



China Candy Holdings Limited

中國糖果控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code::8182

Third Quarterly Report 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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This report, for which the directors (the “Directors”) of China Candy Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

The board of Directors (the "Board") announces the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2015, together with the unaudited comparative figures for the corresponding periods in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2015

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue	2	20,819	18,200	52,942	41,061
Cost of sales		(15,219)	(13,573)	(38,682)	(31,037)
Gross Profit		5,600	4,627	14,260	10,024
Investment and other income		2,558	1,216	3,319	2,630
Distribution and selling expenses		(377)	(382)	(1,259)	(1,185)
Administrative expenses		(678)	(1,390)	(4,056)	(3,595)
Listing expenses		(516)	(2)	(3,118)	(2,052)
Finance costs		(1,070)	(1,307)	(3,318)	(3,661)
Profit before tax		5,517	2,762	5,828	2,161
Income tax expense	3	(1,103)	(825)	(1,959)	(2,348)
Profit/(loss) for the period		4,414	1,937	3,869	(187)
Other comprehensive (expense)/income, net of income tax					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations		(64)	(5)	(63)	26
Other comprehensive (expense)/income for the period, net of income tax		(64)	(5)	(63)	26
Total comprehensive income/(expense) for the period		4,350	1,932	3,806	(161)
Profit/(loss) for the period attributable to:					
Owners of the Company		4,414	1,937	3,869	(187)
Non-controlling interests		—	—	—	—
		4,414	1,937	3,869	(187)
Total comprehensive income/(expense) for the period attributable to:					
Owners of the Company		4,350	1,932	3,806	(161)
Non-controlling interests		—	—	—	—
		4,350	1,932	3,806	(161)
		RMB cents	RMB cents	RMB cents	RMB cents
Earnings/(loss) per share					
– Basic and diluted	5	0.41	0.18	0.36	(0.02)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015**

	Attributable to owners of the Company						Subtotal RMB'000	Attributable to non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Statutory reserve RMB'000	Foreign currency translation reserve RMB'000	Retained earnings RMB'000			
(Unaudited) Balance at 1 January 2014	20,000	-	4,611	1,296	-	11,758	37,665	966	38,631
Loss for the period	-	-	-	-	-	(187)	(187)	-	(187)
Other comprehensive income for the period	-	-	-	-	26	-	26	-	26
Total comprehensive expense for the period	-	-	-	-	26	(187)	(161)	-	(161)
Acquisition of additional interest in a subsidiary	513	-	-	-	-	453	966	(966)	-
Shares issued by a subsidiary to shareholders	6	6,314	-	-	-	-	6,320	-	6,320
Effect of Corporate Reorganization	(20,519)	(6,314)	6,320	-	-	-	(20,513)	-	(20,513)
Deemed contribution from Mr. Xu arising from loan assignment	-	-	20,513	-	-	-	20,513	-	20,513
Statutory reserve appropriation	-	-	-	390	-	(390)	-	-	-
Balance at 30 September 2014	-	-	31,444	1,686	26	11,634	44,790	-	44,790
(Unaudited) Balance at 1 January 2015	-	-	31,444	2,142	24	13,381	46,991	-	46,991
Profit for the period	-	-	-	-	-	3,869	3,869	-	3,869
Other comprehensive expense for the period	-	-	-	-	(63)	-	(63)	-	(63)
Total comprehensive income for the period	-	-	-	-	(63)	3,869	3,806	-	3,806
Statutory reserve appropriation	-	-	-	739	-	(739)	-	-	-
Balance at 30 September 2015	-	-	31,444	2,881	(39)	16,511	50,797	-	50,797

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

1. GENERAL INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company was incorporated in the Cayman Islands on 14 March 2014 as an exempted company with limited liability. Its parent and ultimate holding company is Jia Qing Developments Limited, a company incorporated in the British Virgin Islands. The shares of the Company were listed on the GEM of The Stock Exchange since 11 November 2015. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The address of its principal place of business is at Suites 2001 – 2006, 20th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.

The Company's principal activity during the nine months ended 30 September 2015 was investment holding. The Group's principal activities during the nine months ended 30 September 2015 was the manufacture and sales of candies products.

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2015 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the nine months ended 30 September 2015 are consistent with those adopted in the preparation of accountants' report included in the Company's prospectus dated 30 October 2015 (the "Prospectus"), except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the "New and Revised HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA that are adopted for the first time for the current periods financial statements.

The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the nine months ended 30 September 2015 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the nine months ended 30 September 2015.

The Group has not applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2015 have been prepared on the historical cost basis. The unaudited condensed consolidated financial statements for the nine months ended 30 September 2015 are presented in Renminbi ("RMB"), which is also the functional currency of the Group.

The condensed consolidated financial statements have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company.

2. REVENUE

Revenue represents the amounts received and receivable from the manufacture and sales of candies products during the respective periods.

3. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Current tax				
– People's Republic of China ("PRC") Enterprise Income Tax	692	522	1,294	782
Deferred tax				
– Current period	411	303	665	1,566
Total income tax recognized in profit or loss	1,103	825	1,959	2,348

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the respective periods. No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group had no assessable profits arising in or derived from Hong Kong for both periods.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% during the respective periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

4. DIVIDENDS

The Board did not recommend the payment of dividend for the nine months ended 30 September 2015 (nine months ended 30 September 2014: nil).

5. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

	Three months ended 30 September		Nine months ended 30 September	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Earnings/(loss):				
Earnings/(loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	4,414	1,937	3,869	(187)
Number of ordinary shares:				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	1,072,800	1,072,800	1,072,800	1,072,800

The number of ordinary shares for the purpose of calculating basic earnings/(loss) per share has been determined on the assumption that the Reorganization and Capitalization Issue had been effective on 1 January 2014. Details of the Reorganization and Capitalization Issue are set out in the Prospectus.

The diluted earnings/(loss) per share for the respective periods is equal to the earnings/(loss) per share as there is no potential dilutive ordinary share in issue.

6. EVENTS AFTER THE REPORTING PERIOD

On 11 November 2015, 267,200,000 ordinary shares of the Company of HK\$0.01 each were issued by way of placing to public investors at a placing price of HK\$0.20 per share and 1,072,799,000 ordinary shares of the Company of HK\$0.01 each were credited as fully paid by way of capitalization of the amount of approximately HK\$10,727,990 standing to the credit of the share premium account of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

During the nine months ended 30 September 2015 and up to the date of this report, the Group had been principally engaged in the manufacturing of various types of candies in China which include jelly drops candies, aerated candies, hard candies and chocolate-made products.

Business Review

During the nine months ended 30 September 2015, the Group maintained its focus in manufacturing various candies products and sharpened its efforts in developing the overseas market. The Directors consider that the efforts were well rewarded as the Group has started business with some new overseas customers. Of the various candies products which the Group produces, jelly drop candies continued to be produced by the largest volume.

The Group has kept its strength in maintaining a diversified and innovative products portfolio which the Directors consider it crucial in enticing existing and new customers. The Group is also committed to stringent quality standards and quality control and excellent workplace condition. This enables the Group to achieve ongoing product improvement and enhance its product offerings.

Due to the Group's high quality products and wide variety of candies choices, the Group was able to supply a large proportion of its products to overseas and its overseas customers have been the major source of its revenue in the nine months ended 30 September 2015.

Financial Review

Revenue

Revenue of the Group increased by 28.9% from approximately RMB41,061,000 for the nine months ended 30 September 2014 to approximately RMB52,942,000 for the nine months ended 30 September 2015. In addition, the Group's revenue also experienced an increase of approximately 14.4% from approximately RMB18,200,000 for the three months ended 30 September 2014 to approximately RMB20,819,000 for the three months ended 30 September 2015. The increase in revenue was mainly attributed to the increased sales of jelly drops candies. This was also a result of the Group's efforts to boost foreign sales.

Gross Profit

Gross profit of the Group increased by 42.3% from approximately RMB10,024,000 for the nine months ended 30 September 2014 to approximately RMB14,260,000 for the nine months ended 30 September 2015. In addition, the Group's gross profit recorded an increase by 21.0% from approximately RMB4,627,000 for the three months ended 30 September 2014 to approximately RMB5,600,000 for the three months ended 30 September 2015. The gross profit increased as the Group's revenue increased.

On the other hand, gross profit margin increased from 24.4% for the nine months ended 30 September 2014 to 26.9% for the nine months ended 30 September 2015, and gross profit margin increased from 25.4% for the three months ended 30 September 2014 to 26.9% for the three months ended 30 September 2015. The Group was able to improve the gross profit margin because as the Group's sales increased, its operational efficiency also improved because fixed cost, such as depreciation and amortization and utilities expenses, remained relatively stable or did not increase to the extent which revenue increased.

Distribution and Selling Expenses

Distribution and selling expenses increased by 6.2% from approximately RMB1,185,000 for the nine months ended 30 September 2014 to approximately RMB1,259,000 for the nine months ended 30 September 2015. In addition, the Group's distribution and selling expenses decreased slightly by 1.3% from approximately RMB382,000 for the three months ended 30 September 2014 to approximately RMB377,000 for the three months ended 30 September 2015. Generally, the distribution and selling expenses are related to the number of quantities of products sold and associated inspection fee.

Administrative Expenses

Administrative expenses of the Group increased by 12.8% from approximately RMB3,595,000 for the nine months ended 30 September 2014 to approximately RMB4,056,000 for the nine months ended 30 September 2015. On the other hand, the Group's administrative expenses decreased by 51.2% from approximately RMB1,390,000 for the three months ended 30 September 2014 to approximately RMB678,000 for the three months ended 30 September 2015. In the first half of 2015, administrative expenses were incurred for legal and professional services.

Listing Expenses

During the nine months ended 30 September 2015 and the three months ended 30 September 2015, the Group recognized non-recurring listing expenses under accrual basis of approximately RMB3,118,000 and RMB516,000, respectively, as expenses in connection with the Company's preparation of the listing on GEM.

Finance Costs

Finance costs of the Group decreased by 9.4% from approximately RMB3,661,000 for the nine months ended 30 September 2014 to approximately RMB3,318,000 for the nine months ended 30 September 2015. Further, finance costs of the Group decreased by 18.1% from approximately RMB1,307,000 for the three months ended 30 September 2014 to approximately RMB1,070,000 for the three months ended 30 September 2015. The decrease in finance costs is primarily due to the decrease in the effective interest rate of the Group's interest-bearing borrowings and the average level of bank borrowings.

Profit for the Period

The Group recorded profit for nine months ended 30 September 2015 of approximately RMB3,869,000 as compared with a loss of approximately RMB187,000 for the corresponding period in 2014. In addition, the Group recorded a profit of approximately RMB4,414,000 for the three months ended 30 September 2015, as compared with approximately RMB1,937,000 for the three months ended 30 September 2014. The improvement was caused by the Group's efforts to drive foreign sales, which the Directors are of the view that the demand of candies products had been strong.

OUTLOOK

The Company's shares were successfully listed on GEM on 11 November 2015 by way of placing. 375,200,000 shares were offered by the Company and its controlling shareholder, Jia Qing Developments Limited, at the placing price of HK\$0.20 per share. The net proceeds received by the Group as a result of the placing was estimated to be approximately HK\$45.6 million, after deducting the underwriting commission and other listing expenses. With the corporate image strengthened by the listing of the Company's shares and the net proceeds received by the Group, the Directors feel confident to take a step forward in the confectioneries industry and further expand the Group's business operations with a view to creating shareholders' value. The Group is in the course of building new factory premises and upgrading its facilities in its production base in Jinjiang, Fujian Province. Part of the net proceeds received from the placing will be applied to complete the expansion which is expected to take place by early 2016. The expansion will add an extra production line for the Group's gelatin candies, which is a type of jelly drops candies and the Group's total production capacity will be increased. The Directors believe economies of scale can be better achieved once the new production line is put into operation.

The Directors further are aware of the recent introduction of the nationwide two-child policy in China to counter for the ageing population which is expected to increase the fertility rate. Although most of the Group's revenue come from overseas OEM business, the Directors will closely assess the impact of the new policy as the Group's products are generally liked by youngsters and the demand of candies products may be entrenched in the longer term in China.

As discussed in the Company's prospectus dated 30 October 2015, the Directors consider that the Group's financial performance for the year ending 31 December 2015 would be significantly affected by the increase in the listing expenses and administrative expenses. Listing expenses of approximately RMB3,952,000 are expected to be charged to the consolidated statement of profit or loss and other comprehensive income for the year ending 31 December 2015. In addition, there will be an expected increase in administrative expenses which is primarily attributable to the increase in remuneration of the Directors and the appointment of new independent non-executive Directors and professional parties prior to and after the listing on GEM. Accordingly, the Group's net profit is expected to decrease substantially for the year ending 31 December 2015.

DISCLOSURE OF ADDITIONAL INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the date of this report, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long position in the shares as at the date of this report ^(Note 1):

Name of Director	Capacity/Nature	No. of shares held/ interested in	Approximate percentage of interest
Mr. Xu Jinpei ("Mr. Xu") ^(Note 2)	Interest in controlled corporation	696,600,000	51.99%
Ms. Hong Yinzhi ("Ms. Hong") ^(Note 3)	Interest of spouse	696,600,000	51.99%

Long position in the shares of associated corporations as at the date of this report ^(Note 1):

Name of Director	Name of associated corporation	Capacity/Nature	No. of shares held/interested in	Approximate percentage of interest
Mr. Xu ^(Note 2)	Jia Qing Developments Limited ("Jia Qing")	Beneficial owner	1	100%
Ms. Hong ^(Note 3)	Jia Qing	Interest of spouse	1	100%

Notes:

- Part XV of the SFO is not applicable to the Company on 30 September 2015 as the shares of the Company are not listed on the Stock Exchange until 11 November 2015. As such, interest and short positions of the relevant parties as at the date of this report will be disclosed instead.
- Mr. Xu beneficially owns the entire issued share capital of Jia Qing. Therefore, Mr. Xu is deemed or taken to be interested in all the shares held by Jia Qing for the purposes of the SFO. Mr. Xu is our executive Director and the sole director of Jia Qing.
- Ms. Hong is the spouse of Mr. Xu. Pursuant to a confirmation signed by Mr. Xu and Ms. Hong, Mr. Xu and Ms. Hong confirmed and declared that they jointly and beneficially owned the equity interests in, amongst others, Jia Qing since its establishment or incorporation.

Save as disclosed above, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.47 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the date of this report, the interest and short positions of substantial shareholders and other persons (not being a Director or chief executive of the Company) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long Positions of the shares as at the date of this report ^(Note 1):

Name	Capacity/Nature	No. of shares held/ interested in	Approximate percentage of interest
Jia Qing	Beneficial owner	696,600,000	51.99%
Noble Core Limited ("Noble Core")	Beneficial owner	268,200,000	20.01%
Mr. Kwok Shun Tim ("Mr. Kwok") ^(Note 2)	Interest of controlled corporation	268,200,000	20.01%
Ms. Yip Nga Wan ^(Note 3)	Interest of spouse	268,200,000	20.01%

Notes:

1. Part XV of the SFO is not applicable to the Company on 30 September 2015 as the shares of the Company are not listed on the Stock Exchange until 11 November 2015. As such, interest and short positions of the relevant parties as at the date of this report will be disclosed instead.
2. Mr. Kwok beneficially owns the entire issued share capital of Noble Core. Therefore, Mr. Kwok is deemed or taken to be interested in all the shares held by Noble Core for the purpose of the SFO. Mr. Kwok is the sole director of Noble Core.
3. Ms. Yip Nga Wan is the spouse of Mr. Kwok. Accordingly, Ms. Yip Nga Wan is deemed or taken to be interested in all the shares in which Mr. Kwok is interested for the purpose of the SFO.

Save as disclosed above, as at the date of this report, the Company had not been notified of any interests or short positions of substantial shareholders or other persons in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2015 and up to the date of this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted written guidelines regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the required standard of dealings and the said guidelines regarding Directors' securities transactions from 11 November 2015 (the "Listing Date") up to the date of this report.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

As the Company was listed on 11 November 2015, the Company was not required to comply with the requirements under the code provisions set out in Appendix 15 – Corporate Governance Code (the "Code") to the GEM Listing Rules or the continuing obligations requirements of a listed issuer pursuant to the GEM Listing Rules prior to the Listing Date.

The Directors consider that since the Listing Date and up to the date of this report, the Company has applied the principles and complied with all the applicable code provisions set out in the Code.

INTEREST OF THE COMPLIANCE ADVISER

As confirmed by the Company's compliance adviser, TC Capital Asia Limited (the "Compliance Adviser"), save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 13 February 2015, none of the Compliance Adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company established an audit committee (the "Audit Committee") with written terms of reference aligned with the provision of the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this report, the Audit Committee comprises Mr. Kwong Ping Man (chairman of the Audit Committee), Mr. Chiu Sai Chuen Nicholas and Mr. Chu Wai Wa Fangus, all of whom are independent non-executive Directors.

The Audit Committee has reviewed with management of the Company the accounting principles and practices adopted by the Group, this report and the third quarterly results announcement of the Group for the nine months ended 30 September 2015. The condensed consolidated financial results for the nine months ended 30 September 2015 are unaudited, but have been reviewed by the Audit Committee.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

DIVIDEND

The Board did not recommend the payment of dividend to shareholders of the Company for the nine months ended 30 September 2015.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Each of the Directors or the controlling shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has confirmed that none of them had any business or interest in any company that competes or may compete with the business of the Group or any other conflict of interests with the interests of the Group during the nine months ended 30 September 2015.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal of subsidiaries or associates during the nine months ended 30 September 2015.

By order of the Board
CHINA CANDY HOLDINGS LIMITED
Xu Jinpei
Chairman

Fujian, China, 13 November 2015

As at the date of this report, the executive Directors are Mr. Xu Jinpei and Ms. Hong Yinzhi; and the independent non-executive Directors are Mr. Chiu Sai Chuen Nicholas, Mr. Chu Wai Wa Fangus and Mr. Kwong Ping Man.