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# THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying 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 China Hanya Group Holdings Limited, you should at once hand this Composite Document together with the accompanying Form of Acceptance and Transfer to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form of Acceptance and Transfer, the provisions of which form part of the terms of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the accompanying 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 Composite Document and the accompanying Form of Acceptance and Transfer.

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**CHINA HANYA GROUP  
HOLDINGS LIMITED**

**中國瀚亞集團控股有限公司**

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

**(Stock Code: 8312)**

**HANDSOME GLOBAL  
INVESTMENTS LIMITED**

*(Incorporated in the British Virgin Islands with limited liability)*

## COMPOSITE DOCUMENT RELATING TO MANDATORY UNCONDITIONAL OFFER BY



**中國金洋證券有限公司**

CHINA GOLDJOY SECURITIES LIMITED  
中國金洋集團成員(上市公司編號: 01282.HK)

## FOR AND ON BEHALF OF HANDSOME GLOBAL INVESTMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN CHINA HANYA GROUP HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY HANDSOME GLOBAL INVESTMENTS LIMITED)

**Financial adviser to Handsome Global Investments Limited**



**Alliance Capital Partners Limited**

同人融資有限公司

**Joint Independent Financial Advisers to the Independent Board Committee  
and Independent Shareholders**



**Euto 裕韜  
Capital Partners**

**Nuada Limited**

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

A letter from the Board is set out on pages 8 to 13 of this Composite Document. A letter from China Goldjoy containing, among other things, the details of the terms of the Offer is set out on pages 14 to 22 of this Composite Document. A letter from the Independent Board Committee containing their advice on the Offer to the Independent Shareholders is set out on pages 23 to 24 of this Composite Document. A letter from the Joint Independent Financial Advisers containing its opinion on the Offer and its recommendation to the Independent Board Committee is set out on pages 25 to 43 of this Composite Document.

**The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance and Transfer. Acceptance of the Offer should be received by the Registrar by no later than 4:00 p.m. on Monday, 27 March 2017 or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the requirements of the Takeovers Code.**

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the Form of Acceptance and Transfer to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed "Overseas Shareholders" in the "Letter from China Goldjoy" of this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.chinahanya.com.hk>) as long as the Offer remains open.

6 March 2017

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## EXPECTED TIMETABLE

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

Despatch date of this Composite Document  
and the Form of Acceptance and Transfer and  
commencement date of the Offer (*Note 1*) . . . . . Monday, 6 March 2017

Latest time and date for acceptance of  
the Offer (*Notes 2 and 4*) . . . . . 4:00 p.m. on  
Monday, 27 March 2017

Closing Date (*Notes 2 and 4*) . . . . . Monday, 27 March 2017

Announcement of results of the Offer  
(or its extension or revision, if any) to be  
posted on the website of the Stock Exchange (*Note 2*). . . . . no later than 7:00 p.m. on  
Monday, 27 March 2017

Latest date for posting of remittance in respect of  
valid acceptances received under the Offer (*Notes 3 and 4*) . . . . . Thursday, 6 April 2017

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

*Notes:*

- (1) The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is capable of acceptance on and from Monday, 6 March 2017 until the Closing Date. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed “Right of Withdrawal” in Appendix I to this Composite Document.
- (2) In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document was posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Monday, 27 March 2017. An announcement will be jointly issued by the Company and the Offeror through the website of the Stock Exchange by no later than 7:00 p.m. on Monday, 27 March 2017 stating whether the Offer has been extended, revised or expired. In the event that the Offeror decides to revise or extend the Offer and the announcement does not specify the next closing date, at least 14 days’ notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
- (3) Remittances in respect of the acceptance of the Offer (after deducting the seller’s ad valorem stamp duty) will be despatched to the accepting Shareholder(s) by ordinary post at their own risk as soon as possible but in any event within 7 Business Days following the date on which the duly completed acceptance of the Offer and the relevant document of title of the Shares in respect of such acceptance are received by the Registrar in accordance with the Takeovers Code.

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## EXPECTED TIMETABLE

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- (4) If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning signal:
- (a) at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day and the latest date for the posting of remittances will remain on the same Business Day; or
  - (b) at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer 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. and the posting of remittances will be the next 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..

Save as mentioned above, if the latest time for the acceptance of the Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will jointly notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

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## DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Alliance Capital”	Alliance Capital Partners Limited, a licensed corporation holding a licence under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and the financial adviser to the Offeror in respect of the Offer
“associate(s)”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors from time to time
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Goldjoy”	China Goldjoy Securities Limited (中國金洋證券有限公司), a licensed corporation holding a licence under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
“China Merit” or “Vendor”	China Merit International Investment Inc. (國譽環球投資有限公司), a company incorporated with limited liability in BVI, the beneficial owner of the Sale Shares and the controlling shareholder of the Company prior to Completion, which was wholly owned by Mr. Liu as at the Latest Practicable Date
“Closing Date”	Monday, 27 March 2017, being the closing date of the Offer, or if the Offer is extended, any subsequent closing date(s) of the Offer as may be determined and announced jointly by the Offeror and the Company, with the consent of the Executive in accordance with the Takeovers Code
“Company”	China Hanya Group Holdings Limited (中國瀚亞集團控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the Shares of which are listed on GEM of the Stock Exchange (Stock code: 8312)

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## DEFINITIONS

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“Completion”	the completion of the acquisition of the Sale Shares by the Offeror in accordance with the terms of the Sale and Purchase Agreement
“Composite Document”	this composite offer and response document dated 6 March 2017 jointly despatched by the Offeror and the Company to the Shareholders in accordance with the Takeovers Code containing, among other things, the detailed terms of the Offer
“controlling shareholder(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	director(s) of the Company, including independent non-executive director(s) of the Company
“Euto Capital”	Euto Capital Partners Limited, a licensed corporation under the SFO permitted to carry out Type 6 (advising on corporate finance) regulated activity, one of the Joint Independent Financial Advisers to the Independent Board Committee in respect of the Offer
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time or any delegate of the Executive Director
“Form of Acceptance and Transfer”	the accompanying form of acceptance to this Composite Document in respect of the Offer
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board, comprising the independent non-executive Directors (namely Ms. Sun Yuan, Mr. Zhang Tianbao and Ms. Sun Huiyan), formed to advise the Independent Shareholders in respect of the Offer
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and its ultimate beneficial owner

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## DEFINITIONS

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“Joint Announcement”	the announcement dated 16 January 2017 jointly issued by the Offeror and the Company in relation to, among others, the Sale and Purchase Agreement and the Offer
“Joint Independent Financial Advisers”	collectively, Euto Capital and Nuada
“Last Trading Day”	12 January 2017, being the last full Trading Day for the Shares prior to the trading halt in the Shares on the Stock Exchange pending the release of the Joint Announcement
“Latest Practicable Date”	3 March 2017, being the latest practicable date prior to printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document
“Mr. Liu”	Mr. Liu Sit Lun, an executive Director and Chairman of the Company, and the sole director and sole beneficial owner of China Merit
“Nuada”	Nuada Limited, a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, one of the Joint Independent Financial Advisers to the Independent Board Committee in respect of the Offer
“Offer”	the mandatory unconditional offer by China Goldjoy to acquire all the Offer Shares pursuant to Rule 26.1 of the Takeovers Code
“Offer Period”	has the meaning ascribed thereto in the Takeovers Code, being the period commencing on the date of the Joint Announcement and ending on the Closing Date
“Offer Price”	the cash amount of HK\$0.6529 per Offer Share payable by the Offeror for each Offer Share in respect of the Offer
“Offer Share(s)”	issued Share(s) in respect of which the Offer is made, being Share(s) not already owned or agreed to be acquired by the Offeror
“Offeror”	Handsome Global Investments Limited, a company incorporated in BVI with limited liability and the purchaser of the Sale Shares under the Sale and Purchase Agreement

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## DEFINITIONS

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“Overseas Shareholder(s)”	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“PRC”	the People’s Republic of China which, for the purpose of this Composite Document, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	Union Registrars Limited, the Hong Kong branch share registrar and transfer office of the Company
“Relevant Period”	the period commencing on the date falling six months preceding 16 January 2017, being the date the Joint Announcement was made, and ending on the Latest Practicable Date
“Sale and Purchase Agreement”	the sale and purchase agreement dated 13 January 2017 entered into between the Offeror and China Merit in relation to the sale and purchase of the Sale Shares
“Sale Shares”	515,000,000 Shares acquired by the Offeror from China Merit pursuant to the terms of the Sale and Purchase Agreement, representing approximately 69.59% of the existing issued share capital of the Company immediately prior to Completion
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) of nominal value of HK\$0.01 each in the Company as at the Latest Practicable Date
“Shareholders”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers
“Trading Day”	a day when the Stock Exchange is open for trading in Hong Kong
“%”	per cent.

*Notes:*

1. All time and date references contained in this Composite Document refer to Hong Kong times and dates.



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## DEFINITIONS

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2. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.
3. The singular includes the plural and vice versa, unless the context otherwise requires.
4. References to any appendix, paragraph and any sub-paragraphs of them are references to the appendices to, and paragraphs of, this Composite Document and any sub-paragraphs of them, respectively.
5. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Composite Document.
6. Reference to one gender is a reference to all or any genders.
7. The English names of the PRC entities and/or PRC individual mentioned in this Composite Document and marked with the “\*” are translation or transliteration from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.



**CHINA HANYA GROUP HOLDINGS LIMITED**

**中國瀚亞集團控股有限公司**

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

**(Stock Code: 8312)**

*Executive Directors:*

Mr. Liu Sit Lun (*Chairman*)  
Mr. Law Kin Wah Kenneth  
Ms. Sun Wing Man Doris

*Independent Non-executive Directors:*

Ms. Yang Haibi  
Ms. Sun Yuan  
Mr. Zhang Tianbao  
Ms. Sun Huiyan

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681 GT  
Grand Cayman KY1-1111  
Cayman Islands

*Headquarter and principal*

*place of business in Hong Kong:*  
Room 2404, 24/F  
World-Wide House  
19 Des Voeux Road Central  
Hong Kong

6 March 2017

*To the Independent Shareholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL OFFER BY  
CHINA GOLDJOY SECURITIES LIMITED  
FOR AND ON BEHALF OF  
HANDSOME GLOBAL INVESTMENTS LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES IN  
CHINA HANYA GROUP HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED  
OR AGREED TO BE ACQUIRED  
BY HANDSOME GLOBAL INVESTMENTS LIMITED)**

**INTRODUCTION**

Reference is made to the Joint Announcement jointly issued by the Company and the Offeror in relation to, among other matters, the Sale and Purchase Agreement and the Offer. Terms used in this letter have the same meanings as defined in this Composite Document unless the context otherwise requires.

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## LETTER FROM THE BOARD

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As mentioned in the Joint Announcement, pursuant to the Sale and Purchase Agreement entered into between the Offeror and China Merit on 13 January 2017, the Offeror agreed to acquire, and China Merit agreed to dispose of, an aggregate of 515,000,000 Shares, representing approximately 69.59% of the entire issued share capital of the Company as at the Latest Practicable Date, at a cash consideration of HK\$336,240,000, or approximately HK\$0.6529 per Sale Share.

Completion took place immediately after the signing of the Sale and Purchase Agreement on 13 January 2017.

Immediately after Completion and as at the Latest Practicable Date, the Offeror owned 515,000,000 Shares, representing approximately 69.59% of the entire issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all issued Shares (other than those already owned or agreed to be acquired by the Offeror).

Details of the Offer are set out in the “Letter from China Goldjoy” and Appendix I to this Composite Document and the Form of Acceptance and Transfer.

The primary purpose of this letter is to provide you with information relating to, among other matters, information relating to the Group and the Offer.

### **INDEPENDENT BOARD COMMITTEE AND JOINT INDEPENDENT FINANCIAL ADVISERS**

Rules 2.1 and 2.8 of the Takeovers Code requires the Company to establish an independent committee of the Board to give a recommendation to the Independent Shareholders on the Offer and that such independent committee should comprise all the non-executive Directors who have no direct or indirect interest in the Offer other than as a Shareholder. The Independent Board Committee, comprising three independent non-executive Directors, namely Ms. Sun Yuan, Mr. Zhang Tianbao and Ms. Sun Huiyan, has been formed to advise the Independent Shareholders in respect of the Offer. Ms. Yang Haibi, an independent non-executive Director, was excluded from the Independent Board Committee to avoid any conflict of interest in advising the Independent Shareholders on the terms of the Offer, as she has been authorised by the Offeror to act as the Offeror’s representative to take part in discussions and negotiations in respect of the Offer.

The Joint Independent Financial Advisers have been approved by the Independent Board Committee to act as the Joint Independent Financial Advisers to advise the Independent Board Committee as to whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to acceptance in respect of the Offer. The full text of the letter of advice from the Joint Independent Financial Advisers addressed to the Independent Board Committee is set out in this Composite Document.

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## LETTER FROM THE BOARD

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### THE OFFER

As mentioned in the “Letter from China Goldjoy” as set out in this Composite Document, China Goldjoy, for and on behalf of the Offeror, is making the Offer on the following basis:

**For each Offer Share . . . . . HK\$0.6529 in cash**

The Offer Price of HK\$0.6529 per Offer Share under the Offer is the same as the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement. The Offer Shares to be acquired under the Offer will be fully paid and free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document.

On 3 November 2016, the Company has entered into a sale and purchase agreement pursuant to which Shining Investment Holdings Limited (“**Shining Vendor**”) has conditionally agreed to sell, and the Company has conditionally agreed to purchase, the entire issued share capital of Shining Securities Company Limited at the consideration of HK\$24 million which shall be settled by the issuance and allotment of 25,000,000 new Shares (the “**Consideration Shares**”) to Shining Vendor upon completion.

Assuming no Consideration Shares will be issued before the Closing Date, on the basis of the Offer Price of HK\$0.6529 per Offer Share and 740,000,000 issued Shares as at the Latest Practicable Date, (i) the total issued share capital of the Company was valued at HK\$483,146,000; (ii) excluding the 515,000,000 Shares held by the Offeror, there was 225,000,000 Shares subject to the Offer and the value of the Offer was at HK\$146,902,500.

Assuming the Consideration Shares will be issued in full before the Closing Date, on the basis of the Offer Price of HK\$0.6529 per Offer Share and 765,000,000 issued Shares, (i) the total issued share capital of the Company will be valued at HK\$499,468,500; (ii) excluding the 515,000,000 Shares held by the Offeror, there will be 250,000,000 Shares subject to the Offer and the value of the Offer will be at HK\$163,225,000.

### Further details of the Offer

Further details of the Offer including, among other things, its extension to the Overseas Shareholders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period are set out in the “Letter from China Goldjoy” as set out in this Composite Document, Appendix I to this Composite Document and the Form of Acceptance and Transfer.

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## LETTER FROM THE BOARD

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### GENERAL

#### Information on the Offeror and its intention regarding the Company

Your attention is drawn to the section headed “Information on the Offeror” and “Intentions of the Offeror in relation to the Company” in the “Letter from China Goldjoy” set out in this Composite Document. The Board is aware of the intention of the Offeror in respect of the Group and its employees and is willing to co-operate with the Offeror further which is in the interests of the Company and the Shareholders as a whole.

#### Information on the Group

The Company is an investment holding company. The Shares have been listed on GEM since November 2010. The Group is principally engaged in the distribution of apparel products.

The following table sets out the shareholding structure of the Company (based on information received by the Company and notified pursuant to Part XV of the SFO as at the Latest Practicable Date) (i) immediately before the Completion; and (ii) immediately after Completion and as at the Latest Practicable Date:

	Immediately prior to Completion		Immediately after Completion and as at the Latest Practicable Date	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
The Offeror and parties acting in concert with it	—	—	515,000,000	69.59
China Merit	515,000,000	69.59	—	—
Other Shareholders	<u>225,000,000</u>	<u>30.41</u>	<u>225,000,000</u>	<u>30.41</u>
<b>Total</b>	<b><u>740,000,000</u></b>	<b><u>100.00</u></b>	<b><u>740,000,000</u></b>	<b><u>100.00</u></b>

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## LETTER FROM THE BOARD

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Set out below is a summary of (i) the audited consolidated results of the Group for each of the two years ended 30 September 2015 and 2016; and (ii) the unaudited consolidated financial information of the Group for the three months ended 31 December 2016, as extracted from the Company's annual report for the year ended 30 September 2016 and the first quarterly report of the Company for the three months ended 31 December 2016, respectively:

	Financial year ended		Three months ended	
	30 September	30 September	31 December	31 December
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	54,351	23,122	13,478	1,564
Gross profit	3,434	1,268	865	—
Loss before taxation	(5,418)	(10,587)	(760)	(9,463)
Loss for the financial year/ the period	(5,280)	(10,587)	(760)	(9,463)

The audited consolidated net asset value of the Group attributable to the Shareholders as at 30 September 2016 was approximately HK\$38,787,000, which was equivalent to approximately HK\$0.05 per Share based on 740,000,000 Shares in issue as at the Latest Practicable Date.

Your attention is drawn to the financial information on the Group set out in Appendix II to this Composite Document.

### MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Board noted the Offeror's intention to maintain the listing of the Shares on the Stock Exchange. Each of the Offeror and the proposed new Directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

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## LETTER FROM THE BOARD

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### RECOMMENDATIONS

Your attention is drawn to the “Letter from the Independent Board Committee” of this Composite Document which sets out its recommendation to the Independent Shareholders in respect of the Offer. Your attention is also drawn to the letter of advice from the Joint Independent Financial Advisers of this Composite Document which contains, among other things, their advice to the Independent Board Committee in relation to the Offer.

### ADDITIONAL INFORMATION

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of Ms. Cheung Ching Ching Daisy, Forise Asset Management Group Limited and Shining Vendor, being vendor of each of the proposed acquisition of Just In Time Finance Limited, China Hanya Asset Management Limited and Shining Securities Company Limited, as announced by the Company on 27 September 2016, 24 October 2016 and 3 November 2016, respectively, is an independent third party not connected with nor a party acting in concert with (i) China Merit or its ultimate beneficial owner; or (ii) the Offeror or its ultimate beneficial owner.

Your attention is drawn to the “Letter from China Goldjoy” of this Composite Document which contains further details of the Offer and the information set out in the appendices to this Composite Document.

In considering what action to take in connection with the Offer, you should also consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

Yours faithfully,  
For and on behalf of the Board of  
**China Hanya Group Holdings Limited**  
**Liu Sit Lun**  
*Chairman*

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LETTER FROM CHINA GOLDJOY

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中國金洋證券有限公司  
CHINA GOLDJOY SECURITIES LIMITED  
中國金洋集團成員(上市公司編號：01282.HK)

*To the Independent Shareholders,*

6 March 2017

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL OFFER BY  
CHINA GOLDJOY SECURITIES LIMITED  
FOR AND ON BEHALF OF  
HANDSOME GLOBAL INVESTMENTS LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES IN  
CHINA HANYA GROUP HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED  
OR AGREED TO BE ACQUIRED  
BY HANDSOME GLOBAL INVESTMENTS LIMITED)**

**INTRODUCTION**

Reference is made to the Joint Announcement.

On 13 January 2017, China Merit as the vendor and the Offeror as the purchaser entered into the Sale and Purchase Agreement pursuant to which, China Merit has agreed to sell, and the Offeror has agreed to acquire, an aggregate of 515,000,000 Shares (i.e. the Sale Shares), for the consideration of HK\$336,240,000, or approximately HK\$0.6529 per Sale Share. The Sale Shares represent approximately 69.59% of the entire issued share capital of the Company immediately prior to Completion. Completion took place immediately upon signing of the Sale and Purchase Agreement on 13 January 2017.

Prior to Completion, none of the Offeror and parties acting in concert with it owned or had control or direction over any voting rights or rights over the Shares or warrants, options, derivatives or other securities that were convertible or exchangeable into Shares or other types of equity interest in the Company, other than the interest in Shares acquired under the Sale and Purchase Agreement.

Immediately after Completion, the Offeror was interested in 515,000,000 Shares, representing approximately 69.59% of the entire issued share capital of the Company immediately after Completion. Accordingly, the Offeror is required to make a mandatory unconditional offer for all the issued Shares (other than those already acquired or agreed to be acquired by the Offeror) pursuant to Rule 26.1 of the Takeovers Code. The Offer is unconditional in all respects.



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## LETTER FROM CHINA GOLDJOY

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This letter sets out, amongst other things, the principal terms of the Offer, together with the information on the Offeror and the Offeror's intentions regarding the Group. Further details of the terms of the Offer and procedures for acceptance are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer.

### THE OFFER

China Goldjoy is, for and on behalf of the Offeror and in compliance with the Takeovers Code, making a mandatory unconditional offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror) on the following terms:

#### The Offer

**For every Share accepted under the Offer . . . . .HK\$0.6529 in cash**

The Offer Price of HK\$0.6529 per Offer Share equals to the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement, which was determined after arm's length negotiations between the Offeror and China Merit.

As at the Latest Practicable Date, there were 740,000,000 Shares in issue.

The Offer is extended to all Shares in issue on the date on which the Offer is made, being the date of the despatch of this Composite Document, and to any further Shares which are unconditionally allotted, other than those Shares held by the Offeror.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions. The Shares to be acquired under the Offer will be fully paid, free from all liens, charges and encumbrances.

Further terms of the Offer and the procedures for acceptance are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer.

#### Comparison of value

The Offer Price of HK\$0.6529 per Offer Share represents:

- (i) a discount of approximately 47.3% to the closing price of HK\$1.24 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 45.6% to the average closing price of approximately HK\$1.20 per Share for the last five Trading Days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 50.2% to the average closing price of approximately HK\$1.31 per Share for the last 10 Trading Days immediately prior to and including the Last Trading Day;

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## LETTER FROM CHINA GOLDJOY

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- (iv) a discount of approximately 54.3% to the average closing price of approximately HK\$1.43 per Share for the last 30 Trading Days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 34.7% to the closing price of HK\$1.00 per Share on the Latest Practicable Date; and
- (vi) a premium of approximately 1,145.6% over the audited net asset value of the Group attributable to the Shareholders of approximately HK\$0.05 per Share as at 30 September 2016.

### **Highest and lowest price of the Shares**

During the Relevant Period, the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.68 on 18 July 2016 and the highest closing price per Share as quoted on the Stock Exchange was HK\$1.99 on 7 November 2016.

### **Total consideration for the Offer**

Based on the Offer Price of HK\$0.6529 per Offer Share and 740,000,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at HK\$483,146,000.

On 3 November 2016, the Company has entered into a sale and purchase agreement pursuant to which Shining Investment Holdings Limited (“**Shining Vendor**”) has conditionally agreed to sell, and the Company has conditionally agreed to purchase, the entire issued share capital of Shining Securities Company Limited at the consideration of HK\$24 million which shall be settled by the issuance and allotment of 25,000,000 new Shares (the “**Consideration Shares**”) to Shining Vendor upon completion.

Assuming that no Consideration Shares will be issued before the Closing Date, the Offer is accepted in full and there is no change in the issued share capital of the Company up to the close of the Offer, the maximum amount payable by the Offeror under the Offer will be HK\$146,902,500 based on a total of 225,000,000 Offer Shares (representing the Shares not already owned by the Offeror) subject to the Offer and the Offer Price of HK\$0.6529 per Offer Share.

Assuming that the Consideration Shares will be issued in full before the Closing Date and the Offer is accepted in full, the maximum amount payable by the Offeror under the Offer will be HK\$163,225,000 based on a total of 250,000,000 Offer Shares (representing the Shares and new Shares not already owned by the Offeror) subject to the Offer and the Offer Price of HK\$0.6529 per Offer Share.

As at the Latest Practicable Date, the Company has no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

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## LETTER FROM CHINA GOLDJOY

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As at the Latest Practicable Date, the Offeror has not received any indication or irrevocable commitment from any Independent Shareholder that he/she/it will accept or reject the Offer.

### **Confirmation of financial resources**

The Offeror will finance the consideration payable under the Offer by a loan facility provided by China Goldjoy Credit Limited, a third party independent of the Offeror, which is secured by a charge over the Sale Shares, and its own internal resources. Alliance Capital, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for full acceptance of the Offer. The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the Group.

### **Effect of accepting the Offer**

The acceptance of the Offer by the Independent Shareholders will constitute warranties by such Shareholders to the Offeror that the Shares acquired under the Offer are fully paid and free from all liens, charges, 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 Offer is made, being the date of posting of this Composite Document.

The Offer is unconditional in all respects and will open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date.

Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

### **Payment**

Payment in cash in respect of an acceptance of the Offer will be made as soon as possible but in any event within seven (7) Business Days (as defined under the Takeovers Code) following the date of the receipt of the duly completed acceptance of the Offer. Relevant documents evidencing title of the Shares must be received by or on behalf of the Offeror to render such acceptance of the Offer complete and valid.

### **Overseas Shareholders**

The Offeror intends to make the Offer available to all Independent Shareholders, including the Overseas Shareholders. However, the Offer is in respect of securities of a company incorporated in the Cayman Islands and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions. The Overseas Shareholders who wish to participate in the Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. The Overseas Shareholders

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## LETTER FROM CHINA GOLDJOY

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who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (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 jurisdictions).

### **Stamp duty**

In Hong Kong, the seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, which will be deducted from the cash amount payable by the Offeror to such Independent Shareholder on acceptance of the Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty would be rounded-up to the nearest HK\$1). The Offeror will bear its own portion of the buyer's ad valorem stamp duty at the rate of 0.1% of the amount payable in connection with the acceptances or if higher, the market value of the Offer Shares, and will be responsible to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Offer.

### **INFORMATION ON THE OFFEROR**

The Offeror is an investment holding company incorporated in BVI with limited liability. As at the Latest Practicable Date, save for entering into the Sale and Purchase Agreement and entering into the financial arrangement with China Goldjoy Credit Limited in relation to the Sale and Purchase Agreement and the Offer, the Offeror did not engage in any other business activities.

As at the Latest Practicable Date, the Offeror is wholly and beneficially owned by Mr. Yun Liguo (“**Mr. Yun**”) who is also the sole director of the Offeror. For further information in relation to Mr. Yun, please refer to the section headed “Proposed change of composition of the Board” below.

### **INFORMATION ON THE GROUP**

The Company, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM, is an investment holding company. The Company's subsidiaries are principally engaged in the distribution of apparel products. In October 2016, the Group also diversified into the money lending business.

Your attention is drawn to the details of the information of the Group as set out under the section headed the “Letter from the Board” to this Composite Document and “Financial information of the Group” in Appendix II.

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## LETTER FROM CHINA GOLDJOY

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### INTENTIONS OF THE OFFEROR IN RELATION TO THE COMPANY

The Offeror intends to continue the existing business objectives of the Group, which is the distribution of apparel products, as well as expansion into the financial services industry.

The Offeror will, following the completion of the Offer, conduct a review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group, and explore possible opportunities in the financial industry. Subject to the result of the review and should suitable investment or business opportunities arise, the Offeror may diversify the business of the Group with the objective of broadening its sources of income. However, as of the Latest Practicable Date, no such investment or business opportunities have been identified nor has the Offeror entered into any agreement, arrangements, understandings, intention or negotiation in relation to the injection of any assets or business into the Group. The Offeror has no plan to inject any assets or businesses into the Group, or to procure the Group to acquire any assets from the Offeror or dispose of any assets of the Group.

Save for the proposed change of composition of the Board, the Offeror has no intention to terminate any employment of the employees of the Group, make significant changes to any employment, or dispose of or re-allocate the Group's assets which are not in the ordinary and usual course of business of the Group.

### Proposed change of composition of the Board

The Board is currently made up of seven Directors, comprising three executive Directors, namely Mr. Liu Sit Lun, Mr. Law Kin Wah, Kenneth and Ms. Sun Wing Man, Doris; and four independent non-executive Directors, namely Ms. Yang Haibi, Ms. Sun Yuan, Mr. Zhang Tianbao and Ms. Sun Huiyan. All the executive Directors of the existing Board will resign as Director with effect on the earliest date on which such resignations may take effect under the Takeovers Code (being after the close of the Offer).

The Offeror intends to nominate (i) Mr. Yun as executive Director to take effect after the despatch of this Composite Document; and (ii) Mr. Lee Tin Yau, Eugene (“**Mr. Lee**”) as non-executive Director to take effect on the Closing Date. The biographies of Mr. Yun and Mr. Lee are set out below:

Mr. Yun, aged 38, has more than 9 years of experience in interior design and renovation, as well as experience in investment fund management. Mr. Yun has undertaken various management positions including acting as general manager in different interior design and renovation work related companies since July 2007. Currently, Mr. Yun is interested in 95% of the total paid up capital of 北京恒銀中嘉投資基金管理有限公司 (Beijing Heng Yin Zhong Jia Investment Fund Management Co., Ltd.\*), a company established in the PRC with registered capital of RMB200 million which is mainly engaged in investment management and consultancy.

Mr. Lee, aged 45, has over 13 years of experience in corporate finance, capital markets and asset managements in Hong Kong. Currently, Mr. Lee is the responsible officer of China Goldjoy. Mr. Lee holds a Bachelor of Science in electrical engineering from the University of Pennsylvania.

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## LETTER FROM CHINA GOLDJOY

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### **Maintaining the listing status of the Company**

The Offeror has no intention to privatise the Group and intends to maintain the listing of the Shares on the Stock Exchange. The Offeror and the proposed new Directors have undertaken to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the entire issued share capital of the Company will continue to be held by the public at all times.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued shares of the Company, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Board is aware of the Offeror's intention regarding the Group and its employees and the proposed change of Board composition, and is willing to render co-operation with the Offeror and would continue to act in the best interests of the Group and the Shareholders as a whole.

### **ACCEPTANCE OF THE OFFER**

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

The duly completed and signed Form of Acceptance and Transfer should be sent, together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, marked "China Hanya Offer" on the envelope, in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

No acknowledgment of receipt of any Form of Acceptance and Transfer, share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

Your attention is drawn to "Further terms and procedures for acceptance of the Offer" as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer.

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## LETTER FROM CHINA GOLDJOY

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### **Settlement of the Offer**

Remittances in respect of the cash consideration for the Offer Shares tendered under the Offer will be despatched to the accepting Independent Shareholder(s) (to the address specified on the relevant Form of Acceptance and Transfer) by ordinary post at his/her/its own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offer complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

No fractions of a cent will be payable, and the amount of cash consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

### **Nominee registration**

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

### **Tax implications**

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. It is emphasised that none of the Offeror, the Company, China Merit, China Goldjoy or Alliance Capital or any of their respective directors, officers or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

### **COMPULSORY ACQUISITION**

The Offeror does not intend to exercise any right which may be available to it to compulsorily acquire any outstanding Offer Shares not acquired pursuant to the Offer after the close of the Offer.

### **GENERAL**

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, in case of joint holders whose name appear first in the said register, unless otherwise specified in the accompanying Form of Acceptance and Transfer completed, returned and received by the Registrar. None of the Offeror and parties acting in concert with it, China Goldjoy, Alliance Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, associates, agents or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

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## LETTER FROM CHINA GOLDJOY

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### ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance and Transfer, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the letter of advice by the Joint Independent Financial Advisers to the Independent Board Committee as set out in the “Letter from the Joint Independent Financial Advisers” contained in this Composite Document.

Yours faithfully,  
For and on behalf of  
**China Goldjoy Securities Limited**  
**Ho Hin Sing, Hanson**  
*Responsible Officer*



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## LETTER FROM INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in this Composite Document.*



### CHINA HANYA GROUP HOLDINGS LIMITED

中國瀚亞集團控股有限公司

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

(Stock Code: 8312)

6 March 2017

*To the Independent Shareholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL OFFER BY  
CHINA GOLDJOY SECURITIES LIMITED  
FOR AND ON BEHALF OF  
HANDSOME GLOBAL INVESTMENTS LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES IN  
CHINA HANYA GROUP HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED  
OR AGREED TO BE ACQUIRED  
BY HANDSOME GLOBAL INVESTMENTS LIMITED)**

#### INTRODUCTION

We refer to the composite offer and response document (the “**Composite Document**”) dated 6 March 2017 jointly issued by the Offeror and the Company, of which this letter forms part. Terms used in this letter have the same meanings as those defined in this Composite Document unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to acceptance thereof.

Euto Capital and Nuada have been appointed as the Joint Independent Financial Advisers to the Independent Board Committee to advise the Independent Board Committee in respect of the terms of the Offer and as to acceptance thereof. Details of its advice and principal factors taken into consideration in arriving at its recommendation are set out in the letter from the Joint Independent Financial Advisers of this Composite Document.

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## LETTER FROM INDEPENDENT BOARD COMMITTEE

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We also wish to draw your attention to the “Letter from the Board”, the “Letter from China Goldjoy” and the additional information set out in the appendices to this Composite Document.

### RECOMMENDATION

Having taken into account the terms of the Offer and the advice from the Joint Independent Financial Advisers and the principal factors taken into account in arriving at their recommendation, we are of the opinion that the terms of the Offer are not attractive to the Independent Shareholders and thus in this respect are not fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders not to accept the Offer.

Independent Shareholders who wish to realise all or part of their investments in the Shares are reminded that they should carefully and closely monitor the Shares price performance and liquidity of the Share during the Offer Period and consider selling their Shares in the open market during the Offer Period, rather than accepting the Offer in case that the market price of the Shares exceed the Offer Price and the net proceeds from the sale of the Shares in the open market after deducting all related costs exceed the amount receivable from the Offer. In any event, Independent Shareholders should note that there is no certainty that the current trading volume and/or current price of the Shares will be sustainable during or after the Offer Period.

Independent Shareholders who wish to accept the Offer should read carefully the procedures for accepting the Offer as detailed in Appendix I to the Composite Document and are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives, and they should consult their own professional advisers for professional advice in case of any doubts.

Yours faithfully,  
For and on behalf of  
**Independent Board Committee**

**Ms. Sun Yuan**

**Mr. Zhang Tianbao**  
*Independent non-executive Directors*

**Ms. Sun Huiyan**



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## Nuada Limited

Nuada Limited  
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OfficePlus@Sheung Wan  
93-103 Wing Lok Street  
Sheung Wan, Hong Kong

Phone: 2544-9978  
Fax: 2544-0023

6 March 2017

*To the Independent Board Committee  
and the Independent Shareholders of  
China Hanya Group Holdings Limited*

Dear Sirs and Madams,

**MANDATORY UNCONDITIONAL OFFER BY  
CHINA GOLDJOY SECURITIES LIMITED  
FOR AND ON BEHALF OF  
HANSOME GLOBAL INVESTMENTS LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES IN  
CHINA HANYA GROUP HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED  
OR AGREED TO BE ACQUIRED  
BY HANDSOME GLOBAL INVESTMENTS LIMITED)**

### **INTRODUCTION**

We, Euto Capital Partners Limited (“**Euto Capital**”) and Nuada Limited (“**Nuada**”), refer to our appointment as the joint independent financial advisers to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer, particulars of which are set out in the composite offer and response document jointly despatched by the Offeror and the Company dated 6 March 2017 (the “**Composite Document**”), of which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter have the same meanings as those defined in the Composite Document.

#### **1. The Sale and Purchase Agreement**

Reference is made to the Joint Announcement. On 13 January 2017, China Merit as the vendor and the Offeror as the purchaser entered into the Sale and Purchase Agreement pursuant to which, China Merit has agreed to sell, and the Offeror has agreed to acquire, an aggregate of

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## LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

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515,000,000 Shares (i.e. the Sale Shares), for the Consideration of HK\$336,240,000, or approximately HK\$0.6529 per Sale Share. The Sale Shares represent approximately 69.59% of the entire issued share capital of the Company immediately prior to Completion. Completion took place immediately upon signing of the Sale and Purchase Agreement on 13 January 2017.

### *Mandatory unconditional offer*

Prior to Completion, none of the Offeror and parties acting in concert with it owned or had control or direction over any voting rights or rights over the Shares or warrants, options, derivatives or other securities that were convertible or exchangeable into Shares or other types of equity interest in the Company, other than the interest in Shares acquired under the Sale and Purchase Agreement.

Immediately after Completion, the Offeror was interested in 515,000,000 Shares, representing approximately 69.59% of the entire issued share capital of the Company immediately after Completion. Accordingly, the Offeror is required to make a mandatory unconditional offer for all the issued Shares (other than those already acquired or agreed to be acquired by the Offeror) pursuant to Rule 26.1 of the Takeovers Code. The Offer is unconditional in all respects.

### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising three independent non-executive Directors, namely Ms. Sun Yuan, Mr. Zhang Tianbao and Ms. Sun Huiyan, has been formed to advise the Independent Shareholders in respect of the Offer. Ms. Yang Haibi, an independent non-executive Director, was excluded from the Independent Board Committee to avoid any conflict of interest in advising the Independent Shareholders on the terms of the Offer, as she has been authorised by the Offeror to act as the Offeror's representative to take part in discussions and negotiations in respect of the Offer. We, Euto Capital and Nuada, have been appointed as the joint independent financial advisers by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard. The appointment of us has been approved by the Independent Board Committee.

### **OUR INDEPENDENCE**

As at the Latest Practicable Date, we were not associated with any member of the Group, or the Offeror, or any of their respective substantial shareholders or any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Offer. Apart from our present appointment, we have not acted as the financial adviser nor the independent financial adviser in respect of any transaction of the Company in the past two years. In addition, apart from normal professional fees payable to us in connection with this arrangement, no arrangement exists whereby we will receive any fees or

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## LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

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benefits from any members of the Group, or the Offeror, or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them.

### **BASIS OF OUR OPINION AND RECOMMENDATION**

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on (i) the statements, information, opinions and representations contained or referred to in the Composite Document; (ii) the information and representations provided to us by the Directors and/or the management of the Company and its subsidiaries (the “**Management**”); and (iii) our review of the relevant public information.

We have assumed that all information and representations provided by the Management, for which they are solely and wholly responsible for are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be true up to the Latest Practicable Date. Shareholders will be notified for any subsequent material changes to such statements, information, opinions and/or representations as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Composite Document were reasonably made after due enquiries and careful consideration by the Directors and there are no other facts not contained in the Composite Document the omission of which would make any such statement contained in the Composite Document misleading. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Management nor have we conducted any independent investigation into the business, financial conditions, affairs or future prospects of the Group, the Offeror, and parties acting concert with them.

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

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## LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

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

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

This letter was issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration in respect of the Offer.

### PRINCIPAL FACTORS AND REASON CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders, we have taken into consideration of the following principal factors and reasons. Our conclusions are based on the results of our analysis taken as whole.

#### 1. Background of the Offer

On 13 January 2017, China Merit as the vendor and the Offeror as the purchaser entered into the Sale and Purchase Agreement pursuant to which, China Merit has agreed to sell, and the Offeror has agreed to acquire, an aggregate of 515,000,000 Shares (i.e. the Sale Shares), for the Consideration of HK\$336,240,000, or approximately HK\$0.6529 per Sale Share. The Sale Shares represent approximately 69.59% of the entire issued share capital of the Company immediately prior to Completion. Completion took place immediately upon signing of the Sale and Purchase Agreement on 13 January 2017.

#### 2. Principal terms of the Offer

Immediately after Completion and as at the Latest Practicable Date, the Offeror was interested in 515,000,000 Shares, representing approximately 69.59% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeover Code, China Goldjoy, for and on behalf of the Offeror, is making the Offer in compliance with the Takeovers Code on the following basis:

**For each Offer Share . . . . . HK\$0.6529 in cash**

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## LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

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Further terms of the Offer and the procedures for acceptance of the Offer are set out in Appendix I to the Composite Document and the accompanying Form of Acceptance and Transfer.

The Offer Price of HK\$0.6529 per Offer Share under the Offer is the same as the purchase price per Sale Share paid by the Offeror pursuant to the Sale and Purchase Agreement.

As at the Latest Practicable Date, the Company had a total of 740,000,000 Shares in issue and the Company had no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

The Offer is extended to all Shares in issue on the date on which the Offer is made, being the date of the despatch of the Composite Document, and to any further Shares which are unconditionally allotted, other than those Shares held by the Offeror and persons acting in concert with it.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

The Shares to be acquired under the Offer will be fully paid, free from all liens, charges and encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the Composite Document.

### **3. Information on the Company and the Group**

As set out in the letter from China Goldjoy in the Composite Document, the Company is a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM, is an investment holding company.

#### **(a) *Principal business***

As set out in the letter from the Board in the Composite Document, the Company's subsidiaries are principally engaged in the distribution of apparel products. In October 2016, the Group also diversified into the money lending business.

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## LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

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**(b) *Historical financial performance***

Set out below is a summary of (i) the audited consolidated financial information of the Group for each of the two financial years ended 30 September 2015 (“**FY2015**”) and 2016 (“**FY2016**”) as extracted from the annual report for the year ended 30 September 2016 (the “**AR2016**”) and (ii) the unaudited consolidated financial information of the Group for the three months ended 31 December 2015 and 31 December 2016 (“**1Q2016**” and “**1Q2017**”, respectively) as extracted from the first quarterly report of the Company for the three months ended 31 December 2016. Further details of the financial information of the Group are set out in Appendix II to the Composite Document.

	<b>Financial year ended</b>		<b>Three months ended</b>	
	<b>30 September</b>		<b>31 December</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue				
— Innerwear	30,334	15,243	7,358	1,564
— Casual wear	7,898	3,481	1,722	—
— Baby and children wear	<u>16,119</u>	<u>4,398</u>	<u>4,398</u>	<u>—</u>
	54,351	23,122	13,478	1,564
Gross profit	3,434	1,268	865	—
Loss before taxation	(5,418)	(10,587)	(760)	(9,463)
Loss for the financial year/ the period	(5,280)	(10,587)	(760)	(9,463)

**(i) *For the year ended 30 September 2016 (i.e. FY2016)***

As set out in the AR2016, the Group’s revenue is generated from garment distribution with three product segments, which are the sales of (i) innerwear, (ii) casual wear and (iii) baby and children wear. In FY2016, the Group recorded revenue of approximately HK\$23.1 million, representing a significant decrease of approximately HK\$31.2 million or 57.5% as compared to the revenue of approximately HK\$54.4 million for FY2015.

As shown in the above table, the decrease in revenue was mainly attributable to (i) the decrease of approximately HK\$15.1 million or 49.7% in revenue from the product segment of innerwear and (ii) the decrease of approximately HK\$11.7 million or 72.7% in revenue from the product segment of baby and children wear. As advised by the Board, such decrease was mainly due to unfavourable sales demand from the Group’s major customers in Europe and keen competition from manufactures located in Southeast Asian countries.



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During FY2016, gross profit was approximately HK\$1.3 million at gross profit margin of approximately 5.6%. Loss for the year attributable to owners has increased by HK\$5.3 million from approximately HK\$5.3 million for the year ended 30 September 2015 to approximately HK\$10.6 million for the year ended 30 September 2016. As advised by the Board, it was mainly due to the decrease in sales order as well as an increase in administrative expenses attributable to the Group's business diversification.

(ii) *For the three months ended 31 December 2016 (i.e. 1Q2017)*

In 1Q2017, the Group recorded revenue of approximately HK\$1.6 million, representing a significant decrease of approximately HK\$11.9 million or 88.4% as compared to the revenue of approximately HK\$13.5 million for 1Q2016 mainly attributable to no contribution from the distribution of casual wear and baby and children wear was made for the period (1Q2016: HK\$1.7 million and HK\$4.4 million respectively). As a result of the decrease in revenue, the Group recorded a loss for the three months attributable to owners has increased by HK\$8.7 million from approximately HK\$0.7 million in 1Q2016 to approximately HK\$9.4 million in 1Q2017.

(c) ***Historical financial position***

Set out below is the extract of financial position of the Group as at 30 September 2015 and 2016 as extracted from the AR2016. Further details of which are set out in Appendix II to the Composite Document.

	<b>As at 30 September</b>	
	<b>2015</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Non-current assets	940	1,786
Current assets	22,800	39,121
Cash and bank balances	6,795	35,625
Current liabilities	3,697	2,120
Net current assets	19,103	37,001
Net assets	20,043	38,787

According to the AR2016, as at 30 September 2016, total assets of the Group was approximately HK\$40.9 million, principally comprised (i) property, plant and equipment of approximately HK\$882,000; (ii) deposit paid for acquisition of a subsidiary of approximately HK\$200,000; (iii) deposit paid for acquisition of plant and equipment of approximately HK\$704,000; (iv) trade and other receivables of approximately HK\$2.1 million; (v) investment held-for-trading of approximately HK\$1.3 million; and (vi) cash and bank balances of approximately HK\$35.6 million. We note that cash and bank balances increased from approximately HK\$6.8 million as at 30 September 2015 to approximately HK\$35.6 million as at 30 September 2016, such increase was mainly attributable to the proceeds from placing of Shares of approximately HK\$30.2 million.

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## LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

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Besides, the current liabilities of the Group (approximately HK\$2.1 million) comprised (i) trade payables of approximately HK\$824,000; and (ii) other payables and accrued charges of approximately HK\$1.3 million. There was no non-current liability noted as at 30 September 2015 and 2016. Accordingly, the current ratio (current asset divided by current liabilities) of the Group was approximately 18.5 times and 6.2 times as at 30 September 2016 and 2015, respectively. As advised by the Board, in view of the Group's current level of cash and bank balances, the Board is confident that the Group will have sufficient resources to meet its finance needs for its current operations as well as its new businesses.

**(d) *Future prospects***

As disclosed in the AR2016 and further to our discussion with the Management, we note that the performance of the Group's existing distribution business was dampened by the softening demand witnessed in the European market during FY2016. The Board considers that such softening demand will continue to pose strong headwinds for the Group's distribution business. In the face of such difficult market conditions, the Group has stepped up its efforts by taking proactive measures to enhance its core operations.

Further discussed with the Management, we are informed that the favorable development of the globalization of Renminbi and the latest Shenzhen-Hong Kong Stock Connect program, underlying investment demand from China investors will continue to surge as they look for investment opportunities with higher returns. According to an article entitled "2016 China Wealth Report: Growing Against the Trend with Global Asset Allocation", jointly released on 22 June 2016 by China Industrial Bank (CIB) and The Boston Consulting Group (BCG), the wealth of high net worth individuals (HNWIs) is rising steadily in the PRC. It is estimated that the PRC's high net worth families will reach 3.88 million by 2020 and their investable financial assets will then account for 51% of the PRC's individual wealth. The report further reveals that as the Chinese economy continues to open, the demand of the PRC investors for global asset allocation will increase significantly. It is estimated that the proportion of Chinese individual assets to be allocated overseas will increase from the current 4.8% to about 9.4% in the next 5 years, with the assets under management of overseas investment then increasing to RMB13 trillion. On top of that, the ongoing economic and financial reforms in China will continue to strengthen Hong Kong's role as a bridge between the PRC and overseas markets. In view of the above, we consider that the capital market in Hong Kong, which brought from the aforesaid factors, present an ideal segment that the Group can tap into will benefit from the influx of capital from the PRC and investment from overseas investors into the PRC.

According to the announcements of the Company dated 27 September 2016, 24 October 2016 and 3 November 2016 respectively, the Group entered into respective agreements to acquire (i) the entire issued shares of China Hanya Asset Management Limited, which is licensed to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO; (ii) Just In Time Finance Limited, which holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and (iii) Shining Securities Company Limited, which is licensed to carry out Type 1 (dealing in

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## LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

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securities) and Type 2 (dealing in futures contracts) regulated activities under the SFO. We concur with the view of the Management that these new business ventures will enable the Group to tap into the potential of financial services industry. Going forward, the Group will continue to enhance its existing operations while exploring the possibility of other business opportunities with the aim to create long term value for the Shareholders.

Based on the Group cash flow resources of approximately HK\$35.6 million as at 30 September 2016, the Group has sufficient financial resources to meet its financial obligations and foreseeable working capital requirements. Besides, we have reviewed the biographies of each of the Directors of the Proposed New Board (details please refer to the subsection headed “Proposed change to the board composition of the Company” below) and consider that the Proposed New Board could provide relevant experience and expertise in the newly developed financial services business. Building on the advantages of experienced management team and the aforesaid financial resources, the Group is well positioned to seize good business opportunities in the market that are strategically aligned with its original and newly developed business.

Given that (i) the Group is undergoing the business diversification from traditional apparels distribution segment to financial services provider and money lending business segment and (ii) the Offeror intends to continue the existing business (both the original business of distribution of apparel products, and the newly developed financial services business) of the Group, the Group will continue to focus on and contribute more resources to develop the newly acquired and established business with optimal cost until it can generate positive cash flow to maintain the operating capability of the entity and contribute profit to the Group. In view of that, we consider the success of the aforesaid diversification strategies will heavily depend on the contribution from and the decision of the Proposed New Board (as defined below) on the overall strategic planning of the Group.

To sum up, we noted that the Group has been facing an unfavourable sales demand in the sales and distribution of the apparel products from the Group’s major customers in Europe and keen competition from manufactures located in Southeast Asian countries during FY2016, which resulted in deteriorating financial results with loss position of the Group increased from approximately HK\$5.3 million for FY2015 to approximately HK\$10.6 million for FY2016 and the revenue of the Group decreased significantly by approximately 57.5% in FY2016. In the face of the aforesaid difficult market condition and deteriorating financial position, the Group has commenced the diversification of business operation from the original business of distribution of apparel products to the newly developed financial services business in the fourth quarter of 2016. After review of the biographies of the Proposed New Board, we consider that the Proposed New Board could provide relevant experience and expertise in the financial services industry after the despatch of Composite Document. Nevertheless, given (i) the Group’s newly developed financial services business is under an early stage of development and (ii) the Group’s financial performance and stability was heavily affected by the economic and industry environment and its outlook and future development, we consider that the future prospect of the Group would subject to uncertainties and business risks.

**4. Information on the Offeror**

As set out in the letter from China Goldjoy in the Composite Document, the Offeror is an investment holding company incorporated in BVI with limited liability. As at the Latest Practicable Date, save for entering into the Sale and Purchase Agreement and entering into the financial arrangement with China Goldjoy Credit Limited in relation to the Sale and Purchase Agreement and the Offer, the Offeror did not engage in any other business activities.

As at the Latest Practicable Date, the Offeror was wholly and beneficially owned by Mr. Yun who is also the sole director of the Offeror. Mr. Yun has experience in investment fund management, interior design and renovation.

**5. Intentions of the Offeror in relation to the Group**

Immediately after Completion, the Offeror has become the Controlling Shareholder of the Company.

**(a) Business**

As set out in the letter from China Goldjoy in the Composite Document, the Offeror intends to continue the existing business objectives of the Group, which is the distribution of apparel products, as well as expansion into the financial services industry.

The Offeror will, following the completion of the Offer, conduct a review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group, and explore possible opportunities in the financial industry. Subject to the result of the review and should suitable investment or business opportunities arise, the Offeror may diversify the business of the Group with the objective of broadening its sources of income. However, as of the Latest Practicable Date, no such investment or business opportunities have been identified nor has the Offeror entered into any agreement, arrangements, understandings, intention or negotiation in relation to the injection of any assets or business into the Group. The Offeror has no plan to inject any assets or businesses into the Group, or to procure the Group to acquire any assets from the Offeror or dispose of any assets of the Group.

Save for the proposed change of composition of the Board, the Offeror has no intention to terminate any employment of the employees of the Group, make significant changes to any employment, or dispose of or re-allocate the Group's assets which are not in the ordinary and usual course of business of the Group.

**(b) Board composition of the Company**

*(i) Current board composition of the Company*

As set out in the letter from China Goldjoy in the Composite Document, as at the Latest Practicable Date, the Board was currently made up of seven Directors, comprising three executive Directors, namely Mr. Liu, Mr. Law Kin Wah, Kenneth and Ms. Sun Wing Man, Doris; and four independent non-executive Directors, namely Ms. Yang Haibi, Ms. Sun Yuan, Mr. Zhang Tianbao and Ms. Sun Huiyan.

*(ii) Proposed change to the board composition of the Company*

As set out in the letter from China Goldjoy in the Composite Document, the Offeror intends to nominate (i) Mr. Yun as executive Director to take effect after the despatch of the Composite Document; and (ii) Mr. Lee as non-executive Director to take effect on the Closing Date.

Biographical details of each of the Directors of the proposed new board (“**Proposed New Board**”) are set out in the paragraph headed “**Proposed change of composition of the Board**” in the “**Letter from China Goldjoy**” of the Composite Document. To assess whether the Proposed New Board have relevant experiences to manage the Company in the future, we have reviewed the biographies of each of the Directors of the Proposed New Board as set out in the Composite Document. The following were observed upon our review:

- Mr. Yun, aged 38, has more than 9 years of experience in interior design and renovation, as well as experience in investment fund management. Mr. Yun has undertaken various management positions including acting as general manager in different interior design and renovation work related companies since July 2007. Currently, Mr. Yun is interested in 95% of the total paid up capital of 北京恒銀中嘉投資基金管理有限公司 (Beijing Heng Yin Zhong Jia Investment Fund Management Co., Ltd.\*), a company established in the PRC with registered capital of RMB200 million which is mainly engaged in investment management and consultancy.
- Mr. Lee, aged 45, has over 13 years of experience in corporate finance, capital markets and asset managements in Hong Kong. Currently, Mr. Lee is the responsible officer of China Goldjoy. Mr. Lee holds a Bachelor of Science in electrical engineering from the University of Pennsylvania.

Save as the disclosed in the Composite Document, the Offeror does not intend to implement any material changes to the existing management of the Group following the close of the Offer.

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## LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

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Since the Offeror does not intend to introduce any major changes to the existing operation and business of the Company or re-deploy the employees, the Directors expect the operation of the Group will not be materially affected in the immediate future with the formation of the Proposed New Board. However, we are of the view that the future business development of the Group will depend on the contribution from and the decision of the Proposed New Board on the overall strategic planning of the Group on its existing business or any new opportunities.

### **(c) Maintaining the listing status of the Company**

The Offeror has no intention to privatise the Group and intends to maintain the listing of the Shares on the Stock Exchange. The Offeror and the proposed new Directors have undertaken to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the entire issued share capital of the Company will continue to be held by the public at all times.

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

## **6. Evaluation of the Offer Price**

### **(a) *Comparison between the Offer Price and the historical Share price***

The Offer Price of HK\$0.6529 per Offer Share represents:

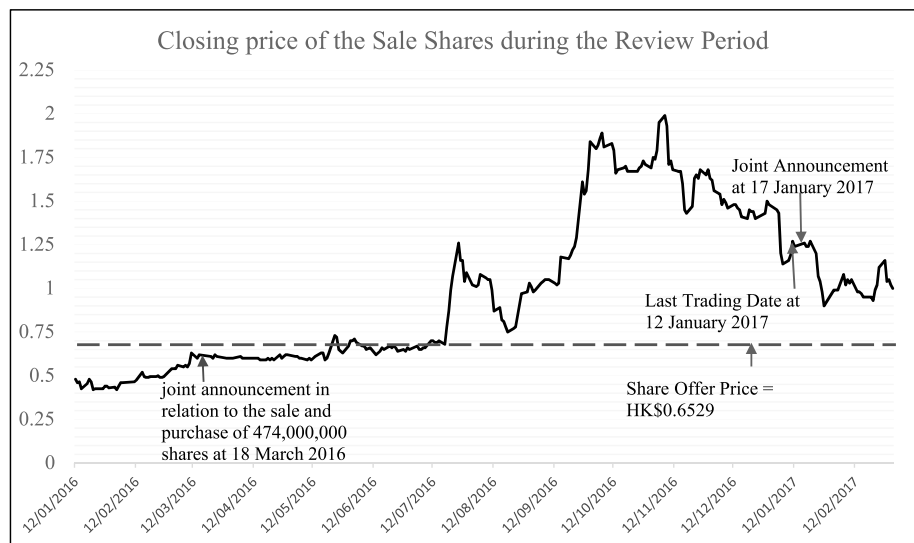
- (i) a discount of approximately 47.3% to the closing price of HK\$1.24 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 45.6% to the average closing price of approximately HK\$1.20 per Share for the last five trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 50.2% to the average closing price of approximately HK\$1.31 per Share for the last 10 trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 54.3% to the average closing price of approximately HK\$1.43 per Share for the last 30 trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 34.7% to the closing price of HK\$1.00 per Share on the Latest Practicable Date; and
- (vi) a premium of approximately 1,145.6% over the audited net asset value of the Group attributable to the Shareholders of approximately HK\$0.05 per Share as at 30 September 2016.

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### (b) *Historical Share price performance*

The chart below depicts the closing prices of the Shares traded on the Stock Exchange (i) from 12 January 2016 up to 12 January 2017, being the twelve-month period preceding the Last Trading Day (the “**Pre Joint Announcement Period**”), and (ii) from 17 January 2017, being the date of the Joint Announcement up, to the Latest Practicable Date (the “**Post Joint Announcement Period**”, together with the Pre Joint Announcement Period, collectively known as the “**Review Period**”):

**Figure: Share Price Performance Compared to the Offer Price**



Source: website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

*Notes:*

1. The trading of the Shares was suspended on 29 February 2016 pending the release of an announcement regarding inside information of the Company and pursuant to the Takeovers Code.
2. The trading of the Shares was suspended from 16 March 2016 to 18 March 2016 pending the release of an announcement regarding inside information of the Company and pursuant to the Takeovers Code.
3. The trading of the Shares was suspended from 24 August 2016 to 26 August 2016 pending the release of a clarification announcement to the announcement of placing of new Shares under general mandate made on 23 August 2016.
4. The trading of the Shares was suspended from 13 January 2017 to 16 January 2017 pending the release of the Joint Announcement.

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## LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

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(i) *Pre Joint Announcement Period*

As shown in the chart above, the Shares closed below the Offer Price for the sub-periods from 12 January 2016 to 13 July 2016 (“**1st Half Period**”), with an average daily Share price of approximately HK\$0.583. We notice from the website of the Stock Exchange that the Company has undergone an unconditional mandatory cash offers (“**Previous Cash Offer**”) and the closing date of the Previous Cash Offer was on 20 May 2016, we note that the average daily Share price during the 1st Half Period was generally in line with that of the offer price of the Previous Cash Offer of approximately HK\$0.5908 and therefore we consider that the average daily closing prices of the Shares during the 1st Half Period reflected the market’s reaction to the Previous Cash Offer.

Subsequent to the 1st Half Period, we note that the average daily Share price during the sub-periods from 14 July 2016 to 12 January 2017 (“**2nd Half Period**”) was approximately HK\$1.359, which was above the Offer Price, representing a premium of approximately 108.1% to the Offer Price. During the 2nd Half Period, the Company has announced, including but not limited to (i) the placing of Shares under general mandate on 25 August 2016; (ii) the acquisition of the entire issued shares in China Hanya Asset Management Limited on 27 September 2016; (iii) the acquisition of the entire issued shares of Just In Time Finance Limited on 24 October 2016; and (iv) the proposed acquisition of Shining Securities Company Limited on 3 November 2016. The fund raising activity and potential acquisitions by the Company may bring positive effect on the business development of the Company, and thus result in the improved Share price in trading of the Shares. Apart from the above, we are not aware of any public information relating to the price movement during the 2nd Half Period and we enquired with the management of the Company regarding the possible reasons for the surges in the Share price during such period and were advised that the Company was not aware of any particular matters which might have impact on the Share price during such period.

During the interval of the Pre Joint Announcement Period, the closing price of the Shares ranged from the lowest closing price of HK\$0.42 on 21 January 2016 and 2 February 2016 to the highest closing price of HK\$1.99 on 7 November 2016, with an average daily closing price of approximately HK\$0.976. The Offer Price of HK\$0.6529 per Share represents (i) a premium of approximately 55.5% over the lowest closing price; (ii) a discount of approximately 67.2% to the highest closing price; and (iii) a discount of approximately 33.1% to the average daily closing price during the Pre Joint Announcement Period.



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## LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

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(ii) *Post Joint Announcement Period*

During the Post Joint Announcement Period, the Share price closed at a level higher than the Offer Price and recorded the lowest and highest closing price of the Shares as quoted on the Stock Exchange of HK\$0.90 per Share on 27 January 2017 and HK\$1.27 per Share on 20 January 2017, respectively. The Offer price of HK\$0.6529 per Share represents (i) a discount of approximately 27.5% to the lowest closing price; and (ii) a discount of approximately 48.6% to the highest closing price during the Post Joint Announcement Period.

After taking into account the historical Share price performance, we note that the Offer Price lies below the range of the closing prices of the Shares for the 2nd Half Period and the Post Joint Announcement Period. However, Shareholders should note that there are no guarantees that the trading price of the Shares will sustain at a level higher than the Offer Price during and after the Offer period.

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**(c) Historical trading liquidity of the Shares**

Set out below in the table are the monthly total trading volumes of the Shares and the percentages of the monthly total trading volume to the total issued Shares during the Review Period:

Month	Monthly total trading volume of the Shares (A)	No. of trading days (B)	Average daily trading volume of the Shares (C) = (A)/(B)	Percentage of the monthly total trading volume of the Shares to the total issued Shares (note 1) (Approximate)
<b>2016</b>				
January	33,460,600	14	2,390,043	0.32%
February (note 2)	19,140,000	17	1,125,882	0.15%
March (note 3)	74,180,000	18	4,121,111	0.56%
April	36,080,000	20	1,804,000	0.24%
May	120,640,000	21	5,744,762	0.78%
June	24,230,000	21	1,153,810	0.16%
July	63,291,500	20	3,164,575	0.43%
August (note 4)	47,170,100	20	2,358,505	0.32%
September	34,639,500	21	1,649,500	0.22%
October	13,510,000	19	711,053	0.10%
November	56,389,000	22	2,563,136	0.35%
December	3,820,000	20	191,000	0.03%
<b>2017</b>				
January (note 5)	6,670,000	17	392,353	0.05%
February	5,380,000	20	269,000	0.04%
March (up to the Latest Practicable Date)	381,000	3	127,000	0.02%
<b>Total</b>	<b>538,981,700</b>	<b>273</b>	<b>1,974,292</b>	<b>0.27%</b>

Source: website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

Notes:

- The calculation is based on the average daily trading volumes of the Shares divided by the total issued share of the Company at the end of each month or at the Latest Practicable Date, as applicable.
- The trading of the Shares was suspended on 29 February 2016 pending the release of an announcement regarding inside information of the Company and pursuant to the Takeovers Code.

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3. The trading of the Shares was suspended from 16 March 2016 to 18 March 2016 pending the release of an announcement regarding inside information of the Company and pursuant to the Takeovers Code.
4. The trading of the Shares was suspended from 24 August 2016 to 26 August 2016 pending the release of a clarification announcement to the announcement of placing of new Shares under general mandate made on 23 August 2016.
5. The trading of the Shares was suspended from 13 January 2017 to 16 January 2017 pending the release of the Joint Announcement.

Based on the above table, the average daily trading volume of the Shares ranged from approximately 127,000 Shares in March 2017 to approximately 5,744,762 Shares in May 2016, representing approximately 0.02% and 0.78% of the total issued Shares as at the end of the relevant month. The trading volume of the Shares was comparatively high in May 2016 (approximately 120.6 million Shares). As advised by the Board, save for the Previous Cash Offer, the Management is not aware of any particular reason for the relatively high trading volume during the respective period.

As noted above, the sustainability of the recent trading volume of the Shares is uncertain. Also, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Shareholders to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price level of the Shares in the open market. Accordingly, the market trading price of the Shares may not necessarily reflect the proceeds that the Shareholders can receive by the disposal of their Shares in the open market. The Offer, therefore, represent an assured opportunity for the Shareholders, particular for those who hold a large block of the Shares, to dispose of some or all of them at the Offer Price if they so wish, without creating a significant downside pressure on the trading price of the Shares.

### **(d) Comparison with comparable companies**

In assessing the fairness and reasonableness of the Offer, we have attempted to compare the price-to-earnings ratio (the “**P/E Ratio**”) and the price-to-book ratio (the “**P/B Ratio**”) of other listed companies in Hong Kong which are comparable to the Company in terms of size and business (the “**Comparable Companies**”) with the implied P/E Ratio (the “**Implied P/E Ratio**”) and implied P/B Ratio (the “**Implied P/B Ratio**”) of the Offer using the Offer Price (collectively, the “**Comparable Analysis**”).

However, we are of the view that the Comparable Analysis may not be applicable in assessing the fairness and reasonable of the Offer in light of the following:

- (i) the Group recorded a loss attributable to owners of the Company of approximately HK\$10.6 million for FY2016, we consider that it is not feasible to assess the Offer Price using the Implied P/E Ratio; and

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- (ii) the Group is principally engaged in the distribution of apparel products and its business model is of service-based and asset-light. P/B Ratio is usually useful for evaluating the value of companies engaging in capital-intensive businesses or financial businesses with plenty of assets on books and is not meaningful for service-based companies with few tangible assets. Therefore, we consider the comparison of the Implied P/B Ratio with the P/B Ratio of the Comparable Companies that are also engaging in the garment trading business may not be meaningful and indicative.

Alternatively, we have also considered price-to-dividend approach as part of our analysis. However, we consider that the price-to-dividends approach is not applicable given that the Group had not declared or distributed any dividends to the Shareholders for FY2016.

### RECOMMENDATION

When we come up with our recommendation, we have reviewed different factors of the Company and the Offer, and we would like to summarize those principal factors discussed as below,

- (i) the financial condition of the Group and the prospects of the Group remains uncertain and challenging in the foreseeable future, which pose uncertainties to the future development of the Group;
- (ii) the Offeror's intended to maintain the existing principal activities of the Group and, subject to its review, to bring in new assets/business in order to enhance the Group's financial performance as well as Shareholder's value in the long run although no concrete plan has yet been formalised;
- (iii) the Offer Price represents a discount of approximately 67.2% to the highest closing price and a discount of approximately 33.1% to the average daily closing price during the Pre Joint Announcement Period; and
- (iv) the Offer Price represents a significant discount of approximately 34.7% to the closing price of HK\$1.00 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

When we review the terms of the Offer and formulate our recommendation, we are of the view that the Share price has already reflected the Group's business value which has taken into account its operating and financial conditions as mentioned in points (i) and (ii) above. The Offer Price represents a discount of approximately 33.1%, 67.2%, and 33.4% when comparing with (i) the average closing price (HK\$0.976) during the Pre Joint Announcement Period; (ii) the highest closing price (HK\$1.99) during the Pre Joint Announcement Period; and (iii) the closing price of HK\$1.00 per Share on the Latest Practicable Date respectively.

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## LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

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In view of the Share price has already reflected the Group's operation and financial conditions, and the Offer Price offered a substantial discount with the market trading price, we consider that the terms of the Offer are not attractive to the Independent Shareholders and thus in this respect not fair and reasonable so far as the Independent Shareholders are concerned. We advise the Independent Board Committee to recommend the Independent Shareholders not to accept the Offer.

Independent Shareholders who wish to realise all or part of their investments in the Shares are reminded that they should carefully and closely monitor the Shares price performance and liquidity of the Share during the Offer Period and consider selling their Shares in the open market during the Offer Period, rather than accepting the Offer in case that the market price of the Shares exceed the Offer Price and the net proceeds from the sale of the Shares in the open market after deducting all related costs exceed the amount receivable from the Offer. In any event, Independent Shareholders should note that there is no certainty that the current trading volume and/or current price of the Shares will be sustainable during or after the Offer Period.

Independent Shareholders who wish to accept the Offer should read carefully the procedures for accepting the Offer as detailed in Appendix I to the Composite Document and are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives, and they should consult their own professional advisers for professional advice in case of any doubts.

Yours faithfully,  
For and on behalf of  
**Euto Capital Partners Limited**  
**Manfred Shiu**  
*Director*

Yours faithfully,  
For and on behalf of  
**Nuada Limited**  
**Kim Chan**  
*Director*

**1. PROCEDURES FOR ACCEPTANCE OF THE OFFER**

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

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the completed Form of Acceptance and Transfer together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, being Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, by post or by hand, marked “**China Hanya Offer**” on the envelope, in any event not later than 4:00 p.m., on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in full or in part of your Shares, you must either:
  - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked “**China Hanya Offer**” the completed Form of Acceptance and Transfer together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
  - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked “**China Hanya Offer**” the completed Form of Acceptance and Transfer together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
  - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/

registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominee Limited.
- (c) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance and Transfer should nevertheless be completed and delivered in an envelope marked "**China Hanya Offer**" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the Form of Acceptance and Transfer and deliver it in an envelope marked "**China Hanya Offer**" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to China Goldjoy and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it/they were delivered to the Registrar with the Form of Acceptance and Transfer.
- (e) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance and Transfer is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the Form of Acceptance and Transfer and any relevant documents required have been so received, and is:
  - (i) accompanied by the relevant Share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) is/are not in your name, such other documents (e.g. a duly

stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

- (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other subparagraph of this paragraph (e)); 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 Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.
- (f) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Independent Shareholders at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholder accepting the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.
- (g) No acknowledgement of receipt of any Form of Acceptance and Transfer, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (h) The address of the Registrar is Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

## **2. SETTLEMENT**

- (a) Provided that the Form of Acceptance and Transfer and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order in all respects in accordance with the Takeovers Code and 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 Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount representing the cash consideration due to each accepting Shareholder in respect of the Offer Shares tendered by him/her/it under the Offer, less seller's ad valorem stamp duty payable by him/her/it, will be despatched to each accepting Shareholder by ordinary post at his/her/its own risk as soon as possible but in



any event within seven Business Days (as defined under the Takeovers Code) following the date on which all the relevant documents which render such acceptance complete and valid in accordance with the Takeovers Code are received by the Registrar.

- (b) Settlement of the consideration to which any Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.
- (c) No fraction of a cent will be payable and the amount of the consideration payable to each accepting Shareholder will be rounded up to the nearest cent.

### **3. ACCEPTANCE PERIOD AND REVISIONS**

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive, all acceptances of the Offer must be received by the Registrar by 4:00 p.m. on Monday, 27 March 2017, being the Closing Date. The Offer is unconditional.
- (b) If the Offer is extended or revised and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Shareholders who have not accepted the Offer and, unless previously extended or revised, shall be closed on the subsequent closing date. If the Offeror revises the terms of the Offer, all Shareholders whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.
- (c) If the closing date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance and Transfer to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

### **4. NOMINEE REGISTRATION**

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

**5. ANNOUNCEMENTS**

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision or extension of the Offer. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised or extended.

The announcement must state the total number of Offer Shares and rights over Offer Shares:

- (i) for which acceptances of the Offer have been received;
- (ii) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror or persons acting in concert with it.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent (save for any borrowed shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) As required under the Takeovers Code, all announcements in respect of the listed companies must be made in accordance with the requirements of the GEM Listing Rules.

**6. RIGHT OF WITHDRAWAL**

Acceptance of the Offer tendered by any Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out below.

As set out in Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with any of the requirements of Rule 19 of the Takeovers Code, the Executive may require that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that rule are met.

In such case, if the Independent Shareholder(s) withdraw(s) the acceptance, the Offeror, the Registrar shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance and Transfer to the relevant Shareholder(s).

If the Offer is withdrawn, the Offeror must, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance and Transfer to, or make such share certificate(s), and/or document(s) available for collection by, those Independent Shareholders who have accepted the Offer.

**7. GENERAL**

- (a) All communications, notices, Form of Acceptance and Transfer, certificates for Shares, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders and will be delivered by or sent to or from them, or their designated agents by post at their own risk, and the Offeror, its beneficial owner, the Company, China Goldjoy, the Joint Independent Financial Advisers, the Registrar, any of their respective directors and professional advisers and any other parties involved in the Offer and any of their respective agents do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance and Transfer form part of the terms of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance and Transfer or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance and Transfer will constitute an authority to the China Goldjoy or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Offer Shares.
- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Offer Shares acquired under the Offer are sold by such person or persons free from all encumbrances whatsoever and together with all rights accruing or attaching thereto including the rights to receive in full all dividends and distributions recommended, declared, made or paid on or after the date on which the Offer is made.

- (g) References to the Offer in this Composite Document and the Form of Acceptance and Transfer shall include any revision and/or extension thereof.
- (h) The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including, but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties due by such Overseas Shareholders in respect of the relevant jurisdictions. The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.
- (i) Acceptances of the Offer by any persons will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and regulations. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.
- (j) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offer) to all or any Independent Shareholders with registered address(es) outside Hong Kong or whom the Offeror or China Goldjoy knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Independent Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.
- (k) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance and Transfer shall not be construed as any legal or business advice on the part of the Offeror, its beneficial owner, the Company, China Goldjoy or the Joint Independent Financial Advisers or their respective professional advisers. The Independent Shareholders should consult their own professional advisers for professional advice.
- (l) The English texts of this Composite Document and the Form of Acceptance and Transfer shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

## 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following financial information has been extracted from (i) the audited accounts of the Group for each of the three years ended 30 September 2014, 2015 and 2016 and (ii) the unaudited consolidated financial information of the Group for the three months ended 31 December 2016, respectively.

	For the year ended 30 September			For the three months ended
	2014	2015	2016	31 December
	(audited)	(audited)	(audited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	63,446	54,351	23,122	1,564
Loss before tax	(3,424)	(5,418)	(10,587)	(9,463)
Income tax credit	—	138	—	—
Loss for the year/period	(3,424)	(5,280)	(10,587)	(9,463)
Loss for the year/period attributable to owners of the Company	(2,910)	(5,280)	(10,587)	(9,463)
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Dividend per Share	—	—	—	—
Loss per Share				
— Basic and diluted	(0.42)	(0.76)	(1.52)	(1.28)

The Group had no exceptional or extraordinary items which were exceptional because of its size, nature or incidence for the aforesaid period/years.

The auditors of the Company were CCIF CPA Limited for the year ended 30 September 2014 and Deloitte Touche Tohmatsu for the years ended 30 September 2015 and 2016. No qualified opinion in respect of the consolidated financial statements of the Group for the years ended 30 September 2014, 2015 and 2016 has been issued by the auditors of the Company.

## 2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 30 SEPTEMBER 2016

Set out below is the full text of the audited consolidated financial statements of the Group for the year ended 30 September 2016 as extracted from the annual report of the Company for the year ended 30 September 2016.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 30 September 2016*

	<i>Notes</i>	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Revenue	5	23,122	54,351
Cost of sales		<u>(21,854)</u>	<u>(50,917)</u>
Gross profit		1,268	3,434
Other income, gains and losses	7	21	(434)
Selling and distribution expenses		(1,035)	(2,101)
Administrative expenses		(10,815)	(6,141)
Finance costs	8	<u>(26)</u>	<u>(176)</u>
Loss before taxation	11	(10,587)	(5,418)
Taxation credit	12	<u>—</u>	<u>138</u>
Loss for the year		<u>(10,587)</u>	<u>(5,280)</u>
Loss for the year attributable to owners of the Company		<u>(10,587)</u>	<u>(5,280)</u>
Loss per share	14		
Basic and diluted (HK cents)		<u>(1.52)</u>	<u>(0.76)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME***For the year ended 30 September 2016*

	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Loss for the year</b>	(10,587)	(5,280)
<b>Other comprehensive expense</b>		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operation	(2)	(11)
Total comprehensive expense for the year attributable to the owners of the Company	(10,589)	(5,291)

## CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION

As at 30 September 2016

	<i>Notes</i>	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	15	882	940
Deposit paid for acquisition of a subsidiary	16	200	—
Deposit paid for acquisition of plant and equipment		<u>704</u>	<u>—</u>
		<u>1,786</u>	<u>940</u>
<b>Current assets</b>			
Trade and other receivables	17	2,147	14,578
Investments held-for-trading	18	1,349	1,427
Bank balances and cash	19	<u>35,625</u>	<u>6,795</u>
		<u>39,121</u>	<u>22,800</u>
<b>Current liabilities</b>			
Trade payables	20	824	—
Other payables and accrued charges		1,296	699
Bank borrowings	21	<u>—</u>	<u>2,998</u>
		<u>2,120</u>	<u>3,697</u>
Net current assets		<u>37,001</u>	<u>19,103</u>
Net assets		<u><u>38,787</u></u>	<u><u>20,043</u></u>
<b>Capital and reserves</b>			
Share capital	22	7,400	6,920
Reserves		<u>31,387</u>	<u>13,123</u>
Total equity		<u><u>38,787</u></u>	<u><u>20,043</u></u>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2016

	Attributable to the owners of the Company							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share-based compensation reserve HK\$'000	Capital reserve HK\$'000 (Note (i))	Merger reserve HK\$'000 (Note (ii))	Translation reserve HK\$'000	Accumulated losses HK\$'000	
At 1 October 2014	6,920	16,489	1,319	3,718	(383)	239	(4,773)	23,529
Loss for the year	—	—	—	—	—	—	(5,280)	(5,280)
Other comprehensive expense for the year	—	—	—	—	—	(11)	—	(11)
Total comprehensive expense for the year	—	—	—	—	—	(11)	(5,280)	(5,291)
Recognition of equity- settled share-based payments	—	—	1,805	—	—	—	—	1,805
At 30 September 2015	6,920	16,489	3,124	3,718	(383)	228	(10,053)	20,043
Loss for the year	—	—	—	—	—	—	(10,587)	(10,587)
Other comprehensive expense for the year	—	—	—	—	—	(2)	—	(2)
Total comprehensive expense for the year	—	—	—	—	—	(2)	(10,587)	(10,589)
Forfeiture of equity- settled share-based payments	—	—	(3,124)	—	—	—	3,124	—
Direct transaction costs of shares issued under placing	—	(907)	—	—	—	—	—	(907)
Ordinary shares issued	480	29,760	—	—	—	—	—	30,240
At 30 September 2016	7,400	45,342	—	3,718	(383)	226	(17,516)	38,787

## Notes:

- (i) Capital reserve represents capitalisation of a loan from a former director and amount due to a former director by a former wholly-owned subsidiary of the Company in previous years.
- (ii) Merger reserve represents the difference between the nominal values of the ordinary shares issued by the Company and the share capital of subsidiaries acquired through an exchange of shares pursuant to the reorganisation in prior years.

**CONSOLIDATED STATEMENT OF CASH FLOWS***For the year ended 30 September 2016*

	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>OPERATING ACTIVITIES</b>		
Loss for the year	(10,587)	(5,280)
Adjustments for:		
Finance costs	26	176
Depreciation of property, plant and equipment	58	170
Amortisation of intangible asset	—	154
Bank interest income	—	(32)
Dividend income	(99)	(5)
Equity-settled share-based payments	—	1,805
Loss on disposal of property, plant and equipment	—	23
Income tax credit	—	(138)
Change in fair value of investments held-for-trading	78	437
	<u>(10,524)</u>	<u>(2,690)</u>
Operating cash flows before movements in working capital	(10,524)	(2,690)
Decrease in inventories	—	626
Decrease in trade and other receivables	12,431	2,438
Increase in trade payables	824	—
Increase in other payables and accrued charges	597	231
Purchases of investments held-for-trading	—	(1,864)
	<u>3,328</u>	<u>(1,259)</u>
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>	<u>3,328</u>	<u>(1,259)</u>
<b>INVESTING ACTIVITIES</b>		
Withdrawal of pledged bank deposits	—	7,000
Dividend received	99	5
Bank interest received	—	32
Repayment from ultimate holding company	—	9
Deposit paid for acquisition of a subsidiary	(200)	—
Deposit paid for acquisition of plant and equipment	(704)	—
	<u>(805)</u>	<u>7,046</u>
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<u>(805)</u>	<u>7,046</u>

	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
FINANCING ACTIVITIES		
New bank borrowings raised	—	8,410
Repayment of bank borrowings	(2,998)	(9,630)
Net fund arising from discounted bills with recourse	—	722
Interest paid	(26)	(176)
Proceeds from placing of shares	30,240	—
Expensing on placing of shares	<u>(907)</u>	<u>—</u>
NET CASH FROM (USED IN) FINANCING ACTIVITIES	<u>26,309</u>	<u>(674)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,832	5,113
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	6,795	1,693
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>(2)</u>	<u>(11)</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>35,625</u></u>	<u><u>6,795</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u><u>35,625</u></u>	<u><u>6,795</u></u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the year ended 30 September 2016*

**1. GENERAL**

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on GEM. Its immediate and ultimate holding company is China Merit, incorporated in the BVI and the ultimate controlling shareholder of China Merit is Mr. Liu. The addresses of the registered office and principal place of business of the Company are disclosed in “Corporate Information” section of the annual report 2016.

On 15 March 2016, Magic Ahead Investments Limited (“Magic Ahead”), the former immediate holding company, agreed to sell an aggregate of 474,000,000 the shares of the Company, representing 68.5% of the then total share capital of the Company at a cash consideration of HK\$280,000,000 to China Merit. At an extraordinary general meeting of the Company held on 23 June 2016, the Shareholders approved to change the English name of the Company from Brilliance Worldwide Holdings Limited to China Hanya Group Holdings Limited and the dual foreign name in Chinese of the Company from 金滿堂控股有限公司 to 中國瀚亞集團控股有限公司. The change of name became effective on 30 June 2016.

The Company is an investment holding company. The principal activities and other details of its subsidiaries are set out in note 29.

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

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

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

**New and revised HKFRSs in issue but not yet effective**

The Group has not applied in advance the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments <sup>2</sup>
HKFRS 15	Revenue from contracts with customers <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture <sup>4</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception <sup>1</sup>
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations <sup>1</sup>
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from contracts with customers <sup>2</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle <sup>1</sup>
Amendments to HKAS 1	Disclosure initiative <sup>1</sup>
Amendments to HKAS 7	Disclosure initiative <sup>5</sup>
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses <sup>5</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants <sup>1</sup>
Amendments to HKAS 27	Equity method in separate financial statements <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2017.

**HKFRS 9 Financial instruments**

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in September 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a ‘fair value through other comprehensive income’ (“FVTOCI”) measurement category for certain simple debt instruments.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Directors have reviewed the Group’s financial assets as at 30 September 2016 and anticipate that the application of HKFRS 9 in the future may result in early recognition of credit losses based on expected loss model in relation to the Group’s financial assets measured at amortised cost and is not likely to have other material impact on the results and financial position of the Group based on an analysis of the Group’s existing business model.

**HKFRS 15 Revenue from contracts with customers**

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including Hong Kong Accounting Standard (“HKAS”) 18 “Revenue”, HKAS 11 “Construction contracts” and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the adoption of HKFRS 15 in the future will not have a material impact on the amounts reported in consolidated financial statements based on the existing business model of the Group as at 30 September 2016.

**HKFRS 16 Leases**

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases”, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under HKAS 17.

As set out in note 27, total operating lease commitment as lessee of the Group in respect of leased premises as at 30 September 2016 amounted to HK\$174,000. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group’s result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the disclosure requirements of the Hong Kong Companies Ordinance (“CO”). The provisions of the new CO (Cap 622) regarding preparation of accounts and directors’ report and audits became effective for the Company for the financial year ended 30 September 2016. Further, the disclosure requirements set out in the GEM Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 30 September 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 30 September 2015 are presented or disclosed in the consolidation financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or GEM Listing Rules but not under the new CO or amended GEM Listing Rules are not disclosed in these consolidated financial statements.

#### Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for sharebased payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use for the purposes of impairment assessment in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- has exposure, or rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend income from investments is recognised when the Group's rights to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### **Property, plant and equipment**

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost or deemed cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.



Depreciation is recognised so as to write off the cost of items of these property, plant and equipment, less their residual values over their estimated useful lives, using the straight-line method. 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 property, plant and equipment 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

#### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### **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 'loss before tax' as reported in the consolidated statement of profit or loss because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group'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 consolidated 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 generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### *The Group as lessee*

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

#### *Leasehold land and building*

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rate prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the exchange reserve.

### **Retirement benefit costs**

Payments to defined contribution retirement benefits schemes, state-managed retirement benefit schemes and Mandatory Provident Fund Scheme ("MPF Scheme") are charged as an expense when employees have rendered service entitling them to the contributions.

**Share-based payment transactions***Equity-settled share-based payment transactions**Share options granted to employees*

In respect of share options, the fair value of services received is determined by reference to the fair value of share options granted at the grant date. The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based compensation reserve).

At the end of the reporting period, the Group revises its estimates of the number of share options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to sharebased compensation reserve.

When the share options are exercised, the amount previously recognised in share-based compensation reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based compensation reserve will be transferred to accumulated losses.

**Financial instruments**

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments.

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 (other than financial assets at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

**Financial assets**

The Group’s financial assets are classified into financial assets at FVTPL and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

*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 for debt instruments.

*Financial assets at FVTPL*

Financial assets at FVTPL of the Group are classified as held-for-trading. A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near future;
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the 'other income, gains and losses' line item. Fair value is determined in the manner described in note 24.

*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 trade and other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of loans and receivables below).

*Impairment of loans and receivables*

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables 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, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

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

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For loans and receivables carried at amortised cost, the amount of 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 financial assets original effective interest rate.

The carrying amount of the loans and receivables is reduced by the impairment loss directly for all loans and receivables with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When the trade receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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 loss 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***

##### *Classified as debt and equity instruments*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into 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 an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

##### *Financial liabilities*

Financial liabilities including trade payables, other payables and accrued charges and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

##### *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.

#### ***Derecognition***

The Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risk and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognize a collateralized 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 is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the obligation are discharged, cancelled or expired. The difference between the carrying amount of a financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

##### Allowance for trade receivables

When there is objective evidence of an impairment loss, the Group takes into consideration the estimation of future cash flows to determine the impairment loss. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. At the end of the reporting period, the carrying amount of trade receivables is HK\$1,975,000 (2015: HK\$5,933,000).

#### 5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes bank borrowings disclosed in note 22, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

#### 6. FINANCIAL INSTRUMENTS

##### Categories of financial instruments

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Financial assets		
Loans and receivables (including cash and cash equivalents)	37,772	14,365
Investments held-for-trading	<u>1,349</u>	<u>1,427</u>
Financial liabilities		
Amortised cost	<u>2,120</u>	<u>3,697</u>

**Financial risk management objectives and policies**

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade payables, other payables and accrued charges and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Group's management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**Market risk****(i) Currency risk**

The Group's transactions are mainly denominated in United States dollars ("USD") (which is the functional currency of respective group entity) except for certain other receivables and bank balances which are denominated in Renminbi ("RMB"), a currency other than the functional currency of the respective group entities.

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

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are approximately as follows:

	Assets	
	2016 HK\$'000	2015 HK\$'000
RMB	100	164

**Sensitivity analysis**

5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding denominated monetary items and adjusts their translation at the year end for a 5% change in the foreign currency exchange rate. A positive number below indicates decrease in post-tax loss for the year where RMB strengthens 5% against HK\$ respectively, the functional currency of the respective group entities. For a 5% weakening of RMB against HK\$, there would be an equal and opposite impact on the post-tax loss for the year and the balances below would be negative.

	2016 HK\$'000	2015 HK\$'000
Decrease in post-tax loss for the year	4	7

**(ii) Interest rate risk**

The Group is exposed to cash flow interest rate risk in relation to the impact of interest rate changes on bank balances.

The Group currently does not have interest rate hedging policy. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

For the variable-rate bank balances at 30 September 2016 and 2015, the Directors consider the Group's exposure to future cash flow interest rate risk is minimal taking into account the minimal fluctuation on market interest rate during the end of the reporting period. Accordingly, no sensitivity analysis on interest rate risk is presented.

(iii) *Price risk*

Price risk on equity securities

As at 30 September 2016 and 2015, the Group is exposed to listed equity securities price risk through its investments held-for-trading. The Directors manage this exposure by closely monitoring the performance of the investments and market conditions. The Directors would consider diversifying the portfolio of investments as they consider appropriate.

Sensitivity analysis

If the quoted prices of the respective equity instruments had been 5% higher/lower and all other variables were held constant, loss for the year ended 30 September 2016 would decrease/increase by HK\$67,000 (2015: HK\$71,000) as a result of the changes in fair value of investments held-for-trading.

In the opinion of the Directors, the sensitivity analysis is unrepresentative of the inherent price risk in relation to changes in fair value of investments held-for-trading as at the end of the reporting period exposure does not reflect the exposure during the year.

(iv) *Price risk*

Price risk on equity securities

As at 30 September 2016 and 2015, the Group is exposed to listed equity securities price risk through its investments held-for-trading. The directors of the Company manages this exposure by closely monitoring the performance of the investments and market conditions. The Directors would consider diversifying the portfolio of investments as they consider appropriate.

Sensitivity analysis

If the quoted prices of the respective equity instruments had been 5% higher/lower and all other variables were held constant, loss for the year ended 30 September 2016 would decrease/increase by HK\$67,000 (2015: HK\$71,000) as a result of the changes in fair value of investments held-for-trading.

In the opinion of the Directors, the sensitivity analysis is unrepresentative of the inherent price risk in relation to changes in fair value of investments held-for-trading as at the end of the reporting period exposure does not reflect the exposure during the year.

*Credit risk*

The Group's credit risk is primarily attributable to trade and receivables and bank balances as at 30 September 2016 and 2015.



The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the Directors have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Directors review the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group also has concentration of credit risk as 84% (2015: 73%) of the total trade receivables is due from one major customer. This customer is a subsidiary of a British multinational retailing company. Continuous subsequent settlements are received and there is no historical default of payments by this customer. The management of the Group assigned a team to closely follow up the debts due.

Other than that, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The Group's bank balances are placed with banks of good reputation and the Group has limited exposure to any single financial institution.

#### *Liquidity risk*

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

*Liquidity tables*

	Weighted average effective interest rate %	On demand HK\$'000	1 month to 3 months HK\$'000	3 months to 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at the end of the reporting period HK\$'000
<b>2016</b>						
Trade payables	—	—	824	—	824	824
Other payables and accrued charges	—	—	1,296	—	1,296	1,296
		—	2,120	—	2,120	2,120
<b>2015</b>						
Other payables and accrued charges	—	—	699	—	699	699
Bank borrowings, secured	5.25	2,998	—	—	2,998	2,998
		2,998	699	—	3,697	3,697

Secured bank borrowings with a repayment on demand clause as at 30 September 2015 are included in the “on demand” time band in the above maturity analysis. The carrying amount of the secured bank borrowing amounted to approximately HK\$2,998,000 as at 30 September 2015. As at 30 September 2015, the aggregate principal and interest cash outflows would amounting to HK\$3,012,000 if the borrowings are repaid in accordance with the scheduled repayment dates set out in the loan agreements which is repayable within three months. During the year ended 30 September 2016, the borrowings were repaid in accordance with the scheduled repayment dates set out in the loan agreements.

***Fair value***

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of investments held for trading is calculated using quoted prices in active market;
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

**7. REVENUE**

An analysis of the Group's revenue for the years is as follows:

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Sale of apparel products	<u>23,122</u>	<u>54,351</u>

**8. SEGMENT INFORMATION**

The Group's operations is solely derived from the garment distribution for both years. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive officer of the Group) reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in note 3. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

**Revenue from major products**

The following is an analysis of the Group's revenue from its major products:

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Innerwear	15,243	30,334
Casual wear	3,481	7,898
Baby and children wear	<u>4,398</u>	<u>16,119</u>
	<u>23,122</u>	<u>54,351</u>

**Geographical information**

The Group's operation is mainly carried out in Hong Kong. The Group's revenue is mainly derived from customers located in Sweden, the United Kingdom (the "U.K."), Spain and Hong Kong.

The Group's revenue from external customers by geographical location of customers irrespective of the origin of the goods and its non-current assets by geographical location of the assets are detailed below:

	<b>Revenue from external customers</b>		<b>Non-current assets</b>	
	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Sweden	4,052	7,326	—	—
The U.K.	11,879	23,101	—	—
Spain	3,568	16,063	—	—
Hong Kong	2,608	6,169	1,786	940
Others	<u>1,015</u>	<u>1,692</u>	<u>—</u>	<u>—</u>
	<u>23,122</u>	<u>54,351</u>	<u>1,786</u>	<u>940</u>

**Information about major customers**

The revenue from external customers of the corresponding year contributing to over 10% of the total revenue of the Group are as follows:

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Customer A	11,879	21,874
Customer B	4,052	7,014
Customer C	3,568	16,063

**9. OTHER INCOME, GAINS AND LOSSES**

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Change in fair value of investments held-for-trading	(78)	(437)
Bank interest income	—	32
Dividend income from held-for-trading investments	99	5
Loss on disposal of property, plant and equipment	—	(23)
Other	—	(11)
	<u>21</u>	<u>(434)</u>

**10. FINANCE COSTS**

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Interest on bank borrowings	<u>26</u>	<u>176</u>

## 11. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

The emoluments paid or payable to each of the 12 (2015: 6) Directors and chief executive officers disclosed pursuant to the applicable GEM Listing Rules and CO were as follows:

## Year ended 30 September 2016

	Directors' fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefits scheme contributions HK\$'000	Equity-settled share-based payments HK\$'000	Total 2016 HK\$'000
<i>Executive Directors</i>					
Law Kin Wah, Kenneth ( <i>Note (i)</i> )	368	—	8	—	376
Ling Wing Shan ( <i>Note (i)</i> )	618	—	8	—	626
Mr. Liu ( <i>Note (i)</i> )	1,215	—	8	—	1,223
Sun Wing Man, Doris ( <i>Note (i)</i> )	302	—	7	—	309
Ko Chun Hay, Kelvin ( <i>Note (ii)</i> )	270	—	9	—	279
Lam Mei Nar, Miller ( <i>Note (ii)</i> )	115	—	—	—	115
<i>Independent non-executive Directors</i>					
Chan Hau Man ( <i>Note (i)</i> )	66	—	—	—	66
Lau Tak Wai, Davie ( <i>Note (i)</i> )	66	—	—	—	66
Lau Yau Ying, Karen ( <i>Note (i)</i> )	66	—	—	—	66
Li Xiao Dong ( <i>Note (ii)</i> )	11	—	—	—	11
Zhang Qing ( <i>Note (ii)</i> )	11	—	—	—	11
Li Kar Fai, Peter ( <i>Note (ii)</i> )	19	—	—	—	19
Total	3,127	—	40	—	3,167

## Year ended 30 September 2015

	Directors' fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefits scheme contributions HK\$'000	Equity-settled share-based payments HK\$'000 ( <i>Note (iv)</i> )	Total 2015 HK\$'000
<i>Executive Directors</i>					
Ko Chun Hay, Kelvin ( <i>Note (ii)</i> )	420	—	18	814	1,252
Ko Yung Tong ( <i>Note (iii)</i> )	120	—	6	—	126
Lam Mei Nar, Miller ( <i>Note (ii)</i> )	90	—	5	814	909
<i>Independent non-executive Directors</i>					
Li Xiao Dong ( <i>Note (ii)</i> )	18	—	—	—	18
Zhang Qing ( <i>Note (ii)</i> )	18	—	—	—	18
Li Kar Fai, Peter ( <i>Note (ii)</i> )	30	—	—	118	148
Total	696	—	29	1,746	2,471

*Notes:*

- (i) The disclosed emoluments represented the emoluments received or receivable after his/her appointment of directorship on 20 May 2016.
- (ii) The disclosed emoluments represented the emoluments received or receivable before his/her resignation of directorship on 20 May 2016.
- (iii) The disclosed emolument for Mr. Ko Yung Tong represented the emoluments received or receivable before his resignation of directorship on 31 March 2015.
- (iv) Equity-settled share-based payments represent share options granted to directors of the Company in year 2015 under a share option scheme adopted by the Company. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions.

Details of share options granted during the year ended 30 September 2015 to directors of the Company and other employee, including the principal terms and number of options granted, are set out in note 25.

The executive Directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and its subsidiaries.

The independent non-executive Directors' emoluments shown above were mainly for their services as directors of the Company.

Before 20 May 2016, Mr. Ko Chun Hay, Kelvin was the Chief Executive Officer of the Company. Upon the resignation of Mr. Ko Chun Hay, Kelvin, Mr. Liu became the Chief Executive Officer. Their emoluments disclosed above include those for services rendered by them as the Chief Executive Officer.

During both years, no emoluments were paid by the Group to the Directors as compensation for loss of office or an inducement to join or upon joining the Group. None of the Directors has waived any emoluments in both years.

Subsequent to the end of the reporting date, Mr. Ling Wing Shan has resigned as executive director with effect from 14 October 2016.

Subsequent to the end of the reporting date, Mr. Lau Tak Wai Davie, Ms. Lau Yat Ying Karen and Ms. Chan Hau Man have resigned as independent non-executive director with effect from 7 November 2016.

Subsequent to the end of the reporting date, Ms. Yang Haibi, Ms. Sun Yuan, Mr. Zhang Tianbao and Ms. Sun Huiyan have been appointed as independent non-executive director with effect from 7 November 2016.

**12. EMPLOYEE'S EMOLUMENTS**

Of the five individuals with the highest emoluments in the Group, five (2015: three) were Directors whose emoluments are set out in note 9. The emoluments of the remaining individuals are as follows:

	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and other benefits	—	300
Contributions to retirement benefits schemes	—	15
	<u>—</u>	<u>315</u>

Their emoluments were within the following bands:

	<b>2016</b> <i>Number of employees</i>	<b>2015</b> <i>Number of employees</i>
Less than HK\$1,000,000	<u>—</u>	<u>2</u>

### 13. LOSS BEFORE TAXATION

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	500	500
Cost of inventories recognised as an expense	21,854	50,917
Depreciation of property, plant and equipment	58	170
Minimum lease payments in respect of premises under operating leases	174	200
Legal and professional fees	2,925	245
Staff costs including Directors' emoluments		
— Salaries and other benefits	4,353	2,031
— Contributions to retirement benefits schemes	289	65
— Equity-settled share-based payments	—	1,805
Total staff costs	<u>4,642</u>	<u>3,901</u>

### 14. TAXATION CREDIT

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Overprovision in prior year in Hong Kong	<u>—</u>	<u>138</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No Hong Kong Profits Tax has been provided for in the consolidated financial statements as the Group has no assessable profits for both years.

Taxation for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss as follows:

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Loss before taxation	<u>(10,587)</u>	<u>(5,280)</u>
Taxation credit at the Hong Kong Profits Tax rate of 16.5%	(1,747)	(871)
Tax effect of expenses not deductible for tax purposes	597	298
Tax effect of income not taxable for tax purposes	(16)	(2)
Tax effect of the tax losses not recognised	1,166	575
Overprovision in prior years	<u>—</u>	<u>(138)</u>
Taxation for the year	<u>—</u>	<u>(138)</u>

At the end of the reporting period, the Group had unused tax losses of HK\$20,231,000 (2015: HK\$13,164,000) available for offsetting against future profits which are subjected to the confirmation from Hong Kong Inland Revenue Department and the PRC Tax Bureau. No deferred tax asset has been recognised due to unpredictability of future profit streams. As at 30 September 2016, included in unrecognised tax losses are losses of HK\$2,189,000 (2015: HK\$2,194,000) which will expire in 2021 (2015: 2020) respectively, while subsequent to the end of the reporting date, these unrecognised tax losses are expired upon deregistration of a subsidiary of the Company. The remaining balances of unrecognised tax losses may be carried forward indefinitely.

#### 15. DIVIDENDS

No dividend was paid or proposed during the year ended 30 September 2016, nor has any dividend been proposed since the end of the reporting period (2015: nil).

#### 16. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

##### Loss

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss for the purposes of basic and diluted loss per share		
Loss for the year attributable to owners of the Company	<u>(10,587)</u>	<u>(5,280)</u>

##### Number of shares

	2016	2015
Weighted average number of ordinary shares in issue for the purposes of basic and diluted loss per share	<u>694,754,098</u>	<u>692,000,000</u>

The computation of diluted loss per share for the year ended 30 September 2016 and 2015 does not assume the exercise of the Company's share options as they would reduce loss per share.



## 17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST					
At 1 October 2014	1,000	30	49	700	1,779
Disposals	—	(30)	—	—	(30)
At 30 September 2015 and 2016	1,000	—	49	700	1,749
DEPRECIATION					
At 1 October 2014	95	7	12	532	646
Provided for the year	20	—	10	140	170
Eliminated on disposal	—	(7)	—	—	(7)
At 30 September 2015	115	—	22	672	809
Provided for the year	20	—	10	28	58
At 30 September 2016	135	—	32	700	867
CARRYING VALUES					
At 30 September 2016	865	—	17	—	882
At 30 September 2015	885	—	27	28	940

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the shorter of the lease terms or 50 years
Furniture, fixtures and office equipment	20%
Plant and machinery	20%
Motor vehicles	20%

At 30 September 2015, leasehold land and buildings of the Group with carrying values of HK\$885,000 were pledged with a bank to secure banking facilities granted to the Group. The leasehold land was situated in Hong Kong under medium lease. In the opinion of the Directors, allocation of the carrying amounts between the leasehold land and buildings elements could not be made reliably, accordingly, the owner-occupied leasehold land and buildings of HK\$865,000 (2015: HK\$885,000) were included in property, plant and equipment.

The pledge is released by the bank during the year ended 30 September 2016.

## 18. DEPOSIT PAID FOR ACQUISITION OF A SUBSIDIARY

In July 2016, the Company entered into a memorandum of understanding with an independent third party to acquire 80% issued shares of EIFS (Greater China) Limited (the "EIFS") at a consideration of not more than HK\$2,000,000 of which HK\$200,000 was paid as deposit included under the non-current assets. EIFS is incorporated in Hong Kong with principal business of insurance brokerage in Hong Kong. The acquisition is not yet completed as at the date of the annual report 2016 of the Company.

## 19. TRADE AND OTHER RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	1,975	5,933
Bills receivables	<u>—</u>	<u>1,580</u>
Total trade and bills receivables	1,975	7,513
Deposits made to suppliers	—	6,994
Other receivables	<u>172</u>	<u>71</u>
	<u><u>2,147</u></u>	<u><u>14,578</u></u>

The following is an aging analysis of trade receivables presented based on the invoice date at the end of each reporting period and aging analysis of bills receivables presented based on the date of issuance of the bills at the end of each reporting period.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Trade receivables</b>		
0–30 days	748	4,565
31–60 days	<u>1,227</u>	<u>1,368</u>
	<u>1,975</u>	<u>5,933</u>
<b>Bills receivables</b>		
Less than 30 days	<u>—</u>	<u>1,580</u>
	<u><u>1,975</u></u>	<u><u>7,513</u></u>

The Group's credit terms for its major customers are usually 15 to 60 days.

Before accepting any new customers, the Group assesses the potential customer's credit quality by investigating their historical credit record and defines credit limits by customers on individual basis. Recoverability and credit limit of the existing customers are reviewed by the Group regularly. The Group's entire trade receivable balances net of allowance for bad and doubtful debts are neither past due nor impaired. The Directors considered that trade receivables which are neither past due nor impaired are of good credit quality and there are continuous subsequent settlements from these customers. The Group does not hold any collateral over trade receivables.

**Movement in the allowance for bad and doubtful debts**

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Balance at beginning of the year	—	1,269
Amounts written off as uncollectible	<u>—</u>	<u>(1,269)</u>
Balance at end of the year	<u><u>—</u></u>	<u><u>—</u></u>

All receivables as at 30 September 2016 and 2015 were neither past due nor impaired, and thus the Group has not provided for impairment loss on trade receivables for both years.

**Transfer of financial assets**

The following were the Group's bills receivables as at 30 September 2015 that were transferred to banks by discounting bills receivables on a full recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it continued to recognise the full carrying amount of the receivables and had recognised the cash received on the transfer as secured bank borrowings (see note 21). These financial assets were carried at amortised cost in the Group's consolidated statement of financial position.

	<b>2015</b>
	<i>HK\$'000</i>
Carrying amount of transferred assets	1,580
Carrying amount of associated liabilities	<u>(1,178)</u>

**20. INVESTMENTS HELD-FOR-TRADING**

The amount represents equity securities listed in Hong Kong.

The fair value measurement of the investments held-for-trading of the Group is grouped in Level 1. There is no transfer between different levels for both years.

At 30 September 2015, the Group's investments in held-for-trading with a carrying value of approximately HK\$1,427,000 were pledged to secure certain borrowing facilities granted to the Group. The pledge is released by the bank as the bank borrowing was fully repaid during the year ended 30 September 2016.

**21. BANK BALANCES AND CASH**

Bank balances held by the Group comprised of bank deposits which carry interest at a range of 0.01% to 0.1% (2015: 0.01% to 0.1%) per annum.

**22. TRADE PAYABLES**

The following is an aging analysis of trade payables, presented based on the invoice date at the end of the reporting period:

	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	<u>824</u>	<u>—</u>

The credit periods on purchases of goods are usually from 1 month to 3 months.

**23. BANK BORROWINGS**

The following table provides an analysis of the bank borrowings:

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Secured import loan	—	1,820
Collateralised bank borrowings on bills discounted with recourse	<u>—</u>	<u>1,178</u>
	<u>—</u>	<u>2,998</u>
Carrying amount of the bank borrowing that contains a repayable on demand clause		
— repayable within one year	<u>—</u>	<u>2,998</u>

The secured bank borrowings as at 30 September 2015 were secured by the assets pledged as disclosed in note 26. As at 30 September 2015, the Group had floating-rate bank borrowings which carried interest at the Best Lending Rate as set by the bank. The effective interest rate on floating-rate bank borrowings (which was also equal to contracted interest rates) on the Group's bank borrowings as at 30 September 2015 was 5.25% per annum.

**24. SHARE CAPITAL**

	<b>Number of shares</b> <i>'000</i>	<i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 October 2014, 30 September 2015 and 30 September 2016	<u>10,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 October 2014 and 30 September 2015	692,000	6,920
Share capital issued under placing ( <i>Note</i> )	<u>48,000</u>	<u>480</u>
At 30 September 2016	<u>740,000</u>	<u>7,400</u>

*Note:* On 9 September 2016, an aggregate of 48,000,000 placing shares were placed to not less than six places at the placing price of HK\$0.63 per placing share. The gross proceeds and net proceeds from the placing were approximately HK\$30,240,000 and HK\$29,333,000, respectively.

**25. SHARE OPTION SCHEME**

The share option scheme of the Company was adopted pursuant to a resolution in writing of all shareholders passed on 3 November 2010 (the "Share Option Scheme"). The purposes of the Share Option Scheme are to provide incentives or rewards to full time or part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company's subsidiaries for their contribution to the success of the Group's operations. The Share Option Scheme became effective on 3 November 2010 ("Effective Date"), unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The total number of shares of the Company available for issue under the Share Option Scheme must not in aggregate, exceed 69,200,000 shares, representing 10% of the issued share capital of the Company (692,000,000 shares) at the Effective Date.

The maximum number of shares issuable upon exercise of the options which may be granted under the Share Option Scheme (including exercised, cancelled or outstanding options) to each participant (other than a substantial shareholder, chief executive or director as explained below) in any 12-month period shall not exceed 10% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates (as defined under the GEM Listing Rules), are subject to approval in advance by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). In addition, any share options granted to a substantial Shareholder or an independent non-executive Director, or to any of their respective associates (as defined under the GEM Listing Rules) in excess of 0.1% of the shares of the Company in issue with an aggregate value (based on the closing price of The Shares at the date of the grant) in excess of HK\$5,000,000, in the 12-month period up to and including the date of grant, are subject to Shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted in writing by a participant within 28 days from the date of offer upon payment of a nominal consideration of HK\$1 by the grantee. The exercise period of the share options granted is determined by the directors, which period may commence from the date of acceptance of the offer for the grant of share options but shall end, in any event, not later than 10 years from the date of the conditional adoption of the Share Option Scheme by the shareholders subject to the provisions for early termination under the Share Option Scheme.

The exercise price is determined by the Directors, and shall not be less than the highest of (i) the closing price of the shares on the date of grant, (ii) the average closing price of the share for the five business days immediately preceding the date of grant, and (iii) the nominal value of the Shares.

On 13 July 2015, the Company granted 14,800,000 share options to the Directors and 500,000 share options to an employee who are entitled to subscribe for a total of 15,300,000 new Shares at an exercise price of HK\$0.222 per Share with nominal value of HK\$0.01 each in the capital of the Company upon the exercise of the share options in full. Options granted must be taken up within 28 days of the date of grant, upon payments of HK\$1 by each of the grantees. The options may be exercised at any time after the date of grant of the share options to the fifth anniversary of the date of grant.

In accordance with terms of the Share Option Scheme, options granted on 13 July 2015 vested at the date of grant.

Pursuant to the sale and purchase agreement between Magic Ahead and China Merit dated 15 March 2016 as disclosed in note 1, all option holders agreed to forfeit all outstanding share options as at 16 March 2016. Upon forfeiture of the share options, share-based compensation reserve of HK\$3,124,000 was transferred to accumulated losses.

The following table discloses movement of and weighted average exercise prices of the Company's share options:

	2016		2015	
	Weighted average exercise price <i>HK\$ per share</i>	Number of options	Weighted average exercise price <i>HK\$ per share</i>	Number of options
Outstanding at the beginning of the year	0.136	42,900,000	0.089	27,600,000
Granted during the year	—	—	0.222	15,300,000
Forfeited during the year	<u>0.136</u>	<u>(42,900,000)</u>	<u>—</u>	<u>—</u>
Outstanding at the end of the year	<u>—</u>	<u>—</u>	<u>0.136</u>	<u>42,900,000</u>
Exercisable at the end of the year	<u>—</u>	<u>—</u>	<u>0.136</u>	<u>42,900,000</u>

The following assumptions were used to calculate the fair values of share options at the date of grant:

**13 July 2015**

Grant date share price	HK\$0.222
Exercise price	HK\$0.222
Expected volatility	76.62%
Expected life	5 years
Expected dividend yield	0%
Risk-free rate (based on Hong Kong Exchange Fund Notes)	1.24%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

The binomial option pricing model has been used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the best assessment of the directors of the Company on the valuer's estimation. Changes in variables and assumptions may result in changes in the fair value of the share options.

**26. PLEDGE OF ASSETS**

The carrying amounts of the assets pledged to secure bank borrowings granted to the Group were as follows:

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Leasehold land and buildings	—	885
Investments held-for-trading	—	1,427
	<u>—</u>	<u>1,427</u>
	<u>—</u>	<u>2,312</u>

**27. LEASE COMMITMENTS****The Group as lessee**

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	<b>2016</b> <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>
Within one year	174	174
In the second to fifth year inclusive	—	174
	<u>174</u>	<u>174</u>
	<u>174</u>	<u>348</u>

For the lease of properties, they are negotiated for terms of 1 to 2 years

**28. RETIREMENT BENEFITS SCHEMES**

The Group operates a MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. The Group also participates in a state-managed scheme. The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute certain percentages of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The contributions paid and payable to the schemes by the Group are disclosed in note 12.

**29. RELATED PARTY TRANSACTIONS****Compensation of key management personnel**

The remuneration of the Directors and other members of key management of the Company during the year was as follows:

	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and other short-term employee benefits	3,167	974
Equity-settled share-based payments	<u>—</u>	<u>1,805</u>
	<u><u>3,167</u></u>	<u><u>2,779</u></u>

The remuneration of the Directors and key executives of the Company is determined by the remuneration committee having regard to the performance of individuals and market trends.

**30. PARTICULARS OF SUBSIDIARIES**

Particulars of the subsidiaries of the Company as at 30 September 2016 and 30 September 2015.

Name	Place of incorporation and business	Nominal value of issued and paid up share capital/ registered capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Prosperity Global Investments Limited	British Virgin Islands	US\$20,000	100%	100%	—	Investment holding in Hong Kong
Koko Garment (Huizhou) Limited	Hong Kong	HK\$100,000	100%	—	100%	Sales of garment in Hong Kong
Brilliance Investment Holdings Limited	Hong Kong	HK\$10,000	100%	—	100%	Investment holding in Hong Kong
Billion Shine Investment Limited	Hong Kong	HK\$10,000	100%	—	100%	Dormant
惠州市再高商貿有限公司 ("再高商貿") (Note)	PRC	HK\$1,000,000	100%	—	100%	Dormant

Note: 再高商貿 was established on 5 September 2013. It is a wholly foreign-owned enterprise established in the PRC, and was deregistered on 4 November 2016.



## 31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Investment in subsidiaries	—	4,332
Amount due from subsidiaries	15,400	20,057
Deposit paid for acquisition of a subsidiary	200	—
Deposit paid for acquisition of plant and equipment	704	—
	<u>16,304</u>	<u>24,389</u>
Current assets		
Other receivables	169	66
Cash and bank balances	28,101	3,846
	<u>28,270</u>	<u>3,912</u>
Current liabilities		
Other payables and accrued charges	1,133	561
Amounts due to subsidiaries	4,039	6,715
	<u>5,172</u>	<u>7,276</u>
Net current assets (liabilities)	<u>23,098</u>	<u>(3,364)</u>
Net assets	<u>39,402</u>	<u>21,025</u>
Equity		
Share capital	7,400	6,920
Reserves ( <i>Note</i> )	32,002	14,105
Total equity	<u>39,402</u>	<u>21,025</u>

Note:

**Movement of reserves**

	Attributable to the owners of the Company				Total HK\$'000
	Share premium HK\$'000	Share-based Compensation reserve HK\$'000	Contributed surplus HK\$'000 (Note)	Accumulated losses HK\$'000	
At 1 October 2014	16,489	1,319	18,497	(20,820)	15,485
Loss and total comprehensive expense for the year	—	—	—	(3,185)	(3,185)
Recognition of equity-settled share-based payments	—	1,805	—	—	1,805
At 30 September 2015	16,489	3,124	18,497	(24,005)	14,105
Loss and total comprehensive expense for the year	—	—	—	(10,956)	(10,956)
Forfeiture of equity-settled share-based payments	—	(3,124)	—	3,124	—
Direct transaction costs of shares issued under placing Ordinary shares issued	(907)	—	—	—	(907)
	29,760	—	—	—	29,760
At 30 September 2016	45,342	—	18,497	(31,837)	32,002

Note: Contributed surplus represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of subsidiaries acquired through an exchange of shares pursuant to a reorganisation in prior years. This reserve is included in merge reserve upon consolidation.

### 3. UNAUDITED RESULTS OF THE GROUP FOR THE THREE MONTHS ENDED 31 DECEMBER 2016

Set out below is the full text of the unaudited condensed consolidated results of the Group for the three months ended 31 December 2016 as extracted from the first quarterly report of the Company for the three months ended 31 December 2016.

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 December 2016

	Note	Three months ended	
		31 December 2016	2015
		HK\$'000 (unaudited)	HK\$'000 (unaudited)
Turnover	3	1,564	13,478
Cost of sales		<u>(1,564)</u>	<u>(12,613)</u>
Gross profit		—	865
Other revenue and other net income		198	93
Selling and distribution expenses		(231)	(391)
Administrative and other operating expenses		<u>(9,430)</u>	<u>(1,229)</u>
(Loss)/Profit from operations		(9,463)	(662)
Finance costs		<u>—</u>	<u>(98)</u>
(Loss)/Profit before tax		(9,463)	(760)
Income tax	4	<u>—</u>	<u>—</u>
<b>(Loss)/Profit for the period attributable to owners of the Company</b>		<u>(9,463)</u>	<u>(760)</u>
Other comprehensive income/(expenses):			
Exchange differences arising on translation of foreign operations, with no income tax effects		<u>—</u>	<u>10</u>
<b>Total comprehensive (expenses)/income for the period attributable to owners of the Company</b>		<u>(9,463)</u>	<u>(750)</u>
(Loss)/Earnings per share			
HK cent — Basic and diluted	6	<u>(1.28)</u>	<u>(0.11)</u>

**NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the three months ended 31 December 2016*

**1. CORPORATE INFORMATION**

The Company's principal place of business in Hong Kong is Room 2404, 24/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong and the Company was registered as a non-Hong Kong company under part XVI of the Hong Kong Companies Ordinance on 12 November 2010.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the distribution of apparel products.

**2. BASIS OF PREPARATION**

The Group's unaudited condensed consolidated statement of comprehensive income has been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the GEM Listing Rules and Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Company. There has been no significant change to the accounting policy applied in this financial statement for the period presented as a result of these developments.

The unaudited condensed consolidated statement of comprehensive income has been prepared under the historical cost convention.

The preparation of statement of comprehensive income in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgments in the process of applying the Group's accounting policies.

The accounting policies adopted in preparing the unaudited condensed consolidated statement of comprehensive income were consistent with those applied for the financial statements of the Group for the year ended 30 September 2016.

This unaudited condensed consolidated statement of comprehensive income is presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$'000), unless otherwise stated.

The condensed consolidated statement of comprehensive income has not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

**3. TURNOVER AND SEGMENT INFORMATION****Segment revenue and results**

The Group is principally engaged in the distribution of apparel products. For management purposes, the Group operates in one business unit based on its products, and has one operating segment which is the distribution of apparel products. Although the garments are sold to overseas customers, the Board, being the chief operating decision-maker (the "CODM"), regularly reviews their consolidated financial information to assess the performance and makes resource allocation decisions. Accordingly, no segmental revenue and results are presented.

**Geographical information**

The Group's operations are located in Hong Kong.

The Group's turnover from external customers by geographic allocation of the assets is detailed below:

	<b>For the three months ended</b>	
	<b>31 December</b>	
	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
U.K.	1,085	4,889
Spain	—	3,604
Sweden	479	1,450
Hong Kong	—	2,519
Others	—	1,016
	<u>1,564</u>	<u>13,478</u>
Total turnover	<u>1,564</u>	<u>13,478</u>

**Information about products**

	<b>For the three months ended</b>	
	<b>31 December</b>	
	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Innerwear	1,564	7,358
Casual wear	—	1,722
Baby and children wear	—	4,398
	<u>1,564</u>	<u>13,478</u>
Total turnover	<u>1,564</u>	<u>13,478</u>

**Information about major customers**

Revenues from external customers contributing 10% or more of the Group's total revenue are as follows:

	<b>For the three months ended</b>	
	<b>31 December</b>	
	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Customer A	1,085	4,889
Customer B	—	3,604
Customer C	—	1,882
	<u>1,085</u>	<u>10,375</u>

**4. INCOME TAX**

No Hong Kong profits tax and PRC enterprise income tax have been provided as the Group had no assessable profits for the three months ended 31 December 2015 and 2016.

No provision for profits tax in the Cayman Islands and British Virgin Islands had been made as the Group has no assessable profits for the period in these jurisdictions (2015: Nil).

## 5. DIVIDEND

The Directors do not recommend payment of any dividend for the three months ended 31 December 2016 (2015: Nil).

## 6. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK\$9,463,000 (2015: HK\$750,000) and the weighted average of 740,000,000 shares issued for the three-month period ended 31 December 2016.

### (b) Diluted loss per share

Diluted loss per share equals to the basic loss per share for both three month periods ended 31 December 2015 and 2016.

## 7. MOVEMENT OF RESERVE

Movement of reserves for the Group during the period is set out below:

	Attributable to owners of the Company						Retained profit/ (accumulated losses)	Total
	Share capital	Share premium	Share-based compensation reserve	Capital reserve	Merger reserve	Translation reserve		
	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000
At 1 October 2015 (audited)	6,920	16,489	3,124	3,718	(383)	228	(10,053)	20,043
Other comprehensive income				10		10		
Loss for the period	—	—	—	—	—	—	(760)	(760)
Total comprehensive expenses for the period	—	—	—	—	—	10	(760)	(750)
At 31 December 2015 (unaudited)	<u>6,920</u>	<u>16,489</u>	<u>3,124</u>	<u>3,718</u>	<u>(383)</u>	<u>238</u>	<u>(10,813)</u>	<u>19,293</u>
At 1 October 2016 (audited)	7,400	45,342	—	3,718	(383)	226	(17,516)	38,787
Other comprehensive income	—							
Loss for the period	—	—	—	—	—	—	(9,463)	(9,463)
Total comprehensive expenses for the period	—	—	—	—	—	—	(9,463)	(9,463)
At 31 December 2016 (unaudited)	<u>7,400</u>	<u>45,342</u>	<u>—</u>	<u>3,718</u>	<u>(383)</u>	<u>226</u>	<u>(26,979)</u>	<u>29,324</u>

#### 4. INDEBTEDNESS

At the close of business on 31 December 2016, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Document, apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans (secured, unsecured, guaranteed or not), any borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments (whether secured or unsecured, guaranteed or not), any mortgages or charges, or other material contingent liabilities or guarantee.

The Directors confirm that there were no material adverse changes in the Group's indebtedness position and contingent liabilities since 31 December 2016.

#### 5. MATERIAL CHANGE

As at the Latest Practicable Date, save as disclosed below, the Directors confirmed that there was no material change in the financial or trading position or outlook of the Group subsequent to 30 September 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up and up to the Latest Practicable Date:

1. a transaction regarding the acquisition of Just In Time Finance Limited, a company incorporated in Hong Kong with limited liability which holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), as disclosed in the announcement of the Company dated 24 October 2016;
2. a discloseable transaction regarding the acquisition of Shining Securities Company Limited, a company incorporated in Hong Kong with limited liability which is licensed to carry out Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the SFO by the Company, as disclosed in the announcement of the Company dated 3 November 2016; and
3. the Group recorded a decrease in cash and bank balances by approximately HK\$9.4 million as at 31 December 2016 compared to 30 September 2016, which was mainly due to the loss attributable to the Group of approximately HK\$9.5 million for the three months ended 31 December 2016, principally owing to the increase in administrative expenses in relation to the year-end staff discretionary bonus payment of approximately HK\$5.3 million.

## 1. RESPONSIBILITY STATEMENT

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

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

## 2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<b>Shares</b>		<i>HK\$</i>
<i>Authorised:</i>		
10,000,000,000	Authorised share capital of HK\$100,000,000 divided into 10,000,000,000 Shares	100,000,000
<i>Issued and fully paid:</i>		
740,000,000	Issued and paid up share capital of HK\$7,400,000 divided into 740,000,000 Shares	7,400,000

Since 30 September 2016 (being the date to which the Company's latest published audited accounts were prepared) and up to the Latest Practicable Date, no new Shares had been issued by the Company.

All of the Shares currently in issue are fully paid up and rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting and capital.



The Company did not have any outstanding securities, options, derivatives, warrants or other convertible securities or rights affecting the Shares as at the Latest Practicable Date.

### 3. DISCLOSURE OF INTERESTS IN THE COMPANY

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror and parties acting in concert with it were as follows:

Name	Capacity	Number of Shares held	% of interest
The Offeror ( <i>Note</i> )	Beneficial owner ( <i>Note</i> )	515,000,000	69.59
Mr. Yun Liguó	Interest of controlled corporation ( <i>Note</i> )	515,000,000	69.59
Ms. Tang Xiuxia ( <i>Note</i> )	Interest of a spouse	515,000,000	69.59

*Note:* The Offeror is beneficially and wholly owned by Mr. Yun Liguó who is the sole directors of the Offeror. Ms. Tang Xiuxia is Mr. Yun Liguó's spouse and is deemed to be interested in the shareholding interests of Mr. Yun Liguó by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror and parties acting in concert with it had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

### 4. DISCLOSURE OF OTHER INTERESTS AND DEALINGS IN SECURITIES

#### The Company

#### *Other Interests*

As at the Latest Practicable Date,

- (1) none of the Directors had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company or of the equity share capital or any convertible securities, warrants, options or derivatives in respect of the equity share capital of the Offeror;
- (2) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code in relation to the shareholdings in the Company;

- (3) there were no Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives in respect of Shares or other securities of the Company carrying voting rights which the Company or any Directors had borrowed or lent;
- (4) the Company had no interest in the equity share capital or any convertible securities, warrants, options or derivatives in respect of the equity share capital of the Offeror;
- (5) no Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options or derivatives in respect of Shares or other securities of the Company carrying voting rights was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code (including the Joint Independent Financial Advisers); and
- (6) no Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options or derivatives in respect of the Shares or other securities of the Company carrying voting rights were managed on a discretionary basis by non-exempt discretionary fund managers or principal traders connected with the Company; and
- (7) none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offer.

*Dealing in securities*

During the Relevant Period,

- (i) none of the Directors nor the Company had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror;
- (ii) none of the Directors had dealt for value in any in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, save for the sale of the Sale Shares by China Merit (a company wholly owned by Mr. Liu) under the Sale and Purchase Agreement;
- (iii) none of the subsidiaries of the Company or a pension fund (if any) of any member of the Group or an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code (including the Joint Independent Financial Advisers) had dealt for value in any Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options or derivatives in respect of the Shares or other securities of the Company carrying voting rights;

- (iv) no person, with whom the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code, had dealt for value in any Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options or derivatives in respect of the Shares or other securities of the Company carrying voting rights; and
- (v) no fund managers connected with the Company had dealt for value in any Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options or derivatives in respect of the Shares or other securities of the Company carrying voting rights;
- (vi) none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offer; and
- (vii) none of the Company or the Directors had borrowed or lent any Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options or derivatives in respect of the Shares or other securities of the Company carrying voting rights.

#### **The Offeror**

As at the Latest Practicable Date:

- (i) save for 515,000,000 Shares (representing approximately 69.59% of the entire issued share capital of the Company) owned by the Offeror, the Offeror as well as Mr. Yun Liguó (who is the beneficial owner and sole director of the Offeror) and parties acting concert with any of them did not hold other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (ii) save for the Sale Shares acquired under the Sale and Purchase Agreement pledged to China Goldjoy Credit Limited pursuant to a loan facility granted by China Goldjoy Credit Limited, there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (iii) none of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them had received any irrevocable commitment to accept the Offer;
- (iv) no benefit (other than statutory compensation) was or would be given to any Director as compensation for his loss of office or otherwise in connection with the Offer;

- (v) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (vi) there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any party acting in concert with it on one hand and any Directors, recent Directors, Shareholders or recent Shareholders on the other hand, having any connection with or dependence upon the Offer; and
- (vii) there was no other arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer.

During the Relevant Period, save for the loan facility as disclosed above, none of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

#### 5. DIRECTORS' SERVICE CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors had entered into any existing or proposed service contract with the Company or any subsidiaries and associated companies of the Company which: (i) (including both continuous and fixed term contracts) had been entered into or amended within six months before the commencement of the Offer Period; (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period. Further, none of the contracts below is a replacement of, or amendment to, any of existing contracts.

<b>Name of Directors</b>	<b>Commencement date of service agreement/letter of appointment</b>	<b>Expiry date of service agreement/letter of appointment</b>	<b>Fee per annum</b>
Mr. Liu	20 May 2016	a term of three years commencing on 20 May 2016	HK\$278,000 per month and a discretionary bonus as may be recommended by the Remuneration Committee based on the audited consolidated net profit attributable to the owners of the Company in respect of that financial year of the Company

<b>Name of Directors</b>	<b>Commencement date of service agreement/letter of appointment</b>	<b>Expiry date of service agreement/letter of appointment</b>	<b>Fee per annum</b>
LAW Kin Wah Kenneth	20 May 2016	a term of three years commencing on 20 May 2016	HK\$85,000 per month and a discretionary bonus as may be recommended by the Remuneration Committee based on the audited consolidated net profit attributable to the owners of the Company in respect of that financial year of the Company
SUN Wing Man Doris	20 May 2016	a term of three years commencing on 20 May 2016	HK\$70,000 per month and a discretionary bonus as may be recommended by the Remuneration Committee based on the audited consolidated net profit attributable to the owners of the Company in respect of that financial year of the Company
YANG Haibi	7 November 2016	One year from 7 November 2016	HK\$120,000 per annum
SUN Yuan	7 November 2016	One year from 7 November 2016	HK\$120,000 per annum
ZHANG Tianbao	7 November 2016	One year from 7 November 2016	HK\$120,000 per annum
SUN Huiyan	7 November 2016	One year from 7 November 2016	HK\$120,000 per annum

As at the Latest Practicable Date,

- (i) no benefit (other than statutory compensation) would be or had been given to any Director as compensation for loss of office or otherwise in connection with the Offer;

- (ii) save for the arrangement set out under the section headed “Proposed change of composition of the Board” in the “Letter from China Goldjoy” of this Composite Document, and it is expected that all the executive Directors of the existing Board will resign as Directors with effect on the earliest date on which such resignations may take effect under the Takeovers Code (being after the close of the Offer), there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders of the Company having any connection with or dependence upon the Offer;
- (iii) no agreement or arrangement existed between any Director and any other person which was conditional or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (iv) save for the Sale and Purchase Agreement entered into between the Offeror and China Merit (a company wholly owned by Mr Liu), in which Mr. Liu (being an executive Director) has a material personal interest, there was no material contract entered into by the Offeror in which any Director had a material personal interest.

## 6. MATERIAL CONTRACT

Save for the sale and purchase agreement entered into between Shining Investment Holdings Limited as vendor, Mr. Cheung Sze Hon as guarantor and the Company as purchaser on 3 November 2016 in relation to the proposed acquisition of the entire issued share capital of Shining Securities Company Limited at a consideration of HK\$24 million which will be settled by way of allotment and issuance of 25,000,000 new Shares upon completion thereof, which constituted a discloseable transaction of the Company, there is no material contract (being contracts that were not entered into in the ordinary course of business carried on or intended to be carried on by the Group) had been entered into by member(s) of the Group within the two years immediately preceding the commencement of the Offer Period and up to the Latest Practicable Date.

## 7. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

**8. MARKET PRICES**

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

	<b>Closing prices of Shares</b> (HK\$)
29 July 2016	1.09
31 August 2016	1.01
30 September 2016	1.84
31 October 2016	1.69
30 November 2016	1.63
30 December 2016	1.48
12 January 2017 (Last Trading Day)	1.24
27 January 2017	0.90
28 February 2017	1.04
3 March 2017 (Latest Practicable Date)	1.00

During the Relevant Period, the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.68 on 18 July 2016 and the highest closing price per Share as quoted on the Stock Exchange was HK\$1.99 on 7 November 2016.

**9. EXPERT AND CONSENT**

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

<b>Name</b>	<b>Qualification</b>
China Goldjoy	a corporation licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures) and Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO which is making the Offer on behalf of the Offeror
Alliance Capital	a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the financial adviser to the Offeror in respect of the Offer
Euto Capital	a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and one of the Joint Independent Financial Advisers to the Independent Board Committee in respect of the Offer

Nuada a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and one of the Joint Independent Financial Advisers to the Independent Board Committee in respect of the Offer

As at the Latest Practicable Date, neither China Goldjoy, Alliance Capital, Euto Capital nor Nuada had any shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of China Goldjoy, Alliance Capital, Euto Capital and Nuada has given and has not withdrawn their respective written consents to the issue of this Composite Document with the inclusion of their respective letter and references to their respective name in the form and context in which they appear, respectively.

## 10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) at the principal place of business of the Company in Hong Kong from 10:00 a.m. to 5:00 p.m. on any Business Day; and (ii) on the websites of the SFC ([www.sfc.hk](http://www.sfc.hk)) and the Company ([www.chinahanya.com.hk](http://www.chinahanya.com.hk)) from the date of this Composite Document up to and including the Closing Date:

- (i) the memorandum and articles of association of the Offeror;
- (ii) the memorandum and articles of association of the Company;
- (iii) the annual reports of the Company for each of the two years ended 30 September 2015 and 2016;
- (iv) the quarterly report of the Company for the three months ended 31 December 2016;
- (v) the letter from the Board, the text of which is set out on pages 8 to 13 of this Composite Document;
- (vi) the letter from China Goldjoy, the text of which is set out on pages 14 to 22 of this Composite Document;
- (vii) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 23 to 24 of this Composite Document;
- (viii) the letter of advice from the Joint Independent Financial Advisers to the Independent Board Committee, the text of which is set out on pages 25 to 43 of this Composite Document;
- (ix) the written consents referred to in the paragraph headed “Expert and consents” in this Appendix;



- (x) the service contracts referred to in the paragraph headed “Directors’ service contracts and other interests” in this Appendix;
- (xi) the material contract referred to in the paragraph headed “Material Contract” in this Appendix; and
- (xii) the loan agreement dated 13 January 2017 in relation to a loan facility granted by China Goldjoy Credit Limited to the Offeror for the purpose of funding the payment obligation under the Offer.

## 11. GENERAL

As at the Latest Practicable Date:

- (i) the registered office of the Offeror was situated at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands and the correspondence address of the Offeror was at 33/F, Shui On Centre, 6–8 Harcourt Road, Wanchai, Hong Kong;
- (ii) the registered office of Alliance Capital was situated at Room 1502–1503A, Wing On House, 71 Des Voeux Road Central, Central, Hong Kong;
- (iii) the registered office of China Goldjoy was situated at Unit 1704–06, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong;
- (iv) the registered office of Euto Capital was situated at Room 2418, Wing On Centre, 111 Connaught Road Central, Hong Kong;
- (v) the registered office of Nuada was situated at Unit 1805–08, 18/F, OfficePlus@Sheung Wan, 93–103 Wing Lok Street, Sheung Wan, Hong Kong; and
- (vi) in the event of inconsistency, the English texts of this Composite Document and the Form of Acceptance and Transfer shall prevail over their respective Chinese texts.