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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) TERMINATION OF EUROPE SALES AGENCY AGREEMENT; AND (2) SUPPLEMENTAL AGREEMENT TO ADMINISTRATIVE SERVICES AGREEMENT

TERMINATION OF THE EUROPE SALES AGENCY AGREEMENT

As the Group has established its own sales network for KC/TB Watches in the Europe Region and no longer requires Swiss Fashion Time to provide the services contemplated under the Europe Sales Agency Agreement, TWB and Swiss Fashion Time entered into termination deed on 16 February 2017 to terminate the Europe Sales Agency Agreement with retrospective effect from 31 January 2017.

SUPPLEMENTAL AGREEMENT TO THE ADMINISTRATIVE SERVICES AGREEMENT

On 16 February 2017, TWB entered into the Supplemental Administrative Services Agreement with Fortune Concept in relation to the revision of the services fee of the Administrative Services under the Administrative Services Agreement from HK\$230,000 per month to HK\$198,000 per month with effect from 1 March 2017. It is expected that, following the entering into of the Supplemental Administrative Services Agreement, the services fee payable by TWB under the Administrative Services Agreement for the year ending 30 June 2017 will not exceed the annual cap of HK\$1,942,000.

IMPLICATION UNDER THE LISTING RULES

As (i) ILG is owned as to approximately 57.8% by Mr. Chainani and his brother and approximately 22.9% by Mr. Frommherz; (ii) Mr. Chainani is the sole shareholder of IWG which in turn holds 49% of issued share capital of TWB; and (iii) Fortune Concept is wholly owned by ILG, each of ILG and other members of the ILG Group (including Fortune Concept) is a connected person of the Company at the subsidiary level. As such, the transactions under the Supplemental Administrative Services 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) Fortune Concept is a connected person of the Company at the subsidiary level; (ii) the terms of the Supplemental Administrative Services Agreement are on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) has approved the transactions and confirmed that the Supplemental Administrative Services 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 the Supplemental Administrative Services 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 Supplemental Administrative Services Agreement.

Reference is made to the Announcement in relation to, among others, the Europe Sales Agency Agreement and the Administrative Services Agreement. This announcement is made by the Company pursuant to Rule 14A.35 of the Listing Rules.

TERMINATION OF THE EUROPE SALES AGENCY AGREEMENT

As disclosed in the Announcement, pursuant to the Europe Sales Agency Agreement entered into between TWB and Swiss Fashion Time on 28 September 2016, Swiss Fashion Time was appointed by the Group as its agent for the sales of KC/TB Watches in the Europe Region pursuant to the terms and conditions thereof.

The Board hereby announces that as the Group has established its own sales network for KC/TB Watches in the Europe Region and no longer requires Swiss Fashion Time to provide the services contemplated under the Europe Sales Agency Agreement, TWB and Swiss Fashion Time entered into termination deed on 16 February 2017 to terminate the Europe Sales Agency Agreement with retrospective effect from 31 January 2017. The Board considers that the termination of the Europe Sales Agency Agreement is in line with the Group's business strategy, in the interests of the Company and its shareholders as a whole and will not have any material adverse impact on the operation, business nor financial position of the Group.

SUPPLEMENTAL AGREEMENT TO THE ADMINISTRATIVE SERVICES AGREEMENT

As disclosed in the Announcement, pursuant to the Administrative Services Agreement entered into between TWB and Fortune Concept on 28 September 2016, Fortune Concept shall provide the Administrative Services to the Group in consideration of a service fee of HK\$230,000 per month to be paid by TWB to Fortune Concept.

The Board hereby announces that on 16 February 2017, TWB entered into the Supplemental Administrative Services Agreement with Fortune Concept in relation to the revision of the services fee of the Administrative Services under the Administrative Services Agreement from HK\$230,000 per month to HK\$198,000 per month with effect from 1 March 2017. Save as disclosed above, all the existing major terms and conditions of the Administrative Services Agreement remain unchanged.

Revised annual cap for the year ending 30 June 2017

Following the entering into of the Supplemental Administrative Services Agreement, the Directors expect that the services fee payable by TWB under the Administrative Services Agreement for the year ending 30 June 2017 will not exceed the annual cap of HK\$1,942,000. The revised annual cap is determined by the Directors based on the revised services fee payable by TWB as agreed under the Supplemental Administrative Services Agreement.

Reasons for and benefits in the Supplemental Administrative Services Agreement

Following the entering into of the Administrative Services Agreement, the Group has established its in-house capability and network to handle part of the Administrative Services itself. As less Administrative Services would be required from Fortune Concept, TWB entered into the Supplemental Administrative Services Agreement to reduce the services fee payable by TWB under the Administrative Services Agreement.

The Directors (including the independent non-executive Directors) considered the terms of the Supplemental Administrative Services Agreement and the related revised 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 57.8% by Mr. Chainani and his brother and approximately 22.9% by Mr. Frommherz; (ii) Mr. Chainani is the sole shareholder of IWG which in turn holds 49% of issued share capital of TWB; and (iii) Fortune Concept is wholly owned by ILG, each of ILG and other members of the ILG Group (including Fortune Concept) is a connected person of the Company at the subsidiary level. As such, the transactions under the Supplemental Administrative Services 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) Fortune Concept is a connected person of the Company at the subsidiary level; (ii) the terms of the Supplemental Administrative Services Agreement are on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) has approved the transactions and confirmed that the Supplemental Administrative Services 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 the Supplemental Administrative Services 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 Supplemental Administrative Services Agreement.

INFORMATION OF THE GROUP AND FORTUNE CONCEPT

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.

Fortune Concept, a company incorporated in Hong Kong with limited liability, is principally engaged in the business of distributing and retailing of various international brands of watches and related accessories in the Far East and Asia Pacific region.

TERMS USED IN THIS ANNOUNCEMENT

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

“Administrative Services”	provision of administrative services by Fortune Concept in relation to the Group’s sales of the Multi-brand Watches in the Territory pursuant to the terms and conditions of the Administrative Services Agreement
“Administrative Services Agreement”	a services agreement dated 28 September 2016 and entered into between TWB and Fortune Concept in connection with the provision of Administrative Services by Fortune Concept pursuant to the terms and conditions thereof

“Announcement”	announcement of the Company dated 28 September 2016 in relation to, among others, the Europe Sales Agency Agreement and the Administrative Services Agreement
“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
“Europe Region”	all the countries and cities in Europe
“Europe Sales Agency Agreement”	an agency agreement dated 28 September 2016 and entered into between TWB and Swiss Fashion Time in connection with the appointment of Swiss Fashion Time as agent for the sales of KC/TB Watches in the Europe Region pursuant to the terms and conditions thereof
“Fortune Concept”	Fortune Concept Limited, a limited liability company incorporated in Hong Kong which is wholly owned by ILG
“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 57.8% by Mr. Chainani and his brother, approximately 22.9% by Mr. Frommherz and approximately 19.3% by Independent Third Parties
“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
“KC/TB Watches”	watch(es) which carry(ies) the trademarks of “Kenneth Cole” or (as the case may be) “Ted Baker”
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chainani”	Mr. Pishu Vashdev Chainani, a United Arab Emirates individual and the sole shareholder of IWG
“Mr. Frommherz”	Mr. Christian Marcal Frommherz, a Swiss individual and a director of GWG
“Multi-brand Watches”	multi-brand watches and accessories of the Group or those of which the Group is licensed to distribute
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Administrative Services Agreement”	the supplemental agreement dated 16 February 2017 and entered into between TWB and Fortune Concept in relation to the revision of the services fee of the Administrative Services under the Administrative Services Agreement
“Swiss Fashion Time”	Swiss Fashion Time GmbH, a company incorporated in Switzerland which is wholly owned by ILG

“Territory”	any place in the world, other than the United States
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 16 February 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.