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## **Time2U International Holding Limited**

**時間由你國際控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1327)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014**

#### ***FINANCIAL HIGHLIGHTS***

- Revenue for the year ended 31 December 2014 amounted to approximately RMB722.7 million (2013 approximately RMB580.4 million), representing an increase of approximately 24.5% as compared with the preceding year.
- Gross profit for the year ended 31 December 2014 was approximately RMB240.6 million (2013: approximately RMB188.7 million), representing an increase of approximately 27.5% as compared with the preceding year.
- Net profit for the year ended 31 December 2014 was approximately RMB117.8 million (2013: approximately RMB84.7 million), representing an increase of approximately 39.1% as compared with the preceding year.
- No dividend is proposed by the Board for the year ended 31 December 2014.

The board (the "Board") of Directors (the "Directors") of Time2U International Holding Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014 together with the comparative figures for the corresponding period in 2013 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Revenue	5	<b>722,722</b>	580,446
Cost of sales		<b>(482,077)</b>	(391,697)
Gross profit		<b>240,645</b>	188,749
Other income and gain	6	<b>2,064</b>	1,621
Selling and distribution expenses		<b>(37,211)</b>	(30,424)
Administrative expenses		<b>(36,970)</b>	(30,584)
Share of loss on an associate		<b>(1,003)</b>	(1,020)
Finance costs	7	<b>(6,536)</b>	(12,727)
Profit before taxation		<b>160,989</b>	115,615
Taxation	8	<b>(43,207)</b>	(30,870)
Profit for the year	9	<b>117,782</b>	84,745
<b>Other comprehensive income, net of tax</b>			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		<b>51</b>	1,308
Other comprehensive income for the year, net of tax		<b>51</b>	1,308
Total comprehensive income for the year		<b>117,833</b>	86,053
Profit/(loss) for the year attributable to:			
Owners of the Company		<b>115,165</b>	85,227
Non-controlling interests		<b>2,617</b>	(482)
		<b>117,782</b>	84,745
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		<b>115,216</b>	86,535
Non-controlling interests		<b>2,617</b>	(482)
		<b>117,833</b>	86,053
<b>Earnings per share attributable to owners of the Company</b>			
Basic and diluted (RMB) (cents)	11	<b>17.88</b>	13.23

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Interests in associates		151	1,036
Property, plant and equipment		224,965	219,109
Prepaid lease payments		13,240	13,567
Prepayments for acquisition of property, plant and equipment		—	11,424
		<b>238,356</b>	245,136
<b>Current assets</b>			
Prepaid lease payments		327	327
Inventories		115,469	98,229
Trade receivables	12	87,913	100,795
Deposits, prepayments and other receivables		7,792	15,255
Cash and bank balances		82,763	85,551
		<b>294,264</b>	300,157
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	13	44,675	24,545
Accruals and other payables		29,731	22,353
Amount due to a shareholder		—	10,477
Amount due to a related company		—	5,691
Income tax payables		7,115	9,763
Borrowings		26,050	181,160
		<b>107,571</b>	253,989
<b>Net current assets</b>		<b>186,693</b>	46,168
<b>Total assets less current liabilities</b>		<b>425,049</b>	291,304
<b>Net assets</b>		<b>425,049</b>	291,304
<b>Equity</b>			
Share capital	14	1	—
Reserves		405,604	291,304
Equity attributable to owners of the Company		405,605	291,304
Non-controlling interests		19,444	—
Total equity		<b>425,049</b>	291,304

# **NOTES TO FINANCIAL STATEMENTS**

## **1. GENERAL INFORMATION**

The Company was incorporated in Cayman Island on 3 December 2012 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented and otherwise modified from time to time. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at 9/F, ICBC Asia Building, 122 Queen's Road Central, Central, Hong Kong.

The Company is an investment company. The Group is principally engaged in the manufacture and sales of own-branded watches, original equipment manufacturing ("OEM") watches and third-party watches.

## **2. BASIS OF PREPARATION**

### **Statement of compliance**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing rule") and by the Hong Kong Companies Ordinance (Cap. 32).

The consolidated financial statements have been prepared on the historical cost basis except for buildings and certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, the following new standard, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Company’s financial year beginning 1 January 2014. A summary of the new HKFRSs are set out as below:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

The nature of the impending changes in accounting policy on adoption is described below.

#### **Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities**

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group’s consolidated financial statements.

### **3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)**

#### **Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities**

The Group has applied the amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

#### **Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets**

The Group has applied the amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

#### **Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting**

The Group has applied the amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

#### HK(IFRIC) - Int 21 Levies

The Group has applied HK(IFRIC) - Int 21 Levies for the first time in the current year. HK(IFRIC) - Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) - Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations <sup>5</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>5</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>5</sup>
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions <sup>4</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle <sup>6</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>6</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

The Directors do not anticipate that the application of other HKFRSs will have a material impact on the Group's consolidated financial statements.

#### 4. OPERATING SEGMENT

Information reported internally to the chief operating decision makers for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group currently operates in one business segment in manufacturing, trading and retailing business of watches. A single management team reports to the chief operating decision makers who comprehensively manages the entire business. Accordingly, the Group does not have separately reportable segments.

##### Turnover from major products

	2014 RMB'000	2013 RMB'000
Branded watches:		
Time2U Watch	136,140	105,934
Color Watch	170,591	112,305
Jonquet Watch	55,049	48,942
OEM watches	354,885	302,386
Third-party watches	6,057	10,879
	<b>722,722</b>	580,446

##### Geographical information

The Group's operations and non-current assets are located in the PRC. The Group's revenue from external customers based on the location of the customers is detailed as below:

	2014 RMB'000	2013 RMB'000
The PRC	617,574	507,223
Asia (excluding the PRC)	30,749	31,859
America	25,570	16,011
Europe	48,601	25,217
Africa	201	109
Oceania	27	27
	<b>722,722</b>	580,446

##### Information about major customers

Revenue from customers contributing over 10% of total sales of the Group during the year ended are as follows:

	2014 RMB'000	2013 RMB'000
Customer A	75,486	61,135



## 5. REVENUE

	2014 RMB'000	2013 RMB'000
Branded watches	<b>361,780</b>	267,181
OEM watches	<b>354,885</b>	302,386
Third-party watches	<b>6,057</b>	10,879
	<b>722,722</b>	580,446

## 6. OTHER INCOME AND GAIN

	2014 RMB'000	2013 RMB'000
Bank interest income	<b>407</b>	384
Sale of scrap material	<b>99</b>	99
Sundry income	<b>21</b>	11
Government grant	<b>1,514</b>	344
Gain on deemed disposal of a subsidiary	<b>—</b>	783
Gain on disposal of property, plant and equipment	<b>23</b>	—
	<b>2,064</b>	1,621

## 7. FINANCE COSTS

	2014 RMB'000	2013 RMB'000
Interest on borrowings wholly repayable within five years	<b>6,536</b>	12,727

## 8. TAXATION

	2014 RMB'000	2013 RMB'000
Income tax expense - current year	<b>43,207</b>	30,870

### Hong Kong

Hong Kong profits tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profit for the year ended 31 December 2014.

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising from Hong Kong for the years ended 31 December 2014 and 31 December 2013.

### The PRC

The PRC Enterprise Income Tax ("PRC EIT") is calculated at the applicable tax rates in accordance with the relevant laws and regulations in the PRC.

Under the PRC Enterprise Income Tax Law (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of a PRC subsidiary is 25% from 1 January 2008 onwards.

## 9. PROFIT FOR THE YEAR

	2014 RMB'000	2013 RMB'000
Profit for the year has been arrived at after charging:		
Directors' remuneration	<b>586</b>	507
Other staff costs:		
Salaries and other benefits	<b>52,953</b>	44,462
Retirement benefit schemes contributions	<b>7,643</b>	6,270
Total employee expenses	<b>60,596</b>	50,732
Advertising expenses	<b>13,778</b>	9,197
Auditor's remuneration	<b>1,200</b>	56
Amortisation of prepaid lease payments	<b>327</b>	327
Cost of inventories recognised as an expense	<b>482,077</b>	391,697
Depreciation of property, plant and equipment	<b>38,708</b>	33,331
Operating lease rental expenses in respect of rented premises	—	149
Research and development	<b>4,463</b>	2,590
Listing expenses	<b>6,661</b>	2,751

## 10. DIVIDENDS

The Board do not recommend the payment of any dividend for the year ended 31 December 2014 (2013: Nil).

## 11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company and on the assumption that the proposed 644,000,000 ordinary shares in issue, comprising 96,370 shares in issue as at the date of this prospectus and 643,903,630 shares to be issued pursuant to the capitalisation.

Diluted earnings per share were same as the basic earnings per share as there were no potential dilutive ordinary shares in existences during the years ended 31 December 2014 and 2013.

## 12. TRADE RECEIVABLES

The ageing analysis of trade receivables based on the invoice date at the end of the reporting period is as follows:

	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
0 to 30 days	<b>43,342</b>	63,369
31 to 60 days	<b>31,689</b>	36,293
61 to 90 days	<b>11,828</b>	682
91 to 180 days	<b>466</b>	16
Over 180 days	<b>588</b>	435
	<b>87,913</b>	100,795

The Group generally allows credit period of 0 to 60 days to its trade customers.

## 13. TRADE PAYABLES

The following is an ageing analysis of trade payables at the end to each reporting period:

The credit period on purchase of goods is 0 to 60 days.

## 14. SHARE CAPITAL

### Authorised share capital

The Company was incorporated in the Cayman Island under the Companies Law as an exempted company with limited liability on 3 December 2012, with an initial authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each.

### Issued share capital

On the date of incorporation, 10,000 shares of HK\$0.10 each of the Company were allotted and issued. The entire issued share capital of the Company was owned by Visual Wise Limited (“Visual Wise”) 8,827 shares as to 88.27%, by Fortune Swiss Limited (“Fortune Swiss”) 640 shares as to 6.4% and by Full Wealthy Year Limited (“Full Wealthy Year”) 533 shares as to 5.33%.

On 13 May 2014, an investment agreement (the “Investment Agreement”) was entered into between the Company, Celestial Award Limited (“Celestial Award”), Visual Wise and Mr. Lin for the subscription of 5,810 shares, at a cash consideration of HK\$20,000,000 (equivalent to RMB15,912,000).

The consideration was determined with reference to the valuation of our Group by Celestial Award, and was fully settled on 16 May 2014. On 19 May 2014, in anticipation of the pre-IPO investment by Celestial Award, our Company allotted and issued at par value 71,110 shares to Visual Wise, 5,156 shares to Fortune Swiss and 4,294 shares to Full Wealthy Year, respectively. On the same date, pursuant to the Investment Agreement, our Company allotted and issued 5,810 shares, credited as fully paid, to Celestial Award.

Upon completion of the aforesaid allotments, the entire issued share capital of the Company was owned by Visual Wise 79,937 shares as to 82.95%, by Celestial Award 5,810 shares as to 6.03%, by Fortune Swiss 5,796 shares as to 6.01% and by Full Wealthy Year 4,827 shares as to 5.01%.

## **BUSINESS REVIEW**

The Group is a domestic watch brand-owner of economical quartz analogue watches and an OEM manufacturer of quartz analogue watches in the PRC. The Group have two principal lines of business operations, namely the design, production and assembly of watches for our OEM customers and the design, manufacture and sale of watches under the brand namely Time2U, Jonquet and sub-brand namely Color.

The Group has been listed successfully on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 30 January 2015 which enhanced the Group's reputation, strengthened the corporate governance and compliance management, as well as established a good foundation for its further expansion.

The global quartz watch retail market is predicted to grow at a slow pace from 2014 to 2016. With the intensifying competition in quartz watch market, the Group will continue its focus on expansion our branded watches business operation domestically and internationally by intensifying our marketing activities to promote our brand awareness as well as establishment of comprehensive on-line sales platform.

Going forward, strengthening our core competitiveness by improving our watch design and development capabilities through enhancing the design knowledge of existing design team and recruitment of additional talents as well as establishing mould design and fabrication centre for production of moulds in-house. Aligned with upgrading our manufacturing facilities and equipment to improve our production efficiency and capacities. In this way, the Company's financial performance can be strengthened and optimal benefits will be brought to its shareholders.

## **FINANCIAL REVIEW**

### **Revenue**

Our revenue increased by RMB142.3 million or 24.5% from RMB580.4 million for the year ended 31 December 2013 to RMB722.7 million for the year ended 31 December 2014. The increase in revenue was mainly attributable to increase in sales volume of our branded watches, and the increase in demand for our OEM watches.

### **Cost of sales**

Our cost of sales increased by RMB90.4 million or 23.1% from RMB391.7 million for the year ended 31 December 2013 to RMB482.1 million for the year ended 31 December 2014. The increase primarily reflected the increase in revenue by 24.5% for the year.

### **Gross profit and gross profit margin**

Our gross profit increased by RMB51.9 million or 27.5% from RMB188.7 million for the year ended 31 December 2013 to RMB240.6 million for the year ended 31 December 2014. Our overall gross profit margin also slightly increased from 32.5% for the year ended 31 December 2013 to 33.3% for the year ended 31 December 2014.

### **Other income and gain**

Our other income and gain increased by RMB0.5 million or 31.3% from RMB1.6 million for the year ended 31 December 2013 to RMB2.1 million for the year ended 31 December 2014. The increase was primarily attributable to a number of one-off government grants we received for the year.

### **Selling and distribution expenses**

Our selling and distribution expenses increased by RMB6.8 million or 22.4% from RMB30.4 million for the year ended 31 December 2013 to RMB37.2 million for the year ended 31 December 2014. The increase was primarily attributable to the increase in salaries and staff benefits by RMB1.0 million as a result of (i) the increase in number of our sales and marketing staff; and (ii) the increase in delivery expenses driven by the increase in sales volume for the year.

### **Administrative expenses**

Our administrative expenses increased by RMB6.4 million or 20.9% from RMB30.6 million for the year ended 31 December 2013 to RMB37.0 million for the year ended 31 December 2014. The increase was a combined result of (i) the increase in listing expenses by RMB3.9 million which mainly reflected the progress of our Listing; (ii) the increase in salaries and staff benefits by RMB1.9 million primarily as a result of the increase in headcount of management, human resources, administrative and finance staff; and partially offset by the decrease in bank handling charges incurred since we had less bank borrowings during the year.

### **Share of loss of an associate**

Our share of loss of an associate was stable approximately RMB1.0 million for the year ended 31 December 2013 and 31 December 2014, primarily reflected the loss recognised by Temps de Mode for the year.

### **Finance costs**

Our finance costs decreased by RMB6.2 million or 48.8% from RMB12.7 million for the year ended 31 December 2013 to RMB6.5 million for the year ended 31 December 2014. The decrease was primarily attributable to decrease in borrowings during the year ended 31 December 2014.

### **Profit before taxation**

As a result of the foregoing, our profit before taxation increased by RMB45.4 million or 39.3% from RMB115.6 million for the year ended 31 December 2013 to RMB161.0 million for the year ended 31 December 2014.

## **Taxation**

Our income tax expenses increased by RMB12.3 million or 39.8% from RMB30.9 million for the year ended 31 December 2013 to RMB43.2 million for the year ended 31 December 2014. The increase was primarily attributable to the increase in our profit before taxation by approximately RMB45.4 million as a result of the foregoing. Our effective tax rate was relatively stable at 26.7% and 26.8% for the year ended 31 December 2013 and 31 December 2014, respectively

## **Profit for the year**

As a result of the foregoing, profit for the year increased by RMB33.1 million or 39.1% from RMB84.7 million for the year ended 31 December 2013 to RMB117.8 million for the year ended 31 December 2014. Our net profit margin also increased from 14.6% for the year ended 31 December 2013 to 16.3% for the year ended 31 December 2014, primarily due to the improvement in gross profit margin of our OEM watches, as we tended to accept more profitable OEM orders and focused our resources in developing our branded watches.

## **FINANCIAL POSITION**

The Group funded its liquidity and capital requirements primarily through cash inflows from operating activities, bank borrowings.

As at 31 December 2014, the Group's total cash balances were approximately HK\$82.8 million (31 December 2013: approximately HK\$85.6 million), most of which are held in RMB. The current ratio (defined as current assets divided by current liabilities) of the Group increased from 1.2 times as at 31 December 2013 to 2.7 times as at 31 December 2014. The gearing ratio (defined as total interest-bearing borrowings divided by shareholders' equity) of the Group declined from approximately 62.2% as at 31 December 2013 to approximately 6.1% as at 31 December 2014.

## **USE OF NET PROCEEDS FROM THE INITIAL PUBLIC OFFERING ("IPO")**

The net proceeds from the Company's IPO (after deducting the underwriting fees and related expenses) amounted to approximately HK\$134.4 million, which are intended to be applied in the manner as disclosed in the prospectus of the Company dated 20 January 2015 (the "Prospectus").

## **MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

During FY 2014, there was no acquisition or disposal of subsidiaries and associated companies by the Company save as disclosed in the Prospectus.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2014, the Group had a total of 1,611 (2013: 1,551) employees. The total remuneration costs incurred by the Group for the FY 2014 were approximately RMB60.6 million (2013: approximately RMB50.7 million). We review the performance of our employees annually and use the results of such review in our annual salary review and promotion appraisal, in order to attract and retain valuable employees.

## **DEBTS AND CHARGE ON ASSETS**

The Group had total bank borrowings of approximately RMB26.1 million as at 31 December 2014, while that as at 31 December 2013 was approximately RMB181.2 million. These bank borrowings are secured by the Group's assets with an aggregate carrying amount of approximately RMB21.2 million and RMB60.3 million as at 31 December 2014 and 31 December 2013 respectively.

## **FOREIGN CURRENCY RISK**

The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB and United States dollars ("USD"). During the year ended 31 December 2014, the Group has not entered into any hedging arrangements. However the management will continue to monitor closely its foreign currency exposure and requirements and to arrange for hedging facilities when necessary.

## **CAPITAL COMMITMENTS**

The Group had no capital commitments as at 31 December 2014 and 31 December 2013.

## **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at 31 December 2014 and 31 December 2013.

## **FINAL DIVIDENDS**

The Board do not recommend the payment of any final dividend for the year ended 31 December 2014 (2013: Nil)

## **EVENT AFTER THE REPORTING PERIOD**

On 30 January 2015, the Company issued a total of 260,000,000 ordinary shares, HK\$286,000,000 each at a price of HK\$1.1 per share as a result of the completion of the IPO.

## **ANNUAL GENERAL MEETING ("AGM")**

The AGM of the Company for the year ended 31 December 2014 will be held on 22 June 2015. A notice convening the AGM will be issued and despatched to shareholders in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to determine the entitlements of the shareholders to attend the AGM to be held on 22 June 2015, the register of members of the Company will be closed between 18 June 2015 and 22 June 2015, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend the AGM, all share transfers, being accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on 17 June 2015.



## **AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") was established on 19 December 2014 with terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Listing Rules for the purpose of making recommendations to the Board on the appointment and removal of the external auditor, reviewing the financial statements and related materials and providing advice in respect of the financial reporting process, and overseeing the internal control procedures of the Group. The Audit Committee now comprises three members, all being independent non-executive Directors, namely, Mr Yu Chon Man (Chairman), Mr Chang Wei and Mr Nie Xing. The duties of our Audit Committee include, without limitation, (a) making recommendations to our Board on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) monitoring integrity of our financial statements, our annual report and accounts and our interim report, and reviewing significant financial reporting judgements contained therein; (c) reviewing our financial controls, internal control and risk management systems; and (d) reviewing and considering reports made by the corporate guarantee committee of the Group. The Group's annual results for the year ended 31 December 2014 have been reviewed by the Audit Committee.

## ***COMPLIANCE WITH CG CODE***

The Company has committed to delivering and maintaining a higher standard of corporate governance to meet business needs and shareholders' expectation. Trading in the shares on the Stock Exchange commenced on 30 January 2015 (the "Listing Date"). As the Company was not a listed company during the year ended 31 December 2014, the code provisions of the CG as set out in Appendix 14 of the Listing Rules were not applicable to the Company during the period under review. For the period commencing on the Listing Date and ending on the date of this announcement, the Company has complied with all the code provisions of the CG Code as set out in Appendix 14 of the Listing Rules and adopted most of the best practices set out therein.

## ***COMPLIANCE WITH THE MODEL CODE***

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" contained in Appendix 10 to the Listing Rules (the "Model Code") as its code of conduct for Directors' and supervisors' securities transactions. Having made specific enquiry with the Directors and supervisors, all of the Directors and supervisors confirmed that they have complied with the required standard as set out in the Model Code for the period commencing on the Listing Date and ending on the date of this announcement.

## ***PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES***

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the period commencing on the Listing Date and ending on the date of this announcement.

## ***PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT***

This results announcement is published on the Company's website ([www.time2u.com](http://www.time2u.com)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The Company's 2014 Annual Report containing all information required under the Listing Rules will be dispatched to the shareholders of the Company and available on the above websites in due course.

By order of the Board  
**Time2U International Holding Limited**  
**Lin Zhiqiang**  
*Chairman*

Hong Kong, 30 March 2015

*As at the date hereof, the executive Directors are Mr. Lin Zhiqiang, Ms. Yan Xiatong, Mr. Dang Shuguo and Mr. See Ching Chuen, and the independent non-executive Directors are Mr. Chang Wei, Mr. Nie Xing and Mr. Yu Chon Man.*