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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)

**CONNECTED TRANSACTION –
ACQUISITION OF PROPERTY**

THE ACQUISITION

On 30 June 2021, the Purchaser, a direct wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor as the vendor and Mr. Michael Tung as the guarantor pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the entire issued share capital of the Target Company at a consideration of HK\$84,696,171.21. The Target Company is the sole legal and beneficial owner of the Property.

IMPLICATION UNDER THE LISTING RULES

As the Vendor is wholly-owned by Mr. Michael Tung (being an executive Director), the Vendor is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company. As one or more of the applicable percentage ratios in respect of the Acquisition under the Sale and Purchase Agreement exceeds 0.1% but is less than 5%, the Acquisition is subject to reporting and announcement requirements but is exempt from the circular and independent Shareholders' approval under Chapter 14A of the Listing Rules.

INTRODUCTION

On 30 June 2021, the Purchaser, a direct wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor as the vendor and Mr. Michael Tung as the guarantor pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the entire issued share capital of the Target Company at a consideration of HK\$84,696,171.21. The principal terms of the Sale and Purchase Agreement are set out as follows:

Date of the Sale and Purchase Agreement

30 June 2021

Parties

- (1) the Vendor as the vendor
- (2) the Purchaser as the purchaser
- (3) Mr. Michael Tung as the guarantor

Consideration

The consideration for the Acquisition is HK\$84,696,171.21, which shall be payable by the Purchaser by way of cash upon completion of the Sale and Purchase Agreement.

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the net asset value of the Target Company as at 29 June 2021. The consideration will be financed by the Group's internal resources. The original acquisition cost of the Property by the Vendor was approximately HK\$52.8 million.

Mr. Michael Tung shall act as the guarantor to the Vendor for the performance and obligations of the Vendor under the Sale and Purchase Agreement.

Completion

The completion of the Acquisition has taken place on 30 June 2021.

The Property

The Property is a commercial property and 4 car parking spaces with a gross floor area of approximately 12,805 square feet and is currently leased to the Group pursuant to the tenancy agreement dated 29 June 2020 entered between the Target Company as the landlord and the Group as the tenant for a term commencing from 1 July 2020 until 30 June 2021 (“**Tenancy Agreement**”). After the Acquisition, the Property will continue to be used as the Group’s headquarters and principal place of business in Hong Kong.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has entered into the Tenancy Agreement for the lease of the Property and the lease will expire on 30 June 2021. The Board believes that the Acquisition could secure the continual use of the Property by the Group, while at the same time saves the Group’s rental expenses. By acquiring the Property through the Acquisition, the Group may also enjoy potential capital appreciation in the future.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement and the transaction contemplated thereunder are on normal commercial terms and in the ordinary course of business of the Company and are fair and reasonable and in the interests of the shareholders of the Company and the Company as a whole.

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 and the ancillary trading of watch movements business.

INFORMATION OF THE VENDOR AND THE TARGET COMPANY

The Vendor is ultimately wholly owned by Mr. Michael Tung and its principal activity is investment holding.

The Target Company is a company incorporated in the BVI with limited liability and is principally engaged in investment holding.

The unaudited financial results of the Target Company are set out as follows:

	For the year ended 30 June	
	2019	2020
	<i>(HK\$)</i>	<i>(HK\$)</i>
Profit before tax	1,171,786	1,422,503
Profit after tax	825,287	1,422,503

As at 29 June 2021, the unaudited net asset value of the Target Company was HK\$84,696,171.21.

IMPLICATION UNDER THE LISTING RULES

As the Vendor is wholly-owned by Mr. Michael Tung (being an executive Director), the Vendor is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company. As one or more of the applicable percentage ratios in respect of the Acquisition under the Sale and Purchase Agreement exceeds 0.1% but is less than 5%, the Acquisition is subject to reporting and announcement requirements but is exempt from the circular and independent Shareholders' approval under Chapter 14A of the Listing Rules.

Save for Mr. Michael Tung, being the guarantor to, and the ultimate beneficial owner of, the Vendor, Mr. Tung Wai Kit, being the son of Mr. Michael Tung, and Mr. Tung Koon Kwok Dennis, being the brother of Mr. Michael Tung, none of the other Directors has or is deemed to have a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder. Mr. Michael Tung, Mr. Tung Wai Kit and Mr. Tung Koon Kwok Dennis have abstained from voting on the relevant board resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire issued share capital of the Target Company by the Purchaser pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Time Watch Investments Limited (時計寶投資有限公司), 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)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Michael Tung”	Mr. Tung Koon Ming (董觀明), the chairman of the Board, chief executive officer of the Company and an executive Director
“Shareholder(s)”	holder(s) of the shares of the Company

“Sale and Purchase Agreement”	the sale and purchase agreement dated 30 June 2021 entered between the Vendor, the Purchaser and Mr. Michael Tung as the guarantor for the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Purchaser”	Immense Ocean Investments Limited, a company incorporated in the BVI with limited liability and a direct wholly owned subsidiary of the Company
“Property”	Workshops 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 15 and 16 on 27th Floor, and four car parking spaces at CEO Tower, No. 77 Wing Hong Street, Kowloon, Hong Kong
“Target Company”	Winning Asia Holdings Group Limited (偉明亞洲控股集團有限公司), a company incorporated in the BVI with limited liability, the shares of which are indirectly wholly-owned by Mr. Michael Tung
“Vendor”	Red Frame Group Limited, a company incorporated in the BVI with limited liability and is wholly owned by Mr. Michael Tung
“%”	per cent.

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

Hong Kong, 30 June 2021

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