from international credit-rating agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

31. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment dates. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
As at 30 June 2025							
Non-derivative financial liabilities							
Trade payables and bills payable	N/A	16,385	–	–	–	16,385	16,385
Other payables	N/A	43,771	–	–	–	43,771	43,771
Bank borrowings	1.62	55	16,484	–	–	16,539	16,437
Other loans	N/A	15,703	–	–	–	15,703	15,703
Lease liabilities	3.85	430	2,932	3,407	281	7,050	6,768
		76,344	19,416	3,407	281	99,448	99,064
As at 30 June 2024							
Non-derivative financial liabilities							
Trade payables and bills payable	N/A	23,132	–	–	–	23,132	23,132
Other payables	N/A	39,072	–	–	–	39,072	39,072
Other loans	N/A	15,622	–	–	–	15,622	15,622
Lease liabilities	4.14	1,443	3,621	7,192	276	12,532	11,840
		79,269	3,621	7,192	276	90,358	89,666

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

31. FINANCIAL INSTRUMENTS (cont'd)**Financial risk management objectives and policies (cont'd)***Other price risk*

The Group is exposed to debt price risk through its investments in debt instruments at FVTOCI. Management of the Group manages this exposure by maintaining a portfolio of investments with different risks. The Group's debt price risk is mainly concentrated on debt instruments listed in the Stock Exchange and Singapore Exchange Limited. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to debt price risk at the reporting date. If the prices of the respective debt instruments had been 10% (2024: 10%) higher/lower, other comprehensive expense (2024: income) for the year ended 30 June 2025 would decrease/increase (2024: increase/decrease) by approximately HK\$15,308,000 (2024: HK\$13,363,000) as a result of the changes in fair value of debt instruments measured at FVTOCI.

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages independent qualified valuers to perform the valuation. The CFO works closely with the independent qualified valuers to establish the appropriate valuation techniques and inputs to the model. The CFO reports the findings to the board of directors of the Company every six months to explain the cause of fluctuations in the fair value of the assets and liabilities.

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

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at 30 June		Fair value hierarchy	Valuation technique and key input	Significant unobservable input
	2025 HK\$'000	2024 HK\$'000			
Debts instruments at FVTOCI					
– Listed corporate bonds	153,080	133,632	Level 1	Quoted bid prices	N/A
Financial assets at FVTPL					
– Unlisted investment fund units	12,794	–	Level 3	Net asset value	Note 1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

31. FINANCIAL INSTRUMENTS (cont'd)

Fair value measurements of financial instruments (cont'd)

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

Financial assets (cont'd)	Fair value as at 30 June		Fair value hierarchy	Valuation technique and key input	Significant unobservable input
	2025 HK\$'000	2024 HK\$'000			
Financial assets at FVTPL (cont'd)					
– Life insurance	12,129	10,028	Level 3	Discounted cash flow approach	1. Discount rate ranging from 3.63% to 8.18% (2024: 4.95% to 8.30%) (Note 2) 2. Marginal death rate ranging from 0.00% to 4.28% (2024: 0.00% to 5.91%) (Note 2)

Note 1: The significant unobservable inputs of the investments are the net asset value of the underlying investments made by fund. The higher the net asset value of the underlying investments, the higher the fair value. The group has determined that the reported net assets values represent the fair values of the investments provided by external counterparty.

Note 2: The key inputs of valuation of life insurance at fair value included (i) discount rate and (ii) marginal death rate. A 5% increase/decrease in the discount rate holding all other variables constant would decrease/increase the fair value on life insurance by HK\$909,000/HK\$1,014,000 (2024: HK\$890,000/HK\$998,000). A 5% increase/decrease in the marginal death rate holding all other variables constant would increase/decrease the fair value on life insurance by HK\$153,000/HK\$164,000 (2024: HK\$30,000/HK\$36,000).

There were no transfers among Level 1, 2 and 3 in the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

31. FINANCIAL INSTRUMENTS (cont'd)**Fair value measurements of financial instruments (cont'd)****(ii) Reconciliation of Level 3 fair value measurements of financial assets**

	Financial assets at FVTPL HK\$'000
At 1 July 2023	100,733
Disposals	(86,840)
Fair value change to profit or loss	(4,297)
Exchange realignment	432
At 30 June 2024 and 1 July 2024	10,028
Additions	12,299
Fair value change to profit or loss	2,493
Exchange realignment	103
At 30 June 2025	24,923

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

Management of the Group considers that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings <i>HK\$'000</i>	Lease liabilities <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30 June 2023	15,673	15,817	31,490
Financing cash flows	–	(6,900)	(6,900)
Interest expense	–	619	619
New leases entered	–	2,567	2,567
Termination of leases	–	(217)	(217)
Foreign exchange translation	(51)	(46)	(97)
At 30 June 2024	15,622	11,840	27,462
Financing cash flows	16,198	(6,223)	9,975
Interest expense	239	353	592
New leases entered	–	651	651
Foreign exchange translation	81	147	228
At 30 June 2025	32,140	6,768	38,908

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

33. RELATED PARTY TRANSACTIONS

Other than the balances of and transactions with related parties disclosed in relevant disclosure notes, the Group had the following related party transactions during the year:

	2025 HK\$'000	2024 HK\$'000
Sales to entities related to a non-controlling interest of subsidiaries (<i>Note a</i>)	26,829	4,659
Short-term lease payment to related companies (<i>Note b</i>)	420	423
Rental income from an entity related to a non-controlling interest of a subsidiary (<i>Note a</i>)	763	118

Notes:

- (a) These transactions are also defined as continuing connected transactions under the Listing Rules.
- (b) The related companies are wholly owned and controlled by Mr. Tung. These transactions are also defined as connected transactions under the Listing Rules.

Key management personnel

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

	2025 HK\$'000	2024 HK\$'000
Short-term benefits	12,423	12,416
Post-employment benefits	153	140
	12,576	12,556

The remuneration of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Country/ place of incorporation/ establishment	Country/ Place of operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group As at 30 June		Principal activities
				2025	2024	
Directly:						
Immense Ocean Investments Limited	BVI	Hong Kong	1 share of USD1	100%	100%	Investment holding
Indirectly:						
Win Source Trading Limited 偉鑫貿易有限公司	Hong Kong	Hong Kong	1 share of HK\$1	100%	100%	Trading of watch movements
Win Sun International Limited 捷新國際有限公司	Hong Kong	Hong Kong	1 share of HK\$1	100%	100%	Trading of watches
Gold Joy Investments Limited 金愉投資有限公司	Hong Kong	Hong Kong	1 share of HK\$1	100%	100%	Investment holding
Sky Sun Investments Limited 天新投資有限公司	Hong Kong	Hong Kong	1 share of HK\$1	100%	100%	Investment holding
Gold Reach Investments Limited 金達投資有限公司	Hong Kong	Hong Kong	1 share of HK\$1	100%	100%	Investment holding
Ye Guang Li Electronics (Meizhou) Company Limited ¹ 業廣利電子(梅州)有限公司	PRC	PRC	HK\$20,000,000	100%	100%	Assembling and trading of watches
Tian Wang Shenzhen ¹ 天王電子(深圳)有限公司	PRC	PRC	HK\$99,000,000	100%	100%	Assembling and trading of own branded watches
Balco Switzerland SAGL	Switzerland	Switzerland	20 shares of CHF1,000 each	100%	100%	Sales of watches
Shenzhen Time Watch Management Consulting Limited ³ 深圳時計寶管理諮詢有限公司	PRC	PRC	RMB6,000,000	100%	100%	Marketing and consulting
Time Watch (Sichuan) Company Limited ² 時計寶(四川)鐘表有限公司	PRC	PRC	RMB20,000,000	51%	51%	Sales of watches

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (cont'd)

Name of subsidiary	Country/ place of incorporation/ establishment	Country/ Place of operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group As at 30 June		Principal activities
				2025	2024	
Shenzhen Time Watch Trading Company Limited ³ 深圳市時計寶商貿有限公司	PRC	PRC	RMB5,000,000	70%	70%	Sales of watches
Shenzhen Half Hour Trade and Commercial Limited ³ 深圳市半小時商貿有限公司	PRC	PRC	RMB3,000,000	70%	70%	Sales of watches
Shenzhen Yi Cun Jin Technology Co., Limited ³ 深圳市壹寸金科技有限公司	PRC	PRC	RMB1,000,000	70%	70%	Sales of watches
TWB Investments Limited	Hong Kong	Hong Kong	USD37,346,939	51%	51%	Design and sales of watches
Strong Goal Investments Limited 強高投資有限公司	BVI	Hong Kong	1 share of USD1	100%	100%	Property investment
天王（深圳）營運發展有限公司 ³	PRC	PRC	RMB1,000,000	100%	100%	Sales of watches
深圳市聖維斯科技有限公司 ³	PRC	PRC	RMB5,000,000	70%	70%	Sales of watches
深圳市時計寶控股有限公司 ³	PRC	PRC	RMB30,000,000	70%	70%	Sales of watches
深圳市天唯雅科技有限公司 ³	PRC	PRC	RMB2,000,000	70%	70%	Sales of watches
深圳市釉銘電子有限公司 ³	PRC	PRC	RMB2,000,000	70%	70%	Sales of watches
深圳市時寶商貿有限公司 ³	PRC	PRC	RMB500,000	100%	100%	Assembling and trading of watches
Winning Asia Holdings Group Limited	BVI	Hong Kong	USD10,000	100%	100%	Property holding

¹ Established in the PRC in the form of wholly foreign-owned enterprise.² Established in the PRC in the form of sino-foreign equity joint venture.³ Established in the PRC in the form of domestic-invested enterprise.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year. In the opinion of the directors of the Company, a complete list of the particulars of subsidiaries will be of excessive length and therefore the above list contains only the particulars of those subsidiaries which materially contribute to the net income of the Group or hold a material portion of the assets and liabilities of the Group.

At the end of the reporting period, there is no non-wholly owned subsidiary that has material non-controlling interest individually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

35. THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Unlisted investments in subsidiaries, at cost	220,205	218,788
Amounts due from subsidiaries	884,661	965,293
Financial assets at FVTPL	24,923	10,028
Debt instruments at FVTOCI	153,080	133,632
	1,282,869	1,327,741
Current assets		
Other receivables	6,467	7,417
Bank balances	552,599	586,605
	559,066	594,022
Current liabilities		
Accrued charges	1,976	1,823
Amounts due to subsidiaries	109,133	122,011
	111,109	123,834
Net current assets	447,957	470,188
Total assets less current liabilities	1,730,826	1,797,929
Capital and reserves		
Share capital	205,807	205,807
Reserves	1,525,019	1,592,122
Total equity	1,730,826	1,797,929

Reserves of the Company

	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 July 2023	501,230	(23,359)	(116,090)	1,301,914	1,663,695
Total comprehensive (expense) income for the year	–	(14,004)	42,164	(99,733)	(71,573)
At 30 June 2024 and 1 July 2024	501,230	(37,363)	(73,926)	1,202,181	1,592,122
Total comprehensive (expense) income for the year	–	(14,805)	87,324	(139,622)	(67,103)
At 30 June 2025	501,230	(52,168)	13,398	1,062,559	1,525,019

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years, as extracted from the published audited financial information and consolidated financial statements, is set out below.

	For the year ended 30 June				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Results					
Revenue	689,431	881,036	981,760	1,408,092	1,917,967
(Loss) profit for the year attributable to owners of the Company	(17,535)	33,636	37,070	33,020	259,103
	At 30 June				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Assets and liabilities					
Total assets	2,471,113	2,540,873	2,619,592	2,937,364	3,077,789
Total liabilities	(209,331)	(224,705)	(232,002)	(325,752)	(443,995)
	2,261,782	2,316,168	2,387,590	2,611,612	2,633,794
Equity attributable to the owners of the Company	2,261,525	2,314,592	2,386,059	2,582,805	2,601,806
Non-controlling interests	257	1,576	1,531	28,807	31,988
	2,261,782	2,316,168	2,387,590	2,611,612	2,633,794

PARTICULARS OF PROPERTIES HELD BY THE GROUP

At 30 June 2025

Particulars of the properties held for investment purposes of the Group at the end of the reporting period are as follows:

Location	Use	Lease term	Lot number
Workshops No. 1-7 on 22nd Floor, CEO Tower, No. 77 Wing Hong Street, Kowloon, Hong Kong	Office	Medium-term lease	New Kowloon Inland Lot No. 3505
Workshops No.8-16 on 22nd Floor, CEO Tower, No. 77 Wing Hong Street, Kowloon, Hong Kong	Vacant	Medium-term lease	New Kowloon Inland Lot No. 3505
Workshops No.1-3 on 27th Floor, CEO Tower, No. 77 Wing Hong Street, Kowloon, Hong Kong	Office	Medium-term lease	New Kowloon Inland Lot No. 3505
1/F-4/F, Tian Wang Watch Complex Building, Neihuazhong Road, Huiliiao Town, Dapo County, Meizhou City, Guangdong Province, the PRC	2/F-3/F; Office & Workshop 1/F, 4/F: Vacant	Medium-term lease	Not applicable

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent non-executive Directors

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

CORPORATE GOVERNANCE COMMITTEE

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

COMPANY SECRETARY

Ms. Hui Wai Man, Shirley

AUDITOR

Baker Tilly Hong Kong Limited
Level 8, K11 ATELIER King's Road
728 King's Road, Quarry Bay, Hong Kong

LEGAL ADVISERS

Chiu & Partners (as to Hong Kong laws)
Scihead & Partners (as to PRC laws)

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre, 16 Harcourt Road,
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

27th Floor, CEO Tower, 77 Wing Hong Street,
Kowloon, Hong Kong

STOCK CODE ON THE HONG KONG STOCK EXCHANGE

2033

INVESTOR INFORMATION

For more information about the Group,
please contact the Investor Relations Department at:

Tel: (852) 2945 0703
Email: ir@timewatch.com.hk

WEBSITE

www.timewatch.com.hk

CORPORATE CALENDAR

Annual general meeting	21 November 2025
Announcement of interim results for six months ending 31 December 2025	February 2026
Announcement of final results for year ending 30 June 2026	September 2026