

THIS INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Information Pack must be read in conjunction with the section headed “Warning” on the cover of this Information Pack.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDER

GENERAL BACKGROUND

Upon completion of the [●], Mr. Wong, Mr. Wong Sun Hoi, Mr. Ng Hiu King, Fortune Plus, Investidea Investments Limited, Sea Princess International Investments Limited, Standard Bank Asia Limited, Standard Bank plc, Orchid Asia IV, L.P. and Orchid Asia IV Co-Investment, Limited will be holding [●]%, [●]%, [●]%, [●]%, [●]%, [●]%, [●]%, [●]%, [●]%, [●]%, respectively, in aggregate of approximately [●]% of the Company's share capital (assuming that the [●] is not exercised). Fortune Plus is owned as to [●]% by Mr. Wong, [10.99]% by Mr. Wong Sun Hoi, [●]% by Mr. Ng Hiu King, [●]% by Investidea Investments Limited and [●]% by Sea Princess International Investments Limited. Investidea Investments Limited is in turn owned by Mr. Chan Lawrence Kwok. Sea Princess International Investments Limited is in turn owned by Ms. Lam Yin Fong.

The Controlling Shareholder and the Directors confirmed that they have no direct and/or indirect business competition with the Group. Therefore, the Controlling Shareholder and the Directors of the Company have not entered into non-competition undertaking with the Group. The Controller Shareholder and the Directors will not engage in any business directly or indirectly competing with the Group after the [●].

The Company has full rights to make decisions on, and to carry out, its own business operations independently. The Company (through its Fujian Wide Plus) holds all relevant licences necessary to carry on its businesses and has sufficient capital, equipment and employees to operate its businesses independently from the Company's Controlling Shareholder.

The Company's operational decisions are made by its executive Directors and senior management, who have served the Company or its subsidiaries for a long time and have extensive industry experience in the relevant sectors that the Company is engaged in.

The Directors notice that Mr. Wong owns 56.70% of Wide Plus Technologies Limited which has not carried on any business since its incorporation on 13 January 2006.

With the inactive status of Wide Plus Technologies Limited, the Directors consider that, as at the [Latest Practicable Date], neither the Controlling Shareholder nor any Directors are having an interest in a business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with that of the Group.

The Controlling Shareholder is not or has not been a full time government official of a country for a substantial period of time.

INDEPENDENCE OF THE GROUP FROM THE CONTROLLING SHAREHOLDER

The Group is capable of carrying on its business independently of the Controlling Shareholder after the [●] for the reasons set out below:

Management and Functions of the Group

The Group has its own management with in-depth experience and understanding in the operations of the manufacturing and sale of (i) high precision industrial automation instrument and technology products; and (ii) horological instruments and is familiar with the demand of such products in the PRC.

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The Group has its own management, sales and marketing, administration, finance, purchasing, production, quality control and warehousing functions which are responsible for daily operations of the Group.

Except for Mr. Wong, who is the Controlling Shareholder, the Directors and senior management of the Group are independent of the Controlling Shareholder.

Customers of the Group

For each of years during the Track Record Period, the Group’s top five customers accounted for an aggregate of approximately [47.0]%, [33.2]% and [33.2]% of its total sales, respectively. None of the Directors or their respective associates, or the Company’s existing Shareholders who own more than 5% of its issued share capital, has any interest in any of the five largest customers of the Group. The Group has its own access to its customers independently.

Procurement of Raw Materials

During the Track Record Period, the Group’s top five suppliers accounted for an aggregate of approximately [80.6]%, [76.8]% and [72.8]% of its total purchase, respectively. None of the Directors or their respective associates, or the Company’s existing Shareholders who own more than 5% of its issued share capital, has any interest in any of the five largest suppliers of the Group. The Group has its own access to its suppliers independently.

Intellectual Property Rights

The Directors believe that the 11 trademarks, 31 patents and 4 software copyright are the results of applying advanced technologies, experience, expertise and processes design of the Group. All intellectual property rights are registered in the name of Fujian Wide Plus except those pending completion of transfer set out in the paragraph headed “Intellectual property rights” in Appendix VI to this document and the logo of the Company which is undergoing registration in the PRC.

Leasing and Ownership of Properties

The Group leases its headquarters in Hong Kong and its sole manufacturing facilities in the PRC from the Independent Third Parties. In order to cope with the Group’s future development, the Group acquires a site located at Long Men Village, Kuaian Technology Park, Fuzhou Economic and Technological Development Zone (福州經濟技術開發區快安科技園龍門村) in the PRC from an Independent Third Party.

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Financial Independence

The corporate guarantees provided in favour of the banks for securing the bank borrowings of the Group by the Controlling Shareholder represented approximately [29.7]%, [71.4]% and [69.6]%, respectively, of the Group’s total bank borrowings during the Track Record Period.

All corporate guarantees provided by the related parties or personal guarantee provided by the Controlling Shareholder, subject to the terms and conditions in the Variation Agreement and Undertaking to Release (details of which have been set out in the section headed “History and Development” in this document), will be released or replaced by the Group’s corporate guarantee within five business days immediately after the [●].

The outstanding balances due from/to related parties including amounts due from/to Shareholders of the Company as at 30 June 2009 will be settled upon the [●].

Therefore, in view of the above fact, the Group is considered independent in all material aspects of financial, management and operations of the Controlling Shareholder.