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**SINCERE WATCH (HONG KONG) LIMITED**

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

**(Stock code: 444)**



**金利豐金融集團有限公司**  
**KINGSTON FINANCIAL GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1031)**

## **JOINT ANNOUNCEMENT**

### **CONTINUING CONNECTED TRANSACTIONS — PROVISION OF FINANCIAL SERVICES**

On 13 August 2013, Sincere Watch and Kingston entered into the Master Agreement which provides the framework within which the SW Group may engage the Kingston Group to provide Services to the SW Group from time to time for a fixed term commencing on the date of the Master Agreement up to 31 March 2016.

Mrs. Chu is a controlling shareholder and executive director of both Sincere Watch and Kingston. Therefore, Sincere Watch and Kingston are regarded as connected person to each other under the Listing Rules. Accordingly, the transactions contemplated under the Master Agreement, which were entered into between Sincere Watch and Kingston constitute continuing connected transactions on the part of each of Sincere Watch and Kingston under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (other than the profits ratio) on an annual basis calculated with reference to the Annual Caps are less than 5% for each of Sincere Watch and Kingston, the Master Agreement is only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules for each of Sincere Watch and Kingston.

## **BACKGROUND**

On 13 August 2013, Sincere Watch and Kingston entered into the Master Agreement which provides the framework within which the SW Group may engage the Kingston Group to provide Services to the SW Group from time to time for a fixed term commencing on the date of the Master Agreement up to 31 March 2016.

## THE MASTER AGREEMENT

### Master Agreement

<b>Date:</b>	13 August 2013			
<b>Parties:</b>	(i) Sincere Watch (ii) Kingston			
<b>Duration:</b>	commencing from the date of the Master Agreement up to 31 March 2016 (both days inclusive).			
<b>Subject matter:</b>	provision of financial services by the Kingston Group to the SW Group, including but not limited to, placement, underwriting or sub-underwriting of securities, brokerage, financial advisory services, asset management, general consultancy and other ancillary services.			
<b>Annual Caps:</b>	the parties agree that the Services will be subject to the following annual caps:			
	the aggregate amounts payable by the SW Group to the Kingston Group for the transactions for the period from the date of the Master Agreement up to 31 March 2014 and for each of the two financial years ending 31 March 2015 and 31 March 2016 shall not exceed the following:			
		<b>For the period from the date of the Master Agreement up to 31 March 2014</b>	<b>For the year ending 31 March 2015</b>	<b>For the year ending 31 March 2016</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	
	Services (including placement, underwriting or sub-underwriting of securities, brokerage, financial advisory services, asset management, general consultancy and other ancillary services)	18,000,000	20,000,000	20,000,000

<b>Terms:</b>	on normal commercial terms and at rates no less favorable from Independent Third Parties in respect of the Services that are similar in terms of scale, complexity and nature to the relevant Services to be provided by the Kingston Group to the SW Group. Detailed payment terms will be specified in individual contracts governing particular transactions.
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Pursuant to the Master Agreement, the SW Group may engage the Kingston Group to provide the Services commencing on the date of the Master Agreement up to 31 March 2016. However, each of the SW Group and the Kingston Group reserves the right not to make or accept such appointment or engagement in respect of any transaction which it considers such appointment or engagement to be inappropriate.

### **HISTORICAL FIGURES AND ANNUAL CAPS**

Prior to entering into the Master Agreement, Kingston has been engaged by Sincere Watch for the provision of general consultancy services at a monthly fee of HK\$50,000 since 1 July 2012. Such services constitutes *de minimis* transactions under Rule 14A.33(3) of the Listing Rules and are exempted from the reporting, annual review, announcement and independent shareholder's approval requirements for each of Sincere Watch and Kingston. After the entering into of the Master Agreement, such engagement will remain effective and become a transaction under the Master Agreement and therefore be subject to the relevant requirements under Chapter 14A of the Listing Rules as applicable to the Master Agreement and included in the calculation of Annual Caps utilization.

The Annual Caps have been determined by reference to, among others, (a) the estimated annual aggregate fees arising from the anticipated provision of the Services provided by the Kingston Group to the SW Group in upcoming years; (b) the treasury requirements and the expected continuous growth of the SW Group; and (c) the market capitalization of Sincere Watch.

### **REASONS FOR THE MASTER AGREEMENT**

The SW Directors consider it to be in the interests of the SW Group and the SW Shareholders to enter into the Master Agreement on the following grounds:

- (i) with the corporate strategy of increasing the market share and extending the distribution network of the SW Group, the SW Directors expect that, in order to cope with the business development of the SW Group, including but not limited to, opening up more locations which will enable the brands of Sincere Watch to access to prime locations in the Greater China region, there may be a rise in the number of corporate transactions and fund raising activities;
- (ii) the Kingston Group, which in its ordinary and usual course of businesses provides comprehensive financial services including securities brokerage and asset management, will facilitate the SW Group's treasury management actions such as securities investment when appropriate and if so required; and

(iii) in the event of any placement of securities of Sincere Watch, Sincere Watch can be benefited from the sales and distribution network of the Kingston Group to enlarge the SW Shareholders' base.

The SW Directors (including the independent non-executive SW Directors) consider that the terms of the Master Agreement (including the Annual Caps) and the transactions contemplated thereunder are made on an arm's length basis, in the benefits of the SW Group and on normal commercial terms which are no less favourable than terms available from Independent Third Parties. The SW Directors (including the independent non-executive SW Directors) are of the view that the terms of the Master Agreement (including the Annual Caps) and the transactions contemplated thereunder are fair and reasonable and in the interests of the SW Group and the SW Shareholders as a whole.

The provision of the Services to the SW Group is in the ordinary course of business of the Kingston Group. The Kingston Directors (including the independent non-executive Kingston Directors) consider that the terms of the Master Agreement (including the Annual Caps) and the transactions contemplated thereunder are made on an arm's length basis, in the benefits of the Kingston Group and on normal commercial terms which are no less favourable than terms available from Independent Third Parties. The Kingston Directors (including the independent non-executive Kingston Directors) are of the view that the terms of the Master Agreement (including the Annual Caps) and the transactions contemplated thereunder are fair and reasonable and in the interests of the Kingston Group and the Kingston Shareholders as a whole.

## **INFORMATION ON SW GROUP**

The principal activities of the SW Group are distribution of branded luxury watches, timepieces and accessories in Hong Kong, Macau, Taiwan and the People's Republic of China.

## **INFORMATION ON KINGSTON GROUP**

The Kingston Group is principally engaged in the provision of a wide range of financial services which include securities underwriting and placements, margin and initial public offers financing, securities brokerage, corporate finance advisory services, futures brokerage and asset management services. It also provides entertainment and hospitality services in Macau.

## **LISTING RULES IMPLICATIONS**

Mrs. Chu, who is interested in approximately 75% and 58.31% of the existing issued share capital of Sincere Watch and Kingston respectively as at the date of this joint announcement, is a controlling shareholder and executive director of both Sincere Watch and Kingston. Therefore, Sincere Watch and Kingston are regarded as connected person to each other under the Listing Rules. Accordingly, the transactions contemplated under the Master Agreement, which were entered into between Sincere Watch and Kingston constitute continuing connected transactions on the part of each of Sincere Watch and Kingston under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (other than the profits ratio) on an annual basis calculated with reference to the Annual Caps are less than 5% for each of Sincere Watch and Kingston, the Master Agreement is only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules for each of Sincere Watch and Kingston.

(i) Mrs. Chu, being the common controlling shareholder and executive director of Sincere Watch and Kingston; and (ii) Mr. Chu, Kingston Chun Ho, being an executive director, the vice chairman and managing director of Sincere Watch and the son of Mrs. Chu, are considered to be interested in the Master Agreement. Both of them have abstained from voting on the related resolutions at the board meeting of Sincere Watch in which the Master Agreement was considered.

(i) Mrs. Chu, being the common controlling shareholder and executive director of Sincere Watch and Kingston; and (ii) Mr. Chu, Nicholas Yuk-yui, being an executive director and the chairman of Kingston and the spouse of Mrs. Chu, are considered to be interested in the Master Agreement. Both of them have abstained from voting on the related resolutions at the board meeting of Kingston in which the Master Agreement was considered.

Mr. Lau Man Tak and Dr. Wong Yun Kuen are common independent non-executive directors of Sincere Watch and Kingston. In view that Mr. Lau and Dr. Wong do not have any interests in the two companies other than their directorship, the respective SW Board and Kingston Board considers them to be independent as regard the Master Agreement and the transactions contemplated thereunder. As neither Mr. Lau nor Dr. Wong has any material interests in the Master Agreement, none of them was required to abstain from voting on the related resolutions at the board meeting of Sincere Watch and Kingston, respectively, in which the Master Agreement was considered.

## **DEFINITIONS**

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

“Annual Caps”	the maximum aggregate annual value of the transactions contemplated under the Master Agreement for the period from the date of the Master Agreement to 31 March 2014 and for each of the two financial years ending 31 March 2015 and 31 March 2016
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Dr. Wong”	Dr. Wong Yun Kuen
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Parties”	in respect of Sincere Watch, referring to parties which are independent of and not connected with Sincere Watch and its connected person  in respect of Kingston, referring to parties which are independent of and not connected with Kingston and its connected person
“Kingston”	Kingston Financial Group Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange with stock code 1031
“Kingston Board”	the board of Kingston Directors
“Kingston Directors”	the directors of Kingston
“Kingston Group”	Kingston and its subsidiaries
“Kingston Shareholders”	holders of share of HK\$0.02 each in the share capital of Kingston
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Master Agreement”	the agreement dated 13 August 2013 entered into between Sincere Watch and Kingston in relation to the provision of Services for the SW Group by the Kingston Group
“Mr. Lau”	Mr. Lau Man Tak
“Mrs. Chu”	Mrs. Chu Yuet Wah
“Services”	provision of financial services by the Kingston Group to the SW Group, including but not limit to placement, underwriting or sub-underwriting of securities, brokerage, financial advisory services, asset management, general consultancy and other ancillary services
“Sincere Watch”	Sincere Watch (Hong Kong) 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 with stock code 444
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SW Board”	the board of SW Directors

“SW Directors”	the directors of Sincere Watch
“SW Group”	Sincere Watch and its subsidiaries
“SW Shareholders”	holders of share of HK\$0.10 each in the share capital of Sincere Watch
“HK\$”	Hong Kong dollars
“%”	per cent

By Order of the Board  
**Sincere Watch (Hong Kong) Limited**  
**Chu Yuet Wah**  
*Chairman*

By Order of the Board  
**Kingston Financial Group Limited**  
**Chu, Nicholas Yuk-yui**  
*Chairman*

Hong Kong, 13 August 2013

*As at the date of this joint announcement, the executive directors of Sincere Watch are Mrs. Chu Yuet Wah (Chairman) and Mr. Chu, Kingston Chun Ho (Vice Chairman and Managing Director); and the independent non-executive directors of Sincere Watch are Mr. Lau Man Tak, Ms. Lo Miu Sheung, Betty and Dr. Wong Yun Kuen.*

*As at the date of this joint announcement, the executive directors of Kingston are Mr. Chu, Nicholas Yuk-yui (Chairman) and Mrs. Chu Yuet Wah (Chief Executive Officer) and the independent non-executive directors of Kingston are Dr. Wong Yun Kuen, Mr. Lau Man Tak and Mr. Yu Peter Pak Yan.*