

Oriental Watch Holdings Limited
東方表行集團有限公司

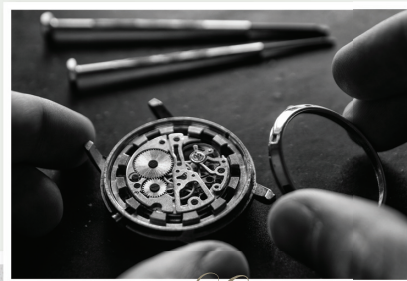
(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

(Stock Code 股份代號: 398)

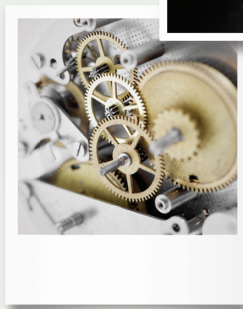
時尚

Stylish



眼光

Vision



Experience
經驗

時尚匯聚 **東方**
經驗成就 **眼光**

Interim Report
2018 中期報告

CORPORATE INFORMATION

BOARD OF DIRECTORS Dr. Yeung Ming Biu (*Chairman*)
Mr. Yeung Him Kit, Dennis
(*Deputy Chairman and
Managing Director*)
Madam Yeung Man Yee, Shirley
(*Executive Director*)
Mr. Lam Hing Lun, Alain
(*Finance Director*)
Mr. Choi Kwok Yum
(*Executive Director*)
Dr. Sun Ping Hsu, Samson
(*Independent Non-executive
Director*)
Dr. Li Sau Hung, Eddy
(*Independent Non-executive
Director*)
Mr. Choi Man Chau, Michael
(*Independent Non-executive
Director*)

COMPANY SECRETARY Mr. Lam Hing Lun, Alain

PRINCIPAL BANKERS Hang Seng Bank Limited
Bank of China (Hong Kong)
Limited
Standard Chartered Bank
(Hong Kong) Limited
The Hong Kong & Shanghai
Banking Corporation Limited

AUDITOR Deloitte Touche Tohmatsu
Certified Public Accountants

**HONG KONG BRANCH
SHARE REGISTRARS** Tricor Secretaries Limited
Level 22
Hopewell centre
183 Queen's Road East
Hong Kong

**HONG KONG LEGAL
ADVISER** Jennifer Cheung & Co

**BERMUDA LEGAL
ADVISER** Conyers, Dill & Pearman

REGISTERED OFFICE Clarendon House
Church Street
Hamilton HM 11
Bermuda

**PRINCIPAL PLACE OF
BUSINESS** Room 312-8
China Insurance Group Building
141 Des Voeux Road Central
Central
Hong Kong

公司資料

董事會 楊明標博士(主席)
楊衍傑先生
(副主席兼董事總經理)
楊敏儀女士
(執行董事)
林慶麟先生
(財務董事)
蔡國欽先生
(執行董事)
孫秉樞博士
(獨立非執行董事)
李秀恒博士
(獨立非執行董事)
蔡文洲先生
(獨立非執行董事)

公司秘書 林慶麟先生

主要往來銀行 恒生銀行有限公司
中國銀行(香港)有限公司
渣打銀行(香港)有限公司
香港上海滙豐銀行
有限公司

核數師 德勤•關黃陳方會計師行
執業會計師

**股份過戶
登記處
香港分處** 卓佳秘書商務有限公司
香港
皇后大道東 183 號
合和中心
22 樓

香港法律顧問 張美霞律師行

**百慕達法律
顧問** Conyers, Dill & Pearman

註冊辦事處 Clarendon House
Church Street
Hamilton HM 11
Bermuda

主要營業地點 香港
中環
德輔道中 141 號
中保集團大廈
312-8 室

The Board of Directors of Oriental Watch Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2018 together with the comparative figures for the corresponding period in 2017 as follows:

東方表行集團有限公司(「本公司」)董事會欣然宣佈，本公司及其附屬公司(「本集團」)截至二零一八年九月三十日止六個月之未審核綜合業績，連同二零一七年同期之比較數字如下：

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

簡明綜合損益及其他全面收益表

截至二零一八年九月三十日止六個月

		(Unaudited) Six months ended (未審核) 截至九月三十日止六個月	
		30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	30 September 2017 二零一七年 九月三十日 HK\$'000 千港元
Revenue	收益	1,181,133	1,507,794
Cost of goods sold	銷貨成本	(892,897)	(1,253,687)
Gross profit	毛利	288,236	254,107
Other income, gains and losses	其他收入、收益及虧損	18,563	23,161
Distribution and selling expenses	分銷及銷售開支	(113,757)	(95,724)
Administrative expenses	行政開支	(116,878)	(125,084)
Finance costs	融資成本	(2,202)	(2,150)
Share of results of associates	應佔聯營公司之業績	915	281
Share of result of a joint venture	應佔一間合營公司之業績	47	(9)
Profit before taxation	除稅前溢利	74,924	54,582
Income tax expense	所得稅開支	(11,189)	(8,649)
Profit for the period	期內溢利	63,735	45,933
Other comprehensive (expense) income	其他全面(開支)收益		
Item that will not be reclassified to profit or loss:	其後不會重新分類至損益之項目：		
Change in fair value of equity instruments at fair value through other comprehensive income (“FVTOCI”)	按公平值計入其他全面收益之股本工具之公平值變動	(629)	—
Items that may be reclassified subsequently to profit or loss:	其後可能重新分類至損益之項目：		
Exchange difference arising on translation of foreign operations	換算海外業務所產生之匯兌差額	(58,206)	29,323
Change in fair value of available-for-sale financial assets	可供出售金融資產之公平值變動	—	376

**CONDENSED CONSOLIDATED STATEMENT
OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME** (Continued)

For the six months ended 30 September 2018

簡明綜合損益及其他全面收益表
(續)

截至二零一八年九月三十日止六個月

		(Unaudited) Six months ended (未審核) 截至九月三十日止六個月	
		30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	30 September 2017 二零一七年 九月三十日 HK\$'000 千港元
		Note 附註	
Other comprehensive (expense) income for the period	期內其他全面(開支)收益	(58,835)	29,699
Total comprehensive income for the period	期內全面收益總額	4,900	75,632
Profit (loss) for the period attributable to:	應佔期內溢利(虧損)：		
Owners of the Company	本公司擁有人	64,005	46,034
Non-controlling interests	非控股權益	(270)	(101)
		63,735	45,933
Total comprehensive income (expense) for the period attributable to:	應佔期內全面收益(開支)總額：		
Owners of the Company	本公司擁有人	5,219	75,707
Non-controlling interests	非控股權益	(319)	(75)
		4,900	75,632
Earnings per share	每股盈利	7	
— Basic	— 基本	11.22 HK cents 港仙	8.07 HK cents 港仙
— Diluted	— 攤薄	11.22 HK cents 港仙	8.07 HK cents 港仙

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018

簡明綜合財務狀況表

於二零一八年九月三十日

			(Unaudited) (未審核) 30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	(Audited) (經審核) 31 March 2018 二零一八年 三月三十一日 HK\$'000 千港元
		Notes 附註		
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	8	206,851	210,816
Deposits for acquisition of property, plant and equipment	收購物業、機器及設備之按金		6,588	3,000
Interests in associates	佔聯營公司之權益		35,014	37,779
Interest in a joint venture	佔一間合營公司之權益	9	25,196	27,413
Available-for-sale financial assets	可供出售金融資產		—	12,344
Equity instruments at FVTOCI	按公平值計入其他全面收益之股本工具		3,837	—
Deferred tax assets	遞延稅項資產		36	56
Property rental deposits	物業租金按金		31,278	30,817
			308,800	322,225
Current assets	流動資產			
Inventories	存貨	10	875,260	1,001,069
Trade and other receivables	貿易及其他應收賬款	11	153,014	134,704
Taxation recoverable	可退回稅項		45	48
Bank balances and cash	銀行結餘及現金		1,094,210	1,081,891
			2,122,529	2,217,712
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付賬款	12	132,167	126,076
Contract liabilities	合約負債		7,113	—
Taxation payable	應付稅項		30,040	19,925
Bank loans	銀行貸款	13	69,534	62,820
			238,854	208,821
Net current assets	流動資產淨值		1,883,675	2,008,891
Total assets less current liabilities	資產總值減流動負債		2,192,475	2,331,116

**CONDENSED CONSOLIDATED STATEMENT
OF FINANCIAL POSITION** (Continued)

At 30 September 2018

簡明綜合財務狀況表(續)

於二零一八年九月三十日

			(Unaudited) (未審核) 30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	(Audited) (經審核) 31 March 2018 二零一八年 三月三十一日 HK\$'000 千港元
Non-current liabilities	非流動負債			
Bank loans	銀行貸款	13	4,167	12,500
Deferred tax liabilities	遞延稅項負債		1,505	1,664
			5,672	14,164
Net assets	資產淨值		2,186,803	2,316,952
Capital and reserves	資本及儲備			
Share capital	股本	14	57,061	57,061
Reserves	儲備		2,129,086	2,258,916
Equity attributable to owners of the Company	本公司擁有人應佔權益		2,186,147	2,315,977
Non-controlling interests	非控股權益		656	975
Total equity	權益總額		2,186,803	2,316,952

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

簡明綜合權益變動表

截至二零一八年九月三十日止六個月

Attributable to owners of the Company
本公司擁有人應佔

		Share capital	Share premium	Share option reserve	Capital redemption reserve	Capital reserve	Asset revaluation reserve	Special reserve	Translation reserve	Retained profits	Dividend reserve	Sub-total	Non- controlling interests	Total
		股本	股份溢價	購股權儲備	資本贖回儲備	資本儲備	資產重估儲備	特別儲備	換算儲備	保留溢利	股息儲備	小計	非控股權益	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
						(note b) (附註b)		(note a) (附註a)						
At 31 March 2018 (audited)	於二零一八年三月三十一日 (經審核)	57,061	549,396	83,554	425	840	6,932	5,180	79,005	1,402,343	131,241	2,315,977	975	2,316,952
Adjustments (see note 2)	調整(見附註2)	-	-	-	-	-	-	-	-	(3,808)	-	(3,808)	-	(3,808)
At 1 April 2018 (restated)	於二零一八年四月一日 (經重列)	57,061	549,396	83,554	425	840	6,932	5,180	79,005	1,398,535	131,241	2,312,169	975	2,313,144
Profit (loss) for the period	期內溢利(虧損)	-	-	-	-	-	-	-	-	64,005	-	64,005	(270)	63,735
Exchange difference arising on translation of foreign operations	換算海外業務所產生之匯兌差額	-	-	-	-	-	-	-	(58,157)	-	-	(58,157)	(49)	(58,206)
Change in fair value of equity instruments at FVTOCI	按公平值計入其他全面收益之股本工具之公平值變動	-	-	-	-	-	(629)	-	-	-	-	(629)	-	(629)
Total comprehensive (expense) income for the period	期內全面(開支)收益總額	-	-	-	-	-	(629)	-	(58,157)	64,005	-	5,219	(319)	4,900
2018 final dividend paid	已派發二零一八年末期股息	-	-	-	-	-	-	-	-	-	(45,649)	(45,649)	-	(45,649)
2018 special dividend paid	已派發二零一八年特別股息	-	-	-	-	-	-	-	-	-	(85,592)	(85,592)	-	(85,592)
2019 interim dividend proposed	擬派發二零一九年中期股息	-	-	-	-	-	-	-	-	(15,970)	15,970	-	-	-
2019 interim special dividend proposed	擬派發二零一九年中期特別股息	-	-	-	-	-	-	-	-	(49,621)	49,621	-	-	-
Forfeiture of share options	沒收購股權	-	-	(4,166)	-	-	-	-	-	4,166	-	-	-	-
Disposal of equity instruments at FVTOCI	出售按公平值計入其他全面收益之股本工具	-	-	-	-	-	(4,484)	-	-	4,484	-	-	-	-
At 30 September 2018 (unaudited)	於二零一八年九月三十日 (未審核)	57,061	549,396	79,388	425	840	1,819	5,180	20,848	1,405,599	65,591	2,186,147	656	2,186,803
At 1 April 2017 (audited)	於二零一七年四月一日 (經審核)	57,061	549,396	83,554	425	840	6,454	5,180	17,463	1,406,233	19,400	2,146,006	1,008	2,147,014
Profit (loss) for the period	期內溢利(虧損)	-	-	-	-	-	-	-	-	46,034	-	46,034	(101)	45,933
Exchange difference arising on translation of foreign operations	換算海外業務所產生之匯兌差額	-	-	-	-	-	-	-	29,297	-	-	29,297	26	29,323
Change in fair value of available-for-sale financial assets	可供出售金融資產之公平值變動	-	-	-	-	-	376	-	-	-	-	376	-	376
Total comprehensive income (expense) for the period	期內全面收益(開支)總額	-	-	-	-	-	376	-	29,297	46,034	-	75,707	(75)	75,632
2017 final dividend paid	已派發二零一七年末期股息	-	-	-	-	-	-	-	-	-	(2,282)	(2,282)	-	(2,282)
2017 special dividend paid	已派發二零一七年特別股息	-	-	-	-	-	-	-	-	-	(17,118)	(17,118)	-	(17,118)
2018 interim dividend proposed	擬派發二零一八年中期股息	-	-	-	-	-	-	-	-	(11,412)	11,412	-	-	-
At 30 September 2017 (unaudited)	於二零一七年九月三十日 (未審核)	57,061	549,396	83,554	425	840	6,830	5,180	46,760	1,440,855	11,412	2,202,313	933	2,203,246

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 September 2018

Notes:

- (a) The special reserve of the Group comprises the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the issued share capital and special reserves of those companies which were acquired by the Company pursuant to a group reorganisation in 1993. The special reserves of these acquired subsidiaries represent the credit arising on reduction of their paid up share capital under the group reorganisation.
- (b) Subsequent to 力龍國際貿易股份有限公司 (“Li Loong”) becoming a subsidiary of the Company in May 2013, the Group further subscribed 6,000,000 shares of Li Loong in September 2013, for a cash consideration of New Taiwan Dollar (“NT\$”) 60,000,000 (equivalent to HK\$15,698,000). The Group’s equity interest in Li Loong increased from 90% to 96%. This is accounted for as a deemed acquisition of additional interests in a subsidiary and has been recognised as capital reserve.

簡明綜合權益變動表(續)

截至二零一八年九月三十日止六個月

附註：

- (a) 本集團之特別儲備包括本公司已發行股本面值與本公司根據一九九三年進行集團重組而收購之公司已發行股本面值之差額及所收購公司之特別儲備。該等所收購附屬公司之特別儲備指根據集團重組，削減該等公司已繳足股本而產生之進賬。
- (b) 於力龍國際貿易股份有限公司(「力龍」)在二零一三年五月成為本公司之附屬公司後，於二零一三年九月，本集團進一步認購6,000,000股力龍股份，現金代價為新台幣60,000,000元(相等於15,698,000港元)。本集團於力龍之股權由90%增加至96%。此收購入賬列作視作收購一間附屬公司之額外權益，並已確認為資本儲備。

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

簡明綜合現金流量表

截至二零一八年九月三十日止六個月

		(Unaudited) Six months ended (未審核) 截至九月三十日止六個月	
		30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	30 September 2017 二零一七年 九月三十日 HK\$'000 千港元
Net cash from operating activities	經營業務所產生之現金淨額	177,442	259,869
Investing activities	投資活動		
Purchase of property, plant and equipment	購買物業、機器及設備	(7,421)	(5,422)
Deposit paid for acquisition of property, plant and equipment	收購物業、機器及設備之已付按金	(6,588)	—
Net cash outflow from acquisition of a subsidiary under asset acquisition	資產收購下收購一間附屬公司之現金流出淨額	(4,155)	—
Proceeds from disposal of equity investments at FVTOCI	出售按公平值計入其他全面收益之股本工具之所得款項	7,878	—
Interest received	已收利息	5,799	2,191
Dividends received from associates	已收聯營公司股息	1,678	705
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備之所得款項	12	—
Net cash used in investing activities	投資活動所耗之現金淨額	(2,797)	(2,526)
Financing activities	融資活動		
Dividends paid	已付股息	(131,241)	(19,400)
Repayment of bank loans	償還銀行貸款	(41,233)	(58,363)
Interest paid	已付利息	(2,202)	(2,150)
New bank loans raised	新造銀行貸款	41,200	31,920
Net cash used in financing activities	融資活動所耗之現金淨額	(133,476)	(47,993)
Net increase in cash and cash equivalents	現金及等同現金項目之增加淨額	41,169	209,350
Cash and cash equivalents at beginning of the period	期初之現金及等同現金項目	1,081,891	645,188
Effect of foreign exchange rate changes	匯率變動之影響	(28,850)	9,249
Cash and cash equivalents at the end of the period, representing bank balances and cash	期終之現金及等同現金項目，由銀行結餘及現金代表	1,094,210	863,787

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than addition accounting policy below and changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2018 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2018.

The Group has applied the following accounting policy for acquisition of a subsidiary not constituting a business during the current interim period.

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

簡明綜合財務報表附註

截至二零一八年九月三十日止六個月

1. 編撰基準

簡明綜合財務報表乃按香港會計師公會(「香港會計師公會」)所頒佈之香港會計準則(「香港會計準則」)第34號「中期財務報告」及香港聯合交易所有限公司證券上市規則附錄16之適用披露規定而編撰。

2. 主要會計政策

除若干金融工具以公平值計量外，簡明綜合財務報表乃按歷史成本基準編撰。

除下述額外會計政策及應用香港財務報告準則(「香港財務報告準則」)之新訂及修訂本引致的會計政策變動外，截至二零一八年九月三十日止六個月之簡明綜合財務報表所用會計政策及計算方法與編製本集團截至二零一八年三月三十一日止年度之年度財務報表所用者一致。

本集團於本中期期間已就不構成業務之附屬公司收購事項應用以下會計政策。

不構成業務之附屬公司收購事項

當本集團收購資產組別並不構成業務時，本集團識別及確認所收購之個別可識別資產及所承擔之負債，方法為首先將購買價按各自之公平值分配至金融資產／金融負債，然後將購買價之結餘分配至其他個別可識別資產及負債，基準為按其於購買日期之相對公平值。該項交易不會產生商譽或議價購買收益。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 “Financial Instruments” with HKFRS 4 “Insurance Contracts”
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

In addition, the Group has applied Amendments to HKFRS 9 “Prepayment Features with Negative Compensation” in advance of the effective date, i.e. 1 January 2019.

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

2. 主要會計政策(續)

應用新訂香港財務報告準則及修訂本

於本中期期間，本集團首次應用以下由香港會計師公會頒佈且與編製本集團簡明綜合財務報表有關之新訂香港財務報告準則及修訂本：

香港財務報告準則第9號	金融工具
香港財務報告準則第15號	客戶合約收益及相關修訂本
香港(國際財務報告詮釋委員會) – 詮釋第22號	外幣交易及墊款代價
香港財務報告準則第2號(修訂本)	以股份為基礎之付款交易之分類及計量
香港財務報告準則第4號(修訂本)	結合香港財務報告準則第4號「保險合約」應用香港財務報告準則第9號「金融工具」
香港會計準則第28號(修訂本)	作為香港財務報告準則二零一四年至二零一六年週期之年度改善之一部分
香港會計準則第40號(修訂本)	轉讓投資物業

此外，本集團已於生效日期(即二零一九年一月一日)前應用香港財務報告準則第9號(修訂本)「具有負賠償之提前還款特性」。

新訂香港財務報告準則及修訂本已按照相應準則及修訂本中之相關過渡條文應用，產生下文所述會計政策、呈報金額及／或披露資料變動。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 “Revenue from Contracts with Customers”

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations.

The Group recognises revenue mainly from sales of watches.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

2. 主要會計政策(續)

2.1 應用香港財務報告準則第15號「客戶合約收益」之影響及會計政策變動

本集團已於本中期期間首次應用香港財務報告準則第15號。香港財務報告準則第15號取代香港會計準則第18號「收益」、香港會計準則第11號「建築合約」及相關詮釋。

本集團確認之收益主要來自銷售鐘錶。

本集團已追溯應用香港財務報告準則第15號，而初步應用該準則之累計影響於初步應用日期二零一八年四月一日確認。初步應用日期之任何差額於期初保留溢利(或權益之其他部分(視乎適用情況而定))確認，比較資料並無重列。此外，根據香港財務報告準則第15號之過渡條文，本集團選擇僅對於二零一八年四月一日尚未完成之合約追溯應用該準則。

2.1.1 應用香港財務報告準則第15號導致之會計政策主要變動

香港財務報告準則第15號引入五個確認收益之步驟。

- 第一步：識別與客戶之合約
- 第二步：識別合約中之履約責任
- 第三步：釐定交易價格
- 第四步：將交易價格分攤至合約中之履約責任
- 第五步：於實體完成履約責任時(或就此)確認收益。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 “Revenue from Contracts with Customers” (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (Continued)

Under HKFRS 15, 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 and 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 the 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 and 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.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

2. 主要會計政策(續)

2.1 應用香港財務報告準則第15號「客戶合約收益」之影響及會計政策變動(續)

2.1.1 應用香港財務報告準則第15號導致之會計政策主要變動(續)

根據香港財務報告準則第15號，本集團於完成履約責任時(或就此)確認收益，即於特定履約責任相關商品或服務之「控制權」轉移至客戶時。

履約責任指一項明確商品及服務(或一批商品或服務)或一系列大致相同之明確商品或服務。

倘符合以下任何一項條件，控制權按時間轉移，而收益經參考完全履行相關履約責任之進度按時間確認：

- 客戶於本集團履約時同時收取及消耗本集團履約所提供之利益；
- 本集團履約創建及增強客戶於本集團履約時控制之資產；或
- 本集團履約未創建對本集團具有替代用途之資產，而本集團擁有可強制執行權利收取迄今已履約部分之款項。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 “Revenue from Contracts with Customers” (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (Continued)

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

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

At a point in time revenue recognition

The revenue of the Group is recognised at a point in time. Under the transfer-of-control approach in HKFRS 15, revenue from sales of goods to the Group’s customers are recognised when the goods are passed to the customers, which is at a point of time when the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits of the goods.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

2. 主要會計政策(續)

2.1 應用香港財務報告準則第15號「客戶合約收益」之影響及會計政策變動(續)

2.1.1 應用香港財務報告準則第15號導致之會計政策主要變動(續)

否則，收益乃於客戶獲得明確貨品或服務控制權時確認。

合約資產指本集團尚未擁有向客戶轉移貨品或服務而收取代價之無條件權利，該資產根據香港財務報告準則第9號進行減值評估。相反，應收款項指本集團收取代價之無條件權利，即代價付款僅需隨時間流逝到期收回。

合約負債指本集團向客戶轉移本集團已自客戶收取代價(或應收代價金額)的貨品或服務的責任。

於某一時間點確認收益

本集團之收益乃於某一時間點確認。根據香港財務報告準則第15號中之控制權轉移法，向本集團客戶銷售貨品之收益於貨品轉移至客戶時(即客戶可指示貨品用途及大致上取得貨品所有剩餘利益時)確認。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 “Revenue from Contracts with Customers” (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (Continued)

Warranties

If a customer has the option to purchase a warranty separately, the Group accounts for the warranty as a separate performance obligation and allocates a portion of the transaction price to that performance obligation.

If a customer does not have the option to purchase a warranty separately, the Group accounts for the warranty in accordance with HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” unless the warranty provides the customer with a service in addition to the assurance that the product complies with agreed-upon specifications (i.e. service-type warranties).

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

2. 主要會計政策(續)

2.1 應用香港財務報告準則第15號「客戶合約收益」之影響及會計政策變動(續)

2.1.1 應用香港財務報告準則第15號導致之會計政策主要變動(續)

擔保

倘客戶可選擇單獨購買一項擔保，則本集團將擔保列賬為獨立履約責任，並將交易價格之一部分分配至履約責任。

倘客戶不可選擇單獨購買一項擔保，則本集團按照香港會計準則第37號「撥備、或然負債及或然資產」將擔保入賬擔保，除非擔保在除了保證產品符合協定之規格外為客戶提供了一項服務(即服務型擔保)。

獲得合約之增量成本

獲得合約之增量成本指本集團取得客戶合約所產生之成本，倘未獲得該合約，則不會產生有關成本。

倘預期可收回有關成本(銷售佣金)，則本集團確認該等成本為一項資產。所確認資產隨後按與向客戶轉讓有關該資產之貨品或服務一致之系統基準攤銷至損益。該項資產須進行減值審查。

倘該等成本將在一年內悉數攤銷至損益，則本集團將應用可行權宜方法，支銷所有增量成本以獲得合約。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 “Revenue from Contracts with Customers” (Continued)

2.1.2 Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2018	Impacts of adopting HKFRS 15	Carrying amounts under HKFRS 15 at 1 April 2018
	於二零一八年三月三十一日 先前呈報的賬面值 HK\$'000 千港元 (Audited) (經審核)	應用香港財務報告準則第15號之影響 HK\$'000 千港元	於二零一八年四月一日 根據香港財務報告準則第15號呈報的賬面值 HK\$'000 千港元 (Restated) (經重列)
Current liabilities			
Trade and other payables	126,076	(8,780)	117,296
Contract liabilities	—	8,780	8,780

As at 1 April 2018, advances from customers of HK\$8,780,000 in respect of sales contracts signed with customers previously included in trade and other payables were reclassified to contract liabilities.

The application of HKFRS 15 has had no material impact on the Group's retained profits as at 1 April 2018.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

2. 主要會計政策(續)

2.1 應用香港財務報告準則第15號「客戶合約收益」之影響及會計政策變動(續)

2.1.2 初始應用香港財務報告準則第15號產生之影響概述

本集團已對於二零一八年四月一日之簡明綜合財務狀況表內確認之金額作出以下調整。不包括未受該等變動影響的項目。

	Carrying amounts previously reported at 31 March 2018	Impacts of adopting HKFRS 15	Carrying amounts under HKFRS 15 at 1 April 2018
	於二零一八年三月三十一日 先前呈報的賬面值 HK\$'000 千港元 (Audited) (經審核)	應用香港財務報告準則第15號之影響 HK\$'000 千港元	於二零一八年四月一日 根據香港財務報告準則第15號呈報的賬面值 HK\$'000 千港元 (Restated) (經重列)
Current liabilities			
Trade and other payables	126,076	(8,780)	117,296
Contract liabilities	—	8,780	8,780

於二零一八年四月一日，先前計入貿易及其他應付賬款之客戶墊款8,780,000港元與客戶簽訂之銷售合約相關已重新分類至合約負債。

應用香港財務報告準則第15號對本集團於二零一八年四月一日之保留溢利並無重大影響。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 “Revenue from Contracts with Customers” (Continued)

2.1.2 Summary of effects arising from initial application of HKFRS 15 (Continued)

The following table summaries the impact of applying HKFRS 15 on the Group’s condensed consolidated statement of financial position as at 30 September 2018 for each of the line item affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position

	As reported	Reclassification	Amounts without application of HKFRS 15
	呈報金額 HK\$'000 千港元 (Audited) (經審核)	重新分類 HK\$'000 千港元	未應用 香港財務報告 準則第15號 之金額 HK\$'000 千港元 (Restated) (經重列)
Current liabilities			
Trade and other payables	132,167	7,113	139,280
Contract liabilities	7,113	(7,113)	—
流動負債			
貿易及其他應付賬款	132,167	7,113	139,280
合約負債	7,113	(7,113)	—

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

2. 主要會計政策(續)

2.1 應用香港財務報告準則第15號「客戶合約收益」之影響及會計政策變動(續)

2.1.2 初始應用香港財務報告準則第15號產生之影響概述(續)

下表概述就各項受影響的項目應用香港財務報告準則第15號對本集團於二零一八年九月三十日之簡明綜合財務狀況表之影響。不包括未受該等變動影響的項目。

對簡明綜合財務狀況表之影響

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments” and the related amendments

In the current period, the Group has applied HKFRS 9 “Financial Instruments”, Amendments to HKFRS 9 “Prepayment Features with Negative Compensation” and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses (“ECL”) for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 “Financial Instruments: Recognition and Measurement”.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

2. 主要會計政策(續)

2.2 應用香港財務報告準則第9號「金融工具」及相關修訂本之影響及會計政策變動

於本中期期間，本集團已採用香港財務報告準則第9號「金融工具」、香港財務報告準則第9號「具有負賠償之提前還款特性」之修訂本及其他香港財務報告準則之相關相應修訂本。香港財務報告準則第9號就(1)金融資產及金融負債之分類及計量、(2)金融資產之預期信貸虧損(「預期信貸虧損」)及(3)一般對沖會計法引入新規定。

本集團已根據香港財務報告準則第9號所載之過渡條文應用香港財務報告準則第9號，即對於二零一八年四月一日(初始應用日期)尚未終止確認之工具追溯應用分類及計量規定(包括減值)，及並無對於二零一八年四月一日已終止確認之工具應用該等規定。於二零一八年三月三十一日之賬面值與於二零一八年四月一日之賬面值之間之差額於期初保留溢利及其他權益組成部分中確認，就此並無重列比較資料。

因此，若干比較資料未必能作比較，原因是比較資料乃根據香港會計準則第39號「金融工具：確認及計量」編製。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments” and the related amendments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

2. 主要會計政策(續)

2.2 應用香港財務報告準則第9號「金融工具」及相關修訂本之影響及會計政策變動(續)

2.2.1 應用香港財務報告準則第9號導致會計政策之主要變動

金融資產之分類及計量

與客戶簽訂合約產生之貿易應收賬款初步根據香港財務報告準則第15號計量。

所有於香港財務報告準則第9號範圍內之已確認金融資產其後按攤銷成本或公平值計量。

滿足以下條件之債務工具其後按攤銷成本計量：

- 金融資產在以收取合約現金流量為目的而持有金融資產之經營模式下持有；及
- 金融資產之合約條款訂明於指定日期產生純粹為支付本金及未償還本金利息之現金流量。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments” and the related amendments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Classification and measurement of financial assets (Continued)

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 collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset 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 fair value through profit or loss (“FVTPL”), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income (“OCI”) if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 “Business Combinations” applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

2. 主要會計政策(續)

2.2 應用香港財務報告準則第9號「金融工具」及相關修訂本之影響及會計政策變動(續)

2.2.1 應用香港財務報告準則第9號導致會計政策之主要變動(續)

金融資產之分類及計量(續)

滿足以下條件之債務工具其後按公平值計入其他全面收益(「按公平值計入其他全面收益」)計量：

- 金融資產在以收取合約現金流量及出售金融資產為目的而持有資產之經營模式下持有；及
- 金融資產之合約條款訂明於指定日期產生純粹為支付本金及未償還本金利息之現金流量。

所有其他金融資產其後按公平值計入損益(「按公平值計入損益」)計量，惟倘股本投資並非持作交易用途，亦非於香港財務報告準則第3號「業務合併」所適用之業務合併中由收購方所確認之或然代價，則本集團可能不可撤銷地選擇於金融資產首次應用／首次確認日期在其他全面收益(「其他全面收益」)中呈列該項股本投資其後之公平值變動。

此外，倘一項符合攤銷成本或符合按公平值計入其他全面收益標準之債務投資，在按公平值計入損益計量時可消除或大幅減少會計錯配，則本集團可能不可撤銷地指定該項債務投資按公平值計入損益計量。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments” and the related amendments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the asset revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with HKFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in note 2.2.2.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

2. 主要會計政策(續)

2.2 應用香港財務報告準則第9號「金融工具」及相關修訂本之影響及會計政策變動(續)

2.2.1 應用香港財務報告準則第9號導致會計政策之主要變動(續)

指定按公平值計入其他全面收益之股本工具

於初步應用／初始確認日期，本集團可按個別工具基準作出不可撤回之選擇，指定股本工具投資為按公平值計入其他全面收益類別。

按公平值計入其他全面收益之股本工具投資初步按公平值加交易成本計量。其後，股本工具按公平值計量，其公平值變動產生之收益及虧損於其他全面收益確認及於按公平值計入其他全面收益儲備中累計；毋須作減值評估。累計損益將不會重新分類至出售股本投資之損益，並將轉撥至保留溢利。

當本集團根據香港財務報告準則第9號確認收取股息之權利時，該等股本工具投資之股息於損益中確認，除非股息明確指收回部分投資成本。

本公司董事已根據該日期發生之事實及情況審閱及評估本集團於二零一八年四月一日之金融資產。本集團金融資產之分類及計量變動及其項下之影響於附註2.2.2詳述。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments” and the related amendments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, and bank balances). 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 instruments. 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 12 months after the reporting date. Assessments are 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. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

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, 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.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

2. 主要會計政策(續)

2.2 應用香港財務報告準則第9號「金融工具」及相關修訂本之影響及會計政策變動(續)

2.2.1 應用香港財務報告準則第9號導致會計政策之主要變動(續)

預期信貸虧損模式下之減值

本集團根據香港財務報告準則第9號就須予減值之金融資產(包括貿易及其他應收賬款及銀行結餘)確認預期信貸虧損之虧損撥備。預期信貸虧損金額於各報告日期更新，以反映信貸風險自初始確認以來之變化。

存續期預期信貸虧損指於相關工具之預計年期內所有可能發生之違約事件將導致之預期信貸虧損。相反，12個月預期信貸虧損(「12個月預期信貸虧損」)指預期於報告日期後12個月內可能發生之違約事件將導致之部分存續期預期信貸虧損。評估乃根據本集團之歷史信貸虧損經驗進行，並根據債務人特有之因素、一般經濟狀況以及對報告日期當前狀況之評估以及對未來狀況之預測作出調整。

本集團通常就貿易應收賬款確認存續期預期信貸虧損。就該等資產之預期信貸虧損而言，擁有大量結餘之應收款項將作單獨評估及／或將使用適宜組別之撥備矩陣進行集體評估。

就所有其他工具而言，本集團按12個月預期信貸虧損等額計量虧損撥備，除非信貸風險自初始確認以來顯著增加，則本集團會確認存續期預期信貸虧損。評估是否應確認存續期預期信貸虧損乃取決於自初始確認以來發生違約之可能性或違約風險有否顯著增加。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments” and the related amendments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Impairment under ECL model (Continued)

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 instruments as at the reporting date with the risk of a default occurring on the financial instruments 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 instruments' 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.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

2. 主要會計政策(續)

2.2 應用香港財務報告準則第9號「金融工具」及相關修訂本之影響及會計政策變動(續)

2.2.1 應用香港財務報告準則第9號導致會計政策之主要變動(續)

預期信貸虧損模式下之減值(續)

信貸風險顯著增加

評估信貸風險自初始確認以來是否顯著增加時，本集團會比較金融工具於報告日期發生違約之風險與金融工具於初始確認日期發生違約之風險。作出本評估時，本集團會考慮合理可靠之定量及定性資料，包括過往經驗及可以合理成本及精力獲取之前瞻性資料。

具體而言，評估信貸風險是否顯著增加時會考慮以下資料：

- 金融工具外部(如有)或內部信貸評級之實際或預期重大惡化；
- 信貸風險之外部市場指標重大惡化，例如信貸息差、債務人之信貸違約掉期價格顯著上升；
- 營商、金融或經濟狀況之現有或預期不利變動，預計將導致債務人履行其償還債項之能力顯著下降；
- 債務人經營業績之實際或預期重大惡化；
- 債務人之監管、經濟或技術環境有實際或預計之重大不利變動，導致債務人履行其償還債項之能力顯著下降。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments” and the related amendments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Impairment under ECL model (Continued)

Significant increase in credit risk (Continued)

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 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 that default has occurred when the instruments are 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.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

2. 主要會計政策(續)

2.2 應用香港財務報告準則第9號「金融工具」及相關修訂本之影響及會計政策變動(續)

2.2.1 應用香港財務報告準則第9號導致會計政策之主要變動(續)

預期信貸虧損模式下之減值(續)

信貸風險顯著增加(續)

不論上述評估結果如何，倘合約付款逾期超過30日，本集團均假設信貸風險自初始確認以來已顯著增加，除非本集團有合理可靠之資料證明情況並非如此。

儘管有上述因素，本集團假設倘於報告日期釐定債務工具具有較低之信貸風險，則債務工具之信貸風險自初始確認以來並無顯著上升。倘符合下列條件，則釐定債務工具具有較低之信貸風險：(i) 其違約風險較低；(ii) 借款人具備短期內履行其合約現金流量責任之強勁能力；及(iii) 長期經濟及營商狀況之不利變動可能但不一定會減弱借款人履行其合約現金流量責任之能力。

本集團認為，倘該工具逾期超過90日，即屬違約，除非本集團有合理可靠資料顯示較寬鬆之違約標準更為適用。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments” and the related amendments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Impairment under ECL model (Continued)

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 adjusted by forward-looking information.

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.

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

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.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group’s existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed in note 2.2.2.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

2. 主要會計政策(續)

2.2 應用香港財務報告準則第9號「金融工具」及相關修訂本之影響及會計政策變動(續)

2.2.1 應用香港財務報告準則第9號導致會計政策之主要變動(續)

預期信貸虧損模式下之減值(續)

預期信貸虧損之計量及確認

預期信貸虧損之計量為違約概率、違約損失率(即違約時之損失程度)及違約風險暴露之函數。違約概率及違約損失率之評估依據是經前瞻性資料調整之過往數據作出。

預期信貸虧損通常按根據合約應付本集團之所有合約現金流量與本集團預計收取之所有現金流量(按初始確認時釐定之實際利率折現)之間之差額估算。

利息收入根據金融資產之總賬面值計算，除非金融資產存在信貸減值；在此情況下，利息收入根據金融資產之攤銷成本計算。

本集團透過調整所有金融工具之賬面值於損益確認其減值收益或虧損，惟貿易應收賬款透過虧損撥備賬確認相應調整除外。

於二零一八年四月一日，本公司董事已根據香港財務報告準則第9號之規定，使用可以合理成本及精力獲取之合理可靠資料審閱及評估本集團之現有金融資產是否存在減值。評估結果及其項下之影響於附註2.2.2詳述。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments “ and the related amendments (Continued)

2.2.2 Summary of effects arising from initial application of HKFRS 9

Below illustrates the classification and measurement (including impairment) of financial assets and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

Reclassification from available-for-sale financial assets to equity instruments at FVTOCI

The Group elected to present in OCI the fair value changes of all its equity investments previously classified as available-for-sale financial assets, which is previously measured at fair value under HKAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK\$12,344,000 were reclassified from available-for-sale financial assets to equity instruments at FVTOCI. The fair value gains of HK\$6,932,000 relating to those investments previously carried at fair value continued to accumulate in asset revaluation reserve.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

2. 主要會計政策(續)

2.2 應用香港財務報告準則第9號「金融工具」及相關修訂本之影響及會計政策變動(續)

2.2.2 初始應用香港財務報告準則第9號產生之影響概述

下文說明於首次應用日期二零一八年四月一日根據香港財務報告準則第9號及香港會計準則第39號項下預期信貸虧損之金融資產以及其他項目之分類及計量(包括減值)。

由可供出售金融資產重新分類至按公平值計入其他全面收益之股本工具

本集團選擇將先前分類為根據香港會計準則第39號按公平值計量之可供出售金融資產之所有股本投資之公平值變動於其他全面收益中列賬。該等投資並非持作買賣，且預計於可預見未來不會出售。於首次應用香港財務報告準則第9號當日，12,344,000港元已由可供出售金融資產重新分類至按公平值計入其他全面收益之股本工具。有關先前按公平值計量之該等投資之公平值收益6,932,000港元繼續於資產重估儲備中累積。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 “Financial Instruments” and the related amendments (Continued)

2.2.2 Summary of effects arising from initial application of HKFRS 9 (Continued)

Impairment under ECL

In the current period, the Group has applied the HKFRS 9 simplified approach to measure ECL using lifetime ECL for trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics, and there has been no significant increase in credit risk since initial recognition.

Loss allowances for other financial assets at amortised cost mainly comprise of bank balances and other receivables, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, the additional credit loss allowance of HK\$3,808,000 has been recognised against retained profits. The additional loss allowance is charged against the trade receivables.

All loss allowances for trade receivables as at 31 March 2018 reconcile to the opening loss allowances of trade receivables as at 1 April 2018 is as follows:

At 31 March 2018
(audited)
— HKAS 39
Amounts remeasured through opening retained profits

At 1 April 2018 (restated)

於二零一八年三月三十一日
(經審核)
— 香港會計準則第39號
按期初保留溢利重新計量之金額

於二零一八年四月一日(經重列)

Trade receivables

貿易應收賬款

HK\$'000

千港元

108,938

(3,808)

105,130

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

2. 主要會計政策(續)

2.2 應用香港財務報告準則第9號「金融工具」及相關修訂本之影響及會計政策變動(續)

2.2.2 初始應用香港財務報告準則第9號產生之影響概述(續)

預期信貸虧損之減值

於本期間，本集團應用香港財務報告準則第9號簡化法計量預期信貸虧損，就貿易應收賬款使用存續期預期信貸虧損。為計量預期信貸虧損，貿易應收賬款已根據共同信貸風險特徵分類，且信貸風險自初始確認起並無顯著增長。

按攤銷成本計量之其他金融資產(主要包括銀行結餘及其他應收賬款)之虧損撥備乃按12個月預期信貸虧損基準計量，而信貸風險自初始確認以來並無顯著增加。

於二零一八年四月一日，額外信貸虧損撥備之3,808,000港元已確認至保留溢利。額外虧損撥備計入貿易應收賬款。

於二零一八年三月三十一日貿易應收賬款之所有虧損撥備與於二零一八年四月一日貿易應收賬款之期初虧損撥備之對賬如下：

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Company's accounting policies above, the opening condensed consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each individual line item.

		31 March 2018	HKFRS 15	HKFRS 9	1 April 2018
		二零一八年 三月三十一日	香港財務報告 準則第15號	香港財務報告 準則第9號	二零一八年 四月一日
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
		(Audited)			(Restated)
		(經審核)			(經重列)
Non-current assets	非流動資產				
Available-for-sale financial assets	可供出售金融資產	12,344	—	(12,344)	—
Equity instruments at FVTOCI	按公平值計入其他全面收益之股本工具	—	—	12,344	12,344
Current asset	流動資產				
Trade and other receivables	貿易及其他應收賬款	134,704	—	(3,808)	130,896
Current liabilities	流動負債				
Trade and other payables	貿易及其他應付賬款	(126,076)	8,780	—	(117,296)
Contract liabilities	合約負債	—	(8,780)	—	(8,780)

Except as disclosed above, the application of other amendments to HKFRSs and an interpretation in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

2. 主要會計政策(續)

2.3 應用所有新訂準則對期初簡明綜合財務狀況表所產生之影響

由於本公司之會計政策發生上述變化，故期初簡明綜合財務狀況表須重列。下表載列就各單獨項目所確認之調整。

除上述披露者外，於本中期間應用其他香港財務報告準則修訂本及詮釋對本簡明綜合財務報表所呈報之金額及／或所載列之披露並無重大影響。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

3. REVENUE AND SEGMENT INFORMATION

The Group's operation is principally sales of watches. The Group's revenue represents consideration received or receivable from sales of watches.

The Group has two operating segments, which are analysed based on geographical markets of the goods sold, being (a) Hong Kong, and (b) Taiwan, Macau and the People's Republic of China (the "PRC"), which is also the basis of organisation of the Group for managing the business operations. The Group determines its operating segments based on the internal reports reviewed by the chief operating decision maker, being the Managing Director of the Group, that are used to allocate resources and assess performance. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

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

		Revenue 收益		Results 業績	
		Six months ended 30 September		Six months ended 30 September	
		截至九月三十日止六個月		截至九月三十日止六個月	
		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Hong Kong	香港	688,656	1,057,133	74,354	55,423
Taiwan, Macau and the PRC	台灣、澳門及中國	492,477	450,661	15,481	14,871
		1,181,133	1,507,794	89,835	70,294
Unallocated other income	未分配其他收入			5,799	2,191
Unallocated corporate expenses	未分配企業開支			(19,470)	(16,025)
Finance costs	融資成本			(2,202)	(2,150)
Share of results of associates	應佔聯營公司之業績			915	281
Share of result of a joint venture	應佔一間合營公司之業績			47	(9)
Profit before taxation	除稅前溢利			74,924	54,582

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

3. 收益及分部資料

本集團主要從事銷售鐘表業務。本集團之收益指銷售鐘表之已收或應收代價。

本集團有兩個按出售貨品地理市場分析之營運分部，分別為(a)香港，及(b)台灣、澳門及中華人民共和國(「中國」)，亦為組織本集團以管理業務營運之基準。本集團按已由主要營運決策者(即本集團董事總經理)審閱並賴以作出資源分配及評估表現之內部報告釐定其營運分部。概無首席營運決策者所識別之經營分部已於達致本集團之可呈報分部時彙集計算。

以下為本集團按營運分部劃分之分部收益及業績分析：

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment profit represents the profit before taxation earned by each segment without allocation of finance costs, share of results of associates and a joint venture and unallocated other income and corporate expenses. Unallocated corporate expenses include auditor's remuneration, directors' remuneration, net exchange losses and operating expenses of inactive companies. This is the measure reported to the Managing Director of the Company for the purposes of resources allocation and performance assessment.

All segment revenue is generated from external customers and recognised at a point in time for both periods.

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

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

3. 收益及分部資料(續)

分部溢利指在未分配融資成本、應佔聯營公司及一間合營公司之業績及未分配其他收入及企業開支之情況下各分部賺取之除稅前溢利。未分配企業開支包括核數師酬金、董事酬金、匯兌虧損淨額及暫無營業公司之營運開支。此乃向本公司董事總經理就資源分配及表現評估作出報告之計量方式。

兩個期間之所有分部收益均來自外部客戶，且於某一時點確認。

以下為本集團按營運分部劃分之資產及負債分析：

		Assets 資產		Liabilities 負債	
		30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	31 March 2018 二零一八年 三月三十一日 HK\$'000 千港元	30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	31 March 2018 二零一八年 三月三十一日 HK\$'000 千港元
Hong Kong	香港	806,081	892,402	87,148	71,398
Taiwan, Macau and the PRC	台灣、澳門及中國	465,801	552,866	52,132	53,362
Segment total	分部總額	1,271,882	1,445,268	139,280	124,760
Unallocated	未分配	1,159,447	1,094,669	105,246	98,225
Consolidated total	綜合總額	2,431,329	2,539,937	244,526	222,985

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

4. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:	除稅前溢利已扣除：
Depreciation of property, plant and equipment	物業、機器及設備之折舊
Directors' remuneration	董事酬金
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損
Minimum operating lease rentals in respect of rented premises	有關租賃物業之最低經營租賃租金
Net exchange losses	匯兌虧損淨額
and after crediting:	並已計入：
Interest income	利息收入

4. 除稅前溢利

Six months ended 截至九月三十日止六個月	
30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	30 September 2017 二零一七年 九月三十日 HK\$'000 千港元
11,502	10,714
11,433	10,216
2,384	135
78,055	83,897
6,647	380
5,799	2,191

5. INCOME TAX EXPENSE

The charge comprises:	支出包括：
Hong Kong Profits Tax	香港利得稅
— Current period	— 當期
Taxation in other jurisdictions	其他司法權區之稅項
Deferred taxation	遞延稅項

5. 所得稅開支

Six months ended 截至九月三十日止六個月	
30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	30 September 2017 二零一七年 九月三十日 HK\$'000 千港元
10,271	8,609
709	—
10,980	8,609
209	40
11,189	8,649

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

5. INCOME TAX EXPENSE (Continued)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation is taxed at 8.25% and profits above HK\$2 million is taxed at 16.5%. For the six months ended 30 September 2018, Hong Kong Profits Tax of the qualified entity is calculated in accordance with the two-tiered profits tax rates regime. Hong Kong Profits Tax of other non-qualified group entities are calculated in accordance with the flat rate of 16.5% of the estimated assessable profits.

For the six months ended 30 September 2017, Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profits.

Taxation in other jurisdictions is calculated at the rates prevailing pursuant to the relevant laws and regulations.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

6. DIVIDEND

During the current interim period, a final dividend of 8.0 HK cents per share, totalling HK\$45,649,000, in respect of the year ended 31 March 2018 (2017: 0.40 HK cent per share, totalling HK\$2,282,000) and a special dividend of 15.0 HK cents per share, totalling HK\$85,592,000, in respect of the year ended 31 March 2018 (2017: 3.0 HK cents per share, totalling HK\$17,118,000) were approved at the annual general meeting held on 29 August 2018.

On 20 November 2018, the directors resolved to declare an interim dividend of 2.8 HK cents per share, totalling HK\$15,970,000 in respect of the six months ended 30 September 2018 (2017: 2.0 HK cents per share, totalling HK\$11,412,000) and a special dividend of 8.7 HK cents per share, totalling HK\$49,621,000, in respect of the six months ended 30 September 2018 (2017: nil), to be paid in cash to those shareholders whose names appear on the Company’s register of members on 14 December 2018.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

5. 所得稅開支(續)

於二零一八年三月二十一日，香港立法會通過《2017年稅務(修訂)(第7號)條例草案》(「條例草案」)，該條例草案引入利得稅兩級制。該條例草案於二零一八年三月二十八日簽署成為法律，並於翌日於憲報上刊登。

根據利得稅兩級制，合資格法團將就首2,000,000港元溢利按8.25%之稅率繳納稅項，並將按16.5%之稅率繳納2,000,000港元以上溢利之稅項。截至二零一八年九月三十日止六個月，合資格實體之香港利得稅按利得稅兩級制計算。其他不合資格之集團實體之香港利得稅根據估計應課稅溢利按固定稅率16.5%計算。

截至二零一七年九月三十日止六個月，香港利得稅乃根據估計應課稅溢利按固定稅率16.5%計算。

其他司法權區之稅項乃根據有關法例及法規按現行稅率計算。

根據《中國企業所得稅法》(「企業所得稅法」)及《企業所得稅法實施條例》，中國附屬公司之稅率為25%。

6. 股息

於本中期期間，已於二零一八年八月二十九日舉行之股東週年大會上批准派發截至二零一八年三月三十一日止年度之末期股息每股8.0港仙，合共45,649,000港元(二零一七年：每股0.40港仙，合共2,282,000港元)及截至二零一八年三月三十一日止年度之特別股息每股15.0港仙，合共85,592,000港元(二零一七年：每股3.0港仙，合共17,118,000港元)。

於二零一八年十一月二十日，董事議決宣派截至二零一八年九月三十日止六個月之中期股息每股2.8港仙，合共15,970,000港元(二零一七年：每股2.0港仙，合共11,412,000港元)以及截至二零一八年九月三十日止六個月之特別股息每股8.7港仙，合共49,621,000港元(二零一七年：無)。中期股息將以現金派付予於二零一八年十二月十四日名列本公司股東名冊之股東。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

7. EARNINGS PER SHARE

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

Earnings

Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)

盈利

計算每股基本及攤薄盈利之盈利
(本公司擁有人應佔期內溢利)

Number of shares

Number of ordinary shares for the purpose of basic and diluted earnings per share

股份數目

計算每股基本及攤薄盈利之
普通股數目

The diluted earnings per share for both periods has not included the effect from the Company's share options because the exercise prices of the share options are higher than the average market price of the shares of the Company.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group incurred expenditure of HK\$7,383,000 (six months ended 30 September 2017: HK\$5,555,000) to acquire property, plant and equipment for its operation. During the period, the Group disposed of certain property, plant and equipment with carrying amount of HK\$2,396,000 (six months ended 30 September 2017: HK\$135,000) resulting a loss on disposal of HK\$2,384,000 (six months ended 30 September 2017: HK\$135,000).

The Group has pledged certain land and buildings with an aggregate carrying value of HK\$87,870,000 (31 March 2018: HK\$89,027,000) to a bank to secure the bank loan facilities granted to the Group.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

7. 每股盈利

本公司擁有人應佔每股基本及攤薄盈利乃根據以下數據計算：

Six months ended 截至九月三十日止六個月

30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	30 September 2017 二零一七年 九月三十日 HK\$'000 千港元
64,005	46,034

Number of shares 股份數目

30 September 2018 二零一八年 九月三十日	30 September 2017 二零一七年 九月三十日
570,610,224	570,610,224

兩個期間內每股攤薄盈利並無包括本公司購股權之影響，原因是購股權之行使價高於本公司股份之平均市價。

8. 物業、機器及設備

截至二零一八年九月三十日止六個月，本集團產生支出7,383,000港元(截至二零一七年九月三十日止六個月：5,555,000港元)以收購物業、機器及設備作其營運用途。於期內，本集團出售賬面值為2,396,000港元之若干物業、機器及設備(截至二零一七年九月三十日止六個月：135,000港元)，產生出售虧損2,384,000港元(截至二零一七年九月三十日止六個月：135,000港元)。

本集團已向銀行抵押總賬面值為87,870,000港元(二零一八年三月三十一日：89,027,000港元)之若干土地及樓宇，以作為本集團獲授銀行貸款融資之抵押。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

9. INTEREST IN A JOINT VENTURE

		30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	31 March 2018 二零一八年 三月三十一日 HK\$'000 千港元
Cost of investment in an unlisted joint venture	於一間非上市合營公司之投資成本	21,793	21,793
Exchange adjustment	匯兌調整	(1,612)	652
Share of post-acquisition profits	應佔收購後之溢利	5,015	4,968
		25,196	27,413

9. 佔一間合營公司之權益

	30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	31 March 2018 二零一八年 三月三十一日 HK\$'000 千港元
	21,793	21,793
	(1,612)	652
	5,015	4,968
	25,196	27,413

10. INVENTORIES

		30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	31 March 2018 二零一八年 三月三十一日 HK\$'000 千港元
Watches	手錶	867,039	991,952
Accessories and parts	配件及部件	8,221	9,117
		875,260	1,001,069

10. 存貨

	30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	31 March 2018 二零一八年 三月三十一日 HK\$'000 千港元
	867,039	991,952
	8,221	9,117
	875,260	1,001,069

11. TRADE AND OTHER RECEIVABLES

		30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	31 March 2018 二零一八年 三月三十一日 HK\$'000 千港元
Trade receivables	貿易應收賬款	92,806	108,938
Property rental deposits	物業租金按金	30,056	18,915
Value-added tax recoverable	可收回增值稅	2,686	2,904
Advances to other suppliers	向其他供應商墊款	7,009	798
Earnest money paid	已付誠意金	16,467	—
Other receivables	其他應收賬款	3,990	3,149
		153,014	134,704

11. 貿易及其他應收賬款

	30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	31 March 2018 二零一八年 三月三十一日 HK\$'000 千港元
	92,806	108,938
	30,056	18,915
	2,686	2,904
	7,009	798
	16,467	—
	3,990	3,149
	153,014	134,704

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

11. TRADE AND OTHER RECEIVABLES (Continued)

The Group maintains a general credit policy of not more than 30 days for its wholesale customers. Sales made to retail customers are mainly made on a cash basis. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

Age	賬齡
0 to 30 days	0 至 30 日
31 to 60 days	31 至 60 日
61 to 90 days	61 至 90 日
Over 90 days	90 日以上

Movement in the allowance for impairment in respect of trade receivables is as follows:

At the beginning of the period*	期初*
Net measurement of loss allowance	虧損撥備之計量淨額
At the end of the period	期末

* The Group has initially applied HKFRS 9 at 1 April 2018. Under the transition method chosen, comparative information is not restated.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

11. 貿易及其他應收賬款(續)

本集團對其批發客戶實行不超過30日之一般信貸政策。零售銷售主要以現金進行。以下為貿易應收賬款於呈報期末按發票日期之賬齡分析：

30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	31 March 2018 二零一八年 三月三十一日 HK\$'000 千港元
85,965	99,445
4,044	6,233
695	45
2,102	3,215
92,806	108,938

有關貿易應收賬款之減值撥備變動如下：

At 30 September 2018 於二零一八年 九月三十日 HK\$'000 千港元
3,808
—
3,808

* 本集團已於二零一八年四月一日初始應用香港財務報告準則第9號。根據所選過渡方法，比較資料並無重列。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

12. TRADE AND OTHER PAYABLES

Trade payables	貿易應付賬款
Payroll and welfare payables	應付工資及福利
Commission payables	應付佣金
Advances from customers	客戶預付款
Renovation work payables	應付翻新工程賬款
Value-added tax and other taxes payables	應付增值稅及其他稅項
Advertising fee payables	應付廣告費
Property rental fee payables	應付物業租金
Other payables	其他應付賬款

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

Age	賬齡
0 to 60 days	0至60日
61 to 90 days	61至90日
Over 90 days	90日以上

13. BANK LOANS

During the six months ended 30 September 2018, the Group obtained a bank loan amounting to HK\$41,200,000 (six months ended 30 September 2017: HK\$31,920,000). The loan carried interest at Taipei Interbank Offered Rate plus 1.5% divided by 0.946 and will be repayable in September 2019.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

12. 貿易及其他應付賬款

30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	31 March 2018 二零一八年 三月三十一日 HK\$'000 千港元
65,659	65,307
19,937	19,954
19,500	2,116
—	8,780
2,250	5,288
11,048	12,372
830	639
1,306	1,996
11,637	9,624
132,167	126,076

以下為貿易應付賬款於呈報期末按發票日期呈列之賬齡分析：

30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	31 March 2018 二零一八年 三月三十一日 HK\$'000 千港元
61,729	54,341
1,756	907
2,174	10,059
65,659	65,307

13. 銀行貸款

於截至二零一八年九月三十日止六個月，本集團取得銀行貸款達41,200,000港元(截至二零一七年九月三十日止六個月：31,920,000港元)。該貸款已按台北金融業拆款定盤利率加1.5%再除0.946計息，並將須於二零一九年九月償還。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

14. SHARE CAPITAL

14. 股本

		Number of shares 股份數目	Amount 價值 HK\$'000 千港元
Ordinary shares of HK\$0.10 each	每股面值0.10港元之普通股		
Authorised:	法定：		
At 1 April 2017, 30 September 2017, 1 April 2018 and 30 September 2018	於二零一七年四月一日、 二零一七年九月三十日、 二零一八年四月一日及 二零一八年九月三十日	1,000,000,000	100,000
Issued and fully paid:	已發行及繳足：		
At 1 April 2017, 30 September 2017, 1 April 2018 and 30 September 2018	於二零一七年四月一日、 二零一七年九月三十日、 二零一八年四月一日及 二零一八年九月三十日	570,610,224	57,061

15. ACQUISITION OF A SUBSIDIARY UNDER ASSET ACQUISITION

15. 資產收購下收購一間附屬公司

On 18 September 2018, the Group acquired entire equity interest in Fully Field Development Limited ("Fully Field") at a consideration of HK\$4,186,000. Fully Field holds 3 signage spaces in Hong Kong. The directors of the Company are of the opinion that acquisition of Fully Field does not constitute business combinations as defined in HKFRS 3, therefore, the acquisition have been accounted for as asset acquisition. Details of acquisition are summarised follows:

於二零一八年九月十八日，本集團收購滿輝發展有限公司(「滿輝」)全部股權，代價為4,186,000港元。滿輝於香港持有三個標牌。本公司董事認為收購滿輝並不構成香港財務報告準則第3號所界定之業務合併，因此，該收購事項計入為資產收購。該收購事項詳情概述如下：

Assets and liabilities recognised at the date of acquisition

於收購日期已確認之資產及負債

		Total 總計 HK\$'000 千港元
Net assets of Fully Field acquired:	已收購之滿輝資產淨值：	
Property, plant and equipment	物業、機器及設備	4,200
Bank balance	銀行結餘	31
Other payables	其他應付賬款	(45)
Net assets	資產淨值	4,186
Cash consideration paid	已付現金代價	4,186
Bank balance acquired	已收購銀行結餘	(31)
Net cash outflow from acquisition of a subsidiary under asset acquisition	資產收購下收購一間附屬公司之現金流出淨額	4,155

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

16. SHARE-BASED PAYMENT TRANSACTION

The Company has share options schemes for eligible directors, employees, consultants, customers, suppliers or advisors of the Company or a company in which the Company holds an interest or a subsidiary of such company.

(i) 2003 Share Option Scheme

Pursuant to an ordinary resolution passed at the Company's special general meeting held on 3 November 2003, the Company adopted a share option scheme (the "2003 Share Option Scheme"). The 2003 Share Option Scheme was valid for a period of ten years commencing on the adoption date on 3 November 2003.

Details of specific categories of options are as follows:

Date of grant 授出日期	Number of share options granted 已授出購股權數目	Exercisable period 可行使期間	Original exercise price per share 原有每股行使價	Adjusted exercise price per share 經調整每股行使價
6 April 2011 二零一一年四月六日	32,300,000 (note a) (附註a)	6 April 2011 to 5 April 2021 二零一一年四月六日至 二零二一年四月五日	HK\$4.13 港元	HK\$3.44 港元 (note a) (附註a)
29 August 2011 二零一一年八月二十九日	23,000,000	29 August 2011 to 28 August 2021 二零一一年八月二十九日至 二零二一年八月二十八日	HK\$4.80 港元	N/A 不適用

Note a: The number of shares under the outstanding options and the exercise price have been adjusted upon the bonus issue of shares in July 2011 on the basis of one new ordinary share for every five ordinary shares held.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

16. 以股份為基礎之付款交易

本公司為本公司之合資格董事、僱員、顧問、客戶、供應商或諮詢人或本公司持有權益之公司或該公司之附屬公司設有購股權計劃。

(i) 二零零三年購股權計劃

根據本公司於二零零三年十一月三日舉行之股東特別大會上通過之普通決議案，本公司採納一項購股權計劃（「二零零三年購股權計劃」）。二零零三年購股權計劃由採納日期二零零三年十一月三日起開始十年期間內有效。

特定購股權類別之詳情如下：

Original exercise price per share 原有每股行使價	Adjusted exercise price per share 經調整每股行使價
HK\$4.13 港元	HK\$3.44 港元 (note a) (附註a)
HK\$4.80 港元	N/A 不適用

附註a：未行使購股權項下之股份數目及行使價已按於二零一一年七月每持有五股普通股獲派一股新普通股之基準於派送紅股後作出調整。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

16. SHARE-BASED PAYMENT TRANSACTION (Continued)

(i) 2003 Share Option Scheme (Continued)

The following tables disclose movements of the Company's share options held by directors, employees and consultants during the six months ended 30 September 2018 and 30 September 2017:

Share options granted on 6 April 2011

Categories of participants	參與者類別	Number of share options outstanding at 1 April 2017, 30 September 2017 and 31 March 2018	Forfeited during the period	Number of share options outstanding at 30 September 2018
		於二零一七年四月一日、二零一七年九月三十日及二零一八年三月三十一日未行使之購股權數目		於二零一八年九月三十日未行使之購股權數目
Directors of the Company	本公司董事	11,520,000	—	11,520,000
Other employees	其他僱員	14,400,000	—	14,400,000
Consultants (note b)	顧問(附註b)	5,640,000	(3,000,000)	2,640,000
Total	總計	31,560,000	(3,000,000)	28,560,000

Share options granted on 29 August 2011

Categories of participants	參與者類別	Number of share options outstanding at 1 April 2017, 30 September 2017, 31 March 2018 and 30 September 2018
		於二零一七年四月一日、二零一七年九月三十日、二零一八年三月三十一日及二零一八年九月三十日未行使之購股權數目
Other employees	其他僱員	18,000,000
Consultants (note b)	顧問(附註b)	5,000,000
		23,000,000

Note b: The share options were granted to consultants for services rendered in exploring investment opportunities for the Group.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

16. 以股份為基礎之付款交易(續)

(i) 二零零三年購股權計劃(續)

下表披露於截至二零一八年九月三十日及二零一七年九月三十日止六個月內董事、僱員及顧問持有之本公司購股權之變動：

於二零一一年四月六日授出之購股權

於二零一一年八月二十九日授出之購股權

附註b：購股權乃授予顧問，作為其為本集團發掘投資機會所提供服務之回報。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

16. SHARE-BASED PAYMENT TRANSACTION (Continued)

(i) 2003 Share Option Scheme (Continued)

The 2003 Share Option Scheme expired on 2 November 2013. The options could be exercised by the participants at any time during the option exercisable period and notwithstanding that the 2003 Share Option Scheme had expired.

No option was exercised under the 2003 Share Option Scheme during the six months ended 30 September 2018 and 30 September 2017. During the six months ended 30 September 2018, 3,000,000 options under the 2003 Share Option Scheme were forfeited.

(ii) 2013 Share Option Scheme

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 13 August 2013, a new share option scheme was adopted with effect on 3 November 2013 (the "2013 Share Option Scheme") after the expiry of the 2003 Share Option Scheme. The 2013 Share Option Scheme will remain in force until 2 November 2023.

No option was granted, exercised or lapsed under the 2013 Share Option Scheme during each of the six months ended 30 September 2018 and 30 September 2017 since its effective date on 3 November 2013 and there was no outstanding share option as at 30 September 2018.

During the six months ended 30 September 2018 and 30 September 2017, no share-based payment expense was recognised in relation to share options granted by the Company.

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

16. 以股份為基礎之付款交易(續)

(i) 二零零三年購股權計劃(續)

二零零三年購股權計劃於二零一三年十一月二日屆滿。儘管二零零三年購股權計劃已經屆滿，參與者仍可於購股權行使期間隨時行使購股權。

截至二零一八年九月三十日及二零一七年九月三十日止六個月內，概無購股權根據二零零三年購股權計劃獲行使。截至二零一八年九月三十日止六個月內，3,000,000份購股權根據二零零三年購股權計劃已沒收。

(ii) 二零一三年購股權計劃

根據本公司於二零一三年八月十三日舉行之股東週年大會上通過之普通決議案，於二零零三年購股權計劃屆滿後，於二零一三年十一月三日生效之新購股權計劃(「二零一三年購股權計劃」)已獲採納。二零一三年購股權計劃將一直有效，直至二零二三年十一月二日為止。

自其生效日期二零一三年十一月三日起，分別截至二零一八年九月三十日及二零一七年九月三十日止六個月內，概無購股權根據二零一三年購股權計劃已授出、行使或失效，而於二零一八年九月三十日亦無未行使購股權。

截至二零一八年九月三十日及二零一七年九月三十日止六個月內，概無就本公司授出之購股權確認以股份為基礎之付款開支。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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 the 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), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

17. 金融工具之公平值計量

按經常性基準以公平值計量之本集團金融資產之公平值

本集團若干金融資產於呈報期末按公平值計量。下表載列有關如何釐定該等金融資產之公平值(尤其是所使用之估值技術及輸入數據), 以及公平值計量按照公平值計量之輸入數據之可觀察程度進行分類之公平值架構層級(1至3級)之資料。

- 第1級公平值計量指相同資產或負債在活躍市場之報價(未經調整)所產生者;
- 第2級公平值計量指包括在第一層級內可直接(即按價格)或間接(即由價格產生)觀察所得之資產或負債輸入數據(報價除外)所產生者; 及
- 第3級公平值計量指包括並非根據觀察所得市場數據之資產或負債輸入數據(非觀察所得輸入值)之估值技術所產生者。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

17. 金融工具之公平值計量(續)

按經常性基準以公平值計量之本集團金融資產之公平值(續)

Financial assets 金融資產	Fair value as at 公平值		Fair value hierarchy 公平值架構	Valuation technique(s) and key input(s) 估值技巧及主要輸入數據
	30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	31 March 2018 二零一八年 三月三十一日 HK\$'000 千港元		
(a) Equity instruments at FVTOCI — listed investments, equity securities listed in Hong Kong (a) 按公平值計入其他全面收益之股本工具 — 上市投資、於香港上市之股本證券	21	51	Level 1 第1級	Quoted bid prices in an active market 活躍市場所報之買入價
(b) Equity instruments at FVTOCI — unlisted funds (b) 按公平值計入其他全面收益之股本工具 — 非上市基金	3,816	12,293	Level 2 第2級	Quoted market prices provided by brokers which are financial institutions (note) 作為經紀之金融機構提供之市場報 價(附註)

Note: Quoted market prices provided by brokers which are financial institutions represent the fair values of the respective funds, based on the observable quoted prices of the underlying investments in active market.

附註：作為經紀之金融機構提供之市場報價指基於相關投資於活躍市場之可觀察報價釐定之各基金公平值。

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their fair values.

本公司董事認為，簡明綜合財務報表中以攤銷成本入賬之金融資產及金融負債賬面值與其公平值相若。

18. RELATED PARTY TRANSACTIONS

The compensation of key management personnel which represents the directors of the Company is disclosed in note 4.

18. 有關連人士交易

主要管理人員(即本公司董事)待遇之明細在附註4披露。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2018

19. CONTINGENT LIABILITIES

As at 30 September 2018, the Group issued financial guarantees to banks in respect of banking facilities granted to associates. The aggregate amount that may be required to be paid if the guarantees are called upon in entirety amounting to NT\$180,000,000 (equivalent to HK\$46,350,000; 31 March 2018: NT\$200,000,000 and equivalent to HK\$54,100,000), which was fully utilised by these associates at 30 September 2018. The fair value of the financial guarantee contracts at the grant date is not significant and in the opinion of the directors, the default risk of associates at 31 March 2018 and 30 September 2018 is considered as low.

20. OPERATING LEASE ARRANGEMENTS

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

Within one year	一年內
In the second to fifth years inclusive	第二至第五年(包括首尾兩年)
Over five years	超過五年

Operating lease payments represent rentals payable by the Group for certain its shops and office premises. Leases are negotiated for a term ranged from 1 to 8 years (31 March 2018: 1 to 8 years). Some group entities are required to pay lease charges based on a fixed percentage of net sales.

21. CAPITAL COMMITMENTS

Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements

就簡明綜合財務報表內已訂約但未撥備之收購物業、機器及設備相關資本開支

簡明綜合財務報表附註(續)

截至二零一八年九月三十日止六個月

19. 或然負債

於二零一八年九月三十日，本集團就聯營公司獲授之銀行融資向銀行發出財務擔保。於二零一八年九月三十日，於被要求全數代還擔保時可能須予支付之總額新台幣180,000,000元(相等於46,350,000港元；二零一八年三月三十一日：新台幣200,000,000元，並相等於54,100,000港元)已獲該等聯營公司全數動用。財務擔保合約於授出當日之公平值並不重大，且董事認為，聯營公司於二零一八年三月三十一日及二零一八年九月三十日之拖欠風險甚微。

20. 經營租賃安排

本集團已承諾日後根據不可撤銷之經營租賃支付最低租賃款項，到期日如下：

30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	31 March 2018 二零一八年 三月三十一日 HK\$'000 千港元
121,442	133,694
90,665	116,547
—	616
212,107	250,857

經營租賃款項指本集團就其若干分店及辦公室物業應付之租金。租賃議定之年期介乎1至8年(二零一八年三月三十一日：1至8年)。若干集團實體須按銷售淨額之固定百分比支付租賃費用。

21. 資本承擔

30 September 2018 二零一八年 九月三十日 HK\$'000 千港元	31 March 2018 二零一八年 三月三十一日 HK\$'000 千港元
5,361	8,949

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

董事擁有之證券權益及淡倉

As at 30 September 2018, the interests of the directors of the Company in the shares and underlying shares of the Company, as recorded in the register required to be kept under Section 352 of the Hong Kong Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

根據香港證券及期貨條例(「證券及期貨條例」)第352條規定保管之登記冊所記錄，於二零一八年九月三十日，本公司之董事於本公司之股份及相關股份中擁有之權益，或根據上市公司董事進行證券交易的標準守則須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益如下：

Name of director	董事姓名	Number of shares held 所持股份數目			Total number of shares	Percentage of issued share capital of the Company 佔本公司已發行 股本百分比
		Personal interest 個人權益	Family interest 家族權益	Corporate interest 公司權益		
Dr. Yeung Ming Biu	楊明標博士	19,669,583	7,920,000	128,164,561 (note (a)) (附註(a))	155,754,144	27.30%
Mr. Yeung Him Kit, Dennis	楊衍傑先生	5,524,000	—	(note (b)) (附註(b))	5,524,000	0.97%
Madam Yeung Man Yee, Shirley	楊敏儀女士	2,640,000	221,161	(note (c)) (附註(c))	2,861,161	0.50%
Mr. Lam Hing Lun, Alain	林慶麟先生	3,600,000	—	—	3,600,000	0.63%
Mr. Choi Kwok Yum	蔡國欽先生	3,600,000	—	—	3,600,000	0.63%
Dr. Sun Ping Hsu, Samson	孫秉樞博士	—	—	3,200,000 (note (d)) (附註(d))	3,200,000	0.56%

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES (Continued)

Notes:

- (a) Dr. Yeung Ming Biu and his wife, Madam Au Po Kee, are the beneficial owners of 45% and 22.5% respectively of the issued share capital of Realtower Holdings Limited. Realtower Holdings Limited and Dr. Yeung Ming Biu are the respective beneficial owners of 55% and 10% of the issued share capital of Furama Investments Limited, which is the beneficial owner of 80% of the issued share capital of Datsun Holdings Limited. Datsun Holdings Limited is the beneficial owner of 127,776,000 shares in the Company.

Dr. Yeung Ming Biu is the beneficial owner of 47.5% of the issued share capital of Y.H. Chan Limited, which is the beneficial owner of 25% of the issued share capital of Furama Investments Limited. Y.H. Chan Limited also directly holds 388,561 shares in the Company.

- (b) Mr. Yeung Him Kit, Dennis is the beneficial owner of 10% and 7% of the issued share capital of Realtower Holdings Limited and Real Champ Limited respectively. Real Champ Limited is the beneficial owner of 20% of the issued share capital of Datsun Holdings Limited.
- (c) Madam Yeung Man Yee, Shirley is the beneficial owner of 7.5% of the issued share capital of Realtower Holdings Limited.
- (d) Dr. Sun Ping Hsu, Samson and his family members are the beneficial owners of the entire issued share capital of Sun International Limited, which is the beneficial owner of 3,200,000 shares in the Company.

Save as disclosed above, and other than certain nominee shares in subsidiaries held by a director in trust for the Company, none of the directors of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under 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 Companies.

董事擁有之證券權益及淡倉(續)

附註：

- (a) 楊明標博士及其妻子區寶琪女士分別實益擁有 Realtower Holdings Limited 已發行股本 45% 及 22.5%。Realtower Holdings Limited 及 楊明標博士各自實益擁有 Furama Investments Limited 已發行股本 55% 及 10%。Furama Investments Limited 實益擁有 Datsun Holdings Limited 已發行股本 80%。Datsun Holdings Limited 實益擁有 127,776,000 股本公司股份。

楊明標博士實益擁有陳耀洪有限公司已發行股本 47.5%。陳耀洪有限公司實益擁有 Furama Investments Limited 已發行股本 25%。陳耀洪有限公司亦直接持有 388,561 股本公司股份。

- (b) 楊衍傑先生分別實益擁有 Realtower Holdings Limited 及 Real Champ Limited 已發行股本 10% 及 7%。Real Champ Limited 實益擁有 Datsun Holdings Limited 已發行股本 20%。
- (c) 楊敏儀女士實益擁有 Realtower Holdings Limited 已發行股本 7.5%。
- (d) 孫秉樞博士及其家族成員實益擁有 Sun International Limited 全部已發行股本。Sun International Limited 實益擁有 3,200,000 股本公司股份。

除上文所披露者及一名董事以信託形式代本公司持有附屬公司之若干代理人股份外，根據證券及期貨條例第 352 條規定保管之登記冊所記錄，本公司之董事概無於本公司或其任何相聯法團(定義見證券及期貨條例第 XV 部)之任何股份、相關股份或債券中擁有任何權益或淡倉，或根據上市公司董事進行證券交易的標準守則須知會本公司及聯交所之權益或淡倉。

SHARE OPTION SCHEMES AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

(a) 2003 Share Option Scheme

Pursuant to an ordinary resolution passed at the Company's special general meeting held on 3 November 2003, the Company adopted a share option scheme (the "2003 Share Option Scheme"). The 2003 Share Option Scheme was valid for a period of ten years commencing on the adoption date on 3 November 2003.

Under the 2003 Share Option Scheme, options may be granted to any director, employee, consultant, customer, supplier or advisor of the Group or a company in which the Company holds an interest or a subsidiary of such company, the trustee of the eligible persons or a company beneficially owned by the eligible persons. The purpose of the 2003 Share Option Scheme is to attract and retain quality personnel and other persons to provide incentive to them to contribute to the business and operation of the Group. No eligible persons shall be granted an option in any 12-month period for such number of shares (issued and to be issued) which in aggregate would exceed 1% of the share capital of the Company in issue on the last day of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The exercisable period is determined by the directors of the Company, which shall not be more than 10 years from the date of grant, and may include a minimum period for which the options must be held before it can be exercised. The exercise price per share payable on the exercise of an option equals to the highest of:

- (a) the nominal value of one share;
- (b) the closing price per share as stated in the Stock Exchange's daily quotations sheet on the date of grant; and
- (c) the average closing price per share as quoted in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant.

購股權計劃及董事購買股份或債券之權利

(a) 二零零三年購股權計劃

根據本公司於二零零三年十一月三日舉行之股東特別大會上通過之普通決議案，本公司已採納購股權計劃（「二零零三年購股權計劃」）。二零零三年購股權計劃由採納日期二零零三年十一月三日起計有效十年。

根據二零零三年購股權計劃，購股權可授予本集團之任何董事、僱員、顧問、客戶、供應商或諮詢人或本公司持有該公司之權益之公司或該公司之附屬公司、合資格人士之信託人或合資格人士實益擁有之公司。二零零三年購股權計劃旨在向優秀人才及其他人士給予獎勵，以吸引彼等留任及對本集團之業務及經營作出貢獻。根據聯交所證券上市規則（「上市規則」），除非取得本公司股東批准，否則於任何十二個月期間內，合資格人士不得獲授予涉及股份數目（已發行及將予發行）合共超過本公司於該十二個月期間之最後一日之已發行股本1%之購股權。行使期乃由本公司董事釐定，惟不得超過自授出日期起計十年及包括購股權行使前必須持有之最短期限。在行使購股權時應付之每股行使價將為以下三者中之最高者：

- (a) 一股股份面值；
- (b) 股份於授出當日在聯交所每日報價表所報之每股收市價；及
- (c) 股份於緊接授出當日前五個營業日在聯交所每日報價表所報之每股平均收市價。

SHARE OPTION SCHEMES AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES (Continued)

購股權計劃及董事購買股份或債券之權利(續)

(a) 2003 Share Option Scheme (Continued)

The 2003 Share Option Scheme expired on 2 November 2013. The options could be exercised by the participants at any time during the option period and notwithstanding that the 2003 Share Option Scheme had expired.

The following table discloses movements of the options granted under the 2003 Share Options Scheme to directors, certain employees and consultants during the period:

Name of category of participant	Date of grant of options	Original exercise price per share	Adjusted exercise price per share	Exercisable period	Number of shares under options at 1.4.2018 於二零一八年四月一日 購股權涉及之 股份數目	Forfeited during the period	Number of shares under options at 30.9.2018 於二零一八年九月三十日 購股權涉及之 股份數目
參與者類別名稱	購股權 授出日期 HK\$ 港元	原有每股 行使價 HK\$ 港元 (note) (附註)	經調整 每股行使價 HK\$ 港元 (note) (附註)	可行使期間		期內已沒收	
Directors 董事							
Dr. Yeung Ming Biu 楊明標博士	06.04.2011	4.13	3.44	06.04.2011 – 05.04.2021	1,440,000	–	1,440,000
Mr. Yeung Him Kit, Dennis 楊衍傑先生	06.04.2011	4.13	3.44	06.04.2011 – 05.04.2021	1,440,000	–	1,440,000
Madam Yeung Man Yee, Shirley 楊敏儀女士	06.04.2011	4.13	3.44	06.04.2011 – 05.04.2021	1,440,000	–	1,440,000
Mr. Lam Hing Lun, Alain 林慶麟先生	06.04.2011	4.13	3.44	06.04.2011 – 05.04.2021	3,600,000	–	3,600,000
Mr. Choi Kwok Yum 蔡國欽先生	06.04.2011	4.13	3.44	06.04.2011 – 05.04.2021	3,600,000	–	3,600,000
					11,520,000	–	11,520,000
Other employees 其他僱員							
Type A A類	06.04.2011	4.13	3.44	06.04.2011 – 05.04.2021	14,400,000	–	14,400,000
Type B B類	29.08.2011	4.80	N/A 不適用	29.08.2011 – 28.08.2021	18,000,000	–	18,000,000
Consultants 顧問							
Type A A類	06.04.2011	4.13	3.44	06.04.2011 – 05.04.2021	5,640,000	(3,000,000)	2,640,000
Type B B類	29.08.2011	4.80	N/A 不適用	29.08.2011 – 28.08.2021	5,000,000	–	5,000,000
Total 總計					54,560,000	(3,000,000)	51,560,000

(a) 二零零三年購股權計劃(續)

二零零三年購股權計劃於二零一三年十一月二日屆滿。購股權可由參與者於購股權期間任何時間予以行使，而不論二零零三年購股權計劃已屆滿。

下表披露董事、若干僱員及顧問於期內根據二零零三年購股權計劃獲授購股權之變動：

SHARE OPTION SCHEMES AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES (Continued)

(a) 2003 Share Option Scheme (Continued)

Note: An ordinary resolution was passed by the shareholders at the annual general meeting of the Company held on 28 July 2011 approving a bonus issue of shares to shareholders of the Company on the basis of one new ordinary share for every five ordinary shares held. The number of shares under the outstanding options and the exercise price per share of the outstanding options were adjusted accordingly pursuant to the terms of the 2003 Share Option Scheme.

(b) 2013 Share Option Scheme

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 13 August 2013, a new share option scheme was adopted with effect on 3 November 2013 (the "2013 Share Option Scheme") after the expiry of the 2003 Share Option Scheme.

Under the 2013 Share Option Scheme, options may be granted to (i) any director, employee or consultant of the Group or a company in which the Company holds an equity interest or a subsidiary of such company ("Affiliate"); or (ii) any discretionary trust whose discretionary objects include any director, employee or consultant of the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee or consultant of the Group or an Affiliate; or (iv) any customer, supplier or adviser whose service to the Group or business with the Group contributes or is expected to contribute to the business or operation of the Group. The purpose of the 2013 Share Option Scheme is to attract and retain quality personnel and other persons to provide incentive to them to contribute to the business and operation of the Group. The total number of shares available for issue under the 2013 Share Option Scheme as at the date of this report is 57,061,022 shares. No eligible persons shall be granted an option in any 12-month period for such number of shares (issued and to be issued) which in aggregate would exceed 1% of the share capital of the Company in issue on the last day of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing Rules. The exercisable period is determined by the directors of the Company, which shall not be more than 10 years from the date of grant, and may include a minimum period for which the options must be held before it can be exercised. The exercise price per share payable on the exercise of an option equals to the highest of:

購股權計劃及董事購買股份或債券之權利(續)

(a) 二零零三年購股權計劃(續)

附註：股東在本公司於二零一一年七月二十八日舉行之股東週年大會上通過普通決議案，批准派送紅股予本公司股東，基準為每持有五股普通股可獲派一股新普通股。未行使購股權之股份數目及未行使購股權之每股行使價已根據二零零三年購股權計劃之條款作出相應調整。

(b) 二零一三年購股權計劃

根據本公司於二零一三年八月十三日舉行之股東週年大會上通過之普通決議案，於二零零三年購股權計劃屆滿後，一項於二零一三年十一月三日生效之新購股權計劃(「二零一三年購股權計劃」)獲採納。

根據二零一三年購股權計劃，購股權可授予(i)本集團或本公司於其中持有股本權益之公司或該公司之附屬公司(「附屬公司」)之任何董事、僱員或顧問；或(ii)受益人包括本集團或附屬公司之任何董事、僱員或顧問之任何全權信託；或(iii)由本集團或附屬公司之任何董事、僱員或顧問實益擁有之公司；或(iv)為本集團或本集團之業務服務而對或預期對本集團之業務或經營作出貢獻之任何客戶、供應商或顧問。二零一三年購股權計劃旨在向優秀人才及其他人士給予獎勵，以吸引彼等留任及對本集團之業務及經營作出貢獻。於本報告日期，二零一三年購股權計劃項下可供發行之股份數目合共為57,061,022股。根據上市規則，除非取得本公司股東批准，否則於任何十二個月期間內，合資格人士不得獲授涉及股份數目(已發行及將予發行)合共超過本公司於該十二個月期間之最後一日之已發行股本1%之購股權。行使期乃由本公司董事釐定，惟不得超過自授出日期起計十年及包括購股權行使前必須持有之最短期限。在行使購股權時應付之每股行使價將為以下三者中之最高者：

SHARE OPTION SCHEMES AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES *(Continued)*

(b) 2013 Share Option Scheme *(Continued)*

- (a) the nominal value of one share;
- (b) the closing price per share as stated in the Stock Exchange's daily quotations sheet on the date of grant; and
- (c) the average closing price per share as quoted in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant.

The 2013 Share Option Scheme will remain in force until 2 November 2023.

No option was granted, exercised or lapsed under the 2013 Share Option Scheme during the year since its effective date on 3 November 2013 and there was no outstanding share option as at 30 September 2018.

購股權計劃及董事購買股份或債券之權利 *(續)*

(b) 二零一三年購股權計劃 *(續)*

- (a) 一股股份面值；
- (b) 股份於授出當日在聯交所每日報價表所報之每股收市價；及
- (c) 股份於緊接授出當日前五個營業日在聯交所每日報價表所報之每股平均收市價。

二零一三年購股權計劃將一直有效，直至二零二三年十一月二日。

自其生效日期二零一三年十一月三日起至本年度內，概無購股權根據二零一三年購股權計劃已授出、行使或失效，而於二零一八年九月三十日亦無未行使購股權。

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2018, according to the register maintained by the Company pursuant to Section 336 of the SFO, the following persons (not being a director or chief executive of the Company) had interests in the share capital of the Company.

Name of shareholder	Number of shares held	Percentage of issued share capital of the Company
股東名稱	所持股份數目	佔本公司已發行股本百分比
Datsun Holdings Limited	127,776,000	22.39%
Furama Investments Limited	127,776,000	22.39%
Realtower Holdings Limited	127,776,000	22.39%

Realtower Holdings Limited holds 55% of the issued share capital of Furama Investments Limited which holds 80% of the issued share capital of Datsun Holdings Limited. Accordingly, both Realtower Holdings Limited and Furama Investments Limited are deemed under the SFO to be interested in the 127,776,000 shares in the Company held by Datsun Holdings Limited.

Save as disclosed above, at 30 September 2018, there was no person who had any interests or short position in the shares or underlying shares of the Company according to the register maintained by the Company pursuant to Section 336 of the SFO.

主要股東

本公司根據證券及期貨條例第336條規定存置之登記冊所示，於二零一八年九月三十日，以下人士(並非為本公司之董事或最高行政人員)於本公司股本中擁有權益。

Realtower Holdings Limited 持有 Furama Investments Limited 已發行股本 55%，Furama Investments Limited 則持有 Datsun Holdings Limited 已發行股本 80%。因此，根據證券及期貨條例，Realtower Holdings Limited 及 Furama Investments Limited 均被視為擁有 Datsun Holdings Limited 所持之 127,776,000 股本公司股份權益。

按本公司根據證券及期貨條例第336條規定存置之登記冊所示，除上文所披露者外，於二零一八年九月三十日，概無任何人士於本公司之股份或相關股份中擁有任何權益或淡倉。

MANAGEMENT DISCUSSION AND ANALYSIS

Group Results

On behalf of the Board of Directors (the “Board”) of Oriental Watch Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”), I hereby present the unaudited consolidated results of the Group for the six months ended 30 September 2018 (the “Period”).

The Hong Kong retail market has experienced a steady growth since the second half of 2017. The retail sales for luxury goods, such as jewellery, watches and clocks, maintained on a favourable double-digit growth in the first half of 2018 as compared to the same period last year, according to the monthly survey of retail sales report published by the Census and Statistics Department. Driven by the upbeat consumer sentiment and ongoing recovery of tourist arrivals, the Group’s turnover for the Period decreased by 21.7% to HK\$1,181 million (2017: HK\$1,508 million). Gross profit increased by 13.4% to HK\$288 million (2017: HK\$254 million) while gross profit margin increased to 24.4%. In addition, given the Group’s efforts in rental negotiation, the rental cost during the Period maintained at a relatively lower level, and as a result the Group’s net profit attributable to owners of the Company recorded a year on year (“yoy”) growth of 39.1% to HK\$64.0 million (2017: HK\$46 million), representing a positive result in this financial period.

To show our appreciation for shareholders’ continuous support, the Board has resolved to recommend an interim dividend of 2.8 HK cents per share (2017: 2 HK cents) and a special dividend of 8.7 HK cents (2017: Nil) for the Period.

管理層討論及分析

集團業績

本人謹代表東方表行集團有限公司(「本公司」)及其附屬公司(統稱「本集團」)之董事會(「董事會」)提呈本集團截至二零一八年九月三十日止六個月(「本期間」)之未經審核綜合業績。

自二零一七年下半年，香港零售市場錄得穩定增長。根據政府統計處發表之零售業銷貨額按月統計調查，與去年同期相比，奢侈品(如珠寶首飾、鐘錶等)之零售業銷貨額於二零一八年上半年維持可觀的雙位數增長。受到消費情緒樂觀及訪港旅客人次持續復甦所帶動，本集團於本期間之營業額減少21.7%至1,181,000,000港元(二零一七年：1,508,000,000港元)。毛利增加13.4%至288,000,000港元(二零一七年：254,000,000港元)，而毛利率增加至24.4%。此外，由於本集團致力就租金進行磋商，租金成本於本期間維持相對較低水平，因此本公司擁有人應佔本集團純利錄得按年(「按年」)增長39.1%至64,000,000港元(二零一七年：46,000,000港元)，於本財政期間錄得優秀業績。

為表達本集團對股東持續支持之謝意，董事會已議決建議派發本期間之中期股息每股2.8港仙(二零一七年：2港仙)及特別股息8.7港仙(二零一七年：無)。

MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

Business Review

As at 30 September 2018, the Group operates 62 retail and wholesale points (including associate retail stores) in the Greater China region. Breakdown by geographic region is as follows:

		As at 30 September 2018
		於二零一八年 九月三十日
Hong Kong	香港	11
Macau	澳門	1
China	中國	47
Taiwan	台灣	3
Total	總計	<hr/> 62 <hr/>

China's gross domestic product ("GDP") has sustained a stable growth of around 6.7% yoy for the first three quarters in 2018, which was in line with general expectation. Supported by the Chinese's government's increasing efforts on promoting consumption upgrade and along with the stronger appetite for luxury goods, the purchasing power from the national citizens has been unleashed. Under such positive market sentiment, the Group's same-store-sales growth in China has achieved to 4% during the Period as we are poised to capitalize opportunities arising from the continued growth. On the other hand, Hong Kong as a global tourism hub, the Hong Kong government has continued to attach great emphasis on promoting tourist arrival. The Hong Kong Tourism Board reported that there were more than 26 million tourist arrivals during the Period, representing a 11% increase as compared to the same period last year. Given a strong performance during the Period, we believe that the Group as a leading watch company, with extensive foothold in the Greater China region, will be able to sustain a satisfactory performance even though the economic backdrop may face a period of correction in the future. Oriental Watch, as a traditional luxury watch company, will strive to consolidate its leading position for better return to its shareholders.

管理層討論及分析(續)

業務回顧

於二零一八年九月三十日，本集團於大中華地區經營62個零售及批發點(包括聯營零售店)，按地區分析如下：

中國國內生產總值(「國內生產總值」)於二零一八年首三個季度維持按年穩定按年增長約6.7%，與一般預期一致。受惠於中國政府加強促進消費升級以及隨著奢侈品的需求增強，國民購買力釋放。在此有利市場氣氛下，本集團充分利用持續增長帶來之機遇，於中國之同店銷售增長於本期間錄得4%。另一方面，香港作為全球旅遊業樞紐，香港政府一直著重推動訪港旅遊業。香港旅遊業議會報告，本期間錄得超過26,000,000名訪港旅客，較去年同期增加11%。鑑於本期間表現強勁，我們相信，儘管日後經濟環境可能有變，本集團作為遍佈大中華地區的領先鐘錶公司，仍將能夠保持理想表現。東方錶行作為傳統名貴鐘錶公司，將致力鞏固其領先地位，為股東帶來更佳回報。

MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

Business Review (Continued)

The Group executes stringent cost control over the years, and our priority has been to control and maintain a reasonable rental cost since 2014. Due to the unrelenting efforts in negotiating better rental over the past year, we have managed to keep it at a relatively lower level and the benefits have continued to reflect over the Period. The Group's aggregate rental cost (excluding related property management fees) decreased significantly by 6.9% to HK\$78.1 million, accounting for 35.5% of the Group's overall operating expenses (2017: 36.0%). In addition, regular internal assessments on the performance of all retail stores and closedown of high-rent yet non-performing stores are also the Group's strategy for better resource allocation. The Group will continue to closely monitor the store performance as well as the rental contracts from time to time in order to maximize the profitability by improving our efficiency and cost structure.

During the Period, the Group has employed policies on inventory management to ensure stable cash flow and healthy financial position. Policies included monitoring the inventory level and purchasing stocks only when existing inventory depletes to a pre-agreed level. With the hard work and determination from all staff, the Group's inventory level has successfully been maintained at a reasonable level. As at 30 September 2018, the Group's overall inventory level amounted to HK\$875 million, decreasing by 12.6% from HK\$1,001 million as at 31 March 2018. In parallel, the Group has also continued to step up its efforts in adjusting and optimising its brand portfolio, in order to stabilise the Group's overall sales performance and keep abreast of market trend. Oriental Watch will continue to maintain a lower inventory level for a better cash position and a sustainable business development in the future.

管理層討論及分析(續)

業務回顧(續)

本集團多年一直實施嚴格的成本控制，控制及維持合理租金成本自二零一四年來一直為本集團之首要工作。由於過去一年致力磋商以取得更優惠租金，我們一直維持租金處於相對較低水平，利好影響於本期間充分反映。本集團之總租金成本(不包括相關物業管理費)大幅減少6.9%至78,100,000港元，佔本集團整體經營開支之35.5%(二零一七年：36.0%)。此外，定期對所有零售店業績進行內部評估，並結束高租金卻無盈利之店舖，亦為本集團更有效調配資源之措施。本集團將繼續不時密切監察店舖表現及租約，以透過提升效率及改善成本架構從而最大限度地提高盈利能力。

於本期間內，本集團已採取存貨管理政策，以確保穩定現金流量及穩健財務狀況。政策包括監察存貨水平，並僅在現有庫存消耗到預先商定之水平時才進行庫存採購。經過全體員工的努力及決心，本集團之庫存水平已經成功地維持於合理水平。於二零一八年九月三十日，本集團之總體庫存水平達到875,000,000港元，較二零一八年三月三十一日之1,001,000,000港元減少12.6%。同時，本集團亦繼續致力調整及提升其品牌形象，以鞏固本集團之整體銷售業績及緊貼市場趨勢。東方錶行將繼續維持較低存貨水平，以達至較佳的現金狀況及未來可持續業務發展。

MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

Business Review (Continued)

According to the Federation of the Swiss Watch Industry FH, the watch industry exports continued to gain ground in March 2018, and the total export value was 7.8% higher than that in the same period of 2017. The Hong Kong market witnessed a slight slowdown of 3.5% in September from the accelerating growth last year. However, Hong Kong still surpassed other major importing countries and accounted for 12.5% of the total Swiss watch exports with favourable government policies to boost tourist arrival, and the commencing of infrastructures such as the opening of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macau Bridge, the Group remains positive for the longer-term retail market, especially for the high-end sectors. Oriental Watch will continue to deploy appropriate strategies to elevate the productivity of existing stores, strengthen cost management and optimize its inventory profile, as well as enrich its product portfolio to capture opportunities within this particular consumer threshold.

On behalf of the Group, we would like to thank our customers, suppliers, staff and shareholders for their contribution, loyalty and unfailing support.

管理層討論及分析(續)

業務回顧(續)

根據瑞士鐘錶工業聯合會FH資料，鐘錶業之出口量於二零一八年三月持續上升，出口總值較二零一七年同期高出7.8%。香港市場於去年急速增長後於九月錄得輕微放緩3.5%。然而，香港仍然超越其他主要進口國家，佔瑞士鐘錶出口總額12.5%。憑藉政府推動訪港旅遊業之利好政策，加上基礎建設開始運作，如廣深港高鐵鐵路及港珠澳大橋相繼通車，長遠而言，本集團對零售市場保持正面態度，尤其是高端市場。東方錶行將持續運用適當策略，提高現有店舖之生產力、加強成本管理及優化其存貨組合，並豐富其產品組合以把握此特定消費層之機會。

我們謹代表本集團感謝我們之客戶、供應商、員工及股東多年來的貢獻、忠誠及支持。

MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

Liquidity and financial resources

At 30 September 2018, the Group's total equity reached HK\$2,187 million, compared with HK\$2,317 million as at 31 March 2018. The Group had net current assets of HK\$1,884 million, including bank and cash balances of HK\$1,094 million as at 30 September 2018 compared with balances of HK\$2,009 million and HK\$1,082 million respectively as at 31 March 2018. At 30 September 2018 bank loans of HK\$74 million (31 March 2018: HK\$75 million). At 30 September 2018, the gearing ratio (defined as total bank borrowing on total equity) was 0.03 (31 March 2018: 0.03).

Management considers that financial position of the Group is healthy with adequate funds and unused banking facilities.

Foreign exchange exposure

The Group's sales and purchase transactions are primarily denominated in Hong Kong dollars and Renminbi. The Group did not face significant risk from exposure to foreign exchange fluctuations.

STAFF AND EMPLOYMENT

As at 30 September 2018, the Group employed a total work force of about 570 staff. The staff turnover rate is low. The Group's policy is to review its employee's pay levels and incentive bonus.

管理層討論及分析(續)

流動資金及財務資源

於二零一八年九月三十日，本集團之權益總額達2,187,000,000港元，而於二零一八年三月三十一日則為2,317,000,000港元。於二零一八年九月三十日，本集團之流動資產淨值為1,884,000,000港元，包括1,094,000,000港元之銀行及現金結餘，而於二零一八年三月三十一日之結餘則分別為2,009,000,000港元及1,082,000,000港元。於二零一八年九月三十日，銀行貸款為74,000,000港元(二零一八年三月三十一日：75,000,000港元)。於二零一八年九月三十日，負債資產比率(定義為銀行借貸總額除以權益總額)為0.03倍(二零一八年三月三十一日：0.03倍)。

管理層認為本集團之財務狀況穩健，並具備充裕資金及未動用銀行信貸。

外匯風險

本集團之買賣交易主要以港元及人民幣為單位。本集團並無面對重大外匯波動風險。

僱員及聘用

於二零一八年九月三十日，本集團共招聘約570名僱員。本集團之僱員流失率極低。本集團之政策向來是檢討其僱員之薪酬水平及獎勵花紅。

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2018, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities on the Stock Exchange of Hong Kong Limited.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good governance practices and procedures. The Company has met the code provisions set out in the Corporate Governance Code ("CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), throughout the six months ended 30 September 2018, except the deviation from the code provision A.4.1 of the CG Code.

Under the Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. However, the Independent Non-executive Directors were not appointed for a specific term but are subject to retirement by rotation in annual general meeting of the Company in accordance with the Bye-laws of the Company. The management of the Company considered that there is no imminent need to revise the letter of appointment of Independent Non-executive Directors by adding a specific term in the letter of appointment.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Enquiry has been made with all Directors and all Directors have confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 September, 2018.

買賣或贖回本公司上市證券

截至二零一八年九月三十日止六個月內，本公司或其任何附屬公司概無購買、贖回或出售本公司於香港聯合交易所有限公司上市之任何證券。

企業管治

本公司致力制定良好之企業管治常規及程序。截至二零一八年九月三十日止六個月內，本公司一直符合香港聯合交易所有限公司證券上市規則(「上市規則」)附錄14所載企業管治守則(「企業管治守則」)列載之守則條文，惟偏離企業管治守則之守則條文A.4.1者除外。

根據守則條文A.4.1，非執行董事應按指定年期委任，並須接受重選。然而，獨立非執行董事並無按指定年期委任，但須根據本公司之公司細則在本公司之股東週年大會上輪值退任。本公司管理層認為並無迫切需要透過在委任書加入指定年期修訂獨立非執行董事之委任書。

董事進行證券交易的標準守則

本公司已採納上市規則附錄10所載之標準守則，作為其董事進行證券交易之操守守則。本公司已向各董事作出查詢，並獲各董事確認，彼等於截至二零一八年九月三十日止六個月內一直遵守標準守則所載之規定標準。

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company. Terms of reference of the Audit Committee have been updated in compliance with the CG Code.

The Audit Committee, together with the management of the Company, have reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of unaudited consolidated financial statements for the six months ended 30 September 2018.

PUBLICATION OF INTERIM RESULTS AND DESPATCH OF INTERIM REPORT

The interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited at (www.hkex.com.hk) and the Company at (www.orientalwatch.com). The 2018 interim report containing all information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in the due course.

MEMBERS OF THE BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Dr. Yeung Ming Biu, Mr. Yeung Him Kit, Dennis, Madam Yeung Man Yee, Shirley, Mr. Lam Hing Lun, Alain and Mr. Choi Kwok Yum as executive directors and Dr. Sun Ping Hsu, Samson, Dr. Li Sau Hung, Eddy and Mr. Choi Man Chau, Michael as independent non-executive directors.

By order of the Board
Yeung Ming Biu
Chairman

Hong Kong, 20 November 2018

審核委員會

審核委員會由本公司三名獨立非執行董事組成。審核委員會之職權範圍已按照企業管治守則更新。

審核委員會(連同本公司管理層)已審閱本集團所採用之會計原則及慣例，並已討論有關內部監控及財務報告事宜，包括審閱截至二零一八年九月三十日止六個月之未審核綜合財務報表。

登載中期業績及寄發中期報告

中期業績公佈登載於香港聯合交易所有限公司網站(www.hkex.com.hk)及本公司網站(www.orientalwatch.com)。載有上市規則規定之一切資料之二零一八年中期報告將於適當時候寄發予本公司股東並登載於上述網站。

董事會成員

於本公佈日期，董事會成員包括執行董事楊明標博士、楊衍傑先生、楊敏儀女士、林慶麟先生及蔡國欽先生，以及獨立非執行董事孫秉樞博士、李秀恒博士及蔡文洲先生。

承董事會命
主席
楊明標

香港，二零一八年十一月二十日