
THIS PRIVATECO OFFER COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Privateco Offer, this Privateco Offer Composite Document and/or the Form of Acceptance and Transfer or as to 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 Karfun Investments Limited, you should at once hand this Privateco Offer Composite Document and the accompanying Form of Acceptance and Transfer to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, 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 Privateco Offer Composite Document should be read in conjunction with the accompanying Form of Acceptance and Transfer, the contents of which form part of the terms of the Privateco Offer contained therein.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Privateco Offer Composite Document and the Form of Acceptance and Transfer, 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 Privateco Offer Composite Document and the Form of Acceptance and Transfer.

J&A Investment Limited

*(incorporated in the BVI
with limited liability)*

Karfun Investments Limited

*(incorporated in Hong Kong
with limited liability)*

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO THE UNCONDITIONAL VOLUNTARY CASH OFFER BY KARL THOMSON SECURITIES COMPANY LIMITED ON BEHALF OF J&A INVESTMENT LIMITED FOR ALL THE ISSUED SHARES IN KARFUN INVESTMENTS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY J&A INVESTMENT LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

*Financial Adviser to
J&A Investment Limited*



Karl Thomson Financial Advisory Limited

*Independent Financial Adviser to
the Independent Privateco Shareholders*



**大有融資有限公司
MESSIS CAPITAL LIMITED**

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

A letter from the Privateco Board is set out on pages 7 to 12 of this Privateco Offer Composite Document.

A letter from Karl Thomson Financial which includes, among other matters, details of the terms of the Privateco Offer is set out on pages 13 to 18 of this Privateco Offer Composite Document.

A letter from the Messis Capital containing their advice in respect of the Privateco Offer to the Independent Privateco Shareholders is set out on pages 19 to 32 of this Privateco Offer Composite Document.

The procedures for acceptance of the Privateco Offer and other related information are set out on pages I-1 to I-5 in Appendix I to this Privateco Offer Composite Document and in the accompanying Form of Acceptance and Transfer. Acceptances of the Privateco Offer should be received by the Registrar by no later than 4:00 p.m. on 5 December 2012 or such later time and/or date as J&A Investment may decide and announce in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Privateco Offer Composite Document and/or the accompanying Form of Acceptance and Transfer to any jurisdiction outside Hong Kong should read the details in this regard which are contained in Appendix I and Appendix II to this Privateco Offer Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Privateco Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Each Overseas Shareholder is advised to seek professional advice on deciding whether to accept the Privateco Offer.

14 November 2012

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DEFINITIONS

In this Privateco Offer 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
“ATNT”	Asia Tele-Net and Technology Corporation Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 679)
“ATNT Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of ATNT
“Business Day”	a day (other than a Saturday and a day on which a tropical cyclone warning No.8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“BVI”	British Virgin Islands
“Bye-laws Amendments”	the proposed amendments to the bye-laws of the Company that will allow either the Shareholders or the Board to approve distributions to Shareholders out of the contributed surplus of the Company to be satisfied wholly or in part by distribution of specific assets to the Shareholders
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company in relation to, among others, the Proposal and the Subscription, which was despatched to the Shareholders on 27 September 2012
“Closing Date”	5 December 2012, the closing date of the Privateco Offer, which is 21 days after the date on which this Privateco Offer Composite Document is posted, or if the Privateco Offer is extended, any subsequent closing date of the Privateco Offer as extended and announced by the J&A Investment in accordance with the Takeovers Code and applicable laws
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)

DEFINITIONS

“Company”	Karl Thomson Holdings Limited (高信集團控股有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 7)
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Distributed Business”	all businesses carried on by ATNT
“Distribution In Specie”	the distribution out of contributed surplus of the Company to the existing Shareholders, which was satisfied by the distribution of the Privateco Shares as described in the Circular
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegates
“Form of Acceptance and Transfer”	the form of acceptance and transfer of the Privateco Shares in respect of the Privateco Offer
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special and Administrative Region of the People’s Republic of China
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Increase in Authorised Share Capital”	increase in the authorised share capital of the Company from HK\$100,000,000 comprising 1,000,000,000 Shares to HK\$1,000,000,000 comprising 10,000,000,000 Shares by the creation of 9,000,000,000 new Shares
“Independent Financial Adviser” or “Messis Capital”	Messis Capital Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, which has been appointed as the independent financial adviser to advise the Independent Privateco Shareholders regarding the terms of the Privateco Offer
“Independent Privateco Shareholders”	the Privateco Shareholders other than J&A Investment and parties acting in concert with it
“J&A Investment”	J&A Investment Limited, a company incorporated in the BVI with limited liability

* *for identification purpose*

DEFINITIONS

“Joint Announcement”	the joint announcement issued by the Company, Triumph Energy, J&A Investment and Privateco dated 23 August 2012, in relation to, among other things, the Subscription and the Proposal
“Karl Thomson Financial”	Karl Thomson Financial Advisory Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, and is the financial adviser to J&A Investment
“Karl Thomson Securities”	Karl Thomson Securities Company Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 9 (asset management) regulated activities under the SFO, and is an indirect wholly owned subsidiary of the Company, and the entity that will be making the unconditional voluntary cash offer for the Privateco Shares on behalf of J&A Investment
“Last Trading Day”	29 June 2012, being the last trading day on which the Shares and the ATNT Shares were traded on the Stock Exchange prior to the suspension of trading in the shares pending the release of the Joint Announcement
“Latest Practicable Date”	9 November 2012, being the latest practicable date prior to the printing of this Privateco Offer Composite Document for ascertaining certain information referred to in this Privateco Offer Composite Document
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lam”	Mr. Lam Kwok Hing, an executive director and a controlling shareholder of J&A Investment
“Mr. Nam”	Mr. Nam Kwok Lun, an executive director and a substantial shareholder of J&A Investment
“PRC”	The People’s Republic of China, which, for the purpose of this Privateco Offer Composite Document, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Privateco”	Karfun Investments Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company prior to the Distribution In Specie
“Privateco Board”	the board of Privateco Directors

DEFINITIONS

“Privateco Director(s)”	the director(s) of Privateco
“Privateco Group”	Privateco and its associated company
“Privateco Offer”	the unconditional voluntary cash offer to be made by Karl Thomson Securities on behalf of J&A Investment to acquire all the Privateco Shares (other than those already owned or agreed to be acquired by J&A Investment and parties acting in concert with it)
“Privateco Offer Composite Document”	this offer and response document and Form of Acceptance and Transfer to be despatched to holders of the Privateco Shares pursuant to the Privateco Offer
“Privateco Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of Privateco
“Privateco Shareholder(s)”	holders of the Privateco Shares
“Proposal”	the proposal being put forward by the board of the Company to the Shareholders including the Share Premium Reduction, the Bye-laws Amendments, the Distribution In Specie, the Increase in Authorised Share Capital and the respective transactions contemplated thereunder
“Registrar”	Tricor Standard Limited, being the Hong Kong branch share registrar and transfer office of the Company located at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong and is acting as the transfer agent for the Privateco Offer
“Relevant Period”	the period commencing on 23 February 2012 (being the date falling six months prior to the date of the Joint Announcement) and ending on and including the Latest Practicable Date
“SFC”	Securities and Futures Commission in Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company held on 20 October 2012 to consider and, if thought fit, approve the resolution(s) in respect of the Subscription, the Proposal and the respective transactions contemplated thereunder by the Shareholders by way of poll
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Share Premium Reduction”	the reduction of approximately HK\$359,162,000 standing to the credit of the share premium account and the transfer of the credit arising from the reduction of share premium to the contributed surplus account of the Company for the purpose of the Distribution In Specie
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by Triumph Energy of the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 2 July 2012 and the two supplemental agreements dated 23 August 2012 and 31 October 2012 respectively entered into between Triumph Energy and the Company in relation to the Subscription
“Subscription Completion”	completion of the Subscription Agreement
“Subscription Completion Date”	the actual date of completion of the Subscription pursuant to the Subscription Agreement, which is 9 November 2012
“Subscription Shares”	an aggregate of 820,000,000 new Shares subscribed by Triumph Energy under the Subscription Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Triumph Energy”	Triumph Energy Group Limited, a company incorporated in the BVI with limited liability
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made in the event of any changes to the expected timetable.

Privateco Offer opens for acceptance	14 November 2012
Latest time and date for acceptance of the Privateco Offer (Notes 1 and 3)	4:00 p.m. on 5 December 2012
Closing date of the Privateco Offer, if not revised or extended (Note 1)	5 December 2012
Announcement of the results of the Privateco Offer posted on the website of the Stock Exchange under the Company and the SFC's website	by 7:00 pm, 5 December 2012
Announcement of the results of the Privateco Offer published in the newspapers	6 December 2012
Despatch date of Privateco share certificates for Privateco Shareholders who do not accept the Privateco Offer	no later than 12 December 2012
Latest date for posting of remittance for the amounts due under the Privateco Offer in respect of valid acceptances received on or before the latest time for acceptance of the Privateco Offer (Note 2)	14 December 2012

Notes:

1. The latest time for acceptance of the Privateco Offer is 4:00 p.m. on 5 December 2012. The Privateco Offer, which is unconditional, will close on 5 December 2012. An announcement will be issued through the website of the Stock Exchange under the Company by 7:00 p.m. on the same date either stating close of the Privateco Offer or as to whether or not the Privateco Offer has been revised or extended and, in relation to any revision or extension of the Privateco Offer, to state either (if and to the extent revised or extended) the next closing date or that the Privateco Offer will remain open until further notice.
2. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable under the Privateco Offer will be posted to the accepting Privateco Shareholders by ordinary post at their own risk as soon as possible, but in any event within Seven Business Days of the date of receipt by the Registrar of the Privateco Shares of all the relevant documents of title to render the acceptance by such accepting Independent Privateco Shareholders under the Privateco Offer complete and valid.
3. Acceptance of the Privateco Offer shall be irrevocable and is not capable of being withdrawn, except in the circumstances as set out in paragraph headed "Right of withdrawal" in Appendix I to this Privateco Offer Composite Document.

All time and date references contained in this Privateco Offer Composite Document and the Form of Acceptance and Transfer refer to Hong Kong time and date.

Effect of bad weather on the latest time for acceptance for the Privateco Offer

The latest time for acceptance will not take place if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on 5 December 2012, the latest time and date for acceptance of the Privateco Offer will be extended to 5:00 p.m. on the same Business Day; or (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on 5 December 2012, the latest time for acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

LETTER FROM THE PRIVATECO BOARD

Karfun Investments Limited

(incorporated in Hong Kong with limited liability)

Directors:

Mr. Lam Kwok Hing

Mr. Nam Kwok Lun

*Registered office,
head office and principal
place of business:
27/F Fortis Tower,
77-79 Gloucester Road
Hong Kong*

14 November 2012

To the Independent Privateco Shareholders

Dear Sir or Madam,

**UNCONDITIONAL VOLUNTARY CASH OFFER
BY KARL THOMSON SECURITIES
ON BEHALF OF J&A INVESTMENT
FOR ALL THE PRIVATECO SHARES
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY J&A INVESTMENT
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement and the Circular.

On 20 October 2012, the resolutions in respect of the Proposal and the Subscription were duly approved at the SGM. The Distribution In Specie was completed on 7 November 2012 by which the Privateco Shares were distributed to the Privateco Shareholders whose names appeared on the register of members of the Company on 30 October 2012 on the basis of one Privateco Share for each Share in the Company then held.

Immediately following completion of the Distribution In Specie on 7 November 2012, J&A Investment became interested in 318,718,000 Privateco Shares, representing approximately 50.05% of the issued share capital of Privateco. Given that Privateco Shares will not be listed on any stock exchange, holders of the Privateco Shares may therefore find it difficult to liquidate their holdings in the Privateco Shares. J&A Investment considers, in these circumstances, that it is appropriate to provide holders of the Privateco Shares with an opportunity to realize their holdings in the Privateco Shares by making the Privateco Offer.

LETTER FROM THE PRIVATECO BOARD

It was announced that Karl Thomson Securities would make the Privateco Offer, which is voluntary and unconditional, on behalf of the J&A Investment to acquire all Privateco Shares not already owned or agreed to be acquired by J&A Investment and parties acting in concert with it.

The purpose of this Privateco Offer Composite Document is to provide you with, among other things, information relating to the Privateco Offer, the Privateco Group as well as the letter from the Independent Financial Adviser containing their advice to the Independent Privateco Shareholders in respect of the Privateco Offer.

THE PRIVATECO OFFER

Karl Thomson Securities is making, on behalf of J&A Investment, the Privateco Offer to the Independent Privateco Shareholders to acquire all the Privateco Shares (other than those already owned or agreed to be acquired by J&A Investment and the party acting in concert with it), which is unconditional and in compliance with the Takeovers Code on the following basis:

For each Privateco Share heldHK\$0.08 in cash

Following completion of the Distribution In Specie and as at the Latest Practicable Date, Privateco had 636,843,612 Privateco Shares in issue. J&A investment was interested in an aggregate of 318,718,000 Privateco Shares, representing approximately 50.05% of the issued share capital of Privateco as at the Latest Practicable Date. Accordingly, there are a total of 318,125,612 Privateco Shares (representing approximately 49.95% of the share capital of Privateco in issue as at the Latest Practicable Date) subject to the Privateco Offer.

The price of HK\$0.08 per Privateco Share is determined on the following basis:

A value of HK\$0.25 is attached to each ATNT Share after taking into account (i) the closing prices of the ATNT Shares (Note 1); (ii) the extremely low trading volume of the ATNT Shares (Note 2); (iii) the fact that ATNT made a loss last year and in the first half of this year (Note 3); and (iv) the additional benefit conferred on minority Shareholders at the expense of J&A Investment (Note 4). As Privateco currently holds 201,995,834 ATNT Shares, the value of Privateco based on the assumed value of HK\$0.25 per ATNT Share will be approximately HK\$50.5 million. Given that the Company will distribute 636,843,612 Privateco Shares to the Shareholders, each Privateco Share is therefore valued at approximately HK\$0.08.

Note 1: The lowest closing price of the ATNT Shares in the two years ended 29 June 2012 was HK\$0.25.

Note 2: The average trading volume of ATNT Shares in the last 60 consecutive trading days since 3 April 2012 was approximately 53,710 Share per trading day. Assuming the trading volume of the ATNT Shares remains the same, it would take a few years to fully dispose of the 201,995,834 ATNT Shares currently held by Privateco. In addition, 34 trading days out of the aforementioned 60 consecutive trading days had nil trading. Hence a discount to the closing price of HK\$0.31 per ATNT Share as at Last Trading Day is considered reasonable.

LETTER FROM THE PRIVATECO BOARD

Note 3: ATNT made a loss attributable to its owners in an amount of HK\$30.3 million for the year ended 31 December 2011 and continued to make a loss attributable to its owners of HK\$27.0 million for the first six months ended 30 June 2012. As set out in ATNT's interim results announcement for the six months ended 30 June 2012, the on-going economic crisis in the Euro-zone and the sluggish recovery of the US economy continued to affect the sales of equipment as customers remained cautious and tended to defer delivery and scale back their capital investments in uncertain economic environment. Given that the business environment will continue to face headwind in the later part of 2012, the management of ATNT will remain prudent and cautious.

Note 4: As disclosed in the section headed "Reasons for and effect of the Distribution In Specie" in the Circular, the Distribution In Specie is fair and reasonable and in the interests of the Company and Shareholders as a whole. The Privateco Offer is an extra benefit extended to the minority Shareholders. J&A Investment, Mr. Lam and Mr. Nam abstained from voting at the SGM and the minority Shareholders were given the absolute right to consider the fairness and reasonableness of the Proposal and vote on the relevant resolutions at the SGM. Since the resolutions were approved at the SGM, the Independent Privateco Shareholders are now being given the absolute right to determine whether to accept the Privateco Offer or not based on the information provided in the Privateco Offer Composite Document.

The assumed value of HK\$0.25 per ATNT Share represents:

- (i) discount of approximately 40.48% to the closing price of HK\$0.42 per ATNT Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 19.4% to the closing price of HK\$0.310 per ATNT Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 24.7% to the average closing price of ATNT Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.332 per ATNT Share;
- (iv) a discount of approximately 18.6% to the average closing price of ATNT Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.307 per ATNT Share;
- (v) a discount of approximately 62.1% to the audited consolidated net asset value attributable to the shareholders of ATNT of approximately HK\$0.660 per ATNT Share as at 31 December 2011; and
- (vi) a discount of approximately 58.2% to the unaudited consolidated net asset value attributable to the shareholders of ATNT of approximately HK\$0.598 per ATNT Share as at 30 June 2012.

LETTER FROM THE PRIVATECO BOARD

The offer price of HK\$0.08 per Privateco Share is calculated by dividing the assumed value of Privateco (HK\$50.5 million by applying the assumed value of HK\$0.25 per ATNT Share to 201,995,834 ATNT Shares held by the Privateco) by the issued Privateco Shares of 636,843,612 as at the Latest Practicable Date. In other words, the offer price of Privateco Share of HK\$0.08 represents 32% of the assumed value of ATNT Share. If the offer price of the Privateco Share is compared against any of the closing price of ATNT Share, the referencing closing price of ATNT Share should be reduced by 68%. Comparison made on such basis would produce the same result as stated in above, that means the resulted discounts would be same as comparing the assumed value of HK\$0.25 per ATNT Share against the referencing closing prices stated in above.

In respect of the ATNT Shares, the highest and lowest closing prices as quoted on the Stock Exchange during the six-month period preceding the Last Trading Day were HK\$0.455 per ATNT Share on 17 February 2012 and 24 February 2012 and HK\$0.265 per ATNT Share on 4 June 2012 and 5 June 2012, respectively.

The highest and lowest closing prices as quoted on the Stock Exchange during the six-month period preceding the commencement date of the period of the Privateco Offer and ending on the Latest Practicable Date were HK\$0.58 per ATNT Share on 28 August 2012 and HK\$0.265 per ATNT Share on 4 June 2012 and 5 June 2012, respectively.

Further details of the Privateco Offer including, amongst others, the terms and conditions and the procedures for acceptance and settlement and further terms of the Privateco Offer are set out in Appendix I to this Privateco Offer Composite Document and the accompanying Form of Acceptance and Transfer.

FURTHER INFORMATION ON PRIVATECO

Privateco is an investment holding company and has no other business or asset other than holding its equity interest in ATNT.

As of 31 October 2012, the amount due to the Company from Privateco was HK\$52,012,007.46. On 2 November 2012, the Privateco sub-divided its existing shares from HK\$1 per Privateco Share to HK\$0.01 per Privateco Share. Upon sub-division, the issued share capital of Privateco was increased to 1,000,000 Privateco Shares. The Privateco thereafter increased its authorised share capital from HK\$10,000 to HK\$10,000,000. On 2 November 2012, Privateco capitalized the amount due to the Company by issuing 635,843,612 Privateco Shares to the Company at a price of HK\$0.0818 by creating a share premium of approximately HK\$45.6 million. Upon issue of 635,843,612 Privateco Shares to the Company, the amount due to the Company was nil and the capital of Privateco was increased from HK\$10,000 to HK\$6,368,436. The net assets of the Privateco Group were hence increased by approximately HK\$52 million to approximately HK\$94.1 million.

The audited reports and unaudited financial information of the Privateco Group for the two years ended 31 December 2011 and six months ended 30 June 2012 respectively are set out in Appendix III to this Privateco Offer Composite Document.

LETTER FROM THE PRIVATECO BOARD

The Distribution In Specie took place on 7 November 2012 by which the Privateco Shares were distributed to the Privateco Shareholders whose names appeared on the register of members of the Company on 30 October 2012 on the basis of one Privateco Share for each Share in the Company then held. As a result, the Privateco ceases to be a subsidiary of the Company on 7 November 2012 and the Privateco is now an unlisted public company under the Laws of Hong Kong.

Under paragraph 13(b) of Hong Kong Accounting Standard 28 (“HKAS 28”), before the completion of the Distribution In Specie, Privateco’s financial statements were exempted from using equity accounting method to account for its interest in an associate and the investment in an associate was accounted for by the cost method. Following the completion of Distribution In Specie, Privateco has to use equity method to account for its interest in an associate as Privateco will not be qualified for the exemption under paragraph 13(b) of HKAS 28. For illustration purpose, assuming the Distribution In Specie had taken place on 29 June 2012 (the Last Trading Day), adjustments required to put through in the financial statements of the Privateco Group are:-

- (i) the capital and share premium of the Privateco as at 29 June 2012 would have increased by approximately HK\$6.4 million and HK\$45.6 million respectively after the allotment of shares to the Shareholders of the Company;
- (ii) the Privateco’s investment in an associate (i.e. ATNT) as at 29 June 2012 would have increased by approximately HK\$40.7 million to HK\$94.1 million being adjustment of Privateco’s share of net assets of ATNT by using equity accounting;
- (iii) the net asset of the Privateco Group as at 29 June 2012 would have increased by approximately \$92.7 million to approximately HK\$94.1 million because of the above; and
- (iv) the profit and loss accounts for the six months ended 30 June 2012 would have incurred additional loss of approximately HK\$12.7 million due to the share of loss of an associate.

INTENTION OF J&A INVESTMENT REGARDING THE PRIVATECO GROUP

Your attention is drawn to the “Letter from Karl Thomson Financial” in this Privateco Offer Composite Document for the intention of J&A Investment regarding the Privateco Group. The Privateco Board is of the view that the J&A Investment’s future plan in respect of the Privateco Group is in the best interest of Privateco and the Privateco Shareholders as a whole.

RECOMMENDATION

As the Privateco Board does not have any non-executive director or any independent non-executive director, no board of independent committee can be formed to give recommendation to the Independent Privateco Shareholders in connection with the Privateco Offer. In these circumstances, Messis Capital has been appointed to advise the Independent Privateco Shareholders as to whether the terms of the Privateco Offer are fair and reasonable so far as the Independent Privateco Shareholders are concerned and whether the Independent Privateco Shareholders should accept the Privateco Offer.

LETTER FROM THE PRIVATECO BOARD

Your attention is drawn to the letter from Messis Capital to the Independent Privateco Shareholders set out on pages 19 to 32 of this Privateco Offer Composite Document which sets out its recommendation in relation to the Privateco Offer and the principal factors considered by its in arriving at their recommendation.

Having taken into account the terms of Privateco Offer and the advice and recommendation of Messis Capital and the principal factors and reasons taken into consideration by it in arriving at its opinion, we consider that the terms of the Privateco Offer are fair and reasonable so far as the Independent Privateco Shareholders are concerned. Accordingly, we recommend the Independent Privateco Shareholders to accept the Privateco Offer.

ADDITIONAL INFORMATION

Your attention is also drawn to the expected timetable on page 6 of this Privateco Offer Composite Document, Appendix II with respect to the despatch of share certificate of Privateco Share and share transfer arrangement during and after the close of the Privateco Offer and the additional information contained in the appendices to this Privateco Offer Composite Document and the accompanying Form of Acceptance and Transfer.

Yours faithfully,
By order of the board of
Karfun Investments Limited
Mr. Lam Kwok Hing
Director

LETTER FROM KARL THOMSON FINANCIAL



Karl Thomson Financial Advisory Limited

27/F, Fortis Tower,
77-79 Gloucester Road,
Wanchai, Hong Kong

14 November 2012

To the Independent Privateco Shareholders

Dear Sir or Madam,

**UNCONDITIONAL VOLUNTARY CASH OFFER
BY KARL THOMSON SECURITIES
ON BEHALF OF J&A INVESTMENT
FOR ALL THE PRIVATECO SHARES
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY J&A INVESTMENT
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement and the Circular.

On 20 October 2012, the resolutions in respect of, among other things, the Proposal and the Subscription were duly approved at the SGM. The Distribution In Specie was completed on 7 November 2012. It was announced in the Joint Announcement and the Circular that Karl Thomson Securities would, upon completion of Distribution In Specie, make a Privateco Offer, which is voluntary and unconditional, on behalf of J&A Investment to acquire all the Privateco Shares not already owned or agreed to be acquired by J&A Investment and parties acting in concert with it.

This letter sets out, among other things, the details of the Privateco Offer, information on J&A Investment and the intention of J&A Investment regarding the Privateco Group. Further details of the terms of the Privateco Offer are set out in Appendix I to this Privateco Offer Composite Document of which this letter forms part, and the Form of Acceptance and Transfer.

LETTER FROM KARL THOMSON FINANCIAL

PRIVATECO OFFER

The Privateco Offer is being made by Karl Thomson Securities, on behalf of J&A Investment, on a voluntary and unconditional basis pursuant to the Takeovers Code to the Independent Privateco Shareholders to acquire all the Privateco Shares (other than those already owned or agreed to be acquired by J&A Investment and the party acting in concert with it) on the following basis:

For each Privateco Share heldHK\$0.08 in cash

The Privateco Offer is not conditional upon any minimum level of acceptances of the Privateco Offer and is unconditional in all respects. The Privateco Offer will close on 5 December 2012.

As at the Latest Practicable Date, Privateco had 636,843,612 Privateco Shares in issue. Save for the aforesaid Privateco Shares in issue, Privateco had no outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Privateco Shares.

As at the Latest Practicable Date, J&A Investment and parties acting in concert with it, were together beneficially interested in 318,718,000 Privateco Shares (representing approximately 50.05% of the entire issued share capital of Privateco as at the Latest Practicable Date).

As explained in the “Letter from the Privateco Board” on page 11, for illustrative purpose, the net asset of the Privateco Group as at 29 June 2012 would have increased to approximately HK\$94.1 million assuming the Distribution In Specie had taken place on 29 June 2012 (the Last Trading Day). The net asset value per Privateco Share as of the Last Trading Day would have been HK\$0.148 calculated based on 636,843,612 Privateco Shares and the unaudited net asset value of approximately HK\$94.1 million. The offer price of HK\$0.08 per Privateco Share under the Privateco Offer would represent a discount of 45.9% to the net asset value per Privateco Share of HK\$0.148 as illustrated above.

Value of the Privateco Offer

As at the Latest Practicable Date, there were 636,843,612 Privateco Shares in issue. Excluding the 318,718,000 Privateco Shares which is held by J&A Investment upon the completion of the Distribution In Specie, there are 318,125,612 Privateco Shares subject to the Privateco Offer. Based on the Privateco Offer price of HK\$0.08 per Privateco Share, the Privateco Offer is valued at approximately HK\$25.5 million.

Financial resources available to J&A Investment

J&A Investment intends to finance the consideration payable for the Privateco Offer from shareholders’ loans advanced by Mr. Lam and Mr. Nam to J&A Investment. As at the Latest Practicable Date, Karl Thomson Financial is satisfied that sufficient financial resources are available to J&A Investment to meet acceptances in full of the Privateco Offer.

LETTER FROM KARL THOMSON FINANCIAL

Effect of accepting the Privateco Offer

By accepting the Privateco Offer, the Privateco Shareholders will sell their Privateco Shares to J&A Investment free from all options, liens, charges, claims, agreements, equities, security interest and encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Privateco Offer is made, being the date of posting of this Privateco Offer Composite Document.

The Privateco Offer provides a cash exit to the Privateco Shareholders to realize all or part of their shareholdings in Privateco, which has no liquid market as there is no intention to list the Privateco Shares on any stock exchange. Moreover, the Privateco Shares may be subject to compulsory acquisition provisions under the Companies Ordinance.

In addition, Privateco cannot assure the Privateco Shareholders that it will make or declare or pay future dividends. The historical dividend payment of Privateco (if any) should not be taken as an indication of any future dividends and there can be no assurance that Privateco will declare dividends in the future. Any proposed dividends by Privateco are discretionary and will be subject to obtaining approval of the Privateco Shareholders at general meetings. No dividend may be paid, and no distribution may be made, out of contributed surplus, if to do so would render Privateco unable to pay its liabilities as they become due or the realized value of its assets would thereby become less than an aggregate of its liabilities and its issued share capital and share premium account.

Stamp duty

Seller's ad valorem stamp duty arising in connection with acceptances of the Privateco Offer will be payable by relevant Privateco Shareholders at a rate of 0.1% of: (i) the net asset value of the Privateco Shares; (ii) deemed net asset value of the Privateco Shares by the Inland Revenue Department which may choose to deem the net asset value of the Privateco Shares equals the market value of the ATNT Shares held by the Privateco; or (iii) the consideration payable by J&A Investment in respect of the relevant acceptances of the Privateco Offer, whichever is higher, and will be deducted from the cash amount payable by the J&A Investment on behalf of the relevant Privateco Shareholders accepting the Privateco Offer. J&A Investment will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Privateco Shareholders accepting the Privateco Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Privateco Offer and the transfers of the Privateco Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment in cash in respect of acceptances of the Privateco Offer will be made as soon as practicable but in any event within 7 business days (as defined under the Takeovers Code) of the date on which the duly completed acceptances of the Privateco Offer and the relevant documents of title of the Privateco Shares in respect of such acceptances are received by J&A Investment to render each such acceptance complete and valid.

LETTER FROM KARL THOMSON FINANCIAL

Overseas Privateco Shareholders

As the Privateco Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Privateco Shareholders who are citizens or residents or nationals of a jurisdiction outside Hong Kong should keep themselves informed about and observe any applicable legal or regulatory requirements and where necessary seek legal advice. It is the responsibility of the Overseas Privateco Shareholders who wish to accept the Privateco Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction).

Compulsory acquisition

Subject to sufficient Privateco Shares being acquired, pursuant to section 168 and the Ninth Schedule of the Companies Ordinance, J&A Investment intends to avail itself of the right to compulsorily acquire any remaining Privateco Shares not already acquired under the Privateco Offer. Under the Companies Ordinance, the relevant threshold will be J&A Investment receiving acceptances from the holders of the Privateco Shares representing not less than nine-tenths of Privateco Shares subject to the Privateco Offer. Under this circumstance, J&A Investment can compulsorily acquire remaining Privateco Shares once it holds 90% of all issued Privateco Shares. In addition, Rule 2.11 of the Takeovers Code provides that compulsory acquisition rights may only be exercised by J&A Investment if acceptances of the Privateco Offer and purchases of Privateco Shares made by J&A Investment and parties acting in concert with it during the period of four months after posting of the Privateco Offer Composite Document add up to 90% of the disinterested Privateco Shares. Further announcements will be made about the exercise of such compulsory acquisition rights should J&A Investment exercise it.

Save for any entitlements to receive Privateco Shares pursuant to the Distribution In Specie, none of J&A Investment and parties acting in concert with it hold any securities in Privateco. None of J&A Investment and parties acting in concert with it dealt in any securities in Privateco during the six-month period immediately preceding the date of the Joint Announcement.

J&A Investment and parties acting in concert with it have not traded in the shares of ATNT in the last six months prior to the date of the Joint Announcement. J&A Investment does not own any shares in ATNT directly. J&A Investment effectively owns 23.7% in ATNT via Privateco's shareholding in ATNT.

Other Arrangements

As at the Latest Practicable Date, J&A Investment and parties acting in concert with it had not received any indication or irrevocable commitment from any Privateco Shareholder that it would accept or reject the Privateco Offer. As at the Latest Practicable Date:

- (i) Privateco had no outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Privateco Shares;

LETTER FROM KARL THOMSON FINANCIAL

- (ii) J&A Investment and parties acting in concert with it had not entered into any agreements in relation to the issue of any convertible securities, options, warrants or derivatives of Privateco; and
- (iii) J&A Investment and parties acting in concert with it had not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Privateco.

J&A Investment confirms that there are no other arrangements (whether by way of option, indemnity or otherwise) in relation to the Privateco Shares and which might be material to the Privateco Offer. J&A Investment further confirms that there are no other agreements or arrangements to which J&A Investment is a party which relate to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Privateco Offer. Given that Privateco is a Hong Kong company and the transfer of Privateco Shares involves a transfer of Hong Kong stocks, Hong Kong stamp duty is payable on any transfer of Privateco Shares.

INFORMATION ON J&A INVESTMENT

J&A Investment is an investment holding company incorporated in the BVI with limited liability and is owned as to 80% by Mr. Lam and 20% by Mr. Nam. Save for its interests in the Company, it has not carried out any operations nor has any other major assets as at the date of this Privateco Offer Composite Document.

INTENTION OF J&A INVESTMENT REGARDING THE PRIVATECO GROUP

It is the intention of J&A Investment that the Privateco Group will neither make changes to its principal businesses nor conduct any business other than the Distributed Business. It is also the intention of J&A Investment that the Privateco Group will not hold any assets other than those relating to the Distributed Business, nor be injected any major assets, nor dispose of any major assets, after the close of the Privateco Offer, unless prior approval by the holders of Privateco Shares has been obtained. J&A Investment has no intention to discontinue the appointment of the Privateco Group's directors and the employment of the Privateco Group's employees.

Interests of the Privateco Shareholders will be safeguarded by the articles of association of Privateco, which will contain comparable provisions required under the Listing Rules in respect of a listed issuer. Though there is no intention for the Privateco Group to conduct any fund-raising activities including rights issues, the Privateco Group may require further funding from the shareholders of Privateco to maintain or develop its businesses in the future.

TAXATION

You are recommended to consult your own professional advisers if you are in any doubt as to the taxation implications of your acceptance of the Privateco Offer. It is emphasised that none of J&A Investment, Privateco, Karl Thomson Financial, Karl Thomson Securities nor any of their respective directors and any persons involved in the Privateco Offer accepts responsibility for any tax effects or liabilities of any person or persons as a result of their acceptance of the Privateco Offer.

LETTER FROM KARL THOMSON FINANCIAL

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 Privateco Offer Composite Document and the Form of Acceptance and Transfer.

INDEPENDENT ADVICE

Messis Capital have been appointed as the independent financial adviser to advise the Independent Privateco Shareholders (i) as to whether the terms of the Privateco Offer are, or are not, fair and reasonable; and (ii) as to the acceptance of the Privateco Offer. Your attention is drawn to their letter of advice to the Independent Privateco Shareholders set out on pages 19 to 32 of the Privateco Offer Composite Document.

ADDITIONAL INFORMATION

Your attention is drawn to the section headed “Expected Timetable” on page 6 of the Privateco Offer Composite Document, the accompanying Form of Acceptance and Transfer, Appendix II with respect to the despatch of share certificate of Privateco Share and share transfer arrangement during and after the close of the Privateco Offer and the additional information set out in the appendices to this Privateco Offer Composite Document.

Yours faithfully,
For and on behalf of
Karl Thomson Financial Advisory Limited
Mr. Alex Chow
Director

LETTER FROM MESSIS CAPITAL

The following is the full text of the letter from Messis Capital Limited which sets out its advice to the Independent Privateco Shareholders for inclusion in this Privateco Offer Composite Document.



大有融資有限公司
MESSIS CAPITAL LIMITED

14 November 2012

To: The Independent Privateco Shareholders

Dear Sir/Madam,

**UNCONDITIONAL VOLUNTARY CASH OFFER BY
KARL THOMSON SECURITIES COMPANY LIMITED
ON BEHALF OF J&A INVESTMENT LIMITED
TO ACQUIRE ALL THE SHARES IN
KARFUND INVESTMENTS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE
ACQUIRED BY J&A INVESTMENT LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Privateco Shareholders in respect of the Privateco Offer, details of which are set out in the letter from the Privateco Board (the “**Board Letter**”) contained in the Privateco Offer Composite Document, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Privateco Offer Composite Document unless the context requires otherwise.

On 7 November 2012, the completion of the Distribution In Specie took place. Following the completion of the Distribution In Specie, J&A Investment became interested in 318,718,000 Privateco Shares, representing approximately 50.05% of the entire issued capital of the Privateco as at the Latest Practicable Date. Given that the Privateco Shares will not be listed on any stock exchange, holders of the Privateco Shares may find it difficult to liquidate their holdings in the Privateco Shares. J&A Investment considers, in these circumstances, that it is appropriate to provide holders of the Privateco Shares with an opportunity to realise their holdings in the Privateco Shares by making the Privateco Offer on an unconditional voluntary basis pursuant to the Takeovers Code.

Karl Thomson Securities is, on behalf of J&A Investment, making the Privateco Offer to the Independent Privateco Shareholders to acquire all Privateco Shares held by the Independent Privateco Shareholders (other than those already owned or agreed to be acquired by J&A Investment and parties acting in concert with it) on the basis of HK\$0.08 in cash for each Privateco Share held. The Privateco

LETTER FROM MESSIS CAPITAL

Offer is unconditional in all respects and in compliance with the Takeovers Code. Further details of the terms of the Privateco Offer, including the procedures for acceptance and settlement of the Privateco Offer, are set out in the letter from Karl Thomson Financial as contained in the Privateco Offer Composite Document.

As set out in the Board Letter, since the Privateco Board does not have any non-executive directors or independent non-executive directors, no independent committee of the Privateco Board can be formed to give recommendation to the Independent Privateco Shareholders in respect of the Privateco Offer. As such, we have been appointed as the independent financial adviser to advise the Independent Privateco Shareholders as to whether the Privateco Offer is fair and reasonable and to give an opinion and recommendation as to the acceptance of the Privateco Offer.

BASIS OF OUR OPINION

In arriving at our recommendation, we have relied on the statements, information and representations contained or referred to in the Privateco Offer Composite Document and the information provided and representations made to us by the Privateco Directors and the management of the Privateco. We have assumed that all statements, information and representations contained or referred to in the Privateco Offer Composite Document and all information provided and representations made by the Privateco Directors and the management of the Privateco, for which they are solely responsible, are true and accurate at the time they were provided and made and will continue to be so as at the Latest Practicable Date. Privateco Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date throughout the offer period (as defined under the Takeovers Code). We have no reason to doubt the truth, accuracy and completeness of the information provided and representations made to us by the Privateco Directors and the management of the Privateco. We consider that the information provided and representations made to us are sufficient for us to form a reasonable basis for our opinion. We are not aware of any 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. The Privateco Directors have confirmed that, having made all reasonable enquiries, and to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Privateco Offer Composite Document, including this letter, incorrect or misleading. We have not, however, carried out any independent verification of the information provided and representations made to us by the Privateco Directors and the management of the Privateco, nor have we conducted an independent investigation into the business and affairs of the Privateco Group and J&A Investment.

We have not considered the tax consequences on the Independent Privateco Shareholders of their acceptance or non-acceptance of the Privateco Offer since they are particular to their own individual circumstances. In particular, Independent Privateco Shareholders who are residents overseas or subject to overseas taxes and/or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Privateco Offer and, if in any doubt, should consult their own professional advisers.

LETTER FROM MESSIS CAPITAL

This letter is issued to the Independent Privateco Shareholders regarding the Privateco Offer for their information only, and except for its inclusion in the Privateco Offer Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the Privateco Offer and in formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. Background of the Privateco Offer

On 2 July 2012, Triumph Energy and the Company entered into the Subscription Agreement, pursuant to which Triumph Energy has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, the Subscription Shares, being an aggregate of 820,000,000 new Shares, at the price of HK\$0.25 per Subscription Share, subject to the terms and conditions of the Subscription Agreement. The Subscription Completion was conditional upon, among other things, the completion of the Distribution In Specie.

As disclosed in the Circular, potential investors, including Triumph Energy, have expressed their preference to the Company that they expected to see a clear segregation of its businesses and suggested that the Company primarily focus on its oil and gas business and disengage from its electroplating equipment business, which was carried out by ATNT. The Directors, on behalf of the Company, have considered the suggestions of the potential investors, including Triumph Energy, and in consideration of the Subscription and the opportunity to bring in the rich experience of the two executive Directors, namely Dr. Hui Chi Ming, G.B.S., J.P. and Mr. Neil Bush, in the oil and gas business, Mr. Lam and Mr. Nam have initiated the Distribution In Specie. Triumph Energy has clearly stated to the Directors that they are not interested in the existing business of ATNT. In light of the above, the Company agreed to disengage from its electroplating equipment business by way of the Distribution In Specie.

On 7 November 2012, completion of the Distribution In Specie took place. Following the completion of the Distribution In Specie, J&A Investment became interested in 318,718,000 Privateco Shares, representing approximately 50.05% of the entire issued capital of the Privateco as at the Latest Practicable Date. Given that the Privateco Shares will not be listed on any stock exchange, holders of the Privateco Shares may find it difficult to liquidate their holdings in the Privateco Shares. J&A Investment considers, in these circumstances, that it is appropriate to provide holders of the Privateco Shares with an opportunity to realise their holdings in the Privateco Shares by making the Privateco Offer on an unconditional voluntary basis pursuant to the Takeovers Code.

We noted that the Distribution In Specie and consequently the Privateco Offer were part of the arrangement for facilitating the Subscription. The Subscription was, as disclosed in the Circular, considered to be in the interest of the Company and the independent shareholders of the Company as a whole having considered that (i) the Group has recorded net losses attributable to the owners of the Company for four consecutive years since the year ended 31 December 2008 to the year ended 31 December 2011; (ii) the Group's business of provision of financial services was facing uncertain and

LETTER FROM MESSIS CAPITAL

difficult operating and market environment; (iii) the Group had bank and cash balances (excluding pledged fixed deposits and trust and segregated accounts) of only approximately HK\$11.6 million as at 30 June 2012, which was not sufficient for the Group to undertake the outstanding works under the Concession Agreement, and external financing must be secured in order to resume the exploration work in Egypt; (iv) the Subscription would provide additional capital for the Company and allow the Group to continue to invest in the oil and gas business without incurring interest costs whilst broadening the capital base of the Company; and (v) the Subscription would allow the Company to bring in the rich experience of Dr. Hui Chi Ming, G.B.S., J.P. and Mr. Neil Bush in the oil and gas business.

2. Background of J&A Investment and its intention regarding the Privateco

2.1 Information on J&A Investment

J&A Investment was, prior to the Subscription Completion, the controlling shareholder of the Company, holding a total of 318,718,000 Shares (representing approximately 50.05% of the then entire issued share capital of the Company) as at the date of the Joint Announcement. Following the Subscription Completion, the shareholding of J&A Investment in the Company was diluted to 21.88% while the number of Shares it holds remains unchanged.

J&A Investment is an investment holding company incorporated in the BVI with limited liability and save for its interests in the Company, it has not carried out any operations nor has any other major assets as at the Latest Practicable Date.

2.2 Intention of J&A Investment regarding the Privateco

As disclosed in letter from Karl Thomson Financial as set out in the Privateco Offer Composite Document, it is the intention of J&A Investment that the Privateco Group will neither make changes to its principal business nor conduct any business other than the Distributed Business. It is also the intention of J&A Investment that the Privateco Group will not hold any assets other than those relating to the Distributed Business, nor be injected any major assets, nor dispose of any major assets, after the close of the Privateco Offer, unless prior approval by the holders of the Privateco Shares has been obtained. Interests of the shareholders of the Privateco will be safeguarded by the articles of association of the Privateco, which will contain comparable provisions required under the Listing Rules in respect of a listed issuer. A summary of the key terms of the articles of association of the Privateco was included in the Circular. Though there is no intention for the Privateco Group to conduct any fund-raising activities including rights issues, the Privateco Group may require further funding from the shareholders of the Privateco to maintain or develop its businesses in the future.

3. Information on the Privateco

As at the Latest Practicable Date, the Privateco held 201,995,834 ATNT Shares, representing approximately 47.37% of all ATNT Shares in issue. The 201,995,834 ATNT Shares are the sole assets of the Privateco. ATNT is a company incorporated in Bermuda with limited liability and the shares of ATNT are listed on the main board of the Stock Exchange.

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Set out below is a summary of the audited financial statements of the Privateco Group for the three years ended 31 December 2011 and the summary of the unaudited financial statements of the Privateco Group for the six months ended 30 June 2011 and the six months ended 30 June 2012, which are extracted from Appendix II to the Privateco Offer Composite Document:

	Year ended 31 December 2009 HK\$'000	Year ended 31 December 2010 HK\$'000	Year ended 31 December 2011 HK\$'000	Six months ended 30 June 2011 HK\$'000 (unaudited)	Six months ended 30 June 2012 HK\$'000 (unaudited)
Revenue <i>(note 1)</i>	576	336	—	—	—
Profit/(loss) before taxation	442	124	(150)	(123)	(54)
Profit/(loss) for the year	442	124	(150)	(123)	(54)
	As at 31 December 2009 HK\$'000	As at 31 December 2010 HK\$'000	As at 31 December 2011 HK\$'000	As at 30 June 2011 HK\$'000	As at 30 June 2012 HK\$'000
Non-current assets <i>(note 2)</i>	53,398	53,398	53,398	53,398	53,398
Current assets	11	18	20	20	9
Current liabilities	(51,897)	(51,780)	(51,932)	(51,975)	(51,932)
Net assets	1,512	1,636	1,486	1,432	1,486

Notes:

- (1) Prior to 1 January 2011, the Privateco operated by leasing certain motor vehicles to subsidiaries of the Company. However, the Privateco ceased to operate this business with effect from 1 January 2011. All motor vehicles owned by the Privateco have been fully depreciated as at the Latest Practicable Date.
- (2) The non-current assets represent the historical investment cost in an associate (i.e. ATNT).

Remarks:

- (a) Consolidated financial statements of the Privateco Group have not been prepared as the Privateco is a wholly-owned subsidiary of the Company, whose financial statements that comply with the Hong Kong Financial Reporting Standards have been produced for public use.
- (b) The Privateco had no exceptional items in respect of size, nature or incidence for each of the three years ended 31 December 2009, 2010 and 2011 in accordance with Hong Kong Financial Reporting Standards.

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- (c) The Privateco had not declared any dividend for each of the three years ended 31 December 2009, 2010 and 2011.
- (d) For each of the years ended 31 December 2009, 2010 and 2011, the auditors of the Privateco Group did not issue a qualified opinion on the audited financial information of the Privateco Group.

4. Business prospect and outlook of the Privateco Group

We noted that the sole asset of the Privateco is the 201,995,834 ATNT Shares held by it. As the shares of ATNT are listed on the main board of the Stock Exchange, we have reviewed the published financial statements of ATNT to understand the business operation and financial performance of ATNT.

We noted from the latest interim report of ATNT for the six months ended 30 June 2012 that the ATNT Group was principally engaged in the electroplating equipment business, which comprises the design, manufacturing and sale of custom-built electroplating equipment, the sale of spare parts of electroplating machinery, and the provision of repairs and maintenance services. We also noted that within the ATNT Group's electroplating equipment business, the printed circuit board segment and the surface finishing segment are the most important business segments of ATNT in terms of revenue contribution, with each of the two segments contributing approximately 86% and approximately 13% respectively to the total revenue of the ATNT Group for the six months ended 30 June 2012.

We noted from the interim report of ATNT for the six months ended 30 June 2012 that the revenue for the ATNT Group for the period was approximately 61% less than the corresponding period in 2011 and that such decrease in revenue was mainly due to soft order backlogs captured since the quarter end of 2011. According to the interim report of ATNT, the on-going economic crisis in Euro-zone and the sluggish recovery of the economy of the United States of America continued to hurt the revenue of the ATNT Group as customers remained cautious and tended to defer delivery and scale back their capital investments in uncertain economic environment. ATNT went on to mention in its interim report that given the weak investment sentiment, it has been implementing cost control measures to reduce its operating cost and, coupled with its operation efficiency, its gross profit margin remained at about the same level as in the corresponding period in 2011 despite the general inflation in raw material and labour costs.

We noted that ATNT expected that the overwhelming demand in consumer electronic products, particularly smartphones and tablet devices, would lead to growth in its printed circuit boards segment of its electroplating equipment business. However, regarding its surface finishing segment of its electroplating equipment business, ATNT mentioned that its major customers who were willing to pay a higher premium for its branded and quality products were mainly located in Europe and the United States of America and as such, the surface finishing segment is expected to improve only when business sentiments in these regions improve.

According to the World Economic Outlook Update published by the International Monetary Fund ("IMF") on 16 July 2012, IMF mentioned that in the second quarter of 2012, the global economic recovery had shown signs of further weakness, with the financial markets and sovereign stresses having ratcheted up. IMF downgraded its estimate of the world economic growth in 2012 by 0.1 percentage point to 3.5% and it believed that the situation in the Euro area would likely remain

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precarious until all policy action needed for a resolution of the crisis has been taken. As such, ATNT expected that its business operating environment would continue to face headwind in the later part of 2012.

5. The Privateco Offer Price

Basis of determining the Privateco Offer Price

As disclosed in the Board Letter, the offer Price of HK\$0.08 per Privateco Share (the “**Privateco Offer Price**”) was determined on the basis that a value of HK\$0.25 was attached to each ATNT Share (the “**Attached Value per ATNT Share**”) after taking into account (i) the historical closing prices of the ATNT Shares; (ii) the low trading volume of the ATNT Shares; (iii) the fact that ATNT made a loss last year and in the first half of this year; and (iv) the Privateco Offer being an extra benefit extended to the minority Shareholders at the expense of J&A Investment. As the Privateco currently holds 201,995,834 ATNT Shares, the value of the Privateco based on the assumed value of HK\$0.25 per ATNT Share will be approximately HK\$50.5 million. Given that there were 636,843,612 Privateco Shares distributed to the Shareholders under the Distribution In Specie, each Privateco Share was therefore valued at HK\$0.08.

As set out in the Board Letter, for illustrative purpose, the net asset of the Privateco Group as at 29 June 2012 would have increased to approximately HK\$94.1 million assuming the Distribution In Specie had taken place on 29 June 2012 (the Last Trading Day). The net asset value per Privateco Share as of the Last Trading Day would have been HK\$0.148, calculated based on 636,843,612 Privateco Shares and the unaudited net asset value of approximately HK\$94.1 million. The Privateco Offer Price of HK\$0.08 per Privateco Share under the Privateco Offer would represent a discount of 45.9% to the net asset value per Privateco Share of HK\$0.148.

The Attached Value per ATNT Share

The Attached Value per ATNT Share of HK\$0.25 represents:

- (i) a discount of approximately 19.4% to the closing price of HK\$0.310 per ATNT Share on 29 June 2012, being the last trading day of the shares of the Company before the publication of the Joint Announcement (the “**Last Trading Day**”);
- (ii) a discount of approximately 24.7% to the average closing price of ATNT Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.332 per ATNT Share;
- (iii) a discount of approximately 18.6% to the average closing price of ATNT Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.307 per ATNT Share;
- (iv) a discount of approximately 62.1% to the audited consolidated net asset value attributable to the shareholders of ATNT of approximately HK\$0.660 per ATNT Share as at 31 December 2011; and

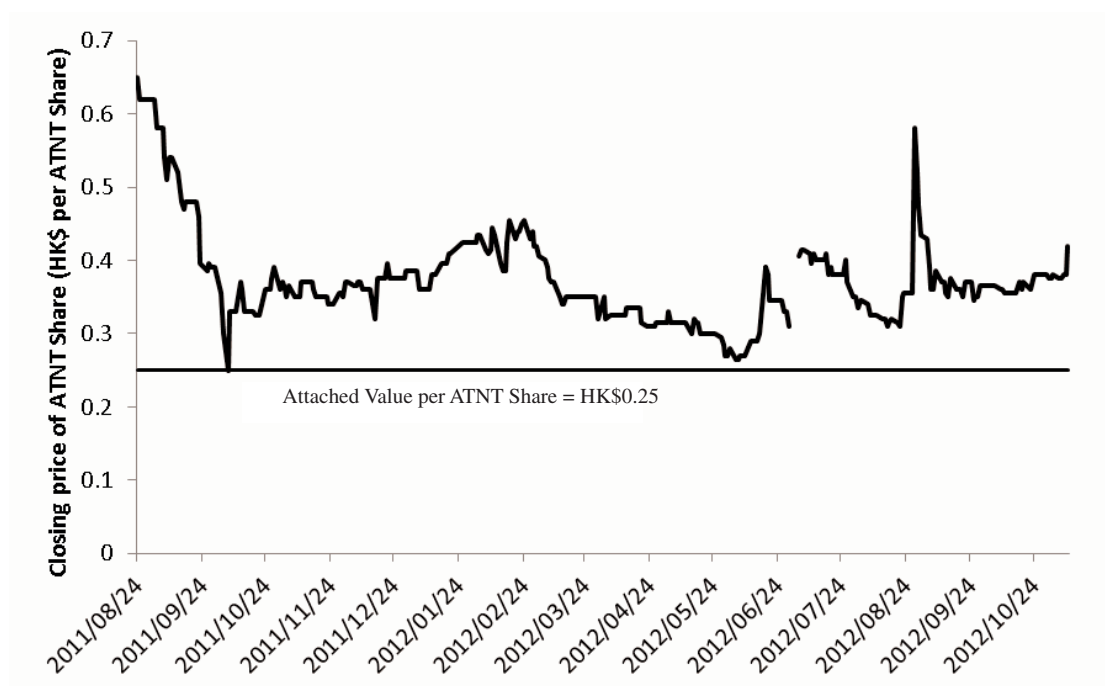
LETTER FROM MESSIS CAPITAL

- (v) a discount of approximately 58.2% to the unaudited consolidated net asset value attributable to the shareholders of ATNT of approximately HK\$0.598 per ATNT Share as at 30 June 2012.

Given that there are 636,843,612 Privateco Shares and that the Privateco currently holds 201,995,834 ATNT Shares, we note that approximately 3.1528 ATNT Shares are attributable to each Privateco Share. The Privateco Offer Price of HK\$0.08 per Privateco Share is calculated by dividing the assumed value of the Privateco (HK\$50.5 million by applying the assumed value of HK\$0.25 per ATNT Share to 201,995,834 ATNT Shares held by the Privateco) by the future enlarged issued Privateco Shares of 636,843,612. In other words, the Privateco Offer Price of HK\$0.08 per Privateco Share represents approximately 32% of the assumed value of ATNT Share. If the Privateco Offer Price is compared against any of the closing prices of the ATNT Share, the referencing closing price of ATNT Share should be reduced by approximately 68%. Comparison made on such basis would produce the same result as stated in the above, which means that the resulted discounts would be same as comparing the assumed value of HK\$0.25 per ATNT Share against the referencing closing prices stated in above.

Historical prices of the ATNT Shares

For the purpose of assessing the fairness and reasonableness of the Privateco Offer Price, we have reviewed the daily closing prices of the ATNT Shares as quoted on the Stock Exchange during the 12-month period prior to the date of the Joint Announcement and the period commencing from the date of the Joint Announcement and up to and including the Latest Practicable Date (the “**Review Period**”) and compare such closing prices of the ATNT Shares with the Attached Value per ATNT Share:



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During the Review Period, the closing prices of the ATNT Share ranged from HK\$0.25 per ATNT Share to HK\$0.65 per ATNT Share. We noted that the Attached Value per ATNT Share of HK\$0.25 is equal to the lowest closing price of the ATNT Share during the Review Period. Despite so, we noted that the Attached Value per ATNT Share is still within such range of the closing prices of the ATNT Shares during the Review Period.

We also noted the trading volume of ATNT Shares during the Review Period based on the information available from the Stock Exchange:

	Total monthly trading volume <i>(number of ATNT Shares)</i>	Approximate average daily trading volume <i>(number of ATNT Shares)</i>	Percentage of average daily trading volume to total number of issued ATNT Shares <i>(note)</i> <i>(approximate %)</i>
2011			
August (from 24 August 2011)	730,500	121,750	0.03%
September	5,762,000	288,100	0.07%
October	3,650,000	182,500	0.04%
November	2,109,000	95,864	0.02%
December	1,576,000	78,800	0.02%
2012			
January	642,500	35,694	0.01%
February	5,872,500	279,643	0.07%
March	702,000	31,909	0.01%
April	341,000	18,944	Negligible
May	805,000	36,591	0.01%
June	2,106,500	100,310	0.02%
July	2,449,000	116,619	0.03%
August	52,373,500	2,277,109	0.53%
September	15,649,000	749,286	0.18%
October	3,092,500	154,625	0.04%
November (up to and including the Latest Practicable Date)	858,500	143,083	0.03%

Note: According to the monthly returns filed by ATNT, the total number of issued ATNT Shares during the Review Period has remained unchanged at 426,463,000 ATNT Shares.

We noted that the average daily trading volume of ATNT Shares as a percentage of the total number of issued ATNT Shares ranged from negligible to approximately 0.53% during the Review Period. We further noted that the average daily trading volume of ATNT Shares during the entire

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Review Period was approximately 343,879 ATNT Shares, representing approximately 0.08% of the total number of issued ATNT Shares. Assuming the trading volume of ATNT Shares remains at such level of approximately 343,879 ATNT Shares per day and based on approximately 250 trading days per year, it would take more than 2.3 years to fully dispose of the 201,995,834 ATNT Shares currently held by the Privateco. As such, we consider that the liquidity of the ATNT Shares is very low. Hence, we consider that that given such low liquidity of the ATNT Shares, it is reasonable for the Attached Value per ATNT Share to have a discount to the closing price of HK\$0.31 per ATNT Share as at the Last Trading Day.

Comparable Companies

For the purpose of assessing the fairness and reasonableness of the Privateco Offer Price, we consider that it is relevant to assess the Privateco Offer Price by making reference to companies which are principally engaged in business similar to that of the Privateco Group.

As mentioned above, we noted that the Privateco Group is principally engaged in the electroplating equipment business, which comprises the design, manufacturing and sale of custom-built electroplating equipment, the sale of spare parts of electroplating machinery, and the provision of repairs and maintenance services.

For comparison purpose, we have, on a best effort basis, conducted a search of comparable companies (the “**Comparable Companies**”) which meet the criteria of (i) having listed on the Main Board of the Stock Exchange on or before the Latest Practicable Date; and (ii) being principally engaged in the manufacturing of electroplating equipment and machineries, the sales of spare parts of such machineries, and the provision of related repairs and maintenance services. However, according to our search result based on such criteria, we noted that none of the companies listed on the Main Board of the Stock Exchange was principally engaged in the exact same business as that of the Privateco Group. As such, we have changed the aforesaid criteria (ii) to being principally engaged in the manufacturing of industrial equipment and machineries and/or the provision of related repairs and maintenance services, with more than 50% of the total revenue attributable to such businesses.

Based on the abovementioned criteria, we have identified 10 Comparable Companies by searching through published information on the Stock Exchange’s website. To the best of our knowledge, effort and endeavour and based on our search conducted according to the abovementioned criteria, the list of Comparable Companies is an exhaustive list of companies meeting the abovementioned criteria.

According to the annual report of ATNT for the year ended 31 December 2011 and the interim report for the six months ended 30 June 2012, the ATNT Group recorded net losses for both periods. Accordingly, comparison using price-to-earnings multiples was not applicable. We have therefore conducted the analysis by comparing the price-to-book ratio (“**PBR**”) represented by the Attached Value per ATNT Share with the PBRs of the Comparable Companies.

According to the interim report of ATNT for the six months ended 30 June 2012, the equity attributable to the shareholders of ATNT was approximately HK\$254.9 million as at 30 June 2012.

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Based on 426,463,000 ATNT Shares as at 30 June 2012 as disclosed in the relevant monthly return filed by ATNT, the consolidated net asset value attributable to the shareholders of ATNT was approximately HK\$0.598 per ATNT Share as at 30 June 2012. The Attached Value per ATNT Share of HK\$0.25 therefore represents a PBR of approximately 0.42 times.

We have computed the PBR for each of the Comparable Companies based on (i) their respective market capitalisation as at 29 June 2012 and as at the Latest Practicable Date with reference to the closing prices of their respective shares as quoted on the Stock Exchange on those two days; and (ii) the equity attributable to the equity holders of the Comparable Companies as set out in their respective latest annual or interim reports published on or before the Latest Practicable Date. Whenever the equity figure in the annual or interim reports of the Comparable Companies was presented in United States dollars (“US\$”), we have converted it into HK\$ at a reference exchange rate of US\$1:HK\$7.8. If the figure was presented in Renminbi (“RMB”), we have converted it into HK\$ at a reference exchange rate of RMB1:HK\$1.22. Such reference exchange rates were solely for the purpose of this comparison.

We set out our findings in the table below:

Comparable Companies (stock code)	Market capitalisation as at the Last Trading Day (HK\$ million)	Market capitalisation as at the Latest Practicable Date (HK\$ million)	Equity attributable to the equity holders (HK\$ million)	PBR as at the Last Trading Day (approximate times)	PBR as at the Latest Practicable Date (approximate times)
Chen Hsong Holdings Limited (57)	1,447.3	1,308.9	2,817.0	0.51	0.46
Cosmos Machinery Enterprises Limited (118)	304.7	344.1	1,386.3	0.22	0.25
China Metal International Holdings Inc. (319)	1,245.4	1,375.9	2,180.3	0.57	0.63
Sun East Technology (Holdings) Limited (365)	122.9	118.1	296.1	0.41	0.40
L.K. Technology Holdings Limited (558)	2,150.4	1,493.9	1,715.7	1.25	0.87
Apollo Solar Energy Technology Holdings Limited (566)	3,048.8	3,559.2	11,141.4	0.27	0.32

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Comparable Companies (stock code)	Market capitalisation as at the Last Trading Day (HK\$ million)	Market capitalisation as at the Latest Practicable Date (HK\$ million)	Equity attributable to the equity holders (HK\$ million)	PBR as at the Last Trading Day (approximate times)	PBR as at the Latest Practicable Date (approximate times)
Sany Heavy Equipment International Holdings Company Limited (631)	12,885.8	12,389.5	6,883.3	1.87	1.80
China High Speed Transmission Equipment Group Co., Ltd (658)	3,270.6	3,638.5	9,147.9	0.36	0.40
Boer Power Holdings Limited (1685)	2,003.3	2,313.9	1,888.9	1.06	1.22
Haitian International Holdings Limited (1882)	12,225.4	14,284.2	6,087.2	2.01	2.35
			Minimum	0.22	0.25
			Maximum	2.01	2.35
			Average	0.85	0.87
			The Attached Value per ATNT Share	0.42	0.42

Source: Stock Exchange

As illustrated in the table above, we noted that the PBRs of the Comparable Companies as at 29 June 2012 ranged from approximately 0.22 times to approximately 2.01 times and that the average PBR of the Comparable Companies as at 29 June 2012 is approximately 0.85 times. We also noted that the PBRs of the Comparable Companies as at the Latest Practicable Date ranged from approximately 0.25 times to approximately 2.35 times and that the average PBR of the Comparable Companies as at the Latest Practicable Date is approximately 0.87 times.

We noted that the PBR represented by the Attached Value per ATNT Share of approximately 0.42 times is lower than the average PBR of the Comparable Companies as at both of the Last Trading Day and the Latest Practicable Date. However, as the Privateco Shares are not and will not be listed on any stock exchange even though the ATNT Shares are listed on the main board of the Stock Exchange, we consider that it is reasonable for the Privateco, as a non-listed company, to have a lower valuation than an average listed company engaged in similar businesses. Therefore, we consider that it is reasonable for the PBR represented by the Attached Value per ATNT Share to be lower than the average PBR of the Comparable Companies.

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In addition, although the PBR represented by the Attached Value per ATNT Share of approximately 0.42 times is lower than the average PBR of the Comparable Companies, we noted that such PBR represented by the Attached Value per ATNT Share is within the range of the PBRs of the Comparable Companies.

Independent Shareholders should note, however, that the above comparison is subject to certain limitations. For instance, the PBR of each Comparable Company may be affected by the difference in the specific circumstances facing each Comparable Company, such as their respective principal business, business strategy, market positioning, operational efficiency, growth prospect, etc. In addition, the above comparison is based on the PBR approach, which is most suitable for evaluating asset-based companies with plenty of assets on the books and may not be useful for service-based companies with few tangible assets.

Nevertheless, having considered that (i) the PBR approach is one of the most widely-adopted method for valuation and comparison purposes which offer direct and readily available results for comparison; and (ii) although the individual circumstances facing each Comparable Company may be different, each of the Comparable Company meet the criteria of being principally engaged in the manufacturing of industrial equipment and machineries and/or the provision of related repairs and maintenance services with more than 50% of the total revenue attributable to such businesses for the latest financial year, we consider that the above comparison provides a reasonable basis for us to form our view regarding the fairness and reasonableness of the Offer Price.

Our view

In view of the above and having considered in particular that (i) the Attached Value per ATNT Share is within the range of the closing prices of the ATNT Shares during the Review Period; (ii) the liquidity of the ATNT Shares is very low; and (iii) the PBR represented by the Attached Value per ATNT Share was within the range of the PBRs of the Comparable Companies, we consider that the Privateco Offer Price is fair and reasonable.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, in particular that:

- (i) as the Privateco Shares are not and will not be listed on any stock exchange, holders of the Privateco Shares may find it difficult to liquidate their holdings in the Privateco Shares and the Privateco Offer provides a cash exit for the Independent Privateco Shareholders to realise all or part of their investment in the Privateco;
- (ii) the business operating environment of the electroplating equipment business of the Privateco Group is likely to continue to be difficult in the near future;
- (iii) the Distribution In Specie and consequently the Privateco Offer were part of the arrangement for facilitating the Subscription, which, as disclosed in the Circular, was considered to be in the interest of the Company and the independent shareholders of the Company as a whole having considered in particular that the Subscription could provide

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additional capital for the Company and allow the Group to continue to invest in the oil and gas business without incurring interest costs whilst broadening the capital base of the Company and that the Subscription would allow the Company to bring in the rich experience of Dr. Hui Chi Ming, G.B.S., J.P. and Mr. Neil Bush in the oil and gas business;

- (iv) although the Attached Value per ATNT Share represents discounts to the daily closing prices of the ATNT Shares on most of the trading days during the Review Period, Independent Privateco Shareholders should note that the liquidity of the ATNT Shares is very low and that the Attached Value per ATNT Share is still within the range of the closing prices of the ATNT Shares during the Review Period; and
- (v) although the PBR represented by the Attached Value per ATNT Share is lower than the average PBR of the Comparable Companies, Independent Privateco Shareholders should note that the Privateco is a non-listed company and may have a lower valuation than an average listed company engaged in similar businesses and that the PBR represented by the Attached Value per ATNT Share is still within the range of the PBRs of the Comparable Companies,

we consider that the Privateco Offer provides a cash exit for the Independent Privateco Shareholders to realise all or part of their investments in the Privateco and that the terms of the Privateco Offer are fair and reasonable so far as the Independent Privateco Shareholders are concerned. Accordingly, we recommend the Independent Privateco Shareholders to accept the Privateco Offer.

Independent Privateco Shareholders are advised that their decision to realise or to hold their investment in the Privateco Shares depends on their own individual circumstances and investment objectives. Those Independent Privateco Shareholders who wish to retain part or all of their shareholding in the Privateco should note that the Privateco Shares will not be listed on any stock exchange and accordingly, they may find it difficult to liquidate their holdings in the Privateco Shares. Accordingly, those Independent Privateco Shareholders should carefully consider the future intentions of J&A Investment regarding the Privateco Group after the close of the Privateco Offer, details of which are set out in the Board Letter.

Yours faithfully,
For and on behalf of
Messis Capital Limited
Robert Siu
Executive Director

PROCEDURES FOR ACCEPTANCE

The Distribution In Specie took place on 7 November 2012, by which the Privateco Shares were distributed to the Privateco shareholders whose names appeared on the register of members of Company on 30 October 2012 on the basis of one Privateco Share for each share in the Company then held. Share certificates of Privateco will be posted AFTER the close of the Privateco Offer by ordinary post, at their own risk, ONLY to the Privateco Shareholders who do not accept the Privateco Offer. One share certificate of Privateco will be posted to each Privateco Shareholder who does not accept the Privateco Offer. As such, the acceptance procedures explained below precludes the requirement to submit any share certificate(s) of Privateco Share(s).

Your registered holding of Privateco Shares is set out in Box B in the accompanying Form of Acceptance and Transfer. To accept the Privateco Offer, whether in full or in part of your Privateco Shares, you should duly complete the Form of Acceptance and Transfer in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Privateco Offer.

- (a) If your Privateco Shares are held directly in your name and you wish to accept the Privateco Offer, you should duly complete the Form of Acceptance and Transfer in accordance with the instructions printed thereon and send it by post or by hand to the Registrar (Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong) marked "Karfun Investments Limited Offer" on the envelope.
- (b) If your Privateco Shares are held through your licensed securities dealer/registered institution in securities/custodian bank through CCASS, you must instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Privateco Offer on your behalf on or before the deadline set out by HKSCC Nominees Limited. In order to meet such deadline, you should check with your licensed securities dealer/registered institution in securities/custodian bank on the timing for the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them.
- (c) If your Privateco Shares are held through your Investor Participant Account maintained with CCASS, you must give your instruction via the CCASS Phone System or the CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.

The completed Form of Acceptance and Transfer should be forwarded by post or by hand to, which should also reach, the Registrar (Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong) marked "Karfun Investments Limited Offer" on the envelope by no later than 4:00 p.m. on 5 December 2012 (being the Closing Date).

Acceptance of the Privateco Offer will be treated as valid only if the duly completed Form of Acceptance and Transfer is received by the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as J&A Investment may determine in compliance with the requirements of the Takeovers Code and announce, and is:

- i. if you acquire the Privateco Shares after 30 October 2012, accompanied by the relevant transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to establish your right to become the registered holder of the relevant Privateco Shares; or
- ii. from a registered Independent Privateco 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 Privateco Shares which are not taken into account under another sub-paragraph of this paragraph); or
- iii. certified by the Registrar or the Stock Exchange.

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

No acknowledgement of receipt of any Form of Acceptance and Transfer will be given. Your attention is also drawn to the further details regarding the procedures for acceptance set out in the Form of Acceptance and Transfer.

SETTLEMENT

Provided that a valid Form of Acceptance and Transfer is complete and in good order and has been received by the Registrar by no later than 4:00 p.m. on the Closing Date, a cheque for the amount representing the consideration due to you in respect of the Privateco Shares tendered by you under the Privateco Offer will be despatched to you by ordinary post at your own risk as soon as possible but in any event within 7 Business Days of the date on which the duly completed Form of Acceptance and Transfer which renders such acceptance complete and valid is received by the Registrar.

Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holder(s) should contact J&A Investment for payment. The correspondence address of J&A Investment is 27/F, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong.

Settlement of the consideration to which any Privateco Shareholder is entitled under the Privateco Offer will be implemented in full in accordance with the terms of the Privateco Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which J&A Investment may otherwise be, or claim to be, entitled against such Privateco Shareholder.

NOMINEE REGISTRATION

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

DELIVERY BY POST

All documents and remittances sent by or to the Privateco Shareholders by ordinary post will be sent by or to them at their own risk. Such documents and remittances will be sent to the Privateco Shareholders at their respective addresses as they appear in the register of members of Privateco or in the case of joint Privateco Shareholders, to the Privateco Shareholder whose name first appears in the register of members of Privateco. None of J&A Investment, Privateco, Karl Thomson Financial, Karl Thomson Securities, nor any of their respective directors, agents, advisers or any other parties involved in the Privateco Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

ACCEPTANCE PERIOD, EXTENSIONS AND REVISIONS

Unless the Privateco Offer has previously been extended or revised, the latest time for acceptance under the Privateco Offer is at 4:00 p.m. on 5 December 2012 (being the Closing Date).

If the Privateco Offer is extended or revised, an announcement of such extension or revision will be published by J&A Investment on the Stock Exchange's website, the Company website and the SFC's website by 7:00 p.m. on the Closing Date which will state either the next closing date or that the Privateco Offer will remain open until further notice. In the latter case, it will remain open for acceptance for a period of not less than 14 days from the posting of the written notification of the extension or revision to those Independent Privateco Shareholders who have not accepted the Privateco Offer and, unless previously extended or revised, shall be closed on the subsequent closing date. The benefit of any revision of the Privateco Offer will also be available to all Privateco Shareholders who have previously accepted the Privateco Offer. The execution of any Form of Acceptance and Transfer by or on behalf of any Privateco Shareholders who have previously accepted the Privateco Offer shall be deemed to constitute acceptance of any revised Privateco Offer.

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

ANNOUNCEMENTS

By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), J&A Investment shall inform the Executive of its intention in relation to the extension or revision of the Privateco Offer. J&A Investment shall publish an announcement on the Stock Exchange's website under the Company by 7:00 p.m. on the Closing Date stating whether the Privateco Offer has been revised or extended. Such announcement shall state the total number of Privateco Shares and rights over Privateco Shares:

- (i) for which acceptances of the Privateco Offer have been received;
- (ii) held, controlled or directed by J&A Investment and any parties acting in concert with it before 23 August 2012 (being the commencement date of the offer period as defined in the Takeovers Code for the Privateco Offer); and
- (iii) acquired or agreed to be acquired during the offer period (as defined in the Takeovers Code) for the Privateco Offer by J&A Investment and any parties acting in concert with it.

The announcement must state whether or not any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Privateco which J&A Investment and parties acting in concert with it have borrowed or lent, save for any borrowed shares which have been either on-lent or sold, and the details of the borrowing and lending of such securities.

The announcement must also specify the percentages of the issued share capital of Privateco, and the percentages of voting rights, represented by the total number of issued Privateco Shares.

In computing the number of Privateco Shares in accordance with the Takeovers Code represented by acceptances, only valid acceptances that are complete and in good order and which have been 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 Executive may in exceptional circumstances permit) shall be included.

As required under the Takeovers Code, all announcements in relation to the Privateco Offer in respect of which the Executive has confirmed that he has no further comments thereon must be published as a paid announcement in at least one English language newspaper and one Chinese language newspaper, being in each case a newspaper which is published daily and circulating generally in Hong Kong. All documents published in respect of Privateco will be delivered to the Executive in electronic form for publication on the SFC's website.

RIGHT OF WITHDRAWAL

Acceptance of the Privateco Offer tendered by the Privateco Shareholders shall be irrevocable and cannot be withdrawn unless the Executive requires that a right of withdrawal is granted in the event that the requirements of Rule 19 of the Takeovers Code relating to the announcement of results of offer as described in the paragraph headed "Announcements" above have not been complied with.

It is the responsibility of any such persons who wish to accept the Privateco Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to J&A Investment that the local laws and requirements have been fully complied with. Privateco Shareholders should consult their professional adviser if in doubt.

GENERAL

- (i) Acceptance of the Privateco Offer by any person will be deemed to constitute a warranty by such person to J&A Investment and Privateco that the Privateco Shares sold under the Privateco Offer are sold by such person free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances or third party rights of any nature and the relevant Privateco Shares are sold with all rights attaching or accruing thereto, including the right to receive all dividends and distributions declared, paid or made on or after the date of the issue of those Privateco Shares.
- (ii) All communications, notices, Form of Acceptance and Transfer and remittances to settle the consideration payable under the Privateco Offer to be delivered by or sent to or from the accepting Privateco Shareholders will be delivered by or sent to or from them, or their designated agents, by post at their own risk, and None of J&A Investment, Privateco, Karl Thomson Financial, Karl Thomson Securities nor any of their respective directors, agents and advisers accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (iii) The provisions set out in the Form of Acceptance and Transfer form part of the terms of the Privateco Offer.
- (iv) The accidental omission to despatch this Privateco Offer Composite Document and/or the Form of Acceptance and Transfer to any person to whom the Privateco Offer is made will not invalidate the Privateco Offer in any way.
- (v) The Privateco Offer, all acceptances thereof and contracts resulting therefrom will be governed by and construed in accordance with the laws of Hong Kong.
- (vi) References to the Privateco Offer in this Privateco Offer Composite Document and in the Form of Acceptance and Transfer shall include any revision or extension thereof.
- (vii) Due execution of the Form of Acceptance and Transfer will constitute an irrevocable authority to any director of the J&A Investment or Karl Thomson Securities or such person or persons as the J&A Investment or Karl Thomson Securities may direct to complete and execute, on behalf of the person accepting the Privateco Offer, any document and to do any other act that may be necessary or expedient for the purpose of vesting in the J&A Investment, or such other person(s) as the J&A Investment shall direct, all rights of the accepting Privateco Shareholders in respect of the Privateco Shares which are the subject of such acceptance.

APPENDIX II**DESPATCH OF SHARE CERTIFICATE OF PRIVATECO
SHARE AND SHARE TRANSFER ARRANGEMENT DURING
AND AFTER THE CLOSE OF THE PRIVATECO OFFER**

DESPATCH OF SHARE CERTIFICATE OF PRIVATECO SHARE

Share certificate of Privateco Share will be despatched to the Privateco Shareholders who do not accept the Privateco Offer by post at your own risk within 5 Business Days after the Closing Date:

- (a) to you directly at the address as recorded on the register of members of the Company on 30 October 2012 if you held the Privateco Shares directly in your name;
- (b) to CCASS if your Privateco Shares are held through (i) your licensed securities dealer/registered institution in securities/custodian bank through CCASS; or (ii) your Investor Participant Account maintained with CCASS

For the case of (b), the share certificates of Privateco Share will be issued in the name of “HKSCC Nominees Limited”. Unless your licensed securities dealer / registered institution in securities/custodian bank applies for withdrawal from CCASS, the share certificates of Privateco Share will be temporarily held at CCASS. When you, through your licensed securities dealer / registered institution in securities/custodian bank, receive the share certificate, you are recommended to transfer the share certificate back to your own name. Please refer to below for the procedures in respect of the transfer of the Privateco Shares.

WITHDRAWAL FROM CCASS

The Privateco Shares will not be listed on the Stock Exchange (or any other stock exchange). Accordingly, the Privateco Shares will not be accepted as eligible securities by HKSCC for deposit, clearance or settlement in CCASS. The Privateco Shares received by any persons holding their Privateco Shares through CCASS will initially be held in the name of HKSCC Nominees. HKSCC will not however provide any transfer services in respect of any Privateco Shares. Any person holding any Privateco Shares through HKSCC Nominees wishing to transfer Privateco Shares must first arrange for withdrawal of such Privateco Shares from CCASS and the registration of the Privateco Shares in his own name.

A fee of HK\$1.00 will be charged by HKSCC for each withdrawal.

PROCEDURES FOR TRANSFER OF THE PRIVATECO SHARES

The Registrar will maintain a register of holders of Privateco Shares in Hong Kong and is appointed as the transfer agent to receive documents in respect of splitting and registration of transfer of the Privateco Shares.

(a) Transfer after the close of the Privateco Offer

A transfer of the Privateco Shares shall be effected by completing and signing an instrument of transfer and, if applicable, bought and sold notes by both the transferor and transferee under the hand of their officers duly authorized in writing or otherwise by a duly authorised person. The instrument

APPENDIX II**DESPATCH OF SHARE CERTIFICATE OF PRIVATECO
SHARE AND SHARE TRANSFER ARRANGEMENT DURING
AND AFTER THE CLOSE OF THE PRIVATECO OFFER**

of transfer and, if applicable, bought and sold notes can be obtained at the office of the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, and the signed instruments of transfer must be delivered for registration at the aforesaid office of the Registrar from 9:00 a.m. to 4:30 p.m. on any Business Day.

The Privateco Board may decline to recognise any instrument of transfer and, if applicable, bought and sold notes unless:

- (i) a fee of HK\$2.50 per certificate (or such higher amount as may from time to time be permitted in accordance with rules prescribed by the Stock Exchange) or such lesser sum as the Privateco Directors may from time to time determine is paid to the Registrar in respect thereof;
- (ii) the instrument of transfer and, if applicable, bought and sold notes is accompanied by the certificate of the Privateco Shares to which it relates, and such other evidence as the Privateco Board may reasonably require to show the right of the transferor to make the transfer;
- (iii) the instrument of transfer and, if applicable, bought and sold notes is in respect of only one class of share; and
- (iv) the instrument of transfer and, if applicable, bought and sold notes is properly stamped (if necessary*).

(b) Transfer of Privateco Shares during the Privateco Offer

If you held the Privateco Shares directly in your name, the registration for transfer of your Privateco Shares shall be jointly processed by Privateco and the Registrar. Transferor, meaning the registered holder of the Privateco Shares at the Record Date on 30 October 2012, shall send the following documents to Privateco marked "Karfun Investments Limited Offer":

- (i) Title document to establish your position as the registered holder of the Privateco Shares as at 30 October 2012 (for example, copy of share certificate of the Company);
- (ii) Contact telephone of transferor;
- (iii) Name, address and occupation of transferee;
- (iv) Number of Privateco Shares to be transferred;
- (v) Confirmation from the transferee whether he/she will accept the Privateco Offer.

APPENDIX II**DESPATCH OF SHARE CERTIFICATE OF PRIVATECO
SHARE AND SHARE TRANSFER ARRANGEMENT DURING
AND AFTER THE CLOSE OF THE PRIVATECO OFFER**

The contact details of Privateco for the transfer of Privateco Shares during the Privateco Offer are:

By email: karfun@ktg.com.hk (this email is only valid until 31 December 2012)

By fax: 3753 3149

By post: 27th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong

If you held the Privateco Shares through (i) your licensed securities dealer / registered institution in securities / custodian bank through CCASS; or (ii) your investor Participant Account maintained with CCASS, please consult your licensed securities dealer / registered institution in securities / custodian bank / CCASS.

(c) Additional information

Each new certificate to be issued upon a transfer of the Privateco Shares will be made available for personal collection by the holder entitled thereto during normal business hours (from 9:00 a.m. to 4:30 p.m.) on any Business Day at the aforesaid office of the Registrar from the tenth Business Day onwards following receipt of the documents specified above by the Registrar and upon production of such identification papers as may be reasonably requested by Privateco or the Registrar.

Where some but not all of the Privateco Shares in respect of which a certificate is issued are to be transferred, a new certificate in respect of the balance of the Privateco Shares not so transferred will be made available for personal collection by the holder entitled thereto during normal business hours (from 9:00 a.m. to 4:30 p.m.) on any Business Day at the aforesaid office of the Registrar from the tenth Business Day onwards following receipt of the documents specified above by the Registrar and upon production of such identification papers as may be reasonably requested by Privateco or the Registrar.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

I. THREE YEARS FINANCIAL SUMMARY OF THE PRIVATECO GROUP

Set out below is a financial summary of Privateco Group for the three financial years ended 31 December 2011 primarily extracted from the audited report issued by Privateco:

Results

	Year ended 31 December		
	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
Revenue	<u>576</u>	<u>336</u>	<u>—</u>
Profit (loss) before taxation	442	124	(150)
Taxation charge	<u>—</u>	<u>—</u>	<u>—</u>
Profit (loss) for the year	<u>442</u>	<u>124</u>	<u>(150)</u>
Profit (loss) for the year attributable to shareholders of Karfun Investments Limited	<u>442</u>	<u>124</u>	<u>(150)</u>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Earning (loss) per share	<u>44.2</u>	<u>12.4</u>	<u>(15.0)</u>

Assets and liabilities

	As at 31 December		
	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000
Non-current assets	53,398	53,398	53,398
Current assets	11	18	20
Current liabilities	<u>(51,897)</u>	<u>(51,780)</u>	<u>(51,932)</u>
Net assets	<u>1,512</u>	<u>1,636</u>	<u>1,486</u>
Equity attributable to shareholders of Karfun Investments Limited	<u>1,512</u>	<u>1,636</u>	<u>1,486</u>

Notes

- (a) *The Privateco Group had no exceptional items in respect of size, nature or incidence for each of the years ended 31 December 2009, 2010 and 2011 in accordance with Hong Kong Financial Reporting Standards.*
- (b) *Privateco had not declared any dividend for each of the years ended 31 December 2009, 2010 and 2011.*
- (c) *For each of the years ended 31 December 2009, 2010 and 2011, the auditors of the Privateco Group did not issue a qualified opinion on the audited financial information of the Privateco Group.*

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

II. AUDITED FINANCIAL STATEMENTS OF THE PRIVATECO GROUP FOR THE YEAR ENDED 31 DECEMBER 2011**STATEMENT OF COMPREHENSIVE INCOME***31 December 2011*

	<i>NOTES</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Revenue - rental income		—	336
Operating expenses		<u>(150)</u>	<u>(212)</u>
(Loss) profit before taxation	7	(150)	124
Taxation	8	<u>—</u>	<u>—</u>
(Loss) profit and total comprehensive (expense) income for the year		<u><u>(150)</u></u>	<u><u>124</u></u>

STATEMENT OF FINANCIAL POSITION*31 December 2011*

	<i>NOTES</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Motor vehicles	9	—	—
Investment in an associate	10	<u>53,398</u>	<u>53,398</u>
		<u>53,398</u>	<u>53,398</u>
CURRENT ASSETS			
Bank balances	11	<u>20</u>	<u>18</u>
CURRENT LIABILITIES			
Amount due to a fellow subsidiary	12	579	427
Amount due to immediate holding company	12	<u>51,353</u>	<u>51,353</u>
		<u>51,932</u>	<u>51,780</u>
NET CURRENT LIABILITIES			
		<u>(51,912)</u>	<u>(51,762)</u>
		<u><u>1,486</u></u>	<u><u>1,636</u></u>
CAPITAL AND RESERVES			
Share capital	13	10	10
Reserves		<u>1,476</u>	<u>1,626</u>
		<u><u>1,486</u></u>	<u><u>1,636</u></u>

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

STATEMENT OF CHANGES IN EQUITY

31 December 2011

	Share capital	Shareholder's contribution	Retained profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At January 1, 2010	10	1,244	258	1,512
Profit and total comprehensive income for the year	<u>—</u>	<u>—</u>	<u>124</u>	<u>124</u>
At December 31, 2010	10	1,244	382	1,636
Loss and total comprehensive expense for the year	<u>—</u>	<u>—</u>	<u>(150)</u>	<u>(150)</u>
At December 31, 2011	<u>10</u>	<u>1,244</u>	<u>232</u>	<u>1,486</u>

STATEMENT OF CASH FLOWS

31 December 2011

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
OPERATING ACTIVITY		
(LOSS) PROFIT BEFORE TAXATION AND CASH (USED IN) FROM OPERATING ACTIVITY	<u>(150)</u>	<u>124</u>
FINANCING ACTIVITIES		
Advance from a fellow subsidiary	152	219
Repayment to immediate holding company	<u>—</u>	<u>(336)</u>
NET CASH FROM (USED IN) FINANCING ACTIVITIES	<u>152</u>	<u>(117)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2	7
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>18</u>	<u>11</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances	<u>20</u>	<u>18</u>

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

1. GENERAL

Karfun Investments Ltd (“Privateco”) is a private limited company incorporated in Hong Kong. Its immediate holding company is Karl Thomson (B.V.I.) Limited, a company incorporated in the British Virgin Islands (“BVI”). Its ultimate holding company is J&A Investment Limited, a company incorporated in the BVI. The address of registered office and principal place of business of the Company is 27/F, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong.

The Privateco engages in the business of investment holding.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Privateco.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis because its intermediate holding company has agreed to provide adequate funds to enable the Privateco to meet in full its financial obligations as they fall due for the foreseeable future.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Privateco has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Amendments to HKFRSs HKAS 24 (as revised in 2009)	Improvements to HKFRSs issued in 2010 Related party disclosures
Amendments to HKAS 32	Classification of rights issues
Amendments to HK(IFRIC)- INT 14	Prepayments of a minimum funding requirement
HK (IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments

The application of these new and revised HKFRSs in the current year has had no material effect on the Privateco’s financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

The Privateco has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle ²
Amendments to HKFRS 1	Government Loans ²
Amendments to HKFRS 7	Disclosures - Transfers of financial assets ¹
Amendments to HKFRS 7	Disclosures - Offsetting financial assets and financial liabilities ²
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures ³
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance ²
HKFRS 9	Financial instruments ³
HKFRS 10	Consolidated financial statements ²
HKFRS 11	Joint arrangements ²
HKFRS 12	Disclosure of interests in other entities ²
HKFRS 13	Fair value measurement ²
Amendments to HKAS 1	Presentation of items of other comprehensive income ⁵
Amendments to HKAS 12	Deferred tax - Recovery of underlying assets ⁴
HKAS 19 (as revised in 2011)	Employee benefits ²
HKAS 27 (as revised in 2011)	Separate financial statements ²
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures ²
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ⁶
HK(IFRIC) - INT 20	Stripping costs in the production phase of a surface mine ²

¹ Effective for annual periods beginning on or after July 1, 2011.

² Effective for annual periods beginning on or after January 1, 2013.

³ Effective for annual periods beginning on or after January 1, 2015.

⁴ Effective for annual periods beginning on or after January 1, 2012.

⁵ Effective for annual periods beginning on or after July 1, 2012.

⁶ Effective for annual periods beginning on or after January 1, 2014.

The Privateco Directors anticipate that the application of the new and revised HKFRSs will have no material impact on the financial statements.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost basis as explained in the accounting policies set out below and in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Revenue recognition

Revenue was measured at the fair value of the consideration received or receivable and represented amounts receivable for services provided in the normal course of business.

Rental income were recognised on a straight-line basis over the term of relevant lease.

Investment in an associate

Investment in an associate is included in the Privateco's statement of financial position at cost, less any identified impairment loss. The result of an associate is accounted for by the Privateco on the basis of dividends received and receivable during the year.

Motor vehicles

Motor vehicles are stated in the statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of motor vehicles less their residual values over their estimated useful lives, using the straight-line method, at 20% per annum. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of motor vehicles is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of the asset is determined as the difference between sales proceeds and the carrying amount of the item and is recognised in profit or loss.

Impairment

At the end of the reporting period, the Privateco reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Privateco estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

Recoverable amount is the higher of fair value 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 assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Privateco becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Privateco's financial assets are loans and receivables. The accounting policy adopted in respect of loans and receivables is set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables including bank balances are carried at amortised cost using the effective interest method, less any identified impairment losses.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Privateco as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Privateco after deducting all of its liabilities. Equity instruments issued by the Privateco are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

Financial liabilities

Financial liabilities including amounts due to group companies are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Privateco derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Privateco neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Privateco continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Privateco retains substantially all the risks and rewards of ownership of a transferred financial asset, the Privateco continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Privateco derecognises financial liability when, and only when, the Privateco's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items of income or expense that are never taxable and deductible. The Privateco's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arise from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Privateco expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

5. CAPITAL RISK MANAGEMENT

The Privateco manages its capital to ensure the Privateco will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Privateco's overall strategy remains unchanged from prior year.

The capital structure of the Privateco consists of cash and cash equivalents and equity attributable to owner of the Privateco, comprising issued share capital, shareholder's contribution and retained profits.

The Privateco Directors review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Privateco will balance its overall capital structure through the payment of dividends and new share issues.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets		
Loans and receivables (including cash and cash equivalents)	<u>20</u>	<u>18</u>
Financial liabilities		
Amortised cost	<u>51,932</u>	<u>51,780</u>

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

Financial risk management objectives and policies

The Privateco's major financial instruments include bank balances and amounts due to group companies. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Cash flow interest rate risk

The Privateco is exposed to cash flow interest rate risk in relation to variable-rate financial assets of bank balances. The Privateco currently does not have interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises. Interest rate fluctuations will not have a significant impact on the Privateco as the bank balances are not material.

Credit risk

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-ratings agencies.

Liquidity risk

The Privateco's remaining contractual maturity for its non-derivative financial liability with undiscounted cash flow of HK\$51,931,786 (2010: HK\$51,780,281), based on the earliest date on which the Privateco is required to pay, is repayable within one year.

The Privateco had difficulty in raising funds as the result of the net current liabilities as at the end of the reporting period. As mentioned in note 2, the intermediate holding company has agreed to provide financial support to the Privateco to meet in full its financial obligations as they fall due for the foreseeable future.

Fair value

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions as input.

The Privateco Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

7. (LOSS) PROFIT BEFORE TAXATION

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss) profit before taxation has been arrived at after charging:		
Auditor's remuneration	—	—
Directors' remuneration	<u>—</u>	<u>—</u>

Auditor's remuneration for both years was borne by a fellow subsidiary.

8. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the Privateco incurred tax loss for the six months ended 30 June 2011 and 2012.

Hong Kong Profits Tax is calculated at 16.5% for both years.

The taxation for the year can be reconciled to the (loss) profit before taxation per the statement of comprehensive income as follows:

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss) profit before taxation	<u>(150)</u>	<u>124</u>
Taxation charge at the Hong Kong Profits Tax rate of 16.5%	(25)	20
Tax effect of tax losses not recognised	25	—
Tax effect of utilisation of tax losses previously not recognised	—	(16)
Others	<u>—</u>	<u>(4)</u>
	<u>—</u>	<u>—</u>

At December 31, 2011, the Privateco had estimated tax losses of HK\$393,000 (2010: HK\$240,000) available for offset against future profit. No deferred tax asset has been recognised in the financial statements due to the unpredictability of future profit streams.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

9. MOTOR VEHICLES

	<i>HK\$'000</i>
COST	
At January 1, 2010, December 31, 2010 and December 31, 2011	1,937
DEPRECIATION	
At January 1, 2010 and December 31, 2010 and December 31, 2011	<u>1,937</u>
CARRYING VALUE	
At December 31, 2010 and December 31, 2011	<u>—</u>

10. INVESTMENT IN AN ASSOCIATE

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of investment in an associate - Listed in Hong Kong	<u>53,398</u>	<u>53,398</u>
Fair value of listed investment	<u>76,766</u>	<u>101,008</u>

The amount represents the 47.37% equity interest in ATNT. At December 31, 2011, the issued and fully paid share capital of ATNT was 426,463,400 ordinary shares of HK\$0.01 each. ATNT and its subsidiaries are mainly engaged in electroplating equipment business. The principal places of operation of ATNT and its subsidiaries are in The People's Republic of China, including Hong Kong.

Consolidated financial statements have not been prepared as the Privateco is a wholly-owned subsidiary of the Company, whose financial statements that comply with Hong Kong Financial Reporting Standards have been produced for public use.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

The following details have been extracted from the audited consolidated financial statements of ATNT:

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	511,589	578,244
Total liabilities	<u>(225,670)</u>	<u>(261,594)</u>
Net assets	<u>285,919</u>	<u>316,650</u>
Revenue	<u>606,422</u>	<u>601,362</u>
(Loss) profit for the year	<u>(37,869)</u>	<u>31,107</u>

11. CURRENT FINANCIAL ASSETS

Bank balances comprise short-term bank deposits. Bank balances bearing interest at market interest rates at 0.01% (2010: 0.01%) per annum with an original maturity of three months or less.

12. CURRENT FINANCIAL LIABILITIES

Amounts due to a fellow subsidiary and immediate holding company are unsecured, non-interest bearing and repayable on demand.

13. SHARE CAPITAL

	2011 & 2010
	<i>HK\$'000</i>
Authorised, issued and fully paid:	
10,000 ordinary shares of HK\$1 each	<u>10</u>

There was no movement in share capital in both years.

14. RELATED PARTY TRANSACTIONS

The amounts due from and to group companies was disclosed in statement of financial position on page III-2 and in note 12 to the financial statements. During the year ended December 31, 2010, the Privateco received motor vehicles rental income of HK\$336,000 from fellow subsidiaries. The amount was determined at prices agreed between the parties.

No compensation was paid to key management personnel for both years.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

III. UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE PRIVATECO GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2012

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	<i>NOTES</i>	Six months ended 30 June 2012	2011
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(unaudited)</i>	<i>(unaudited)</i>
Operating expenses		<u>(54)</u>	<u>(123)</u>
Loss before taxation	7	(54)	(123)
Taxation	8	<u>—</u>	<u>—</u>
Loss and total comprehensive expense for the period		<u><u>(54)</u></u>	<u><u>(123)</u></u>

The Privateco Group has no exceptional items in respect of size, nature or incidence for the six months ended 30 June 2012 nor the corresponding period in 2011. No dividend was paid, declared or proposed during the six months ended 30 June 2012 nor the corresponding period in 2011.

STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	<i>NOTES</i>	30 June 2012	31 December 2011
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(unaudited)</i>	<i>(audited)</i>
NON-CURRENT ASSETS			
Motor vehicles	9	—	—
Investment in an associate	10	<u>53,398</u>	<u>53,398</u>
		<u>53,398</u>	<u>53,398</u>
CURRENT ASSETS			
Bank balances	11	<u>9</u>	<u>20</u>
CURRENT LIABILITIES			
Amount due to a fellow subsidiary	12	622	579
Amount due to immediate holding company	12	<u>51,353</u>	<u>51,353</u>
		<u>51,975</u>	<u>51,932</u>
NET CURRENT LIABILITIES		<u>(51,966)</u>	<u>(51,912)</u>
		<u>1,432</u>	<u>1,486</u>
CAPITAL AND RESERVES			
Share capital	13	10	10
Reserves		<u>1,422</u>	<u>1,476</u>
		<u>1,432</u>	<u>1,486</u>

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2012*

	Share capital <i>HK\$'000</i>	Shareholder's contribution <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2011 (audited)	10	1,244	382	1,636
Loss and total comprehensive expense for the period	<u>—</u>	<u>—</u>	<u>(123)</u>	<u>(123)</u>
At 30 June 2011 (unaudited)	<u>10</u>	<u>1,244</u>	<u>259</u>	<u>1,513</u>
At 1 January 2012 (audited)	10	1,244	232	1,486
Loss and total comprehensive expense for the period	<u>—</u>	<u>—</u>	<u>(54)</u>	<u>(54)</u>
At 30 June 2012 (unaudited)	<u>10</u>	<u>1,244</u>	<u>178</u>	<u>1,432</u>

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

STATEMENT OF CASH FLOWS*For the six months ended 30 June 2012*

	Six months ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
OPERATING ACTIVITY		
LOSS BEFORE TAXATION AND CASH USED IN OPERATING ACTIVITY	<u>(54)</u>	<u>(123)</u>
INCOME TAX PAID	<u>—</u>	<u>(16)</u>
NET CASH USED IN OPERATING ACTIVITY	<u>(54)</u>	<u>(139)</u>
NET CASH FROM FINANCING ACTIVITY		
Advance from a fellow subsidiary	<u>43</u>	<u>126</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11)	(13)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<u>20</u>	<u>18</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD, represented by bank balances	<u><u>9</u></u>	<u><u>5</u></u>

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2012

1. GENERAL

Karfun Investments Ltd (the “Privateco”) is a private limited company incorporated in Hong Kong. Its immediate holding company is Karl Thomson (B.V.I.) Limited, a company incorporated in the British Virgin Islands (“BVI”). Its ultimate holding company is J&A Investment Limited, a company incorporated in the BVI. The address of registered office and principal place of business of the Company is 27/F, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong.

The Privateco engages in the business of investment holding.

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Privateco.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis because its intermediate holding company has agreed to provide adequate funds to enable the Privateco to meet in full its financial obligations as they fall due for the foreseeable future.

3. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Privateco’s annual financial statements for the year ended 31 December 2011.

In the current interim period, the Privateco has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA:

HKFRS 7 (Amendments)	Disclosures - Transfers of financial assets
HKAS 12 (Amendments)	Deferred tax - Recovery of underlying assets

The application of the above amendments to HKFRSs in the current interim period had no material effect on the amounts reported in these financial statements and/or disclosures set out in these financial statements.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost basis as explained in the accounting policies set out below and in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Revenue recognition

Revenue was measured at the fair value of the consideration received or receivable and represented amounts receivable for services provided in the normal course of business.

Rental income were recognised on a straight-line basis over the term of relevant lease.

Investment in an associate

Investment in an associate is included in the Privateco's statement of financial position at cost, less any identified impairment loss. The result of an associate is accounted for by the Privateco on the basis of dividends received and receivable during the period.

Motor vehicles

Motor vehicles are stated in the statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of motor vehicles less their residual values over their estimated useful lives, using the straight-line method, at 20% per annum. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of motor vehicles is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of the asset is determined as the difference between sales proceeds and the carrying amount of the item and is recognised in profit or loss.

Impairment

At the end of the reporting period, the Privateco reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Privateco estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

Recoverable amount is the higher of fair value 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 assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Privateco becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Privateco's financial assets are loans and receivables. The accounting policy adopted in respect of loans and receivables is set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables including bank balances are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Privateco as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Privateco after deducting all of its liabilities. Equity instruments issued by the Privateco are recognised at the proceeds received, net of direct issue costs.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including amounts due to group companies are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Privateco derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Privateco neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Privateco continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Privateco retains substantially all the risks and rewards of ownership of a transferred financial asset, the Privateco continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Privateco derecognises financial liability when, and only when, the Privateco's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items of income or expense that are never taxable and deductible. The Privateco's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arise from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Privateco expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

5. CAPITAL RISK MANAGEMENT

The Privateco manages its capital to ensure the Privateco will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Privateco's overall strategy remains unchanged from prior period.

The capital structure of the Privateco consists of cash and cash equivalents and equity attributable to owner of the Privateco, comprising issued share capital, shareholder's contribution and retained profits.

The Privateco Directors review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Privateco will balance its overall capital structure through the payment of dividends and new share issues.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	30 June 2012	31 December 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets		
Loans and receivables (including cash and cash equivalents)	<u>9</u>	<u>20</u>
Financial liabilities		
Amortised cost	<u>51,975</u>	<u>51,780</u>

Financial risk management objectives and policies

The Privateco's major financial instruments include bank balances and amounts due to group companies. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Cash flow interest rate risk

The Privateco is exposed to cash flow interest rate risk in relation to variable-rate financial assets of bank balances. The Privateco currently does not have interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises. Interest rate fluctuations will not have a significant impact on the Privateco as the bank balances are not material.

Credit risk

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-ratings agencies.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

Liquidity risk

The Privateco's remaining contractual maturity for its non-derivative financial liability with undiscounted cash flow of HK\$51,975,101 (31 December 2011: HK\$51,931,786), based on the earliest date on which the Privateco is required to pay, is repayable within one year.

The Privateco had difficulty in raising funds as the result of the net current liabilities as at the end of the reporting period. As mentioned in note 2, the intermediate holding company has agreed to provide financial support to the Privateco to meet in full its financial obligations as they fall due for the foreseeable future.

Fair value

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions as input.

The Privateco Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

7. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	—	—
Directors' remuneration	—	—
	<u>—</u>	<u>—</u>

Auditor's remuneration for both periods was borne by a fellow subsidiary.

8. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the Privateco incurred tax loss for the period. No provision for Hong Kong Profits Tax had been made in the financial statements for the six months ended 30 June 2011 and 2012 as the estimated assessable profit was wholly absorbed by the estimated tax losses brought forward.

Hong Kong Profits Tax is calculated at 16.5% for both periods.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

The taxation for the period can be reconciled to the loss before taxation per the statement of comprehensive income as follows:

	Six months ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation	<u>(54)</u>	<u>(123)</u>
Taxation charge at the Hong Kong Profits Tax rate of 16.5%	(9)	(20)
Tax effect of tax losses not recognised	<u>9</u>	<u>20</u>
	<u>—</u>	<u>—</u>

At 30 June 2012, the Privateco had estimated tax losses of HK\$447,000 (31 December 2011: HK\$393,000) available for offset against future profit. No deferred tax asset has been recognised in the financial statements due to the unpredictability of future profit streams.

9. MOTOR VEHICLES

	<i>HK\$'000</i>
COST	
At 1 January 2011, 31 December 2011 and 30 June 2012	1,937
DEPRECIATION	
At 1 January 2011, 31 December 2011 and 30 June 2012	<u>1,937</u>
CARRYING VALUE	
At 1 January 2011, 31 December 2011 and 30 June 2012	<u>—</u>

10. INVESTMENT IN AN ASSOCIATE

	30 June	31 December
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of investment in an associate		
- Listed in Hong Kong	<u>53,398</u>	<u>53,398</u>
Fair value of listed investment	<u>62,619</u>	<u>76,766</u>

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

The amount represents the 47.37% equity interest in ATNT. At 30 June 2012, the issued and fully paid share capital of ATNT was 426,463,400 ordinary shares of HK\$0.01 each. ATNT and its subsidiaries are mainly engaged in electroplating equipment business. The principal places of operation of ATNT and its subsidiaries are in The People's Republic of China, including Hong Kong.

Consolidated financial statements have not been prepared as the Privateco is a wholly-owned subsidiary of the Company, whose financial statements that comply with Hong Kong Financial Reporting Standards have been produced for public use.

The following details have been extracted from the audited consolidated financial statements of ATNT:

	30 June 2012	31 December 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	474,246	511,589
Total liabilities	<u>(216,768)</u>	<u>(225,670)</u>
Net assets	<u>257,478</u>	<u>285,919</u>
	Six months ended 30 June 2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	<u>149,361</u>	<u>386,463</u>
(Loss) profit for the period	<u>(26,901)</u>	<u>7,900</u>

11. CURRENT FINANCIAL ASSETS

Bank balances comprise short-term bank deposits. Bank balances bearing interest at market interest rates at 0.01% (31 December 2011: 0.01%) per annum with an original maturity of three months or less.

12. CURRENT FINANCIAL LIABILITIES

Amounts due to a fellow subsidiary and immediate holding company are unsecured, non-interest bearing and repayable on demand.

APPENDIX III FINANCIAL INFORMATION ON THE PRIVATECO GROUP

13. SHARE CAPITAL

30 June 2012 &
31 December 2011
HK\$'000

Authorised, issued and fully paid: 10,000 ordinary shares of HK\$1 each	<u>10</u>
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There was no movement in share capital in both periods.

14. RELATED PARTY TRANSACTIONS

Details of the amounts due from and to group companies are set out in statement of financial position on page III-15 and in note 12 to the financial statements.

No compensation was paid to key management personnel for both periods.

IV. INDEBTEDNESS STATEMENT

At the close of business on 2 November 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Privateco Offer Composite Document, the Privateco Group did not have any other outstanding liabilities or any mortgages, charges, debentures, loan capital, bank overdrafts or loans, liabilities under acceptance or other similar indebtedness, hire purchase or finance lease obligations or any guarantees or other material contingent liabilities.

On 2 November 2012, the Privateco capitalised the amount due to the Company by issuing 635,843,612 Privateco Shares to the Company. Save as this change, the Privateco Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Privateco Group since 31 December 2011, being the date to which the latest audited financial statements were made up, up to the Latest Practicable Date.

V. MATERIAL CHANGE

The Privateco Directors confirm that, save for (i) the Distribution In Specie took place on 7 November 2012 and hence Privateco has been changed to an unlisted public company; (ii) on 2 November 2012, Privateco capitalized the amount due to the Company by issuing 635,843,612 Privateco Shares to the Company, upon which the capital of the Privateco was increased from HK\$10,000 to HK\$6,368,436 and the net assets of the Privateco Group were increased by approximately HK\$52 million to approximately HK\$94.1 million; and (iii) as disclosed in the interim report of ATNT for the six months ended 30 June 2012, ATNT recorded a loss for the period of approximately HK\$26.9 million, as compared to the profit of approximately HK\$7.9 million for the six months ended 30 June 2011, as at the Latest Practicable Date, there has been no material change in the financial or trading position or outlook of the Privateco Group subsequent to 31 December 2011, being the date to which the audited financial information of Privateco Group set out in Appendix III to this Privateco Offer Composite Document was made up.

(1) RESPONSIBILITY STATEMENT

The Privateco Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Privateco Offer Composite Document (other than information relating to the J&A Investment) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Privateco Offer Composite Document (other than opinions expressed by the J&A Investment) have been arrived at after due and careful consideration and there are no other facts not contained in this Privateco Offer Composite Document, the omission of which would make any statement in this Privateco Offer Composite Document misleading.

The directors of the J&A Investment jointly and severally accept full responsibility for the accuracy of the information contained in this Privateco Offer Composite Document (other than information relating to the Privateco Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Privateco Offer Composite Document (other than opinions expressed by the Privateco Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Privateco Offer Composite Document, the omission of which would make any statement in this Privateco Offer Composite Document misleading.

(2) SHARE CAPITAL

The authorised and issued share capital of Privateco as at the Latest Practicable Date was follows:

Authorised:

	<i>HK\$</i>
<u>1,000,000,000</u> Privateco Shares of HK\$0.01 each as at the Latest Practicable Date	<u>10,000,000</u>

On 2 November 2012, the Privateco sub-divided its existing shares from HK\$1 per Privateco Share to HK\$0.01 per Privateco Share and then increased its authorised share capital from HK\$10,000 to HK\$10,000,000.

Issued and fully paid or credited as fully paid up:

	<i>HK\$</i>
<u>636,843,612</u> Privateco Shares of HK\$0.01 each as at the Latest Practicable Date	<u>6,368,436</u>

Save for the 635,843,612 Privateco Shares allotted and issued as at the Latest Practicable Date, the Privateco has not issued any Privateco Shares since 31 December 2011 (being the end of the last financial year).

All Privateco Shares in issue rank pari passu in all respects with each other including all rights as regards rights to dividends, voting and return of capital.

As at the Latest Practicable Date, the Privateco Group did not have any outstanding options, warrants, derivatives or other securities carrying rights of conversion into or exchange or subscription for the Privateco Shares.

(3) MARKET PRICES

As the Privateco Shares are not listed on the Stock Exchange or any other stock exchanges, there is no information in relation to the prices of the Privateco Shares quoted on the Stock Exchange or any other stock exchanges.

(4) SHAREHOLDINGS AND DEALINGS

DISCLOSURE OF INTERESTS

(a) Interest of J&A Investment and the Privateco Directors in Privateco

As at the Latest Practicable Date, the shareholdings in the Privateco in which the Privateco Directors were interested (as defined in Note 3 to paragraph 2 of schedule II of the Takeovers code) are as follow:

Name	Capacity	Number of Shares held	Percentage of the issued share capital of Privateco
Mr. Lam Kwok Hing (Note)	Interest of controlled corporation	318,718,000	50.05%
Mr. Nam Kwok Lun (Note)	Interest of controlled corporation	318,718,000	50.05%

Note: The Privateco Shares are registered in the name of and beneficially owned by J&A Investment. The entire issued share capital of J&A Investment is beneficially owned as to 80% by Mr. Lam and 20% by Mr. Nam.

As at the Latest Practicable Date, the shareholdings of Privateco in which J&A Investment, the directors of J&A Investment and any persons acting in concert with J&A Investment were interested (as defined in Note 3 to paragraph 4 of Schedule I of the Takeovers Code), were as follows:

Name	Type of interest	Number of underlying shares held	Percentage of the issued share capital of J&A Investment
J&A Investment	Beneficial owner	318,718,000	50.05%
Lam Kwok Hing	Interest of controlled corporation	318,718,000	50.05%
Nam Kwok Lun	Interest of controlled corporation	318,718,000	50.05%

Save as disclosed above, none of the J&A Investment, the directors of J&A Investment and any persons acting in concert with J&A Investment had any interest (as defined in Note 3 to paragraph 4 of Schedule I of the Takeovers Code) in any shares, convertible securities, warrants, options or derivatives of J&A Investment as at the Latest Practicable Date.

(b) Interest of Privateco and the Privateco Directors in J&A Investment

As at the Latest Practicable Date, Privateco did not have any beneficial interest in the shares, convertible securities, warrants, options and derivatives of J&A Investment, and Privateco had not dealt for value in any shares, convertible securities, warrants, options or derivatives of the J&A Investment during the Relevant Period.

As at the Latest Practicable Date, the shareholdings in J&A Investment, in which the Privateco Directors were interested (as defined in Note 3 to paragraph 2 of Schedule II of the Takeovers Code) were as follows:

Name of Privateco Director	Type of interest	Number of underlying shares held	Percentage of the issued share capital of J&A Investment
Lam Kwok Hing	Beneficial owner	8	80%
Nam Kwok Lun	Beneficial owner	2	20%

Save as disclosed above, none of the Privateco Directors had any interest (as defined in Note 3 to paragraph 2 of Schedule II of the Takeovers Code) in any shares, convertible securities, warrants, options or derivatives of J&A Investment as at the Latest Practicable Date.

(c) **Interest of the Privateco Directors in ATNT**

Name	Number of ATNT Shares held		Total	Percentage of the issued share capital of ATNT
	<i>Personal interest</i>	<i>Interest in controlled corporation</i>		
Mr. Lam Kwok Hing (<i>Note</i>)	3,474,667	250,516,500	253,991,167	59.56%
Mr. Nam Kwok Lun	—	201,995,834	201,995,834	47.37%
J&A Investment	—	201,995,834	201,995,834	47.37%
Medusa	—	48,520,666	48,520,666	11.38%

Note: The ATNT Shares are registered in the name of and beneficially owned by Medusa Group Limited (“**Medusa**”). The entire issued share capital of Medusa is wholly owned by Mr. Lam.

(d) **Privateco Directors’ interests in Privateco Group’s assets**

As at the Latest Practicable Date, save as disclosed under section 4(c) above, none of the Privateco Directors had any interest, direct or indirect, in any assets which have since 31 December 2011 (being the date to which the latest published audited accounts of the Privateco Group were made up) been acquired or disposed of by or leased to any members of the Privateco Group, or was proposed to be acquired or disposed of by or leased to any members of the Privateco Group.

(e) **Privateco Directors’ interest in contract of significant**

None of the Privateco Directors was materially interested, directly or indirectly, in any contracts or arrangements entered into by any members of the Privateco Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Privateco Group.

DISCLOSURE OF DEALINGS(a) **Dealings in securities of Privateco**

- (i) During the Relevant Period, save for Privateco Shares were issued to the Privateco Directors and parties acting in concert with them, none of the Privateco Directors had dealt in any shares, convertible securities, warrants, options or derivatives of Privateco.
- (ii) During the Relevant Period, save for the Distribution In Specie under which an aggregate of 318,718,000 Privateco Shares were issued to J&A Investment, none of J&A Investment, its directors or parties acting in concert with any of them had dealt in the any shares, convertible securities, warrants, options or derivatives of Privateco.
- (iii) During the Relevant Period, none of J&A Investment, its directors and ultimate beneficial owners and parties acting in concert with any of them, have borrowed or lent any Privateco Shares or other securities of Privateco carrying voting rights, or convertible securities, warrants, options or derivatives of Privateco.

(iv) None of the subsidiaries of Privateco, pension fund of Privateco or of a subsidiary of Privateco; or advisers to Privateco (as specified in class (2) of the definition of “associate” under the Takeovers Code) had any interest in the Shares, convertible securities, warrants, options or derivatives of Privateco as at the Latest Practicable Date, and none of them had dealt in any shares, convertible securities, warrants, options or derivatives of Privateco during the Relevant Period.

(b) Dealings in securities of J&A INVESTMENT

During the Relevant Period, none of the Privateco Directors had dealt for value in any shares, convertible securities, warrants, options or derivatives of the J&A Investment during the Relevant Period.

ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

- (a) As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with Privateco or with any person who is an associate of the Privateco by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code;
- (b) No shares, convertible securities, warrants, options or derivatives of Privateco were managed on a discretionary basis by any fund managers connected with the Privateco as at the Latest Practicable Date, and none of them had dealt in any shares, convertible securities, warrants, options or derivatives of the Privateco during the Relevant Period;
- (c) As at the Latest Practicable Date, no shares or other securities of Privateco carrying voting rights or convertible securities, warrants, options or derivatives of Privateco had been borrowed or lent by any of the Privateco Directors or by Privateco;
- (d) As at the Latest Practicable Date, no benefit (other than statutory compensation) was or would be given to any Privateco Director as compensation for loss of office in any members of Privateco Group or otherwise in connection with the Privateco Offer;
- (e) As at the Latest Practicable Date, there was no agreement or arrangement between any Privateco Director and any other person which is conditional on or dependent upon the outcome of the Privateco Offer or otherwise connected with the Privateco Offer;
- (f) As at the Latest Practicable Date, there was no material contract entered into by J&A Investment or its beneficial owners in which any Privateco Director had material personal interest;
- (g) As at the Latest Practicable Date, there was no agreement, arrangement or understanding whereby any securities to be acquired pursuant to the Privateco Offer will be transferred, charged or pledged to any other persons;

- (h) As at the Latest Practicable Date, none of J&A Investment, its associates, its ultimate beneficial owner or any person acting in concert with any of them had any arrangement or indemnity of the kind described in note 8 to Rule 22 of the Takeovers Code with any person;
- (i) As at the Latest Practicable Date, there was no agreement or arrangement to which J&A Investment is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Privateco Offer;
- (j) As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) between J&A Investment, its ultimate beneficial owner or any person acting in concert with any of them and any director, recent director, shareholder or recent shareholder of Privateco which had any connection with or dependence upon the Privateco Offer;
- (k) No person had irrevocably committed themselves to accept or reject the Privateco Offer; and
- (l) Mr. Lam and Mr. Nam who are Privateco Directors and also directors of J&A Investment will not be subject to the Privateco Offer.

(5) SERVICE CONTRACTS

As at the Latest Practicable Date, there were no service contracts with the Privateco Group and the Privateco's associated companies in force for Privateco Directors (i) which (including both continuous and fixed terms contracts) have been entered into or amended within the period beginning six months prior to 23 August 2012 (being the commencement date of the offer period as defined in the Takeovers Code for the Privateco Offer); (ii) which are continuous contracts with a notice period of 12 months or more; or (iii) which are fixed term contracts with more than 12 months to run irrespective of the notice period.

(6) LITIGATION

As at the Latest Practicable Date, none of the members of the Privateco Group was engaged in any litigation, arbitration of material importance and no litigation or claim of material importance was known to the Privateco Directors to be pending or threatened by or against any member of the Privateco Group.

(7) MATERIAL CONTRACTS

The following material contracts, not being contracts entered into in the ordinary course of business of the Privateco Group, have been entered into by any member of the Privateco Group within two years immediately preceding the date of the Joint Announcement:

- (a) the loan agreement dated 2 April 2012 entered into between the Company and PAL Finance Limited, a wholly-owned subsidiary of ATNT, in relation to a loan in the amount of HK\$9 million granted by PAL Finance Limited to the Company for a term of two years at an interest rate of 5% p.a.; and

- (b) the agreement dated 7 August 2011 entered into between Process Automation Shenzhen Ltd (the “PASL”), a wholly-owned subsidiary of ATNT and Shenzhen Warmsun Real Estate Development Company Limited (the “Shenzhen Warmsun”) under which PASL has agreed to vacate from the land and demolish the factory, (the “Site”) it presently owns and uses for manufacturing and Shenzhen Warmsun has agreed to re-develop the Site and compensate PASL by paying (i) a relocation compensation of RMB50 million (equivalent to approximately HK\$61 million); and (ii) the title to 41,000 sqm of residential property.

(8) QUALIFICATION AND CONSENT OF EXPERTS

- (a) The following is the qualification of the experts who have given opinion or advice contained in this Privateco Offer Composite Document:

Name	Qualification
Messis Capital	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Privateco Shareholders regarding the terms of the Privateco Offer
Karl Thomson Financial	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and the financial adviser to the J&A Investment in respect of the Privateco Offer

- (b) Each of the Messis Capital and Karl Thomson Financial has given and has not withdrawn its written consent to the issue of this Privateco Offer Composite Document, with the inclusion of its letter or report or references to its name in the form and context in which they are included.

(9) MISCELLANEOUS

- (a) The registered office of J&A Investment is c/o Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands. The directors of J&A Investment are Mr. Lam and Mr. Nam. The correspondence address of J&A Investment and its directors, Mr. Lam and Mr. Nam is 27/F, Fortis Tower, 77-79 Gloucester Road, Wan Chai, Hong Kong.
- (b) The current registered office and principal place of business of Privateco is 27th Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong and shall be changed to No. 11 Dai Hei Street, Tai Po Industrial Estate, New Territories, Hong Kong.
- (c) The principal place of business of Karl Thomson Financial in Hong Kong is at 27/F, Fortis Tower, 77-79 Gloucester Road, Wan Chai, Hong Kong.

- (d) The principal place of business of Karl Thomson Securities in Hong Kong is at 27/F, Fortis Tower, 77-79 Gloucester Road, Wan Chai, Hong Kong.
- (e) The principal place of business of the Independent Financial Adviser in Hong Kong is at Room 2002, 20/F, Tower One, Lippo Centre, 88 Queensway, Hong Kong.
- (f) The English text of this Privateco Offer Composite Document and the accompanying Form of Acceptance and Transfer shall prevail over their respective Chinese texts in case of inconsistency.

(10) DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection: (i) during normal business hours at the Company's principal place of business in Hong Kong at 27/F, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong, during normal business hours on any weekday other than public holidays; and (ii) on the website of the SFC (www.sfc.hk) and the Company (www.ktg.com.hk), from the date of this Privateco Offer Composite Document to the Closing Day of the Privateco Offer:

- (a) the memorandum and articles of association of Privateco;
- (b) the memorandum and articles of association of J&A Investment;
- (c) the letter from the Privateco Board, the text of which is set out on pages 7 to 12 of this Privateco Offer Composite Document;
- (d) the letter from Karl Thomson Financial, the text of which is set out on pages 13 to 18 of this Privateco Offer Composite Document;
- (e) the letter of advice from the Messis Capital, the text of which is set out on pages 19 to 32 of this Privateco Offer Composite Document;
- (f) the audited financial information of the Privateco Group for the two financial years ended 31 December 2011; the text of which is set out in Appendix III to this Privateco Offer Composite Document;
- (g) the unaudited interim financial information of the Privateco Group for the six month ended 30 June 2012; the text of which is set out in Appendix III to this Privateco Offer Composite Document;
- (h) the written consents of the experts as referred to in the section headed "Qualification and consents of experts" in this appendix; and
- (i) the material contracts as referred to in the section headed "Material contracts" in this appendix.