

*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.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.*



## **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)**

### **MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF A WHOLLY-OWNED SUBSIDIARY**

#### **THE DISPOSAL**

After the Stock Exchange trading hours on 2 May 2017, the Vendor entered into the Agreement with the Purchaser, pursuant to which the Vendor have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares and Sale Loan at the Consideration of HK\$180,000,000 (subject to adjustment). The Consideration shall be satisfied by cash.

#### **LISTING RULES IMPLICATIONS**

The Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules on the basis that one or more of the applicable percentage ratios in respect of the Disposal exceeds 25% but is less than 75%. The Disposal is therefore subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, *inter alia*, further details of the Disposal and a notice of the EGM will be despatched to the Shareholders as soon as practicable and not later than 15 business days from the publication of this announcement.

**Shareholders and investors should note that the Disposal is subject to, *inter alia*, Shareholders' approval at the EGM and therefore the Disposal may or may not be effected. As such, Shareholders and investors are urged to exercise caution when dealing in the Shares.**

The Board is pleased to announce that on 2 May 2017 (after trading hours), the Vendor entered into the Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares (representing the entire issued share capital of the Target Company) and Sale Loan at the Consideration of HK\$180,000,000 (subject to adjustment).

## **THE AGREEMENT**

### **Date**

2 May 2017

### **Parties**

- (i) Time2U International Holding Limited, as vendor; and
- (ii) Ms. Guo Junyan, as purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

### **Assets to be disposed of**

Pursuant to the Agreement, the assets to be disposed of comprise the Sale Shares and the Sale Loan. The Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, being the entire issued share capital of the Target Company which is legally and beneficially owned by the Vendor, free from all encumbrances and together with all rights and advantages attaching to them as at Completion. The Sale Loan represents the loan owed by the Target Group to the Vendor as at the Completion Date. The amount of the Sale Loan as at 31 March 2017 is RMB223,750,000 (approximately HK\$254,261,000).

### **Consideration**

The Consideration payable by the Purchaser to the Company for the Sale Shares shall be HK\$180,000,000 (subject to adjustment in accordance with the Agreement) which shall be paid in the form of cash in favour of the Company or their designated nominee(s) upon Completion.

The Consideration shall be arrived at after netting off the Sale Loan with the respective inventories, deposit and prepayment as appear in the completion account of the Target Group at the Completion Date. If the inventories, deposit and prepayment as appear cannot completely offset the Sale Loan, the Consideration shall be adjusted accordingly by adding the remaining balance of Sale Loan.

The Consideration shall be satisfied in the following manner:

- (i) the sum of HK\$40,000,000 shall be payable by cash by the Purchaser to the Company or its nominee(s) upon signing of the Agreement;
- (ii) an additional sum of HK\$40,000,000 shall be payable by cash by the Purchaser to the Company or its nominee(s) within 14 business days upon Completion; and
- (iii) the remaining balance of the Consideration of HK\$100,000,000 shall be payable in cash by the Purchaser to the Company or its nominee(s) within 6 months after Completion.

The Consideration was determined after arm's length negotiations between the Purchaser and the Company with regards to the net assets and with reference to the loss making situation in relation to the Target Group after taking into account of (i) the respective inventories as appears in the Management Account; (ii) the respective deposit and prepayment as appears in the Management Account; and (iii) the market value of the Target Group's property, plant and equipment as at 31 March 2017 (subject to the valuation report to be issued by the independent appraiser).

### **Conditions Precedent**

Completion is subject to the fulfillment of the following Conditions:

- (i) the compliance by the Company of the applicable requirements of the Listing Rules, its constitutional documents and all application laws and regulations relating to the transactions contemplated under the Agreement and obtaining of its shareholders' approval at the EGM with respect to the Disposal;
- (ii) the Purchaser having completed its due diligence review on the business, financial, legal and other aspects of the Target Company and is satisfied with the results;
- (iii) warranties on the Target Group given by the Vendor being true and accurate in all material respects when made, and being true and accurate in all material respects on and as of the Completion Date; and
- (iv) (if necessary) all other authorisations, approvals, consents, waivers and permits which are necessary or relevant to give effect to the transactions contemplated hereunder having been granted, received or obtained and not revoked.

The Purchaser may in its absolute discretion at any time before Completion waive any of the Conditions Precedent under (ii), (iii) and (iv) by notice to the Vendor and such waiver may be subject to such terms and conditions as determined by the Purchaser.

The Vendor shall use their best endeavours to procure the fulfilment of the Conditions Precedent on or prior to the Long Stop Date and in particular (without limiting the generality of the foregoing) shall furnish such information and documents and provide necessary assistance as may be reasonably required by the Purchaser in respect of the Conditions Precedent under (i).

If the Conditions Precedent are not fulfilled (or waived by the Purchaser in respect of (ii), (iii) and (iv)) in accordance with the provisions of aforesaid conditions, this Agreement shall (unless otherwise agreed in writing by the Parties) terminate and the Vendor shall refund any of the Consideration received by the Vendor before to the Purchaser without interest within three (3) business days after termination, none of the Parties will have any claim against the other in respect of any matter or thing arising out of or in connection with this Agreement save for the obligations of the Vendor to refund Consideration and any antecedent breach of any obligation under this Agreement.

## Completion

Subject to the fulfillment (or waiver) of the Conditions Precedent set out in the Agreement, Completion shall take place on or before 30 July 2017 or such later date as may be agreed between the Company and the Purchaser in writing. Upon Completion, the Group will cease to hold any interest in the Target Company and the Target Company will cease to be a subsidiary of the Company.

## INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Group. The principal activity of the Target Company is investment holding and its subsidiaries are principally engaged in manufacturing and trading of watches.

The following sets forth a summary of the financial information of the Target Group for each of the two financial years ended 31 December 2015 and 2016:

	<b>Year ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/profit before taxation	(316,502)	114,536
(Loss)/profit for the year	(318,324)	82,902
	<b>As at</b>	
	<b>2016</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net assets	165,266	496,632

Based on the Target Group's combined financial statements for the year ended 31 December 2016, the Target Group recorded a loss before taxation for the year ended 31 December 2016 against a profit before taxation for the year ended 31 December 2015. The significant change was mainly due to (i) decrease in revenue; (ii) impairment of property, plant and equipment due to fair value change; and (iii) the written-down of inventories mainly due to long-aged or obsolete inventories and unsatisfactory sales demand and quality of customised inventories.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The principal activity of the Company is investment holding and its subsidiaries are principally engaged in the manufacture and sales of own-branded watches, OEM watches and third-party watches.

The Target Company was incorporated in the BVI on 4 July 2012. After reviewing the business operation, the Board believes it is vital to improve the business and financial efficiency of the Group by focusing resources of the Group to producing luxury watches rather than restoring the reputation of own-branded watches of which sales demand had been unsatisfactory.

The Directors consider that the Disposal represents an opportunity for the Company (i) to re-allocate the resources to design, research and development of the prestige and high-end watches by reducing the production of own-branded watches; (ii) to realise cash for improving the Company's liquidity and strengthening the overall financial positions; (iii) to unlock the value in its investment in property, plant and equipment at fair value; and (iv) to lighten the factory overhead cost.

The Disposal will generate cash inflow to the Group to enhance its liquidity and working capital position. The proceeds from the Disposal, net of expenses directly attributable thereto, estimated to be approximately RMB157,872,000 (HK\$179,400,000) are intended to be used for general working capital and/or possible investment opportunities of the Group as and when appropriate.

Based on the above, the Directors consider the terms of the Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

It is anticipated that the Group would realise a gain on Disposal of approximately RMB24,982,000 (HK\$28,389,000) (net of transaction costs and professional fees), representing the difference between (i) the Consideration (net of transaction costs and professional fees); and (ii) the unaudited net carrying value of the Target Group of approximately RMB133,418,000 (HK\$151,611,000) as at 31 March 2017.

Shareholders and investors should note that the actual gain on the Disposal is dependent upon the unaudited net carrying value of the Target Group as at the Completion Date and will be different from the amount calculated above. Shareholders and investors should also note that the aforementioned estimations are for illustrative purpose only and do not purport to represent how the actual gain on Disposal of the Group will be upon Completion.

## **IMPLICATIONS UNDER THE LISTING RULES**

The Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules on the basis that one or more of the applicable percentage ratios in respect of the Disposal exceeds 25% but is less than 75%. The Disposal is therefore subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

An EGM will be convened to consider and, if thought fit, to approve the Disposal. To the best of the Directors' knowledge, information and belief, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Disposal.

The Company expects that a circular containing, *inter alia*, further details of the Disposal and a notice of the EGM will be despatched to the Shareholders as soon as practicable and not later than 15 business days from the publication of this announcement.

**Shareholders and investors should note that the Disposal are subject to, *inter alia*, Shareholders' approval at the EGM and therefore the Disposal may or may not be effected. As such, Shareholders and investors are urged to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Agreement”	the conditional provisional agreement dated 2 May 2017 entered into between the Company and the Purchaser for the sale and purchase of the Sale Shares and Sale Loan
“BVI”	the British Virgin Islands
“Company”/“Vendor”	Time2U International Holding Limited, a company incorporated in Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares and Sale Loan under the Agreement
“Completion Date”	the business day agreed by the Parties to perform Completion which shall be within 5 business days immediately following the satisfaction (or waiver) of all the Conditions Precedent (or such other date to be agreed by the Parties)
“Consideration”	means HK\$180,000,000, being the purchase price for the Sale Shares and Sale Loan
“Conditions Precedent”	the conditions set out under Conditions Precedent
“Directors”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares and Sale Loan subject to such terms and conditions as set out in the Agreement

“EGM”	an extraordinary general meeting to be held by the Company to consider and, if thought fit, approve, among other things, the Disposal
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 July 2017 or any other later date as agreed between the Parties
“Management Account”	the unaudited management consolidated financial statements of the Target Group for the period ended 31 March 2017
“Parties”	the named parties to the Agreement and their respective successors and permitted assigns
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of PRC and Taiwan
“Purchaser”	Ms. Guo Junyan
“Sale Loan”	the loan owed by Target Group to the Vendor as at the Completion Date
“Sale Shares”	1 share in the capital of the Target Company, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Speedy Glory Limited, a company incorporated in the BVI with limited liability and is legally owned as to 100% by the Company
“Target Group”	the Target Company and its subsidiaries
“Warranties”	the representations, warranties and undertakings given by the Vendor contained in the Agreement

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	US dollars, the lawful currency of the United States of America
“%”	Per cent

By order of the Board  
**Time2U International Holding Limited**  
**Yang Xi**  
*Executive Director*

Hong Kong, 2 May 2017

*As at the date of this announcement, the Board comprises three executive Directors being Mr. See Ching Chuen, Mr. Yang Xi and Mr. Zou Weikang; and three independent non-executive Directors, being Mr. Chang Wei, Mr. Nie Xing and Mr. Yu Chon Man.*