
SUMMARY

This summary aims to give you an overview of the information contained in this prospectus and should be read in conjunction with the full text of this prospectus. Since this is a summary, it does not contain all information that may be important to you. You should read the whole prospectus, including our financial statements and the accompanying notes, before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks of investing in the Offer Shares are set forth in the section headed “Risk Factors” in this prospectus, which you should read carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are the leading manufacturer, brand-owner and retailer of watches in the PRC national brand watch market, established in 1988, under our core proprietary Tian Wang (天王) brand which we have developed into a well-known brand in the PRC. Tian Wang was the top⁽¹⁾ national watch brand⁽²⁾ in the PRC in 2011, with a market share of 11.1% in terms of retail sales value among approximately 130 national watch brands. Tian Wang was also the top national watch brand in the mid-end watch market⁽³⁾ in the PRC in terms of both retail sales value and retail sales volume in 2011 and its market share by retail sales value in the PRC watch market as a whole was approximately 2.2% in 2011^{(1), (4)}.

We are primarily engaged in product design and development, assembling, marketing and sales of Tian Wang watches, and product design, marketing and sales of watches under Balco (拜戈), our other proprietary brand. Sales of our Tian Wang watches accounted for approximately 64.3% and 64.4% of our total revenue for the year ended 30 June 2012 and the three months ended 30 September 2012, respectively. Balco, a brand that was initially registered in Switzerland in 1986 by an Independent Third Party and the rights of using which globally was acquired by us in 2002, offers Swiss-made watches mainly targeting younger mid-income consumers in the PRC. We outsource the production of our Balco watches to FM Swiss, which is an experienced watch manufacturer in Switzerland, and a connected person of our Company⁽⁵⁾. Sales of our Balco watches accounted for approximately 7.1% and 6.3% of our revenue for the year ended 30 June 2012 and the three months ended 30 September 2012, respectively.

We directly control and manage our extensive Sales Network, which as at 30 September 2012, consisted of 1,706 POS covering 30 out of 31 Provinces in the PRC. According to Euromonitor, our Sales Network was the largest network in terms of number of directly managed watch retail outlets in the PRC as at 31 December 2011. We have also formed four JV Companies⁽⁶⁾ to promote and sell our Tian Wang and Balco watches, and watches of the

Notes:

- (1) The ranking and market share of Tian Wang are based on the report prepared by Euromonitor, an Independent Third-Party market research firm which we have engaged in connection with the Global Offering to conduct market analyses of, and provide report on, the PRC watch industry.
- (2) According to Euromonitor, the categorisation of the PRC watch market into national and foreign watch brands is determined by the place of brand origin, based on factors such as the place where the relevant trademark for the watch brand was first registered, or if no such mark was registered, the place where the watch brand was first used, where watches of the relevant watch brand are produced, and where the watch brand is marketed and is generally recognised. Please refer to pages 102 and 103 in the “Industry Overview” section for further details.
- (3) According to Euromonitor, mid-end watch market in the PRC refers to a segment within the watch market in the PRC where the unit retail price of watches is generally within the range of RMB1,500 to RMB5,000.
- (4) Our Directors believe that the PRC watch market as a whole, with the presence of over 200 watch brands according to Euromonitor, is highly fragmented and especially so for the low-end watch segments.
- (5) Please refer to page 265 of this prospectus for details of the relationship between FM Swiss and our Company.
- (6) As our Group holds 51% equity interests, that is, more than half of equity interests in each of these four JV Companies, and controls the composition of the board of each of these four JV Companies and thus, has the power to govern the financial and operating policies of these four JV Companies. These four JV Companies are subsidiaries of our Company during the Track Record Period and up to the Latest Practicable Date.

SUMMARY

Other Brands on non-exclusive basis. While the mode of operation of the JV Sales Network is similar to that of our Tian Wang and Balco Sales Network, the Other Brands comprise mostly of other mid-end to high-end watch brands. We purchase watches of the Other Brands from the relevant brand owners (or their designated suppliers), on an order-by-order basis, generally at a discount from the suggested retail price set by the suppliers.

We also sell our Tian Wang and Balco watches on wholesale or consignment basis to distributors in Hong Kong, Macau and Taiwan, market our Tian Wang watches through online sales channels, and sell Tian Wang watches directly to corporate customers in the PRC. We also operate an in-house procurement arm to source watch movements for Tian Wang watches, and sell surplus movements to watch manufacturers and distributors.

We have two production facilities for production of our Tian Wang watches located in Shenzhen and Dabu, Guangdong Province, the PRC, with a combined GFA of 3,536 sq.m. and a combined theoretical maximum annual production capacity of approximately 2.64 million watches. For the three years ended 30 June 2012, the average utilisation rate of our Shenzhen and Dabu production facilities was approximately 43% and 39%, respectively. For details, please refer to pages 207 to 208.

OUR HISTORY AND REORGANISATION

In November 2005, Time Watch Singapore, a company then listed on the Singapore Stock Exchange (“**SGX**”), became the holding company of our Group by way of reverse take-over, and the core businesses of our Group became listed on the SGX since then until June 2011 when Time Watch Singapore was privatised and became wholly-owned by Red Rewarding. Time Watch Singapore was delisted from SGX since then.

The cash consideration payable by Red Rewarding under the privatisation offer amounted to approximately S\$38.3 million (or approximately HK\$223.9 million), and the aggregate costs and expenses incurred by Red Rewarding for the privatisation offer amounted to approximately HK\$13.6 million. These consideration, costs and expenses were funded by DBS Bank (Hong Kong) Limited, an affiliate of DBS Asia Capital Limited, one of the Joint Sponsors, by way of a term facility (the “**Term Facility**”) which was secured by, among others, certain share charges and financial guarantees given by members of our Group. These share charges and financial guarantees given by the members of our Group had been released prior to the Latest Practicable Date. The aggregate amount drawn down by Red Rewarding under the Term Facility amounted to approximately HK\$237.5 million, approximately HK\$133.6 million of which remained outstanding as of the Latest Practicable Date. It is expected that the net proceeds from the sale of the Sale Shares by the Selling Shareholder, of approximately HK\$119.2 million (computed based on the mid-point of the indicative Offer Price range), will be used to repay part of the outstanding amount under the Term Facility. As confirmed by our Controlling Shareholders, after the privatisation and up to the Latest Practicable Date, the repayment of the principal amount of the Term Facility of HK\$103.9 million was mainly financed by the dividends distributed by our Company to Red Glory of approximately HK\$34.1 million, and the dividends distributed by and advanced from Sky Sun to WMP of an aggregate amount of approximately HK\$69.8 million. In October 2012, further dividend was distributed by our Company to Red Glory, out of which HK\$16.5 million will be applied by our Controlling Shareholders to repay the Term Facility in April 2013.

SUMMARY

After the delisting of our predecessor from the SGX, we sought for a Listing on the Stock Exchange. Our Directors believe that the Listing provides a separate fundraising platform for our Group with respect to its operations and future expansion of its core businesses, and the net proceeds to be received by us from the Global Offering will provide capital to our Company to facilitate such operations and expansion. Our Directors consider the Hong Kong capital market to be a suitable platform for the Shares to be listed as investors in Hong Kong have a better understanding of the PRC watch industry. Our Directors believe that the trading liquidity and valuation of the Shares of our Company can also be improved by the Listing.

To rationalise our Group's structure in preparation for the Listing, various corporate restructuring procedures were carried out so that:

- our Company became the holding company of our businesses in respect of (i) the assembly and retail of principally our Tian Wang watches and retail of Balco watches in the PRC; and (ii) the trading of watch movements to other watch manufacturers and distributors, which is ancillary to the manufacturing of our Tian Wang watches; and
- as the core business of our Group is the manufacture and sale of principally our Tian Wang watches and marketing and sales of Balco watches, through our extensive Sales Network in the PRC, various businesses (the “**Retained Businesses**”) previously operated by Time Watch Singapore through its subsidiaries prior to its privatisation and delisting from SGX in June 2011 were excluded from our Group. As our core business and the Retained Businesses have different growth paths and different business strategies, and inclusion of the Retained Businesses is not in line with our overall strategy to maintain and further strengthen our market position as a leading manufacturer, brand-owner and retailer of our own brands of watches in the PRC national brand watch market, the Retained Businesses are excluded from our Group. These Retained Businesses principally comprise of the following, and were retained by our Controlling Shareholders for the following reasons:

1. Retail sales of multi-brand watches outside the PRC

Our sales of Tian Wang and Balco watches outside the PRC during the Track Record Period were insignificant when compared with our Group's revenue, and we do not operate any POS outside the PRC. We have relatively limited experiences and exposure in overseas markets and our Directors consider it more appropriate to leverage on our Group's and our management's experience in the PRC retail market by placing our focus and resources on sales of watches in the PRC, and allocate the relevant business risks in overseas markets to Fortune Silver and other business partners.

2. Minority investments in various companies that distribute multi-brand watches

The companies operate multi-brand watches distribution business which principally distribute watches of different brands outside the PRC, with geographical focus and business model different from that of our Group. Our Controlling Shareholders have only insignificant equity interests in these companies and do not have any control over the management and operations. Our Directors do not consider it appropriate to include such investments in minority interest into our Group as we have no control over the management and operations and future business development and policies of these companies.

SUMMARY

3. Minority investments in two companies that manufacture and supply third-party brands of watches on an OEM basis

The companies operate watches manufacturing business and supplied watches on an OEM basis for Third-Party Brand Carriers (as described in the section headed “Relationship with Our Controlling Shareholders – Delineation of Our Businesses from the Excluded Businesses” in this prospectus) with market focus different from that of our Group. Our Controlling Shareholders have only insignificant equity interests in these companies and do not have any control over the management and operations. Our Directors do not consider it appropriate to include such investments in minority interest into our Group as we have no control over the management and operations and future business development and policies of these companies.

4. Property investment in the PRC and Hong Kong

We do not carry out property investment business in the PRC and Hong Kong.

The market capitalisation of Time Watch Singapore at the time of its delisting from the SGX was approximately HK\$637.2 million, as compared to the expected market capitalisation of approximately HK\$2,460 million of our Company which is computed based on the mid-point of the indicative Offer Price range and the total number of issued Shares of our Company immediately upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised). Our Directors consider that the difference was due to the significant growth in the profits of our Group since 30 June 2010, our continued and active business expansion, the relatively low liquidity in trading of the shares of Time Watch Singapore on the SGX, and that the shares of Time Watch Singapore had been traded relatively undervalue on the SGX.

Except for Mr. Hoon Tai Meng, being the then independent non-executive director of Time Watch Singapore at the time of its delisting from the SGX, all the then directors and senior management of Time Watch Singapore at the time of its delisting continued to serve our Group during the Track Record Period and up to the Latest Practicable Date. As such, we are able to satisfy the management continuity requirement under Rule 8.05(1)(b) of the Listing Rules. Please refer to the section headed “History, Reorganisation and Corporate Structure – Reorganisation” in this prospectus for further details.

OUR COMPETITIVE STRENGTHS – HIGHLIGHTS

We believe that our principal strengths include:

- (i) leading position of our Tian Wang brand in the PRC national brand watch market;
- (ii) effective retail management through our directly managed Sales Network;
- (iii) strong positioning to take advantage of the fast-growing PRC watch market;
- (iv) well-established and stable relationship with our suppliers;
- (v) experienced and dedicated management team; and
- (vi) responsiveness to fast-changing market trends with our own Sales Network and control in key operation functions.

Please refer to page 152 to page 156 for details.

SUMMARY

OUR BUSINESS STRATEGIES

Our business strategies include the following:

- (i) we will strengthen the leading position of our Tian Wang brand;
- (ii) we will promote the brand awareness and sales of our Tian Wang and Balco watches through expansion of our Sales Network;
- (iii) we aim to improve sales revenue by improving same-store sales growth and maintaining our profit margin; and
- (iv) we intend to enhance our watch design and development capabilities, operational efficiency and profitability.

Please refer to page 156 to page 162 for details.

RISK FACTORS

Among the risks relating to investing in our Offer Shares, the relatively material risks are as follows: (i) our business is highly dependent on the strength of our Tian Wang and Balco brands and any damage to them could materially and adversely affect our business and results of operations; (ii) our growth prospects may be adversely affected if we are unable to successfully operate and expand our Sales Network; (iii) there may be over-expansion of our Sales Network if there is insufficient demand for our products; (iv) defects related to certain properties occupied by us in the PRC may affect our ability to use such properties; (v) we engage only one OEM manufacturer for the production of Balco watches; (vi) the dividends we receive from our Balco Switzerland may be subject to withholding tax; and (vii) our inventory (before stock provision) as at 30 June 2010, 2011 and 2012 and 30 September 2012 amounted to approximately HK\$254.6 million, HK\$324.1 million, HK\$503.2 million and HK\$510.8 million, respectively. If we cannot manage to maintain an appropriate inventory level in the future, the volume of our obsolete and slow-moving inventory may increase, our financial position and results of operations may be materially and adversely affected, and we may need to either sell off such inventory at a lower price or write off such inventory. You should read the section headed “Risk Factors” in this prospectus carefully before investing in our Shares.

SUMMARY

KEY OPERATIONAL AND FINANCIAL DATA

The tables below present summary of financial information for the periods indicated and should be read in conjunction with our financial information in Appendix I of this prospectus.

Highlight of consolidated statements of comprehensive income

	For the year ended 30 June						For the three months ended 30 September			
	2010		2011		2012		2011		2012	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)									
Revenue	919,605	100.0	1,189,325	100.0	1,524,779	100.0	338,485	100.0	508,197	100.0
Gross profit	445,127	48.4	695,385	58.5	918,460	60.2	217,863	64.4	310,330	61.1
Operating profit	93,385	10.2	186,696	15.7	250,500	16.4	70,594	20.9	106,539	21.0
Profit for the period	61,457	6.7	137,717	11.6	188,535	12.4	55,690	16.5	78,054	15.4
Profit for the period attributable to owners of the Company	60,717	6.6	134,603	11.3	184,093	12.1	53,749	15.9	76,436	15.0

Highlight of consolidated statements of financial position

	As at 30 June			As at 30 September
	2010	2011	2012	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total non-current assets	271,007	296,735	59,297	58,460
Total current assets	448,226	643,986	913,126	985,300
Total current liabilities	421,219	458,754	536,328	557,802
Net current assets	27,007	185,232	376,798	427,498
Total non-current liabilities	8,487	13,539	21,147	26,032
Net assets	289,527	468,428	414,948	459,926

Financial performance during the Track Record Period

During the Track Record Period, we have achieved significant growth in revenue and profits. For each of the three years ended 30 June 2012 and the three months ended 30 September 2012, our revenue was approximately HK\$919.6 million, HK\$1,189.3 million, HK\$1,524.8 million and HK\$508.2 million, respectively, with a CAGR of approximately 28.8% from the year ended 30 June 2010 to the year ended 30 June 2012, and our net profit for the corresponding periods was approximately HK\$61.5 million, HK\$137.7 million, HK\$188.5 million and HK\$78.1 million, respectively, with a CAGR of approximately 75.2% from the year ended 30 June 2010 to the year ended 30 June 2012. Sales of Tian Wang and Balco watches and watches of the Other Brands contributed approximately 67.5%, 77.0%, 83.5% and 83.2% of our total revenue for the years ended 30 June 2010 and 2011 and 2012 and the three months ended 30 September 2012, respectively.

SUMMARY

Business segment breakdown

The tables below set out our revenue, percentage of revenue, gross profit and gross profit margin, analysed by business segments for each of the periods indicated.

	For the year ended 30 June											
	2010				2011				2012			
	Revenue		Gross profit margin		Revenue		Gross profit margin		Revenue		Gross profit margin	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
SALES												
Tian Wang	465,818	50.7	367,396	78.9	711,243	59.8	563,673	79.3	980,446	64.3	778,104	79.4
Balco	82,995	9.0	46,497	56.0	90,523	7.6	69,649	76.9	108,523	7.1	72,323	66.6
Other Brands	71,536	7.8	20,638	28.8	114,309	9.6	35,201	30.8	184,207	12.1	49,678	27.0
Sub-total	620,349	67.5	434,531	70.0	916,075	77.0	668,523	73.0	1,273,176	83.5	900,105	70.7
TRADING												
Watch movements	299,256	32.5	10,596	3.5	273,250	23.0	26,862	9.8	251,603	16.5	18,355	7.3
TOTAL	919,605	100.0	445,127	48.4	1,189,325	100.0	695,385	58.5	1,524,779	100.0	918,460	60.2

	For the three months ended 30 September							
	2011				2012			
	Revenue		Gross profit margin		Revenue		Gross profit margin	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
(unaudited)								
SALES								
Tian Wang	216,751	64.0	179,146	82.7	327,360	64.4	257,837	78.8
Balco	25,929	7.7	19,225	74.1	31,905	6.3	23,806	74.6
Other Brands	35,530	10.5	12,692	35.7	63,671	12.5	24,534	38.5
Sub-total	278,210	82.2	211,063	75.9	422,936	83.2	306,177	72.4
TRADING								
Watch movements	60,275	17.8	6,800	11.3	85,261	16.8	4,153	4.9
TOTAL	338,485	100.0	217,863	64.4	508,197	100.0	310,330	61.1

SUMMARY

The tables below set out our revenue, percentage of revenue, gross profit margin, sales volume and average selling price of our Tian Wang and Balco brands, analysed by price segments for each of the periods indicated.

Brands	Categories	For the year ended 30 June									
		2010					2011				
		Revenue		Gross profit margin	Sales volume	Average selling price	Revenue		Gross profit margin	Sales volume	Average selling price
		<i>HK\$ million</i>	%	%	'000	<i>HK\$</i>	<i>HK\$ million</i>	%	%	'000	<i>HK\$</i>
Tian Wang	High-end	29.7	6.4	79.5	4.9	6,061	39.7	5.6	80.5	6.1	6,508
	Mid-end	240.5	51.6	78.7	166.7	1,443	377.9	53.1	80.2	247.6	1,526
	Low-end	195.6	42.0	78.9	533.1	367	293.6	41.3	77.9	761.8	385
	Overall	465.8	100	78.9	704.7	661	711.2	100	79.3	1,015.5	700
Balco	High-end	34.0	41.0	56.0	6.6	5,152	48.3	53.4	77.0	10.2	4,735
	Mid-end	48.9	58.9	56.1	23.4	2,090	42.0	46.4	77.2	19.9	2,111
	Low-end	0.1	0.1	5.8	0.2	500	0.2	0.2	4.6	0.7	286
	Overall	83.0	100	56.0	30.2	2,748	90.5	100	76.9	30.8	2,938

Brands	Categories	For the year ended 30 June					For the three months ended 30 September				
		2012					2012				
		Revenue		Gross profit margin	Sales volume	Average selling price	Revenue		Gross profit margin	Sales volume	Average selling price
		<i>HK\$ million</i>	%	%	'000	<i>HK\$</i>	<i>HK\$ million</i>	%	%	'000	<i>HK\$</i>
Tian Wang	High-end	53.9	5.5	82.4	7.8	6,910	15.5	4.7	82.1	2.2	7,045
	Mid-end	516.7	52.7	79.8	344.2	1,501	171.5	52.4	78.6	91.1	1,883
	Low-end	409.8	41.8	78.5	810.0	506	140.4	42.9	78.6	206.1	681
	Overall	980.4	100	79.4	1,162.0	844	327.4	100	78.8	299.4	1,094
Balco	High-end	56.2	51.8	66.6	13.7	4,102	15.6	48.9	73.4	4.0	3,900
	Mid-end	52.0	47.9	67.0	25.4	2,047	16.2	50.8	75.9	7.6	2,132
	Low-end	0.3	0.3	12.9	1.1	273	0.1	0.3	19.7	0.2	500
	Overall	108.5	100	66.6	40.2	2,699	31.9	100	74.6	11.8	2,703

During the Track Record Period, sales of mid-end and low-end Tian Wang watches were our Group's major source of revenue and profit.

SUMMARY

The table below sets out changes in the number of our POS and the approximate total GFA of all POS for Tian Wang and Balco, respectively, during the periods indicated. Except for the JV POS which carry multiple brands, each of our other POS only carries one of our Tian Wang or Balco brands.

	Number of POS as at 30 June									Number of POS as at 30 September			
	2009	Opening	Closure	2010	Opening	Closure	2011	Opening	Closure	2012	Opening	Closure	2012
Tian Wang	626	191	51	766	227	55	938	319	79	1,178	126	19	1,285
Balco	203	83	25	261	65	38	288	81	36	333	44	22	355
JV POS	18	4	5	17	3	1	19	44	1	62	9	5	66
TOTAL	847	278	81	1,044	295	94	1,245	444	116	1,573	179	46	1,706
Approximate total GFA of all POS (sq.m.)⁽¹⁾													
For Tian Wang				2,070			2,530			3,180			3,470
For Balco				530			580			670			720

Note:

- (1) The approximate total GFA of all POS for Tian Wang and Balco is a rough estimate based on our management information as the GFA of some POS, in particular our Sales Counters, were not specified in the relevant Sales Counters cooperation agreements and is based on the approximate average area of display counter of the POS.

During the Track Record Period, certain of our POS were not profit-making, meaning that the monthly revenue from the relevant POS was less than the monthly expenses relating to it. While the majority of our Tian Wang, Balco and JV POS closed during the Track Record Period were POS which were not profit-making, when we consider whether to maintain or close a POS, we also consider other factors such as whether the location of the POS is prominent or in regions which we have limited presence, and the overall strategy of our Group. We generally seek to open POS at locations with high pedestrian flow and large target consumer base for our watches. Please refer to page 194 in this prospectus for details.

The table below sets out the average monthly revenue generated from our Sales Network and same-store sales growth for the periods indicated. Please refer to page 309 for the footnotes in the table.

	For the year ended 30 June			For the three months ended 30 September
	2010	2011	2012	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Average monthly revenue per POS ⁽¹⁾ of				
Tian Wang watches	52	65	71	85
Balco watches	27	25	23	23
Other Brands watches	341	529	379	332
Same-store sales growth ⁽²⁾				
Tian Wang watches	21.3%	30.1%	17.3%	26.1%
Balco watches	1.3%	-12.8%	-7.0%	-0.2%
Other Brands watches	N/A ⁽³⁾	49.9%	23.9%	0.0%
Overall	18.4%	27.0%	16.0%	19.5%

SUMMARY

Average monthly revenue per POS

Average monthly revenue per POS reflects the average rate of revenue generated by the current Sales Network of POS which might be affected by, among others, (i) changes in number of POS during the year, and (ii) the timing of POS additions and closures occur resulting in changes of revenue attributable from the relevant POS.

Same-store sales growth

The same-store sales growth for the years ended 30 June 2010, 2011 and 2012 measures the revenue growth of POS that existed in the last 24 months and the same-store sales growth for the three months ended 30 September 2012 measures the revenue growth of POS that exist as at 30 September 2012 and which have been operating in the last 15 months, thus will not be affected by the sales performance of newly added POS during the year. Given the calculation of same-store sales growth and average monthly revenue per POS differs, the two ratios are not comparable, but measure similar items using different approaches. The same-store sales growth rate for the three months ended 30 September 2012 compares the sales of a group of POS for the three months ended 30 September 2012 to the sales of the same group of POS for the three months ended 30 September 2011 which is not comparable with the same-store sales growth rates for the three years ended 30 June 2010, 2011 and 2012 since it does not reflect an annual growth. Please refer to pages 308 to 311 for the analysis of the above ratios.

Sales of watches breakdown by sales channels

The table below sets forth the breakdown of our revenue from sales of watches by sales channels for each of the periods indicated.

	For the year ended 30 June						For the three months ended 30 September	
	2010		2011		2012		2012	
	Revenue <i>HK\$ million</i>	%	Revenue <i>HK\$ million</i>	%	Revenue <i>HK\$ million</i>	%	Revenue <i>HK\$ million</i>	%
Sales channels								
Sales Counters	561.5	90.5	829.6	90.6	1,145.4	90.0	390.6	92.4
Shop-in-Shops	7.5	1.2	9.5	1.0	16.8	1.3	7.8	1.8
Street Stores	12.7	2.1	15.9	1.7	15.5	1.2	3.7	0.9
Direct sales to corporate customers	30.7	5.0	52.2	5.7	75.1	5.9	14.4	3.4
Online sales	0.2	0.0	0.2	0.0	0.1	0.0	0.0	0.0
Sales to Watch Distributors and Online Distributors on wholesale or consignment basis	7.7	1.2	8.7	1.0	20.3	1.6	6.4	1.5
TOTAL	620.3	100.0	916.1	100.0	1,273.2	100.0	422.9	100.0

SUMMARY

Sales breakdown by geographical regions

The table below sets forth our revenue breakdown by geographical regions.

	For the year ended 30 June						For the three months ended 30 September			
	2010		2011		2012		2011		2012	
	Revenue HK\$'000	%	Revenue HK\$'000	%	Revenue HK\$'000	%	Revenue HK\$'000 (unaudited)	%	Revenue HK\$'000	%
Sales of Watches										
Northern China	90,334	9.8	136,254	11.5	179,111	11.7	36,533	10.8	64,453	12.7
Eastern China	182,809	19.9	288,990	24.3	414,621	27.2	90,861	26.8	144,220	28.4
Central China	62,415	6.8	88,195	7.4	131,246	8.6	31,004	9.2	42,445	8.3
Southern China	87,559	9.5	137,127	11.5	185,197	12.2	41,857	12.4	44,998	8.9
North-western China	24,191	2.6	37,189	3.1	50,529	3.3	11,419	3.4	17,627	3.5
South-western China	65,804	7.2	76,915	6.5	102,128	6.7	22,669	6.7	33,787	6.6
North-eastern China	99,379	10.8	142,505	12.0	189,992	12.5	40,907	12.0	69,027	13.6
Hong Kong, Macau and Taiwan ⁽¹⁾	7,694	0.9	8,723	0.7	20,257	1.3	2,939	0.9	6,340	1.2
Online	164	0.0	177	0.0	95	0.0	21	0.0	39	0.0
Subtotal	620,349	67.5	916,075	77.0	1,273,176	83.5	278,210	82.2	422,936	83.2
Trading of watch movements:										
Hong Kong	299,256	32.5	273,250	23.0	251,603	16.5	60,275	17.8	85,261	16.8
Total	919,605	100.0	1,189,325	100.0	1,524,779	100.0	338,485	100.0	508,197	100.0

Note:

(1) Sales made to Watch Distributors in Hong Kong, Macau and Taiwan on wholesale or consignment basis.

There has been no material change in our revenue by geographical regions during the Track Record Period. Sales of watches in Eastern China and Southern China have experienced relatively stronger growth among the geographical regions during the Track Record Period.

Impact of increasing concessionaire fees and rentals on our Group

For the operation of our POS, our Group pays concessionaire fees to Store Operators for our Sales Counters and rentals to our landlords for our Shop-in-Shops and Street Stores. We generated approximately 63.3%, 71.9%, 77.2% and 79.1% of our total revenue from sales through our POS for the years ended 30 June 2010, 2011 and 2012 and the three months ended 30 September 2012, respectively. The total concessionaire fees and rentals for our POS were approximately HK\$151.8 million (of which 95.9% were concessionaire fees and 4.1% were rentals), HK\$222.0 million (of which 96.1% were concessionaire fees and 3.9% were rentals), HK\$297.1 million (of which 95.1% were concessionaire fees and 4.9% were rentals) and HK\$106.2 million (of which 94.9% were concessionaire fees and 5.1% were rentals) for the three years ended 30 June 2010, 2011 and 2012 and the three months ended 30 September 2012, respectively, which represented approximately 26.1%, 26.0%, 25.2% and 26.4% of the revenue generated from our Sales Network for the corresponding periods. Concessionaire fees are generally charged as a percentage of the revenue generated from the respective POS. The rate of concessionaire fee is usually determined depending on the size and location of our POS and our relationship with, and bargaining power against, the relevant Store Operator. In the event that the Store Operators increase the concessionaire fee percentage or our lessors increase the rentals when our Sales Counter cooperation agreements or leases are renewed, our revenue attributable to sales through our Sales Network may decrease and our results of operations may be adversely affected.

SUMMARY

RECENT DEVELOPMENT OF OUR GROUP SUBSEQUENT TO THE TRACK RECORD PERIOD

The following is a summary of our selected unaudited financial information for the three months ended 31 December 2012 which was prepared on the same basis as our audited financial information in Appendix I to this prospectus. Based on our management information, our operating profit margin remained stable subsequent to the Track Record Period up to the Latest Practicable Date, and our results of operation have not been adversely affected by the recent slow-down in the growth of the PRC retail market in any significant way because, the Directors believe, we mainly offer mid-end and low-end watches. The Directors confirm that there has been no material adverse change in our financial or trading position or prospects of our Company since 30 September 2012, being the last date of our latest audited financial results as set out in the Accountants' Report in Appendix I up to the date of this prospectus. As far as we are aware, there was no material change in the general conditions in the PRC watch market that had affected or would affect our business operations or financial conditions materially and adversely.

Based on our unaudited management information, we recorded a total revenue of approximately HK\$433 million, or a monthly average of approximately HK\$144 million, for the three months ended 31 December 2012. Comparatively, our total revenue was approximately HK\$508 million, or a monthly average of approximately HK\$169 million, for the three months ended 30 September 2012. The decrease in monthly average revenue for the three months ended 31 December 2012, as compared with that for the three months ended 30 September 2012, was primarily due to the substantially higher revenue recognised from sales of our Tian Wang watches in September 2012 attributable to a nation-wide sales campaign held to coincide with Mid-Autumn festival.

Based on our management information, the Directors confirm that subsequent to the Track Record Period, there has been a net increase of over 100 POS in the three months ended 31 December 2012. The Directors confirm that we did not have any material non-recurring income or expenses for the three months ended 31 December 2012 save for certain expenses incurred in relation to the Listing. The total amount of listing expenses, commissions together with SFC transaction levy and Hong Kong Stock Exchange trading fee that will be borne by us in connection with the Global Offering is estimated to be approximately HK\$71.8 million (based on the mid-point of our indicative price range for the Global Offering), of which approximately HK\$31.3 million is expected to be capitalised after the listing. The remaining approximately HK\$40.5 million fees and expenses was or is expected to be charged to our profit and loss accounts, of which HK\$17.9 million and HK\$2.3 million were charged for the year ended 30 June 2012 and the three months ended 30 September 2012, respectively, and approximately HK\$20.3 million is expected to be charged for the three months ended 31 December 2012. As at 30 November 2012, 69.5% of the trade receivables as at 30 September 2012 have been subsequently settled. As at 30 November 2012, 20.3% of the finished goods as at 30 September 2012 were subsequently sold.

SUMMARY

OFFER STATISTICS

	Based on the minimum Offer Price of HK\$1.11 per Offer Share	Based on the maximum Offer Price of HK\$1.35 per Offer Share
Market capitalisation at Listing⁽²⁾ :	HK\$2,220 million	HK\$2,700 million
Historical price/earnings multiple⁽³⁾ :	12.1 times	14.7 times
Offer size⁽¹⁾ :	Global Offering of 30% of the enlarged issued share capital of our Company, comprising 600,000,000 Shares including (i) the Hong Kong Public Offering of initially 60,000,000 Shares and (ii) the International Placing of 540,000,000 Shares comprising 440,000,000 New Shares and 100,000,000 Sale Shares	
Board lot :	2,000 Shares	
Offering structure⁽¹⁾ :	90% International Placing and 10% Hong Kong Public Offering	
Use of proceeds⁽¹⁾ :	Net proceeds to our Company from issue of new Shares is estimated to be approximately HK\$584 million, after deducting underwriting fees and commissions (including the full payment of incentive fee) and estimated expenses payable and to be capitalised, of which approximately: <ul style="list-style-type: none">• 24.1% will be used for opening approximately 60 POS for the year ending 30 June 2013, and approximately 200 POS in each of the years ending 30 June 2014 and 2015;• 15.8% will be used for opening approximately 38 concept stores in major cities in the PRC;• 25.7% will be used for establishing joint ventures with watch retailers;• 17.8% will be used for marketing and promotional activities including 3.4% of the net proceeds, or HK\$20 million, for engaging an active and well-known Chinese television and movie actor celebrity as the new spokesperson for Tian Wang brand;• 4.3% will be used for enhancing product design and development capabilities;• 11.3% will be used for repayment of bank loans; and• 1.0% will be used for working capital and other general corporate purposes.	

For details, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.

SUMMARY

Notes:

- (1) All statistics in this table are subject to adjustment and are based on the assumption that the Over-allotment Option is not exercised and no options are granted under the Share Option Scheme and assuming an Offer Price of HK\$1.23 per Share (mid-point of the indicative Offer Price range).
- (2) The market capitalisation is based on 2,000,000,000 Shares expected to be in issue immediately following completion of the Global Offering and the Capitalisation Issue and assuming that the Over-allotment Option is not exercised.
- (3) The historical price/earnings multiple is calculated based on the historical earnings per share of HK cent 9.2 for the year ended 30 June 2012, the respective Offer Price of HK\$1.11 and HK\$1.35 per Share and on the assumption that 2,000,000,000 Shares, comprising Shares in issue as at the date of this prospectus and Shares to be issued pursuant to the Global Offering and the Capitalisation Issue, had been in issue throughout the year.

PROFIT ESTIMATE FOR THE SIX MONTHS ENDED 31 DECEMBER 2012[#]

We estimated that, on the basis set out in Appendix III to this prospectus and in the absence of unforeseen circumstances, the net profit attributable to owners of our Company for the six months ended 31 December 2012 is expected to be not less than HK\$100.0 million and the unaudited pro forma estimated earnings per Share for the six months ended 31 December 2012 is expected to be not less than HK\$0.05.

Pursuant to Rule 11.18 of the Listing Rules, we have given an undertaking to the Stock Exchange that the interim report for the six months ended 31 December 2012 will be audited.

Note:

- # The unaudited pro forma estimated earnings per Share is based on (i) the estimated consolidated profit attributable to owners of the Company for the six months ended 31 December 2012, the bases of which are summarised in Section A of the section headed "Profit Estimate" included in Appendix III to this prospectus, and (ii) the weighted average 2,000,000,000 Shares assumed to be issued and outstanding during the six months ended 31 December 2012.

The calculation of the weighted average number of 2,000,000,000 Shares has taken into account the 1,000,000 Shares issued and outstanding for the period from 1 July 2012 to 31 December 2012, 1,499,000,000 Shares to be issued pursuant to the Capitalisation Issue and 500,000,000 Shares to be issued pursuant to the Global Offering assuming that the Global Offering and Capitalisation Issue had been completed on 1 July 2012, and does not take into account any shares that may be issued pursuant to the Share Option Scheme or the exercise of the Over-allotment Option.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS ATTRIBUTABLE TO OWNERS OF OUR COMPANY

The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company, is prepared for the purpose of illustrating the effect of the Global Offering as if it had taken place on 30 September 2012. It is prepared based on our consolidated net assets as at 30 September 2012 as set out in Appendix I, and adjusted as described below. The unaudited pro forma adjusted net tangible assets does not form part of the Accountants' Report in Appendix I. The pro forma financial information has been prepared for illustrative purpose only, and because of its nature, it may not give a true picture of the financial positions of our Group had the Global Offering been completed as at 30 September 2012 or any future dates.

SUMMARY

	Audited consolidated net tangible assets of our Group attributable to owners of our Company as at 30 September 2012 ⁽¹⁾ <i>HK\$'000</i>	Estimated net proceeds received by the Company from the Global Offering ⁽²⁾ <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company ⁽³⁾ <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share ⁽⁴⁾ <i>HK\$</i>
Based on an Offer Price of:				
HK\$1.11 per share	420,475	507,168	927,643	0.46
HK\$1.35 per share	420,475	617,557	1,038,032	0.52

Notes:

- (1) The audited consolidated net tangible assets of our Group attributable to owners of our Company as at 30 September 2012 is extracted from the Accountants' Report set out in "Appendix I – Accountants' Report".
- (2) The estimated net proceeds received by the Company from the Global Offering are based on 500,000,000 Shares at the Offer Price of lower limit and upper limit of HK\$1.11 and HK\$1.35 per Offer Share, respectively, after deduction of the total estimated underwriting commissions and fees and other related expenses (excluding approximately HK\$20.2 million listing expenses which has been accounted for prior to 30 September 2012) payable by our Company and without taking into account any shares which may be issued pursuant to the Share Option Scheme or the exercise of the Over-allotment Option.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company does not take into account the effect of the profit subsequent to 30 September 2012.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of the Company per Share is arrived at on the basis that 2,000,000,000 Shares were in issue assuming that the Global Offering and the Capitalisation Issue had been completed on 30 September 2012 and without taking into account any shares which may be issued pursuant to the Share Option Scheme or the exercise of the Over-allotment Option.
- (5) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company does not take into account a special dividend of approximately HK\$37.2 million declared by our Company to its then shareholders in October 2012. Had the special dividend been taken into account, the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of the Company per Share would be HK\$0.45 per Share (assuming an Offer Price of HK\$1.11 per Share) and HK\$0.50 per Share (assuming an Offer Price of HK\$1.35 per Share), respectively.

DIVIDEND POLICY

During the year ended 30 June 2010, WMP paid a dividend of approximately HK\$16.7 million to its then holding company. In July 2012 and October 2012, we distributed special dividends to our then Shareholder of approximately HK\$33.3 million and HK\$37.2 million, respectively. Subject to the factors discussed in the section headed "Financial Information – Dividend Policy" on page 354 to page 355 in this prospectus, it is our dividend policy that not less than 30% of our net profits will be recommended for distribution in each financial year, commencing from the financial year ending 30 June 2013, in the form of interim dividend and final dividend. Please refer to the section headed "Financial Information – Dividend Policy" in this prospectus for details.