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Time Watch Investments Limited

時計寶投資有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2033)

CONTINUING CONNECTED TRANSACTIONS

- (1) DISTRIBUTION AGREEMENT FOR MULTI-BRAND WATCHES IN THE UNITED STATES; AND**
- (2) PACKAGING PROCUREMENT AGREEMENT FOR PACKAGING AND FIXTURES**

DISTRIBUTION AGREEMENT FOR MULTI-BRAND WATCHES IN THE UNITED STATES

On 28 July 2017, GWG entered into the Multi-brand US Distribution Agreement with ILG in relation to the sale of the Products by the ILG Group to GWG on wholesale basis for GWG's sale of the Products in the United States for a term of one year commencing from 1 July 2017 to 30 June 2018 (both dates inclusive). It is expected that the transaction amount for the transactions under the Multi-brand US Distribution Agreement for the year ending 30 June 2018 will not exceed the annual cap of HK\$15.6 million.

PACKAGING PROCUREMENT AGREEMENT

On 28 July 2017, TWB entered into the Packaging Procurement Agreement with Tremont in respect of the Packages and the Fixtures for a term of one year commencing from 1 July 2017 to 30 June 2018 (both dates inclusive) unless terminated earlier by a party serving three months notice in writing on the other party or otherwise pursuant to the terms and conditions of the Packaging Procurement Agreement. It is expected that the transaction amount for the transactions under the Packaging Procurement Agreement for the year ending 30 June 2018 will not exceed the annual cap of HK\$23.4 million.

IMPLICATION UNDER THE LISTING RULES

As (i) ILG is owned as to approximately 57.75% by Mr. Chainani and his brother; (ii) Mr. Chainani is the sole shareholder of IWG, being a substantial shareholder of TWB, a non-wholly owned subsidiary of the Company, each of ILG and other members of the ILG Group (including Tremont, which is owned as to 100% by ILG) is a connected person of the Company at the subsidiary level. As such, the transactions under each of the Multi-brand US Distribution Agreement and the Packaging Procurement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, as (i) each of ILG and other members of the ILG Group is a connected person of the Company at the subsidiary level; (ii) the respective terms of the Multi-brand US Distribution Agreement and the Packaging Procurement Agreement are on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) has approved the respective transactions under each of the Multi-brand US Distribution Agreement and the Packaging Procurement Agreement and confirmed that each of the Multi-brand US Distribution Agreement and the Packaging Procurement Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole, the transactions under each of the Multi-brand US Distribution Agreement and the Packaging Procurement Agreement are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules. None of the Directors has a material interest in any of the Multi-brand US Distribution Agreement and the Packaging Procurement Agreement.

DISTRIBUTION AGREEMENT FOR MULTI-BRAND WATCHES IN THE UNITED STATES

The Board hereby announces that on 28 July 2017, GWG entered into the Multi-brand US Distribution Agreement with ILG in relation to the sale of the Products by the ILG Group to GWG on wholesale basis for GWG's sale of the Products in the United States on the principal terms and conditions as set out below:

Multi-brand US Distribution Agreement

Date and parties

Date: 28 July 2017

Parties: (1) ILG, as supplier; and
(2) GWG, as distributor.

Principal terms of the Multi-brand US Distribution Agreement

During the term of the Multi-brand US Distribution Agreement, ILG (on behalf of other members of the ILG Group) has agreed to (i) grant GWG a non-exclusive right to market, sell and distribute the Products on retail basis in the United States (including via online shop for delivery in the United States); and (ii) sell the Products to GWG on wholesale basis pursuant to the terms and conditions thereof. GWG may place orders with ILG Group for purchase of the Products by delivering a purchase order which shall specify, among others, the quantity, models and other specifications of the Products, the expected delivery date(s), the delivery instructions and any other terms for the sale and purchase of the Products. ILG shall indicate to GWG as to whether it accepts such purchase orders so placed by GWG together with the aggregate purchase price for the Products so ordered within two business days from the date of delivery of such purchase orders.

The pricing of the Products varies and is not subject to any laws or government regulations, and there is no published reference price by any authority. Pursuant to the Multi-brand US Distribution Agreement, the purchase price per unit of Products to be supplied shall be an agreed percentage of discount (the "**Discount Percentage**") to the recommended retail price (the "**Recommended Retail Price**") of each of the Products in the United States from time to time informed by ILG Group to GWG. The Discount Percentage has been fixed and agreed by the parties, and has been expressly stipulated in the Multi-brand US Distribution Agreement.

Pursuant to the Multi-brand US Distribution Agreement, the terms and conditions for the sale and purchase of the Products by ILG and GWG (including the purchase price for the Products) shall be no less favourable as those obtained by ILG Group to its other distributors of the Products who are Independent Third Parties. Pursuant to the Multi-brand US Distribution Agreement, ILG Group shall supply to GWG up-to-date copies of the Recommended Retail Price of the Products from time to time and give GWG not less than one month's notice in writing of any alteration in such Recommended Retail Price.

To the best of the knowledge, information and belief of the Directors after making reasonable enquiry, in deciding the Recommended Retail Price of each of the Products, ILG Group, as a licensee of the brand owner to distribute Products globally, has to follow the pricing guidelines set by the brand owner and the market position of the relevant brand of the Products from time to time.

The terms and conditions of the Multi-brand US Distribution Agreement, including the Discount Percentage, have been determined and agreed among the parties after arms' length negotiation. In particular, in determining the Discount Percentage, the Group had taken into account the percentage of discount ILG Group offered to its other distributors of the Products who are Independent Third Parties (the "**Independent Distributors**") so as to ensure that the Discount Percentage so offered to GWG is fair and reasonable and no less favourable to the Group than that offered by ILG Group to its Independent Distributors.

In order to assess whether the Discount Percentage is fair and reasonable and no less favourable than that offered by ILG Group to Independent Distributors, the Group would make enquiries to ILG Group for the discount offered to its Independent Distributors every six months. The transactions under the Multi-brand US Distribution Agreement will also be subject to annual review by the independent non-executive Directors and the auditors of the Company under Rule 14A.55 and 14A.56 of the Listing Rules.

Before making any purchase order under the Multi-brand US Distribution Agreement, the Company would consider a number of factors, including but not limited to the demand of the Products in the market, and the costs, profit margin of the retail sale of the Products by the Group in the United States with reference to the combined effect of the Discount Percentage and the Recommended Retail Price.

The Directors considered that the above methods and procedures can ensure that the transactions contemplated under the Multi-brand US Distribution Agreement will be conducted on normal commercial terms and in the interests of the Company and its shareholders as a whole.

Under the Multi-brand US Distribution Agreement, there is no minimum amount for purchase of the Products from ILG, nor there be any exclusivity commitment or trade restrictions for GWG from selling or distributing watches of any other brands.

The Multi-brand US Distribution Agreement shall have a term of one year commencing from 1 July 2017 to 30 June 2018 (both dates inclusive).

Proposed annual cap for the year ending 30 June 2018

The Directors expect that the transaction amount for the transactions under the Multi-brand US Distribution Agreement for the year ending 30 June 2018 will not exceed the annual cap of HK\$15.6 million. The proposed annual cap is determined by the Directors by reference to the expected demands of the Products in the United States during the term of the Multi-brand US Distribution Agreement, the prevailing the Recommended Retail Price and the Discount Percentage.

Reasons for and benefits in the Multi-brand US Distribution Agreement

ILG Group is licensed by the brand owners of various trademarks to distribute the Products globally. The Group has been principally focusing on the manufacture of its Tian Wang watches and the retail sales of its Tian Wang and Balco watches, with the PRC as its principal market, and is also engaged in the global distribution of certain owned and licensed international brands of watches of the Group. The entering into of the Multi-brand US Distribution Agreement can further reinforce the Group's strategy to better utilise the Group's established global distributorship network, diversify the Group's product offering which can potentially bring additional revenue to the Group.

The Directors (including the independent non-executive Directors) considered the terms of the Multi-brand US Distribution Agreement and the related annual cap are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

PACKAGING PROCUREMENT AGREEMENT

The Board further announces that on 28 July 2017, TWB entered into the Packaging Procurement Agreement with Tremont in respect of the Packages and the Fixtures pursuant to the terms and conditions thereof. The principal terms and conditions of the Packaging Procurement Agreement are set out below:

Packaging Procurement Agreement

Date and parties

Date: 28 July 2017

Parties: (1) TWB, as principal; and
(2) Tremont, as agent.

Principal terms of the Packaging Procurement Agreement

Under the Packaging Procurement Agreement, it is agreed that whenever Tremont receives purchase order from the Group, Tremont shall (i) select the most reliable, efficient and cost effective manufacturers or factories for production of the Packages and the Fixtures; (ii) use its best endeavours to negotiate for the best available price with the most favourable terms and conditions obtainable for the procurement of the raw materials and manufacture of the Packages and the Fixtures; and (iii) maintain a list of existing and potential suppliers and manufacturers for the raw materials, the Packages and the Fixtures and shall at the request of the Group supply it with a copy of that list.

In consideration of the procurement under the Packaging Procurement Agreement, the Group shall pay the purchase price per unit of the Packages and the Fixtures, which shall be, depending on the complexity of the design, choice of raw materials and other requirements of production, at 110% or less of the cost of procurement and production in respect of such Packages and Fixtures.

Under the Packaging Procurement Agreement, there is no minimum amount nor exclusivity commitment for the Group to engage Tremont to the development and procurement of the Packages and the Fixtures. The Group is not restricted from engaging Independent Third Parties service provider(s) for comparable services.

The Packaging Procurement Agreement shall have a term of one year commencing from 1 July 2017 to 30 June 2018 (both dates inclusive) unless terminated earlier by a party serving three months notice in writing on the other party or otherwise pursuant to the terms and conditions of the Packaging Procurement Agreement.

Proposed annual cap for the year ending 30 June 2018

The Directors expect that the transaction amount for the transactions under the Packaging Procurement Agreement for the year ending 30 June 2018 will not exceed the annual cap of HK\$23.4 million. The proposed annual cap is determined by the Directors by reference to the expected demands of the Packages and the Fixtures for the Group's owned and licensed international brands of watches to be procured and manufactured under the Packaging Procurement Agreement during the term thereof and the prevailing market price of such services.

Reasons for and benefits in the Packaging Procurement Agreement

Before entering into of the Packaging Procurement Agreement, the Group has been purchasing the Packages and the Fixtures from other service providers which are Independent Third Parties such that the Group can place its focus in enhancing the sales and marketing of its watches. By entering into of the Packaging Procurement Agreement, the Group has the option to outsource the manufacture and procurement of the Packages and the Fixtures to Tremont in addition to other existing service providers and/or suppliers whenever it is more cost-efficient.

The Directors (including the independent non-executive Directors) considered the terms of the Packaging Procurement Agreement and the related annual cap are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

As (i) ILG is owned as to approximately 57.75% by Mr. Chainani and his brother; (ii) Mr. Chainani is the sole shareholder of IWG, being a substantial shareholder of TWB, a non-wholly owned subsidiary of the Company, each of ILG and other members of the ILG Group (including Tremont, which is owned as to 100% by ILG) is a connected person of the Company at the subsidiary level. As such, the transactions under each of the Multi-brand US Distribution Agreement and the Packaging Procurement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, as (i) each of ILG and other members of the ILG Group is a connected person of the Company at the subsidiary level; (ii) the respective terms of the Multi-brand US Distribution Agreement and the Packaging Procurement Agreement are on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) has approved the respective transactions under each of the Multi-brand US Distribution Agreement and the Packaging Procurement Agreement and confirmed that each of the Multi-brand US Distribution Agreement and the Packaging Procurement Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole, the transactions under each of the Multi-brand US Distribution Agreement and the Packaging Procurement Agreement are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules. None of the Directors has a material interest in any of the Multi-brand US Distribution Agreement and the Packaging Procurement Agreement.

INFORMATION OF THE GROUP

The Group is principally engaged in the manufacture of its Tian Wang watches, the retail sales of its Tian Wang and Balco watches, retail sales of other brands watches in the PRC, design, manufacture and global distribution of certain owned and licensed international brands of watches, and the ancillary trading of watch movements business.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Company”	Time Watch Investments Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Fixtures”	fixtures used in points of sales for the watches bearing the trademarks owned by or licensed to the Group
“Group”	the Company and its subsidiaries
“GWG”	Geneva Watch Group, Inc., a limited liability company incorporated in United States and an indirect non-wholly-owned subsidiary of the Company
“ILG”	ILG of Switzerland Ltd, a limited liability company incorporated in Switzerland which is owned as to approximately 57.75% by Mr. Chainani and his brother
“ILG Group”	collectively, ILG and its subsidiaries from time to time
“Independent Third Party(ies)”	party or parties which, as far as the Directors are aware of after having made all reasonable enquiries, is/are not connected persons (as defined under the Listing Rules) of the Company
“IWG”	International Watch Group Limited, a limited liability company incorporated in Hong Kong and a minority shareholder of TWB which is wholly owned by Mr. Chainani

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chainani”	Mr. Pishu Vashdev Chainani, a United Arab Emirates individual being the sole shareholder of IWG
“Multi-brand US Distribution Agreement”	a distribution agreement dated 28 July 2017 and entered into between GWG and ILG pursuant to which ILG (on behalf of other members of the ILG Group) has agreed to (i) grant GWG a non-exclusive right to market, sell and distribute the Products on retail basis in the United States; and (ii) sell the Products to GWG on wholesale basis pursuant to the terms and conditions thereof
“Packages”	packages for watches bearing the trademarks owned by or licensed to the Group
“Packaging Procurement Agreement”	a services agreement dated 28 July 2017 and entered into between TWB and Tremont in connection with the provision of procurement and manufacture services in respect of the Packages and the Fixtures pursuant to the terms and conditions thereof
“PRC”	the People’s Republic of China
“Products”	watch(es) which carry the trademarks licensed to the ILG Group by their respective brand owners
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tremont”	Tremont HK Limited, a limited liability company incorporated in Hong Kong, which is owned as to 100% by ILG

“TWB” TWB Investments Limited, a limited liability company incorporated in Hong Kong and an indirect non-wholly owned subsidiary of the Company which is owned as to 51% by the Group and as to 49% by IWG

“%” per cent.

By the order of the Board
Time Watch Investments Limited
Tung Koon Ming
Chairman and Executive Director

Hong Kong, 28 July 2017

As at the date of this announcement, the executive Directors are Mr. Tung Koon Ming, Mr. Hou Qinghai, Mr. Tung Wai Kit and Mr. Deng Guanglei; and the independent non-executive Directors are Mr. Ma Ching Nam, Mr. Wong Wing Keung Meyrick and Mr. Choi Ho Yan.