

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 IN RELATION TO THE MASTER SUPPLY AGREEMENT**

### **THE MASTER SUPPLY AGREEMENT**

On 28 June 2024, the Company (as supplier) entered into the Master Supply Agreement with ILG (as purchaser), pursuant to which, the Group agreed to supply watches and watch movements to members of the ILG Group.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, ILG is owned as to approximately 67.8% by Mr. Chainani and his brother and Mr. Chainani is the sole shareholder of IWG, which in turn holds 49.0% of the issued share capital of TWB, an indirect non-wholly owned subsidiary of the Company. Accordingly, each of ILG and other members of the ILG Group is a connected person of the Company at the subsidiary level. As such the transactions under the Master Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The highest applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Annual Caps is higher than 1% but less than 5%. By virtue of Rule 14A.101 of the Listing Rules, given that (i) ILG is a connected person of the Company at the subsidiary level; and (ii) the Board (including all the independent non-executive Directors) has approved the transactions and confirmed that the transactions under the Master Supply Agreement are on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Master Supply Agreement are subject to the reporting and announcement requirements but are exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## THE MASTER SUPPLY AGREEMENT

On 28 June 2024, the Company (as supplier) entered into the Master Supply Agreement with ILG (as purchaser), pursuant to which, the Company (for itself and as trustee for the benefit of the members of the Group) agreed to supply watches and watch movements to members of the ILG Group.

Principal terms of the Master Supply Agreement are set out as follows:

Date	28 June 2024
Parties	(1) the Company (for itself and as trustee for the benefits of the members of the Group), as supplier; and  (2) ILG (for itself and as trustee for the benefits of the members of the ILG Group), as purchaser.
Term	From 1 July 2024 to 30 June 2026 (both days inclusive)
Subject matter	<p>Pursuant to the Master Supply Agreement, the ILG Group agreed to purchase and the Group agreed to supply, from time to time during the term of the Master Supply Agreement, watch movements and watches produced on OEM basis.</p> <p>Members of ILG Group may from time to time seek quotations from the Group for the purchase of watch movements or watches and place orders with the Group by way of purchase orders, which shall specify, amongst other matters, the quantity, specifications, price, time and place of delivery and the relevant member of the Group shall confirm to the ILG Group whether it accepts such purchase orders. The payment terms shall be specified in the respective purchase order and shall normally be within 30 to 45 days from the date of delivery.</p>
Pricing	<p>The purchase price of watch movements and watches under the Master Supply Agreement shall be such unit price quoted by the Group and specified in the respective purchase order, provided that, in any event, the unit purchase price of each of the watch movements or watches shall not be more favorable than the price offered by the Group to other customers who are Independent Third Parties for similar products and sale volume.</p>

## **HISTORICAL AMOUNTS AND ANNUAL CAPS**

During the year ended 30 June 2021, 2022 and 2023 and the eleven months ended 31 May 2024, the revenue generated from the supply of watch movements and watches to ILG Group amounted to HK\$3.1 million, HK\$6.8 million, HK\$2.9 million and HK\$2.7 million, respectively. As all of the applicable percentage ratios in respect of the transactions amounts, on an aggregated basis, between the Group and ILG Group during each of the year ended 30 June 2021, 2022 and 2023 for the supply of watch movements and watches are below 1%, the transactions were fully exempted from the reporting, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, based on the estimated total transaction amounts between the Group and ILG Group for the year ending 30 June 2024, it is expected that all of the applicable percentage ratios would be below 1% and the transactions would be fully exempted from the requirements under Chapter 14A of the Listing Rules.

Based on (i) the historical transaction amounts; (ii) the market price of watch movements and estimated production costs for watches; and (iii) the expected demand for watch movements and watches from ILG Group, it is expected that the annual transaction amounts payable by ILG Group for the purchase of watch movements and watches from the Group (the “**Annual Caps**”) will not exceed HK\$30.0 million for each of the financial year ending 30 June 2025 and 2026.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER SUPPLY AGREEMENT**

The Group has been primarily supplying watch movements for quartz watches to ILG Group in previous years and it is expected that there will be an increase in the demand from ILG Group, in particular for the supply of watch movements for mechanical watches and OEM production of watches. In view of the long business relationship between the Group and ILG Group, the Directors consider that the entering into of the Master Supply Agreement would further enhance the cooperation between the Group and ILG Group and the revenue stream of the Group.

The Directors (including the independent non-executive Directors) considered that the terms of the Master Supply Agreement and the Annual Caps are on normal commercial terms or better, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

None of the Directors attending the relevant Board meeting has any material interest in the Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps), and none of the Directors present at the Board meeting has abstained from voting on the relevant Board resolutions approving the Master Supply Agreement.

## **INTERNAL CONTROL ON PRICING POLICY**

The Group has adopted the following policy to monitor and govern the transactions between the Group and ILG Group:

1. the Group shall from time to time maintain updated price list for each type of watch movements offered by the Group to its customers (including Independent Third Party customers). Relevant members of the Group shall make reference to the price list before providing quotation to ILG Group for the purchase of watch movements;
2. for OEM production of watches, the relevant members of the Group shall provide quotations to ILG Group based on the costs for the required components and production costs for the specific order, plus a mark-up rate which shall be no less than the mark-up rate charged to customers which are Independent Third Parties, taking into account the specifications and quantity of the relevant orders;
3. the independent non-executive Directors will conduct annual review on the continuing connected transactions to confirm whether the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
4. the auditors of the Company will conduct annual review on the continuing connected transactions of the Group to confirm that the continuing connected transactions (i) have been approved by the Board; (ii) were in all material respects, in accordance with the pricing policies of the Group; (iii) were entered into, in all material respects, in accordance with the relevant agreement governing them; and (iv) have not exceeded the Annual Caps.

## **INFORMATION OF THE PARTIES**

The Company is a company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in the manufacturing, wholesale and retail business of watches in the PRC.

ILG Group is principally engaged in, among other business, the OEM and original design manufacturing of different brands of watches, and the global distribution of multi-brand watches. To the best knowledge and belief of the Directors, as at the date of this announcement, ILG is ultimately held as to approximately 67.8% by Mr. Chainani and his brother, 19.6% by Mr. Christian Fromnherz, 7.4% by Mr. Tung Koon Ming (an executive Director) and 5.2% by Mr. Padamkumar Baid. Save for Mr. Chainani, his brother and Mr. Tung Koon Ming, each of the other shareholders of ILG is an Independent Third Party.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, ILG is owned as to approximately 67.8% by Mr. Chainani and his brother and Mr. Chainani is the sole shareholder of IWG, which in turn holds 49.0% of the issued share capital of TWB, an indirect non-wholly owned subsidiary of the Company. Accordingly, each of ILG and other members of the ILG Group is a connected person of the Company at the subsidiary level. As such the transactions under the Master Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The highest applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Annual Caps is higher than 1% but less than 5%. By virtue of Rule 14A.101 of the Listing Rules, given that (i) ILG is a connected person of the Company at the subsidiary level; and (ii) the Board (including all the independent non-executive Directors) has approved the transactions and confirmed that the transactions under the Master Supply Agreement are on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Master Supply Agreement are subject to the reporting and announcement requirements but are exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions 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

“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ILG”	ILG of Switzerland Ltd, a limited liability company incorporated in Switzerland which is owned as to approximately 67.8% by Mr. Chainani and his brother
“ILG Group”	collectively, ILG and its subsidiaries
“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 which is wholly owned by Mr. Chainani and a minority shareholder of TWB
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Master Supply Agreement”	The master supply agreement dated 28 June 2024 entered into between the Company and ILG
“Mr. Chainani”	Mr. Pishu Vashdev Chainani, a United Arab Emirates individual and the sole shareholder of IWG
“OEM”	Original equipment manufacturer

“PRC”	the People’s Republic of China
“Shares”	shares of HK\$0.1 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 51.0% by the Group and as to 49.0% by IWG
“%”	per cent.

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

Hong Kong, 28 June 2024

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