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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION —
ACQUISITION OF THE REMAINING 20% EQUITY INTEREST
IN AN INDIRECT NON-WHOLLY OWNED SUBSIDIARY**

On 15 February 2016, the Purchaser and the Target Company entered into a Shares Transfer Agreement with the Vendor, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell the Sale Interest, representing 20% of the equity interests in the Target Company (an indirect non-wholly owned subsidiary of the Company) at a consideration of RMB22,152,500.

As of the date of this announcement, the Target Company is held as to 80% by the Purchaser and 20% by the Vendor. Upon completion of the Acquisition, the Target Company will be entirely held by the Purchaser and the Target Company will become an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios of the Acquisition exceeds 5% but none of them exceeds 25%, the Acquisition is a disclosable transaction under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement.

As at the date of this announcement, the Purchaser holds 80% equity interest in the Target Company, which is an indirect non-wholly owned subsidiary of the Company. Therefore, the Purchaser is the Company's connected person at the subsidiary level and the Shares Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, the Shares Transfer Agreement as a connected transaction of the Company is only subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements.

As at the date of this announcement, no Directors has any material interest in the Acquisition and no Directors are required to abstain from voting on the Board resolution.

INTRODUCTION

On 15 February 2016, the Purchaser and the Target Company entered into a Shares Transfer Agreement with the Vendor, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell the Sale Interest, representing 20% of the equity interests in the Target Company (an indirect non-wholly owned subsidiary of the Company) at a consideration of RMB22,152,500.

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THE SHARES TRANSFER AGREEMENT

Date

15 February 2016

Parties

- (i) Zhangzhou Zhanglong Hongqiao Energy Conservation Venture Capital Investment Partnership Enterprise (Limited Partnership) (as the Vendor);
- (ii) Zhangzhou Hongyuan Watch Industry Co., Ltd. (as the Purchaser); and
- (iii) Fujian Ouwosi Watch & Clock Precise Technology Co., Ltd. (as the Target Company)

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, save for being a shareholder of the Target Company, the Vendor and its respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Nature of the transaction

The Sale Interest constitutes 20% equity interest in the Target Company that the Vendor currently holds. The Vendor will transfer the Sale Interest to the Purchaser, pursuant to the Shares Transfer Agreement.

Consideration

The consideration for the Sale Interest is RMB22,152,500, which shall be paid to the Vendor by 30 June 2016 (or such longer date as the Vendor and the Purchaser may agree).

Based on the net profit after taxation of the Target Company of approximately RMB15,364,000 for the year ended 31 December 2015, approximately RMB3,072,800 shall be attributable to 20% equity interest of the Target Company. Therefore, the Directors are of the view that the premium of RMB2,152,500 is in the interest of the Company and the Shareholders.

The capital contribution of RMB20,000,000 pursuant to a capital increase agreement dated 5 March 2014 was determined by the Vendor based on a valuation of the Target Company with reference to its net profit for the year ended 31 December 2013. As a result, the registered capital of the Target Company was increased by RMB5,000,000, with the remaining consideration of RMB15,000,000 being treated as capital reserve.

INFORMATION ON THE TARGET COMAPANY

The Target Company is an indirect non-wholly owned subsidiary of the Company established under the laws of the PRC with limited liability and is principally engaged in design, production, assembly and sale of watches.

The following is the financial information of the Target Company as extracted from its audited financial statements prepared in accordance with the PRC GAAP for the year ended 31 December 2014 and unaudited management account for the year ended 31 December 2015 respectively:

	For the financial year ended 31 December 2015	For the financial year ended 31 December 2014
	RMB'000 (unaudited)	RMB'000 (audited)
Net profit before taxation	RMB20,485	RMB23,952
Net profit after taxation	RMB15,364	RMB17,964

Based on the unaudited management account, the net asset value of the Target Company as at 31 December 2015 was approximately RMB112,225,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As stated in the interim report of the Company for the six months ended 30 June 2015, the Group will strengthen its competitiveness by improving its watch design and development capabilities. Since the Target Company is principally engaged in the business of design, production, assembly and sale of watches, the Directors are of the view that the acquisition is in-line with the Company's strategies and business development plans.

The Purchaser is currently holding 80% of the Target Company, the Acquisition will (i) enable the Group to achieve greater economic efficiency; (ii) enhance the Company's management control over the Target Company and; (iii) provide easier financing for future development. The transaction will bring about a sole ownership structure of the Target Company, which will lead to a smoother management and a quicker decision-making of the Company on the Target Company. As such, stronger synergies will be created within the Group.

The Directors (including the independent non-executive Directors) consider the terms of the Shares Transfer Agreement are fair and reasonable and the Acquisition is on normal commercial terms and in the interests of the Company and its shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Shares Transfer Agreement or is required to abstain from voting from the Board resolutions for considering and approving the same pursuant to the articles of association of the Company.

INFORMATION ON THE GROUP AND THE RELEVANT PARTIES

The Group is principally engaged in manufacture and sales of own-branded watches, OEM watches and third-party watches. Each of the Purchaser and the Target Company is a company established under the laws of the PRC with limited liability and is an indirect wholly-owned subsidiary and an indirect non-wholly owned subsidiary of the Company respectively. The principal business of each of the Purchaser and the Target Company are design, production, assembly and sale of watches.

The Vendor is a limited partnership established under the laws of the PRC. It is principally engaged in the investment in various small and medium enterprises with emphasis in the area of environmental protection and energy conservation and provides them with value-added management services.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios of the Acquisition exceeds 5% but none of them exceeds 25%, the Acquisition is a disclosable transaction under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement.

As at the date of this announcement, the Purchaser holds 80% equity interest in the Target Company, which is an indirect non-wholly owned subsidiary of the Company. Therefore, the Purchaser is the Company's connected person at the subsidiary level and the Shares Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, the Shares Transfer Agreement as a connected transaction of the Company is only subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements.

As at the date of this announcement, no Directors has any material interest in the Acquisition and no Directors are required to abstain from voting on the Board resolution.

DEFINITIONS

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

“Acquisition”	the acquisition of the 20% equity interest in the Target Company pursuant to the Shares Transfer Agreement
“Board”	the board of Directors
“Company”	Time2U International Holding Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange

“connected person(s)”	shall have 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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, the Hong Kong Special Administrative Region of the People’s Republic of China, the Macao Special Administrative Region of the People’s Republic of China and Taiwan)
“Purchaser”	Zhangzhou Hongyuan Watch Industry Co., Ltd. (漳州宏源錶業有限公司), a company established under the laws of the PRC with limited liability and a wholly owned subsidiary of our Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	20% of the equity interest in the Target Company
“Shares Transfer Agreement”	a Shares Transfer Agreement dated 15 February 2016 entered into between the Vendor, the Purchaser and the Target Company relation to the sale and purchase of 20% equity interest in the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Shareholders”	Shareholders of the Company
“Target Company”	Fujian Ouwosi Watch & Clock Precise Technology Co., Ltd. (福建省歐沃斯鐘錶精密技術有限公司), a company established under the laws of the PRC with limited liability

