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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

*If you have sold or otherwise transferred all your shares in the Company, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.*

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**Time2U International Holding Limited**

**時間由你國際控股有限公司**

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

**(Stock Code: 1327)**

- (I) PROPOSED REFRESHMENT OF GENERAL MANDATE  
TO ISSUE SHARES;  
(II) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;  
AND  
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**

***Hercules***

**Hercules Capital Limited**

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A letter from the Independent Board Committee is set out on page 11 of this circular and a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 18 of this circular.

A notice convening the EGM to be held at 2:30 p.m. on 16 November 2015 at Jasmine Room, 3/F, BEST WESTERN PLUS Hotel Hong Kong, 308 Des Voeux Road West, Hong Kong is set out on pages 19 to 21 of this circular.

Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

30 October 2015

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## DEFINITIONS

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*In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:*

“AGM”	the annual general meeting of the Company held on 22 June 2015
“Articles”	the articles of association of the Company as amended from time to time
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“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
“Current Issue Mandate”	the general mandate approved and granted to the Directors at the AGM to allot, issue and deal with Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the AGM
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 2:30 p.m. on 16 November 2015 for the purpose of considering, and if thought fit, approving the proposed grant of the Refreshed General Mandate and the proposed Increase in Authorised Share Capital, the notice of which is set out on pages 19 to 21 of this circular
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$15,000,000 (divided into 1,500,000,000 Shares) to HK\$130,000,000 (divided into 13,000,000,000 Shares) by the creation of an additional 11,500,000,000 Shares
“Independent Board Committee”	the independent board committee of the Board comprising all independent non-executive Directors, established for the purpose of advising the Independent Shareholders in relation to the Refreshed General Mandate

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## DEFINITIONS

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“Independent Financial Adviser”	Hercules Capital Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), being the independent financial advisor appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the Refreshed General Mandate
“Independent Shareholders”	Shareholders other than any controlling Shareholders and their associates or, where there are no controlling Shareholders, any Directors (excluding independent non-executive Directors) and the chief executive of the Company who shall hold Shares as at the date of the EGM and their respective associates
“Latest Practicable Date”	27 October 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lin”	Mr. Lin Zhiqiang, the chairman of the Board, an executive Director and chief executive officer of the Company
“PRC”	the People’s Republic of China, for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the China and Taiwan
“Refreshed General Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the EGM to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of a nominal or par value of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 160,000,000 Shares by Visual Wise pursuant to the agreement dated 5 August 2015 and entered into between Visual Wise, the Company and Black Marble Securities Limited, the placing agent

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## DEFINITIONS

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“Visual Wise”	Visual Wise Limited, a company incorporated in the British Virgin Islands and a controlling shareholder (as defined under the Listing Rules) of the Company, which is interested in approximately 46.70% of the entire issued share capital of the Company
“%”	per cent.

Certain amounts and percentage figures included in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

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LETTER FROM THE BOARD

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**Time2U International Holding Limited**

時間由你國際控股有限公司

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

(Stock Code: 1327)

*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

30 October 2015

*To the Shareholders*

Dear Sir or Madam,

**(I) PROPOSED REFRESHMENT OF GENERAL MANDATE  
TO ISSUE SHARES;  
(II) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;  
AND  
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with (i) information in respect of the resolution to be proposed at the EGM regarding the proposed grant of the Refreshed General Mandate; (ii) the

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## LETTER FROM THE BOARD

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recommendation of the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Refreshed General Mandate; (iv) information in respect of the resolution to be proposed at the EGM regarding the proposed Increase in Authorised Share Capital; and (v) notice of the EGM.

### PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES

#### Background

Pursuant to an ordinary resolution passed by the Shareholders at the AGM, the Directors were granted the Current Issue Mandate to allot and issue up to 160,000,000 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. There had not been any refreshment of the Current Issue Mandate since the AGM up to the Latest Practicable Date.

#### Fund raising activities under the Current Issue Mandate

Save for the fund raising activity mentioned below, the Company has not carried out other fund raising activities under the Current Issue Mandate since the AGM up to the Latest Practicable Date.

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
5 August 2015 and 10 August 2015	Placing of 160,000,000 existing Shares and the Subscription of 160,000,000 new Shares at HK\$0.40 per Share	The gross proceeds and net proceeds from the Subscription received by the Company were approximately HK\$64.0 million and HK\$62.0 million, respectively	The Group intended to utilize the net proceeds from the Subscription 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	Approximately HK\$5.7 million was used to purchase watch components and the remainder of the unutilized proceeds are placed in the bank accounts of the Group

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## LETTER FROM THE BOARD

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### **Utilisation under the Current Issue Mandate**

Subsequent to the completion of the placing of 160,000,000 existing Shares on 12 August 2015 and the Subscription of 160,000,000 new Shares on 19 August 2015 as set out above, the Current Issue Mandate has been utilized in full as at the Latest Practicable Date.

### **Reasons for the Proposed Grant of the Refreshed General Mandate**

Having considered that (a) the Current Issue Mandate has been fully utilized as at the Latest Practicable Date; (b) notwithstanding that the Company has a strong cash position as a result of its initial public offering in January 2015, most of the unutilized funds from the Subscription and the initial public offering has already been assigned for a specific use (such as further developing the Group's on-line retail stores for branded watches and strengthening core competitiveness by improving watch design and development capabilities); and (c) the grant of the Refreshed General Mandate shall (i) provide the Directors with greater autonomy and flexibility to respond to the competitive and rapidly changing capital market in a timely manner; (ii) provide the Company with the flexibility of issuing Shares as consideration for possible future transactions, if needed; (iii) provide the Company with flexibility to raise additional funds as general working capital or to capture any potential business development and/or investment opportunity as and when it arises; (iv) strengthen the capital base and financial position of the Company; and (v) offer the Company an opportunity to raise fund by equity financing, which is important to the growth and development of the Group given the nature of equity financing is non-interest bearing and requires no collaterals or pledge of securities, the Directors are of the view that the proposed grant of the Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole. Having considered the above, the Company wishes to seek approval of the Independent Shareholders at the EGM to grant the Refreshed General Mandate to the Directors.

As at the Latest Practicable Date, the Company has not yet formulated any concrete plan for raising capital by issuing new Shares under the Refreshed General Mandate.

In view of the above and notwithstanding that the Group has no current intention nor plans to utilize the proceeds from issuing any Shares under the Refreshed General Mandate as at the Latest Practicable Date, the Directors consider that the Refreshed General Mandate will empower the Directors to issue new Shares under the refreshed limit speedily as and when necessary, and without the need to seek further approval from the Shareholders. This could provide the Company with flexibility and ability to capture any appropriate capital raising or investment opportunities promptly when they arise in the future, which is in the interests of the Company and the Shareholders as a whole.

Based on the total number of issued Shares as at the Latest Practicable Date (i.e. 960,000,000 Shares) and assuming that the Company does not issue or repurchase any Shares prior to the EGM, the Refreshed General Mandate, if granted, will allow the Directors to issue and allot up to 192,000,000 new Shares.

The Refreshed General Mandate, if granted, will expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; (b) the end of the period within which the Company is required by the Articles or any applicable laws to hold its next annual general meeting; and (c) the date upon which the authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.



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## LETTER FROM THE BOARD

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### Other financial alternatives

Apart from equity financing, the Directors may, if required, also consider other financing alternatives such as debt financing as possible fund raising means for the Group. However, debt financing shall inevitably create interest payment obligations on the Group and it may be subject to lengthy due diligence and negotiations between the Group and the financiers. In addition, the ability of the Group to obtain bank borrowings usually depends on the profitability and financial standing of the Group as well as the then prevailing market condition. In light of the above, the Board considers debt financing to be relatively uncertain and time-consuming as compared to equity financing and is of the view that it is critical for the Company to have flexibility in accessing various possible equity financing opportunities. The Directors also have considered that other forms of equity fund raising such as open offer and rights issue would incur additional costs in underwriting commission or placing commission and possibly require relatively longer time to complete.

### Potential dilution on shareholdings

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and, for illustrative purpose, immediately upon the allotment and issue of the Shares by the Company pursuant to the Refreshed General Mandate, assuming the Refreshed General Mandate is utilized in full and no further Shares are issued or repurchased by the Company during the period between the Latest Practicable Date and the date of the EGM:

	<b>As at the Latest Practicable Date</b>		<b>Immediately upon the allotment and issue of Shares by the Company pursuant to the Refreshed General Mandate (assuming the Refreshed General Mandate is utilized in full and no further Shares are issued or repurchased by the Company)</b>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Visual Wise <sup>Note</sup>	448,367,020	46.70	448,367,020	38.92
Other public Shareholders	511,632,980	53.30	511,632,980	44.41
Maximum number of Shares to be issued under the Refreshed General Mandate	<u>—</u>	<u>—</u>	<u>192,000,000</u>	<u>16.67</u>
<b>Total</b>	<u>960,000,000</u>	<u>100.00</u>	<u>1,152,000,000</u>	<u>100.00</u>

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## LETTER FROM THE BOARD

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*Note:* Visual Wise was owned as to 62% by Mr. Lin, and 38% by Ms. Yan Xiaotong, an executive Director in the 12 months prior to the Latest Practicable Date. Mr. Lin and Ms. Yan are spouses and they are deemed to have interest in the Shares in which his/her spouse is interested in.

As illustrated in the above table, assuming no Shares are issued and/or repurchased by the Company during the period between the Latest Practicable Date and the date of the EGM, the aggregate shareholding of the existing public Shareholders will be reduced from approximately 53.30% as at the Latest Practicable Date to approximately 44.41% upon full utilization of the Refreshed General Mandate. The potential dilution to the shareholding of the existing Shareholders represents a dilution of approximately 16.67%.

The Company did not have any investment target and/or need to use the Refreshed General Mandate as at the Latest Practicable Date. As such, the Refreshed General Mandate merely provides an alternative source of funding and/or method of settlement should any business development and/or investment opportunity arise and there would not be any immediate dilution impact on the existing Shareholders upon the grant of the Refreshed General Mandate. Meanwhile, the Directors confirmed that they would be prudent in issuing new Shares under the Refreshed General Mandate in the future by well balancing the benefits of the potential business development and/or investment opportunities that could be brought to the Group, the need of funding and the dilution impact caused thereby on the Shareholders.

Taking into account that the Refreshed General Mandate will (i) provide alternative means for the Company to raise capital; (ii) provide more options of financing to the Group for future business development and/or potential investments as and when such opportunities arise; and (iii) the fact that the shareholding of all Shareholders will be diluted to the same extent upon any utilization of the Refreshed General Mandate, the Company considers the potential dilution of shareholding to be acceptable.

### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The Company had an authorised share capital of HK\$15,000,000 divided into 1,500,000,000 Shares of which 960,000,000 Shares were in issue as at the Latest Practicable Date.

In order to cater for the possible issue of new Shares in the future, the Board proposes to increase the authorised share capital of the Company to HK\$130,000,000 divided into 13,000,000,000 Shares by the creation of an additional 11,500,000,000 new Shares. Such new Shares, upon issued and fully paid, shall rank pari passu in all respects with the Shares then in issue.

As at the Latest Practicable Date, the Board had no present intention to issue any part of the increased authorised share capital of the Company. Further announcement(s) will be made by the Company if it proposes to issue any new Shares in the future.

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM. The Board is of the view that the Increase in Authorised Share Capital will provide flexibility to the Company in determining its future business plan, and is therefore in the interest of the Company and the Shareholders taken as a whole.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

As the grant of the Refreshed General Mandate is proposed to the Shareholders before the Company's next annual general meeting, pursuant to the Listing Rules, this proposal is subject to the Independent Shareholders' approval by way of poll at the EGM. According to Rule 13.36(4) of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution to approve the proposed grant of the Refreshed General Mandate.

No Shareholder is required to abstain from voting on the resolution regarding the Increase in Authorised Share Capital.

As at the Latest Practicable Date, to the best knowledge, belief and information of the Directors, Visual Wise, a company owned as to 38% by Ms. Yan Xiaotong ("Ms. Yan") and 62% by Mr. Lin, was holding an aggregate of 448,367,020 Shares, representing approximately 46.7% of the existing issued Shares of the Company. Mr. Lin and Ms. Yan are spouses to each other and they are deemed to be interested in the shares in which his/her spouse is interested. Visual Wise, together with Mr. Lin and Ms. Yan, are collectively considered as the controlling shareholder of the Company. As such, Mr. Lin, together with their respective associates who as at the date of EGM shall hold any Shares, are required to abstain from voting in favour of the resolution regarding the grant of the Refreshed General Mandate at the EGM.

### EGM

The EGM will be convened and held to consider and, if thought fit, approve (i) the proposed grant of the Refreshed General Mandate and (ii) the proposed Increase in Authorised Share Capital. The notice for convening the EGM to be held at 2:30 p.m. on 16 November 2015 at Jasmine Room, 3/F, BEST WESTERN PLUS Hotel Hong Kong, 308 Des Voeux Road West, Hong Kong is set out on pages 19 to 21 of this circular.

The Independent Board Committee, comprising Mr. Chang Wei, Mr. Nie Xing and Mr. Yu Chon Man, all being independent non-executive Directors of the Company, has been established to advise the Independent Shareholders on the proposed grant of the Refreshed General Mandate. Hercules Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the Refreshed General Mandate.

You will find enclosed a form of proxy for use at the EGM. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time of the EGM to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM in person should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

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## LETTER FROM THE BOARD

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Save as disclosed in this circular, at the Latest Practicable Date, there were no other controlling Shareholders and their respective associates controlled or are entitled to exercise control over the voting rights in respect of the Shares and are required to abstain from voting in favour of the resolution for approving the grant of the Refreshed General Mandate at the EGM. The resolution set out in the notice of the EGM will be voted on by way of poll.

### RECOMMENDATION

Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on page 11 of this circular and the letter of advice from the Independent Financial Adviser set out on pages 12 to 18 of this circular, which contains, among other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the proposed grant of the Refreshed General Mandate and the principal factors considered by it in arriving at its recommendation.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, is of the opinion that the proposed grant of the Refreshed General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the best interests of the Company and its Shareholders as a whole and accordingly recommends the Independent Shareholders to vote in favour of the resolution relating to the proposed grant of the Refreshed General Mandate to be proposed at the EGM.

Accordingly, the Directors (including the independent non-executive Directors) consider that the grant of the Refreshed General Mandate is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole. Therefore, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 this circular misleading.

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

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**Time2U International Holding Limited**

**時間由你國際控股有限公司**

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

**(Stock Code: 1327)**

30 October 2015

*To the Independent Shareholders*

Dear Sir or Madam,

**PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES**

We have been appointed as the Independent Board Committee to advise the Independent Shareholders in connection with the proposed grant of the Refreshed General Mandate, details of which are set out in the circular of the Company to the Shareholders dated 30 October 2015 (“Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of Independent Financial Adviser in relation thereto as set out in the Circular, we are of the view that the proposed grant of the Refreshed General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and that the proposed grant of the Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the proposed grant of the Refreshed General Mandate.

Yours faithfully,

**Independent Board Committee**

**Mr. Chang Wei**

*Independent*

*non-executive Director*

**Mr. Nie Xing**

*Independent*

*non-executive Director*

**Mr. Yu Chon Man**

*Independent*

*non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from Hercules Capital Limited to the Independent Board Committee and the Independent Shareholders in relation to the proposed grant of the Refreshed General Mandate which has been prepared for the purpose of inclusion in this circular.*

### ***Hercules*** **Hercules Capital Limited**

1503 Ruttonjee House  
11 Duddell Street  
Central  
Hong Kong

30 October 2015

*To the Independent Board Committee and  
the Independent Shareholders*

Dear Sirs,

### **PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE NEW SHARES**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the grant of the Refreshed General Mandate, details of which are set out in the Letter from the Board contained in the circular of the Company dated 30 October 2015 to the Shareholders (the “Circular”), of which this letter forms part. Capitalized terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

Following the completion of the placing of 160,000,000 existing Shares on 12 August 2015 and the Subscription of 160,000,000 new Shares on 19 August 2015 under the agreement entered into between the Company, Visual Wise and Black Marble Securities Limited on 5 August 2015, 160,000,000 new Shares were issued and allotted pursuant to the agreement, which fully utilized the Current Issue Mandate granted to the Directors to allot and issue up to 160,000,000 Shares at the AGM. Therefore, the Board proposed to seek the approval of the Independent Shareholders for the refreshment of the Current Issue Mandate such that the Directors be granted general authority to allot and issue new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the relevant ordinary resolution, by way of poll, at the EGM. As at the Latest Practicable Date, to the best knowledge, belief and information of the Directors, Visual Wise, Mr. Lin and Ms. Yan Xiaotong (collectively, the “Concert Group Shareholders”), which are collectively considered as the controlling Shareholder, held an aggregate of 448,367,020 Shares, representing approximately

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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46.7% of the existing issued Shares. Each of the Concert Group Shareholders, together with their respective associates who as at the date of the EGM shall hold any Share, are required to abstain from voting in favour of the resolution for approving the proposed grant of the Refreshed General Mandate at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Chang Wei, Mr. Nie Xing and Mr. Yu Chon Man, has been established to make recommendation to the Independent Shareholders in respect of the fairness and reasonableness of the grant of the Refreshed General Mandate. We, Hercules Capital Limited, have been appointed to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the grant of the Refreshed General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and whether the Independent Shareholders should vote in favor of the resolution for approving the proposed grant of the Refreshed General Mandate.

We are not associated with the Group and its associates and do not have any shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of the Group. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fee or benefit from the Group and its associates.

### **BASIS OF OUR OPINION**

In formulating our opinion and recommendations, we have relied on the information and representations supplied, and the opinion expressed, by the Directors and management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and will continue as such at the date of the EGM. The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular. The Directors also confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no material facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We have no reasons to suspect that any material information has been withheld by the Directors or the management of the Company, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise, conducted any independent investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change this opinion.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the grant of the Refreshed General Mandate, we have considered the following principal factors and reasons:

#### 1. Background to and reasons for the grant of the Refreshed General Mandate

The Group is a domestic watch brand-owner of economical quartz analogue watches and an OEM manufacturer of quartz analogue watches in the PRC. The Group has two principal lines of business operations, namely, (i) the design, production and assembly of watches for OEM customers; and (ii) the design, manufacture and sale of watches under the brand name of Time2U and Jonquet and the sub-brand name of Color.

At the AGM, the Shareholders approved, among others, an ordinary resolution to grant to the Directors the Current Issue Mandate to allot and issue up to 160,000,000 Shares, representing 20% of the entire issued share capital of the Company of 800,000,000 Shares as at the date of the AGM.

On 5 August 2015, the Company, Visual Wise and Black Marble Securities Limited entered into an agreement, pursuant to which Black Marble Securities Limited agreed to place, on a best effort basis, up to 160,000,000 existing Shares at a price of HK\$0.4 per Share on behalf of Visual Wise to not less than six professional, institutional, corporate or individual investors who and whose ultimate beneficial owners would be third parties independent of the Company and its connected persons, and Visual Wise would subscribe for up to 160,000,000 new Shares at a price of HK\$0.4 per Share for a maximum net proceeds of approximately HK\$62.0 million, details of which were set out in the announcements of the Company dated 5 August 2015 and 10 August 2015. The share placing and the Subscription was completed on 12 August 2015 and 19 August 2015 respectively and 160,000,000 Shares were issued under the Current Issue Mandate. Therefore, the number of Shares which may be allotted and issued under the Current Issue Mandate has been fully utilized. Up to the Latest Practicable Date, the Company has not refreshed the Current Issue Mandate since the AGM.

As aforesaid, the Current Issue Mandate has been fully utilized as a result of the Subscription and thus no more new Shares can be issued under the Current Issue Mandate. Should any business development and/or investment opportunity arise that requires the issue of new Shares and/or convertible securities of the Company for cash and/or as consideration for any business development and/or investment, a specific mandate would have to be sought and there would be no certainty as to whether the requisite Shareholders' approval could be obtained in a timely manner. Furthermore, the next annual general meeting of the Company is expected to be held in about June 2016, which is approximately eight months away from the Latest Practicable Date. In light of the above, the Directors would like to refresh the Current Issue Mandate in order to provide a flexibility for the Company to issue Shares under the refreshed limit in the future as speedily as possible when necessary. As at the Latest Practicable Date, the number of Shares in issue was 960,000,000. Subject to the passing of the ordinary resolution for the grant of the Refreshed General Mandate and assuming that no further Shares are issued and/or repurchased by the Company during the period between the Latest Practicable Date and the date of the EGM, the Directors will be given the authority under the Refreshed General Mandate to allot and issue up to 192,000,000 Shares, representing 20% of the then total issued share capital of the Company.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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According to the interim report of the Company, the Group recorded a profit attributable to the Shareholders of approximately RMB35.1 million for the six months ended 30 June 2015, representing a decrease of approximately 48.1% as compared to the last corresponding period. The decrease in profit was mainly attributable to the decrease in the overall gross profit margin from approximately 34.9% for the six months ended 30 June 2014 to approximately 31.3% for the six months ended 30 June 2015 and the increase in administrative expenses by approximately RMB26.7 million as a result of the recognition of the share-based payment regarding the issue of share options in June 2015 and the listing expenses occurred during the initial public offering of the Company for the six months ended 30 June 2015. As at 30 June 2015, the Group had cash and bank balances of approximately RMB275.1 million and bank borrowings of approximately RMB54.9 million. The Group's business operation was mainly financed by the cash generated from operating activities and bank borrowings.

As set out in the Letter from the Board contained in the Circular, save for the Subscription, the Company had not conducted any equity fund-raising activity since the AGM. We understand from the management of the Company that the net proceeds from the Subscription amounted to approximately HK\$62.0 million, of which approximately HK\$5.7 million has been utilized for purchases of watch components while the remaining balance of approximately HK\$56.3 million has not been utilized and was placed in the bank accounts of the Group as at the Latest Practicable Date. The Company intends to apply the unutilized proceeds from the Subscription for financing 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. We were also advised by the management of the Company that the net proceeds from the initial public offering of the Company, after deducting the underwriting fees and related expenses, amounted to approximately HK\$134.4 million, of which approximately HK\$23.0 million had been utilized during the period from 20 January 2015, being the date of the prospectus of the Company, to 30 June 2015 as to approximately HK\$4.0 million for marketing activities for branded watches in the domestic market, approximately HK\$2.9 million for further developing on-line retail stores for branded watches, approximately HK\$3.9 million for international expansion of sales network, approximately HK\$7.2 million for upgrading existing watch components and approximately HK\$5.0 million for strengthening core competitiveness by improving watch design and development capabilities. The remaining balance of the proceeds from the initial public offering of approximately HK\$111.4 million shall be applied in the manner as disclosed in the prospectus of the Company dated 20 January 2015 for the existing business of the Group such as expansion of branded watches business operation, upgrading the manufacturing facilities and equipment and strengthening the core competitiveness.

We were advised that the Directors did not expect any immediate funding need for the Group's current operations and the Board had no present intentions or plans to seek for additional financing by utilizing the Refreshed General Mandate. We also understand from the management of the Company that no plans, arrangements, agreements or understandings that involve possible acquisitions or investment opportunities have been proposed or entered into by the Group as at the Latest Practicable Date. However, given that no more new Shares can be issued by the Company under the Current Issue Mandate, the Directors are of the view, and we concur with their view, that the granting of the Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole as the Company will be in a position to capture suitable fund raising opportunities which may arise from time to time and thereby maintain the financial flexibility for the Group's future business development and/or investment should any business opportunity arise that requires the issue of new Shares and/or convertible securities of the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We noted that a substantial portion of the proceeds from the initial public offering and the Subscription remained unutilized as at the Latest Practicable Date; the financial position of the Group was relatively strong as at 30 June 2015; the Company had no present plans to utilize the Refreshed General Mandate and no possible acquisitions or investment opportunities have been proposed or committed by the Group. However, given that (i) maintaining financial flexibility of the Group is conducive to its future business development and investment; (ii) the refreshment of the Current Issue Mandate will provide an alternative for the Company to raise funds under the Refreshed General Mandate and will provide more flexibility and options of financing to the Group for future investments and business development as and when any opportunity arises; (iii) the Refreshed General Mandate will provide flexibility to the Group for issuing new Shares and/or convertible securities of the Company as consideration for any future acquisition/investment; and (iv) the Refreshed General Mandate will reduce the uncertainties that specific mandate may not be obtained in a timely manner, we considered that the grant of the Refreshed General Mandate is justifiable and in the interests of the Company and the Shareholders as a whole despite the proceeds from the share issue have not been fully utilized as at the Latest Practicable Date.

Having considered that (a) the Current Issue Mandate has been fully utilized as at the Latest Practicable Date; (b) the next annual general meeting is expected to be held in about June 2016, which is approximately eight months away from the Latest Practicable Date; and (c) the grant of the Refreshed General Mandate shall (i) provide the Directors with greater autonomy and flexibility to respond to the competitive and rapidly changing capital market in a timely manner; (ii) provide the Company with flexibility to raise additional fund as general working capital or to capture any potential business development and/or investment opportunity as and when it arises; (iii) provide the Company with flexibility to issue new Shares and/or convertible securities of the Company for any future acquisition/investment opportunity; (iv) strengthen the capital base and financial position of the Company upon the utilization of the Refreshed General Mandate; and (v) offer the Company an opportunity to raise fund by equity financing, which is important to the growth and development of the Group given the nature of equity financing is non-interest bearing and requires no collaterals or pledge of securities, we are of the view that the grant of the Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole.

### **2. Other financing alternatives**

We understand from the management of the Company that apart from equity financing, the Directors will also consider other financing alternatives such as debt financing as possible fund raising means for the Group. However, debt financing shall inevitably create interest payment obligations on the Group and it may be subject to lengthy due diligence and negotiations between the Group and the financiers. In addition, the ability of the Group to obtain bank borrowings usually depends on the profitability and financial standing of the Group as well as the then prevailing market condition. In light of the above, the management of the Company considers debt financing to be relatively uncertain and time-consuming as compared to equity financing and is of the view that it is critical for the Company to have flexibility in accessing various possible equity financing opportunities. The Directors also considered that other forms of equity fund raising such as open offer and rights issue would incur additional costs in underwriting commission or placing commission and possibly require a relatively longer time to complete. The management of the Company further advised us that they would exercise due and careful consideration when deciding the method of financing for the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We consider that the grant of the Refreshed General Mandate will provide the Company with an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future business development and/or possible investment. Accordingly, we consider that the grant of the Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole. We also consider that it is prudent and reasonable for the Group to maintain a strong capital base while additional funding may be needed for investment and business expansion purposes from time to time. We consider that the grant of the Refreshed General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is an effective equity financing alternative for the Group to raise capital in a timely manner.

### 3. Potential dilution to shareholding of the Independent Shareholders

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and, for illustrative purpose, immediately upon the allotment and issue of the Shares by the Company pursuant to the Refreshed General Mandate, assuming the Refreshed General Mandate is utilized in full and no further Shares are issued or repurchased by the Company during the period between the Latest Practicable Date and the date of the EGM:

	<b>As at the Latest Practicable Date</b>		<b>Immediately upon the allotment and issue of Shares by the Company pursuant to the Refreshed General Mandate (assuming the Refreshed General Mandate is utilized in full and no further Shares are issued or repurchased by the Company)</b>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Visual Wise <i>Note</i>	448,367,020	46.70	448,367,020	38.92
Other public Shareholders	511,632,980	53.30	511,632,980	44.41
Maximum number of Shares to be issued under the Refreshed General Mandate	<u>—</u>	<u>—</u>	<u>192,000,000</u>	<u>16.67</u>
<b>Total</b>	<u>960,000,000</u>	<u>100.00</u>	<u>1,152,000,000</u>	<u>100.00</u>

*Note:* Visual Wise was owned as to 62% by Mr. Lin and 38% by Ms. Yan Xiaotong, an executive Director in the last 12 months, as at the Latest Practicable Date. Mr. Lin and Ms. Yan are spouses and they are deemed to have interest in the Shares in which his/her spouse is interested in.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated in the above table, assuming no Shares are issued and/or repurchased by the Company during the period between the Latest Practicable Date and the date of the EGM, the aggregate shareholding of the existing public Shareholders will be reduced from approximately 53.30% as at the Latest Practicable Date to approximately 44.41% upon full utilization of the Refreshed General Mandate. The potential dilution to the shareholding of the existing Shareholders represents a dilution of approximately 16.67%.

We understand from the management of the Company that the Company did not have any investment target and/or need to use the Refreshed General Mandate as at the Latest Practicable Date. As such, the Refreshed General Mandate merely provides an alternative source of funding should any business development and/or investment opportunity arises and there would not be any immediate dilution impact on the existing Shareholders upon the grant of the Refreshed General Mandate. Meanwhile, the Directors confirmed that they would be prudent in issuing new Shares under the Refreshed General Mandate in the future by well balancing the benefits of the potential business development and/or investment opportunities that could be brought to the Group, the need of funding and the dilution impact caused thereby on the Shareholders.

Taking into account that the Refreshed General Mandate will (i) provide alternative means for the Company to raise capital; (ii) provide more options of financing to the Group for future business development and/or potential investments as and when such opportunities arise; and (iii) the fact that the shareholding of all Shareholders will be diluted to the same extent upon any utilization of the Refreshed General Mandate, we consider the potential dilution of shareholding to be acceptable.

### RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we consider that the proposed grant of the Refreshed General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, as well as the Independent Shareholders, to vote in favour of the resolution to approve the proposed grant of the Refreshed General Mandate at the EGM.

Yours faithfully,  
For and on behalf of  
**Hercules Capital Limited**

**Louis Koo**  
*Managing Director*

**Amilia Tsang**  
*Director*

*Notes:*

1. Mr. Louis Koo is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activities and has over 20 years of experience in investment banking and corporate finance.
2. Ms. Amilia Tsang is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activities and has over 15 years of experience in corporate finance, investment and corporate management.

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NOTICE OF EXTRAORDINARY GENERAL MEETING

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**Time2U International Holding Limited**

時間由你國際控股有限公司

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

(Stock Code: 1327)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (“**Meeting**”) of Time2U International Holding Limited (“**Company**”) will be held at 2:30 p.m. on 16 November 2015 to consider and, if thought fit, pass the following resolutions as an ordinary resolution of the Company:

**ORDINARY RESOLUTION**

(1) “THAT:

- (a) the authorised share capital of the Company be and is hereby increased from HK\$15,000,000 divided into 1,500,000,000 ordinary shares of a nominal or par value of HK\$0.01 each (“**Shares**”) to HK\$130,000,000 divided into 13,000,000,000 Shares by the creation of an additional 11,500,000,000 Shares (“**Increase in Authorised Share Capital**”); and
- (b) the directors of the Company (“**Directors**”) be and are hereby authorised to do all such acts and things and execute and deliver all such documents which they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital.”

(2) “THAT, subject to and conditional upon the passing of Resolution (1) above:

- (a) the general mandate granted to the Directors to allot, issue and deal with the unissued shares of the Company pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 22 June 2015 be and is hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this resolution);
- (b) subject to the following provisions of this resolution, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of a nominal or par value of HK\$0.01 each in the share capital of the Company, and to make or grant offers,

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;

- (c) the approval in paragraph (b) of this resolution shall authorise the Directors during the Relevant Period (as defined below) to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period (as defined below);
- (d) the aggregate nominal amount of share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (b) of this resolution, otherwise than pursuant to or consequence of (i) a Rights Issue (as defined below); (ii) the exercise of the conversion rights attaching to any convertible securities issued by the Company; (iii) the exercise of warrants to subscribe for Shares; (iv) the exercise of options granted under any share option scheme or similar arrangement for the time being adopted by the Company from time to time; or (v) an issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company (“**Articles**”) and other relevant regulations in force from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (e) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, or any applicable laws of the Cayman Islands to be held; or
- (iii) the date on which such mandate is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of Shares open for a period fixed by the Directors to the holders of Shares or any class of Shares whose names appear on the registers of members of the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

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

30 October 2015

*Principal place of business in Hong Kong:*

21E YHC Tower  
1 Sheung Yuet Road  
Kowloon Bay  
Kowloon, Hong Kong

*Notes:*

- (1) Any member entitled to attend and vote at the Meeting convened by the above notice shall be entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A member who is the holder of two or more Shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the Meeting. A proxy need not be a member of the Company.
- (2) A form of proxy for use at the Meeting is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed, or a certified copy of that power or authority, at the office of the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time for holding the Meeting or adjournment thereof.
- (3) Where there are joint holders of any shares, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (4) The above resolution put to vote at the meeting will be decided by way of poll as required by the Articles and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

*As at the date of this notice, the board of Directors comprises three executive Directors, namely Mr. Lin Zhiqiang (Chairman and chief executive officer), Mr. See Ching Chuen and Mr. Zheng Qingjie; and three independent non-executive Directors, namely Mr. Chang Wei, Mr. Nie Xing and Mr. Yu Chon Man.*