

LAWE WILLIAM ENTERPRISES LIMITED

DIRECTORS' REPORT

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31st December 2012.

PRINCIPAL ACTIVITY

The company was dormant during the year.

RESULTS

The results of the company for the year ended 31st December 2012 and the state of the company's affairs as at that date are set out in the financial statements on pages 1 to 12.

DIVIDEND

In view of loss, the directors do not recommend payment of any dividend.

DIRECTORS

The directors who held office during the year and up to the date of this report were :-

Wei Gener
Wong Chun Sing
Wong Yiu Leung
Xie Junping

Under the provisions of the company's Articles of Association, Wong Yiu Leung retires from the board at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the company was a party and in which any director of the company had a material interest existed at the end of the year or at any time during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the company a party to any arrangements to enable the directors of the company to acquire benefits by means of acquisition of shares in or debentures of the company or any other body corporate.

LAWE WILLIAM ENTERPRISES LIMITED

DIRECTORS' REPORT

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the company were entered into or existed during the year.

AUDITORS

The financial statements have been audited by Messrs. W. S. Wong & Co. who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Director

Hong Kong, 20th May 2013

黃永善會計師行
W. S. Wong & Co.

PARTNERS

STEVEN Y. M. LEUNG (梁宇銘會計師)
B Soc Sc, M Acc, CPA(AUST), ACA, FCCA, FTIHK, FCPA(Practising)

FRANCIS S. T. LEUNG (梁紹棠會計師)
B Com, ACA, FCCA, ASA, FCPA(Practising)

CERTIFIED PUBLIC ACCOUNTANTS

ASSOCIATES

PAUL K. F. TAM (譚國輝會計師)
BBA, ACA, FCCA, FCPA(Practising)

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF LAWE WILLIAM ENTERPRISES LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the financial statements of Lawe William Enterprises Limited set out on pages 1 to 12, which comprise the statement of financial position as at 31st December 2012, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

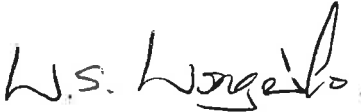
INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF LAWE WILLIAM ENTERPRISES LIMITED
(incorporated in Hong Kong with limited liability)

Basis for qualified opinion

As explained in note 5 to the financial statements, the company has no proper legal title on the intangible assets of HK\$1,541,278 up to the date of this report. As the registration is still pending for the approval from the State Intellectual Property Office of The People's Republic of China, we are unable to determine whether the registration would subsequently be approved and as such we are unable to determine whether any adjustment to this amount is necessary.

Qualified opinion

In our opinion, except for the possible effect of the matter in the basis for qualified opinion paragraph, the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2012 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.


W. S. Wong & Co.
Certified Public Accountants

Hong Kong, 20th May 2013

LAWE WILLIAM ENTERPRISES LIMITED

DIRECTORS' REPORT

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the company were entered into or existed during the year.

AUDITORS

The financial statements have been audited by Messrs. W. S. Wong & Co. who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Director

Hong Kong, 20th May 2013

LAWE WILLIAM ENTERPRISES LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2012

(Expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2012</u>	<u>2011</u>
		\$	\$
Turnover		-	-
Administrative expenses		(16,650)	(19,395)
Other operating expenses		<u>(924,767)</u>	<u>(308,256)</u>
Loss before taxation	3	(941,417)	(327,651)
Income tax expense	4	<u>-</u>	<u>-</u>
Loss for the year		<u>(941,417)</u>	<u>(327,651)</u>
Attributable to the owners of the company		<u>(941,417)</u>	<u>(327,651)</u>

The accompanying notes form an integral part of the financial statements.

LAWE WILLIAM ENTERPRISES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2012

(Expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2012</u>	<u>2011</u>
		\$	\$
Loss for the year		(941,417)	(327,651)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(941,417)</u>	<u>(327,651)</u>
Attributable to the owners of the company		<u>(941,417)</u>	<u>(327,651)</u>

The accompanying notes form an integral part of the financial statements.

LAWE WILLIAM ENTERPRISES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2012

(Expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2012</u>	<u>2011</u>
		\$	\$
NON-CURRENT ASSETS			
Intangible assets	5	<u>1,541,278</u>	<u>2,466,045</u>
TOTAL NON-CURRENT ASSETS		<u>1,541,278</u>	<u>2,466,045</u>
CURRENT ASSETS			
Sundry deposits		<u>16,000</u>	<u>-</u>
TOTAL CURRENT ASSETS		<u>16,000</u>	<u>-</u>
CURRENT LIABILITIES			
Accounts payable and accruals	6	14,776	14,576
Amount due to director	7	<u>40,845</u>	<u>8,395</u>
TOTAL CURRENT LIABILITIES		<u>55,621</u>	<u>22,971</u>
NET CURRENT LIABILITIES		<u>(39,621)</u>	<u>(22,971)</u>
NET ASSETS		<u>1,501,657</u>	<u>2,443,074</u>
CAPITAL AND RESERVES			
Share capital	8	13,024,921	13,024,921
Accumulated losses		<u>(11,523,264)</u>	<u>(10,581,847)</u>
TOTAL EQUITY		<u>1,501,657</u>	<u>2,443,074</u>



Director



Director

The accompanying notes form an integral part of the financial statements.

LAWE WILLIAM ENTERPRISES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2012

(Expressed in Hong Kong Dollars)

	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Total</u>
	\$	\$	\$
Balance at 1st January 2011	<u>10,175,200</u>	<u>(10,254,196)</u>	<u>(78,996)</u>
Allotment of shares	<u>2,849,721</u>	<u>-</u>	<u>2,849,721</u>
Loss for the year	-	(327,651)	(327,651)
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>-</u>	<u>(327,651)</u>	<u>(327,651)</u>
Balance at 31st December 2011	<u>13,024,921</u>	<u>(10,581,847)</u>	<u>2,443,074</u>
Loss for the year	-	(941,417)	(941,417)
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>-</u>	<u>(941,417)</u>	<u>(941,417)</u>
Balance at 31st December 2012	<u><u>13,024,921</u></u>	<u><u>(11,523,264)</u></u>	<u><u>1,501,657</u></u>

LAWE WILLIAM ENTERPRISES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2012

(Expressed in Hong Kong Dollars)

	<u>2012</u>	<u>2011</u>
	\$	\$
Cash flows from operating activities		
Loss before taxation	(941,417)	(327,651)
Adjustment for amortization of intangible assets	<u>924,767</u>	<u>308,256</u>
Operating loss before changes in working capital	(16,650)	(19,395)
Increase in sundry deposits	(16,000)	-
Increase in accounts payable and accruals	200	-
Increase / (decrease) in amount due to director	<u>32,450</u>	<u>(56,025)</u>
Net cash used in operating activities	<u>-</u>	<u>(75,420)</u>
Cash flows from investing activities		
Payments to acquire intangible assets	<u>-</u>	<u>(2,774,301)</u>
New cash used in investing activities	<u>-</u>	<u>(2,774,301)</u>
Cash flows from financing activities		
Allotment of shares	<u>-</u>	<u>2,849,721</u>
Net cash generated from financing activities	<u>-</u>	<u>2,849,721</u>
Net movement in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of the year	<u>-</u>	<u>-</u>

LAWE WILLIAM ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

1. General

- (a) The company is a public limited company incorporated in Hong Kong.
- (b) The address of registered office as well as the principal place of business of the company is Room 420, 4/F., Block B, Sun Fung Centre, No. 88 Kwok Shui Road, Tsuen Wan, New Territories.
- (c) The company was dormant during the year.

2. Principal accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The principal accounting policies adopted are as follows :-

(a) Basis of preparation of the financial statements

The financial statements have been prepared under the going concern basis as the directors have agreed to provide adequate funds for the company to meet its liabilities as and when they fall due.

(b) Intangible assets

Intangible assets are stated at cost less aggregate amortization and impairment losses. Amortization is recognised on a straight line basis over their estimated economics useful lives of 36 months.

(c) Impairment of tangible and intangible assets

As each accounts closing date, the company reviews the carrying amount of its tangible and intangible 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.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in the income statement.

(d) Financial instruments

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

LAWE WILLIAM ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

2. Principal accounting policies (cont'd)

(d) Financial instruments (cont'd)

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(ii) Payables

Payables are initially measured at fair value and are subsequently measured at amortised costs using the effective interest rate method.

(iii) Allotment of shares

Ordinary shares issued by the company are recorded at the proceeds received, net of direct issue cost.

(e) Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operated ("the functional currency").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(f) 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 net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes income statement items that are non-taxable and non-deductible.

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

LAWE WILLIAM ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

2. Principal accounting policies (cont'd)

(f) Taxation (cont'd)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. Loss before taxation

	<u>2012</u>	<u>2011</u>
	\$	\$
Loss before taxation has been arrived at after charging :-		
Amortization of intangible assets	924,767	308,256
Auditors' remuneration	8,000	8,000
Directors' remuneration		
- fees	-	-
- other emoluments	-	-
	<u> </u>	<u> </u>

4. Income tax expense

No provision for Hong Kong profits tax has been made as the company has no assessable profit for the year.

The income tax expense can be reconciled with the loss in the income statement as follows :-

	<u>2012</u>	<u>2011</u>
	\$	\$
Loss before taxation	<u>941,417</u>	<u>327,651</u>
Tax benefit at the domestic income tax rate of 16.5% (2011 - 16.5%)	155,334	54,062
Tax effect of expenses that are not deductible in determining taxable profit	<u>(155,334)</u>	<u>(54,062)</u>
Income tax expense	<u> </u>	<u> </u>

LAWE WILLIAM ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

4. Income tax expense (cont'd)

No deferred taxation is provided as there is no temporary difference between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

5. Intangible assets

	<u>Technology know-how</u>
	\$
<u>Year ended 31st December 2011</u>	
Cost	
Additions	<u>2,774,301</u>
Aggregate amortization	
Charge for the year	<u>308,256</u>
Net book value	
At 31/12/2011	<u><u>2,466,045</u></u>
<u>Year ended 31st December 2012</u>	
Cost	
At 1/1/2012 and 31/12/2012	<u>2,774,301</u>
Aggregate amortization	
At 1/1/2012	308,256
Charge for the year	<u>924,767</u>
At 31/12/2012	<u>1,233,023</u>
Net book value	
At 31/12/2012	<u><u>1,541,278</u></u>

LAWE WILLIAM ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

5. Intangible assets (cont'd)

The director, Mr. Xie Junping, obtained the Certificate of Utility Model Patent titled “一种智能视频监控装置” with patent number is 201120173706.X (“the Patent”) on 7th December 2011. Pursuant to the contract for transfer of the patent made between Mr. Xie Junping and the company in 2011, Mr. Xie Junping agreed to transfer the Patent to the company. However, owing to the present policy of the State Intellectual Property Office of The People’s Republic of China, it is not allowed an individual to transfer a patent to a foreign company. It is recommended by the intellectual property agent (“IP agent”) to transfer the Patent to a company incorporated in The People’s Republic of China and then re-transfer the Patent to the company. The directors of the company accepted the recommendation and in February 2013, the Patent was transferred to 深圳市天时佳科技有限公司, a related company incorporated in The People’s Republic of China. 深圳市天时佳科技有限公司 then entered a Technology Export Contract with the company on 16th April 2013 for the transfer of the Patent. The IP agent has submitted the application for the transfer of the Patent to the State Intellectual Property Office of The People’s Republic of China on 20th May 2013 and the registration is under process for approval.

6. Accounts payable and accruals

Accounts payable and accruals comprise amounts outstanding for ongoing costs and their carrying amount approximates their fair value.

7. Amount due to director

Amount due to director is unsecured, interest free and has no fixed terms of repayment. The directors consider its carrying amount approximates its fair value.

8. Share capital

	<u>2012</u>	<u>2011</u>
	\$	\$
Authorised		
1,000,000,000 shares of \$0.1 each	100,000,000	100,000,000
	=====	=====
Issued and fully paid		
130,249,210 shares of \$0.1 each	13,024,921	13,024,921
	=====	=====

LAWE WILLIAM ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

9. Capital management

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern.

The company monitors capital by reviewing the level of capital that is at the disposal of the company ("adjusted capital"). Adjusted capital comprises all components of shareholders' equity. The adjusted capital of the company at 31st December 2012 was \$1,501,657 (2011 - \$2,443,074). Movements of adjusted capital during the year are set out in the statement of changes in equity.

10. Financial risk management

Details of financial assets and financial liabilities of the company are summarised as follows :-

	<u>2012</u>	<u>2011</u>
	\$	\$
Financial assets		
Loans and receivable		
Sundry deposits	<u>16,000</u>	<u>-</u>
Financial liabilities		
Financial liabilities at amortised costs		
Accounts payable and accruals	14,776	14,576
Amount due to director	<u>40,845</u>	<u>8,395</u>
	<u>55,621</u>	<u>22,971</u>
	<u>(39,621)</u>	<u>(22,971)</u>

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), liquidity risk and credit risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the company's performance.

(a) Market risk

Market risk is the risk of loss arising from movements in observable market variables, such as foreign exchange rates and interest rates.

LAWE WILLIAM ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

10. Financial risk management (cont'd)

(a) Market risk (cont'd)

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of an asset or liability will fluctuate because of changes in foreign exchange rates. The company has no exposure to foreign exchange risk as all the financial assets and financial liabilities of the company are denominated in Hong Kong dollars.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of the company's financial instruments will fluctuate due to changes in market interest rates. The company has no exposure to interest rate risk as all the financial assets and financial liabilities of the company are non-interest bearing.

(b) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. The company's main risk is liquidity risk. As the directors have agreed to provide adequate funds for the company to meet its liabilities as and when they fall due, the directors are of the opinion that the company's liquidity risk is not significant.

The financial liabilities of the company included in current liabilities are due for repayment within one year from the accounts closing date.

(c) Credit risk

The company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

The company's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

11. Hong Kong Financial Reporting Standards issued but not yet effective for the year

The directors are of the opinion that all new and revised Hong Kong Financial Reporting Standards that have been issued but not yet effective for the year will not have a material impact on the financial statements.

12. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 20th May 2013.