
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Powerwell Pacific Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer contained herein.

The Stock Exchange of Hong Kong Limited, Hong Kong Exchanges and Clearing Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the Form of Acceptance.

King Full Inc Limited

(incorporated in Hong Kong with limited liability)



**POWERWELL PACIFIC
HOLDINGS LIMITED**

宏峰太平洋集團有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 8265)

**COMPOSITE DOCUMENT IN RELATION TO
MANDATORY UNCONDITIONAL CASH OFFER BY
EMPEROR CAPITAL LIMITED
ON BEHALF OF
KING FULL INC LIMITED
FOR ALL THE ISSUED SHARES IN
POWERWELL PACIFIC HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY
KING FULL INC LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

**Financial adviser to
King Full Inc Limited**



**英皇融資有限公司
Emperor Capital Limited**

**Financial adviser to
Powerwell Pacific Holdings Limited**



**大有融資有限公司
MESSIS CAPITAL LIMITED**

**Independent financial adviser to the Independent Board Committee
and Independent Shareholders**

AmCap

Ample Capital Limited
豐盛融資有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Emperor Capital containing, among other things, details of the terms of the Offer is set out on pages 7 to 14 of this Composite Document.

A letter from the Board is set out on pages 15 to 19 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in relation to the Offer is set out on pages 20 to 21 of this Composite Document.

A letter from Ample Capital containing its opinion and advice on the Offer to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 36 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptance of the Offer should be received by the Registrar no later than 4:00 p.m. on Monday, 22 September 2014 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.

The Composite Document will remain on the GEM website at <http://www.hkgem.com> and on the website of the Company at www.hklistco.com/8265 as long as the Offer remains open.

1 September 2014

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

2014

Despatch date of this Composite Document and the Form of Acceptance and commencement date of the Offer (<i>Note 1</i>)	Monday, 1 September
Closing Date (<i>Note 2</i>)	Monday, 22 September
Latest time and date for acceptance of the Offer (<i>Note 2</i>)	4:00 p.m. on Monday, 22 September
Announcement of the results of the Offer (<i>Note 2</i>)	not later than 7:00 p.m. on Monday, 22 September
Latest date of posting of remittances in respect of valid acceptances received under the Offer (<i>Note 3</i>)	Friday, 3 October

Notes:

1. The Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until the Closing Date.
2. The Offer, which is unconditional, will be closed on the Closing Date. The latest time for acceptance is at 4:00 p.m. on Monday, 22 September 2014 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued on the website of the Stock Exchange by 7:00 p.m. on Monday, 22 September 2014 stating whether the Offer has been revised or extended or has expired. In the event that the Offeror decides that the Offer will remain open until further notice, a notice by way of an announcement will be given not less than 14 days before the Offer is closed to those Shareholders who have not accepted the Offer.
3. Remittances in respect of the cash consideration payable for the Shares tendered under the Offer will be made as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar from the Shareholders accepting the Offer of all documents to render the acceptance valid in accordance with the Takeovers Code.
4. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed "Right of withdrawal" in Appendix I to this Composite Document.

All times and dates in this Composite Document and the Form of Acceptance shall refer to Hong Kong times and dates.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Ample Capital”	Ample Capital Limited, a licensed corporation under the SFO to engage in type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) activities and the independent financial adviser to the Independent Board Committee and/or the Independent Shareholders in respect of the Offer
“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors from time to time
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Closing Date”	22 September 2014, the closing date of the Offer, which is 21 days after the date on which this Composite Document is posted, or if the Offer is extended, any subsequent closing date of the Offer as extended and announced by the Offeror in accordance with the Takeovers Code
“Company”	Powerwell Pacific Holdings Limited (stock code: 8265), a company incorporated in Bermuda with limited liability which Shares are listed on GEM
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company, which sets out among others, details of the Offer in accordance with the Takeovers Code
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“Disposal”	the disposal of the entire issued share capital of, and the benefits of shareholder’s loans advanced by the Company to, Goldnet Holdings Group Limited (a company incorporated in Hong Kong) and Goldnet Holdings Group Limited (a company incorporated in the British Virgin Islands) for a total consideration of HK\$23 million in cash to Golden Business Development Limited, a company wholly owned by the Vendor

DEFINITIONS

“Distribution”	a special dividend of HK\$0.24 per Share distributed by the Company to the Shareholders whose names appear on the register of members of the Company on 25 August 2014
“Emperor Capital”	Emperor Capital Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, and the financial adviser to the Offeror
“Emperor Securities”	Emperor Securities Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities
“Emperor Securities Facility”	a loan facility granted by Emperor Securities in favour of the Offeror, which is secured, inter alia, by the charge of Shares owned by or to be owned by the Offeror in favour of Emperor Securities
“Encumbrance”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Form of Acceptance”	the accompanying form of acceptance in respect of the Offer
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s)
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors established to advise the Independent Shareholders in respect of the terms of the Offer
“Independent Shareholders”	Shareholders other than the Offeror, Mr. Fei and parties acting in concert with the any of them

DEFINITIONS

“Initial Announcement”	the initial announcement of the Company dated 16 January 2014 in relation to Rule 3.7 of the Takeovers Code on which the Offer Period commenced
“Joint Announcement”	the joint announcement issued by the Company and the Offeror dated 10 July 2014 in relation to, among other things, the Distribution, the Share Purchase and the Offer
“Last Trading Day”	27 June 2014, being the last trading day of the Shares immediately prior to the suspension of trading in the Shares on the Stock Exchange pending the release of the Joint Announcement
“Latest Practicable Date”	29 August 2014, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Mr. Fei”	Mr. Fei Jie, the beneficial owner of the Offeror and the sole director of the Offeror
“Mr. Lam”	Mr. Lam Chi Wai, Peter, an executive Director
“Mr. Liu”	Mr. Liu Tin Chak, Arnold, the Chairman of the Company and an executive Director
“Mr. Wong”	Mr. Wong Yu Man, Elias, an executive Director
“Offer”	the mandatory unconditional cash offer made by Emperor Capital on behalf of the Offeror to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, Mr. Fei and parties acting in concert with any of them) in accordance with the Takeovers Code
“Offer Period”	has the meaning ascribed thereto in the Takeovers Code, being the period commencing on the date of the Initial Announcement and ending on the Closing Date
“Offer Price”	HK\$1.40 per Offer Share
“Offer Share(s)”	Share(s) not already owned or agreed to be acquired by the Offeror or parties acting in concert with it
“Offeror”	King Full Inc Limited, a company incorporated in Hong Kong with limited liability which is wholly and beneficially owned by Mr. Fei
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es) as shown on the register of members of the Company is (are) outside Hong Kong

DEFINITIONS

“PRC”	the People’s Republic of China excluding, for the purpose of this Composite Document, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
“Relevant Period”	the period commencing on 16 July 2013, being the date falling six months preceding 16 January 2014, being the date of the Initial Announcement, up to and including the Latest Practicable Date
“relevant securities”	as defined in Note 4 to Rule 22 of the Takeovers Code
“Sale Shares”	108,000,000 Shares, representing 72% of the entire issued share capital of the Company as at the date of the Share Purchase Agreement and the Latest Practicable Date, acquired by the Offeror from the Vendor pursuant to the terms and conditions of the Share Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.1 each in the capital of the Company
“Share Purchase”	the sale and purchase of the Sale Shares between the Vendor and the Offeror pursuant to the terms and conditions of the Share Purchase Agreement
“Share Purchase Agreement”	the sale and purchase agreement dated 27 June 2014 between the Vendor and the Offeror in relation to the sale and purchase of the Sale Shares
“Share Purchase Completion”	completion of the Share Purchase which took place on 26 August 2014
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong

DEFINITIONS

“Vendor” or “DCL”	Data Champion Limited, a company incorporated in BVI with limited liability and is owned as to 47.6% by Mr. Liu, the Chairman of the Company and an executive Director, 23.8% by Mr. Lam, an executive Director, 23.8% by Mr. Wong, an executive Director and 4.8% by Ms. Tam Chiu Ming, Tammy, the general manager of the Company respectively, which was a controlling Shareholder prior to the Share Purchase Completion
“%”	per cent.



英皇融資有限公司
Emperor Capital Limited

28/F, Emperor Group Centre
288 Hennessy Road
Wanchai, Hong Kong

1 September 2014

To the Independent Shareholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
EMPEROR CAPITAL LIMITED
ON BEHALF OF
KING FULL INC LIMITED
FOR ALL THE ISSUED SHARES IN
POWERWELL PACIFIC HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY
KING FULL INC LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 27 June 2014 (after trading hours), the Vendor and the Offeror entered into the Share Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase, the Sale Shares, being 108,000,000 Shares, representing 72% of the entire issued share capital of the Company as at the date of the Share Purchase Agreement, at an aggregate consideration of HK\$151,200,000 (equivalent to HK\$1.40 per Sale Share).

The Share Purchase Completion took place on 26 August 2014. Following the Share Purchase Completion, the Offeror has become interested in 108,000,000 Shares, representing 72% of the entire issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

This letter sets out, among other things, the details of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. The terms of the Offer and the procedures for acceptances are set out in this letter, Appendix I to this Composite Document and the Form of Acceptance.

LETTER FROM EMPEROR CAPITAL

The Independent Shareholders are strongly advised to carefully consider the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from Ample Capital” as set out in this Composite Document.

THE OFFER

Emperor Capital, on behalf of the Offeror, hereby makes the Offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, Mr. Fei and parties acting in concert with any of them), which is unconditional in all respects and are not conditional upon acceptances being received in respect of a minimum number or any other conditions and in compliance with the Takeovers Code, on the following basis:

For every Offer Share HK\$1.40 in cash

The Offer Price is the same as the purchase price per Sale Share under the Share Purchase Agreement which was arrived at after arm’s length negotiations between the Offeror and the Vendor.

As at the Latest Practicable Date, the Company had a total of 150,000,000 Shares in issue and the Company had no outstanding securities, options, derivatives or warrants which are convertible or exchangeable into the Shares and has not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company.

The Shares to be acquired under the Offer shall be fully paid and free from any liens, charges and Encumbrances and together with all rights and benefits attached and accrued thereto as at the date on which the Offer is made, including the rights to receive in full all dividends and distributions that may be declared, made or paid by the Company on or after the date on which the Offer is made (save for the Distribution).

Comparison of value

The Offer Price of HK\$1.40 per Offer Share represents:

- (i) a discount of approximately 9.68% to the closing price of HK\$1.55 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 2.19% over the closing price of HK\$1.370 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 4.01% over the average closing price of HK\$1.346 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;

LETTER FROM EMPEROR CAPITAL

- (iv) a premium of approximately 6.71% to the average closing price of HK\$1.312 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 34.62% over the closing price of HK\$1.040 per Share as quoted on the Stock Exchange on 15 January 2014, being the last Business Day prior to the commencement of the Offer Period; and
- (vi) a premium of approximately 277.36% over the unaudited net asset value of the Group of approximately HK\$0.371 per Share as at 30 June 2014, based on a total of 150,000,000 Shares in issue as at the Latest Practicable Date and the unaudited net asset value of the Group of approximately HK\$55,669,000 as at 30 June 2014 as set out in the interim report of the Company for the six months ended 30 June 2014.

Value of the Offer

On the basis of the Offer Price of HK\$1.40 per Offer Share and 150,000,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at approximately HK\$210 million. Upon the Share Purchase Completion and as at the Latest Practicable Date, the Offeror, Mr. Fei and parties acting in concert with any of them in aggregate owned 108,000,000 Shares. Accordingly, the Offer applies to 42,000,000 Shares, representing 28% of the issued share capital of the Company, and is valued at HK\$58.8 million based on the Offer Price.

Financial resources available to the Offeror

The consideration payable by the Offeror under the Offer will be financed by the Emperor Securities Facility and internal resources of the Offeror. The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the Group.

Pursuant to the arrangement of the Emperor Securities Facility, amongst others, the Offeror has pledged all the Shares acquired pursuant to the Share Purchase Agreement and Shares to be acquired under the Offer (if any) to Emperor Securities, and such arrangement will not result in a change of the voting rights of the Company. The collateralized Shares shall be released to the Offeror immediately upon full repayment of all the outstanding amounts of the relevant loan facility and the interest thereon.

Emperor Capital, being the financial adviser to the Offeror in relation to the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

LETTER FROM EMPEROR CAPITAL

Payment

Payment (after deducting the accepting Shareholders' share of stamp duty) in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days following the date on which the relevant documents of title are received by the Offeror to render each such acceptance complete and valid.

Save for payment of stamp duty as set out above, settlement of the amounts due to the accepting Independent Shareholders will be implemented in full without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be entitled against such Independent Shareholder.

Effect of accepting the Offer

By accepting the Offer, the relevant Shareholders will sell their Shares to the Offeror free from any liens, charges and Encumbrance and together with all rights attached to them as at the date on which the Offer is made, including the right to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made (other than the right to the Distribution). Acceptances of the Offer tendered by the Independent Shareholders shall be irrevocable once given and cannot be withdrawn, except in circumstances set out in Rule 19.2 of the Takeovers Code.

As the Company declared the Distribution before the Share Purchase Completion to the Shareholders whose names appeared on the register of members of the Company on 25 August 2014, which was before the Share Purchase Completion, all Shareholders as at 25 August 2014 (including the Vendor) were entitled to the Distribution. Accordingly, the Offeror is not entitled to the Distribution in respect of the Sale Shares. The entitlement to the Distribution will not be affected by the Shareholders' decision as to whether or not to accept the Offer. The Distribution was paid on 28 August 2014.

Overseas Shareholders

The making of the Offer to or the acceptance thereof by a person with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. The Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Offer (including but not limited to the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdictions). The Overseas Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties by whomsoever payable in respect of all relevant jurisdictions.

LETTER FROM EMPEROR CAPITAL

Acceptances of the Offer by any Overseas Shareholders will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws. The Overseas Shareholders are recommended to seek professional advice on deciding whether to accept the Offer.

Hong Kong stamp duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to the relevant Shareholders accepting the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Further terms of the Offer

Further terms of the Offer including, among other things, procedures for acceptance and settlement, the acceptance period and taxation matters are set out in Appendix I to this Composite Document and in the Form of Acceptance.

INFORMATION OF THE GROUP

Details of the information on the Group are set out in the "Letter from the Board" in this Composite Document.

INFORMATION OF THE OFFEROR

The Offeror is an investment holding company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, save for entering into the Share Purchase Agreement and entering into the financial arrangement with Emperor Securities in relation to the Share Purchase Agreement and the Offer, the Offeror did not engage in any business activities. As at the Latest Practicable Date, the Offeror was wholly and beneficially owned by Mr. Fei who was also the sole director of the Offeror.

Information in relation to Mr. Fei is set out in the paragraph headed "Proposed change of Board composition" below.

Dealing and interests in the Company's securities

Save for the Share Purchase, none of the Offeror, Mr. Fei and parties acting in concert with any of them had dealt in any relevant securities in the Company during the Relevant Period.

LETTER FROM EMPEROR CAPITAL

OFFEROR'S INTENTION ON THE COMPANY

The Offeror intends to continue the principal business of the Group, which comprises sourcing of watches, costume jewelries, and display and packaging products for customers.

The Offeror will, following the completion of the Offer, conduct a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group. Subject to the result of the review and should suitable investment or business opportunities arise, the Offeror may diversify the business of the Group with the objective of broadening its sources of income. However, as at the Latest Practicable Date, no such investment or business opportunities had been identified nor had the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group. Save for redesignation of certain management staffs to other positions of certain subsidiaries of the Group, the Offeror has not entered into any agreement, arrangements, understandings or negotiations in relation to the continued employment of the employees, disposal and/or re-deployment of the assets (including fixed assets) of the Group, or termination or scaling down of any of the Group's business other than in the ordinary course of business. Nonetheless, the Offeror has no intention to re-deploy the fixed assets of the Group or to discontinue the employment of the Group's employees other than in the ordinary course of business.

PROPOSED CHANGE OF BOARD COMPOSITION

The Board is currently made up of seven Directors, comprising four executive Directors, namely Mr. Liu, Mr. Lam, Mr. Wong and Mr. Yang Yijun and three independent non-executive Directors, namely Messrs. Cheung Chi Man, Dennis, Lui Tai Lok and Yip Kwok Kwan.

All current Directors have tendered their resignation to the Board to be effective immediately after the Closing Date. Both Mr. Liu and Mr. Lam will remain as directors of all major operating subsidiaries of the Group while Mr. Wong will remain as director of a major operating subsidiary of the Group.

The Offeror at present intends to nominate Mr. Fei to the Board to be validly appointed as executive Director with effect from the date following the despatch of this Composite Document. The Offeror intends to nominate new Directors to the Board and the Offeror is in the process of identifying suitable candidates as Directors. Such appointments will not take effect earlier than the date of posting of this Composite Document. Any changes to the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules and a further announcement will be made accordingly.

LETTER FROM EMPEROR CAPITAL

Biography of the new Director nominated by the Offeror

Executive Director

Mr. Fei, aged 34, has over 10 years of experience in management level positions from deputy manager to chairman of the board in several companies located in Zhejiang province, PRC, two of which are mining related companies.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any power of compulsory acquisition of any Shares after the close of the Offer.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the GEM after the close of the Offer and has undertaken to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that a sufficient public float exists for the Shares. Mr. Fei, being the sole director of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares in the event that the public float falls below 25% of the issued share capital of the Company as a result of the Offer. The Company and the Offeror will issue a separate announcement as and when necessary regarding the decision of any of such steps if the circumstances warrant.

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.

The Stock Exchange will also closely monitor all acquisitions or disposals of assets by the Company. Under the GEM Listing Rules, the Stock Exchange has the power pursuant to the GEM Listing Rules to aggregate a series of transactions entered into by the Company within 24 months after a change in control and any such transactions may result in the Company being treated as if it were a new listing applicant and subject to the requirements for new applicants as set out in the GEM Listing Rules.

TAX IMPLICATIONS

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications that may arise from accepting the Offer. It is emphasized that the Offeror, its beneficial owner (Mr. Fei) and parties acting in concert with any of them, the Company, Emperor Capital, Messis Capital Limited, Ample Capital, the Registrar or any of their respective directors or professional advisers or any other parties involved in the Offer or any of their respective agents do not accept any responsibility for any taxation effects on, or liabilities of, the Independent Shareholders as a result of their acceptance of the Offer.

LETTER FROM EMPEROR CAPITAL

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

Attention of the Overseas Shareholders is drawn to the paragraph headed “Overseas Shareholders” above in this letter.

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint Independent Shareholders, to such Independent Shareholder whose name appears first in the register of members of the Company. The Offeror, Mr. Fei (being the beneficial owner of the Offeror) and parties acting in concert with any of them, the Company, Emperor Capital, Messis Capital Limited, Emperor Securities, Ample Capital, the Registrar or the company secretary of the Company or any of their respective directors or professional advisers or any other parties involved in the Offer will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the advice of the Independent Board Committee, the recommendation of Ample Capital and other information about the Group which are set out in this Composite Document before deciding whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Emperor Capital Limited
Louisa Choi
Director



POWERWELL PACIFIC HOLDINGS LIMITED

宏峰太平洋集團有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 8265)

Executive Directors:

Mr. Liu Tin Chak, Arnold (*Chairman*)

Mr. Lam Chi Wai, Peter

Mr. Wong Yu Man, Elias

Mr. Yang Yijun

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent non-executive Directors:

Mr. Cheung Chi Man, Dennis

Professor Lui Tai Lok

Mr. Yip Kwok Kwan

*Head office and principal place of
business in Hong Kong:*

19/F., Henry Centre

131 Wo Yi Hop Road

Kwai Chung, New Territories

Hong Kong

1 September 2014

To the Independent Shareholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
EMPEROR CAPITAL LIMITED
ON BEHALF OF
KING FULL INC LIMITED
FOR ALL THE ISSUED SHARES IN
POWERWELL PACIFIC HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY
KING FULL INC LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement made by the Offeror and the Company dated 10 July 2014 in relation to, among other things, the Distribution, the Share Purchase and the Offer.

On 27 June 2014 (after trading hours), the Vendor and the Offeror entered into the Share Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase, the Sale Shares, being 108,000,000 Shares,

LETTER FROM THE BOARD

representing 72% of the entire issued share capital of the Company as at the date of the Share Purchase Agreement, at an aggregate consideration of HK\$151,200,000 (equivalent to HK\$1.40 per Sale Share).

The Share Purchase Completion took place on 26 August 2014. Following the Share Purchase Completion, the Offeror has become interested in 108,000,000 Shares, representing 72% of the entire issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, Mr. Fei and parties acting in concert with any of them).

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Cheung Chi Man, Dennis, Professor Lui Tai Lok and Mr. Yip Kwok Kwan, has been formed to advise the Independent Shareholders as to whether the Offer is or is not fair and reasonable and as to acceptance of the Offer.

Ample Capital has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the Offer and as to whether the Offer is or is not fair and reasonable and as to the acceptance of the Offer. The appointment of Ample Capital has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Company and the Offer, the recommendation of the Independent Board Committee to the Independent Shareholders and the advice of Ample Capital to the Independent Board Committee and the Independent Shareholders in relation to the Offer.

THE OFFER

According to the section headed “Letter from Emperor Capital”, Emperor Capital, on behalf of the Offeror, makes the Offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, Mr. Fei and the parties acting in concert with any of them), which is unconditional in all respects and not conditional upon acceptances being received in respect of a minimum number or any other conditions and in compliance with the Takeovers Code, on the following basis:

For every Offer Share HK\$1.40 in cash

As at the Latest Practicable Date, the Company had a total of 150,000,000 Shares in issue and had no outstanding securities, options, derivatives or warrants which are convertible or exchangeable into the Shares and had not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company.

There are 42,000,000 Shares subject to the Offer.

LETTER FROM THE BOARD

The Shares to be acquired under the Offer shall be fully paid and free from any liens, charges and Encumbrances and together with all rights and benefits attached and accrued thereto as at the date on which the Offer is made, including the rights to receive in full all dividends and distributions that may be declared, made or paid by the Company on or after the date on which the Offer is made (save for the Distribution).

Comparison of value

The Offer Price of HK\$1.40 per Offer Share represents:

- (i) a discount of approximately 9.68% to the closing price of HK\$1.55 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 2.19% over the closing price of HK\$1.370 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 4.01% over the average closing price of HK\$1.346 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 6.71% to the average closing price of HK\$1.312 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 34.62% over the closing price of HK\$1.040 per Share as quoted on the Stock Exchange on 15 January 2014, being the last business day (as defined in the Takeovers Code) prior to the commencement of the Offer Period; and
- (vi) a premium of approximately 277.36% over the unaudited net asset value of the Group of approximately HK\$0.371 per Share as at 30 June 2014, based on a total of 150,000,000 Shares in issue as at the Latest Practicable Date and the unaudited net asset value of the Group of approximately HK\$55,669,000 as at 30 June 2014 as set out in the interim report of the Company for the six months ended 30 June 2014.

Further details of the Offer

You attention is drawn to the further details of the Offer as set out in the “Letter from Emperor Capital” and Appendix I “Further Terms of the Offer” to this Composite Document, and the accompanying Form of Acceptance.

LETTER FROM THE BOARD

INFORMATION OF THE GROUP

The principal activity of the Company is investment holding. The Group is principally engaged in sourcing of watches, costume jewelries, and display and packaging products for customers.

A summary of the audited consolidated results of the Group for each of the three financial years ended 31 December 2013, and the audited financial statements of the Group for the year ended 31 December 2013 and the unaudited financial results of the Group for the six months ended 30 June 2014 are set out in Appendix II to this Composite Document.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the paragraphs headed “Information on the Offeror” and “Offeror’s intention on the Company” in the “Letter from Emperor Capital” set out in this Composite Document. The Board is aware of the intention of the Offeror in respect of the Company and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

PROPOSED CHANGE OF BOARD COMPOSITION

Please refer to the paragraph headed “Proposed change of Board composition” in the “Letter from Emperor Capital” set out in this Composite Document. All current Directors have tendered their resignation to the Board to be effective immediately after the Closing Date. Both Mr. Liu and Mr. Lam will remain as directors of all major operating subsidiaries of the Group while Mr. Wong will remain as director of a major operating subsidiary of the Group. Any changes to the Board composition will be made in compliance with the Takeovers Code and the GEM Listing Rules and will be announced accordingly.

MAINTAINING THE LISTING STATUS OF THE COMPANY

According to the “Letter from Emperor Capital”, the Offeror intends to maintain the listing of the Shares on GEM after the close of the Offer and has undertaken to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that a sufficient public float exists for the Shares. Mr. Fei, being the sole director of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares in the event that the public float falls below 25% of the issued share capital of the Company as a result of the Offer.

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.

LETTER FROM THE BOARD

RECOMMENDATION

Independent Shareholders are advised to read the recommendation of the Independent Board Committee contained in the “Letter from the Independent Board Committee” set out on pages 20 to 21 of this Composite Document and the advice of Ample Capital contained in the “Letter from Ample Capital” set out on pages 22 to 36 of this Composite Document before deciding on the actions to be taken on the Offer.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully “Further terms of the Offer” set out in Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

By order of the Board
Powerwell Pacific Holdings Limited
Liu Tin Chak, Arnold
Chairman and Executive Director



POWERWELL PACIFIC HOLDINGS LIMITED

宏峰太平洋集團有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 8265)

1 September 2014

To the Independent Shareholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
EMPEROR CAPITAL LIMITED
ON BEHALF OF
KING FULL INC LIMITED
FOR ALL THE ISSUED SHARES IN
POWERWELL PACIFIC HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY
KING FULL INC LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

We refer to this Composite Document dated 1 September 2014 jointly issued by the Company and the Offeror, of which this letter forms part. Terms used herein shall have the same meanings as defined in this Composite Document unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to consider the terms of the Offer and to advise you as to whether or not, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to acceptance of the Offer.

Ample Capital has been appointed as the independent financial adviser of the Company to advise us in this respect, details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from Ample Capital” on pages 22 to 36 of this Composite Document.

We further draw your attention to the “Letter from Emperor Capital”, the “Letter from the Board” and the additional information set out in this Composite Document, including the appendices to this Composite Document and the accompanying Form of Acceptance in respect of the terms of the Offer and the acceptance and settlement procedures for the Offer.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Taking into account the terms of the Offer, the independent advice from Ample Capital and the principal factors and reasons taken into consideration by Ample Capital in arriving at its recommendation in respect of the Offer, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and therefore we recommend the Independent Shareholders to accept the Offer. However, although the Offer Price represents discounts to the Adjusted Closing Prices of the Shares (as defined in the Letter from Ample Capital) for most of the trading days following publication of the Joint Announcement and up to the Latest Practicable Date, due to the low trading liquidity of the Shares, disposal of large blocks of Shares by the Independent Shareholders in the open market would likely to trigger price slump of the Shares. Therefore, the Independent Shareholders are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period, and consider selling your Shares in the open market, where possible, instead of accepting the Offer, if the net proceeds from such sale would exceed the net amount receivable under the Offer.

Notwithstanding our recommendation, the Independent Shareholders are strongly advised that the decision to realise or to hold your investment in the Shares is subject to individual circumstances and investment objectives and should consider carefully the terms of the Offer.

Yours faithfully,

Independent Board Committee

Powerwell Pacific Holdings Limited

Cheung Chi Man, Dennis

*Independent non-executive
Director*

Lui Tai Lok

*Independent non-executive
Director*

Yip Kwok Kwan

*Independent non-executive
Director*

LETTER FROM AMPLE CAPITAL

The following is the full text of the letter of advice from Ample Capital in respect of the Offer, and is prepared for the purpose of incorporation into this Composite Document.

AmCap

Ample Capital Limited

豐盛融資有限公司

Ample Capital Limited

Unit A, 14th Floor
Two Chinachem Plaza
135 Des Voeux Road Central
Hong Kong

1 September 2014

*To the Independent Board Committee and
the Independent Shareholders of Powerwell Pacific Holdings Limited*

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY
EMPEROR CAPITAL LIMITED
ON BEHALF OF
KING FULL INC LIMITED
FOR ALL THE ISSUED SHARES IN
POWERWELL PACIFIC HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY
KING FULL INC LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our engagement by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer, particulars of which have been set out in the Composite Document dated 1 September 2014 and in which this letter is reproduced. Unless the context requires otherwise, terms used in this letter shall have the same meanings as given to them in the Composite Document.

The Independent Board Committee, comprising Messrs. Cheung Chi Man, Dennis, Lui Tai Lok and Yip Kwok Kwan (all of whom are independent non-executive Directors), has been formed to advise the Independent Shareholders in respect of the Offer. The Independent Board Committee has approved our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Offer. In our capacity as the independent financial adviser of the Independent Board Committee and the Independent Shareholders, our role is to provide an

LETTER FROM AMPLE CAPITAL

independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and whether the Independent Shareholders should accept the Offer.

BASIS OF ADVICE

In formulating our opinions and recommendations, we have relied on the information and facts supplied to us by the Company and the Offeror (where applicable), the opinions expressed by, and the representations of, the Directors and the management of the Company, including those set out in the Composite Document and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and up to the Latest Practicable Date, and should there be any material changes thereof which may affect our opinion after the Latest Practicable Date, Independent Shareholders would be notified as soon as possible. We have no reason to doubt the truth, accuracy and completeness of the information and presentation provided to us by the Directors.

We consider that we have been provided with sufficient information to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Offeror and parties acting in concert with it, the terms of the Offer and the future intentions of the Offeror in respect of the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document the omission of which would make any statement contained in the Composite Document misleading.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in the Composite Document (other than those relating to the Group), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in the Composite Document (other than opinions expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

While we have taken reasonable steps to satisfy the requirements under the Takeovers Code and the GEM Listing Rules, we have not carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company or the Offeror as set out in the Composite Document, nor have we conducted an independent investigation into the business affairs or assets and liabilities of the Group or any of the other parties involved in the Offer.

LETTER FROM AMPLE CAPITAL

We have not considered the tax and regulatory implications on the Independent Shareholders of acceptance or non-acceptance of the Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional adviser.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in relation to the Offer, we have taken into consideration the following factors:

1. Background leading to and the terms of the Offer

On 27 June 2014, the Vendor and the Offeror entered into the Share Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase, the Sale Shares, being 108,000,000 Shares, representing 72% of the entire issued share capital of the Company as at the date of the Share Purchase Agreement at an aggregate consideration of HK\$151,200,000 (equivalent to HK\$1.40 per Sale Share).

In addition, the Company entered into disposal agreements (the “**Disposal Agreements**”) on 27 June 2014 for the disposal to Golden Business Development Limited of the entire issued share capitals of, and the benefit of loans advanced to, Goldnet Holdings Group Limited (a company incorporated in Hong Kong) and Goldnet Holdings Group Limited (a company incorporated in the British Virgin Islands) for an aggregate consideration of HK\$23 million in cash. Golden Business Development Limited is a company wholly owned by the Vendor, then a Controlling Shareholder of the Company. The Share Purchase Agreement and the Disposal Agreements were inter-conditional on each other. As stated in a joint announcement of the Company and the Offeror dated 26 August 2014, the completion of both the Share Purchase Agreement and the Disposal Agreements took place on 26 August 2014. In addition, the Distribution of HK\$0.24 per Share (totalling HK\$36 million) has been paid to qualifying Shareholders whose names appeared on the register of members of the Company at the close of business on 25 August 2014. Further details of the Share Purchase, the Disposal Agreements and the Distribution were set out in the circular of the Company dated 31 July 2014 (the “**Disposal Circular**”).

As a result of the Share Purchase Completion, the Offeror owned 108,000,000 Shares, representing 72% of the issued share capital of the Company as at the Latest Practicable Date. In accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make the Offer for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror, Mr. Fei and parties acting in concert with any of them). Emperor Capital, on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer which is unconditional in all aspects on the basis of HK\$1.4 in cash per Offer Share, which is equal to the price per Sale Share payable by the Offeror to the Vendor under the Share Purchase Agreement.

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Further terms and conditions of the Offer, including the procedure for acceptance, are set out in the section headed “Procedures for acceptance of the Offer” in Appendix I to the Composite Document.

2. Information on the Group

Prior to the completion of the Disposal Agreements (the “**Disposal Completion**”), the Company and its subsidiaries prior to the Disposal Completion (collectively the “**Former Group**”) had been principally engaged in (i) provision of sourcing and procurement solutions to customers for production of watches, costume jewelries, and display and packaging products (the “**Sourcing Business**”), and (ii) design, manufacturing and distribution of watches of its own brands in the PRC (the “**PRC Watch Business**”). Set out below is certain summary financial information as extracted from the Former Group’s annual report for the year ended 31 December 2013 (the “**2013 Annual Report**”):

	Year ended 31 December	
	2012	2013
	HK\$’000	HK\$’000
	(audited)	(audited)
Revenue	197,655	172,640
Profit attributable to owners of the Company	2,307	15,564

	As at 31 December	
	2012	2013
	HK\$’000	HK\$’000
	(audited)	(audited)
Total assets	116,482	113,979
Total liabilities	58,676	60,024
Net assets attributable to owners of the Company	57,806	53,955

We note that the Former Group recorded a revenue of approximately HK\$172.6 million for the year ended 31 December 2013, representing an approximately 12.7% decrease when compared with the revenue of approximately HK\$197.7 million recorded during the year ended 31 December 2012. The 2013 Annual Report attributed such decrease to the global market instability and slow recovery in the western economy, which affected the revenue of the Former Group generated from the Sourcing Business. Despite the decrease in revenue, the Former Group recorded increases in its selling and distribution costs and administrative expenses, which were principally resulted from the expenses spent on expansion of the PRC Watch Business. During the year ended 31 December 2013, the Former Group generated profit attributable to owners of approximately HK\$15.6 million compared with profit attributable to owners of approximately HK\$2.3 million recorded during the year ended 31 December 2012. The profit for the year ended 31 December 2013 was resulted from the recognition of a gain on disposal of a subsidiary, which is a non-recurring

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item, of approximately HK\$18.0 million. As at 31 December 2013, the Former Group had total assets, total liabilities and net assets attributable to owners of the Company of approximately HK\$114.0 million, HK\$60.0 million and HK\$54.0 million respectively.

After the Disposal Completion, the business of the Group is the Sourcing Business which provides sourcing and procurement solutions to the customers who are mainly brand owners and importers. The Group sources a variety of products to its customers which include watches, costume jewelries, and display and packaging products, and provides its customers with a wide range of sourcing management solutions including product design and product development, raw materials and components sourcing. The principal markets of the Sourcing Business include the United States of America, Hong Kong and various European countries.

The segment information in the financial reports of the Company regarding the business segment of the Sourcing Business reflects the financial performance of the Sourcing Business. According to the segment information of the annual reports of the Company, the segment revenue of the Sourcing Business was approximately HK\$200.3 million, HK\$220.3 million, HK\$168.0 million and HK\$127.8 million respectively and the segment profit of the Sourcing Business was approximately HK\$22.1 million, HK\$26.1 million, HK\$16.3 million and HK\$11.4 million respectively for the four years ended 31 December 2013. The revenue generated from the Sourcing Business accounted for approximately 96.2%, 91.7%, 85.0% and 74.1% of the Former Group's total revenue for the four years ended 31 December 2013 and accordingly the Sourcing Business has been the Former Group's major source of revenue. As stated in the annual reports of the Company for the two years ended 31 December 2013, the financial performance of the Sourcing Business deteriorated for these two years mainly as a result of the poor economy of the western countries where the main source of revenue for the Sourcing Business is. According to the interim report of the Company for the six months ended 30 June 2014, the revenue of the Sourcing Business picked up and recorded an increase of approximately 18.8% compared with the same period of last year, mainly due to increasing orders from the Group's brand owner customer in watch business as the western market is recovering.

As stated in the Disposal Circular, the Group would continue to be cautious in cost control and to uphold quality assurance of products in its Sourcing Business in order to remain competitive for its valuable customers. The Group would also keep developing new brand customers and enhance new business relationship to stimulate growth. It would continue to maintain the overall costing level until signs of recovery is noticed in its Sourcing Business. Under the present economic environment, it was expected that the Disposal Completion would remove the Group's exposure to the loss-making PRC Watch Business and enabled it to focus its management and financial resources on developing its Sourcing Business.

As noted from the above, the performance of the Sourcing Business depends largely on the recovery of the economy of the western countries.

3. Intention of the Offeror and proposed change of Board composition

As stated in the section headed “Letter from Emperor Capital” of the Composite Document (the “**Letter from Emperor Capital**”), the Offeror intends to continue the principal business of the Group, i.e. the Sourcing Business, and maintain the listing status of the Company on GEM following the close of the Offer.

The Offeror will, following the completion of the Offer, conduct a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group. Subject to the result of the review and should suitable investment or business opportunities arise, the Offeror may diversify the business of the Group with the objective of broadening its sources of income. However, as stated in the Letter from Emperor Capital, as at the Latest Practicable Date, no such investment or business opportunities had been identified nor had the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group. Save for redesignation of certain management staffs to other positions of certain subsidiaries of the Group, the Offeror has not entered into any agreement, arrangements, understandings or negotiations in relation to the continued employment of the employees, disposal and/or re-deployment of the assets of the Group, or termination or scaling down of any of the Group’s business other than in the ordinary course of business. Nonetheless, the Offeror has no intention to re-deploy the fixed assets of the Group or to discontinue the employment of the Group’s employees other than in the ordinary course of business.

We also noted from the Letter from Emperor Capital that all current Directors have tendered their resignation to the Board to be effective immediately after the Closing Date. The Offeror intends to nominate Mr. Fei as executive Director. The biographical details of Mr. Fei are set out in the Letter from Emperor Capital. The Offeror intends to nominate other new Directors to the Board and the Offeror is in the process of identifying suitable candidates.

Notwithstanding the proposed change of Board composition, since Mr. Liu and Mr. Lam will remain as directors of all major operating subsidiaries of the Group while Mr. Wong will remain as director of a major operating subsidiary of the Group, it is expected that the operation of the Group will not be materially affected in the immediate future as a result of such changes of Board composition. However, we are of the view that the future business development of the Group still depends on the input from the new Directors on the overall strategic planning of the Group. It is uncertain whether the new Directors can provide positive inputs to the Group’s future business development.

In view of the above, we consider that the prospects of the Group depend on factors including (i) the recovery of the economy of the western countries; and (ii) the success of any business plan or strategy, if any, to be implemented by the Offeror after the review of the business operations and financial position of the Group as mentioned above. Having considered that (i) the speed, magnitude and sustainability of the

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recovery of the economy of the western countries is uncertain; (ii) no detailed business plan or strategy has been provided by the Offeror as at the Latest Practicable Date; and (iii) the proposed change in the composition of the Board pursuant to which all the existing Directors will resign and the inputs from the new Directors to the Group's future business development is uncertain, the prospects and/or improvement in the results of the Group in the near future is considered uncertain.

4. Comparison with historical Share prices and analysis of liquidity of the Shares

4.1 Historical share price performance

As stated above, the Distribution has been paid to the qualifying Shareholders whose names appeared on the register of members of the Company at the close of business on 25 August 2014. The Shares commenced trading at ex-entitlement to the Distribution on 20 August 2014. Accordingly, when comparing and analysing the Offer Price to the historical closing prices of the Shares, we have made adjustments to the historical closing prices of the Shares prior to 20 August 2014 by deducting the amount of the Distribution of HK\$0.24 per Share (the “Adjusted Closing Prices”).

The chart below shows the Adjusted Closing Prices (and as the case may be, for the price on or after 20 August 2014, the closing prices) of the Shares traded on the Stock Exchange starting from 10 July 2013, being 12 months preceding the date of the Joint Announcement, up to and including the Latest Practicable Date (the “Review Period”):



Source: <http://www.hkex.com.hk/>

LETTER FROM AMPLE CAPITAL

We note from the above chart that the Adjusted Closing Prices were within the range of a low of HK\$0.69 on 2 January 2014 to a high of HK\$1.68 on 12 and 20 August 2014 respectively. During the period from 10 July 2013 to the Last Trading Day (the “**Pre-Announcement Period**”), the Adjusted Closing Prices were all below the Offer Price of HK\$1.40 and largely within the range of HK\$0.70 and HK\$1.20. The highest and lowest Adjusted Closing Price during the Pre-Announcement Period was HK\$0.69 on 2 January 2014 and HK\$1.23 on 21 November 2013 respectively. On 11 July 2014, being the first trading day of the Shares after publication of the Joint Announcement (the “**First Post-Announcement Trading Day**”), the Adjusted Closing Price surged to HK\$1.37, compared to the Adjusted Closing Price on the Last Trading Day of HK\$1.13. During the period from 11 July 2014 up to the Latest Practicable Date (the “**Post-Announcement Period**”), the Shares had been traded with the Adjusted Closing Price within a range of HK\$1.37 to HK\$1.68. In view of the pattern of the Share prices as set out above, we believe that such surge in Share prices after the publication of the Joint Announcement was mainly as a result of market reaction after the release of the Joint Announcement relating to the change of control of the Company. In the absence of other significant positive events and without the Disposal, the Distribution and the Offer, we are of the view that the Share prices might not have been traded at such a price range. Accordingly we consider that the positive market reaction and the recent Share prices may not sustain.

Furthermore, we note that the Offer Price represents an approximately 41.41% premium over the average Adjusted Closing Price of approximately HK\$0.99 per Share during the Review Period and out of the 275 trading days during the Review Period, the Adjusted Closing Prices of 243 trading days are below the Offer Price.

4.2 Comparison of value

The Offer Price of HK\$1.40 per Share is equivalent to the price per Sale Share under the Share Purchase Agreement and represents:

- (i) a premium of approximately 23.89% over the Adjusted Closing Price of HK\$1.13 per Share on the Last Trading Day, being the closing price of the Shares on the Last Trading Day quoted on the Stock Exchange of HK\$1.37 after deduction of the Distribution of HK\$0.24 per Share;
- (ii) a premium of approximately 42.86% over the average Adjusted Closing Price of approximately HK\$0.98 per Share for the 30 trading days immediately prior to and including the Last Trading Day, being the average closing price of the Shares quoted on the Stock Exchange of approximately HK\$1.22 per Share after deduction of the Distribution of HK\$0.24 per Share;
- (iii) a premium of approximately 44.33% over the average Adjusted Closing Price of approximately HK\$0.97 per Share for the 90 trading days immediately prior to and including the Last Trading Day, being the

LETTER FROM AMPLE CAPITAL

average closing price of the Shares quoted on the Stock Exchange of approximately HK\$1.21 per Share after deduction of the Distribution of HK\$0.24 per Share;

- (iv) a discount of approximately 10.71% to the closing price of HK\$1.55 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a premium of approximately 277.36% over the unaudited net asset value of the Group of approximately HK\$0.371 per Share as at 30 June 2014, based on a total of 150,000,000 Shares in issue as at the Latest Practicable Date and the unaudited net asset value of the Group of approximately HK\$55,669,000 as at 30 June 2014 as set out in the interim report of the Company for the six months ended 30 June 2014.

4.3 Liquidity of the Shares

The following table sets out the trading volume of the Shares during the Review Period:

	Total trading volume for the month/period <i>(Shares)</i>	Average daily trading volume for the month/ period <i>(Shares)</i> <i>(Note 1)</i>	Percentage of average daily trading volume to total number of Shares in issue as at the Latest Practicable Date	Percentage of average daily trading volume to total number of Shares held by public Shareholders as at the Latest Practicable Date <i>(Note 2)</i>
2013				
10 to 31 July	2,960,000	185,000	0.12%	0.44%
August	3,660,000	174,286	0.12%	0.41%
September	2,208,000	110,400	0.07%	0.26%
October	1,024,000	48,762	0.03%	0.12%
November	3,184,000	151,619	0.10%	0.36%
December	4,920,000	246,000	0.16%	0.59%
2014				
January	5,828,000	277,524	0.19%	0.66%
February	938,000	49,368	0.03%	0.12%
March	2,532,000	120,571	0.08%	0.29%
April	3,610,000	180,500	0.12%	0.43%
May	1,448,000	72,400	0.05%	0.17%
June	2,072,000	109,053	0.07%	0.26%
July	27,222,000	1,814,800	1.21%	4.32%
August (up to the Latest Practicable Date)	24,711,800	1,176,752	0.78%	2.80%

Source: <http://www.hkex.com.hk/>

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Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which exclude any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.
2. Based on 42,000,000 Shares held by public Shareholders as at the Latest Practicable Date.

As illustrated in the above table, the average daily trading volume during the Review Period ranged from approximately 48,762 Shares to 1,814,800 Shares, representing approximately 0.03% to 1.21% of the total number of Shares in issue as at the Latest Practicable Date, and approximately 0.12% to 4.32% of the total number of Shares held by public Shareholders as at the Latest Practicable Date. In July 2014, the total trading volume surged to 27,222,000 Shares with an average daily trading volume of approximately 1,814,800 Shares, representing approximately 1.21% of the total number of Shares in issue as at the Latest Practicable Date and approximately 4.32% of the total number of Shares held by public Shareholders as at the Latest Practicable Date. In particular, the trading volume on the First Post-Announcement Trading Day was the second highest during the Review Period which amounted to 6,494,000 Shares. We consider that the relatively higher level of trading volume during the period from 11 July 2014 to 31 July 2014 and in August 2014 (up to the Latest Practicable Date) was stimulated by the publication of the Joint Announcement. In view of above, we consider that the overall liquidity of the Shares was relatively low in normal circumstances during the Review Period. As such, Shareholders may find it difficult to dispose of a large number of Shares in the open market without exerting a downward pressure on the price of the Shares. We consider that the Offer provides an alternative exit to Shareholders to realise their investment in the Shares.

5. Comparative analysis

According to the 2013 Annual Report, sale of watches and jewelry products together accounted for approximately 71.2% of the Group's turnover generated from the Sourcing Business. To further assess the fairness and reasonableness of the Offer Price, we have researched for Hong Kong listed companies which are engaged in sale of both watches and jewelry products and with the sale of watches and jewelry products accounted for over 75% of their turnover for their latest financial year.

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After the Disposal Completion, the business of the Group is the Sourcing Business. Accordingly we consider the segment information in the financial reports of the Group regarding the business segment of the Sourcing Business reflects the financial performance of the Group (after the Disposal Completion). According to the 2013 Annual Report, the segment profit of the Sourcing Business for the year ended 31 December 2013 was approximately HK\$11.4 million. We have accordingly calculated the implied price to earnings ratio (“**P/E Ratio**”) of the Company based on the Offer Price and such segment profit. However, such segment profit has not included certain corporate income (which was mainly gain on disposal of a subsidiary) and corporate expenses (which were mainly directors’ fee and professional fees). In any event, we consider the segment profit provides a good reference in relation to the profitability of the Group (after the Disposal Completion).

As stated in the Disposal Circular, the Disposal would only result in a gain on disposal of immaterial amount and accordingly the net asset value of the Group would not have material change upon the Disposal Completion. However, the net asset value of the Group would be decreased by the amount of the Distribution of HK\$36 million in aggregate. Accordingly in calculating the implied price to book ratio (“**P/B Ratio**”) of the Company, we have deducted HK\$36 million from the net asset value of the Group as at 30 June 2014.

To the best of our knowledge and as far as we are aware of, there are five comparable listed companies which met our selection criteria (the “**Comparables**”). The Comparables represent an exhaustive list of all comparable companies meeting the aforementioned criteria as identified by us based on our best information, knowledge and belief.

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The following table sets out (a) the P/B Ratios and P/E Ratios of the Comparables based on their closing price as at the date of the Share Purchase Agreement and their latest published financial information; and (b) the implied P/B Ratio and P/E Ratio of the Company based on the Offer Price and its latest published financial information:

Name of company (stock code)	Principal activities	Closing price as at the date of the Share Purchase Agreement <i>HK\$'</i>	Market capitalisation/ valuation of company ¹ <i>HK\$'000</i>	P/B Ratio ² <i>times</i>	P/E Ratio ³ <i>times</i>	
King Fook Holdings Ltd. (280) ⁴	Gold ornament, jewelry, watch, fashion and gift retailing; bullion trading and diamond wholesaling; construction services.	0.96	626,503	0.73	N/A	
Luk Fook Holdings (International) Ltd. (590)	Sourcing, designing, wholesaling, trademark licensing and retailing of a variety of platinum and gold jewelry and gold ornaments, gem-set jewelry, jadeites, gemstones and other accessory items.	23.15	13,637,847	1.78	7.31	
Ming Fung Jewellery Group Limited (860) ⁴	Export of manufactured jewelry products and writing instruments; trading of jewelry products and watches; mining, exploration and sale of gold resources.	0.09	576,316	0.29	N/A	
Emperor Watch & Jewellery Limited (887)	Distribution of watches, and design and distribution of jewelry products.	0.54	3,716,522	0.83	12.80	
Chow Tai Fook Jewellery Group Ltd. (1929)	Raw material procurement, design, production and marketing to sale of luxury and high-end luxury jewelry products, including gem-set jewelry, platinum/karat gold products, gold products and watches.	11.62	116,200,000	3.02	15.98	
				<i>Minimum</i>	0.29	7.31
				<i>Maximum</i>	3.02	15.98
				<i>Average</i>	1.33	12.03
The Company (8265)		1.40	210,000	10.68	18.48	

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Sources: <http://www.hkex.com.hk> and <http://www.hkexnews.hk>

Notes:

1. The market capitalisation of the Comparables was calculated based on their respective closing price per share as quoted on the Stock Exchange on the date of the Share Purchase Agreement and their total number of issued shares. The valuation of the Company was calculated based on the Offer Price and its total number of issued shares
2. The P/B Ratios of the Comparables were calculated based on their respective closing prices as at the date of the Share Purchase Agreement and the net asset value of the Comparables as extracted from their respective latest annual or interim reports divided by the total number of issued shares.
3. The P/E Ratios of the Comparables were calculated based on their respective closing prices as at the date of the Share Purchase Agreement and the net profit of the Comparables as extracted from their respective latest annual reports divided by the total number of issued shares.
4. This Comparable was loss-making and therefore no P/E Ratio was available.

As illustrated in the analysis above, the P/B Ratios of the Comparables range from a low of approximately 0.29 times to a high of approximately 3.02 times with the average figure being approximately 1.33 times. Accordingly, the implied P/B Ratio of the Company (based on the Offer Price) of approximately 10.68 times is (i) above the top end of the range of the Comparables' P/B Ratios; and (ii) above the average P/B Ratio of the Comparables. With regard to P/E Ratio, as illustrated in the analysis above, the P/E Ratios of the Comparables range from a low of approximately 7.31 times to a high of approximately 15.98 times with the average figure being approximately 12.03 times. The implied P/E Ratio of the Company (based on the Offer Price) of approximately 18.48 times is thus (i) above the top end of the range of the Comparables' P/E Ratios; and (ii) above the average P/E Ratio of the Comparables.

RECOMMENDATIONS

In arriving at our recommendation in respect of the Offer, we have considered the principal factors and reasons as discussed above and as summarised below:

1. the prospects and/or improvement in the results of the Group in the near future is considered uncertain in view that (i) the speed, magnitude and sustainability of the recovery of the economy of the western countries is uncertain; (ii) no detailed business plan or strategy has been provided by the Offeror as at the Latest Practicable Date; and (iii) the proposed change in the composition of the Board pursuant to which all the existing Directors will resign and the inputs from the new Directors to the Group's future business development is uncertain;

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2. The Offer Price (i) is above the Adjusted Closing Prices during the whole Pre-Announcement Period; (ii) represents a premium over the Adjusted Closing Prices on the (a) Last Trading Day; and (b) average of 30 and 90 trading days immediately prior to and including the Last Trading Day; (iii) represents an approximately 41.41% premium over the average Adjusted Closing Price of approximately HK\$0.99 per Share during the Review Period; (iv) is above the Adjusted Closing Prices of 243 trading days out of the 275 trading days during the Review Period; and (v) represents a premium of approximately 277.36% over the unaudited net asset value of the Group as at 30 June 2014;
3. the historical liquidity of the Shares on the Stock Exchange was low during the Review Period. The Independent Shareholders may find it difficult to dispose of a large number of Shares in the open market without exerting a downward pressure on the price of the Shares and therefore the Offer provides an alternative exit to the Independent Shareholders to realise their investment in the Shares; and
4. the P/B Ratio and the P/E Ratio of the Company (based on the Offer Price) is above the top end of the range of the Comparables' P/B Ratios and P/E Ratios respectively.

Based on the above, we are of the view that the terms of the Offer (including the Offer Price) are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

However, although the Offer Price represents discounts to the Adjusted Closing Prices of the Shares for most of the trading days following publication of the Joint Announcement and up to the Latest Practicable Date, due to the low trading liquidity of the Shares, disposal of large blocks of Shares by the Independent Shareholders in the open market would likely to trigger price slump of the Shares. Therefore, we would also like to ask the Independent Board Committee to remind the Independent Shareholders to closely monitor the market price and liquidity of the Shares during the Offer Period, and consider selling their Shares in the open market, where possible, instead of accepting the Offer, if the net proceeds from such sales would exceed the net amount receivable under the Offer.

Those Independent Shareholders who are confident in the future prospects of the Group and decide to retain part or all of their investments in the Shares should carefully monitor the intention of the Offeror in relation to the Group in the future and the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Offer. Further terms and conditions of the Offer are set out in the Letter from Emperor Capital and Appendix I to the Composite Document.

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As each individual Independent Shareholder would have different investment objectives and/or circumstances, we would recommend the Independent Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Furthermore, they should carefully read the procedures for accepting the Offer as set out in the Composite Document, its appendices and the accompanying Form of Acceptance.

Yours faithfully,
For and on behalf of
Ample Capital Limited
H. W. Tang
President

Yours faithfully,
For and on behalf of
Ample Capital Limited
Thomas Leung
Senior Vice President

PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must send the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of the Shares in respect of which you intend to accept the Offer by post or by hand to the Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "**Powerwell Offer**" on the envelope as soon as possible but in any event so as to reach the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce as a result of a revision or an extension of the Offer in accordance with the Takeovers Code, if any.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares with the nominee company, or other nominee, and with instructions authorizing it to accept the Offer on your behalf and request it to deliver the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar by no later than 4:00 p.m. on the Closing Date; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on your

behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and signed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Emperor Capital and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorize and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine in compliance with the requirements of the Takeovers Code and announce, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares and, if those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other document(s) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Independent Shareholders, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

- (f) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (g) The address of the Registrar, Tricor Investor Services Limited, is at Level 22 Hopewell Centre, 183 Queen's Road East, Hong Kong.

ACCEPTANCE PERIOD AND REVISIONS

Unless the Offer has previously been revised with the consent of the Executive, all Form of Acceptance must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed thereon.

If the Offer is extended or revised, the announcement of such extension or revision will state the next closing date and the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification and/or announcement of the extension or revision to the Independent Shareholders and, unless previously extended or revised, shall close on the subsequent closing date. If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

If the Closing Date is extended, any reference in the Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website no later than 7:00 p.m. on the Closing Date stating whether the Offer has been revised or extended or has expired. The announcement will state the following:
- (i) the total number of Shares and rights over Shares (if any) for which acceptances of the Offer have been received;
 - (ii) the total number of Shares and rights over Shares (if any) held, controlled or directed by the Offeror or parties acting in concert with it before the Offer Period; and
 - (iii) the total number of Shares and rights over Shares (if any) acquired or agreed to be acquired during the Offer Period by the Offeror or parties acting in concert with it.

The announcement must include details of any relevant securities in the Company which the Offeror or any person acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement must also specify the percentages of the relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances which are in all respects complete and in good order, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offer will be made in accordance with the requirements of the GEM Listing Rules.

RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Independent Shareholders or by their agent(s) on their behalves shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "Announcements" above, the Executive may require that the Independent Shareholders who have tendered acceptances of the Offer be granted right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

SETTLEMENT

Provided that the Form of Acceptance and/or the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date for the acceptance of the Offer, a cheque for the amount representing the cash consideration due to each accepting Independent Shareholder in respect of the Shares tendered by him/her or his/her agent(s) under the Offer, less seller's ad valorem stamp duty payable by him/her in the case for tendered Shares, will be despatched to each accepting Independent Shareholder by ordinary post at his/her own risk as soon as possible but in any event within seven (7) Business Days following the date of receipt of duly completed acceptances by the Registrar.

Save for payment of stamp duty set out above, settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.

If the Offer is withdrawn with the consent of the Executive in accordance with the Takeovers Code, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to the relevant Independent Shareholders who have tendered acceptances to the Offer.

No fraction of a Hong Kong cent will be payable and the amount of the consideration payable to an Independent Shareholder who accepts the Offer will be rounded down to the nearest Hong Kong cent.

OVERSEAS SHAREHOLDERS

The making of the Offer to or the acceptance thereof by a person with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. The Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Offer (including but not limited to the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdictions). The Overseas Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties by such Overseas Shareholders payable in respect of all relevant jurisdictions.

Acceptances of the Offer by any Overseas Shareholders will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws. The Overseas Shareholders are recommended to seek professional advice on deciding whether to accept the Offer.

GENERAL

- (a) All communications, notices, Form of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents through post at their own risk, and none of the Company, the Offeror, Emperor Capital, the Registrar or any of their respective directors or agents or other parties involved in the Offer accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or the Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer and all acceptances under the Offer will be governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an authority to any director of the Offeror, Emperor Capital or such person or persons as any of them may direct to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, Emperor Capital or such person or persons as it may direct the Shares, in respect of which such person has accepted the Offer.
- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and Emperor Capital that the Shares held by such person or persons to be acquired under the Offer are sold by any such person or persons free from all third party rights, liens, charges, equities, options, claims, adverse interests and encumbrances and together with all rights attaching thereto as at the date on which the Offer is made including the right to receive in full all dividends or other distributions that may be declared, made or paid by the Company on or after the date on which the Offer is made (save for the Distribution).
- (g) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and, or revision thereof.

- (h) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the relevant Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who are accepting the Offer.
- (i) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts in case of inconsistency.

I. FINANCIAL SUMMARY

The following is a summary of the audited financial results of the Group for each of the three years ended 31 December 2013 as extracted from the annual reports of the Company for the years ended 31 December 2012 and 2013 and the unaudited financial results of the Group for the six months ended 30 June 2014 and 30 June 2013 as extracted from the interim report of the Company for the six months ended 30 June 2014:

	Six months ended 30 June		Year ended 31 December		
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2013 HK\$'000 (Audited)	2012 HK\$'000 (Audited)	2011 HK\$'000 (Audited)
Revenue	106,252	80,743	172,640	197,655	240,249
Cost of sales	<u>(78,654)</u>	<u>(60,585)</u>	<u>(126,599)</u>	<u>(149,537)</u>	<u>(183,823)</u>
Gross profit	27,598	20,158	46,041	48,118	56,426
Other income	166	246	495	286	236
Gain on disposal of interest in a subsidiary	—	18,020	18,020	—	—
Selling and distribution costs	(7,165)	(4,350)	(11,947)	(10,766)	(8,555)
Administrative expenses	(18,126)	(16,785)	(35,365)	(33,622)	(33,520)
Other operating expenses	—	—	(860)	(43)	(1)
Finance costs	<u>—</u>	<u>(99)</u>	<u>(99)</u>	<u>(340)</u>	<u>(120)</u>
Profit before income tax	2,473	17,190	16,285	3,633	14,466
Income tax expense	<u>(943)</u>	<u>(3)</u>	<u>(721)</u>	<u>(1,326)</u>	<u>(4,068)</u>
Profit for the year/period	<u>1,530</u>	<u>17,187</u>	<u>15,564</u>	<u>2,307</u>	<u>10,398</u>
Profit for the year/period attributable to:					
Owners of the Company	1,530	17,187	15,564	2,307	10,393
Non-controlling interests	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5</u>
	<u>1,530</u>	<u>17,187</u>	<u>15,564</u>	<u>2,307</u>	<u>10,398</u>
Earnings per share for profit attributable to owners of the Company					
— Basic and diluted (HK cents)	<u>1.0</u>	<u>11.5</u>	<u>10.4</u>	<u>1.5</u>	<u>7.1</u>
Dividends	<u>—</u>	<u>19,500</u>	<u>19,500</u>	<u>—</u>	<u>4,500</u>
Dividends per Share (HK cents)	<u>—</u>	<u>13.0</u>	<u>13.0</u>	<u>—</u>	<u>3.0</u>

There were no exceptional items because of size, nature or incidence in respect of the consolidated financial statements of the Company during each of the three years ended 31 December 2013 and the six months ended 30 June 2014.

The Company's auditor, BDO Limited, has not issued any qualified opinion on the Group's financial statements for the three years ended 31 December 2011, 2012 and 2013.

II. AUDITED FINANCIAL STATEMENTS

The following is the full text of the audited consolidated financial statements of the Company for the year ended 31 December 2013 as extracted from the annual report of the Company for the year ended 31 December 2013:

Consolidated Statement of Comprehensive Income

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Revenue	5	172,640	197,655
Cost of sales		<u>(126,599)</u>	<u>(149,537)</u>
Gross profit		46,041	48,118
Other income	5	495	286
Gain on disposal of interest in a subsidiary	6	18,020	—
Selling and distribution costs		(11,947)	(10,766)
Administrative expenses		(35,365)	(33,622)
Other operating expenses		(860)	(43)
Finance costs	8	<u>(99)</u>	<u>(340)</u>
Profit before income tax	9	16,285	3,633
Income tax expense	10	<u>(721)</u>	<u>(1,326)</u>
Profit for the year		15,564	2,307
Other comprehensive income for the year			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
— Exchange differences arising on translation of foreign operations		<u>85</u>	<u>63</u>
Total comprehensive income for the year		<u>15,649</u>	<u>2,370</u>
Profit for the year attributable to owners of the Company	11	<u>15,564</u>	<u>2,307</u>
Total comprehensive income for the year attributable to owners of the Company		<u>15,649</u>	<u>2,370</u>
Earnings per share for profit attributable to owners of the Company — Basic and diluted	13	<u>HK10.4 cents</u>	<u>HK1.5 cents</u>

Consolidated Statement of Financial Position

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	4,698	3,428
Goodwill	16	—	230
Other intangible assets	17	<u>5,815</u>	<u>5,869</u>
		<u>10,513</u>	<u>9,527</u>
Current assets			
Inventories	19	42,426	28,623
Trade receivables	20	16,789	16,624
Prepayments and deposits	20	6,649	9,586
Prepaid tax		265	1,017
Cash and cash equivalents	21	<u>37,337</u>	<u>45,226</u>
		103,466	101,076
Assets classified as held-for-sale	6	<u>—</u>	<u>5,879</u>
Total current assets		<u>103,466</u>	<u>106,955</u>
Current liabilities			
Trade and other payables	22	60,024	52,049
Short-term bank borrowings	23	<u>—</u>	<u>6,574</u>
		60,024	58,623
Liabilities classified as held-for-sale	6	<u>—</u>	<u>53</u>
Total current liabilities		60,024	58,676
Net current assets		<u>43,442</u>	<u>48,279</u>
Total assets less current liabilities/Net assets		<u><u>53,955</u></u>	<u><u>57,806</u></u>
EQUITY			
Share capital	24	15,000	15,000
Reserves	25	<u>38,955</u>	<u>42,806</u>
Total equity		<u><u>53,955</u></u>	<u><u>57,806</u></u>

Statement of Financial Position

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	18	<u>30,367</u>	<u>30,367</u>
Current assets			
Prepayments and deposits	20	114	93
Amounts due from subsidiaries	18	23,690	39,833
Bank balances and cash	21	<u>206</u>	<u>287</u>
		<u>24,010</u>	<u>40,213</u>
Current liabilities			
Other payables and accruals	22	932	1,895
Amounts due to subsidiaries	18	<u>11</u>	<u>23,399</u>
		<u>943</u>	<u>25,294</u>
Net current assets		<u>23,067</u>	<u>14,919</u>
Net assets		<u><u>53,434</u></u>	<u><u>45,286</u></u>
EQUITY			
Share capital	24	15,000	15,000
Reserves	25	<u>38,434</u>	<u>30,286</u>
Total equity		<u><u>53,434</u></u>	<u><u>45,286</u></u>

Consolidated Statement of Cash Flows

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities		
Profit before income tax	16,285	3,633
Adjustments for:		
Gain on disposal of interest in a subsidiary	(18,020)	—
Depreciation of property, plant and equipment	1,215	1,246
Loss on disposal of property, plant and equipment	260	43
Interest income	(189)	(214)
Finance costs	99	340
Impairment loss on property, plant and equipment	150	—
Impairment loss on goodwill	230	—
Impairment loss on other intangible assets	220	—
	<u>250</u>	<u>5,048</u>
Operating profit before working capital changes	250	5,048
Increase in inventories	(13,172)	(8,572)
Decrease in trade receivables, prepayments and deposits	2,946	13,522
Increase in trade and other payables	713	5,190
	<u>(9,263)</u>	<u>15,188</u>
Cash (used in)/generated from operations	(9,263)	15,188
Interest paid	(99)	(340)
Income tax refunded/(paid)	4	(3,975)
	<u>(9,358)</u>	<u>10,873</u>
<i>Net cash (used in)/generated from operating activities</i>	<u>(9,358)</u>	<u>10,873</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,856)	(1,436)
Purchase of other intangible assets	(18)	(8)
Net inflow of cash and cash equivalents in respect of the disposal of interest in a subsidiary and transfer of the Loan (<i>note 6</i>)	23,670	—
Interest received	189	214
	<u>20,985</u>	<u>(1,230)</u>
<i>Net cash generated from/(used in) investing activities</i>	<u>20,985</u>	<u>(1,230)</u>

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Cash flows from financing activities		
Proceeds from short-term bank borrowings	—	54,357
Repayment of short-term bank borrowings	(6,574)	(56,975)
Advance from an independent third party	6,835	—
Dividend paid	<u>(19,500)</u>	<u>(3,000)</u>
<i>Net cash used in financing activities</i>	<u>(19,239)</u>	<u>(5,618)</u>
Net (decrease)/increase in cash and cash equivalents	(7,612)	4,025
Cash and cash equivalents at beginning of year	45,268	41,180
Effect of foreign exchange rate changes	<u>(319)</u>	<u>63</u>
Cash and cash equivalents at end of year	<u><u>37,337</u></u>	<u><u>45,268</u></u>
Cash and cash equivalents as stated in the consolidated statement of financial position	37,337	45,226
Cash balance classified as held-for-sale (<i>note 6</i>)	<u>—</u>	<u>42</u>
Cash and cash equivalents as stated above	<u><u>37,337</u></u>	<u><u>45,268</u></u>

Consolidated Statement of Changes in Equity

	Equity attributable to owners of the Company							
	Share capital	Share premium*	Capital reserve*	Merger reserve*	Translation reserve*	Proposed final dividend	Retained profits*	Total equity
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
At 1 January 2012	15,000	6,937	155	1,033	429	3,000	31,882	58,436
2011 final dividend paid (<i>note 12</i>)	—	—	—	—	—	(3,000)	—	(3,000)
Transaction with owners	—	—	—	—	—	(3,000)	—	(3,000)
Profit for the year	—	—	—	—	—	—	2,307	2,307
Other comprehensive income:								
Exchange differences arising on translation of foreign operations	—	—	—	—	63	—	—	63
Total comprehensive income for the year	—	—	—	—	63	—	2,307	2,370
At 31 December 2012 and 1 January 2013	15,000	6,937	155	1,033	492	—	34,189	57,806
Special dividend (<i>note 12</i>)	—	—	—	—	—	—	(19,500)	(19,500)
Transaction with owners	—	—	—	—	—	—	(19,500)	(19,500)
Profit for the year	—	—	—	—	—	—	15,564	15,564
Other comprehensive income:								
Exchange differences arising on translation of foreign operations	—	—	—	—	85	—	—	85
Total comprehensive income for the year	—	—	—	—	85	—	15,564	15,649
At 31 December 2013	<u>15,000</u>	<u>6,937</u>	<u>155</u>	<u>1,033</u>	<u>577</u>	<u>—</u>	<u>30,253</u>	<u>53,955</u>

* The total of these balances represented “Reserves” in the consolidated statements of financial position as at 31 December 2013 and 2012.

Notes to the Financial Statements

1. GENERAL INFORMATION

Powerwell Pacific Holdings Limited (the “Company”) was incorporated in Bermuda on 14 June 2010 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The Company’s registered office is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The Company’s principal place of business is located at 19/F, Henry Centre, 131 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong.

The Company’s shares were listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 26 January 2011.

The principal activity of the Company is investment holding. The principal activity of the Company’s subsidiaries (together with the Company referred to as the “Group”) is the provision of sourcing and procurement solutions to customers for production of watches, costume jewelries, and display and packaging products (the “Sourcing Business”), as well as the design, manufacture and distribution of watches of the Group’s own brands of the watches in the People’s Republic of China (the “PRC Watch Business”).

The directors of the Company consider the ultimate parent company of the Group as at 31 December 2013 to be Data Champion Limited, a company incorporated in the British Virgin Islands.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Int”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”).

The financial statements for the year ended 31 December 2013 were approved for issue by the board of directors on 25 March 2014.

2. ADOPTION OF NEW/REVISED HKFRSs

(a) New/Revised HKFRSs — effective 1 January 2013

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 January 2013:

HKFRSs (Amendments)	Annual Improvements 2009–2011 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements

The adoption of these new amendments had no material impact on how the Group's results and financial position for the current and prior years have been prepared and presented except as follows:

Amendments to HKAS 1 (Revised) Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the requirements in HKAS 27 Consolidated and Separate Financial Statements relating to the preparation of consolidated financial statements and HK-SIC 12 Consolidation — Special Purpose Entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that investee. The adoption does not change any of the control conclusion reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements. This new standard affects only disclosure, there is no effect on the Group's financial position and performance. The adoption of this new standard does not result in additional disclosures.

(b) New/Revised HKFRSs that have been issued and have been early adopted

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit ("CGU") to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are effective for annual periods commencing on or after 1 January 2014. The Group has early adopted the amendments to HKAS 36 in the current period. The disclosures about the impairment of property, plant and equipment in note 15, goodwill in note 16 and other intangible assets in note 17 have been modified accordingly.

(c) New/Revised HKFRSs — issued but are not yet effective

The Group has not applied the following new/revised HKFRSs that have been issued but are not yet effective and are potentially relevant to the Group's financial statements.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
HKFRS 9	Financial Instruments
HKFRSs (Amendments)	Annual Improvements 2010–2012 Cycle ³
HKFRSs (Amendments)	Annual Improvements 2011–2013 Cycle ²

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 July 2014

³ Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

Information on new and amended HKFRSs that are expected to have impact on the Group is as follows:

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity “currently has a legally enforceable right to set off” and when a gross settlement mechanism is considered equivalent to net settlement.

HKFRS 9 Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. In December 2013, the HKICPA removed 1 January 2015 effective date for HKFRS 9.

The directors so far concluded that the application of these new standards and amendments will have no material impact on the Group's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**3.1 Basis of preparation**

The significant accounting policies that conform to HKFRSs and have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied throughout the years presented unless otherwise stated.

These financial statements have been prepared under the historical cost convention. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of these financial statements. Although these estimates and assumptions are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (see note 3.3 below) made up to 31 December each year. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from inter-company transactions are also eliminated unless the transaction provides evidence of impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest, and also the cumulative transaction difference recorded in equity. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

3.3 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3.4 Goodwill

Goodwill arising from acquisition of subsidiaries represents the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of the identifiable assets acquired and liabilities including contingent liabilities assumed as at the date of acquisition.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess, being bargain purchases, is recognised immediately in profit or loss.

Goodwill is initially recognised at cost and subsequently measured at cost less impairment losses. Goodwill is reviewed for impairment annually at the end of the reporting period or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may be impaired (note 3.7). On subsequent disposal of a subsidiary, the carrying amount of goodwill relating to the entity sold is included in determining the amount of the gain or loss on disposal.

3.5 Other intangible assets

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any impairment losses (note 3.7). Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

3.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses (note 3.7). When an item of property, plant and equipment is classified as held-for-sale, it is not depreciated and is accounted for in accordance with HKFRS 5 as further explained in note 3.8. Depreciation is provided to write off the cost less their residual values, using straight-line method, over their estimated useful lives. Land and building classified as finance leases are depreciated over the unexpired term of the leases. Other items are depreciated at the following rates per annum:

Leasehold improvements	20%
Furniture, fixtures and equipment	20%
Plant and machinery	20%
Motor vehicles	20%–30%

The asset's residual values, depreciation method and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3.7 Impairment of non-financial assets

Goodwill and other intangible assets having indefinite useful lives are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets including property, plant and equipment and other intangible assets with finite useful lives are tested for impairment whenever there are indications that the assets' carrying amounts may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of such impairment is credited to profit or loss in the period in which it arises unless that asset is carried at revalued amount, in which case the reversal of impairment loss is accounted for in accordance with the relevant accounting policy for the revalued amount.

3.8 Assets held-for-sale

Non-current assets and disposal groups are classified as held-for-sale when their recoverable amounts are to be recovered principally through sale and sale is considered highly probable.

Non-current assets and disposal groups classified as held-for-sale are measured at the lower of their carrying amounts immediately prior to being classified as held-for-sale and fair value less costs to sell.

3.9 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost of inventories for the sourcing and procurement business is determined using first-in, first-out basis whereas cost of inventories for the PRC watch business is determined using weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and applicable selling expenses.

3.10 Financial assets

Financial assets of the Group are classified into loans and receivables. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value plus directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit or loss. Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured at amortised cost using the effective interest method, less any identified impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost. Gain and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired as well as through the amortisation process.

Impairment of financial assets

At each reporting date, the Group assesses whether there is any objective evidence that financial asset is impaired. Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtors' financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data include but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss on loans and receivables decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss for the period in which the reversal occurs.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss on loans and receivables decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss for the period in which the reversal occurs.

Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

3.11 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.12 Financial liabilities

The Group's financial liabilities include short-term bank borrowings and trade and other payables which are financial liabilities at amortised cost.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (note 3.20). A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Short-term bank borrowings

Short-term bank borrowings are recognised initially at fair value, net of transaction costs incurred. Short-term bank borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Short-term bank borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Trade and other payables

Trade and other payables are recognised initially at their fair values and subsequently measured at amortised cost, using the effective interest method.

3.13 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3.14 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.15 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Company and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Company measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with note 3.14; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

3.16 Revenue and other income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, net of applicable value-added tax, rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and other income can be measured reliably, revenue and other income is recognised as follows:

Sales of goods are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

Freight income is recognised when the relevant services are rendered.

Interest income is recognised on a time-proportion basis by reference to the principal outstanding and the effective interest method.

3.17 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

3.18 Employee benefits

Retirement benefit costs

Retirement benefits to employees are provided through defined contribution plans. The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance (the “MPF Scheme”), for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries.

The employees of the Group’s subsidiary which operates in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute certain percentage of employees’ salaries to the central pension scheme.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group’s obligations under these plans are limited to the fixed percentage contributions payable.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3.19 Foreign currencies

The financial statements are presented in Hong Kong Dollars (“HK\$”), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group’s presentation currency, have been converted into HK\$. Assets and liabilities have been translated into HK\$ at the closing rates at the reporting date. Income and expenses have been converted into the HK\$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity. Such translation differences are recognised as profit or loss in the period in which the foreign entity is disposed of.

3.20 Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of any qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.21 Accounting for income taxes

Income taxes for the year comprise current tax and deferred tax. Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantially enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor accounting profit or loss. Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period in which the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in the other comprehensive income.

3.22 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's line of business.

The measurement policies the Group uses for reporting segment results under HKFRS 8 Operating Segments are the same as those used in its financial statements prepared under HKFRSs, except that interest income, interest expense, income tax and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but tax assets.

3.23 Government grant

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

3.24 Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member to that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third party and the other party is an associate of the third party;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;

- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of non-financial assets

The Group assesses impairment by evaluating conditions specific to the Group that may lead to impairment of the assets. When an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates and assumptions about future events, which are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgements, the directors take into consideration assumptions that are mainly based on market conditions existing at the reporting date and appropriate market and discount rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group. Significant estimates and assumptions used by the Group for the impairment assessment of goodwill, property, plant and equipment and other intangible assets related to the PRC Watch Business are disclosed in note 16. The Group's goodwill has been fully impaired during the year ended 31 December 2013. The carrying amounts of the Group's property, plant and equipment and other intangible assets at 31 December 2013 were approximately HK\$4,698,000 (2012: HK\$3,428,000) and HK\$5,815,000 (2012: HK\$5,869,000) respectively.

Impairment of receivables

The Group determines impairment losses for bad and doubtful debts resulting from the inability of the customers/debtors to make the required payments. A considerable amount of estimate and judgement is required in assessing the ultimate realisation of these receivables which is based on the ageing of the accounts receivable balance, customer credit-worthiness, and historical write-off experience. If the financial conditions of customers/debtors deteriorate, additional allowance for bad and doubtful debts may be required. The carrying amounts of the Group's trade receivables at 31 December 2013 were approximately HK\$16,789,000 (2012: HK\$16,624,000).

Inventory valuation

In determining whether and the amount of allowance required in case of slow-moving inventories, the Group would make reference to the ageing analysis of the inventories and assess realisability of those inventories by considering all possible means of sale channel. A considerable amount of judgement and estimates is required in determining such allowance. If conditions which have an impact on the net realisable value of inventories deteriorate, additional allowances may be required.

Estimate of current tax and deferred tax

The Group is subjected to tax in different tax jurisdictions. Significant judgement and estimates is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

5. REVENUE AND OTHER INCOME

An analysis of the revenue from the Group's principal activities (note 1), which is also the Group's turnover, and other income are as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Sales of goods	171,772	196,385
Freight income	<u>868</u>	<u>1,270</u>
	<u>172,640</u>	<u>197,655</u>
Other income		
Bank interest income	189	214
Exchange gain	97	—
Government grant	124	—
Sundry income	<u>85</u>	<u>72</u>
	<u>495</u>	<u>286</u>
Total income	<u><u>173,135</u></u>	<u><u>197,941</u></u>

6. DISPOSAL OF INTEREST IN A SUBSIDIARY

On 21 December 2012, one of the Group's subsidiaries, Good Destination Co. Limited ("Good Destination") entered into a conditional agreement to dispose of its entire 100% equity interest in a subsidiary, Richmind International Investment Limited ("Richmind"), which is engaged in holding of properties, and to transfer the benefit of a loan of approximately HK\$2,119,000 advanced by Good Destination to Richmind (the "Loan") to Data Champion Limited at an aggregate consideration of HK\$24,000,000 (the "Disposal"). Data Champion Limited is a controlling shareholder of the Company which is owned by Mr. Liu Tin Chak, Arnold, Mr. Lam Chi Wai, Peter and Mr. Wong Yu Man, Elias, executive directors of the Company. The Disposal was completed on 10 May 2013 and a gain of approximately HK\$18,020,000 arising on the Disposal was realised which is included in the consolidated statement of comprehensive income. Upon completion of the Disposal, Richmind ceased to be a subsidiary of the Group.

HK\$'000

The net assets of Richmind at the date of disposal were as follows:

Investment properties	5,753
Prepayments and deposits	83
Cash and cash equivalents	330
Other payables	(160)
Provision for income tax	(26)
Amount due to Good Destination	<u>(2,119)</u>
	3,861
Gain on disposal of interest in a subsidiary	<u>18,020</u>
Consideration for transferring the equity interest of Richmind excluding the consideration for transfer of the Loan of HK\$2,119,000, satisfied by cash	<u><u>21,881</u></u>
Net inflow of cash and cash equivalents in respect of the disposal of interest in a subsidiary and transfer of the Loan	<u><u>23,670</u></u>

As at 31 December 2012, the following major classes of assets and liabilities relating to Richmind have been classified as held-for-sale in the Group's consolidated statement of financial position.

	<i>HK\$'000</i>
Property, plant and equipment	5,753
Prepayment and deposits	84
Bank balances and cash	<u>42</u>
Total assets classified as held-for-sale	<u>5,879</u>
Provision for income tax	<u>53</u>
Total liabilities classified as held-for-sale	<u>53</u>

7. SEGMENT INFORMATION

The Group is principally engaged in the provision of sourcing and procurement solutions to customers for production of watches, costume jewelries, and display and packaging products which is identified as a reportable segment as the "Sourcing Business", the operating result over which has been regularly reviewed by the executive directors in assessing the performance of the Group and making decision for resource allocation. In respect of Sourcing Business, the Group provides customers with a wide range of sourcing management solutions including product design and product development, raw materials and components sourcing and production outsourcing; and procurement management solutions including quality assurance and control, logistics and delivery handling services. The products are mainly exported to overseas countries. In addition, the Group has established the necessary procurement and production facilities and its own sales network for the design, manufacturing and distribution of its own brands of watches in the PRC. This line of business is identified as another reportable segment as the "PRC Watch Business".

Segment revenue, segment results and segment assets

Information regarding the Group's reportable operating segments including the reconciliations to profit before income tax and total assets are as follows.

	Sourcing Business <i>HK\$'000</i>	PRC Watch Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2013			
Reportable segment revenue (<i>note (a)</i>)	<u>127,808</u>	<u>44,832</u>	<u>172,640</u>
Reportable segment profit/(loss)	<u>11,364</u>	<u>(5,786)</u>	5,578
Interest income			189
Corporate income and expenses			<u>10,518</u>
Profit before income tax			<u>16,285</u>
Adjusted EBITDA (<i>note (c)</i>)	<u>11,827</u>	<u>(4,335)</u>	<u>7,492</u>
At 31 December 2013			
Reportable segment assets	<u>61,380</u>	<u>52,128</u>	113,508
Prepaid tax			265
Corporate assets			<u>206</u>
Total assets			<u>113,979</u>
Year ended 31 December 2013			
Other information:			
Interest expenses	99	—	99
Depreciation of property, plant and equipment	365	850	1,215
Loss on disposal of property, plant and equipment	2	258	260
Impairment loss on property, plant and equipment	—	150	150
Impairment loss on goodwill	—	230	230
Impairment loss on other intangible assets	—	220	220
Addition to non-current assets (<i>note (b)</i>)	<u>237</u>	<u>2,637</u>	<u>2,874</u>

	Sourcing Business HK\$'000	PRC Watch Business HK\$'000	Total HK\$'000
Year ended 31 December 2012			
Reportable segment revenue (<i>note (a)</i>)	<u>168,021</u>	<u>29,634</u>	<u>197,655</u>
Reportable segment profit/(loss)	<u>16,282</u>	<u>(4,221)</u>	12,061
Interest income			214
Corporate income and expenses			<u>(8,642)</u>
Profit before income tax			<u><u>3,633</u></u>
Adjusted EBITDA (<i>note (c)</i>)	<u>17,317</u>	<u>(3,670)</u>	<u>13,647</u>
At 31 December 2012			
Reportable segment assets	<u>68,232</u>	<u>41,067</u>	109,299
Prepaid tax			1,017
Assets classified as held-for-sale			5,879
Corporate assets			<u>287</u>
Total assets			<u><u>116,482</u></u>
Year ended 31 December 2012			
Other information:			
Interest expenses	340	—	340
Depreciation of property, plant and equipment	695	551	1,246
Loss on disposal of property, plant and equipment	—	43	43
Addition to non-current assets (<i>note (b)</i>)	<u>257</u>	<u>1,187</u>	<u>1,444</u>

Notes:

- (a) There were no inter-segment sales during the year.
- (b) Addition to non-current assets represents additions to property, plant and equipment and other intangible assets.
- (c) Adjusted earnings before interest, taxation, depreciation and amortisation (“Adjusted EBITDA”) is also a measurement basis regularly reviewed by the directors in assessing the performance of the Group and making decision for resources allocation. This measurement basis is consistent with that of the segment results except that interest expenses, depreciation and amortisation charges and impairment losses on non-financial assets are not included in the Adjusted EBITDA.

Other than the above, the executive directors regularly review revenue analysis by products, including watches, display and packaging products, and costume jewelries, which is presented below:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Sales of		
— watches	122,920	129,429
— display and packaging products	36,841	48,556
— costume jewelries	<u>12,879</u>	<u>19,670</u>
	<u>172,640</u>	<u>197,655</u>

Geographical information

The Group's operations are mainly located in Hong Kong (place of domicile). The Group's revenue by geographical locations is determined based on shipment destination instructed by customers. The Group's non-current assets by geographical locations are determined based on physical location of the assets or location of operations in case of intangible assets.

Analysis of the Group's revenue and non-current assets by geographical locations are as follows:

	Revenue from external customers		Non-current assets	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Hong Kong (place of domicile)	14,989	22,472	846	991
The PRC, excluding Hong Kong	37,132	21,891	9,667	8,536
USA	49,254	74,392	—	—
Europe				
— Germany	38,565	12,222	—	—
— Denmark	7,017	31,828	—	—
— United Kingdom	6,578	4,212	—	—
— France	2,637	5,728	—	—
— Italy	170	2,715	—	—
— Others	5,032	8,542	—	—
Asia	4,676	5,826	—	—
Others	<u>6,590</u>	<u>7,827</u>	<u>—</u>	<u>—</u>
Total	<u>172,640</u>	<u>197,655</u>	<u>10,513</u>	<u>9,527</u>

The Company is an investment holding company incorporated in Bermuda where the Group does not have activities. Since the major operations of the Group are conducted in Hong Kong, Hong Kong is considered as the Group's place of domicile for the disclosure purpose of HKFRS 8.

Information about major customers

During the year, there were two (2012: two) customers from the Group's Sourcing Business, each of whom contributed 10% or more of the Group's total revenue. Revenue derived from these two customers during the year amounted to HK\$82,933,000 (2012: HK\$101,850,000) and HK\$19,296,000 (2012: HK\$31,029,000) individually.

8. FINANCE COSTS

	For the year ended	
	31 December	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowings and overdrafts wholly repayable within five years	99	340

9. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Auditor's remuneration:		
Audit fee	560	558
Fee for non-audit services	200	—
	<u>760</u>	<u>558</u>
Cost of inventories recognised as expenses, comprising:		
Amount of inventories recognised as expenses	117,367	145,312
Inventories write-off	109	—
Depreciation of property, plant and equipment	1,215	1,246
Net exchange (gain)/loss	(97)	451
Operating lease charges in respect of land and building	2,434	1,218
Employee benefit expenses (including directors' remuneration)		
Salaries, allowances and benefits in kind	26,266	24,914
Retirement benefit — defined contribution plans ¹	984	794
	<u>27,250</u>	<u>25,708</u>
Loss on disposal of property, plant and equipment ²	260	43
Impairment on property, plant and equipment ²	150	—
Impairment on goodwill ²	230	—
Impairment on other intangible assets ²	220	—

¹ no forfeited contributions available for offset against existing contributions during the year and in prior year

² included in "other operating expenses" in the consolidated statement of comprehensive income

10. INCOME TAX EXPENSE

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax — Hong Kong profits tax		
— charge for the year	965	1,884
— over provision in prior years	<u>(247)</u>	<u>(558)</u>
	<u>718</u>	<u>1,326</u>
Current tax — PRC Enterprise Income Tax (“EIT”)		
— under provision in prior years	<u>3</u>	<u>—</u>
Income tax expense	<u><u>721</u></u>	<u><u>1,326</u></u>

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the year.

The Group’s subsidiary, 深圳市天海霸鐘錶有限公司 (Shenzhen Tianhaiba Watches Company Limited) (“Tianhaiba”), a PRC entity, is subject to PRC EIT at the tax rate of 25%. No provision for PRC EIT has been made for the year or in prior year as the directors estimate that taxable income arising in the PRC, if any, is not significant to the Group.

Reconciliation between income tax expense and accounting profit at applicable tax rates is as follows:

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before income tax	<u>16,285</u>	<u>3,633</u>
Tax calculated at tax rates applicable to the jurisdictions concerned	2,200	244
Tax effect of non-deductible expenses	1,834	1,446
Tax effect of non-taxable income	(3,078)	(93)
Tax effect of tax loss/deductible temporary differences not recognised	16	41
Over provision of tax in prior years, net	(244)	(558)
Others	<u>(7)</u>	<u>246</u>
Income tax expense for the year	<u><u>721</u></u>	<u><u>1,326</u></u>

The Group had unrecognised tax losses and deductible temporary differences arising in Hong Kong of approximately HK\$61,000 (2012: HK\$53,000) and HK\$776,000 (2012: HK\$687,000) respectively. These tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose and the temporary differences can be carried forward indefinitely. As at 31 December 2013, the Group did not have unrecognised tax losses arising in the PRC. As at 31 December 2012, the Group had unrecognised tax losses arising in the PRC of approximately HK\$88,000 which will expire in five years for offsetting against future taxable profit. No deferred tax asset has been recognised in respect of the unused tax losses and deductible temporary differences due to the unpredictability of future profit streams.

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Of the consolidated profit attributable to the owners of the Company of HK\$15,564,000 (2012: HK\$2,307,000), a profit of HK\$27,648,000 (2012: loss of HK\$2,469,000) has been dealt with in the financial statements of the Company.

12. DIVIDENDS

Dividends proposed or declared by the Company during the year and in prior year are as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Special dividend — HK\$0.13 (2012: nil) per ordinary share	<u>19,500</u>	<u>—</u>

The dividends paid during the year ended 31 December 2013 amounting to HK\$19,500,000 represent a special dividend of HK\$0.13 per ordinary share, which were paid in May 2013 and financed by the net proceeds generated from the Disposal (note 6).

The dividends paid during the year ended 31 December 2012 amounting to HK\$3,000,000 represent the final dividend for the year ended 31 December 2011, which were paid in May 2012.

13. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2013 is based on the profit attributable to the owners of the Company amounting to HK\$15,564,000 (2012: HK\$2,307,000), and the weighted average of 150,000,000 shares (2012: 150,000,000 shares) in issue throughout the year.

The Group had no potential dilutive ordinary shares in issue during the year and in prior year.

14. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS**Directors' remuneration**

	Fees <i>HK\$'000</i>	Discretionary bonuses <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Retirement benefit costs <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2013					
<i>Executive directors:</i>					
Liu Tin Chak, Arnold	—	—	1,040	15	1,055
Lam Chi Wai, Peter	—	—	1,040	15	1,055
Wong Yu Man, Elias	—	—	1,040	15	1,055
Yang Yijun	—	—	1,040	15	1,055
<i>Independent non-executive directors:</i>					
Cheung Chi Man, Dennis	—	—	240	—	240
Lui Tai Lok	—	—	240	—	240
Yip Kwok Kwan	—	—	240	—	240
	<u>—</u>	<u>—</u>	<u>4,880</u>	<u>60</u>	<u>4,940</u>

	Fees <i>HK\$'000</i>	Discretionary bonuses <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Retirement benefit costs <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2012					
<i>Executive directors:</i>					
Liu Tin Chak, Arnold	—	—	1,040	17	1,057
Lam Chi Wai, Peter	—	—	1,040	17	1,057
Wong Yu Man, Elias	—	—	1,040	17	1,057
Yang Yijun	—	—	1,040	17	1,057
<i>Independent non-executive directors:</i>					
Cheung Chi Man, Dennis	—	—	240	—	240
Lui Tai Lok	—	—	240	—	240
Yip Kwok Kwan	—	—	240	—	240
	<u>—</u>	<u>—</u>	<u>4,880</u>	<u>68</u>	<u>4,948</u>

Five highest paid individuals

The five highest paid individuals consisted of four (2012: four) directors, details of whose remuneration are reflected in the analysis presented above. Details of remuneration of the remaining one (2012: one) highest paid individual for the year ended 31 December 2013 are as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Salaries, allowances and benefits in kind	736	671
Retirement benefits — defined contribution plan	<u>15</u>	<u>14</u>
	<u>751</u>	<u>685</u>

The remuneration paid to the above non-director individual for the year fell within the following band:

	Number of individuals	
	2013	2012
Nil — HK\$1,000,000	<u>1</u>	<u>1</u>

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2012: Nil).

No emolument was paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2012: Nil).

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2012						
Cost	6,947	816	4,039	4,040	630	16,472
Accumulated depreciation	(1,009)	(440)	(1,621)	(3,738)	(630)	(7,438)
Net carrying amount	<u>5,938</u>	<u>376</u>	<u>2,418</u>	<u>302</u>	<u>—</u>	<u>9,034</u>
Year ended 31 December 2012						
Opening net carrying amount	5,938	376	2,418	302	—	9,034
Additions	—	—	1,433	3	—	1,436
Depreciation	(185)	(93)	(766)	(202)	—	(1,246)
Disposal	—	—	(43)	—	—	(43)
Classified as held-for-sale (note 6)	(5,753)	—	—	—	—	(5,753)
Closing net carrying amount	<u>—</u>	<u>283</u>	<u>3,042</u>	<u>103</u>	<u>—</u>	<u>3,428</u>
At 31 December 2012 and at 1 January 2013						
Cost	—	816	5,405	4,043	630	10,894
Accumulated depreciation	—	(533)	(2,363)	(3,940)	(630)	(7,466)
Net carrying amount	<u>—</u>	<u>283</u>	<u>3,042</u>	<u>103</u>	<u>—</u>	<u>3,428</u>
Year ended 31 December 2013						
Opening net carrying amount	—	283	3,042	103	—	3,428
Additions	—	—	2,808	48	—	2,856
Depreciation	—	(42)	(1,124)	(49)	—	(1,215)
Impairment loss (note 16)	—	—	(150)	—	—	(150)
Disposal	—	(187)	(70)	(3)	—	(260)
Exchange adjustment	—	18	15	6	—	39
Closing net carrying amount	<u>—</u>	<u>72</u>	<u>4,521</u>	<u>105</u>	<u>—</u>	<u>4,698</u>
At 31 December 2013						
Cost	—	556	7,363	4,096	630	12,645
Accumulated depreciation	—	(484)	(2,692)	(3,991)	(630)	(7,797)
Accumulated impairment	—	—	(150)	—	—	(150)
Net carrying amount	<u>—</u>	<u>72</u>	<u>4,521</u>	<u>105</u>	<u>—</u>	<u>4,698</u>

16. GOODWILL

	<i>HK\$'000</i>
Year ended 31 December 2012	
Opening net carrying amount	230
Addition	<u>—</u>
Closing net carrying amount	<u><u>230</u></u>
As at 31 December 2012	
Cost and net carrying amount	<u><u>230</u></u>
Year ended 31 December 2013	
Opening net carrying amount	230
Impairment loss	<u>(230)</u>
Closing net carrying amount	<u><u>—</u></u>
As at 31 December 2013	
Cost	230
Accumulated impairment	<u>(230)</u>
Net carrying amount	<u><u>—</u></u>

Goodwill arises from the acquisition of Tianhaiba on 1 February 2010. The goodwill as well as the trademarks with indefinite useful lives as mentioned in note 17 are tested for impairment at least annually and are allocated to the CGU of PRC Watch Business for impairment assessment purpose.

For impairment purpose, the recoverable amount of the CGU of PRC Watch Business is determined using value in use calculation which is a cash flow projection prepared based on a five-year forecast approved by the directors. The pre-tax discount rate applied to the cash flow projection is 19% (2012: 14%), which reflects specific risk relating to the PRC Watch Business. Growth rate used to extrapolate the cash flows beyond the five-year period is 4% (2012: 4%) which reflects the long-term average growth rate of the PRC Watch Business as forecasted by the directors.

The recoverable amount of the CGU of PRC Watch Business determined using the above basis fell below its carrying amount by HK\$600,000, which has been recognised as an impairment loss in the current year. Such impairment loss has been allocated to write down the amount of goodwill in full and then to write down the remaining assets of the CGU on pro-rata basis. Accordingly, during the year, impairment is recognised for goodwill, other intangible assets i.e. trademarks (note 17), and property, plant and equipment (note 15) by HK\$230,000, HK\$220,000 and HK\$150,000 respectively.

Facing keen competition in watch business in the PRC, management has to put extra effort in promoting the brand name and market development. Accordingly additional costs are budgeted for marketing and promotion activities in order to achieve the targeted sale, resulting in lower recoverable amount being determined for this CGU for the current year.

Any decline in estimated value in use would be liable to result in an additional impairment for the CGU of PRC Watch Business. As a sensitivity analysis, a change of plus or minus 0.50% in the post-tax discount rate would increase or decrease the recoverable amount by HK\$490,000 to HK\$530,000. Likewise, a change of plus or minus 0.5% in the perpetual growth rate would increase or decrease the recoverable amount by HK\$320,000 to HK\$350,000. Lastly, a 10% increase or decrease in cash flows after the fifth year would increase or decrease the recoverable amount by HK\$720,000.

17. OTHER INTANGIBLE ASSETS

	Trademarks <i>HK\$'000</i>
Year ended 31 December 2012	
Opening net carrying amount	5,861
Addition	<u>8</u>
Closing net carrying amount	<u><u>5,869</u></u>
As at 31 December 2012	
Cost and net carrying amount	<u><u>5,869</u></u>
Year ended 31 December 2013	
Opening net carrying amount	5,869
Addition	18
Impairment loss	(220)
Exchange adjustment	<u>148</u>
Closing net carrying amount	<u><u>5,815</u></u>
As at 31 December 2013	
Cost	6,035
Accumulated impairment	<u>(220)</u>
Net carrying amount	<u><u>5,815</u></u>

On 30 June 2010, Tianhaiba entered into an agreement with a PRC entity to acquire from the PRC entity the Tianba and Harpo trademarks at a total consideration of RMB4,700,000 (equivalent to approximately HK\$5,345,000). The PRC entity was owned by the brother of the Company's director, Mr. Yang Yijun.

The directors consider these trademarks having indefinite useful lives as there is no foreseeable limit on the period of time over which the trademarks in watch industry is expected to provide cash flows. These trademarks can be renewable in a period of time at minimal cost and the products are continuing in the market.

The trademarks have been allocated to the CGU of PRC Watch Business for impairment assessment (note 16). Based on the assessment, impairment loss of HK\$220,000 has been recognised for the trademarks.

18. INTERESTS IN SUBSIDIARIES

	Company	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investments in unlisted shares, at cost	<u>30,367</u>	<u>30,367</u>
Amounts due from subsidiaries	<u>23,690</u>	<u>39,833</u>
Amounts due to subsidiaries	<u>11</u>	<u>23,399</u>

Amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

Particulars of the Company's principal subsidiaries, which are private companies with limited liability, as at 31 December 2013 are as follows:

Name	Country/Place of incorporation/ establishment	Particulars of issued and fully paid share capital/ registered capital	Effective interest held by the Company		Principal activities and place of operation
			Directly	Indirectly	
Ampress Merchandising Limited	Hong Kong	100,000 ordinary shares of HK\$1 each	—	100%	Trading of watches, costume jewelries and accessories in Hong Kong
Ampress Packaging Asia Limited	Hong Kong	500,000 ordinary shares of HK\$1 each	—	100%	Trading of display and packaging products in Hong Kong
Display & Packaging Limited	Hong Kong	300,000 ordinary shares of HK\$1 each	—	100%	Trading of display and packaging products in Hong Kong
EC Pacific Limited	Hong Kong	500,000 ordinary shares of HK\$1 each	—	100%	Trading of watches and accessories in Hong Kong
Tianhaiba [#]	The PRC	RMB30,000,000	—	100%	Design, manufacturing and distribution of watches in the PRC

[#] Tianhaiba was established on 23 June 2009 as a PRC domestic enterprise and has been converted into a wholly foreign-owned enterprise upon acquisition by the Group on 1 February 2010.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

19. INVENTORIES

	Group	
	2013 HK\$'000	2012 HK\$'000
Raw materials	12,200	8,719
Finished goods	<u>30,226</u>	<u>19,904</u>
	<u>42,426</u>	<u>28,623</u>

20. TRADE RECEIVABLES, PREPAYMENTS AND DEPOSITS

	Group		Company	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	16,789	16,624	—	—
Prepayments and deposits	<u>6,649</u>	<u>9,586</u>	<u>114</u>	<u>93</u>
Trade receivables, prepayments and deposits	<u><u>23,438</u></u>	<u><u>26,210</u></u>	<u><u>114</u></u>	<u><u>93</u></u>

The Group normally allows credit period of 30 to 60 days (2012: 30 to 60 days) to its major customers. Credit period is normally not granted to other customers.

The ageing analysis (based on due date) of the Group's trade receivables net of impairment provision is as follows:

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Not past due	11,753	13,171
1–30 days past due	3,850	2,226
31–60 days past due	709	406
61–90 days past due	101	465
Over 90 days past due	<u>376</u>	<u>356</u>
	<u><u>16,789</u></u>	<u><u>16,624</u></u>

The Group normally allows credit period of 30 to 60 days (2012: 30 to 60 days) to its major customers. Credit period is normally not granted to other customers.

At each reporting date, the Group reviews receivables for evidence of impairment on both an individual and collective basis. Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. None of the trade receivables as at 31 December 2013 and 31 December 2012 have been identified by the Group as having impairment issue and thereby no allowance were made as at 31 December 2013 and 2012.

Trade receivables that were not yet past due and that were past due but not considered as impaired related to a number of customers that had a good track record of credit with the Group. Based on past credit experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral in respect of trade receivable past due but not impaired.

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank balances and cash	20,660	32,530	206	287
Short-term bank deposits	<u>16,677</u>	<u>12,696</u>	<u>—</u>	<u>—</u>
	<u>37,337</u>	<u>45,226</u>	<u>206</u>	<u>287</u>

Included in the cash and cash equivalents of the Group as at 31 December 2013 was a balance of HK\$17,628,000 (2012: HK\$15,849,000) which is denominated in RMB. RMB is not a freely convertible currency.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	38,761	32,025	—	—
Other payables and accruals	14,073	7,953	932	1,895
Deposits received	<u>7,190</u>	<u>12,071</u>	<u>—</u>	<u>—</u>
	<u>60,024</u>	<u>52,049</u>	<u>932</u>	<u>1,895</u>

The ageing analysis of the trade payables (based on due date) at the reporting date is as follows:

	Group	
	2013	2012
	HK\$'000	HK\$'000
Not past due	14,506	14,199
1–30 days past due	11,692	6,868
31–60 days past due	4,054	2,348
61–90 days past due	1,708	1,719
Over 90 days past due	<u>6,801</u>	<u>6,891</u>
	<u>38,761</u>	<u>32,025</u>

Included in trade payables was an amount of HK\$418,000 (2012: HK\$716,000) which was due to a PRC entity, Guifeng (as defined in note 27).

Included in other payables was an amount of RMB5,400,000 (equivalent to HK\$6,835,000) (2012: Nil) which was advanced from an independent third party. The advance is unsecured, non-interest bearing and repayable on 5 December 2014.

23. SHORT-TERM BANK BORROWINGS

	Group	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Repayable within one year	<u>—</u>	<u>6,574</u>

The short-term bank borrowings as at 31 December 2012 were denominated in HK\$ and were secured by the corporate guarantees from certain group entities as mentioned in note 26. The short-term bank borrowings were fully repaid during the year ended 31 December 2013.

The effective interest rates applicable to the short-term bank borrowings as at 31 December 2012 were floating interest rates ranging from 4.25% to 4.43% per annum.

24. SHARE CAPITAL

Company

	2013			2012		
	Par value per share <i>HK\$</i>	Number of ordinary shares	Nominal value <i>HK\$'000</i>	Par value per share <i>HK\$</i>	Number of ordinary shares	Nominal value <i>HK\$'000</i>
Authorised:						
At 1 January	<u>0.1</u>	<u>1,000,000,000</u>	<u>100,000</u>	<u>0.1</u>	<u>1,000,000,000</u>	<u>100,000</u>
At 31 December	<u>0.1</u>	<u>1,000,000,000</u>	<u>100,000</u>	<u>0.1</u>	<u>1,000,000,000</u>	<u>100,000</u>
Issued and fully paid:						
At 1 January	<u>0.1</u>	<u>150,000,000</u>	<u>15,000</u>	<u>0.1</u>	<u>150,000,000</u>	<u>15,000</u>
At 31 December	<u>0.1</u>	<u>150,000,000</u>	<u>15,000</u>	<u>0.1</u>	<u>150,000,000</u>	<u>15,000</u>

The share capital of the Company at the end of reporting period comprises only of fully paid ordinary shares with a par value of HK\$15,000,000 (2012: HK\$15,000,000). All shares are equally eligible to receive dividends and to the repayment of capital and each share is entitled to one vote at shareholders' meeting of the Company.

25. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity. Nature of the reserves are as follows:

(a) *Share premium*

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.

(b) Capital reserve

Capital reserve arose from the acquisition of non-controlling interests. It represents the difference between the consideration paid and the net assets (at book value) of the relevant group companies shared by the non-controlling shareholders. Capital reserve at the end of the reporting period arose from the acquisition of 33.3% equity interests in Display & Packaging Limited on 13 April 2010 at a total cash consideration of HK\$200,000, the acquisition of 20% equity interests in EC Manufacturing Limited on 7 May 2010 at a total cash consideration of HK\$2,000 and the acquisition of the 10% equity interests in Ampress Packaging Asia Limited on 23 June 2010 at a total cash consideration of HK\$1,027,000.

(c) Merger reserve

To rationalise the structure of the Group in preparation for the listing of the Company's shares, the Group undergone a group restructuring which became effective on 20 December 2010 (the "Reorganisation"). The financial information of the Group has been prepared as if the group structure intended under the Reorganisation had always been exist. In connection to the Reorganisation, merger reserve arose in respect of the followings:

- (i) Before the acquisition of remaining 10% equity interest in Richmind on 20 September 2010, the Group held 90% of the equity interest of Richmind while the remaining 10% interest in the capital of Richmind with carrying value of HK\$10,000 was held by the founding shareholders of the Group ("Founding Shareholders") which was accounted for as capital contribution and included in the merger reserve.
- (ii) On 16 June 2010 and 20 June 2010 respectively, the Group's subsidiary, Powerwell Pacific Limited ("Powerwell Pacific"), issued 752 new shares of US\$1 each to the Founding Shareholders at the consideration of US\$1 each and issued 44 new shares of US\$1 each, representing 5.5% of the enlarged share capital of Powerwell Pacific, to a party who was then a non-controlling shareholder of Powerwell Pacific at a consideration of HK\$1,027,000. These have resulted in an increase in equity of the Group by HK\$1,033,000 which was included in merger reserve.
- (iii) The difference between the nominal value of the aggregate share capital of subsidiaries acquired pursuant to the Reorganisation over the nominal value of the shares of the Company issued in exchange for the subsidiaries.

(d) Translation reserve

Translation reserve comprises all foreign exchange differences arising on the translation of the financial statements of foreign operations in accordance with the accounting policy adopted in note 3.19.

Company

The movements in the Company's reserves are as follows:

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Proposed final dividend <i>HK\$'000</i>	(Accumulated losses)/ Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2012	6,937	30,357	3,000	(4,539)	35,755
2011 final dividends paid (note 12)	<u>—</u>	<u>—</u>	<u>(3,000)</u>	<u>—</u>	<u>(3,000)</u>
Transaction with owners	<u>—</u>	<u>—</u>	<u>(3,000)</u>	<u>—</u>	<u>(3,000)</u>
Loss for the year/Total comprehensive income for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,469)</u>	<u>(2,469)</u>
At 31 December 2012 and at 1 January 2013	6,937	30,357	—	(7,008)	30,286
Special dividend (note 12)	<u>—</u>	<u>—</u>	<u>—</u>	<u>(19,500)</u>	<u>(19,500)</u>
Transaction with owners	<u>—</u>	<u>—</u>	<u>—</u>	<u>(19,500)</u>	<u>(19,500)</u>
Profit for the year/Total comprehensive income for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>27,648</u>	<u>27,648</u>
At 31 December 2013	<u>6,937</u>	<u>30,357</u>	<u>—</u>	<u>1,140</u>	<u>38,434</u>

Contributed surplus of the Company represents the difference between the costs of investment in subsidiaries acquired pursuant to the Reorganisation over the nominal value of the share capital of the Company in exchange.

26. GUARANTEES

As at 31 December 2012, the Company had given unlimited corporate guarantees to a bank in connection with general banking facilities granted by the bank to a subsidiary. In addition, certain group entities, including the Company, had given limited corporate guarantees up to HK\$8,000,000 to another bank in connection with another general banking facilities granted by the bank to another subsidiary. As at 31 December 2012, such facilities were drawn down by the subsidiaries to the extent of HK\$6,574,000. The maximum liability of the Company under the guarantees issued represented the amount drawn down by the subsidiaries. The financial guarantees were not recognised in the financial statements of the Company and of the Group because the fair values of the guarantees were insignificant and that the directors do not consider it is probable that a claim would be made against the Company under the guarantees.

All the above guarantees and general banking facilities had been released and cancelled during the year and the Group did not have any other significant contingent liabilities as at the reporting date.

27. RELATED PARTY TRANSACTIONS

- (i) Save as disclosed elsewhere in these financial statements, during the year, the Group carried out the following transactions with its related parties:

	Nature of transactions	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
深圳市桂峰錶業有限公司 (Shenzhen Guifeng Watch Company Limited) (“Guifeng”) <i>(note (a))</i>	Assembly of watches	5,981	5,880
Data Champion Limited <i>(note (b))</i>	Consideration for disposal of interest in a subsidiary and transfer of loan	24,000	—
Richmind <i>(note (b))</i>	Rental expenses	<u>640</u>	<u>—</u>

Note:

- (a) A close family member of Mr. Yang Yijun, a director of the Company, has material equity interest in Guifeng.
- (b) Upon completion of the disposal of Richmind to Data Champion Limited at an aggregate consideration of HK\$24,000,000 as mentioned in note 6, Richmind ceased to be a subsidiary of the Group and has become a related party of the Group. The Group has entered into tenancy agreements with Richmind for leasing of office premises for a term of three years from the first day of the month following the completion of the Disposal. Mr. Liu Tin Chak, Arnold, Mr. Lam Chi Wai, Peter and Mr. Wong Yu Man, Elias, executive directors of the Company, have equity interests in Data Champion Limited.

The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and in the ordinary course of business.

(ii) Compensation of key management personnel

Included in employee benefit expenses are key management personnel compensation (including directors), the details of which are as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Short term employee benefits	7,046	6,654
Post-employment benefits	<u>140</u>	<u>117</u>
	<u>7,186</u>	<u>6,771</u>

28. OPERATING LEASE COMMITMENTS**Group**

The total future minimum lease payments payable by the Group under non-cancellable operating lease in respect of land and buildings are as follows:

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	2,479	664
Within two and five years	<u>6,189</u>	<u>106</u>
	<u>8,668</u>	<u>770</u>

The Group leases certain properties under operating leases. The leases run for an initial period of three to five (2012: two to three) years, with options to renew the lease terms at the expiry dates or other dates as mutually agreed between the Group and the respective landlords. None of these leases includes any contingent rentals.

Company

The Company does not have any significant operating lease commitments as lessee.

29. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks which result from the use of financial instruments in its ordinary course of operations. The financial risks include market risk (mainly foreign currency risk), credit risk and liquidity risk. Details of these financial instruments are disclosed in the notes below. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by key management under the policies approved by the directors. The Group does not have written risk management policies. However, the directors and senior management of the Group meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks on timely and effective manner. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below.

Categories of financial assets and liabilities

The carrying amounts of the Group's and the Company's financial assets and liabilities recognised in the statements of financial position at the reporting date may also be categorised as follows (see notes 3.10 and 3.12 for explanations on how the category of financial instruments affects their subsequent measurement):

	Group		Company	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets				
Loans and receivables:				
— Trade receivables	16,789	16,624	—	—
— Refundable deposits	802	1,062	—	—
— Amounts due from subsidiaries	—	—	23,690	39,833
— Cash and cash equivalents	<u>37,337</u>	<u>45,226</u>	<u>206</u>	<u>287</u>
	<u>54,928</u>	<u>62,912</u>	<u>23,896</u>	<u>40,120</u>
Financial liabilities				
Financial liabilities at amortised cost:				
— Trade and other payables	52,834	39,978	932	1,895
— Amounts due to subsidiaries	—	—	11	23,399
— Short-term bank borrowings	<u>—</u>	<u>6,574</u>	<u>—</u>	<u>—</u>
	<u>52,834</u>	<u>46,552</u>	<u>943</u>	<u>25,294</u>

Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. For the years ended 31 December 2013 and 2012, the Group mainly operates in Hong Kong and the PRC. The functional currency of the Company and its subsidiaries are mainly HK\$ and Renminbi ("RMB"). The Group's exposures to currency risk arise from its overseas sales, which are primarily denominated in US\$ which are not the functional currency of the Company and the relevant operating group entities. Since HK\$ is linked to US\$, the directors consider that the Group's exposure on currency risk is not significant.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at 31 December 2012, the Group's exposure to market risk for changes in interest rates related primarily to the Group's short-term bank borrowings which were arranged at floating interest rates. The interest rate and repayment terms of the secured short-term bank borrowings outstanding at 31 December 2012 are disclosed in note 23. The Group does not have any significant exposure to interest rate risk as at 31 December 2013 as the Group does not have any bank borrowing as at that date.

The following table illustrates the sensitivity of the Group's profit for the year, and other components of equity at 31 December 2012 due to a possible change in interest rates on its floating rate short-term bank borrowings with all other variables held constant (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

2012	
<i>HK\$'000</i>	
Increase/(Decrease) in profit for the year and retained profits	
Increase/Decrease in basis points ("bp")	
+ 50 bp	(27)
-50 bp	<u>27</u>

The above sensitivity analysis is prepared based on the assumption that the borrowings as at 31 December 2012 existed throughout the whole financial year.

The assumed changes in interest rates were considered to be reasonably possible based on observation of current market conditions and represented management's assessment of a reasonably possible change in interest rates over the next twelve month period.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group's policy to manage credit risk is to deal only with credit worthy counterparties. In order to minimise the credit risk, the management of the Group has formulated a credit policy and delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

Credit risk on liquid funds and financial instruments is limited because the counterparties are reputable banks.

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

As at 31 December 2013, approximately 20% (2012: 31%) and 53% (2012: 62%) of the trade receivables was due from the Group's largest customer and the five largest customers respectively. The Group has been actively seeking new customers to reduce the risk of over-reliance on those customers. Please refer to note 20 for further details of the Group's exposures to credit risk on trade receivables.

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The liquidity policies have been followed by the Group since prior years and considered by the directors to have been effective in managing liquidity risks.

Analysed below is the Group's and the Company's remaining contractual maturities for its financial liabilities as at 31 December 2013 and 2012. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group and the Company can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group and the Company is committed to pay.

Group

	At 31 December 2013				Carrying amount HK\$'000
	On demand HK\$'000	Within 6 months HK\$'000	6 months to 12 months HK\$'000	Total undiscounted amount HK\$'000	
Trade and other payables	<u>24,255</u>	<u>21,744</u>	<u>6,835</u>	<u>52,834</u>	<u>52,834</u>

	At 31 December 2012				Carrying amount HK\$'000
	On demand HK\$'000	Within 6 months HK\$'000	6 months to 12 months HK\$'000	Total undiscounted amount HK\$'000	
Trade and other payables	17,826	22,152	—	39,978	39,978
Short-term bank borrowings	<u>—</u>	<u>6,599</u>	<u>—</u>	<u>6,599</u>	<u>6,574</u>
	<u>17,826</u>	<u>28,751</u>	<u>—</u>	<u>46,577</u>	<u>46,552</u>

Company

	At 31 December 2013				Carrying amount HK\$'000
	On demand HK\$'000	Within 6 months HK\$'000	6 months to 12 months HK\$'000	Total undiscounted amount HK\$'000	
Trade and other payables	932	—	—	932	932
Amounts due to subsidiaries	<u>11</u>	<u>—</u>	<u>—</u>	<u>11</u>	<u>11</u>
	<u>943</u>	<u>—</u>	<u>—</u>	<u>943</u>	<u>943</u>

At 31 December 2012

	On demand <i>HK\$'000</i>	Within 6 months <i>HK\$'000</i>	6 months to 12 months <i>HK\$'000</i>	Total undiscounted amount <i>HK\$'000</i>	Carrying Amount <i>HK\$'000</i>
Trade and other payables	—	1,895	—	1,895	1,895
Amount due to a subsidiary	23,399	—	—	23,399	23,399
	<u>23,399</u>	<u>1,895</u>	<u>—</u>	<u>25,294</u>	<u>25,294</u>
Financial guarantees issued					
Maximum amount guaranteed	<u>6,574</u>	<u>—</u>	<u>—</u>	<u>6,574</u>	<u>—</u>

30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern and to provide an adequate return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the current and prior years.

The Group sets the amount of capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The gearing ratios as at the reporting date were as follows:

	Group	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Short-term bank borrowings	—	6,574
Equity	<u>53,955</u>	<u>57,806</u>
Gearing ratio	<u>0%</u>	<u>11%</u>

The Group targets to maintain the Group's gearing ratio at a healthy level as have achieved during the year and in prior year.

III. UNAUDITED INTERIM FINANCIAL INFORMATION

The financial information set out below is extracted from the interim report of the Company for the six months ended 30 June 2014.

Condensed consolidated statement of comprehensive income

for the three months and six months ended 30 June 2014

	Notes	Three months ended 30 June		Six months ended 30 June	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Revenue	3	57,695	41,803	106,252	80,743
Cost of sales		<u>(43,690)</u>	<u>(31,884)</u>	<u>(78,654)</u>	<u>(60,585)</u>
Gross profit		14,005	9,919	27,598	20,158
Other income	4	53	61	166	246
Gain on disposal of interest in a subsidiary	5	—	18,020	—	18,020
Selling and distribution costs		(3,590)	(2,054)	(7,165)	(4,350)
Administrative expenses		(9,104)	(8,908)	(18,126)	(16,785)
Finance costs	7	<u>—</u>	<u>(47)</u>	<u>—</u>	<u>(99)</u>
Profit before income tax	8	1,364	16,991	2,473	17,190
Income tax (expense)/credit	9	<u>(415)</u>	<u>70</u>	<u>(943)</u>	<u>(3)</u>
Profit for the period		949	17,061	1,530	17,187
Other comprehensive income for the period					
Item that may be reclassified subsequently to profit or loss:					
— Exchange differences arising on translation of foreign operations		<u>184</u>	<u>52</u>	<u>184</u>	<u>84</u>
Total comprehensive income for the period		<u>1,133</u>	<u>17,113</u>	<u>1,714</u>	<u>17,271</u>
Profit for the period attributable to owners of the Company		<u>949</u>	<u>17,061</u>	<u>1,530</u>	<u>17,187</u>
Total comprehensive income for the period attributable to owners of the Company		<u>1,133</u>	<u>17,113</u>	<u>1,714</u>	<u>17,271</u>
Earnings per share for profit attributable to owners of the Company					
— Basic and diluted	11	<u>HK0.6 cents</u>	<u>HK11.4 cents</u>	<u>HK1.0 cents</u>	<u>HK11.5 cents</u>

Condensed consolidated statement of financial position*as at 30 June 2014*

		30 June 2014	31 December 2013
	<i>Notes</i>	(Unaudited) <i>HK\$'000</i>	(Audited) <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	9,742	4,698
Goodwill		—	—
Other intangible assets		<u>5,747</u>	<u>5,815</u>
		<u>15,489</u>	<u>10,513</u>
Current assets			
Inventories		52,281	42,426
Trade receivables	13	29,899	16,789
Prepayments and deposits	14	6,030	6,649
Prepaid tax		—	265
Cash and cash equivalents		<u>34,468</u>	<u>37,337</u>
		<u>122,678</u>	<u>103,466</u>
Current liabilities			
Trade and other payables	15	82,068	60,024
Provision for income tax		<u>430</u>	<u>—</u>
		<u>82,498</u>	<u>60,024</u>
Net current assets		<u>40,180</u>	<u>43,442</u>
Total assets less current liabilities/Net assets		<u><u>55,669</u></u>	<u><u>53,955</u></u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		15,000	15,000
Other reserves		<u>40,669</u>	<u>38,955</u>
Total equity		<u><u>55,669</u></u>	<u><u>53,955</u></u>

Condensed consolidated statement of cash flows
for the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash used in operations	(866)	(2,161)
Interest paid	—	(99)
Income tax paid	(248)	(973)
	<u> </u>	<u> </u>
Net cash used in operating activities	(1,114)	(3,233)
Net cash (used in)/generated from investing activities	(5,899)	22,449
Net cash generated from/(used in) financing activities	3,750	(26,074)
	<u> </u>	<u> </u>
Net decrease in cash and cash equivalents	(3,263)	(6,858)
Cash and cash equivalents at beginning of period	37,337	45,268
Effect of foreign exchange rate changes	394	(322)
	<u> </u>	<u> </u>
Cash and cash equivalents at end of period	<u><u>34,468</u></u>	<u><u>38,088</u></u>

Condensed consolidated statement of changes in equity
for the six months ended 30 June 2014

	Equity attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium* HK\$'000	Capital reserve* HK\$'000	Merger reserve* HK\$'000	Translation reserve* HK\$'000	Retained profits* HK\$'000	
Six months ended 30 June 2014 (unaudited)							
At 1 January 2014	15,000	6,937	155	1,033	577	30,253	53,955
Profit for the period	—	—	—	—	—	1,530	1,530
Other comprehensive income:							
Exchange differences arising on translation of foreign operations	—	—	—	—	184	—	184
Total comprehensive income for the period	—	—	—	—	184	1,530	1,714
At 30 June 2014	<u>15,000</u>	<u>6,937</u>	<u>155</u>	<u>1,033</u>	<u>761</u>	<u>31,783</u>	<u>55,669</u>
Six months ended 30 June 2013 (unaudited)							
At 1 January 2013	15,000	6,937	155	1,033	492	34,189	57,806
Special dividend paid (note 10)	—	—	—	—	—	(19,500)	(19,500)
Transaction with owners	—	—	—	—	—	(19,500)	(19,500)
Profit for the period	—	—	—	—	—	17,187	17,187
Other comprehensive income:							
Exchange differences arising on translation of foreign operations	—	—	—	—	84	—	84
Total comprehensive income for the period	—	—	—	—	84	17,187	17,271
At 30 June 2013	<u>15,000</u>	<u>6,937</u>	<u>155</u>	<u>1,033</u>	<u>576</u>	<u>31,876</u>	<u>55,577</u>

* The total of these balances represented “Other reserves” in the condensed consolidated statement of financial position.

Notes to the condensed consolidated financial statements**1. GENERAL INFORMATION**

Powerwell Pacific Holdings Limited (the “Company”) was incorporated in Bermuda on 14 June 2010 as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its shares were listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 26 January 2011. The Company’s registered office is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The Company’s principal place of business is located at 19/F, Henry Centre, 131 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries (together with the Company referred to as the “Group”) are the provision of sourcing and procurement solutions to customers for production of watches, costume jewelries, and display and packaging products (the “Sourcing Business”), as well as the design, manufacture and distribution of the Group’s own brands of watches through its sales points in the People’s Republic of China (the “PRC”) (the “PRC Watch Business”).

This condensed consolidated financial information is presented in Hong Kong Dollars (“HK\$”), unless otherwise stated. This condensed consolidated financial information was approved for issue by the board of directors on 13 August 2014.

This condensed consolidated financial information has not been audited.

On 27 June 2014, the Company entered into a conditional disposal agreement with a company, which is a wholly owned subsidiary of Data Champion Limited (“Data Champion”), to dispose of its entire 100% direct equity interest in two subsidiaries, namely Goldnet Holdings Group Limited (“Goldnet (HK)”) and Goldnet Holdings Group Limited (“Goldnet (BVI)”), and the benefits of all loans advanced by the Company to Goldnet (HK) and Goldnet (BVI) for a cash consideration of HK\$23,000,000 (the “Proposed Disposal”). Data Champion is a controlling shareholder of the Company which is owned by Mr. Liu Tin Chak, Arnold, Mr. Lam Chi Wai, Peter, and Mr. Wong Yu Man, Elias, executive directors of the Company. Goldnet (HK) was incorporated in Hong Kong and is principally engaged in investment holding. The major assets of Goldnet (HK) is its 100% equity interest in 深圳市天海霸鐘錶有限公司 (Shenzhen Tianhaiba Watches Company Limited) (“Tianhaiba”) which was established in the PRC and carries out the PRC Watch Business. Goldnet (BVI) was incorporated in British Virgin Islands and is principally engaged in investment holding. The Proposed Disposal is subject to approval of independent shareholders and conditional on the completion of the share purchase agreement entered into by Data Champion and an independent third party (the “Purchaser”) on 27 June 2014 regarding the sale of 108,000,000 shares of the Company to the Purchaser (the “Share Purchase Agreement”). Details about the Proposed Disposal and the Share Purchase Agreement are set out in the Company’s circular dated 31 July 2014.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated financial information for the six months ended 30 June 2014 has been prepared in accordance with Hong Kong Accounting Standard (the “HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The condensed consolidated financial information do not include all of the information required in annual financial statements which are prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), and should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2013.

The HKICPA has issued the following new or revised HKFRSs which are effective for the current accounting period of the Group:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities*

Amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities*

Amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

HK (IFRIC) 21 *Levies*

The directors considered the application of the above new or revised HKFRSs has no material impact on the Group's result and financial position.

The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective. The directors so far concluded that application of these new and revised HKFRSs will have no material impact on the financial statements of the Group.

Except for the adoption of new and revised HKFRSs as disclosed above, the accounting policies used in preparing the condensed consolidated financial information of the Group for the six months ended 30 June 2014 are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2013.

The preparation of the condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty used in connection to the preparation of the condensed consolidated financial information for the current period are the same as those that applied to the annual financial statements for the year ended 31 December 2013.

The condensed consolidated financial information are unaudited, but have been reviewed by BDO Limited in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

3. REVENUE

An analysis of the revenue from the Group's principal activities, which is also the Group's turnover are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue				
Sales of goods	57,573	41,631	105,970	80,388
Freight income	<u>122</u>	<u>172</u>	<u>282</u>	<u>355</u>
	<u>57,695</u>	<u>41,803</u>	<u>106,252</u>	<u>80,743</u>

4. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank interest income	43	45	153	92
Exchange gain	—	16	—	86
Sundry income	10	—	13	68
	<u>53</u>	<u>61</u>	<u>166</u>	<u>246</u>

5. DISPOSAL OF INTEREST IN A SUBSIDIARY

On 21 December 2012, one of the Group's subsidiaries, Good Destination Co. Limited ("Good Destination") entered into a conditional agreement to dispose of its entire 100% equity interest in a subsidiary, Richmind International Investment Limited ("Richmind"), which is engaged in holding of properties, and to transfer the benefit of a loan of approximately HK\$2,119,000 advanced by Good Destination to Richmind (the "Loan") to Data Champion at an aggregate consideration of HK\$24,000,000 (the "Disposal"). The Disposal was completed on 10 May 2013 and a gain of approximately HK\$18,020,000 arising on the Disposal was realised which is included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2013. Upon completion of the Disposal, Richmind ceased to be a subsidiary of the Group.

The net assets of Richmind at the date of the Disposal on 10 May 2013 were as follows:

	HK\$'000
Investment properties	5,753
Prepayments and deposits	83
Cash and cash equivalents	330
Other payables	(160)
Provision for income tax	(26)
Amount due to Good Destination	<u>(2,119)</u>
	3,861
Gain on disposal of interest in a subsidiary	<u>18,020</u>
Consideration for transferring the equity interest of Richmind excluding the consideration for transfer of the Loan of HK\$2,119,000, satisfied by cash	<u>21,881</u>
Net inflow of cash and cash equivalents in respect of the disposal of interest in a subsidiary and transfer of the Loan	<u>23,670</u>

6. SEGMENT INFORMATION

The Group has two reportable segments:

1. Sourcing Business
2. PRC Watch Business

Information regarding the Group's reportable operating segments including the reconciliations to profit before income tax is as follows:

	Sourcing Business (Unaudited) <i>HK\$'000</i>	PRC Watch Business (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Six months ended 30 June 2014			
Reportable segment revenue (<i>note (a)</i>)	<u>74,368</u>	<u>31,884</u>	<u>106,252</u>
Reportable segment profit/(loss)	<u>8,381</u>	<u>(1,847)</u>	6,534
Interest income			153
Corporate income and expenses			<u>(4,214)</u>
Profit before income tax			<u>2,473</u>
Adjusted EBITDA (<i>note (b)</i>)	<u>8,577</u>	<u>(1,152)</u>	<u>7,425</u>
Six months ended 30 June 2013			
Reportable segment revenue (<i>note (a)</i>)	<u>62,610</u>	<u>18,133</u>	<u>80,743</u>
Reportable segment profit/(loss)	<u>3,956</u>	<u>(1,264)</u>	2,692
Interest income			92
Gain on disposal of interest in a subsidiary			18,020
Corporate income and expenses			<u>(3,614)</u>
Profit before income tax			<u>17,190</u>
Adjusted EBITDA (<i>note (b)</i>)	<u>4,233</u>	<u>(881)</u>	<u>3,352</u>

	Sourcing Business (Unaudited) HK\$'000	PRC Watch Business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Three months ended 30 June 2014			
Reportable segment revenue (<i>note (a)</i>)	39,631	18,064	57,695
Reportable segment profit/(loss)	3,884	(670)	3,214
Interest income			43
Corporate income and expenses			(1,893)
Profit before income tax			1,364
Adjusted EBITDA (<i>note (b)</i>)	3,982	(276)	3,706
Three months ended 30 June 2013			
Reportable segment revenue (<i>note (a)</i>)	31,157	10,646	41,803
Reportable segment profit/(loss)	1,296	(415)	881
Interest income			45
Gain on disposal of interest in a subsidiary			18,020
Corporate income and expenses			(1,955)
Profit before income tax			16,991
Adjusted EBITDA (<i>note (b)</i>)	1,433	(209)	1,224

Notes:

- (a) There were no inter-segment sales during the three months and six months ended 30 June 2014 and 2013.
- (b) During the three months and six months ended 30 June 2014 and 2013, adjusted earnings before interest, taxation, depreciation and amortisation (“Adjusted EBITDA”) is also a measurement basis regularly reviewed by the directors in assessing the performance of the Group and making decision for resources allocation. This measurement basis is consistent with that of the segment results except that interest expenses and depreciation charge are not included in the Adjusted EBITDA.

7. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank borrowings and bank overdrafts wholly repayable within five years	—	47	—	99

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	492	236	891	561
Net exchange loss/(gain)	60	(40)	441	(86)
Operating lease charges in respect of land and building	581	590	1,309	820
Loss on disposal of property, plant and equipment	32	—	32	260
	<u>32</u>	<u>—</u>	<u>32</u>	<u>260</u>

9. INCOME TAX EXPENSE/CREDIT

	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current income tax:				
Hong Kong Profits Tax				
— charge for the period	412	—	940	—
— over provision in prior year	—	(73)	—	—
PRC Enterprise Income Tax (“PRC EIT”)				
— under provision in prior years	3	3	3	3
	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
Total income tax expense/(credit)	<u>415</u>	<u>(70)</u>	<u>943</u>	<u>3</u>

Hong Kong profits tax is provided has been provide at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the respective periods.

The Group’s subsidiaries in other region of the PRC is subject to PRC EIT at the tax rate of 25%. No provision for PRC EIT has been made as the Group did not generate any taxable profits arising in the PRC during the current and prior periods.

No deferred tax has been provided as the Group did not have any material temporary differences which gave rise to a deferred tax asset or liability for the current and prior periods.

10. DIVIDENDS

The dividends paid during the six months ended 30 June 2013 amounting to HK\$19,500,000 represent a special dividend of HK\$0.13 per ordinary share, which were paid in May 2013.

11. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2014 is based on the profit attributable to the owners of the Company amounting to HK\$1,530,000 (six months ended 30 June 2013: HK\$17,187,000) and the weighted average number of shares of 150,000,000 (six months ended 30 June 2013: 150,000,000) in issue throughout the period.

The calculation of basic earnings per share for the three months ended 30 June 2014 is based on the profit attributable to the owners of the Company amounting to HK\$949,000 (three months ended 30 June 2013: HK\$17,061,000) and the weighted average number of shares of 150,000,000 (three months ended 30 June 2013: 150,000,000) in issue throughout the period.

The Group had no potential dilutive ordinary shares in issue during the periods and in previous periods.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group acquired items of property, plant and equipment with a cost of approximately HK\$6,044,000 (six months ended 30 June 2013: approximately HK\$1,302,000). Items of property, plant and equipment with a net carrying amount of approximately HK\$38,000 were disposed of during the six months ended 30 June 2014 (six months ended 30 June 2013: approximately HK\$260,000), resulting in a loss on disposal of approximately HK\$32,000 (six months ended 30 June 2013: HK\$260,000).

13. TRADE RECEIVABLES

The Group normally allows credit period of 30 to 60 days to its major customers. Credit period is normally not granted to other customers. The ageing analysis (based on due date) of the Group's trade receivables that are not impaired at the reporting date is as follows:

	30 June 2014	31 December 2013
	(Unaudited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Not past due	24,029	11,753
1–30 days past due	4,082	3,850
31–60 days past due	921	709
61–90 days past due	419	101
Over 90 days past due	<u>448</u>	<u>376</u>
	<u>29,899</u>	<u>16,789</u>

14. PREPAYMENTS AND DEPOSITS

Prepayments and deposits as at 30 June 2014 and 31 December 2013 include a rental deposit of HK\$160,000 paid to Richmind, a related company to the Group. The rental deposit is refundable to the Group at the end of the relevant lease terms. Mr. Liu Tin Chak, Arnold, Mr. Lam Chi Wai, Peter and Mr. Wong Yu Man, Elias, executive directors of the Company, have beneficial interests in Richmind.

15. TRADE AND OTHER PAYABLES

The ageing analysis (based on due date) of the Group's trade payables (included in trade and other payables) at the reporting date is as follows:

	30 June 2014 (Unaudited) <i>HK\$'000</i>	31 December 2013 (Audited) <i>HK\$'000</i>
Not past due	22,125	14,506
1–30 days past due	14,414	11,692
31–60 days past due	9,312	4,054
61–90 days past due	1,043	1,708
Over 90 days past due	<u>11,414</u>	<u>6,801</u>
	58,308	38,761
Other payables and accruals	17,406	14,073
Deposit received	<u>6,354</u>	<u>7,190</u>
	<u>82,068</u>	<u>60,024</u>

Included in trade payables as at 30 June 2014 was an amount of approximately HK\$756,000 (31 December 2013: approximately HK\$418,000) which was due to a PRC entity, Guifeng (as defined in note 16).

Included in other payables as at 30 June 2014 was an aggregate amount of RMB8,400,000 (equivalent to HK\$10,500,000) which represented advance from two independent third parties (31 December 2013: RMB5,400,000, equivalent to HK\$6,835,000, advanced from one independent third party). The advances are unsecured, non-interest bearing and repayable as to RMB5,400,000 (equivalent to HK\$6,750,000) (31 December 2013: RMB5,400,000, equivalent to HK\$6,835,000) by 5 December 2014 and RMB3,000,000 (equivalent to HK\$3,750,000) by 9 January 2015.

16. RELATED PARTY TRANSACTIONS

- (i) During the six months ended 30 June 2014, the Group carried out the following transactions with its related parties:

	Nature of Transaction	Six months ended 30 June	
		2014 (Unaudited) <i>HK\$'000</i>	2013 (Unaudited) <i>HK\$'000</i>
深圳市桂峰表業有限公司 (Shenzhen Guifeng Watch Company Limited) (“Guifeng”) (note (a))	Assembly of watches	3,603	5,880
Data Champion (note (b))	Disposal of a subsidiary	—	24,000
Richmind (note (b))	Rental expense	<u>480</u>	<u>160</u>

Notes:

- (a) A close family member of Mr. Yang Yijun, a director of the Company, has material equity interest in Guifeng.

- (b) Upon completion of disposing Richmind to Data Champion as mentioned in note 5, Richmind ceased to be a subsidiary of the Group and became a related party of the Group. The Group on the same date entered into tenancy agreements with Richmind in relation to the leases of its office premises for a term of three years from the first day of month following the completion of the Disposal. Mr. Liu Tin Chak, Arnold, Mr. Lam Chi Wai, Peter and Mr. Wong Yu Man, Elias, executive directors of the Company, have equity interests in Data Champion and Richmind.

- (ii) Compensation of key management personnel

Included in employee benefit expenses are key management personnel compensation (including directors), the details of which are as follows:

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short term employee benefits	3,677	3,566
Post-employment benefits	<u>68</u>	<u>60</u>
	<u><u>3,745</u></u>	<u><u>3,626</u></u>

17. OPERATING LEASE COMMITMENTS

The total future minimum lease payments payable by the Group under non-cancellable operating lease in respect of land and buildings are as follows:

	30 June	31 December
	2014	2013
	(Unaudited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	2,285	2,479
Within two and five years	<u>4,259</u>	<u>6,189</u>
	<u><u>6,544</u></u>	<u><u>8,668</u></u>

The Group leases certain properties under operating leases. The leases run for an initial period of one to five (31 December 2013: one to five) years, with options to renew the lease terms at the expiry dates or other dates as mutually agreed between the Group and the respective landlords. None of these leases includes any contingent rentals.

In March 2014, one of the above leases was terminated and accordingly, the Group has no operating lease commitments for this lease subsequent to the termination.

18. EVENT AFTER REPORTING DATE

On 31 July 2014, the Board of Directors of the Company proposed to pay a special dividend of HK\$0.24 per share, totalling HK\$36,000,000 (the "Proposed Distribution") for the year ending 31 December 2014. Such Proposed Distribution is conditional on the completion of the Proposed Disposal as mentioned in note 1.

IV. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 June 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this Composite Document, the Group had outstanding borrowings from independent third parties to Shenzhen Tianhaiba Watches Company Limited[#] (深圳市天海霸鐘錶有限公司) (a former subsidiary disposed of under the Disposal) of approximately HK\$10,500,000 which were unsecured and non-interest bearing.

Save as aforesaid and apart from the intra-group liabilities, the Group did not have, at the close of business on 30 June 2014, any outstanding borrowings, mortgages, charges, debentures, loan capital or overdraft, debt securities or other similar indebtedness, finance leases or hire-purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities.

Save for the Disposal, the Directors have confirmed that there has not been any material change in the indebtedness or contingent liabilities of the Group since 30 June 2014.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the exchange rates prevailing at the close of business on 30 June 2014.

V. MATERIAL CHANGE

Save for the Disposal, the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date.

[#] *Literal translation of the Chinese company name*

RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Group) and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

DISCLOSURE OF INTERESTS IN THE COMPANY

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities of the Company held or controlled by the Offeror and parties acting in concert with it were as follows:

Name	Number of Shares held	% of interest
The Offeror (<i>Note</i>)	108,000,000	72.00

Note: The Offeror is beneficially and wholly owned by Mr. Fei, who is the sole director of the Offeror.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror, Mr. Fei and parties acting in concert with it had any interest in the relevant securities of the Company.

DISCLOSURE OF OTHER INTERESTS AND DEALINGS IN SECURITIES

As at the Latest Practicable Date:

- (i) save for 108,000,000 Shares (representing 72% of the entire issued share capital of the Company) owned by the Offeror, the Offeror as well as Mr. Fei (who is the beneficial owner and director of the Offeror) did not hold other relevant securities of the Company; and
- (ii) save for the Emperor Securities Facility granted by Emperor Securities to the Offeror, there was no agreement, arrangement or understanding that any securities acquired pursuant to the Offer would be transferred, charged or pledged to any other persons.

During the Relevant Period:

- (i) none of the Offeror, Mr. Fei (being the beneficial owner of the Offeror) and parties acting in concert with any of them has received any irrevocable commitment to accept the Offer;
- (ii) no benefit (other than statutory compensation) was or would be given to any Director as compensation for his loss of office or otherwise in connection with the Offer;

- (iii) save for the Emperor Securities Facility granted to the Offeror by Emperor Securities, there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (iv) there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any party acting in concert with it on one hand and any Directors, recent Directors, Shareholders or recent Shareholders on the other hand, having any connection with or dependence upon the Offer;
- (v) save for the Emperor Securities Facility granted to the Offeror by Emperor Securities, there is no other arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer; and
- (vi) save for the Emperor Securities Facility, none of the Offeror, Mr. Fei (being the beneficial owner of the Offeror) and parties acting in concert with any of them has borrowed or lent any relevant securities in the Company.

EXPERT AND CONSENT

The following is the qualification of the expert who have given opinion or advice contained in this Composite Document.

Name	Qualification
Emperor Capital	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO which is making the Offer on behalf of the Offeror and the financial adviser to the Offeror in respect of the Offer

As at the Latest Practicable Date, Emperor Capital did not have any shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Emperor Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter and references to its name in the form and context in which they appear respectively.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) on the website of the SFC (www.sfc.hk); and (ii) on the website of the Company (www.hklistco.com/8265) from the date of this Composite Document up to and including the Closing Date:

- (i) the memorandum and articles of association of the Offeror valid as at the Latest Practicable Date;
- (ii) the letter from Emperor Capital, the text of which is set out on pages 7 to 14 of this Composite Document;
- (iii) the written consent referred to in the paragraph headed “Expert and consent” in this Appendix; and
- (iv) the loan agreement dated 27 June 2014 in relation to the Emperor Securities Facility.

MARKET PRICES

The table below sets out the closing prices per Share as quoted on the Stock Exchange on the Latest Practicable Date and the last trading day of each of the calendar months during the Relevant Period on which trading of the Shares took place:

	Closing prices per Share <i>(HK\$)</i>
31 July 2013	1.09
30 August 2013	1.26
30 September 2013	1.21
31 October 2013	1.05
29 November 2013	1.25
31 December 2013	0.95
30 January 2014	1.20
28 February 2014	1.14
31 March 2014	1.28
30 April 2014	1.22
30 May 2014	1.15
27 June 2014 (Last Trading Day)	1.37
31 July 2014	1.66
29 August 2014 (Latest Practicable Date)	1.55

During the Relevant Period:

- (a) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.92 on 12 August 2014; and

- (b) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.93 on 2 January 2014.

GENERAL

As at the Latest Practicable Date:

- (i) the registered office of the Offeror was Room 1501 (221), 15/F, SPA Centre, 53-55 Lockhart Road, Wanchai, Hong Kong;
- (ii) the address of Mr. Fei, who is the beneficial owner and sole director of the Offeror, was at Building 46, Qingtang North Area, Fenghuang Street, Wuxing District, Huzhou City, Zhejiang Province, PRC;
- (iii) the registered office of Emperor Capital was situated at 28/F, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong; and
- (iv) in the event of inconsistency, the English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts.

RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Offeror and parties acting in concert with it, the terms of the Offer and the future intentions of the Offeror in respect of the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement contained herein misleading.

SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$100,000,000 divided into 1,000,000,000 Shares, of which 150,000,000 Shares had been issued and were fully paid or credited as fully paid.

As at the Latest Practicable Date, no Shares had been issued by the Company since 31 December 2013 (being the date to which its latest published audited accounts were prepared). All Shares currently in issue rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and capital.

As at the Latest Practicable Date, the Company had no options, warrants, derivatives or other securities that carry a right to subscribe for or which are convertible into Shares.

DISCLOSURE OF INTERESTS**Interests in the Company**

As at the Latest Practicable Date, none of the Directors had any beneficial interests in the share capital of the Company which were required to be notified to the Company and the Stock Exchange pursuant to section 341 or section 344 of the SFO, or were required, pursuant to section 352 of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers, to be entered in the register referred to therein.

None of the Directors were interested in any other relevant securities of the Company as at the Latest Practicable Date.

None of the Directors held any Shares as at the Latest Practicable Date in respect of which they would accept or reject the Offer.

Interests in the Offeror

As at the Latest Practicable Date, the Group did not have any beneficial interest in the relevant securities of the Offeror.

As at the Latest Practicable Date, none of the Directors had any beneficial interest in the relevant securities of the Offeror.

Dealings in securities of the Company

During the Relevant Period, save for the sale and purchase of the Sale Shares between the Vendor and the Purchaser, none of the Directors had any dealings in the relevant securities of the Company.

Dealings in securities of the Offeror

During the Relevant Period, none of the Directors had any dealings in the relevant securities of the Offeror.

Service contracts

The service contracts of Mr. Liu, Mr. Lam, Mr. Wong and Mr. Yang Yijun with the Group were terminated on 26 August 2014.

Each of Mr. Cheung Chi Man, Dennis, Professor Lui Tai Lok and Mr. Yip Kwok Kwan, the independent non-executive Directors, has entered into a letter of appointment with the Company for an initial term of three years commencing from 25 March 2014 with remuneration of HK\$264,000 per year. Their previous letters of appointment on the same terms as the current ones (except the annual remuneration was HK\$240,000) expired on 27 September 2013.

Save as disclosed above, there is no service contract with the Company or any of its subsidiaries or associated companies in force for the Directors (i) which (including both continuous and fixed term contract) had been entered into or amended within the Relevant Period; (ii) which is continuous contract with a notice period of 12 months or more; or (iii) which is fixed term contract with more than 12 months to run irrespective of the notice period.

Miscellaneous

As at the Latest Practicable Date:

- (a) no relevant securities in the Company was owned or controlled by a subsidiary of the Company or by a pension fund of any member of the Group or by Messis Capital Limited, Ample Capital or by any adviser to the Company as specified in class (2) of the definition of associates (excluding exempt principal traders) under the Takeovers Code;
- (b) no relevant securities in the Company was owned or controlled by any person who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code;
- (c) no relevant securities in the Company was managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;

- (d) no relevant securities in the Company had been borrowed or lent (save for any borrowed relevant securities which have been either on-lent or sold) by the Company or any Directors;
- (e) no benefit would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (f) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (g) save for the Share Purchase Agreement in which Mr. Liu, Mr. Lam and Mr. Wong (all executive Directors) had interests, no material contracts had been entered into by the Offeror in which any Director had any material personal interest.

MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) had been entered into by members of the Group within the two years preceding 16 January 2014 (being the date of commencement of the offer period) and up to the Latest Practicable Date and were or might be material:

- (a) the sale and purchase agreement dated 21 December 2012 between Good Destination Co., Limited, a wholly owned subsidiary of the Company, and DCL in respect of the disposal to DCL of the entire issued share capital of, and the benefit of the loan to, Richmond International Investment Limited for an aggregate cash consideration of HK\$24,000,000; and
- (b) the two sale and purchase agreements both dated 27 June 2014 between the Company and Golden Business Development Limited relating to the Disposal.

LITIGATION

Neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries as at the Latest Practicable Date.

CONSENT

Ample Capital has given and has not withdrawn its written consent to the issue of this Composite Document with copy of its letter and the references to its name included herein in the form and context in which they are included.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) on the website of the SFC (www.sfc.hk); and (ii) the website of the Company at www.hklistco.com/8265 from the date of this Composite Document up to and including the Closing Date:

- (a) the Memorandum of Association and the Bye laws of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2013 and the interim report for the six months ended 30 June 2014;
- (c) the letter from the Board, the text of which is set out on pages 15 to 19 of this Composite Document;
- (d) the letter from the Independent Board Committee, the text of which is set out on pages 20 and 21 of this Composite Document;
- (e) the letter from Ample Capital, the text of which is set out on pages 22 to 36 of this Composite Document;
- (f) the letters of appointment of the three independent non-executive Directors;
- (g) the material contracts referred to in the paragraph headed “Material contracts” in this appendix; and
- (h) the written consent referred to in the paragraph headed “Consent” in this appendix.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited, Hong Kong Securities Clearing Company Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of this Form of Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Form of Acceptance.

香港交易及結算有限公司、香港聯合交易所有限公司、香港中央結算有限公司及香港證券及期貨事務監察委員會對本接納表格之內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示，概不就因本接納表格全部或部分內容而產生或因倚賴該等內容而引致之任何損失承擔任何責任。

Unless the context otherwise requires, terms used in this Form of Acceptance shall bear the same meanings as those defined in the composite document dated 1 September 2014 (the "Composite Document") jointly issued by King Full Inc Limited and Powerwell Pacific Holdings Limited.

除文義另有所指外，本接納表格所用詞彙與環禮有限公司及宏峰太平洋集團有限公司共同刊發日期為2014年9月1日之綜合文件（「綜合文件」）所界定者具有相同涵義。

FORM OF ACCEPTANCE AND TRANSFER FOR USE IF YOU WANT TO ACCEPT THE OFFER.

閣下如欲接納要約，請使用本接納及過戶表格。



POWERWELL PACIFIC HOLDINGS LIMITED

宏峰太平洋集團有限公司

(incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

(Stock Code: 8265)

(股份代號: 8265)

FORM OF ACCEPTANCE AND TRANSFER OF ORDINARY SHARE(S) OF HK\$0.10 EACH IN THE ISSUED SHARE CAPITAL OF POWERWELL PACIFIC HOLDINGS LIMITED

宏峰太平洋集團有限公司
已發行股本中每股面值0.10港元之普通股之
接納及過戶表格

All parts should be completed 每項均須填寫

Hong Kong branch share registrar and transfer office: Tricor Investor Services Limited

Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

香港股份過戶登記分處及轉讓辦事處: 卓佳證券登記有限公司

香港皇后大道東183號

合和中心22樓

FOR THE CONSIDERATION stated below, the "Transferor(s)" named below hereby transfer(s) to the "Transferee" named below the Share(s) of HK\$0.10 each held by the Transferor(s) specified below subject to the terms and conditions contained herein and in the Composite Document. 根據本接納表格及綜合文件載列之條款及條件，下列「轉讓人」現按下列代價，將以下註明由其持有每股面值0.10港元之股份轉讓予下列「承讓人」。		
Number of Share(s) to be transferred (Note) 將予轉讓之股份數目(附註)	FIGURES 數目	WORDS 大寫
Share certificate number(s) 股票號碼		
TRANSFEROR(S) name(s) and address(es) in full 轉讓人全名及地址 (EITHER TYPE-WRITTEN OR WRITTEN IN BLOCK LETTERS) (請用打字機或正楷填寫)	Surname(s) or company name(s) 姓氏或公司名稱	Forename(s) 名字
	Registered address 登記地址	Telephone number 電話號碼
CONSIDERATION 代價	HK\$1.40 in cash for each Share 每股股份現金1.40港元	
TRANSFEEE 承讓人	Name: 名稱: Correspondence address: 通訊地址: Occupation: 職業:	King Full Inc Limited 環禮有限公司 Room 1501 (221), 15/F, SPA Centre, 53-55 Lockhart Road, Wanchai, 灣仔駱克道53-55號恒澤商業大廈15樓1501 (221)室 Corporation 法人團體

Signed by or for and on behalf of the Transferor(s) in the presence of:

轉讓人或其代表在下列見證人見證下簽署:

Signature of witness 見證人簽署

Name of witness 見證人姓名

Address of witness 見證人地址

Occupation of witness 見證人職業

Signature(s) of Transferor(s)
company chop, if applicable
轉讓人簽署/公司印鑑(如適用)

Date of submission of this Form of Acceptance
提交本接納表格之日期

The signing Shareholder(s) hereby acknowledge(s) that the Offer is conditional upon the terms and conditions as set out in the Composite Document, and that the signing and submission of this Form of Acceptance by the signing Shareholder(s) do not render the transfer of Shares contemplated hereunder becoming effective. The transfer of Shares contemplated hereunder shall be subject to the signing by the Transferee on the date of transfer stated below.

署名股東謹此確認要約受綜合文件所載條款及條件所規限，由署名股東簽署及呈交本接納表格不會令據此擬進行之股份轉讓生效。據此擬進行之股份轉讓須於下文所列轉讓日期由承讓人簽署，方可作實。

Do not complete 請勿填寫本欄	
Signed by or for and on behalf of the Transferee in the presence of: 承讓人或其代表在下列見證人見證下簽署: Signature of witness 見證人簽署	For and on behalf of 代表 King Full Inc Limited 環禮有限公司 Authorised Signature(s) 授權簽署
Name of witness 見證人姓名	
Address of witness 見證人地址	
Occupation of witness 見證人職業	
Date of transfer 轉讓日期	Signature of Transferee or its duly authorised agent(s) 承讓人或其正式授權代理人簽署

Note: Insert the total number of Shares for which the Offer is accepted. If no number is specified or if the total number of Shares specified in this Form of Acceptance is greater than the number of Shares tendered and you have signed this Form of Acceptance, you will be deemed to have accepted the Offer in respect of the Shares as shall be equal to the Shares tendered by you. If the number of Shares specified in this Form of Acceptance is smaller than the Shares tendered by you and you have signed this Form of Acceptance, you will be deemed to have accepted the Offer in respect of the Shares equal to the number of the Shares specified in this Form of Acceptance.

附註: 請填上接納要約所涉及之股份總數。倘並無指定數目或倘於本接納表格所列明之股份總數大於所交回之股份數目，而閣下已簽署本接納表格，則閣下將被視為就相等於閣下所交回股份數目之股份接納要約。倘本接納表格所列明之股份數目少於閣下所交回之股份數目，而閣下已簽署本接納表格，則閣下將被視為就相等於本接納表格所列明股份數目之股份接納要約。

THIS FORM OF ACCEPTANCE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in doubt as to any aspect of this Form of Acceptance or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Share(s), you should at once hand this Form of Acceptance and the Composite Document to the purchaser(s) or transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. If you are an Overseas Shareholder, you should obtain appropriate legal advice regarding the implications of the Offer in the relevant jurisdictions or, keep yourself informed about and observe any applicable legal or regulatory requirements. It is your own responsibility if you wish to accept the Offer to satisfy yourself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. You shall also be fully responsible for the payment of any transfer or other taxes and duties due by you in respect of the relevant jurisdictions. The Offeror, its beneficial owners and parties acting in concert with any of them, the Company, Emperor Capital, the Registrar or any of their respective directors and professional advisors or any other parties involved in the Offer and any of their respective agents shall be entitled to be fully indemnified and held harmless by you for any taxes as you may be required to pay. Acceptance of the Offer by you will be deemed to constitute a warranty by you that you are permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. You are recommended to seek professional advice on deciding whether or not to accept the Offer.

HOW TO COMPLETE THIS FORM OF ACCEPTANCE

- Shareholders are advised to read this Form of Acceptance in conjunction with the Composite Document before completing this Form of Acceptance. To accept the Offer made by Emperor Capital on behalf of the Offeror to acquire your Shares at a cash price HK\$1.40 per Share, you should complete and sign this Form of Acceptance overleaf and forward this Form of Acceptance, together with the relevant share certificate(s) (the "Share Certificate(s)") and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), for not less than such number of Shares in respect of which you wish to accept the Offer, by post or by hand, marked "Powerwell Offer" on the envelope, to Tricor Investor Services Limited (the "Registrar") at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code. The provisions contained in Appendix I to the Composite Document are incorporated into and form part of this Form of Acceptance.
- Warning:** Shareholders should also be aware that in accepting the Offer, any resulting fractions of a Hong Kong cent will be disregarded and any cash amount payable will be rounded down to the nearest Hong Kong cent.
- Procedure for accepting the Offer**
If you wish to accept the Offer, you should:
 - insert in the box titled "Number of Share(s) to be transferred" the total number of Shares for which you wish to accept the Offer; and
 - sign the Form of Acceptance and enclose the relevant share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof).
- If you are holding Shares on behalf of another person as nominee or otherwise, you should refer to the section headed "Procedures for Acceptance of the Offer" in Appendix I to the Composite Document in particular as to the matters which you should consider.
- Warning:** If you do not insert the total number of Shares to which your acceptance relates in the box titled "Number of Share(s) to be transferred", you will be deemed to have accepted the Offer in respect of the number of Shares tendered by you.
- Warning:** If you insert a number in excess of your registered holding of Shares in the box titled "Number of Share(s) to be transferred", you will be deemed to have accepted the Offer in respect of the number of Shares tendered by you.

FORM OF ACCEPTANCE AND TRANSFER IN RESPECT OF THE OFFER

To: The Offeror and Emperor Capital

- My/Our execution of this Form of Acceptance overleaf (which shall be dated and duly completed pursuant to Appendix I to the Composite Document) shall be binding on our successors and assignees, and shall constitute:
 - my/our irrevocable acceptance of the Offer made by Emperor Capital on behalf of the Offeror, as contained in the Composite Document, for the consideration and on and subject to the terms and conditions therein and herein mentioned, in respect of the number of Shares specified in this Form of Acceptance;
 - my/our irrevocable instruction and authority to each of the Offeror and/or Emperor Capital and/or any of their respective agent(s) to collect from the Company or the Registrar on my/our behalf the Share Certificate(s) in respect of the Share(s) due to be issued to me/us in accordance with, and against surrender of, the enclosed transfer receipt(s) and/or other document(s) of title (if any) and/or any satisfactory indemnity or indemnities required in respect thereof), which has/have been duly signed by me/us and to deliver the same to the Registrar and to authorise and instruct the Registrar to hold such Share Certificate(s), subject to the terms and conditions of the Offer, as if it was/they were Share Certificate(s) delivered to the Registrar together with this Form of Acceptance;
 - my/our irrevocable instruction and authority to each of the Offeror and/or Emperor Capital and/or any of their respective agent(s) to send a cheque crossed "Not negotiable—account payee only" drawn in my/our favour for the cash consideration to which I/we shall have become entitled under the terms of the Offer (less seller's ad valorem stamp duty payable by me/us in connection with my/our acceptance of the Offer), by ordinary post at my/our own risk to the person named at the address stated below or, if no name and address is stated below, to me or the first-named of us (in the case of joint registered Shareholders) at the registered address shown in the register of members of the Company as soon as possible but in any event within seven Business Days following the date of receipt of all the relevant documents by the Registrar to render the acceptance under the Offer complete and valid;
(Note: insert name and address of the person to whom the cheque is to be sent if different from the registered Shareholder or the first-named of joint registered Shareholders.)
Name: (in block letters)
Address: (in block letters)
 - my/our irrevocable instruction and authority to each of the Offeror and/or Emperor Capital and/or such person or persons as any of them may direct for the purpose, on my/our behalf, to make and execute the contract note as required by Section 19(1) of the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) to be made and executed by me/us as the seller(s) of the Share(s) to be sold by me/us under the Offer and to cause the same to be stamped and to cause an endorsement to be made on this Form of Acceptance in accordance with the provisions of that Ordinance;
 - my/our irrevocable instruction and authority to each of the Offeror and/or Emperor Capital and/or such person or persons as any of them may direct to complete and execute any document on my/our behalf in connection with my/our acceptance of the Offer and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror or such person or persons as it may direct my/our Share(s) tendered for acceptance under the Offer;
 - my/our undertaking to execute such further documents and to do such acts and things by way of further assurance as may be necessary or desirable to transfer my/our Share(s) tendered for acceptance under the Offer to the Offeror or such person or persons as it may direct free from all liens, charges, options, claims, equities, adverse interests, third party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto on or after the date on which the Offer is made, including, without limitation, the right to receive all future dividends and other distributions declared, paid or made, if any, on or after the date on which the Offer is made (save for the Distribution), in respect of the Share(s) tendered for acceptance under the Offer;
 - my/our agreement to ratify each and every act or thing which may be done or effected by the Offeror and/or Emperor Capital and/or any of their respective agent(s) or such person or persons as any of them may direct on the exercise of any of the authorities contained herein; and
 - my/our appointment of the Offeror and/or Emperor Capital as my/our attorney in respect of all the Share(s) to which this Form of Acceptance relates, such power of attorney to take effect from the date and time on which the Offer becomes unconditional in all respects and thereafter be irrevocable.
 - my/our agreement that, subject to the right to deduct from the amount payable to me/us the seller's ad valorem stamp duty, the settlement of the consideration to which I/we will be entitled under the Offer will be implemented in full in accordance with the terms of the Offer;
- I/We understand that acceptance of the Offer by me/us will be deemed to constitute a warranty by me/us to the Offeror and Emperor Capital that (i) the Shares held by me/us to be acquired under the Offer are fully paid and sold free from all third party rights, liens, charges, equities, options, claims, adverse interests and encumbrances and together with all rights accruing or attaching thereto on or after the date on which the Offer is made or subsequently becoming attached to them, including, without limitation, the rights to receive all future dividends and other distributions declared, paid or made, if any, on or after the date on which the Offer is made; and (ii) I/we have not taken or omitted to take any action which will or may result in the Offeror, its beneficial owner and parties acting in concert with any of them, the Company, Emperor Capital or any other person acting in breach of the legal or regulatory requirements of any territory in connection with my/our acceptance of the Offer thereof, and am/are permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and that such acceptance is valid and binding in accordance with all applicable laws and regulations.
- I/We hereby warrant and represent to the Offeror and the Company that I/we am/are the registered holder(s) of the Share(s) specified in this Form of Acceptance and I/we have the full right, power and authority to sell and pass the title and ownership of my/our Share(s) to the Offeror by way of acceptance of the Offer.
- In the event that my/our acceptance is treated as invalid in accordance with the terms of the Offer, all instructions, authorisations and undertakings contained in paragraph 1 above shall cease and in which event, I/we authorise and request you or any one of you to return to me/us my/our Share Certificate(s), and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), together with this Form of Acceptance duly cancelled, by ordinary post at my/our own risk to the person and address stated in paragraph 1(c) above or, if no name and address is stated, to me or the first-named of us (in the case of joint registered Shareholders) at the registered address shown in the register of members of the Company.
Note: When you have sent one or more transfer receipt(s) and in the meantime the relevant Share Certificate(s) has/have been collected by any of the Offeror and/or Emperor Capital and/or any of their respective agent(s) from the Company or the Registrar on your behalf upon your acceptance of the Offer, you will be returned such Share Certificate(s) in lieu of the transfer receipt(s).
- I/We hereby warrant and represent to the Offeror and the Company that I/we have satisfied the laws of the jurisdiction where my/our address is stated in the register of members of the Company in connection with my/our acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements.
- I/We hereby warrant and represent to the Offeror and the Company that I/we shall be fully responsible for payment of any transfer or other taxes and duties payable in respect of the jurisdiction where my/our address is located as set out in the register of members of the Company in connection with my/our acceptance of the Offer.
- I/We enclose the relevant Share Certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the whole/part of my/our holding of Share(s) which are to be held by you on the terms and conditions of the Offer. I/We understand that no acknowledgement or receipt of this Form of Acceptance, Share Certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given. I/we further understand that all documents will be sent by ordinary post at my/our own risk.
- I/We acknowledge that my/our Share(s) sold to the Offeror by way of acceptance of the Offer will be registered under the name of the Offeror or its nominee.
- I/We irrevocably undertake, represent, warrant and agree to and with the Offeror, Emperor Capital and the Company (so as to bind my/our successors and assignees) that in respect of the Shares which are accepted or deemed to have been accepted under the Offer, which acceptance has not been validly withdrawn, and which have not been registered in the name of the Offeror or as it may direct, to give:
 - an authority to the Company and/or its agents from me/us to send any notice, circular, warrant or other document or communication which may be required to be sent to me/us as a member of the Company (including any Share Certificate(s) and/or other document(s) of title issued as a result of conversion of such Shares into certificated form) to the attention of the Offeror at the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong;
 - an irrevocable authority to the Offeror or its agents to sign any consent to short notice of any general meeting of the Company on my/our behalf and/or to attend and/or to execute a form of proxy in respect of such Shares appointing any person nominated by the Offeror to attend such general meeting (or any adjournment thereof) and to exercise the votes attaching to such Shares on my/our behalf, such votes to be cast in a manner to be determined at the sole discretion of the Offeror; and
 - my/our agreement not to exercise any of such rights without the consent of the Offeror and my/our irrevocable undertaking not to appoint a proxy for, or to attend any, such general meeting and subject as aforesaid, to the extent I/we have previously appointed a proxy, other than the Offeror or its nominee or appointee, for or to attend or to vote at the general meeting of the Company. I/we hereby expressly revoke such appointment.
- I/We acknowledge that, save as expressly provided in the Composite Document and this Form of Acceptance, all the acceptance, instructions, authorisation and undertakings hereby given shall be irrevocable and unconditional.
- I/We hereby warrant and represent to you that I am/we am/are not a resident of the United States (or acting on behalf of a resident of the United States).

本接納表格乃重要文件，請即處理。 閣下如對本接納表格任何方面或應採取之行動有任何疑問，應諮詢 閣下之持牌證券商或註冊證券機構、銀行經理、律師、專業會計師或其他專業顧問。

閣下如已將名下股份全部售出或轉讓，應立即將本接納表格及綜合文件送交買主或承讓人或經手買賣或轉讓之持牌證券商或註冊證券機構或其他代理商，以便轉交予買主或承讓人。

向海外股東提出適用或會受有關司法管轄區之法例所禁止或影響。倘 閣下為海外股東，則應自行就有關要約於相關司法管轄區之影響徵詢適當之法律意見，或了解及遵守任何適用法例或監管規定。閣下如欲接納要約，則有責任自行確保就此全面遵守所有有關司法管轄區之法例及法規，包括但不限於取得可能所需之任何政府、外匯管制或其他方面之同意及任何登記或存檔，以及遵守所有必要之正式手續、監管及/或法例規定。閣下亦須全面負責支付 閣下就相關司法管轄區應付之任何轉讓費或其他稅項及徵費。要約人、其資產擁有人及與其一致行動的人士、本公司、英皇融資、過戶處或彼等各自之任何董事及專業顧問或所有涉及要約之人士以及彼等各自之任何代理人均有權就 閣下可能須付之任何稅項獲 閣下全面彌償及毋須就此承擔任何責任。閣下接納要約將被視為構成 閣下作出保證，表示 閣下根據一切適用法例及法規獲准收取及接納要約及其任何修訂，而該項接納將根據一切適用法例及法規屬有效及具約束力。閣下決定是否接納要約時，應諮詢專業意見。

本接納表格填寫方法

1. 股東務請先一併閱讀本接納表格及綜合文件後，始行開始填寫本接納表格。 閣下如欲接納英皇融資代表要約人以現金每股股份1.40港元之價格收購閣下所持股份而提出之要約，應填妥及簽署本接納表格之背頁，然後將本接納表格並連同不少於 閣下有意接納要約所涉及之股份數目之相關股票(「股票」)及/或過戶收據及/或任何其他所有權文件(及/或任何就此所需令人信納之彌償保證)儘早以郵遞或以專人送交卓佳證券登記有限公司(「過戶處」)，地址為香港皇后大道東183號合和中心22樓，信封面請註明「宏峰要約」，惟無論如何須於截止日期下午四時正(或要約人根據收購守則可能釐定並公布之較後時間及/或日期)前送達。綜合文件附錄一載之條文已載入本接納表格，並構成其中一部分。
2. **警告：**股東應當注意到，因接納要約而產生不足一港仙的金額將不予考慮，而任何應付的現金款項將向下調整至最接近的完整港仙金額。
3. **接納要約之程序**
倘若 閣下欲接納要約， 閣下應：
 - (a) 於註明「將予轉讓之股份數目」之空格內填寫 閣下擬接納要約之股份總數；及
 - (b) 簽署接納表格並附上有關之股票、過戶收據及/或任何其他所有權文件(及/或任何就此有關信納之彌償保證)。
4. 倘 閣下代表另一名人士以代理人或其他身份持有股份， 閣下應參閱綜合文件附錄一「接納要約之程序」一節，尤其有關 閣下應考慮之事宜。
5. **警告：**倘 閣下並無於註明「將予轉讓之股份數目」空格內填寫 閣下擬接納要約之股份總數，則 閣下將被視作就 閣下所交回股份數目接納要約。
6. **警告：**倘 閣下於註明「將予轉讓之股份數目」空格內填寫超出 閣下所持股份之登記持股量，則 閣下將被視作就 閣下所交回股份數目接納要約。

有關要約之接納及過戶表格

致：要約人及英皇融資

1. 本人/吾等簽立本接納表格之背頁(表格須根據綜合文件附錄一註明日期及填妥)，本人/吾等之繼承人及受讓人將受此約束，並構成：
 - (a) 本人/吾等按綜合文件及本表格所載代價及條款與條件，就本接納表格所列明之股份數目，不可撤回地接納綜合文件所載由英皇融資代表要約人提出之要約；
 - (b) 本人/吾等不可撤回地分別指示並授權要約人及/或英皇融資及/或彼等各自之任何代理人，代表本人/吾等從 貴公司或過戶處領取將根據本人/吾等已正式簽署且呈交之隨附過戶收據及/或其他所有權文件(如有)(及/或任何就此所需令人信納之彌償保證)發行人/吾等之股份之股票，並將有關股票送交過戶處，以及授權並指示過戶處根據要約之條款及條件持有有關股票，猶如有關股票乃與本接納表格一併送交過戶處無異；
 - (c) 本人/吾等不可撤回地分別指示並授權要約人及/或英皇融資及/或彼等各自之任何代理人，將本人/吾等根據要約之條款應得之現金代價(減本人/吾等就接納要約應付之賣方從價印花稅)，以「不得轉讓—只准入抬頭人賬戶」方式劃線開出支票予本人/吾等，然後儘早無論如何於過戶處接獲使有關接納要約完整及有效之所有有關文件當日後七個營業日之內，以平郵方式寄發予下文所列人士及地址(如有於下欄列明姓名及地址，則按 貴公司股東名冊所示之登記地址寄予本人或吾等當當中之排名首位之人士(如屬聯名登記股東))，郵誤風險由本人/吾等自行承擔；
(附註：倘接收支票之人士並非登記股東或排名首位之聯名登記股東，則請在本欄填上接收支票人士之姓名及地址。)
姓名：(請用正楷填寫)
地址：(請用正楷填寫)
 - (d) 本人/吾等不可撤回地分別指示並授權要約人及/或英皇融資及/或彼等任何一方可能就此指定之一名或多名人士代表本人/吾等以根據要約出售股份賣方之身份，訂立及簽立香港法例第117章印花稅條例第19(1)條所規定須由本人/吾等訂立及簽立之買賣單據，並安排按該條例之條文加蓋印花及在本接納表格背書證明；
 - (e) 本人/吾等不可撤回地分別指示並授權要約人及/或英皇融資及/或彼等任何一方可能指定之一名或多名人士代表本人/吾等就本人/吾等接納要約項下簽立任何文件，並作出任何其他必需或適當行動，以使本人/吾等根據要約提交以供接納之股份轉歸要約人或其可能指定之該名或該等人士所有；
 - (f) 本人/吾等承諾於可能屬必要或適當時簽立其他文件並作出有關行動及事宜，以進一步確保本人/吾等根據要約提交以供接納之股份轉讓予要約人或其可能指定之該名或該等人士，而上述股份將不帶有任何留置權、押記、購股權、申索、衡平權、不利權益、第三方權利或產權負擔，但連同於提出要約當日或之後所應計或附帶之所有權利，包括但不限於收取於提出要約(分派除外)當日或之後就根據要約提交以供接納之其他股份宣派、派付或作出之所有日後股息(如有)之權利；
 - (g) 本人/吾等同意追認要約人及/或英皇融資及/或彼等各自之任何代理人或彼等任何一方可能指定之一名或多名人士於行使本接納表格所載任何授權時可能作出或進行之各種行動或事宜；及
 - (h) 本人/吾等委任要約人及/或英皇融資為本人/吾等就本接納表格有關之全部股份之受託代理人，該授權於要約在各方面成為無條件之日期及時間起生效，且隨後不得撤回。
 - (i) 本人/吾等同意，在受從應付本人/吾等之金額中扣除賣方從價印花稅之權利之規限下，繳付本人/吾等根據要約有權收取之代價將根據要約之條款全面作出；
2. 本人/吾等明白本人/吾等接納要約將被視為構成本人/吾等向要約人及英皇融資保證，(i)本人/吾等所持所有並根據要約獲收購之股份於出售時已繳足及將不帶有任何第三方權利、留置權、押記、衡平權、購股權、申索、不利權益及產權負擔，及連同於提出要約當日或之後所應計或附帶或之後所附帶之所有權利，包括但不限於收取於提出要約當日或之後宣派、派付或作出之所有日後股息及其他分派(如有)之權利；及(ii)本人/吾等並無採取或遺漏採取任何行動，而將會或可能導致要約人、其資產擁有人及與其一致行動的人士、 貴公司、英皇融資或任何其他人士違反任何地區與本人/吾等接納要約有關之法例或監管規定，且其根據一切適用法例及法規獲准收到及接納要約及其任何修訂，而該接納將根據一切適用法例及法規屬有效及具約束力。
3. 本人/吾等謹此向要約人及 貴公司保證及聲明，本人/吾等為本接納表格所列明股份之登記持有人，而本人/吾等具有十足權利、權力及授權以接納要約之方式，向要約人出售及移交本人/吾等之股份之所有權及擁有權。
4. 倘根據要約之條款，本人/吾等之接納被視作無效，則上文第1段所載一切指示、授權及承諾將告終止，在此情況下，本人/吾等授權並要求 閣下或其中任何一方以平郵方式將本人/吾等之股票及/或過戶收據及/或任何其他所有權文件(及/或任何就此所需令人信納之彌償保證)，連同已正式註銷之本接納表格一併寄回上文第1(c)段所指人士及地址，或如姓名及地址欄內空白，則按 貴公司股東名冊所示登記地址寄回本人或吾等當中之排名首位之人士(如屬聯名登記股東)，郵誤風險概由本人/吾等自行承擔。
附註：倘 閣下寄發一份或以上過戶收據而由要約人及/或英皇融資及/或彼等各自之任何代理人任何一方同時於 閣下接納要約後代表 閣下從本公司或過戶處領取相關股票，則 閣下將獲交還股票，並非過戶收據。
5. 本人/吾等謹此向要約人及 貴公司保證及聲明，本人/吾等符合本人/吾等於 貴公司股東名冊所列地址所在司法管轄區關於本人/吾等接納要約方面之法例，包括取得可能需之任何政府、外匯管制或其他方面之同意及任何登記或存檔，以及遵守所有必要之正式手續、監管及/或法例規定。
6. 本人/吾等謹此向要約人及 貴公司保證及聲明，本人/吾等將全面負責支付本人/吾等於 貴公司股東名冊所列地址所在司法管轄區就本人/吾等接納要約應付之任何過戶或其他稅項及徵費。
7. 本人/吾等茲附上本人/吾等持有之全部/部分股份之相關股票及/或過戶收據及/或任何其他所有權文件(及/或任何就此所需令人信納之彌償保證)，由 閣下按要約之條款及條件予以持有。本人/吾等了解所交回之本接納表格、股票及/或過戶收據及/或任何其他所有權文件(及/或就此所需令人信納之彌償保證)概不獲發收據。本人/吾等亦了解以平郵方式寄發所有文件之郵誤風險概由本人/吾等自行承擔。
8. 本人/吾等知悉以接納要約之方式向要約人出售本人/吾等之股份，將以要約人或其代名人之義登記。
9. 本人/吾等就要約所涉及已接納或被視為已接納股份，而其接納並未被有效撤回及並無以要約人之名義或按其指示登記，向要約人、英皇融資及 貴公司不可撤回地承諾、聲明、保證及同意(以約束本人/吾等之繼承人及受讓人)：
 - (a) 本人/吾等授權 貴公司及/或其代理人將可能須向本人/吾等作為 貴公司股東寄發之任何通告、通函、憑證或其他文件或通訊(包括任何股票及/或因將該等股份轉為證書形式而發出之其他所有權文件)送交過戶處(地址為香港皇后大道東183號合和中心22樓)予要約人；
 - (b) 不可撤回地授權要約人或其代理人代表本人/吾等簽署任何同意書、同意 貴公司任何股東大會短期通知及/或出席及/或簽立有關該等股份之代表委任表格，以委任要約人提名之任何人士出席相關股東大會(或其任何續會)，以及代表本人/吾等行使該等股份所附帶之投票權，而該等投票權將以要約人全權酌情釐定之方式作出投票；及
 - (c) 本人/吾等協定，在未得要約人之同意下不會行使任何相關權利，以及本人/吾等不可撤回地承諾不會就任何股東大會委任代表，或親身出席股東大會，及在上文所規限下，如本人/吾等以往已就 貴公司股東大會委任代表(而該代表並非要約人或其代名人或獲委任人士)出席該等大會或作出投票，則本人/吾等謹此聲明撤回有關委任。
10. 本人/吾等確認，除綜合文件及本接納表格明文規定外，在此作出之所有接納、指示、授權及承諾均為不可撤回及為無條件。
11. 本人/吾等謹此向 閣下保證及聲明本人/吾等並非美國居民(或代表美國居民行事)。

PERSONAL DATA

Personal Information Collection Statement

This personal information collection statement informs you of the policies and practices of the Offeror, Emperor Capital and the Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the "Privacy Ordinance").

1. Reasons for the collection of your personal data

To accept the Offer for your Share(s), you must provide the personal data requested. Failure to supply the requested data may result in the processing of your acceptance being rejected or delayed. It may also prevent or delay the despatch of the consideration to which you are entitled under the Offer.

2. Purposes

The personal data which you provide on this Form of Acceptance may be used, held and/or stored (by whatever means) for the following purposes:

- processing of your acceptance and verification or compliance with the terms and application procedures set out in this Form of Acceptance and the Composite Document;
- registering transfers of the Share(s) out of your name;
- maintaining or updating the relevant register of Shareholders;
- conducting or assisting to conduct signature verifications, and any other verifications or exchange of information;
- establishing your entitlements under the Offer;
- distributing communications from the Offeror, Emperor Capital or agents and the Registrar;
- compiling statistical information and Shareholder profiles;
- making disclosures as required by laws, rules or regulations (whether statutory or otherwise);
- disclosing relevant information to facilitate claims or entitlements;
- any other purpose in connection with the business of the Offeror, Emperor Capital or the Registrar; and
- any other incidental or associated purposes relating to the above and/or to enable the Offeror, Emperor Capital and/or the Registrar to discharge their obligations to

the Shareholders and/or regulators and other purpose to which the Shareholders may from time by time agree to or be informed of.

3. Transfer of personal data

The personal data provided in this Form of Acceptance will be kept confidential but the Offeror, Emperor Capital and/or the Registrar may, to the extent necessary for achieving the purposes above or any of them, make such enquiries as they consider necessary to confirm the accuracy of the personal data and, in particular, they may disclose, obtain, transfer (whether within or outside Hong Kong) such personal data to, from or with any and all of the following persons and entities:

- the Offeror, Emperor Capital and/or agent(s) and the Registrar;
- any agents, contractors or third party service providers who offer administrative, telecommunications, computer, payment or other services to the Offeror, Emperor Capital and/or the Registrar, in connection with the operation of its business;
- any regulatory or governmental bodies;
- any other persons or institutions with which you have or propose to have dealings, such as bankers, solicitors, accountants, licensed securities dealers or registered institutions in securities; and
- any other persons or institutions whom the Offeror, Emperor Capital and/or the Registrar consider(s) to be necessary or desirable in the circumstances.

4. Access to and correction of personal data

The Privacy Ordinance provides you with rights to ascertain whether the Offeror, Emperor Capital and/or the Registrar hold(s) your personal data, to obtain a copy of that data, and to correct any data that is incorrect. In accordance with the Privacy Ordinance, the Offeror, Emperor Capital and the Registrar have the right to charge a reasonable fee for the processing of any data access requests. All requests for access to data or correction of data or for information regarding policies and practices and the kinds of data held should be addressed to the Offeror, Emperor Capital and/or the Registrar (as the case may be).

BY SIGNING THIS FORM OF ACCEPTANCE, YOU AGREE TO ALL OF THE ABOVE

個人資料

個人資料收集聲明

本個人資料收集聲明旨在知會閣下有關於要約人、英皇融資及過戶處有關個人資料及香港法例第486章個人資料(私隱)條例(「私隱條例」)之政策及慣例。

1. 收集閣下個人資料之理由

倘閣下欲就所持有之股份接納要約，則須提供所需之個人資料。倘閣下未能提供所需資料，則可能會導致閣下之接納遭拒絕或延誤處理。這亦可能妨礙或延誤寄發閣下根據要約應得之代價。

2. 用途

閣下於本接納表格所提供之個人資料可能會就下列用途加以運用、持有及/或保存(以任何方式)：

- 處理閣下之接納及核實或遵從本接納表格及綜合文件載列之條款及申請手續；
- 登記將股份從閣下名下轉讓；
- 保存或更新相關之股份持有人名冊；
- 核實或協助核實簽名，以及對任何其他資料進行核實或交換；
- 確立閣下根據要約應得之配額；
- 自要約人、英皇融資或代理人及過戶處收取通訊；
- 編製統計資料及股東概覽；
- 遵照法例、規則或規例(無論法定或非法定)之要求作出披露；
- 披露有關資料以便申索或享有配額；
- 與要約人、英皇融資或過戶處業務有關之任何其他用途；及

- 與上文所述有關之任何其他附帶或相關用途及/或以便要約人、英皇融資及/或過戶處履行彼等對股東及/或監管機構之責任及股東可能不時同意或獲悉之其他用途。

3. 轉交個人資料

本接納表格所提供之個人資料將會保密，但要約人、英皇融資及/或過戶處可能會作出彼等認為必要之查詢以確定個人資料之準確性，以便資料可達致上述或任何有關之用途，尤其可能會向下列任何及所有人士及實體披露、取得或轉交該等個人資料(不論在香港境內或境外)：

- 要約人、英皇融資及/或代理人及過戶處；
- 為要約人、英皇融資及/或過戶處之業務經營向彼等提供行政、電訊、電腦、付款或其他服務之任何代理人、承包商或第三方服務供應商；
- 任何監管或政府機構；
- 與閣下進行交易或建議進行交易之任何其他人士或機構，例如往來銀行、律師、會計師、持牌證券商或註冊證券機構；及
- 要約人、英皇融資及/或過戶處認為必需或適當情況下之任何其他人士或機構。

4. 查閱及更正個人資料

私隱條例賦予閣下權利確定要約人、英皇融資及/或過戶處是否持有閣下之個人資料，索取該等資料副本及更正任何不正確資料。根據私隱條例，要約人、英皇融資及過戶處均有權就處理任何查閱資料之要求收取合理費用。所有關於查閱資料或更正資料或詢問關於政策及慣例及所持資料類別之要求，應向要約人、英皇融資及/或過戶處(視乎情況而定)提出。

閣下簽署本接納表格，即表示同意上述所有條款。