THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in **Time2U International Holding Limited 時間由你國際控股有限公司**, you should at once hand this Prospectus Documents to the purchaser or the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

A copy of each of the Prospectus Documents, together with the written consent referred to in the paragraph headed "Expert and Consent" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of any of the Prospectus Documents or any other documents referred to above. You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the section headed "Warning of the risks of dealings in Shares and the nil-paid Rights Shares" of the "Letter from the Board" in this Prospectus.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, any securities (including the Rights Shares (in their nil-paid or fully-paid forms)) or to take up any entitlements to the Rights Shares (in their nil-paid or fully-paid forms) in any jurisdiction in which such an offer, solicitation or sale is unlawful. Neither this Prospectus nor anything in this Prospectus forms the basis of any contract or commitment whatsoever.

Time2U

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)

RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE AT THE SUBSCRIPTION PRICE OF HK$0.14 PER RIGHTS SHARE

Financial adviser to the Company

Opus Capital Limited
創富融資有限公司

Underwriter of the Rights Issue

中國保盛證券有限公司
CHINA PROSPECT SECURITIES LIMITED

Capitalised terms used in this cover page shall have the same meanings as defined in this Prospectus.

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Wednesday, 13 July 2016. The procedures for subscription of the Rights Shares are set out on pages 19 to 21 of this Prospectus.

The Rights Issue is conditional upon the fulfillment of the conditions as set out in the section headed "Conditions of the Rights Issue" of the "Letter from the Board" in this Prospectus.

The Underwriting Agreement in respect of the Rights Issue contains provisions entitling the Underwriter by notice in writing to the Company to terminate the Underwriting Agreement on the occurrence of certain events including force majeure. These events are set out in the section headed "Termination of the Underwriting Agreement" on pages 10 to 11 of this Prospectus.

The Shares have been dealt in on an ex-rights basis from 9:00 a.m. on Thursday, 16 June 2016. Dealings in the Rights Shares in their nil-paid form will take place from 9:00 a.m. on Thursday, 30 June 2016 to 4:00 p.m. on Friday, 8 July 2016. If the conditions of the Rights Issue are not fulfilled on or before 4:00 p.m. on Monday, 18 July 2016 (or such other time and/or date specified therein) or such other time and/or date as the Company and the Underwriter may agree in writing, the Underwriting Agreement shall be terminated and the Rights Issue will not proceed. Any persons contemplating buying or selling the Shares from the date of this Prospectus up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form between 9:00 a.m. on Thursday, 30 June 2016 to 4:00 p.m. on Friday, 8 July 2016 (both days inclusive), will bear the risk that the Rights Issue may not become unconditional or may not proceed. Rights Shares in their nil-paid and fully-paid forms will be traded in board lots of 2,000 Shares. Any Shareholders or other persons contemplating dealing in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

28 June 2016

CONTENTS

	Page
Definitions	1
Expected Timetable	8
Termination of the Underwriting Agreement	10
Letter from the Board	12
Appendix I: Financial Information of the Group	I-1
Appendix II: Unaudited Pro Forma Financial Information of the Group	II-1
Appendix III: General Information	III-1

In this Prospectus, the following expressions have the following meanings, unless the context requires otherwise:

"Ace Joy"	Ace Joy Global Limited, a company incorporated in the British Virgin Islands with limited liability and Mr. Ng Fai Ching (a private investor in Hong Kong) is the sole shareholder
"Announcement"	the announcement of the Company dated 11 May 2016 in relation to the proposed Rights Issue
"associate(s)"	has the meaning ascribed thereto in the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
"Bye-Laws"	the bye-laws of the Company
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Celestial Award"	Celestial Award Limited, a company incorporated in the British Virgin Islands with limited liability on 3 January 2014
"Circular"	the circular of the Company dated 27 May 2016 in relation to, among other things, further details of the proposed Rights Issue and a notice convening the EGM
"Companies Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
"Company"	Time2U International Holding Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange

"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"EAF(s)"	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, in such usual form as may be agreed between the Company and the Underwriter
"EGM"	the extraordinary general meeting of the Company held on Tuesday, 14 June 2016 in which the Shareholders (or where applicable, the Independent Shareholders) approved, among other things, the Rights Issue and the transactions contemplated hereunder
"Excluded Shareholder(s)"	the Overseas Shareholder(s) whose address(es) is/are in a place(s) outside Hong Kong where, the Directors, based on legal opinions provided by legal advisers of the Company, consider it is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Rights Shares to such Overseas Shareholders
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	comprising all independent non-executive Directors established to advise the Independent Shareholders in respect of the Rights Issue
"Independent Shareholder(s)"	any Shareholder(s) other than the Controlling Shareholders and their respective associates or, where there are no Controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates

"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties not connected with or acting in concert with any Directors, chief executive or Substantial Shareholder(s) or its subsidiaries of the Company and their respective associates
"IPO Prospectus"	the prospectus of the Company dated 20 January 2015 in relation to the initial public offering of the Shares listed on the Main Board of the Stock Exchange
"Jiulongjiu"	Hong Kong Jiulongjiu Limited (香港九龍九有限公司), a company incorporated under the laws of Hong Kong with limited liability on 10 September 2004, being an indirect wholly-owned subsidiary of the Company
"Last Trading Day"	10 May 2016, being the last trading day for the Shares immediately prior to the date of the Announcement
"Latest Practicable Date"	23 June 2016, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information for inclusion in this Prospectus
"Latest Time for Acceptance"	the latest time for acceptance for the Rights Shares at 4:00 p.m. on Wednesday, 13 July 2016 or such other time as may be agreed between the Company and the Underwriter
"Latest Time for Termination"	the latest time for terminating the Underwriting Agreement at 4:00 p.m. on Monday, 18 July 2016, being the third Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange

"MOU"	a memorandum of understanding dated 5 February 2016 which was entered into between Touch Moment Group Limited, a wholly-owned subsidiary of the Group, and Ms. Chen Huisui, an Independent Third Party, in respect of the Possible Acquisition
"MOU Announcement"	the announcement of the Company dated 5 February 2016 relating to the MOU
"MOU Vendor"	Ms. Chen Huisui, an Independent Third Party
"OEM"	original equipment manufacturing whereby products are manufactured in accordance with the customer's design and specification and are marketed under the customer's brand name
"Overseas Shareholder(s)"	the Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) are outside Hong Kong
"PAL(s)"	the provisional allotment letter(s) issued to the Qualifying Shareholders in connection with the Rights Issue
"PRC"	the People's Republic of China, and for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
"Possible Acquisition"	the possible acquisition of the entire issued share capital of the Target Company. For further details, please refer to the MOU Announcement
"Prospectus"	the prospectus despatched to the Shareholders on the Prospectus Posting Date containing details of the Rights Issue in such form as may be agreed between the Company and the Underwriter
"Prospectus Documents"	the Prospectus, the PAL(s) and the EAF(s)
"Prospectus Posting Date"	Tuesday, 28 June 2016, being the date of despatch of the Prospectus Documents
"Qualifying Shareholders"	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders

"Record Date"	Friday, 24 June 2016, or such other date as may be agreed between the Company and the Underwriter for determining entitlements to the Rights Issue
"Registrar"	Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, being the Hong Kong branch share registrar of the Company
"Rights Issue"	the issue by way of rights issue to the Qualifying Shareholders on the basis of two (2) Rights Shares for every one (1) existing Share held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
"Rights Share(s)"	2,304,000,000 Shares proposed to be offered to the Qualifying Shareholders for subscription pursuant to the Rights Issue
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Share Options"	share options granted by the Company pursuant to the Share Option Scheme which entitled the holders to subscribe for new Shares
"Shareholder(s)"	the holder(s) of the Share(s)
"Shares Transfer Agreement"	a shares transfer agreement dated 15 February 2016 entered into between Zhangzhou Hongyuan Watch Industry Co., Ltd.*（漳州宏源錶業有限公司）, Fujian Ouwosi Watch & Clock Precise Technology Co., Ltd.*（福建省歐沃斯鐘錶精密技術有限公司）and Zhangzhou Zhanglong Hongqiao Energy Conservation Venture Capital Investment Partnership Enterprise (Limited Partnership)*（漳州市漳龍紅橋節能環保創業投資合夥企業（有限合夥））in relation to the acquisition of the 20% equity interest in Fujian Ouwosi Watch & Clock Precise Technology Co., Ltd.

"Share Options Scheme"	the share option scheme of the Company adopted on 30 January 2015
"Speedy Glory"	Speedy Glory Limited, a company incorporated in the British Virgin Islands with limited liability on 4 July 2012, a direct wholly-owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	HK$0.14 per Rights Share
"Substantial Shareholder(s)"	has the meaning as ascribed thereto under the Listing Rules
"Takeovers Code"	The Code on Takeovers and Mergers issued by the Securities and Futures Commission
"Target Company"	Pok Chiu Development Limited* 博超發展有限公司
"Underwriter" or "China Prospect"	China Prospect Securities Limited 中國保盛證券有限公司, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) regulated activity under the SFO
"Underwriting Agreement"	the underwriting agreement dated 11 May 2016 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
"Underwritten Shares"	2,304,000,000 Rights Shares
"Visual Wise"	Visual Wise Limited, a company incorporated in the British Virgin Islands and a Controlling Shareholder, which is interested in approximately 30.76% of the issued share capital of the Company as at the Latest Practicable Date
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"sq.ft."	square feet

"sq.m."	square metre
"%"	per cent.

For the purpose of this Prospectus, unless otherwise indicated, conversion of RMB into HK$ is calculated at the approximate exchange rate of RMB1.00 to HK$1.20. This exchange rate is adopted for the purpose of illustration only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate at all.

* *For identification purpose only*

The expected timetable for the Rights Issue set out below is indicative only:

Event	2016 (Hong Kong Time)
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Thursday, 30 June
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Tuesday, 5 July
Last day and time of dealings in nil-paid Rights Shares	4:00 p.m. on Friday, 8 July
Latest time for acceptance of and payment for the Rights Shares and application for excess Rights Shares	4:00 p.m. on Wednesday, 13 July
Latest time for termination of the Underwriting Agreement	4:00 p.m. on Monday, 18 July
Announcement of the results of the Rights Issue	Wednesday, 20 July
Despatch of certificates for fully-paid Rights Shares	Thursday, 21 July
Despatch of refund cheques if the Rights Issue is terminated and in respect of unsuccessful or partially unsuccessful application for excess Rights Shares	Thursday, 21 July
Expected first day of dealings in fully-paid Rights Shares	9:00 a.m. on Friday, 22 July

All times and dates stated in this Prospectus refer to Hong Kong local times and dates, unless otherwise stated. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal number 8 or above, or a ‘‘black’’ rainstorm warning, if such circumstances are:

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Time for Acceptance. The Latest Time for Acceptance of and payment for the Rights Shares will not take place at 4:00 p.m. on the Latest Time for Acceptance, but will be extended to 5:00 p.m. on the same Business Day instead; or

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Time for Acceptance. The Latest Time for Acceptance of and payment for the Rights Shares will not take place on the Latest Time for Acceptance, but will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance and application and payment for excess Rights Shares does not take place, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as practicable.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter may terminate the Underwriting Agreement by giving written notice to the Company prior to 4:00 p.m. on the Latest Time for Termination if:-

(A) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that any of the representations, warranties and undertakings in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue; or

(B) there shall be:

(i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;

(ii) any change in local, national or international financial, political, industrial or economic conditions;

(iii) any change of an exceptional nature in local, national or international equity securities or currency markets;

(iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;

(v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;

(vi) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of 10 trading days; or

(vii) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere; which is or are, in the reasonable opinion of the Underwriter:

(a) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or

(b) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares to be taken up; or

(c) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then the Underwriter may, by notice in writing given to the Company on or before the Latest Time for Termination, rescind the Underwriting Agreement and thereupon all obligations of the Underwriter hereunder shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save for any antecedent breaches hereof) and the Rights Issue shall not proceed.

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)

Executive Directors:
Mr. Lin Zhiqiang
(Chairman and Chief Executive Officer)
Mr. See Ching Chuen
Mr. Zheng Qingjie

Independent non-executive Directors:
Mr. Chang Wei
Mr. Nie Xing
Mr. Yu Chon Man

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in the PRC:
Jinfeng Development Zone
Jinma Road
Zhangzhou City
Fujian Province
PRC

Principal place of business in Hong Kong:
21E YHC Tower
1 Sheung Yuet Road
Kowloon Bay
Kowloon, Hong Kong

28 June 2016

To the Qualifying Shareholders and
for information purposes only, to the Excluded Shareholders

Dear Sir or Madam,

RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE AT THE SUBSCRIPTION PRICE OF HK$0.14 PER RIGHTS SHARE

INTRODUCTION

Reference is made to the Announcement and the Circular in relation to the Rights Issue. On 11 May 2016, the Company entered into the Underwriting Agreement with the Underwriter, whereby the Company proposed to raise gross proceeds of not less than approximately

HK$322.56 million and not more than approximately HK$342.32 million, before expenses, by way of the Rights Issue. Pursuant to the Rights Issue, the Company shall allot and issue not less than 2,304,000,000 Rights Shares (assuming no outstanding Share Options being exercised and no Shares being repurchased by the Company on or before the Record Date) and not more than 2,445,140,000 Rights Shares (assuming the outstanding Share Options being exercised in full on or before the Record Date) at the Subscription Price of HK$0.14 per Rights Share, on the basis of two (2) Rights Shares for every one (1) existing Share held on the Record Date. All the relevant resolutions approving the Rights Issue were duly passed by way of poll at the EGM held on Tuesday, 14 June 2016.

The purpose of this Prospectus is to provide the Shareholders with further information in relation to the Rights Issue, including procedures for the acceptance and payment for the Rights Shares, certain financial information and other information in respect of the Company.

THE RIGHTS ISSUE

The Company proposes to raise approximately HK$322.56 million, before expenses, by way of the Rights Issue and the details are set out as follows:

Issue Statistics

Basis of the Rights Issue	:	Two (2) Rights Shares for every one (1) existing Share held on the Record Date
Subscription Price	:	HK$0.14 per Rights Share payable in full on acceptance
Number of Shares in issue as at the Latest Practicable Date	:	1,152,000,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	2,304,000,000 Rights Shares
Number of Rights Shares underwritten by the Underwriter	:	2,304,000,000 Rights Shares
Number of enlarged Shares in issue upon completion of the Rights Issue	:	3,456,000,000 Shares

As at the Latest Practicable Date, there are outstanding Share Options to subscribe for an aggregate of 70,570,000 new Shares and no Share Options have been exercised into Shares.

Save as disclosed, the Company has no other derivatives, outstanding convertible securities, options and warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

The Rights Issue is fully underwritten by the Underwriter which shall ensure that the Company will maintain the minimum public float requirement in compliance with Rule 8.08 of the Listing Rules.

The Rights Shares

As no new Shares were issued and no Shares were repurchased by the Company on or before the Record Date, the 2,304,000,000 Rights Shares proposed to be allotted and issued represent: (i) approximately 200.00% of the Company's issued share capital; and (ii) approximately 66.67% of the Company's issued share capital of 3,456,000,000 Shares as enlarged by the allotment and issue of 2,304,000,000 Rights Shares immediately after completion of the Rights Issue. The aggregate nominal value of the Rights Shares will be HK$23,040,000.00.

Subscription Price

The Subscription Price is HK$0.14 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 49.09% to the closing price of HK$0.275 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 24.32% to the theoretical ex-rights price of HK$0.185 based on closing price of HK$0.275 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 49.09% to the average closing price of HK$0.275 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;

(iv) a discount of approximately 48.72% to the average closing price of HK$0.273 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to and including the Last Trading Day;

(v) a discount of approximately 81.21% to the unaudited net asset value per Share of approximately HK$0.745 (based on the audited net asset value of the Group of RMB715,621,000 (equivalent to approximately HK$858,745,200) as at 31 December 2015 and 1,152,000,000 Shares in issue as at the Latest Practicable Date); and

(vi) a discount of approximately 4.76% to the closing price of HK$0.147 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Basis of determining the Subscription Price and the subscription ratio

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to, among others, (i) the prevailing market price of the Shares prior to the Last Trading Day and the theoretical ex-rights price; and (ii) the capital needs of the Group. It has been indicated to the Company that the discount of the Subscription Price to the closing price is necessary to induce the Underwriter to participate in the underwriting of the Underwritten Shares, which is an essential part of the Rights Issue. The Directors are of the view that in the event that the Subscription Price is increased and the allotment ratio is lowered, the attractiveness for the Qualifying Shareholders to subscribe for the Rights Shares will likely decrease. The Directors also consider that each Qualifying Shareholder will be provisionally allotted the Rights Shares at the same Subscription Price in proportion to his/her/its shareholdings held on the Record Date and the terms of the Rights Issue, including the Subscription Price which has been set at a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their provisional allotments so as to share in the potential growth of the Company, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Apart from the aforesaid, in determining the current subscription ratio for the Rights Issue and the Subscription Price, the Company has also considered the following factors:

(i) the funding requirements of the Company having regard to the need for setting a subscription price at a level acceptable to the Underwriter and all of the Qualifying Shareholders;

(ii) during the negotiation of the Underwriting Agreement, it has been indicated to the Company that a subscription price with a discount to the closing price of the Share is necessary to induce the Underwriter to participate in the underwriting of the Underwritten Shares, which is an essential part of the Rights Issue.

Moreover, the Company has attempted to obtain loan financing from two principal banks for financing its principal business, however, the two aforesaid principal banks indicated that it was unlikely for the Company to obtain loan financing from them at favourable terms or without asset pledge (the "**Banks**

Rejection"). The Group has established close collaboration with the two principal banks and has maintained good business relationship with them, having a good credit history and does not have any previous loan default. Through recurring transactions with the two principal banks for the Group's business operation, they are familiar with the capital structure, business operations, funding requirements, cashflow pattern, cash management and financial management system of the Group. As such, given familiarity of the Group's business operations by the two principal banks, the Directors consider that possibility of securing loan financing from the two principal banks is already much higher than from other financial institutions. Therefore, after the Banks Rejection, given the fund raising size and the business scale of the Company, the Directors consider that it will not be feasible for the Company to obtain the required amount from bank financing at favourable terms;

(iii) in view of the uncertainties in the financial market in Hong Kong as a result of the uncertainties stemming from fluctuating market sentiment, capital flow and trend of interest rate, the Directors consider it will be difficult to attract the Qualifying Shareholders to reinvest in the Company through the Rights Issue if the Subscription Price was not set at a relatively deep discount to the historical trading prices of the Shares; and

(iv) the general declining trend of the prevailing trading prices of the Shares in the past twelve months.

Given that the discount of the Subscription Price and the basis of two (2) Rights Shares for every one (1) existing Share: (i) can provide an incentive for the Qualifying Shareholders to subscribe for the Rights Shares as the Company has funding needs; and (ii) can induce the Underwriter to participate in the underwriting of the Underwritten Shares, the Directors are of the view that the current structure of the Rights Issue is fair and reasonable. After deducting all relevant expenses relating to the Rights Issue, the net price per Rights Share will be approximately HK$0.136.

In addition, the Board considered and noted that the discount structure of the Rights Issue is a commercial decision between the Company and the Underwriter, which is required to be approved, and has been approved, as part of the terms of the Rights Issue, by the Independent Shareholders at the EGM. The Shareholders' interests are safeguarded by the fact that the Independent Shareholders, before exercising their respective voting rights, will be advised by the Independent Board Committee (comprising all independent non-executive Directors) and the independent financial adviser. The Independent Shareholders can then make an informed decision as to whether to vote in favour of the Rights Issue on the terms proposed. Following the approval of the Rights Issue at the EGM, it is unlikely that those Independent Shareholders voting in favour of the Rights Issue would subsequently choose not to subscribe for their provisional allotments of the Rights Issue.

The Directors have approached three other underwriters regarding a proposed rights issue for the Company to raise the required funds with structures of lower dilution impact, but no positive feedback was received by the other three underwriters. The Directors have considered, among other factors: (i) the terms of the rights issue proposed by the underwriters; and (ii) the terms of the underwriting agreement including but not limited to the underwriting commission, in selecting the underwriter.

Having considered, among other factors: (i) the funding needs of the Company; (ii) each Qualifying Shareholder will be provisionally allotted the Rights Shares in proportion to his/her/its shareholding held on the Record Date; (iii) the structure of the Rights Issue is required to be approved by the Independent Shareholders at the EGM, which has been obtained as at the date of this Prospectus; (iv) Qualifying Shareholders who do not take up in full their assured entitlement under the Rights Issue have the opportunity to dispose of and realise their nil-paid Rights Shares on the Stock Exchange, subject to the then prevailing market conditions; (v) the Qualifying Shareholders who wish to increase their shareholdings in the Company through the Rights Issue may, subject to availability, acquire additional nil-paid Rights Shares in the market or apply for additional Rights Shares by way of excess application; and (vi) the terms of the rights issue proposed by other underwriters, the Directors are of the view that the terms of the Rights Issue are fair and reasonable and in the interests of the Shareholders despite: (i) the potential dilution impact on those Qualifying Shareholders who do not take up the Rights Shares to which they are provisionally allotted; and (ii) the discount of the Subscription Price to the Company's net asset value per Share with reference to the rights issue exercises of other companies listed on the Stock Exchange.

Basis of provisional allotment

The basis of the provisional allotment shall be two (2) Rights Shares for every one (1) existing Share held on the Record Date, being 2,304,000,000 Rights Shares. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not being an Excluded Shareholder on the Record Date.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

According to the register of members of the Company on the Record Date, there were: (i) one Overseas Shareholder whose registered address is in British Virgin Islands, representing approximately 30.76% of the total issued Shares on the Record Date; and (ii) three Overseas Shareholders whose registered addresses are in the PRC, representing approximately 8.68% of the total issued Shares on the Record Date.

In compliance with the necessary requirements of the Listing Rules, the Company has made enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. Based on the advice provided by the Company's legal advisers as to the laws of British Virgin Islands and the PRC, the laws of British Virgin Islands and the PRC impose no restrictions on extending the Rights Issue to the Shareholders located in British Virgin Islands and the PRC, and the Company is not required to obtain any approvals for the despatch of the Prospectus Documents to such Shareholders. Accordingly, the Directors have decided to extend the Rights Issue to the four Overseas Shareholders in British Virgin Islands and the PRC, who will accordingly be Qualifying Shareholders.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be retained for the benefit of the Company. Any unsold entitlement of the Excluded Shareholders to the Rights Shares, and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of the nil-paid Rights Shares, will be made available for excess applications by the Qualifying Shareholders.

Those Qualifying Shareholders who do not take up the Rights Shares to which they are provisionally allotted should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue.

Ranking of the Rights Shares

The Rights Shares, when allotted, issued and fully-paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Fractions of the Rights Shares

On the basis of two (2) Rights Shares for every one (1) existing Share held on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Share certificates and refund cheques for the Rights Shares

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Thursday, 21 July 2016. Each Shareholder will receive one share certificate for all allotted Rights Shares. If the Rights Issue is terminated, refund cheques will be returned by ordinary post at the applicants' own risk on or before Thursday, 21 July 2016, Refund cheques in respect of wholly or partially unsuccessful application for excess Rights Shares (if any) will be despatched on or before Thursday, 21 July 2016 by ordinary post at the respective applicants' own risk.

Procedures for Acceptance and Payment for the Rights Shares

Qualifying Shareholders will find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholders to subscribe for the number of Rights Shares shown therein. **If the Qualifying Shareholders wish to exercise their rights to subscribe for all the Rights Shares specified in the PALs, the Qualifying Shareholders must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar by no later than 4:00 p.m. on Wednesday, 13 July 2016. All remittances must be made by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "Time2U International Holding Limited – Rights Issue Account" and crossed "ACCOUNT PAYEE ONLY".**

It should be noted that unless the duly completed PAL, together with the appropriate remittance, have been lodged with the Registrar by no later than 4:00 p.m. on Wednesday, 13 July 2016, whether by the original allottee or any person in whose favour the rights have been validly transferred, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled, and such Rights Shares will be available for excess application by the Qualifying Shareholders under the EAF.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer a part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer all or part of their rights to more than one person, the PAL must be surrendered for cancellation by not later than 4:30 p.m. on Tuesday, 5 July 2016 to the Registrar, who will cancel the original PAL and issue new PALs in the denomination required.

The PAL contains further information regarding the procedures to be followed for Qualifying Shareholders who wish to accept the whole or part of their provisional allotment. All cheques and cashier's orders accompanying completed PALs will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of a PAL with a cheque or a cashier's order will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation, and, in such event, the relevant provisional allotment and all rights and entitlements given pursuant to which will be deemed to have been declined and will be cancelled.

No receipt will be issued for any monies received in respect of the provisional allotments. If the Underwriting Agreement is terminated before the Latest Time For Termination, the Rights Issue will not proceed and the monies received in respect of the relevant provisional allotments will be returned to the relevant persons without interest, by means of cheques despatched by ordinary post to their registered addresses at their own risk on or before Thursday, 21 July 2016.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders (or the transferees to whom any Qualifying Shareholders have transferred their provisional entitlements).

Application for excess Rights Shares can be made only by duly completing and signing the EAF(s) (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

The Board will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable and on a pro rata basis in proportion to the number of excess Rights Shares being applied for under each application subject to availability of excess Rights Shares. No preference will be made to Rights Shares comprised in applications by PAL or the number of existing Shares held by the Qualifying Shareholders.

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

Application for excess Rights Shares may be made by lodging the EAF in accordance with the instructions printed thereon, together with a remittance for the full amount payable on application in respect of the excess Rights Shares applied for, with the Registrar by not later than 4:00 p.m. on Wednesday, 13 July 2016. All remittances must be made by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "Time2U International Holding Limited – Excess Application Account" and crossed "ACCOUNT PAYEE ONLY".

If no excess Rights Shares are allotted to the Qualifying Shareholders who have applied for excess Rights Shares, the amount tendered on application will be returned to such Qualifying Shareholders without interest by means of a cheque despatched by ordinary post to their registered addresses at their own risk on or before Thursday, 21 July 2016. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, the surplus application money will also be returned to such Qualifying Shareholders without interest by means of a cheque despatched by ordinary post to their registered addresses at their own risk on or before Thursday, 21 July 2016. All cheques and cashier's orders accompanying completed EAFs will be presented for payment upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an EAF with a cheque or a cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. If the cheque or the cashier's order is dishonoured on first presentation, the application for excess Rights Shares is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable.

If the Underwriting Agreement is terminated before the Latest Time For Termination, the Rights Issue will not proceed and the monies received in respect of applications for excess Rights Shares will be returned to the relevant persons without interest, by means of cheques despatched by ordinary post to their registered addresses at their own risk on or before Thursday, 21 July 2016.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the holding or disposal of, or dealing in the Rights Shares (in both their nil-paid and fully-paid forms) and, as regards the Excluded Shareholders, their receipt of the net proceeds of sale of the nil-paid rights otherwise falling to be issued to them under the Rights Issue. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of the holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in, the Rights Shares (in both their nil-paid and fully-paid forms).

Application for listing

The Company has applied to the Listing Committee for the listing of and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Dealings in the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong. Rights Shares in both nil-paid and fully-paid forms will be traded in board lots of 2,000 Shares.

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

All necessary arrangements will be made to enable the Rights Shares in both their nil paid and fully-paid forms to be admitted into CCASS.

UNDERWRITING AGREEMENT

Date of the Underwriting Agreement	:	11 May 2016 (after trading hours)
Underwriter	:	China Prospect
Number of Rights Shares to be underwritten	:	2,304,000,000 Rights Shares. The Rights Issue is fully underwritten.

Under the Underwriting Agreement, the Rights Issue is fully underwritten by the Underwriter and the Underwriter shall procure that any subscribers procured by them shall be Independent Third Parties and shall not become Substantial Shareholders holding 10% or more shareholding in the Company immediately after completion of the Rights Issue.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Underwriter and their ultimate beneficial owners are Independent Third Parties. As at the date of the Underwriting Agreement, the Underwriter is not interested in any Shares.

As at the Latest Practicable Date, the Board had not received any information or irrevocable undertaking from its Substantial Shareholder of its intention to take up its assured entitlements under the Rights Issue.

Underwriting commission

The Company will pay the Underwriter an underwriting commission of 1.5% of the aggregate Subscription Price in respect of the maximum number of the underwritten Rights Shares agreed to be underwritten by the Underwriter as determined on the Record Date. The commission rate was determined after arm's length negotiation between the Company and the Underwriter by reference to the market rate, the size of the Rights Issue and the current and expected market condition. The Directors (including the independent non-executive Directors) are of the view that the terms of the Underwriting Agreement, including the commission, accord with the market practice, and are fair and reasonable so far as the Company and the Shareholders are concerned.

Termination of the Underwriting Agreement

Information on the termination of the Underwriting Agreement has been set out in the section headed "Termination of the Underwriting Agreement" in this Prospectus.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

(a) the passing by the Independent Shareholders at the EGM of the necessary resolution (s) approving, among others, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Rights Shares;

(b) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus Documents (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and in compliance with the Listing Rules and the Companies Ordinance;

(c) the posting of the Prospectus Documents to the Qualifying Shareholders;

(d) the Listing Committee granting or agreeing to grant (subject to allotment), and not having revoked, listing of, and permission to deal in the Rights Shares, in nil-paid and fully-paid forms; and

(e) compliance and performance by the Company of all its undertakings and obligations under the terms of the Underwriting Agreement;

and that in the event of the above conditions not being fulfilled on or before the Latest Time for Termination (or such later date or dates as may be agreed between the Company and the Underwriter) or if the Underwriting Agreement shall be terminated pursuant to the terms in the Underwriting Agreement, all obligations and liabilities of the parties hereunder shall forthwith cease and determine and no party shall have any claim against the other (save for any antecedent breaches hereof).

As at the Latest Practicable Date, condition (a) has been fulfilled. The Company shall use all reasonable endeavours to procure the fulfilment of the other abovementioned conditions and in particular shall furnish such information, supply such documents, pay such fees, give such undertaking and do all such acts and thing as may be necessary in connection with the terms of the Underwriting Agreement. As at the Latest Practicable Date, the Underwriter has no intention to terminate the Underwriting Agreement.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The principal activity of the Company is investment holding and the Group is principally engaged in the manufacture and sales of own-branded watches, OEM (Original Equipment Manufacturing) watches and third-party watches.

It is the corporate strategy of the Group to strengthen its existing businesses and continue its focus on the expansion of the branded watches business operation domestically and internationally to achieve financial growth for the Group and to maximise the Shareholders' value.

The gross proceeds of the Rights Issue will be approximately HK$322.56 million before expenses, assuming no outstanding Share Options being exercised before the Rights Issue. The estimated net proceeds of the Rights Issue will be approximately HK$313.60 million. The net price per Rights Share after deducting the relating expenses of Rights Issue will be approximately HK$0.136.

The Company intends to apply:

(i) approximately HK$180.00 million for the Possible Acquisition pursuant to the MOU;

(ii) approximately HK$97.417 million for expansion of sales network and marketing activities in the PRC;

(iii) approximately HK$26.583 million for the acquisition of the remaining equity interest in a non-wholly owned subsidiary of the Company pursuant to the Shares Transfer Agreement; and

(iv) approximately HK$9.60 million for repayment of debts of the Group.

Possible Acquisition of the Target Company

The Company intends to apply the net proceeds of HK$180.00 million of the Rights Issue for the Possible Acquisition pursuant to the MOU. As stated in the MOU Announcement, the Company entered into the MOU with the MOU Vendor pursuant to which the Company intended to acquire and the MOU Vendor intended to sell 100% of the issued share capital of the Target Company, which is principally engaged in: (i) development of clocks, watches, calculation software, and other various types of technological products; and (ii) manufacturing of various electronic products, hardware products and precision machinery accessories in the PRC.

It is the corporate strategy of the Group to strengthen its existing businesses to achieve financial growth for the Group and to maximise Shareholders' value. As disclosed in the annual report of the Company for the year ended 31 December 2015, the Group will strengthen its core competitiveness through expansion and improving the production efficiency and capacities.

The Target Company is an investment holding company incorporated in the British Virgin Islands. Its subsidiaries are mainly engaged in the manufacture of watches and sales of precision instruments and digital products, and development of computer software with a production factory in Zhangzhou City, Fujian Province, the PRC (the "**Factory**"). Should the Possible Acquisition materialise, the Directors intends to use the Factory for the manufacturing of watches of the Group.

As at 31 December 2015, the production capacity utilisation rate of the watch products of the existing factory of the Company was: (i) approximately 97.0% for the steel watches; (ii) approximately 93.0% for the alloy watches; and (iii) approximately 57.5% for the plastic watches. Therefore, the average capacity utilisation rate of the watch products was approximately 77.8%. As the production of both the steel and alloy watches have nearly reached the maximum production capacity, the Company therefore intends to improve the production capacity, operational efficiency as well as the design and development capabilities through the Possible Acquisition. The Possible Acquisition will allow the Company to strengthen its existing business by the technological software, products and experience from the Target Company. In addition, the Possible Acquisition will also provide additional production facilities and capability for the expected increase in the demand for the watch products of the Group arising from the expansion of sales network in the PRC.

Based on the initial negotiation with the MOU Vendor, the consideration of the Possible Acquisition will be approximately HK$180 million. As at the Latest Practicable Date, the Company is negotiating with the MOU Vendor with the view of entering into a legally binding formal agreement for the Possible Acquisition although no legally-binding agreement for the Possible Acquisition has yet to be executed. In the event that the Possible Acquisition materialises, based on the existing information regarding the Target Company and the expected consideration of approximately HK$180 million, in accordance with the Listing Rules, the transaction may constitute a major transaction upon completion of the Rights Issue. The Company will finance the acquisition of the Target Company by internally generated funds if the consideration is higher than HK$180 million. If the consideration is below HK$180 million, the Company will therefore allocate the remaining unutilised proceeds for general working capital of the Group.

In considering the time required to complete the Rights Issue, the Directors are of the view that it is reasonable to raise funds for the Possible Acquisition by the Rights Issue at present so that the Company will have sufficient funds at the time of entering into any legally binding agreement in relation to the Possible Acquisition.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the MOU Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

The Directors consider that the acquisition of the Target Company is in line with the business development strategy and expansion plan of the Group. The Directors further consider that the Possible Acquisition is carried out in the ordinary course of business and in the interests of the Company and the Shareholders as a whole.

Save and except for the MOU announced by the Company on 5 February 2016, the Company is not in negotiation of, and has not entered into any agreement, arrangement, undertaking and/or understanding in relation to acquisition of new business and/or disposal of its existing business.

In the event that the MOU does not proceed, the Company intends to apply the allocated net proceeds of the Rights Issue for other investment opportunities including but not limited to design and/or manufacturing company in the watch industry as and when identified by the Group. The Company is actively seeking for other investment opportunities, but the Company has not identified any investment opportunities other than the Target Company as at the Latest Practicable Date.

Expansion of sales network in the PRC

Sales revenue of the Group from the PRC has shown an upward trend from approximately RMB507.22 million for the year ended 31 December 2013 to approximately RMB617.57 million for the year ended 31 December 2014, representing an increase of approximately 21.8% and indicating a potential growth and opportunity in the PRC market.

The sales revenue of the Group from the PRC decreased slightly to approximately RMB600.45 million for the year ended 31 December 2015, which is mainly attributable to the decrease in the average selling price of the branded watches and OEM watches of the Group.

Despite the slight decrease in sales revenue from the PRC, with the launch of the three new brands namely "M.O.D", "Extreme" and "Nordic Design" in both the domestic and international markets, the Directors are of the view that the expansion of the sales network and marketing activities of the Group are fair and reasonable.

As at the Latest Practicable Date, the Group operates 850 retail points for its own-branded watches in the PRC. In response to the competition in the market and to enhance the services provided to the customers, the Board intends to expand the sales network of the Group by establishing an estimated 200 additional retail stores in the second-tier and third-tier cities, covering 4 regions in the PRC and 1 office in each region in 2016 and 2017 as follows:

				Breakdown of the estimated costs				
Regions	No. of office to be established	No. of retail store to be established	Estimated costs	Staff costs	Rental fee and management fee	Renovation fee	Inventories costs	Administrative and other expenses
			(RMB million)	*(RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*
Southern China	1	60	21.18	6.71	2.34	4.38	7.20	0.55
Central China	1	50	17.39	5.46	1.95	3.65	6.00	0.33
Northern China	1	45	16.29	5.27	1.78	3.29	5.40	0.55
Eastern China	1	45	15.95	5.07	1.76	3.29	5.40	0.43
Total	4	200	70.81	22.51	7.83	14.61	24.00	1.86

The total estimated costs are approximately RMB70.81 million (equivalent to approximately HK$84.97 million), which include rental fee, management fee, renovation fee, inventories costs, staff costs etc. for the retail stores and the offices.

The expected timeframe of the expansion plan of the sales network in the PRC is set out as follows:

	2016 3Q	2016 4Q	2017 1Q	2017 2Q	Total
	No. of retail stores to be established				
Southern China	20	15	10	15	60
Central China	15	15	10	10	50
Northern China	10	15	10	10	45
Eastern China	15	10	10	10	45
Total	60	55	40	45	200

Together with the expansion of the sales network, the Group intends to allocate approximately HK$12.447 million for the marketing activities (such as advertisement on television channels, magazines, newspaper and out-door buildings) in these second-tier and third-tier cities to further increase the market share and penetration rate of the watch products in the PRC.

The Board is of the view that establishing additional retail stores in the PRC will increase the market penetration and promote brand awareness of the Group's products in the PRC. Therefore, the Board considers that the allocation of approximately HK$97.417 million for the expansion of the sales network and marketing activities of the Group is in the interest of the Company and the Shareholders as a whole.

Acquisition of remaining 20% equity interest in a non-wholly owned subsidiary of the Company

As stated in the announcement of the Company dated 15 February 2016 (the "**Discloseable Announcement**"), the Company, through its wholly-owned subsidiary, Zhangzhou Hongyuan Watch Industry Co., Ltd.* (漳州宏源錶業有限公司)("**Zhangzhou Hongyuan**"), has entered into the Shares Transfer Agreement with Zhangzhou Zhanglong Hongqiao Energy Conservation Venture Capital Investment Partnership Enterprise (Limited Partnership)* (漳州市漳龍紅橋節能環保創業投資合作企業(有限合夥))(the "**Vendor**") and Fujian Ouwosi Watch & Clock Precise Technology Co., Ltd.* (福建省歐沃斯鐘錶精密技術有限公司)(the "**Subsidiary**"), an indirect non-wholly owned subsidiary of the Group established under the laws of the PRC with limited liability and principally engaged in design, production, assembly and sale of watches, to purchase 20% equity interest in the Subsidiary.

On 5 March 2014, the Vendor and the Subsidiary entered into a capital increase agreement pursuant to which the Vendor subscribed for the registered capital of RMB5 million of the Subsidiary for a consideration of RMB20 million (the "**Capital Contribution**"). As a result, the registered capital of the Subsidiary was increased by RMB5 million, with the remaining consideration of RMB15 million being treated as capital reserve. Upon completion of the Capital Contribution, the registered capital of the Subsidiary was increased to RMB25 million, with Zhangzhou Hongyuan holding 80% equity interest and the Vendor holding 20% equity interest of the Subsidiary, respectively.

Pursuant to the Shares Transfer Agreement, the Vendor agreed to sell and Zhangzhou Hongyuan agreed to acquire the remaining 20% equity interest of the Subsidiary for a cash consideration of RMB22,152,500 (equivalent to approximately HK$26,583,000).

As stated in the Discloseable Announcement, the Board is of the view that the acquisition of the remaining 20% equity interest in the Subsidiary will: (i) enable the Group to achieve greater economic efficiency; (ii) enhance the Company's management control over the Subsidiary; and (iii) provide easier financing for future development. The transaction will bring about a sole ownership structure of the Subsidiary, which will lead to a smoother management and a quicker decision-making of the Company on the Subsidiary. As such, stronger synergies will be created within the Group. Therefore, the Board is of the view that the allocation of approximately HK$26.583 million for the acquisition of the remaining 20% equity interest in the Subsidiary is in the interest of the Shareholders and the Company as a whole.

* *For identification purpose only*

Information on the Subsidiary

The Subsidiary 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 Subsidiary as extracted from its audited financial statements prepared in accordance with the PRC generally accepted accounting principles 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	*RMB'000*
	(unaudited)	(audited)
Profit before taxation	20,485	23,952
Net profit after taxation	15,364	17,964

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

Debts repayment

The Company intends to allocate approximately HK$9.60 million (equivalent to approximately RMB8.00 million) to repay the debt of the Group which will become due in November 2016. As at the Latest Practicable Date, the Group has outstanding bank borrowings of approximately RMB8.00 million (equivalent to approximately HK$9.60 million) which will become due in November 2016.

The finance costs of the bank borrowings amounted to approximately RMB2.21 million (equivalent to approximately HK$2.65 million) as at 31 December 2015. It is the intention of the Company to repay all its bank borrowing when it falls due and the Company does not intend to renew the abovementioned bank borrowing. Accordingly, the Directors are of the view that it is reasonable to allocate approximately HK$9.60 million to repay the debts of the Group.

In the Baselworld watch exhibition in Basel, Switzerland in March 2016, the Company has launched three new brands namely "M.O.D", "Extreme" and "Nordic Design". The three new high-end brands were designed by Hong Kong local designers. With the addition of the three new brands and the expansion of the sales network in the PRC, the Directors are of the view that the demand of the watch products of the Group is expected to increase.

Although the Company is estimated to record a positive cash inflow as at the year end, the Company may require substantial amount of cash for business operation in different time intervals during the year. Therefore, the fund raising activity is required for the development and expansion of the Group.

The current funding needs were in deliberation at the time of the placing completed in January 2016. The expansion and development plans were approved by the Board in late January 2016 and the target of the Possible Acquisition was not identified until mid January 2016.

Therefore, the current funding needs have not been contemplated or taken into account at the time of the Company's initial public offering ("**IPO**") or conducting the share subscription which was completed in August 2015 and the placing which was completed in January 2016.

The Company will update in its interim and annual reports on the actual use of proceeds from the Rights Issue, including but not limited to, the status of its expansion of sales network in the PRC.

Other fund raising alternatives

The Board has considered other fund raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing of new Shares and open offer.

Debt financing or bank loans would result in additional interest burden to and higher gearing ratio of the Group. The Company has attempted to obtain loan financing from its two principal bankers for financing its principal business, however, those bankers indicated that it was unlikely for the Company to obtain loan financing from them without any asset pledge or at favourable terms. Therefore, given the fund raising size and the business scale of the Company, the Directors consider that it will not be feasible for the Company to obtain the required amount from bank financing at favourable terms.

Placing of new Shares would only be available to certain placees who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders.

Although an open offer is similar to a rights issue, an open offer would not provide an additional option to those Qualifying Shareholders who do not wish to take up their allotments to sell their provisionally allotted nil-paid Rights Shares. Furthermore those Qualifying Shareholders who wish to increase their shareholding interests in the Company cannot acquire additional nil-paid Rights Shares in the market in the case of an open offer.

The Board considers that the Rights Issue is in the interest of the Company and the Shareholders as a whole as: (i) Qualifying Shareholders have the option to subscribe the Rights Shares at their sole discretion; (ii) Qualifying Shareholders who do not take up their allotments can sell the nil-paid Rights Shares in the market; (iii) the Rights Issue allows the Qualifying Shareholders who participate to increase their interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to the availability) or applying through excess applications for Rights Shares; and (iv) the Rights Issue offers all the Qualifying Shareholders an equal opportunity to participate in the enlarged capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so.

Having considered and evaluated that all Qualifying Shareholders can have an equal opportunity to maintain their interests in the Company and that the Rights Issue will not increase the future finance costs of the Group, the Directors are of the view that raising funds by way of the Rights Issue is a better option over the other alternative fund-raising methods as set out above.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Rights Issue to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company before and after the completion of the Rights Issue:

			Immediately after completion of the Rights Issue			
	As at the Record Date		Assuming all the Rights Shares are subscribed for by the Qualifying Shareholders		Assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*	*No. of Shares*	*Approximate %*
Mr. Lin Zhiqiang *(Note 1)*	–	–	–	–	–	–
Ms. Yan Xiaotong *(Note 2)*	–	–	–	–	–	–
Visual Wise *(Note 3)*	354,367,020	30.76	1,063,101,060	30.76	354,367,020	10.25
Public Shareholders	797,632,980	69.24	2,392,898,940	69.24	797,632,980	23.08
Underwriter *(Note 4)*	–	–	–	–	2,304,000,000	66.67
	1,152,000,000	100.00	3,456,000,000	100.00	3,456,000,000	100.00

Notes:

1. Mr. Lin Zhiqiang, was granted 800,000 Share Options on 16 June 2015 in accordance with the Company's Share Option Scheme.

2. Ms. Yan Xiaotong, a former executive Director in the last 12 months, was granted 800,000 Share Options on 16 June 2015 in accordance with the Company's Share Option Scheme. Ms. Yan Xiaotong is the spouse of Mr. Lin Zhiqiang.

3. As at the Latest Practicable Date, Visual Wise is owned as to 62% by Mr. Lin Zhiqiang, the chief executive officer, chairman and an executive Director, and 38% by Ms. Yan Xiaotong. Ms. Yan Xiaotong is the spouse of Mr. Lin Zhiqiang and they are deemed to have interest in the Shares in which his/her spouse is interested.

4. The Underwriter irrevocably undertakes to the Company that if the Underwriter or any of the sub-underwriter is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations:

   (a) the Underwriter will not trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the Underwriter in respect of performing its obligations hereunder;

   (b) the Underwriter shall and shall cause the sub-underwriter to procure subscribers independent of the Company and its connected persons to take up such number of Rights Shares as may be necessary to ensure that the public float requirements under the Listing Rules are complied with;

   (c) none of the persons to be procured by the Underwriter to subscribe for the untaken Underwritten Shares will be holding 10% or more of the total issued shares of the Company immediately after completion of the Rights Issue; and

   (d) the Underwriter shall use its reasonable endeavours to ensure that the subscribers for the untaken Underwritten Shares are independent of and not connected with the Company and its connected persons and are not a party acting in concert with each other.

5. The Underwriter has entered into a sub-underwriting agreement with a sub-underwriter who is an Independent Third Party for 71,500,000 Rights Shares.

6. The tables shown above are for illustrative purpose only.

As at the Record Date, the existing public Shareholders hold approximately 69.24% of the entire issued share capital of the Company. Upon completion of the Rights Issue (assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders), the existing public Shareholders will hold approximately 23.08% of the enlarged issued share capital of the Company.

Qualifying Shareholders who do not take up the Rights Shares to which they are provisionally allotted and the Excluded Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue. The possible maximum dilution to shareholdings of those Qualifying Shareholders who do not subscribe to the Rights Issue is approximately 66.67%.

As discussed with the Underwriter, in the event that there is insufficient public float of the Company within the meaning of the Listing Rules immediately upon completion of the Rights Issue solely because of the Underwriter's performance of its obligations pursuant to the Underwriting Agreement, the Underwriter agrees to take such appropriate steps as may be reasonably required to maintain the minimum public float for the Shares in compliance with Rule 8.08 of the Listing Rules. The Underwriter will use its best endeavours to ensure that the subscribers and/or sub-underwriters are: (i) Independent Third Parties; and (ii) will not hold 10% or more of the equity interest and voting rights in the Company upon completion of the Rights Issue. The Underwriter will also ensure that at least 25% of the total issued share capital of the Company is held by the public at all times such that the public float requirements under Rules 8.08 of the Listing Rules will be complied with by the Company.

On 23 May 2016, after trading hours, the Underwriter has entered into a sub-underwriting agreement with Ms. Cai Cuiying (the "**Sub-underwriter**"), who is an Independent Third Party for 71,500,000 Rights Shares. Since the Sub-underwriter will hold less than 5% equity interest of the Company upon completion of the Right Issue, the Sub-underwriter will be considered as public Shareholder. Taking into account of the Sub-underwriter, the public float will be at least 25% of total issued share capital of the Company upon completion of the Rights Issue.

Therefore, taking into account of the underwriting arrangement and the sub-underwriting arrangements, at least 25% of the total issued share capital of the Company will be held by public under all circumstances upon completion of the Rights Issue. To the extent that the Underwriter subsequently enters into any further sub-underwriting arrangements, the Underwriter shall use its best endeavours to ensure that each subscriber and/or sub-underwriter is an Independent Third Party and will not hold more than 10% of the equity interest and voting rights in the Company upon completion of the Rights Issue.

DILUTION EFFECT OF THE RIGHTS ISSUE

The following table shows the dilution effect on the share price and the Shares in issue after completion of the Rights Issue:

Event	**Dilution effect on the share price after the Rights Issue**	**Total number of Shares in issue after the Rights Issue**	**Dilution effect on the Company's Shares in issue after the Rights Issue** *(Note 2)*
Rights Issue	To be adjusted downwards by approximately 32.73% *(Note 1)*	2,304,000,000 Shares	Approximately 66.67% *(Note 3)*

Notes:

1. The dilution effect on the share price is calculated based on: (i) the theoretical ex-rights price of approximately HK$0.185 per Share after the Rights Issue (calculated based on the closing price of HK$0.275 per Share as quoted on the Stock Exchange on the Last Trading Day); and (ii) the closing price of approximately HK$0.275 per Share on the Last Trading Day.

2. The dilution effect is calculated by dividing the increase in number of Shares with the aggregate number of Shares in issue immediately after the Rights Issue.

3. The dilution effect on the Shares only applies to those Shareholders who do not participate in the Rights Issue.

Given that: (i) the Subscription Price and the subscription ratio were determined after arm's length negotiations between the Company and the Underwriter, details of which are highlighted in the section "Basis of determining the Subscription Price and the subscription ratio"; (ii) the structure of the Rights Issue has been approved by the Independent Shareholders at the EGM; and (iii) a relatively deep discount to the Share price is necessary to induce the Underwriter to participate in the underwriting of the Underwriter Shares and attract the investors to subscribe for the Rights Shares, the Directors are of the view that the dilution effect on the Share price in the event that the Shareholders did not participate in the Rights Issue is acceptable.

WARNING OF THE RISK OF DEALINGS IN SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof.

Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that dealing in the Rights Shares in the nil-paid form will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Any Shareholder or other person dealing in the nil-paid Rights Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be on 4:00 p.m. on Monday, 18 July 2016), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Right Shares in their nil-paid and fully-paid forms will be traded in board lots of 2,000 Shares. Any Shareholder or other person contemplating selling or purchasing any Shares and/or nil-paid Rights Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

FUND RAISING EXERCISES OF THE COMPANY IN THE PAST 12 MONTHS

Save as disclosed below, the Company has not conducted any other fund raising activities in the past 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Event	Net proceeds raised	Intended use of net proceeds	Actual use of proceeds
5 August 2015	Subscription of 160,000,000 new Shares at HK$0.40 per Share *(Note 1)* (the "**2015 Subscription**")	Approximately HK$62.0 million	To finance future business investment and development opportunities (including but not limited to the promotion of international image of branded watches) and/or as general working capital of the Group.	(i) Approximately HK$25.8 million was used for purchase of machines and equipment; (ii) Approximately HK$19.6 million was used for promotion and marketing activities; (iii) Approximately HK$5.7 million was used to purchase watch components; (iv) Approximately HK$4.9 million was used for research and development work; and (v) Approximately HK$6.0 million was used as general working capital.
4 January 2016	Placing of 192,000,000 new Shares of HK$0.23 per Share under general mandate *(Note 2)* (the "**2016 Placing**")	Approximately HK$43.06 million	As general working capital of the Group	(i) Approximately HK$9.25 million was used for general working capital of the Group; and (ii) Approximately HK$33.81 million is placed in the bank and will be used for general working capital of the Group as intended.

Notes:

1. Upon completion of the 2015 Subscription as announced by the Company on 19 August 2015, the shareholding of the public Shareholders other than the placees had decreased from approximately 43.95% to approximately 36.63%, representing a dilution of approximately 16.66% to their then existing shareholding.

2. Upon completion of the 2016 Placing as announced by the Company on 18 January 2016, the shareholding of the public Shareholders other than the placees had decreased from approximately 63.09% to approximately 52.57%, representing a dilution of approximately 16.67% to their then existing shareholding.

Dilution effect of the fund raising exercises of the Company in the past 12 months

Assuming that the public Shareholders other than the placees did not subscribe for any Shares under the 2015 Subscription and the 2016 Placing respectively, their shareholdings in the Company would have decreased from approximately 43.95% to approximately 30.52%, representing an accumulative dilution effect of approximately 30.56% from the equity fund raising exercises conducted by the Company in the past 12 months.

As at the Latest Practicable Date and to the best of the Directors' knowledge, information and belief, the Company is not considering any equity fund raising exercise during the next 12 months from the date of this Prospectus. To the best of the Directors' knowledge, information and relief, the proceeds from Rights Issue and the internal funding of the Company can satisfy the Company's expected funding needs for the next 12 months from the Latest Practicable Date.

The Company was listed on the Main Board of the Stock Exchange on 30 January 2015. The net proceeds from the Company's IPO (after deducting the underwriting fees and related expenses) amounted to approximately HK$134.40 million, which are intended to be applied in the manner as disclosed in the IPO Prospectus. During the period from 20 January 2015, being the date of the IPO Prospectus, to 31 May 2016, the Group has applied the net proceeds as follows:

	Amount Allocated *(HK$'000)*	**Amount utilised** *(HK$'000)*	**Amount unutilised** *(HK$'000)*
– Marketing activities for branded watches in the domestic market	41,859	22,216	19,643
– Further developing on-line retail stores for branded watches	22,145	22,145	–
– International expansion of sales network	17,464	17,464	–
– Upgrading existing watch components production workshops	26,556	26,556	–
– Addition of more technologically advanced machines and equipment	10,532	10,532	–
– Strengthening core competitiveness by improving watch design and development capabilities	15,844	15,844	–
	134,400	114,757	19,643

The IPO proceeds of approximately HK$114.76 million was utilised as follows:

(i) approximately HK$22.22 million was used for marketing activities for branded watches in the domestic market, such as placing outdoor advisements, participating in major sales and watch and clock fairs as well as brand planning and promotion activities;

(ii) approximately HK$22.15 million was used for further developing on-line retail stores for branded watches by organising on-line marketing events and on-line advertisements;

(iii) approximately HK$17.46 million was used for international expansion of sales network, such as advertisement and promotion in international markets and further expansion of the sales network of the Group in the international watch markets;

(iv) approximately HK$26.56 million was used for upgrading existing watch components production workshop, such as purchasing watch components to improve the production and watch assembly environments and expand the production capacity of watch components of the Group;

(v) approximately HK$10.53 million was used for acquisition of more technologically advanced machines and equipment, such as purchase of intelligent hydraulic lathe and precise machinery, to enhance the automation of production facilities and thus increase the production efficiency; and

(vi) approximately HK$15.84 million was used for strengthening core competitiveness by improving watch design and development capabilities through: (a) providing more training to the design team of the Company to uphold the design and artistic knowledge; (b) developing smart watches, new products, such as three new design under the brands of Nordic Design, Extreme and M.O.D. designed by the Hong Kong design team of the Company; and (c) establishing mould design and fabrication centre for production of moulds.

The unutilised net proceeds of approximately HK$19.64 million from the IPO are currently placed in the bank account of the Group.

As at 31 May 2016, the Group has cash and bank balances of approximately RMB100.52 million (equivalent to approximately HK$120.62 million). As at the Latest Practicable Date, the Company intends to utilise: (i) approximately HK$15 million for potential investment opportunities; (ii) approximately HK$16 million for settlement of other payables; (iii) approximately HK$25 million for research and development of the products of the Group; (iv) approximately HK$40 million for advertising, purchase of watch components, research and design etc.; and (v) approximately HK$4.98 million for general working capital of the Group. To support the daily business operation of the Group, the Directors consider that it is necessary for the Group to have a cash float for working capital. The Company expects to utilise the existing cash for other payable and research and development by the first quarter of 2017. For the potential investment opportunities, the Company will utilise the funds when the opportunities arise. In summary, the indicative timeline for the cash utilisation is set out below:

	3rd Quarter 2016	4th Quarter 2016	1st Quarter 2017	Total
Settlement of other payable	8.0	–	8.0	16.0
Research and development of the products of the Group	5.0	10.0	10.0	25.0

As the majority of the cash and bank balances will be used for specific purposes in the existing business in the Group, and having considered that:

(i) the Group has been in negotiation with the MOU Vendor for the Possible Acquisition;

(ii) the Company through its subsidiary, Zhangzhou Hongyuan, has entered into the Shares Transfer Agreement with the Vendor and the Subsidiary; and

(iii) it is the current business strategy of the Group to conduct expansion of sales network in the PRC for the existing business,

in spite of the potential dilution impact of the Rights Issue and the relatively deep discount of the Subscription Price, the Directors are of the view that the Company has imminent funding needs and that it is necessary for the Company to raise additional funds through the Rights Issue in order to facilitate the business development of the Group which will be in the interest of the Company and the Shareholders as a whole.

ADJUSTMENT IN RELATION TO THE OUTSTANDING SHARE OPTIONS

As at the Latest Practicable Date, the Company has outstanding Share Options entitling the holders thereof to subscribe for 70,570,000 new Shares.

Pursuant to the terms of the outstanding Share Options, the Rights Issue will cause adjustments to the exercise price of the outstanding Share Options and the number of Shares to be allotted and issued upon exercise of the outstanding Share Options. The Company will instruct its auditor or an independent financial adviser to review and certify such adjustments in accordance with Chapter 17 of the Listing Rules, the supplementary guidance issued by the Stock Exchange on 5 September 2005, and the terms of the outstanding Share Options upon the Rights Issue become unconditional. The Company will make further announcement in respect of such adjustments on the date of the announcement for the results of the Rights Issue.

LISTING RULES IMPLICATIONS

As the Rights Issue will increase the issued share capital of the Company by more than 50%, in accordance with Rule 7.24(5) of the Listing Rules, the Rights Issue must be made conditional on, amongst other things, the approval by the Independent Shareholders in a general meeting by a resolution on which any Controlling Shareholders and their associates or, where there are no Controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue.

The Rights Issue has been duly approved by the Independent Shareholders.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

By order of the Board
Time2U International Holding Limited
Lin Zhiqiang
Chairman, Chief Executive Officer and Executive Director

1. FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the years ended 31 December 2014 and 31 December 2015, including the notes thereto, have been published in the annual reports of the Company for the years ended 31 December 2014 (pages 28 to 92) (http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0429/LTN20150429630.pdf) and 31 December 2015 (pages 32 to 100) (http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0429/LTN20160429715.pdf) respectively, which are incorporated by reference into this Prospectus. The said annual reports of the Company are available on the Company's website at http://en.time2u.com/ and the website of the Stock Exchange at www.hkexnews.hk.

2. INDEBTEDNESS STATEMENT

Borrowings

As at close of business on 31 May 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had outstanding borrowings of approximately RMB16,000,000. These secured bank borrowings comprised fixed interest rate ranging from 4.79% to 6.31% per annum.

Securities

The aforesaid secured bank borrowings of approximately RMB16,000,000 were secured by building and prepaid lease payments with a carrying amount of approximately RMB33,879,000 and RMB13,105,000 respectively and personal guarantee provided by the Directors.

Save as aforesaid, the Group did not have any other bank loans, bank overdrafts and liabilities under acceptance or other similar indebtedness, debenture or other loan capital, mortgages, charges, guarantees or other material contingent liability outstanding as at the Latest Practicable Date.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Group and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital to satisfy its requirements for the next twelve months from the date of this Prospectus in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited consolidated accounts of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the manufacture and sales of own-branded watches, OEM watches and third-party watches.

In March 2016, the Group aimed to enhance its brand awareness and reinforcing the brand positioning in the international market by launching 3 new brands namely Nordic Design, Extreme and M.O.D. designed by the Hong Kong design team.

Going forward, the Group will explore business opportunities which could complement the Group's current business. The Group will continue to strengthen its core competitiveness by improving its watch design and development capabilities by upholding the design and artistic knowledge of the 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 its manufacturing facilities and equipment, addition of more technologically advanced machines to increase automation of the Group's production facilities will increase production efficiency and capacities. In this way, the Company's financial performance can be strengthened and optimal benefits will be brought to its Shareholders.

A. REPORT OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report received from HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Group for the sole purpose of inclusion in this Prospectus.

HLB 國衛會計師事務所有限公司 Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

28 June 2016

The Board of Directors
Time2U International Holding Limited
21E, YHC Tower,
1 Sheung Yuet Road,
Kowloon Bay, Kowloon
HONG KONG

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN AN PROSPECTUS

TO THE DIRECTORS OF TIME2U INTERNATIONAL HOLDING LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Time2U International Holding Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors for illustrative purposes only. The pro forma financial information consists of the pro forma net tangible assets statement as at 31 December 2015 (the "**Pro Forma Financial Information**"), and related notes as set out in Appendix II of the prospectus issued by the Company (the "**Prospectus**"). The applicable criteria on the basis of which the directors have compiled the Pro Forma Financial Information are described in Appendix II of the Prospectus.

The Pro Forma Financial Information has been compiled by the directors of the Company to illustrate the impact of the proposed rights issue on the basis of two rights shares for every one share held on the record date (the "**Proposed Rights Issue**") on the Group's financial position as at 31 December 2015 as if the proposed rights issue had taken place at 31 December 2015. As part of this process, information about the Group's financial position has been extracted from the Group's audited financial statements for the year ended 31 December 2015, on which an audit report has been published.

Directors' Responsibility for the Pro Forma Financial Information

The directors of the Company are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7, 'Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars' ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, 'Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus', issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in this Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at 31 December 2015 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai, Alex
Practising Certificate Number: P05029

Hong Kong, 28 June 2016

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma financial information of the Group (the "**Unaudited Pro Forma Financial Information**") has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the rights issue (the "**Rights Issue**") on the basis of two rights shares ("**Rights Share**") for every one existing share in issue on the Record Date at HK$0.14 per Rights Share on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had taken place on 31 December 2015.

The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only and, because of its nature, it may not give a true picture of the financial position of the Group as at the date to which it is made up or at any future date.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company derived from the unaudited consolidated statement of financial position of the Group as at 31 December 2015, extracted from the annual report of the Company for the year ended 31 December 2015, with adjustment described below:

	Audited consolidated net tangible assets of the Group attributable to owners of the Company	**Estimated net proceeds from Rights issue**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights issue**
	(note 1)	*(note 2)*	
	RMB'000	*RMB'000*	*RMB'000*
Net assets attributable to owners of the Company	693,249	261,333	954,582

	RMB$
Audited consolidated net tangible assets of the Group per share attributable to the owners of the Company as at 31 December 2015 before the completion of the Rights Issue *(Note 3)*	0.60
Unaudited pro forma adjusted consolidated net tangible assets per of the Group share attributable to the owners of the Company after completion of the Rights Issue *(Note 4)*	0.28

Notes:

(1) The audited consolidated net tangible assets (excluding non-controlling interests) of the Group attributable to the owners of the Company as at 31 December 2015 of approximately RMB693,249,000 is calculated based on the share capital and reserves attributable to the owners of the Company as at 31 December 2015.

(2) The estimated net proceed from Rights Issue of approximately RMB261,333,000 is based on 2,304,000,000 Rights Shares to be issued (based on 1,152,000,000 shares in issue as at the Latest Practicable Date and assuming no outstanding share options being exercised and no shares being repurchased by the Company) at the subscription price of HK$0.14 per Rights Share and after deduction of estimated related expenses, including among others, other professional fees, which are directly attributable to the Rights Issue, of approximately RMB7,467,000.

(3) The audited consolidated net tangible assets of the Group per share attributable to the owners of the Company as at 31 December 2015 before the completion of the Rights Issue is determined based on the consolidated net tangible assets (excluding non-controlling interests) of the Group attributable to the owners of the Company as at 31 December 2015 of approximately RMB693,249,000 as disclosed in note (1) above, dividend by 1,152,000,000 shares of the Company as at Latest Practicable Date, which comprise (i) 960,000,000 share of the Company in issue as at 31 December 2015 and (ii) 192,000,000 placing share completed on 18 January 2016.

(4) Unaudited pro forma adjusted consolidated net tangible assets (excluding non-controlling interests) of the Group per share attributable to the owners of the Company as at 31 December 2015 immediately after the completion of the Right Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of Right Issue of approximately RMB954,582,000, dividend by 3,456,000,000 shares of the Company immediately after Right Issue, which comprise (i) 960,000,000 share issue as at 31 December 2015; (ii) 192,000,000 placing share completed on 18 January 2016 and (iii) 2,304,000,000 Rights Shares to be issued pursuant to the Right Issue (based on 1,152,000,000 shares in issue as at the Latest Practicable Date).

(5) No adjustment has been made to reflect any trading results or other transaction of Group entered into subsequent to 31 December 2015.

1. RESPONSIBILITY STATEMENT

The Prospectus Documents, for which the Directors collectively and individually accept full responsibility, include particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Prospectus Documents misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company: (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue are as follows:

(i) As at the Latest Practicable Date

Authorised:		*HK$*
13,000,000,000	Shares	130,000,000.00
Issued and fully-paid:		*HK$*
1,152,000,000	Shares in issue	11,520,000.00

(ii) Immediately following the completion of the Rights Issue

Authorised:		*HK$*
13,000,000,000	Shares	130,000,000.00
Issued and fully paid:		*HK$*
1,152,000,000	Shares as at the Latest Practicable Date	11,520,000.00
2,304,000,000	Rights Shares to be allotted and issued upon completion of the Rights Issue	23,040,000.00
3,456,000,000	Shares in issue immediately after completion of the Rights Issue	34,560,000.00

Share Options

As at the Latest Practicable Date, there were 70,570,000 outstanding Share Options granted by the Company under the Share Option Scheme which in aggregate entitle holders thereof to subscribe for 70,570,000 new Shares. The holders of the Share Options were Directors, employees and consultants of the Group who were eligible participants of the Share Option Scheme.

Among the Share Options, all of the 70,570,000 Shares were to be allotted and issued at the exercise price of HK$0.726 per Share. The exercise prices of the Share Options and/or the number of Shares to be allotted and issued upon full exercise thereof may be subject to further adjustment as a result of the Rights Issue. Details of the outstanding options as at the Latest Practicable Date were as follows:

	Date of grant	Exercised price	Exercised period	Number of Shares issuable upon exercise in full of the Share Options
Executive Directors				
Lin Zhiqiang	16 June 2015	HK$0.726	16 December 2015 to 15 June 2025	800,000
Yan Xiatong *(Note)*	16 June 2015	HK$0.726	16 December 2015 to 15 June 2025	800,000
Other employees and consultants	16 June 2015	HK$0.726	16 December 2015 to 15 June 2025	12,370,000
	16 June 2015	HK$0.726	16 December 2015 to 15 June 2025	56,600,000
Total				70,570,000

Note:

Ms. Yan Xiaotong was appointed as executive Director of the Company in July 2014 and resigned in September 2015.

All Rights Shares, when allotted and issued, shall rank *pari passu* with each other and in all respects with each other in all respects including rights to dividends, voting and return of capital. All Rights Shares to be issued will be listed on the Stock Exchange.

The issued Shares are listed and traded on Stock Exchange. None of the securities of the Company is listed, or dealt in, on any other exchange, nor is any listing of or permission to deal in the securities of the Company being, or proposed to be, sought on any other stock exchange.

Saved for the placing of 192,000,000 new Shares as disclosed in the announcement of the Company dated 4 January 2016, since 31 December 2015, the date to which the latest audited consolidated accounts of the Company were made up, and up to the Latest racticable Date, there had not been any new issue of Shares.

Saved for disclosed above, as at the Latest Practicable Date, the Company has no outstanding warrants, options, derivatives or convertible or exchangeable securities.

Saved for disclosed above, no capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Directors' interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required: (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

Name	Nature of interest/ capacity	Total number of Shares	Percentage of the Company's issued share capital
Mr. Lin Zhiqiang *(Note)*	Interest in controlled corporation	354,367,020	30.76%

Note:

As at the Latest Practicable Date, Mr. Lin Zhiqiang, the chief executive officer, chairman and an executive Director, and Ms. Yan Xiaotong, own 62% and 38% of Visual Wise respectively. Ms. Yan Xiaotong is the spouse of Mr. Lin Zhiqiang and they are deemed to have interest in the Shares in which his/her spouse is interested in.

(b) Substantial shareholders' interest

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Name	Nature of interest/capacity	Total number of Shares	Percentage of the Company's issued share capital
Visual Wise	Beneficial owner	354,367,020 (L)	30.76%
Mr. Lin Zhiqiang *(Note 1)*	Interest in controlled corporation	354,367,020 (L)	30.76%
Ms. Yan Xiaotong *(Note 1)*	Interest in controlled corporation	354,367,020 (L)	30.76%
China Prospect	Interest in controlled corporation	2,304,000,000 (L) *(Note 2)*	66.67% *(Note 3)*

(L) denotes long position
(S) denotes short position

Notes:

1. As at the Latest Practicable Date, Mr. Lin Zhiqiang, the chief executive officer, chairman and an executive Director, and Ms. Yan Xiaotong, own 62% and 38% of Visual Wise respectively. Ms. Yan Xiaotong is the spouse of Mr. Lin Zhiqiang and they are deemed to have interest in the Shares in which his/her spouse is interested in.

2. These 2,304,000,000 Shares represent the number of Underwritten Shares committed by China Prospect, as the Underwriter, pursuant to the Underwriting Agreement.

3. The percentage is calculated based on the enlarged issued share capital of the Company upon the completion of the Rights Issue, being 3,456,000,000 Shares.

4. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates had any interest in any business which competes or may compete, either directly or indirectly, with the business of the Group or has or may have any other conflicts of interest with the Group pursuant to the Listing Rules.

5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2015, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of, or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

6. DIRECTORS' SERVICE CONTRACTS

Except of Mr. See Ching Chuen and Mr. Zheng Qingjie, each of the executive Director has entered into a service agreement with the Company for an initial term of three years with effect from the listing date of the Company, 30 January 2015, unless terminated by not less than three months' notice in writing served by either the Director or the Company. All executive Directors are also entitled to a salary plus a discretionary bonus which shall be recommended by the remuneration committee of the Board and as approved by the majority of the Board. The aggregate amount of discretionary management bonuses payable to the Directors in respect of any financial year shall be subject to the approval by the Shareholders in general meeting and shall not exceed five percent of the audited consolidated net profits of the Group (after taxation and minority interests but before extraordinary and exceptional items) of the same financial year.

Each of the independent non-executive Director has signed a letter of appointment with the Company for a term of two years with effect from the Listing Date unless terminated by not less than one months' notice in writing served by either the independent non-executive Director or the Company. Save for their remuneration, none of the independent non-executive Directors is expected to receive any other emoluments for holding their office as an independent non-executive Director.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors has a service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors has a service contract with the Company or any of its subsidiaries or associated companies, which: (i) (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the Latest Practicable Date; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion and advice, which is contained in this Prospectus:

Name	Qualification
HLB Hodgson Impey Cheng Limited ("**HLB**")	Certified Public Accountants

As at the Latest Practicable Date, HLB: (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 December 2015 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

8. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, (i) the Group was not engaged in any litigation or claims of material importance, and (ii) no litigation or claims of material importance is pending or threatened against the Group.

9. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

(a) the Underwriting Agreement;

(b) a placing agreement dated 4 January 2016 entered into between the Company and Black Marble Securities Limited for the placing of up to 192,000,000 placing Shares on a best effort basis, at the placing price of HK$0.23 per placing Share;

(c) a placing agreement dated 5 August 2015 entered into between Visual Wise, the Company and Black Marble Securities Limited for the placing of up to 160,000,000 placing Shares on a best effort basis, at the placing price of HK$0.40 per placing Share;

(d) the underwriting agreement dated 19 January 2015 relating to the IPO entered into by, among others, the Company, Visual Wise, Cinda International Capital Limited and the underwriters in respect of the IPO;

(e) a deed of indemnity dated 19 December 2014 executed by the Controlling Shareholders in favour of the Company, details of which are set out in the IPO Prospectus;

(f) a deed of non-competition dated 19 December 2014 executed by the Controlling Shareholders in favour of the Company, details of which are set out in the IPO Prospectus;

(g) a sale and purchase agreement dated 30 July 2014 and entered into among Mr. Lin Zhiqiang, Ms. Yan Xiaotong and Speedy Glory in relation to the acquisition by Speedy Glory of all the issued shares of Jiulongjiu from Mr. Lin Zhiqiang and Ms. Yan Xiaotong at a nominal consideration of HK$2 and the shareholder's loan from Mr. Lin Zhiqiang at the consideration of approximately HK$13.5 million;

(h) a letter of amendment dated 21 July 2014 and entered into among the Company, Celestial Award, Visual Wise and Mr. Lin Zhiqiang setting out certain amendments to the investment agreement dated 13 May 2014 and entered into among the Company, Celestial Award, Visual Wise and Mr. Lin Zhiqiang in relation to the subscription of 5,810 Shares by Celestial Award at a consideration of HK$20,000,000 upon the termination of the subscription agreement (the "**Subscription Agreement**") dated 13 May 2014 and entered into among the Company, Ace Joy and Mr. Ng Fai Ching in relation to the subscription of 3,630 Shares by Ace Joy at a consideration of HK$12,576,560; and

(i) a letter of termination dated 27 June 2014 and entered into among the Company, Ace Joy and Mr. Ng Fai Ching, pursuant to which the Subscription Agreement described in (h) above was terminated.

10. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK$8.96 million, which are payable by the Company.

11. CORPORATE INFORMATION

Board of Directors	**Correspondence Address**
Executive Directors	
Mr. Lin Zhiqiang *(Chairman)*	21E, YHC Tower 1 Sheung Yuet Road Kowloon Bay, Kowloon Hong Kong
Mr. See Ching Chuen	21E, YHC Tower 1 Sheung Yuet Road Kowloon Bay, Kowloon Hong Kong
Mr. Zheng Qingjie	21E, YHC Tower 1 Sheung Yuet Road Kowloon Bay, Kowloon Hong Kong
Independent non-executive Directors	
Mr. Chang Wei	21E, YHC Tower 1 Sheung Yuet Road Kowloon Bay, Kowloon Hong Kong
Mr. Nie Xing	21E, YHC Tower 1 Sheung Yuet Road Kowloon Bay, Kowloon Hong Kong
Mr. Yu Chon Man	21E, YHC Tower 1 Sheung Yuet Road Kowloon Bay, Kowloon Hong Kong
Audit Committee	Mr. Yu Chon Man *(Chairman)* Mr. Chang Wei Mr. Nie Xing

Remuneration Committee	Mr. Nie Xing *(Chairman)* Mr. Lin Zhiqiang Mr. Chang Wei
Nomination Committee	Mr. Nie Xing *(Chairman)* Mr. Chang Wei Mr. See Ching Chuen
Authorised Representatives	Mr. Lin Zhiqiang Ms. Ho Ka Yan
Compliance Adviser	**Cinda International Capital Limited** 45th Floor, COSCO Tower 183 Queen's Road Central Hong Kong
Company Secretary	Ms. Ho Ka Yan, ACIS ACS
Principal Bankers	**Agricultural Bank of China Limited** Zhangzhou Xiangjiang Branch Xiangrong Building 7 Shengli West Road Zhangzhou City Fujian Province PRC **China CITIC Bank Corporation Limited** Zhangzhou Xiangcheng Branch No. 1, Block 7, Lijing Garden Danxia Road Zhangzhou City Fujian Province PRC **Industrial and Commercial Bank Limited** Zhangzhou Xiangcheng Branch 14 Yan'an North Road Zhangzhou City Fujian Province PRC

	Industrial Bank Co., Ltd. Zhangzhou Branch Longmen Building 27 Shengli West Road Zhangzhou City Fujian Province PRC
	Xiamen International Bank Co., Ltd. Xiamen Siming Branch Xingang Square 10 Hubin North Road Xiamen City Fujian Province PRC
Auditors	**HLB Hodgson Impey Cheng Limited** Certified Public Accountants 31/F, Gloucester Tower The Landmark, 11 Pedder Street Central Hong Kong
Registered Office	Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands
Cayman Islands Principal Share Registrar and Transfer Office	**Codan Trust Company (Cayman) Limited** Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands
Headquarter and Principal Place of Business in PRC	Jinfeng Development Zone Jinma Road Zhangzhou City Fujian Province PRC
Principal Place of Business in Hong Kong	21E, YHC Tower 1 Sheung Yuet Road Kowloon Bay, Kowloon Hong Kong

Hong Kong Branch Share Registrar and Transfer Office	**Tricor Investor Services Limited** Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Homepage	www.time2u.com
Stock Code	1327

12. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

The Company	**Time2U International Holding Limited** 21E YHC Tower 1 Sheung Yuet Road Kowloon Bay Kowloon, Hong Kong
Financial adviser to the Company	**Opus Capital Limited** 18/F, Fung House 19-20 Connaught Road Central Central Hong Kong
Underwriter	**China Prospect Securities Limited** Units 1113A & 1115 11/F, COSCO Tower 183 Queen's Road Central Sheung Wan Hong Kong
Legal adviser to the Company	***Hong Kong Law*** **Tang Tso & Lau** Room 209, 2/F China Insurance Group Building 141 Des Voeux Road Central Hong Kong

Auditors and reporting accountants	**HLB Hodgson Impey Cheng Limited** Certified Public Accountants 31/F, Gloucester Tower The Landmark, 11 Pedder Street Central Hong Kong
Independent financial adviser to the Independent Board Committee and the Independent Shareholders	**Hercules Capital Limited** 1503 Ruttonjee House 11 Duddell Street Central Hong Kong
Branch share registrar and transfer office of the Company in Hong Kong	**Tricor Investor Services Limited** Level 22, Hopewell Centre 183 Queen's Road East Hong Kong

13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the consent letter referred to in the section headed "Expert and Consent" in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

14. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, so far as applicable.

15. PROFILE OF DIRECTORS

Executive Directors

Mr. Lin Zhiqiang, aged 48, is an executive Director and the chairman of the Company. He is responsible for the overall strategic planning and business development of the Group. He was appointed as the chairman of the Board and an executive Director with effect from July 2014. Mr. Lin is the spouse of Ms. Yan Xiaotong, the chief executive officer of the Company and an executive Director, who has resigned in September 2015.

Mr. Lin is one of the founders of the Group. He has accumulated approximately 20 years of experience in the watch industry. Mr. Lin holds several social titles including the vice chairman of the tenth council of Fujian Youth Entrepreneurs' Association (福建省青年企業家協會), the honourary chairman of the ninth council of Zhangzhou Youth Entrepreneurs' Association (漳州市青年企業家協會), the executive director of the sixth chamber of the Youth Council of Fujian Province (福建省青年商會), the vice chairman of the first council of the Enterprises and Entrepreneurs Association of Xiangcheng District, Zhangzhou City (漳州市薌城區企業與企業家聯合會), a member of the 12th Chinese People's Political Consultative Conference in Zhangzhou City of Fujian Province and a member of the National Technical Committee on Watch Standardisation Administration (SAC/TC160) (全國鐘錶標準化技術委員會(SAC/TC160)) and the Subcommittee on Wristwatch of National Technical Committee on Watch Standardisation Administration (SAC/TC160/SC2) (全國鐘錶標準化技術委員會手錶分技術委員會(SAC/TC160/SC2)). Mr. Lin graduated from Zhangzhou No. 1 Secondary Vocational School of Fujian Province (福建省漳州第一職業中專學校) in art in July 1985 and he completed a postgraduate course in the Economic and Law Department of Fujian Normal University (福建師範大學) with a diploma in economic and political science in December 1998. In December 2007, Mr. Lin completed the Senior Research Study on Watch Design (鐘錶外觀設計高級研修班) held by the China Horologe Association (中國鐘錶協會).

Mr. See Ching Chuen, aged 54, is an executive Director. He was appointed as an executive Director with effect from March 2015. He has more than 17 years' experience in management and business strategic planning. He was an executive director of a company listed on the Growth Enterprise Market of The Stock Exchange, namely Longlife Group Holdings Limited (currently known as Rui Kang Pharmaceutical Group Investments Limited) (stock code: 8037) from June 2012 to May 2013. Mr. See has been the shareholder and director of Han Telecom Company Limited since 1997.

Mr. Zheng Qingjie, aged 48, has joined the Group since the Group was founded and contributes to the growth of the Group for 20 years. He was appointed as an executive Director with effect from 24 September 2015. Mr. Zheng is one of the witnesses to the growth of the Group. He is primarily responsible for the brand promotion and e-commerce of the Group. He has accumulated approximately 20 years of experience in the watch industry. Mr. Zheng graduated from Zhangzhou Secondary Vocational School of Fujian Province (福建省漳州市職業中學) in art in July 1985.

Independent Non-executive Directors

Mr. Chang Wei, aged 39, is an independent non-executive Director who was appointed in December 2014, and is responsible for overseeing the management of the Group independently. Mr. Chang has over eight years of experience in the publication industry. Since 2006, Mr. Chang has been the legal representative of Zhongxingshi (Beijing) International Advertising Co., Ltd. (中興時(北京)國際廣告有限公司). He has been a member of the Committee of Collection and Research of China Horologe Association (中國鐘錶協會收藏研究委員會) and the Beijing Association of Collectors (北京收藏家協會) since 2013 and 2005, respectively. He is also the author of "Bovet and China" (《播威與中國》), "Thirty Lectures on Horologe Collections" (《鐘錶收藏知識30講》), "China and Horologe" (《中國與鐘錶》) and "Appreciation of Well-known Watches" (《名錶名鑑》), which were first published in 2005 and subsequently published in 2009 and 2013. Mr. Chang completed the course of marketing and obtained the diploma from Shanxi Industrial and Commercial Training Institute (山西工商專修學院) in July 2000.

Mr. Nie Xing, aged 51, is an independent non-executive Director who was appointed in December 2014, and is responsible for overseeing the management of the Group independently. Mr. Nie has over 10 years of management experience. Mr. Nie became the deputy chief operating officer of China Culiangwang Beverages Holdings Limited (中國粗糧王飲品控股有限公司) (Stock Code: 904) (formerly known as China Green (Holdings) Limited (中國綠色食品(控股)有限公司)), a company listed on the Stock Exchange specialised in green food business, in June 2001 and was subsequently appointed as an executive director in November 2008. Mr. Nie resigned from the office of executive director in November 2013 but remains the deputy chief operating officer of such company. He was an executive director of such company from 2008 to 2013. From 2003 to 2008, Mr. Nie was an independent director of Guomai Technologies Inc. (國脈科技股份有限公司), a telecom outsourcing service provider listed on the Shenzhen Stock Exchange. Since 2008, Mr. Nie has been an independent non-executive director of China Lilang Limited (中國利郎有限公司) (Stock Code: 01234), a men's clothing company listed on the Stock Exchange. Mr. Nie has been the chairman of Xiamen Juxin Investment Co., Ltd. (廈門颶鑫投資有限公司), an investment company in the PRC, since 2010. Mr. Nie received a bachelor's degree in economics from the Jiangxi College of Finance and Economics (江西財經學院) (subsequently renamed as Jiangxi University of Finance and Economics (江西財經大學)) in July 1986 and received a master's degree in business administration from the Open University of Hong Kong through distance learning in December 2000.

Mr. Yu Chon Man, aged 38, is an independent non-executive Director who was appointed in December 2014, and is responsible for overseeing the management of the Group independently. Mr. Yu has over 13 years of experience in the accounting and finance industry. He has been the financial controller, qualified accountant and company secretary of China Singyes Solar Technologies Holdings Limited (中國興業太陽能技術控股有限公司)(stock code: 750), a company listed on the Stock Exchange specialised in the manufacture and sale of solar power products, since June 2008 and responsible for its financial reporting and general investor affairs. He was an independent non-executive director of the Sky Forever Supply Chain Management Group Limited (宇恒供應鏈集團有限公司)(stock code: 8047) (formerly known as Rising Power Group Holdings Limited (昇力集團控股有限公司)), a company listed on the Stock Exchange specialised in supply chain management, from June 2014 to July 2014. He has been an independent non-executive director of Winto Group (Holdings) Limited (stock code: 8238), a magazine publishing group since January 2015. Mr. Yu received a bachelor's degree in accountancy from the Hong Kong Polytechnic University in November 2001. He has been a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants since December 2004 and July 2005, respectively.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business in Hong Kong of the Company at 21E YHC Tower, 1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong during normal business hours (Saturdays and public holidays excepted) from the date of this Prospectus up to and including the Latest Time for Acceptance:

(a) the memorandum of association and Bye-Laws;

(b) the annual reports of the Company for the two financial years ended 31 December 2014 and 2015;

(c) the report on the pro forma financial information of the Group upon completion of the Rights Issue, the text of which is set out in Appendix II of this Prospectus;

(d) the letter from the Board;

(e) the service contracts as referred to in the section headed "Directors' Service Contracts" in this appendix;

(f) the material contracts as referred to in the section headed "Material Contracts" in this appendix;

(g) the written consent referred to in the paragraph headed "Expert and Consent" in this appendix; and

(h) this Prospectus.

17. MISCELLANEOUS

(a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's headquarter and principal place of business in PRC is at Jinfeng Development Zone, Jinma Road, Zhangzhou City, Fujian Province, PRC. The Company's principal place of business in Hong Kong is at 21E, YHC Tower, 1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

(b) The secretary of the Company is Ms. Ho Ka Yan ("**Ms. Ho**"). Ms. Ho is an associate member of the Hong Kong Institute of Chartered Secretaries and has years of experience in corporate governance and company secretaries matters. She obtained a Master of Corporate Governance degree from the Hong Kong Polytechnic University in 2014.

(c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

(e) The English texts of this Prospectus shall prevail over their Chinese texts in the case of any inconsistency.