

IMPORTANT

If you are in any doubt as to any aspect of the Offer, this Composite Document or 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 Brilliance Worldwide Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance and Transfer to the purchaser(s) or transferee(s) or to the bank or 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 contents of which form part of the terms of the Offer contained herein.

The Stock Exchange of Hong Kong Limited and Hong Kong Exchanges and Clearing Limited take no responsibility for the contents of this Composite Document and the Form of Acceptance and Transfer, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the Form of Acceptance and Transfer.



China Merit International Investment Inc.
國譽環球投資有限公司

(incorporated in the British Virgin Islands with limited liability)

BRILLIANCE WORLDWIDE HOLDINGS LIMITED
金滿堂控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8312)

**COMPOSITE DOCUMENT IN RELATION TO
MANDATORY UNCONDITIONAL CASH OFFER BY
SUN INTERNATIONAL SECURITIES LIMITED
ON BEHALF OF
CHINA MERIT INTERNATIONAL INVESTMENT INC.
FOR ALL THE ISSUED SHARES IN
BRILLIANCE WORLDWIDE HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY
CHINA MERIT INTERNATIONAL INVESTMENT INC.
AND PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to the Offeror



大有融資有限公司
MESSIS CAPITAL LIMITED

**Independent Financial Adviser to the Independent Board Committee
and Independent Shareholders**



Titan Financial Services Limited

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 Sun International containing, among other things, details of the terms of the Offer is set out on pages 6 to 14 of this Composite Document.

A letter from the Board is set out on pages 15 to 20 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in relation to the Offer is set out on pages 21 to 22 of this Composite Document.

A letter from Independent Financial Adviser containing its advice on the Offer to the Independent Board Committee and the Independent Shareholders is set out on pages 23 to 38 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 no later than 4:00 p.m. on Friday, 20 May 2016 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.

This Composite Document will remain on the GEM website at <http://www.hkgem.com> and on the website of the Company at www.brillianceww.com as long as the Offer remains open.

* For identification purposes only

29 April 2016

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

2016

Despatch date of this Composite Document and the Form of Acceptance and Transfer
and commencement date of the Offer (*Notes 1 and 4*) Friday, 29 April

Closing Date (*Notes 2 and 5*) Friday, 20 May

Latest time and date for acceptance of the Offer (*Notes 2 and 5*)..... 4:00 p.m. on Friday, 20 May

Announcement of the results of the Offer (*Note 2*) no later than 7:00 p.m.
on Friday, 20 May

Latest date of posting of remittances in respect of
valid acceptances received under the Offer (*Notes 3 and 5*) Tuesday, 31 May

Notes:

1. The Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until the Closing Date.
2. The Offer, which is unconditional, will be closed on the Closing Date. The latest time for acceptance is at 4:00 p.m. on Friday, 20 May 2016 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be published on the website of the Stock Exchange by 7:00 p.m. on Friday, 20 May 2016 stating whether the Offer has been revised or extended or has expired. In the event that the Offeror decides that the Offer will remain open until further notice, a notice by way of an announcement will be given not less than 14 days before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
3. Remittances in respect of the cash consideration payable for the Shares tendered under the Offer will be made as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar from the Independent Shareholders accepting the Offer of all documents to render the acceptance valid in accordance with the Takeovers Code.
4. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed “Right of withdrawal” in Appendix I to this Composite Document.
5. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:
 - (a) in force in Hong Kong 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 and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or
 - (b) in force in Hong Kong 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 and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day.

All times and dates in this Composite Document and the Form of Acceptance and Transfer shall refer to Hong Kong times and dates.

DEFINITIONS

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 under the Takeovers Code
“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“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 Hong Kong Securities Clearing Company Limited
“Closing Date”	20 May 2016, the closing date of the Offer, which is 21 days after the date on which this Composite Document is posted, or if the Offer is extended, any subsequent closing date of the Offer as extended and announced by the Offeror in accordance with the Takeovers Code
“Company”	Brilliance Worldwide Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the GEM of the Stock Exchange (Stock Code: 8312)
“Completion”	completion of the acquisition of the Sales Shares by the Offeror in accordance with the terms of the Sale and Purchase Agreement
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company, which sets out among others, details of the Offer in accordance with the Takeovers Code
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“controlling shareholder(s)”	has the meaning given to it in the GEM Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“Executive”	the Executive Director of the Corporate Finance Division of the SFC, or any delegate of the Executive Director

DEFINITIONS

“Encumbrance”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Forise Global”	Forise Global Holdings Limited, a company incorporated in the BVI
“Form of Acceptance and Transfer”	the accompanying Form of Acceptance and Transfer 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 existing subsidiaries as at the Latest Practicable Date
“HK\$”	Hong Kong dollar(s)
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors established to advise the Independent Shareholders in respect of the terms of the Offer
“Independent Financial Adviser” or “Titan Financial”	Titan Financial Services Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer
“Independent Shareholders”	the Shareholders other than the Offeror and parties acting in concert with it
“Initial Announcement”	the initial announcement of the Company issued on 29 December 2015 in relation to Rule 3.7 of the Takeovers Code on which the Offer Period commenced
“Joint Announcement”	the joint announcement issued by the Company and the Offeror dated 18 March 2016 in relation to, among other things, the Sale Shares and the Offer

DEFINITIONS

“Last Trading Day”	14 March 2016, being the last full trading day of the Shares immediately prior to the suspension of trading in the Shares on the Stock Exchange pending the release of the Joint Announcement
“Latest Practicable Date”	26 April 2016, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Magic Ahead” or “Vendor”	Magic Ahead Investments Limited, 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 is owned as to 3.7% and 96.3% by Mr. Ko Yuk Tong and Mr. Ko as at the Latest Practicable Date
“Messis Capital”	Messis Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror in respect of the Offer
“MOU”	the memorandum of understanding dated 27 February 2016 and the extension letter dated 10 March 2016 entered into between Magic Ahead and the Offeror regarding the possible sale of the controlling interests in the Company, which set forth the understanding and certain preliminary terms in relation to the transactions contemplated under the Sale and Purchase Agreement amongst the parties thereto
“Mr. Ko”	Mr. Ko Chun Hay Kelvin, beneficially holding 96.3% of the issued share capital of Magic Ahead, being an executive Director, the chairman of the Board and a director of Magic Ahead as at the Latest Practicable Date
“Mr. Ko Yuk Tong”	Mr. Ko Yuk Tong, the brother of Mr. Ko, beneficially holding 3.7% of the issued share capital of Magic Ahead as at the Latest Practicable Date
“Mr. Liu”	Mr. Liu Sit Lun, the sole director and sole beneficial owner of the Offeror
“NAV”	net asset value

DEFINITIONS

“Offer”	the mandatory unconditional cash offer made by Sun International on behalf of the Offeror, for all the issued Shares not already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it in accordance with the Takeovers Code
“Offer Period”	has the meaning ascribed thereto in the Takeovers Code, being the period commencing on the date of the Initial Announcement and ending on the Closing Date
“Offer Price”	the cash amount of HK\$0.5908 per Offer Share payable by the Offeror to the Independent Shareholders for each Offer Share accepted under the Offer
“Offer Share(s)”	all the Shares in issue, other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it
“Offeror”	China Merit International Investment Inc., a company incorporated in BVI with limited liability, the sole shareholder of which is Mr. Liu
“Optionholders”	the registered grantees/holders of the Options as at the Last Trading Day
“Option(s)”	the outstanding option(s) over Shares granted pursuant to the Share Option Scheme and cancelled on 16 March 2016, where one Option represents the right to subscribe for one Share
“Overseas Shareholder(s)”	Independent Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong
“PRC”	the People’s Republic of China excluding, for the purpose of this Composite Document, 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 29 December 2015, being the date the Initial Announcement was made, and ending on the Latest Practicable Date
“relevant securities”	as defined in Note 4 to Rule 22 of the Takeovers Code

DEFINITIONS

“Sale and Purchase Agreement”	the sale and purchase agreement dated 15 March 2016 entered into between Magic Ahead, Mr. Ko and the Offeror in relation to the sale and purchase of the Sale Shares
“Sale Shares”	474,000,000 Shares, representing 68.5% of the entire issued share capital of the Company as at the date of the Sale and Purchase Agreement and the Latest Practicable Date, acquired by the Offeror from Magic Ahead pursuant to the terms and conditions of the Sale and Purchase Agreement
“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 ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sun International”	Sun International Securities Limited, a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures) and type 4 (advising on securities) regulated activities under the SFO
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“%”	per cent.

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



29 April 2016

To the Independent Shareholders

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY
SUN INTERNATIONAL SECURITIES LIMITED
ON BEHALF OF
CHINA MERIT INTERNATIONAL INVESTMENT INC.
FOR ALL THE ISSUED SHARES IN
BRILLIANCE WORLDWIDE HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY
CHINA MERIT INTERNATIONAL INVESTMENT INC.
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement.

The Company was informed by Magic Ahead (the former controlling shareholder of the Company) that on 15 March 2016, Magic Ahead as vendor, Mr. Ko as guarantor and the Offeror as purchaser entered into the Sale and Purchase Agreement pursuant to which, Magic Ahead has agreed to sell and the Offeror has agreed to acquire an aggregate of 474,000,000 Shares (i.e. the Sale Shares), for a total cash consideration of HK\$280,000,000, or approximately HK\$0.5908 per Sale Share. Completion took place immediately upon signing of the Sale and Purchase Agreement on 15 March 2016.

Prior to Completion, Magic Ahead held a total of 519,000,000 Shares, representing 75.0% of the total issued share capital of the Company. Immediately after Completion, Magic Ahead held a total of 45,000,000 Shares and the Offeror held 474,000,000 Shares, representing approximately 6.5% and 68.5% of the total issued share capital of the Company as at the Latest Practicable Date, respectively. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it). The Offer is unconditional in all respects.

This letter sets out, among other things, the details of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. The terms of the Offer and the procedures for acceptances are set out in this letter, Appendix I to this Composite Document and the Form of Acceptance and Transfer.

LETTER FROM SUN INTERNATIONAL

The Independent Shareholders are strongly advised to carefully consider the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” as set out in this Composite Document.

THE OFFER

Principal terms of the Offer

Sun International, on behalf of the Offeror, hereby makes the Offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it), which is unconditional in all respects, on the following basis:

For each Offer ShareHK\$0.5908 in cash

The Offer Price is the same as the purchase price per Sale Share under the Sale and Purchase Agreement which was determined after arm’s length negotiations between the Offeror and Mr. Ko.

As at the Latest Practicable Date, the Company had a total of 692,000,000 Shares in issue and the Company had no outstanding securities, options, derivatives or warrants which are convertible or exchangeable into the Shares and had not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company.

The Shares to be acquired under the Offer shall be fully paid and free from any liens, charges and Encumbrances and together with all rights and benefits attached and accrued thereto as at the date on which the Offer is made, including the rights to receive in full all dividends and distributions that may be declared, made or paid by the Company on or after the date on which the Offer is made.

Undertaking and non-acceptance Shares

Immediately after Completion, Magic Ahead held a total of 45,000,000 Shares, representing approximately 6.5% of the total issued share capital of the Company as at the Latest Practicable Date. Pursuant to the Sale and Purchase Agreement, Magic Ahead and Mr. Ko have irrevocably undertaken to the Offeror that Magic Ahead will (i) not dispose of, and/or not to pledge to any other parties and/or not to transfer and/or otherwise make an aggregate of 20,760,000 Shares (representing approximately 3.0% of the total issued share capital of the Company as at the Latest Practicable Date) available for acceptance for the Offer; and (ii) not to accept the Offer in respect of these 20,760,000 Shares.

Undertaking on NAV of the Group

Pursuant to the Sale and Purchase Agreement, Magic Ahead has agreed and undertaken that the Group’s audited consolidated NAV as at the date of Completion shall not be less than HK\$22,000,000. If the Group’s audited consolidated NAV as at the date of Completion is less than HK\$19,500,000 (including the Group’s audited cash amount is not less than HK\$6,000,000) (the

LETTER FROM SUN INTERNATIONAL

“Agreed NAV Amount”), Magic Ahead shall pay the amount of the shortfall to the Offeror for the discrepancy between the Agreed NAV Amount and the audited consolidated NAV of the Group as at the date of Completion.

Comparison of value

The Offer Price of HK\$0.5908 per Offer Share represents:

- (a) a discount of approximately 1.53% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 1.51% over the average closing price of approximately HK\$0.582 per Share as quoted on the Stock Exchange for the last 5 trading days immediately prior to and including the Last Trading Day;
- (c) a premium of approximately 4.75% over the average closing price of approximately HK\$0.564 per Share as quoted on the Stock Exchange for the last 10 trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 17.65% to the average closing price of approximately HK\$0.502 per Share as quoted on the Stock Exchange for the last 30 trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 1.53% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange as at the Latest Practicable Date; and
- (f) a premium of approximately 1,937.2% over the audited consolidated NAV of the Group per Share as at 30 September 2015 of approximately HK\$0.029 calculated based on audited consolidated NAV of the Group attributable to the Shareholders as at 30 September 2015 of approximately HK\$20,043,000 and 692,000,000 Shares in issue as at the Latest Practicable Date.

Highest and lowest closing prices

During the Relevant Period, the lowest closing price of the Shares as quoted on GEM was HK\$0.182 per Share on 8 July 2015 and the highest closing price of the Shares as quoted on GEM was HK\$0.67 per Share on 6 January 2016.

Value of the Offer

On the basis of the Offer Price of HK\$0.5908 per Offer Share and 692,000,000 issued Shares as at the Latest Practicable Date, the total issued share capital of the Company is valued at HK\$408,833,600. Excluding the 474,000,000 Shares held by the Offeror and parties acting in concert with it, there are 218,000,000 Shares subject to the Offer and the value of the Offer is at HK\$128,794,400.

LETTER FROM SUN INTERNATIONAL

Financial resources available to the Offeror

The Offeror intends to finance and satisfy the consideration under the Offer by (i) a loan facility granted by Sun Finance Company Limited, which is secured by a charge over the Shares owned or to be owned by the Offeror; and (ii) an external financing from Forise Global. 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.

Messis Capital, being the financial adviser to the Offeror, is satisfied that there are sufficient financial resources available to the Offeror to satisfy the consideration payable upon full acceptance of the Offer.

Effect of accepting the Offer

By accepting the Offer, Independent Shareholders will sell their Shares to the Offeror free from all Encumbrances and together with all rights attaching to them, including but not limited to all rights to any dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Offer is made, being the date of the despatch of this Composite Document. Acceptance of the Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Offer are free from all Encumbrances whatsoever 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. Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of 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.

Stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, will be deducted from the amount payable to such accepting Shareholders who accept the Offer. The Offeror will bear its own portion of buyer's Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptances or if higher, the market value of the 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.

LETTER FROM SUN INTERNATIONAL

Taxation advice

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. None of the Offeror, parties acting in concert with the Offeror, Sun International, the Company, Messis Capital and their respective ultimate beneficial owners, directors, officers, advisers, agents 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.

Overseas Shareholders

As the Offer to persons not residing in Hong Kong might be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders whose addresses as shown in the register of members of the Company are outside Hong Kong and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. 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 of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions). Any acceptance by any Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

INFORMATION OF THE GROUP

Details of the information on the Group are set out in the “Letter from the Board” in this Composite Document.

INFORMATION OF THE OFFEROR

The Offeror, China Merit International Investment Inc., is an investment holding company incorporated in BVI with limited liability. As at the Latest Practicable Date, save for entering into the MOU, the Sale and Purchase Agreement, the financial arrangements with Sun Finance Company Limited and Forise Global 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. Liu who is also the sole director of the Offeror. Mr. Liu has many years of experience in the financial services industry in Hong Kong.

LETTER FROM SUN INTERNATIONAL

Dealing and interests in the Company's securities

Save for the purchase of the Sale Shares, neither the Offeror nor any of its parties acting in concert had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period.

OFFEROR'S INTENTION REGARDING THE GROUP AND ITS EMPLOYEES

The Offeror intends that the Group will continue its existing principal activities. The Offeror will conduct a detailed 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. 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, which may cover, among others, the financial services industry, including but not limited to financing and assets management services, in the PRC or Hong Kong. However, as of the Latest Practicable Date, no such investment or business opportunities had been identified nor had the Offeror entered into any agreement, arrangements, understandings, intention or negotiation in relation to the injection of any assets or business into the Group. Notwithstanding the foregoing, the Offeror has not entered into any agreement, arrangements, understandings, intention or negotiations in relation to the continued employment of the employees, disposal and/or re-deployment of the assets (including fixed assets) of the Group, or termination or scaling down of any Group's business, other than in its ordinary course of business.

PROPOSED CHANGE OF BOARD COMPOSITION

The Board is currently made up of five members, comprising two executive Directors, namely Mr. Ko Chun Hay Kelvin and Madam Lam Mei Nar Miller, and three independent non-executive Directors, namely Mr. Li Kar Fai Peter, Mr. Li Xiao Dong and Mr. Zhang Qing. Pursuant to the terms of the Sale and Purchase Agreement, Magic Ahead and Mr. Ko had, at the request of the Offeror, delivered the written resignations of all Directors to the Offeror at Completion and such resignation shall only be effective not earlier than the date of the close of the offer Period, subject to the requirements of the Takeovers Code. Mr. Ko will remain as a director of an operating subsidiary of the Group. All terms and conditions (including duration of the contracts) of the employment contracts of Mr. Ko remain the same.

In addition, pursuant to the terms of the Sale and Purchase Agreement, Magic Ahead and Mr. Ko shall, if so required by the Offeror, cause such persons as the Offeror may nominate to be validly appointed as the Directors and such appointment(s) shall be effective from such later date as the Offeror may determine, provided that such date shall not be earlier than the earliest date as may be permitted under the Takeovers Code or the Executive. The Offeror currently intends to nominate 4 new executive Directors to the Board, namely Mr. Liu, Mr. Ling Wing Shan, Mr. Law Kin Wah Kenneth and Ms. Sun Wing Man Doris. Such appointments will only take effect after the date of despatch of this Composite Document in accordance with the requirements of the Takeovers Code.

LETTER FROM SUN INTERNATIONAL

A further announcement will be made on any further proposed change of the composition of the Board. Any changes to the Board composition will be made in compliance with the Takeovers Code and the GEM Listing Rules.

Biographies of proposed executive Directors to be nominated by the Offeror

Mr. LIU, aged 39, has more than 15 years of experience in the financial services industry in Hong Kong. He has undertaken various key senior positions including acted as managing director, deputy general manager and had held licenses (now in-active) as representative and responsible officer to carry out type 1 (dealing in securities), type 2 (dealing in futures), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in different financial services companies over different periods from September 2006 to March 2015. Since December 2015, Mr. Liu has been licensed (active) as the responsible officer to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO for a licensed entity. Mr. Liu holds a Bachelor of Arts degree in operations management.

Mr. LING Wing Shan, aged 37, has extensive experience in mergers and acquisitions, and PRC-related investment and trade. Mr. Ling holds a Master of Laws degree in Securities and Financial Regulation from Georgetown University Law Center, Washington D.C. in the United States of America (“United States”).

Mr. Ling is a solicitor of the High Court of Hong Kong and the Supreme Court of England and Wales in the United Kingdom and is qualified to practice law in the State of New York of the United States. He had previously worked for international law firms and subsequently worked as a senior manager for the Asia-Pacific region headquarters in Hong Kong for a multinational corporation. He is currently the Managing Director of an affiliated company of Forise Global.

Mr. LAW Kin Wah Kenneth, aged 42, has more than 20 years of experience in the banking and wealth management industry. Mr. Law holds a Bachelor of Arts degree from York University in Canada.

Mr. Law has undertaken various key positions in different financial services companies. He is currently employed by an affiliated company of Forise Global.

Ms. SUN Wing Man Doris, aged 45, has more than 20 years of experience in financial planning, advisory and wealth management. Ms. Sun is a Certified Financial Planner and she holds a Bachelor of Arts degree from The Hong Kong Polytechnic University.

Ms. Sun has undertaken various key positions in companies engaged in the business of financial and wealth management. She is currently employed by an affiliated company of Forise Global.

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

LETTER FROM SUN INTERNATIONAL

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any power of compulsory acquisition of any Shares after the close of the Offer.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on GEM following the close of the Offer. The Offeror and the proposed Directors who would be nominated by the Offeror and appointed as Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists for the Shares.

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, 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 trading in the Shares until the prescribed level of public float is restored.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominee 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 Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

Attention of the Overseas Shareholders is drawn to the paragraph headed "Overseas Shareholders" above in this letter.

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint Independent Shareholders, to such Independent Shareholder whose name appears first in the register of members of the Company. The Offeror, its beneficial owner and parties acting in concert with any of them, the Company, Messis Capital, Sun International, Titan Financial, the Registrar or the company secretary of the Company or any of their respective directors or professional advisers or any other parties involved in the Offer will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

LETTER FROM SUN INTERNATIONAL

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the advice of the Independent Board Committee, the recommendation of the Independent Financial Adviser and other information about the Group which are set out in this Composite Document before deciding whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Sun International Securities Limited
Yiu Tak Yin
Director

LETTER FROM THE BOARD



BRILLIANCE WORLDWIDE HOLDINGS LIMITED

金 滿 堂 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8312)

Executive Directors:

Mr. Ko Chun Hay Kelvin
Madam Lam Mei Nar Miller

Independent Non-executive Directors:

Mr. Li Kar Fai Peter
Mr. Li Xiao Dong
Mr. Zhang Qing

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:*

Flat 16, 1st Floor
Wah Yiu Industrial Centre
30-32 Au Pui Wan Street
Fotan, New Territories
Hong Kong

29 April 2016

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
SUN INTERNATIONAL SECURITIES LIMITED
ON BEHALF OF
CHINA MERIT INTERNATIONAL INVESTMENT INC.
FOR ALL THE ISSUED SHARES IN
BRILLIANCE WORLDWIDE HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY CHINA MERIT INTERNATIONAL INVESTMENT INC. AND PARTIES
ACTING IN CONCERT WITH IT)**

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Joint Announcement made jointly 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 the Composite Document unless the context otherwise requires.

As mentioned in the Joint Announcement, pursuant to the Sale and Purchase Agreement entered into between the Offeror, Magic Ahead and Mr. Ko on 15 March 2016, the Offeror agreed to acquire and Magic Ahead agreed to dispose of an aggregate of 474,000,000 Shares, representing approximately 68.50% of the then entire issued share capital of the Company and approximately 68.50% of the entire issued share capital of the Company as at the Latest Practicable Date, at a cash consideration of HK\$280,000,000, or approximately HK\$0.5908 per Sale Share.

As mentioned in the Joint Announcement, Magic Ahead held a total of 45,000,000 Shares, representing approximately 6.5% of the total issued share capital of the Company as at the Latest Practicable Date and pursuant to the Sale and Purchase Agreement, Magic Ahead and Mr. Ko have irrevocably undertaken to the Offeror that Magic Ahead will (i) not dispose of, and/or not to pledge to any other parties and/or not to transfer and/or otherwise make these 20,760,000 Shares (representing approximately 3.0% of the total issued share capital of the Company as at the Latest Practicable Date) available for acceptance for the Offer; and (ii) not to accept the Offer in respect of these 20,760,000 Shares.

Completion took place immediately after the signing of the Share Purchase Agreement on 15 March 2016.

Immediately after Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned in aggregate 474,000,000 Shares, representing approximately 68.50% of the entire issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rules 26.1 and 13.5 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 and parties acting in concert with it).

Details of the Offer are set out in the “Letter from Sun International” and Appendix I to the 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 INDEPENDENT FINANCIAL ADVISER

Rule 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,

LETTER FROM THE BOARD

comprising of all independent non-executive Directors, namely Mr. Li Kar Fai Peter, Mr. Li Xiao Dong and Mr. Zhang Qing, has been formed to make recommendations to the Independent Shareholders in respect of the Offer pursuant to Rule 2.1 of the Takeovers Code.

The Independent Financial Adviser has been approved by the Independent Board Committee to act as the independent financial adviser 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 Independent Financial Adviser addressed to the Independent Board Committee and the Independent Shareholders is set out in the Composite Document.

THE OFFER

As mentioned in the “Letter from Sun International” as set out in the Composite Document, Sun International, on behalf of the Offeror, is making the Offer on the following basis:

For each Offer ShareHK\$0.5908 in cash

The Offer Price of HK\$0.5908 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 the basis of the Offer Price of HK\$0.5908 per Offer Share and 692,000,000 issued Shares as at the Latest Practicable Date, the total issued share capital of the Company is valued at HK\$408,833,600. Excluding the 474,000,000 Shares held by the Offeror and parties acting in concert with it, there are 218,000,000 Shares subject to the Offer and the value of the Offer is at HK\$128,794,400.

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 Sun International” in, and Appendix I to the Composite Document and the Form of Acceptance and Transfer.

LETTER FROM THE BOARD

GENERAL

Information on the Offeror and its intention regarding the Company

Your attention is drawn to the section headed “Information about the Offeror” and “Offeror’s intention regarding the Group and its employees” in the “Letter from Sun International” set out in the 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 the GEM since November 2010. The Group is principally engaged in the sale of innerwear, casual wear and baby and children wear in Sweden, the United Kingdom, Spain and Hong Kong.

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 before 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	—	—	474,000,000	68.50
Magic Ahead	519,000,000	75.00	45,000,000	6.50
Public Shareholders	<u>173,000,000</u>	<u>25.00</u>	<u>173,000,000</u>	<u>25.00</u>
Total	<u>692,000,000</u>	<u>100.00</u>	<u>692,000,000</u>	<u>100.00</u>

LETTER FROM THE BOARD

Set out below is a summary of the audited consolidated results of the Group for each of the two years ended 30 September 2014 and 2015, as extracted from the Company's annual report for the year ended 30 September 2015:

	For the year ended	
	30 September	
	2015	2014
	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	54,351	63,446
Loss before tax	(5,418)	(3,424)
Loss for the year	(5,280)	(3,424)
Loss attributable to the Shareholders	(5,280)	(2,910)

The audited consolidated NAV of the Group attributable to the Shareholders as at 30 September 2015 was approximately HK\$20,043,000, which is equivalent to approximately HK\$0.029 per Share based on 692,000,000 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 the 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 Director(s) to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps following the close of the Offer to ensure that sufficient public float exists in the Shares.

RECOMMENDATIONS

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

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from Sun International” of the Composite Document which contains further details of the Offer and the information set out in the appendices to the 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
Brilliance Worldwide Holdings Limited
Ko Chun Hay Kelvin
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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.



BRILLIANCE WORLDWIDE HOLDINGS LIMITED

金 滿 堂 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8312)

29 April 2016

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
SUN INTERNATIONAL SECURITIES LIMITED ON BEHALF OF
CHINA MERIT INTERNATIONAL INVESTMENT INC.
FOR ALL THE ISSUED SHARES IN
BRILLIANCE WORLDWIDE HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY CHINA MERIT INTERNATIONAL INVESTMENT INC. AND PARTIES
ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the composite offer and response document (the “Composite Document”) dated 29 April 2016 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 the 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.

Titan Financial has been appointed as the Independent Financial Adviser to the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders 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 Independent Financial Adviser of the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the letter from the Board, the letter from Sun International and the additional information set out in the appendices to the Composite Document.

RECOMMENDATION

Having taken into account the terms of the Offer and the advice from the Independent Financial Adviser and the principal factors taken into account in arriving at its recommendation, we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and recommend the Independent Shareholders to accept the Offer.

However, Independent Shareholders are reminded that they should carefully and closely monitor the market price of the Shares during the Offer Period and consider selling their Shares in the open market during the Offer Period, rather than accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net amount receivable under the Offer. In addition, the Independent Shareholders who wish to realise their investments in the Company in the open market should also consider and monitor the trading volume of the Shares during the Offer Period as they may experience difficulty in disposing of the Shares in the open market without creating downward pressure on the price of the Shares.

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

Yours faithfully,
For and on behalf of

Independent Board Committee

Li Kar Fai Peter

Li Xiao Dong

Zhang Qing

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Titan Financial Services Limited which has been prepared for inclusion in this Composite Document.



Titan Financial Services Limited
Suites 3201-02, 32/F
COSCO Tower, Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

29 April 2016

*To the Independent Board Committee
and the Independent Shareholders
of Brilliance Worldwide Holdings Limited*

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY
SUN INTERNATIONAL SECURITIES LIMITED
ON BEHALF OF
CHINA MERIT INTERNATIONAL INVESTMENT INC.
FOR ALL THE ISSUED SHARES IN
BRILLIANCE WORLDWIDE HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY
CHINA MERIT INTERNATIONAL INVESTMENT INC.
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the independent financial adviser 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 issued by the Offeror and the Company dated 29 April 2016 (the “**Composite Document**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms defined in this letter shall have the same meanings as those defined in the Composite Document.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 15 March 2016, the Company was informed by Magic Ahead, the former controlling shareholder of the Company, that Magic Ahead as the vendor, Mr. Ko as guarantor and the Offeror as purchaser entered into the Sale and Purchase Agreement whereby Magic Ahead has agreed to sell and the Offeror has agreed to acquire an aggregate of 474,000,000 Shares (i.e. the Sale Shares), for a total cash consideration of HK\$280,000,000, or approximately HK\$0.5908 per Sale Share. Immediately upon the Completion which took place immediately upon signing of the Sale and Purchase Agreement on 15 March 2016, Magic Ahead held 45,000,000 Shares and the Offeror held 474,000,000 Shares, representing approximately 6.5% and 68.5% of the total issued share capital of the Company as at the Latest Practicable Date, respectively. As such, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it). The Offer is unconditional in all respects.

An Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Li Kar Fai, Peter, Mr. Li Xiao Dong and Mr. Zhang Qing, has been established by the Company to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and whether the Independent Shareholders should accept the Offer. We, Titan Financial Services Limited, have been appointed as the independent financial adviser by the Company to advise the Independent Board Committee and the Independent Shareholders in this respect.

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 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

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

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in the Composite Document (other than the information relating to the Vendor, the Group, their respective associates and parties acting in concert with any of them), and confirm, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in the Composite Document (other than those expressed by the Vendor, the Directors, the Group, their respective associates and parties acting in concert with any of them) 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations 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 analyses taken as a whole.

1. Principal terms of the Offer

The Offeror and parties acting in concert with it owned in aggregate of 474,000,000 Shares, representing approximately 68.5% of the entire issued share capital of the Company as at the Latest Practicable Date. Sun International, on behalf of the Offeror, is making the Offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it), which is unconditional in all respects, on the following basis:

For each Offer Share HK\$0.5908 in cash

Further details of the terms of the Offer, including procedures for acceptance of the Offer, are set out in Appendix I to the Composite Document.

The Offer Price is the same as the purchase price per Sale Share under the Sale and Purchase Agreement which was determined after arm's length negotiations among the Offeror and Mr. Ko.

As at the Latest Practicable Date, the Company had a total of 692,000,000 Shares in issue and the Company had no outstanding warrants, options, derivatives or securities convertible into Shares and the Company had not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company.

The Shares to be acquired under the Offer shall be fully paid and free from any liens, charges and Encumbrances and together with all rights and benefits attached and accrued thereto as at the date on which the Offer is made, including the rights to receive in full all dividends and distributions that may be declared, made or paid by the Company on or after the date on which the Offer is made.

2. Information on the Group

2.1 *Principal business of the Group*

The principal activities of the Group are garment distributions. The Group sells innerwear, casual wear and baby and children wear in Sweden, the United Kingdom, Spain and Hong Kong.

2.2 *Historical financial performance of the Group*

Set out below is a summary of the consolidated financial information of the Group for each of the two financial years ended 30 September 2014 ("FY2014") and 2015 ("FY2015") as extracted from the annual report for the year ended 30 September 2015 (the "AR2015")

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and the three months ended 31 December 2014 (the “**Q1 2015**”) and 2015 (the “**Q1 2016**”) as extracted from the 1st quarterly report of the Group 2016 (“**2016 1st QR**”). Further details of the financial information of the Group are set out in Appendix II to the Composite Document.

	For the year ended 30 September		For the three months ended 31 December	
	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$000	HK\$000
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue (<i>Note</i>)	63,446	54,351	13,478	19,373
Loss before tax	3,424	5,418	311	760
Loss for the year/period attributable to owners of the Company	2,910	5,280	311	760

Note: Turnover represented revenue arising from sales of innerwear, casual wear and baby and children wear.

For the year ended 30 September 2014 and 2015

As set out in the AR2015, the Group's revenue is generated from garment distribution with three product segments which are inner wear; casual wear; and baby and children wear. Innerwear remained as the main product for the Group and accounted for approximately 56.0% and 55.8% of the revenue for FY2014 and FY2015, respectively, with European countries contributed to approximately 85.5% and 77% of the revenue for FY2014 and FY2015. Revenue decreased by approximately HK\$9.1 million, 14.3%, from approximately HK\$63.4 million for FY2014 to approximately HK\$54.3 million for FY2015. As advised by the Management, the decrease in revenue was primarily due to (i) decrease in sales in innerwear segment from approximately HK\$35.5 million for FY2014 to approximately HK\$30.0 million for FY2015 and in casual wear segment from approximately HK\$13.9 million for FY2014 to approximately HK\$7.9 million for FY2015 due to the decrease in orders from customers; (ii) the fact that the depreciation of European currency (“**Euro**”) against the United States Dollar (“**US\$**”) which sales of the Group were denominated in had affected its sales to the European countries where sales of the Group were mainly conducted in; and (iii) the keen competition with other suppliers with manufacturing bases in Southeast Asian countries such as Cambodia and Vietnam where manufacturing costs were comparatively cheaper.

The Group recorded loss for the year attributable to owners of the Company for FY2014 and FY2015 of approximately HK\$2.9 million and HK\$5.3 million, respectively. Loss for the year increased by approximately HK\$2.4 million for FY2015, which was

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

primarily due to (i) lower gross profit for FY2015 of approximately HK\$1.6 million; and (ii) higher administrative expenses incurred for FY2015 of approximately HK\$1.4 million due to the non-cash equity-settled share-based payment for FY2015 of approximately HK\$1.8 million (FY2014: nil), as partially net off by the decrease in selling and distribution expenses for FY2015 of approximately HK\$1.6 million as a result of the decrease in sales of the Group.

For the three months ended 31 December 2014 and 2015

As set out in the 2016 1st QR, the revenue of the Group for Q1 2016 dropped by approximately HK\$5.9 million, or 43.7%, as compared to the corresponding period last year. As advised by the Management, it was mainly due to loss of some customers. Loss for the period attributable to owners of the Company for Q1 2016 has slightly increased by approximately HK\$0.4 million from approximately HK\$0.3 million for Q1 2015, primarily as a result of the decrease in selling of distribution expenses due to the decrease in sales of the Group.

Set out below is the extract of financial position of the Group as at 30 September 2014 and 30 September 2015 as extracted from the AR2015. Further details of which are set out in Appendix II to the Composite Document.

	As at 30 September	
	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Non-current assets	1,287	940
Current assets	27,246	22,800
Cash and bank balances	2,595	6,795
Current liabilities	5,004	3,697
Net current assets	22,242	19,103
Net assets	23,529	20,043

According to the AR2015, as at 30 September 2015, total assets of the Group was approximately HK\$23.7 million, principally comprised (i) property, plant and equipment of approximately HK\$0.9 million; (ii) trade and other receivables of approximately HK\$14.6 million; (iii) investment held-for-trading of approximately HK\$1.4 million; and (iv) bank balances and cash of approximately HK\$6.8 million. We note that cash and bank balances increased from approximately HK\$2.6 million as at 30 September 2014 to approximately HK\$6.8 million 30 September 2015. Besides, the bank borrowings accounted for majority of the current liabilities of the Group, amounted to HK\$4.4 million and HK\$3.0 million as at 30 September 2014 and 30 September 2015, respectively, related to the secured import loan and collateralised bank borrowings on bills discounted with recourse for the purpose of business operation. There was no non-

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

current liability noted as at 30 September 2014 and 2015. Accordingly, the Group recorded a high gearing ratio (as calculated as total interest-bearing borrowings over total equity) of approximately 18.7% and 15.0% as at 30 September 2014 and 2015, respectively. Nevertheless, as set out in 2016 1st QR, as the Group was facing business uncertainties, the Directors intentionally reduced the debts of the Group for prudence sake during Q1 2016 and therefore, as at 31 December 2015, the gearing ratio of the Group was nil.

2.3 Future prospects of the Group

As noted from AR2015 and further to our discussion with the Management, we were given the understanding that, the Group conducted majority of sales in European countries especially in the Sweden, United Kingdom and Spain, and the Group's sales were denominated in US\$. The Management further advised us that the depreciation of Euro to US\$ weakened the demand from the importers from Europe causing the Group's revenue declined for FY2015 as well as Q1 2016. Based on the historical exchange rate information from the Bloomberg Website (<http://www.bloomberg.com/quote/USDEUR:CUR>), the closing exchange rate of Euro/US\$ was 0.7991 as at 3 October 2014 and deteriorated to 0.8947 as at 30 September 2015. During 1 October 2015 and up to the Latest Practicable Date, the closing exchange rate of Euro/US\$ had been fluctuating between 0.8716 and 0.9466. As suggested from the historical trend of exchange rate of Euro/US\$, we consider that the continual trend of depreciation of Euro had posed uncertainties to the Group's sales in the European markets which has been the Group's largest geographical sales segment.

Apart from the exchange rate factor, we were also advised by the Management that the Group has been facing keen competition in apparel industry and the Group has been facing the risk of losing its customers which also affected the sales of the Group. As such, we consider that the Group is subject to business risks should the Group fails to implement its business strategy to successfully increase its sales channels and customer base amid the keen market competition.

In light of (i) the deteriorating financial results of the Group with loss position of the Group for FY2014, FY2015 and Q1 2016 and the revenue of the Group decreased significantly by approximately 14.3% in FY2015; (ii) the fact that the Group has been facing decreasing orders from customers from Europe as a result of the depreciation of Euro; and (iii) the intense competition faced by the Group in the apparel industry, we thus consider that the Group's financial performance and stability was heavily affected by the economic and industry environment and its outlook and future development would subject to uncertainties and business risks.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Evaluation of the Offer Price

3.1 *Comparison between the Offer Price and the historical Share price*

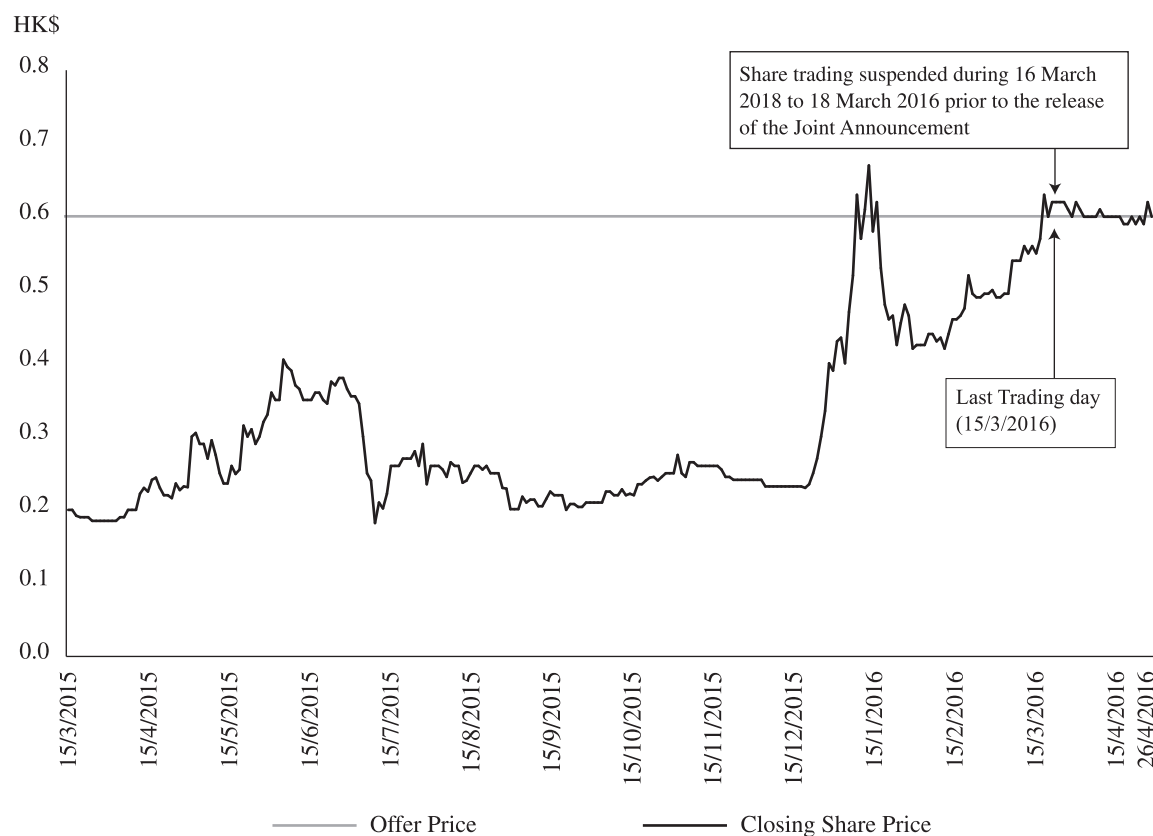
The Offer Price of HK\$0.5908 per Offer Share represents:

- (i) a discount of approximately 1.53% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 1.51% over the average closing price of approximately HK\$0.582 per Share as quoted on the Stock Exchange for the last 5 trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 4.75% over the average closing price of approximately HK\$0.564 per Share as quoted on the Stock Exchange for the last 10 trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 17.65% to the average closing price of approximately HK\$0.502 per Share as quoted on the Stock Exchange for the last 30 trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 1.53% to the closing price of approximately HK\$0.60 per Share as quoted on the Stock Exchange as at the Latest Practicable Date; and
- (vi) a premium of approximately 1,937.2% over the audited consolidated net asset value (“NAV”) of the Group per Share as at 30 September 2015 of approximately HK\$0.029 calculated based on audited consolidated NAV of the Group attributable to the Shareholders as at 30 September 2015 of approximately HK\$20,043,000 and 692,000,000 Shares in issue as at the Latest Practicable Date.

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3.2 Historical Share price performance

The chart below depicts the closing prices of the Shares traded on the Stock Exchange from 15 March 2015 (being 12 months immediately preceding the Last Trading Day) (the “**Pre-Announcement Period**”) and up to and including the Latest Practicable Date (together with the Pre-Announcement period, the “**Review Period**”):



Source: website of the Stock Exchange (www.hkex.com.hk)

During the Pre-Announcement Period, the closing prices per Share ranged from the lowest closing price of HK\$0.182 per Share on 8 July 2015 to the highest closing price of HK\$0.670 per Share on 6 January 2016, with an average closing price of approximately HK\$0.308 per Share. During the Pre-Announcement Period and prior to the release of the Initial Announcement (i.e. the period from 16 March 2015 to 28 December 2015), the closing prices of the Shares were generally fluctuated between HK\$0.182 to HK\$0.470 with an average closing price of HK\$0.259 per Share. On 29 December 2015, the Company issued the Initial Announcement that there was a possible change in controlling shareholders of the Company (the “**Possible Transaction**”) by entering into a non-legally binding memorandum of understanding which may trigger a mandatory unconditional general offer under Rule 26.1 of the Takeovers Code. Since then, the Share price started to surge. During the period from 29 December 2015 to the Last Trading Day (the “**Speculation Period**”), the closing prices of the Share had been trading in the range of HK\$0.420 to HK\$0.670. Such significant increase of closing prices of the Share was likely attributable to the market speculation in view of the

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Possible Transaction and as a result, the closing price of the Share reached its peak at HK\$0.670 on 6 January 2016. On 18 March 2016, the Company published the Joint Announcement with closing price of HK\$0.620 on the Last Trading Day. Upon the publication of the Joint Announcement to the Latest Practicable Date, market sentiments in relation to the change of control of the Company continued, and the closing prices of the Share have been fluctuated from HK\$0.590 to HK\$0.620.

During the Review Period, the highest and lowest closing price per Share was the HK\$0.670 and HK\$0.182, respectively, which was the same as the Pre-Announcement Period. The Offer Price represents (i) a premium of approximately 224.6% over the lowest closing price of HK\$0.182 per Share; (ii) a discount of approximately 11.8% to the highest closing price of HK\$0.670 per Share; and (iii) a premium of approximately 77.1% over the average closing price of HK\$0.334 per Share.

Despite that the Offer Price represents a discount of approximately 11.8% to the highest closing price of HK\$0.670 per Share during the Review Period on 6 January 2016 and a discount of approximately 1.53% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Last Trading Day, both the closing prices on 6 January 2016 and the Last Trading Day fell under the Speculation Period which may not be reflective. In addition, having considered the Offer Price represents; (i) a premium of approximately 224.6% over the lowest closing price of HK\$0.182 per Share during the Review Period; (ii) a premium of approximately 77.1% over the average closing price of HK\$0.334 per Share during the Review Period; (iii) a premium of approximately 1,937.2% over the audited consolidated NAV of the Group per Share as at 30 September 2015 of approximately HK\$0.029; and (iv) the closing price of the Shares were mostly below the Offer Price on 247 out of 268 trading days of the Shares during the Review Period, we are of the view that the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

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3.3 *Historical trading liquidity of the Shares*

The following table sets out the trading volume of the Shares, the average daily trading volume of the Shares and the percentage of the average daily trading volume of the Shares during the Review Period:

Month/Period	Total trading volume of the Shares for the month/period (Number of Shares)	Average daily trading volume of the Shares for the month/period (Number of Shares) <i>(Note 1)</i>	Percentage of average daily trading volume of the Shares to total number of Shares in issue <i>(Note 2)</i>
2015			
March <i>(since 15 March 2015)</i>	750,000	62,500	0.01%
April	27,470,000	1,445,789	0.21%
May	40,070,000	2,108,947	0.30%
June	38,349,900	1,743,177	0.25%
July	23,310,000	1,059,545	0.15%
August	12,840,000	611,429	0.09%
September	1,710,000	85,500	0.01%
October	4,490,000	224,500	0.03%
November	850,000	40,476	0.01%
December	79,320,000	3,605,455	0.52%
2016			
January	93,270,600	4,663,530	0.67%
February	19,140,800	1,125,882	0.16%
March	74,180,000	4,121,111	0.60%
April <i>(up to and including the Latest Practicable Date)</i>	32,630,000	2,070,000	0.30%

Source: website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume of the Shares for the month/period by the number of trading days during the month/period which excludes any trading day on which trading of the Shares on the Stock Exchange was halted or suspended for the whole trading day.
2. Based on the total number of Shares in issue of 692,000,000 Shares as at the Latest Practicable Date, which remained the same throughout the Review Period.

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As illustrated in the table above, during the Review Period, the average daily trading volume of the Shares for the respective month/period during the period prior to the beginning of the Speculation Period (i.e. December 2015) was ranged from approximately 40,476 Shares in November 2015 to approximately 2,108,947 Shares in May 2015, representing approximately 0.01% and 0.30% of the total Shares in issue as at the end of the relevant month. It was only since the commencement of the Speculation Period (i.e. December 2015 to April 2016) that the average daily trading volume of the Shares to the total Shares in issue as at the end of the relevant month reached its maximum of approximately 0.67% in January 2016, as resulted from the market speculation after the publication of the Initial Announcement relating to the Possible Transaction. Since the Speculation Period and up to the Latest Practicable Date, the average daily trading volume of Shares to the total Shares in issue as at the end of the relevant month was generally ranged from approximately 0.16% to approximately 0.67%.

Given the historical trading volume of the Shares has been fluctuated during the Review Period, 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. Accordingly, the market trading price of the Shares may not necessary 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 number 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.

4. 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\$5.3 million for FY2015, we consider that it is not feasible to assess the Offer Price using the Implied P/E Ratio; and
- (ii) the Group is principally engaged in the trading of garments 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

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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 FY2015.

5. Information on the Offeror

As set out in the “Letter from Sun International” in the Composite Document, the Offeror, China Merit International Investment Inc., is an investment holding company incorporated in BVI with limited liability. As at the Latest Practicable Date, save for entering into the MOU, the Sale and Purchase Agreement and the financial arrangements with Sun Finance Company Limited and Forise Global Holdings 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. Liu who is also the sole director of the Offeror. Mr. Liu has many years of experience in the financial services industry in Hong Kong.

6. Intention of the Offeror on the Group

6.1 Business

As stated in the “Letter from Sun International”, it is the intention of the Offeror that the Group will continue with its existing principal activities after the close of the Offer and will maintain the listing status of the Company. The Offeror will conduct a detailed 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. Moreover, 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, which may cover, among others, the financial services industry including but not limited to financing and assets management services, in the PRC or Hong Kong.

However, as of the Latest Practicable Date, no such investment or business opportunities had been identified nor had the Offeror entered into any agreement, arrangements, understandings, intention or negotiation in relation to the injection of any assets or business into the Group. Notwithstanding the foregoing, the Offeror has not entered into any agreement, arrangements, understandings, intention or negotiations in relation to the continued employment of the employees, disposal and/or re-deployment of the assets (including fixed assets) of the Group, or termination or scaling down of any Group’s business, other than in its ordinary course of business.

6.2 Board composition of the Company

As set out in the “Letter from Sun International” in the Composite Document”, As at the Latest Practical Date, the Board was made up of five members, comprising two executive Directors, namely Mr. Ko and Madam Lam Mei Nar Miller, and three independent non-executive Directors, namely Mr. Li Kar Fai Peter, Mr. Li Xiao Dong and Mr. Zhang Qing. Pursuant to the terms of the Sale and Purchase Agreement, Magic Ahead and Mr. Ko had, at the request of the Offeror, delivered the written resignations of all Directors to the Offeror at Completion and such resignation shall only be effective not earlier than the date of close of the Offer Period, subject to the requirements of the Takeovers Code, the GEM Listing Rules or other applicable rules or regulations or such later date as the Offeror may determine. Mr. Ko will remain as a director of an operating subsidiary of the Group. All terms and conditions (including duration of the contracts) of the employment contracts of Mr. Ko remain the same.

In addition, pursuant to the terms of the Sale and Purchase Agreement, Magic Ahead and Mr. Ko shall, if so required by the Offeror, cause such persons as the Offeror may nominate to be validly appointed as the Directors and such appointment(s) shall be effective from such later date as the Offeror may determine, provided that such date shall not be earlier than the earliest date as may be permitted under the Takeovers Code or the Executive. The Offeror currently intends to nominate 4 new executive Directors to the Board, namely Mr. Liu, Mr. Ling Wing Shan, Mr. Law Kin Wah Kenneth and Ms. Sun Wing Man Doris (the “**Proposed New Board**”). Such appointments will only take effect after the date of despatch of the Composite Document in accordance with the requirements of the Takeovers Code. A further announcement will be made on any further proposed change of the composition of the Board. Any changes to the Board composition will be made in compliance with the Takeovers Code and the GEM Listing Rules.

Biographical details of each of the director of the Proposed New Board are set out in the paragraph headed “Proposed change of board composition” of the “Letter from Sun International” 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 director of the Proposed New Board as set out in the Composite Document. The following were observed upon our review:

- (i) Mr. Liu, Mr. Law Kin Wah Kenneth, and Ms. Sun Wing Man Doris have in general over 15 years of experience in the financial services industry; and
- (ii) Mr. Ling Wing Shan has been practicing in the law field.

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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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 and Mr. Ko will remain as a director of an operating subsidiary of the Group 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. In particular for the development of the existing business of the Group, given the Proposed New Board has no prior experience in the Group's existing business, it is uncertain whether the Proposed New Board will be able to exert appropriate strategy and make appropriate decisions on the overall operation and management of the Group's existing business in the long term. Therefore, we are of the view that the Group's existing business would be subject to uncertainties.

6.3 *Maintaining the status of the Company*

The Offeror intend to maintain the listing of the Shares on the Stock Exchange after the close of the Offer. The Offeror and the proposed Directors who would be nominated by the Offeror and appointed as Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that a sufficient public float exists for the Shares. The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, 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 trading in the Shares until the prescribed level of public float is restored.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, in particular:

- (i) the deteriorating 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, details of which explained in the paragraph headed "2.2 Historical financial performance of the Group" and "2.3 Future prospects of the Group" above;
- (ii) the lack of prior experience of the Proposed New Board in the garment trading business may pose uncertainties as to the future operation and development of the existing business of the Group in the long term as explained in the paragraph headed "6.2 Board composition of the Company" above;
- (iii) the closing prices of the Shares were mostly below the Offer Price on 247 out of 268 trading days of the Shares during the Review Period;

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- (iv) the Offer Price represents a premium of approximately 1,937.2% over the audited consolidated NAV of the Group per Share attributable to the owners of the Company of approximately HK\$0.029 as at 30 September 2015; and
- (v) the trading volume of the Shares had been fluctuated during the Review Period and the Offer represent an assured opportunity for Shareholders to realise their investments in the Shares since the Shareholders may not be able to dispose a significant number of the Shares in the open market without creating a significant downside pressure on the price of the Shares,

we are of the view that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders 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 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

Titan Financial Services Limited

Eric Koo

Arthur Kan

Managing Director

Executive Director

Mr. Eric Koo is a licensed person under the SFO to engage in type 6 (advising on corporate finance) regulated activities. He has over 15 years of experience in corporate finance.

Mr. Arthur Kan is a licensed person under the SFO to engage in type 6 (advising on corporate finance) regulated activities. He has over 14 years of experience in corporate finance.

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 terms 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 Share(s) is/are in your name, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must send the Form of Acceptance and Transfer duly completed and signed 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) for not less than the number of the Shares in respect of which you intend to accept the Offer by post or by hand 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 “Brilliance Offer” on the envelope as soon as possible but in any event so as to reach 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 as a result of a revision or an extension of the Offer in accordance with the Takeovers Code, if any.
- (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 in respect of your Shares (whether in full or in part), you must either:
 - (i) lodge your 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) in respect of your Shares with the nominee company, or other nominee, and with instructions authorizing it to accept the Offer on your behalf and request it to deliver the Form of Acceptance and Transfer duly completed and signed 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) in respect of your Shares to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the Form of Acceptance and Transfer duly completed and signed 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) in respect of your Shares to the Registrar by no later than 4:00 p.m. on the Closing Date; 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 authorize 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, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If 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) 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 signed and delivered to the Registrar together with a letter stating that you have lost one or more of your 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) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, 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) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost your 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), 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 and sign the Form of Acceptance and Transfer and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Sun International and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorize 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 duly completed and signed 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 in compliance with the requirements of the Takeovers Code and announce, and is:
- (i) accompanied by 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) in respect of your Shares and, if those 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) is/are not in your name, such other document(s) 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 another sub-paragraph 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 Independent Shareholders, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

- (f) The seller's ad valorem stamp duty arising in connection with acceptance of the Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, will be deducted from the amount payable to such accepting Shareholders who accept the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting Shareholders 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, Union Registrars Limited, is at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

ACCEPTANCE PERIOD AND REVISIONS

Unless the Offer has previously been revised with the consent of the Executive, all Form of Acceptance and Transfer must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed thereon.

If the Offer is extended or revised, the announcement of such extension or revision will state the next Closing Date and the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification and/or announcement of the extension or revision to the Independent Shareholders and, unless previously extended or revised, shall close on the subsequent Closing Date. If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

If the Closing Date is extended, any reference in the 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.

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 revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website no later than 7:00 p.m. on the Closing Date stating whether the Offer has been revised or extended or has expired. The announcement will state the following:
 - (i) the total number of Shares and rights over Shares (if any) for which acceptances of the Offer have been received;
 - (ii) the total number of Shares and rights over Shares (if any) held, controlled or directed by the Offeror or parties acting in concert with it before the offer period (as defined under the Takeovers Code); and
 - (iii) the total number of Shares and rights over Shares (if any) acquired or agreed to be acquired during the offer period by the Offeror or parties acting in concert with it.

The announcement must also specify the percentages of the relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

The announcement must include details of any relevant securities 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.

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances which are in all respects complete and in good order, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offer will be made in accordance with the requirements of the GEM Listing Rules.

RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Independent Shareholders or by their agent(s) on their behalves shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “Announcements” above, the Executive may require that the Independent Shareholders who have tendered acceptances of the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

If the Offer is withdrawn with the consent of the Executive in accordance with the Takeovers Code, the Offeror 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 any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance and Transfer to the relevant Independent Shareholders who have tendered acceptances to the Offer.

SETTLEMENT

Provided that the Form of Acceptance and Transfer and/or 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 complete and in good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date for the acceptance of the Offer, a cheque for the amount representing the cash consideration due to each accepting Independent Shareholder in respect of the Shares tendered by him/her or his/her agent(s) under the Offer, less seller’s ad valorem stamp duty payable by him/her in the case for tendered Shares, will be despatched to each accepting Independent Shareholder by ordinary post at his/her own risk as soon as possible but in any event within seven (7) Business Days following the date of receipt of duly completed acceptances by the Registrar.

Save for payment of stamp duty set out above, settlement of the consideration to which any accepting Independent 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 accepting Independent Shareholder.

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

OVERSEAS SHAREHOLDERS

The making of the Offer to or the acceptance thereof by a person with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. The Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements in their own jurisdictions 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 all relevant jurisdictions in connection with the acceptance of the Offer (including but not limited to the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdictions). The Overseas Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties by whomsoever payable in respect of all relevant jurisdictions.

Acceptances of the Offer by any Overseas Shareholders will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws. The Overseas Shareholders are recommended to seek professional advice on deciding whether to accept the Offer.

GENERAL

- (a) All communications, notices, Form of Acceptance and Transfer, share certificates, 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 will be delivered by or sent to or from them, or their designated agents through ordinary post at their own risk, and none of the Company, the Offeror, Sun International, the Registrar or any of their respective directors or agents or other parties involved in the Offer accepts any liability for any loss 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 the 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 and all acceptances under the Offer 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 any director of the Offeror, Sun International or such person or persons as any of them may direct to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, Sun International or such person or persons as it may direct the Shares, in respect of which such person has accepted the Offer.
- (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 Sun International that the Shares held by such person or persons to be acquired under the Offer are sold by any such person or persons free from all third party rights, liens, charges, equities, options, claims, adverse interests and encumbrances and together with all rights attaching thereto as at the date on which the Offer is made including the right to receive in full all dividends or other distributions that may be declared, made or paid by the Company on or after the date on which the Offer is made.
- (g) References to the Offer in this Composite Document and in the Form of Acceptance and Transfer shall include any extension and, or revision thereof.
- (h) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the relevant Form of Acceptance and Transfer is the aggregate number of Shares held by such nominee for such beneficial owners who are accepting the Offer.
- (i) The English text of this Composite Document and the accompanying Form of Acceptance and Transfer shall prevail over their respective Chinese texts in case of inconsistency.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following financial information has been extracted from the audited accounts of the Group for the nine months ended 30 September 2013 and for each of the two years ended 30 September 2014 and 2015. The auditors of the Company for the nine months ended 30 September 2013 and the year ended 30 September 2014 were CCIF CPA Limited and for the year ended 30 September 2015 were Deloitte Touche Tohmatsu. Their opinions on the consolidated financial statements of the Group for the nine months ended 30 September 2013 and for each of the years ended 30 September 2014 and 2015 were unqualified. There were no exceptional items because of size, nature or incidence in respect of the consolidated statement of comprehensive income of the Group for each of the aforesaid period/years.

	For the year ended 30 September		1 January 2013 to 30 September 2013
	2015	2014	2013
	HK\$'000	HK\$'000	HK\$'000 (Restated)
Continuing operation			
Revenue	54,351	63,446	66,691
Cost of sales	<u>(50,917)</u>	<u>(58,405)</u>	<u>(59,943)</u>
Gross profit	3,434	5,041	6,748
Other income, gains and losses	(434)	116	27
Selling and distribution expenses	(2,101)	(3,699)	(3,879)
Administrative expenses	(6,141)	(4,725)	(8,521)
Finance costs	<u>(176)</u>	<u>(157)</u>	<u>(70)</u>
Loss before taxation	(5,418)	(3,424)	(5,695)
Taxation credit	<u>138</u>	<u>—</u>	<u>—</u>
Loss for the year from continuing operation	(5,280)	(3,424)	(5,695)
Discontinued operation			
Profit for the year from discontinued operation	<u>—</u>	<u>514</u>	<u>(8,555)</u>
Loss for the year attributable to owners of the Company	<u><u>(5,280)</u></u>	<u><u>(2,910)</u></u>	<u><u>(14,250)</u></u>
Loss per share			
From continuing and discontinued operations			
Basic and diluted (HK cents)	<u><u>(0.76)</u></u>	<u><u>(0.42)</u></u>	<u><u>(2.06)</u></u>
From continuing operation			
Basic and diluted (HK cents)	<u><u>(0.76)</u></u>	<u><u>(0.49)</u></u>	<u><u>(0.82)</u></u>

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 30 SEPTEMBER 2015

The following is the full text of the audited consolidated financial statements of the Group for the year ended 30 September 2015 as extracted from the annual report of the Company for the year ended 30 September 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 September 2015

	NOTES	2015 HK\$'000	2014 HK\$'000
Continuing operation			
Revenue	7	54,351	63,446
Cost of sales		<u>(50,917)</u>	<u>(58,405)</u>
Gross profit		3,434	5,041
Other income, gains and losses	9	(434)	116
Selling and distribution expenses		(2,101)	(3,699)
Administrative expenses		(6,141)	(4,725)
Finance costs	10	<u>(176)</u>	<u>(157)</u>
Loss before taxation	13	(5,418)	(3,424)
Taxation credit	14	<u>138</u>	<u>—</u>
Loss for the year from continuing operation		(5,280)	(3,424)
Discontinued operation			
Profit for the year from discontinued operation	15	<u>—</u>	<u>514</u>
Loss for the year attributable to owners of the Company		<u><u>(5,280)</u></u>	<u><u>(2,910)</u></u>
Loss per share	17		
From continuing and discontinued operations			
Basic and diluted (HK cents)		<u><u>(0.76)</u></u>	<u><u>(0.42)</u></u>
From continuing operation			
Basic and diluted (HK cents)		<u><u>(0.76)</u></u>	<u><u>(0.49)</u></u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2015

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year	(5,280)	(2,910)
Other comprehensive (expense) income		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operation	(11)	158
Total comprehensive expense for the year attributable to the owners of the Company	<u>(5,291)</u>	<u>(2,752)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	NOTES	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Property, plant and equipment	18	940	1,133
Intangible asset	19	—	154
		<u>940</u>	<u>1,287</u>
Current assets			
Inventories	20	—	626
Trade and other receivables	21	14,578	17,016
Amount due from ultimate holding company	22	—	9
Investments held-for-trading	23	1,427	—
Pledged bank deposits	24	—	7,000
Bank balances and cash	24	<u>6,795</u>	<u>2,595</u>
		<u>22,800</u>	<u>27,246</u>
Current liabilities			
Other payables and accrued charges		699	468
Bank borrowings	25	2,998	4,398
Tax payable		<u>—</u>	<u>138</u>
		<u>3,697</u>	<u>5,004</u>
Net current assets		<u>19,103</u>	<u>22,242</u>
Net assets		<u>20,043</u>	<u>23,529</u>
Capital and reserves			
Share capital	27	6,920	6,920
Reserves		<u>13,123</u>	<u>16,609</u>
Total equity		<u>20,043</u>	<u>23,529</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2015

	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 2013	6,920	16,489	1,319	3,718	(383)	81	(1,863)	26,281
Loss for the year	—	—	—	—	—	—	(2,910)	(2,910)
Other comprehensive income for the year	—	—	—	—	—	158	—	158
Total comprehensive income (expense) for the year	—	—	—	—	—	158	(2,910)	(2,752)
At 30 September 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

Notes:

- (i) On 18 March 2011, Yoko Garment Limited, a then wholly-owned subsidiary of the Company capitalised the indebtedness of HK\$3,719,432 comprising the loan from a director and amount due to a director of HK\$2,747,267 and HK\$972,165 respectively, owed by Yoko Garment Limited to Mr. Ko Chun Hay, Kelvin in consideration of the allotment and issue of a total 800 ordinary shares of HK\$1.00 each in the share capital of Yoko Garment Limited, all credited as fully paid, to Mr. Ko Chun Hay, Kelvin.
- (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 2015*

	NOTE	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
OPERATING ACTIVITIES			
Loss for the year		(5,280)	(2,910)
Adjustments for:			
Finance costs		176	182
Depreciation of property, plant and equipment		170	181
Amortisation of intangible asset		154	69
Bank interest income		(32)	(49)
Dividend income		(5)	—
Equity-settled share-based payment		1,805	—
Written down of inventories		—	808
Loss on disposal of property, plant and equipment		23	—
Gain on disposal of discontinued operation		—	(13,383)
Income tax expense recognised in profit or loss of discontinued operation		—	6,758
Income tax credit		(138)	—
Change in fair value of investments held-for-trading		437	—
Operating cash flows before movements in working capital		(2,690)	(8,344)
Decrease in inventories		626	15,245
Decrease (increase) in trade and other receivables		2,438	(6,722)
Increase (decrease) in other payables and accrued charges		231	(5,304)
Purchases of investments held-for-trading		(1,864)	—
Cash used in operations		(1,259)	(5,125)
Hong Kong Profits Tax refunded		—	485
NET CASH USED IN OPERATING ACTIVITIES		(1,259)	(4,640)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		—	(54)
Withdrawal of pledged bank deposits		7,000	—
Placement of pledged bank deposits		—	(7,000)
Dividend received		5	—
Bank interest received		32	49
Disposal of subsidiaries, net of cash disposed	30	—	2,831
Repayment from ultimate holding company		9	436
NET CASH FROM (USED IN) INVESTING ACTIVITIES		7,046	(3,738)

	2015	2014
<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
FINANCING ACTIVITIES		
New bank borrowings raised	8,410	6,958
Repayment of bank borrowings	(9,630)	(6,004)
Net fund arising from discounted bills with recourse	722	456
Interest paid	<u>(176)</u>	<u>(182)</u>
NET CASH (USED IN) FROM FINANCING ACTIVITIES	<u>(674)</u>	<u>1,228</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,113	(7,150)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,693	8,685
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>(11)</u>	<u>158</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>6,795</u></u>	<u><u>1,693</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	6,795	2,595
Bank overdrafts	<u>—</u>	<u>(902)</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>6,795</u></u>	<u><u>1,693</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the year ended 30 September 2015***1. GENERAL**

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate and ultimate holding company is Magic Ahead Investments Limited (“Magic Ahead”), incorporated in the British Virgin Islands and the ultimate controlling shareholder of Magic Ahead is Mr. Ko Chun Hay, Kelvin, the chairman, chief executive officer and executive director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in “Corporate Information” section of the annual report.

The Company is an investment holding company. The principal activities and other details of its subsidiaries are set out in note 34.

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 and an interpretation issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC)-Int 21	Levies

The application of these amendments to HKFRSs and an interpretation 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 issued but not yet effective

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

HKFRS 9	Financial instruments ¹
HKFRS 15	Revenue from contracts with customers ¹
Amendments to HKAS 1	Disclosure initiative ²
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle ²
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception ²
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ²
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants ²
Amendments to HKAS 27	Equity method in separate financial statement ²

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2016

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces 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 further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 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.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 “Financial instruments: Recognition and measurement” are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- 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 of the Company anticipate that the adoption of HKFRS 9 in the future may have an impact on the Group's financial assets. However, in the opinion of the directors of the Company, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from contracts with customers

In July 2014, HKFRS 15 was issued which 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 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 of the Company anticipate that the adoption of HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, in the opinion of the directors of the Company, it is not practicable to provide a reasonable estimate of the effect for the application of HKFRS 15 until a detailed review has been completed.

The directors of the Company 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 Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and by the Hong Kong Companies Ordinance.

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 and services.

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 share-based 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 “Inventories” 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 and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

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.

Intangible assets***Intangible assets acquired separately***

Intangible assets with definite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives (other than those not yet available for use) is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Impairment losses on tangible and intangible assets

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

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 and other comprehensive income 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 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 share-based 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 6.

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, amount due from ultimate holding company, pledged bank deposits 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.

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.

Financial liabilities

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

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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. On derecognition, the difference between the carrying amount of a financial liability derecognised/ extinguished 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\$5,933,000 (2014: HK\$5,182,000, net off with allowance for bad and doubtful debts of HK\$1,269,000).

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 25, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company 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 and share repurchase as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2015 HK\$'000	2014 HK\$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	14,365	15,511
Investments held-for-trading	<u>1,427</u>	<u>—</u>
Financial liabilities		
Amortised cost	<u>3,697</u>	<u>4,866</u>

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amount due from ultimate holding company, pledged bank deposits, bank balances and cash, 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 (interest rate risk, currency risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(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 and monetary liabilities at the end of the reporting period are approximately as follows:

	Assets		Liabilities	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RMB	164	121	—	—

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\$ and USD respectively, the functional currency of the respective group entities. For a 5% weakening of RMB against HK\$ and USD, there would be an equal and opposite impact on the post-tax loss for the year and the balances below would be negative.

	2015	2014
	HK\$'000	HK\$'000
Decrease in post-tax loss for the year	7	6

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to the impact of interest rate changes on variable-rate bank borrowings, pledged bank deposits and bank balances.

The Group's exposure to interest rates on financial liabilities are detailed in the liquidity risk management section in this note. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of the Hong Kong Prime Rate and market rate arising from the Group's HK\$ denominated bank borrowings.

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

For the variable-rate bank balances at 30 September 2015 and 2014 and pledged bank deposits at 30 September 2014, 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.

The sensitivity analyses below were determined based on the exposure to interest rates for the variable-rate bank borrowings at the end of the reporting period. The analysis was prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point (2014: 100 basis point) increase or decrease represented management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2014: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 30 September 2015 would increase/decrease by HK\$25,000 (2014: post-tax loss increase/decrease by HK\$37,000).

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the end of the reporting period exposure does not reflect the exposure during the year.

(iii) *Price risk*

Price risk on equity securities

As at 30 September 2015, the Group is exposed to listed equity securities price risk through its financial assets held-for-trading. The directors of the Company manages this exposure by closely monitoring the performance of the investments and market conditions. The directors of the Company 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 2015 would decrease/increase by HK\$71,000 (2014: nil) as a result of the changes in fair value of investments held-for-trading.

In the opinion of the directors of the Company, 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 2015 and 2014 and amount due from ultimate holding company and pledged bank deposits as at 30 September 2014.

As at 30 September 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 of the Company 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 of the Company review the recoverable amount of each individual trade debt and amount due from ultimate holding company 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 73% of the total trade receivables is due from one major customer (2014: 67% of the total trade receivables is due from the 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. Management of the Company 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 and pledged bank deposits, 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. Management 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 curve 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
2015						
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
	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
2014						
Other payables and accrued charges	—	—	468	—	468	468
Bank borrowings, secured	8.35	4,398	—	—	4,398	4,398
		4,398	468	—	4,866	4,866

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 (2014: HK\$4,398,000) as at 30 September 2015. Taking into account the Group's financial position and assets pledged for the borrowings, the directors of the Company do not believe that it is probable that the financial institutions would exercise their discretionary rights to demand immediate payment. As at 30 September 2015, the directors of the Company believed that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. As at 30 September 2015, the aggregate principal and interest cash outflows would amount to HK\$3,012,000 (2014: HK\$4,418,000) if the borrowings are repaid in accordance with the scheduled repayment dates set out in the loan agreements which is repayable within three months.

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 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 from continuing operation is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Sale of apparel products	<u>54,351</u>	<u>63,446</u>

8. SEGMENT INFORMATION

The Group's operations is solely derived from the garment distribution during the year. 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.

Upon completion of disposal of a subsidiary during the year ended 30 September 2014 as set out in note 30, the Group discontinued its manufacturing operation. The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 15.

Revenue from major products

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Innerwear	30,334	35,537
Casual wear	7,898	13,895
Baby and children wear	<u>16,119</u>	<u>14,014</u>
	<u>54,351</u>	<u>63,446</u>

Geographical information

The Group's continuing operations are 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.

APPENDIX II

FINANCIAL INFORMATION OF THE GROUP

The Group's revenue from continuing operation 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:

	Revenue from external customers		Non-current assets	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sweden	7,326	15,339	—	—
The U.K.	23,101	25,890	—	—
Spain	16,063	7,800	—	—
Hong Kong	6,169	10,621	940	1,133
People's Republic of China (excluding Hong Kong (the "PRC"))	—	—	—	154
Others	1,692	3,796	—	—
	<u>54,351</u>	<u>63,446</u>	<u>940</u>	<u>1,287</u>

Information about major customers

Revenue from external customers from continuing operation of the corresponding year contributing over 10% of total revenue of the Group are as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	21,874	24,198
Customer B	7,014	13,849
Customer C	<u>16,063</u>	<u>7,800</u>

9. OTHER INCOME, GAINS AND LOSSES

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operation		
Change in fair value of investments held-for-trading	(437)	—
Bank interest income	32	48
Loss on disposal of property, plant and equipment	(23)	—
Other	<u>(6)</u>	<u>68</u>
	<u>(434)</u>	<u>116</u>

10. FINANCE COSTS

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operation		
Interest on bank borrowings repayable within five years	<u>176</u>	<u>157</u>

11. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

The emoluments paid or payable to each of the six (2014: six) directors and chief executive officers were as follows:

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 (Note (i))	Total 2015 HK\$'000
<i>Executive directors</i>					
Ko Chun Hay, Kelvin	420	—	18	814	1,252
Ko Yung Tong (Note (ii))	120	—	6	—	126
Lam Mei Nar, Miller (Note (iii))	90	—	5	814	909
<i>Independent non-executive directors</i>					
Li Xiao Dong	18	—	—	—	18
Zhang Qing	18	—	—	—	18
Li Kar Fai, Peter	30	—	—	118	148
Total	696	—	29	1,746	2,471

Year ended 30 September 2014

	Directors' fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefits scheme contributions HK\$'000	Equity settled- share-based payments HK\$'000	Total 2014 HK\$'000
<i>Executive directors</i>					
Ko Chun Hay, Kelvin	480	—	—	—	480
Ko Yung Tong (Note (ii))	240	—	—	—	240
Liu Lai Kuen (Note (iv))	27	—	—	—	27
<i>Independent non-executive directors</i>					
Li Xiao Dong	18	—	—	—	18
Zhang Qing	18	—	—	—	18
Li Kar Fai, Peter	30	10	—	—	40
Total	813	10	—	—	823

Notes:

- (i) 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 to directors of the Company and other employee, including the principal terms and number of options granted, are set out in note 28.

- (ii) The disclosed emolument for Mr. Ko Yung Tong represented the emoluments received or receivable before his resignation of directorship on 31 March 2015.
- (iii) The disclosed emoluments for Madam Lam Mei Nar, Miller represented the emoluments received or receivable after her appointment of directorship on 31 March 2015.
- (iv) The disclosed emolument for Madam Liu Lai Kuen represented the emoluments received or receivable before her resignation of directorship on 23 December 2013.

Before 31 March 2015, Mr. Ko Yung Tong was also the Chief Executive Officer of the Company. Upon the resignation of Mr. Ko Yung Tong, Mr. Ko Chun Hay, Kelvin became the Chief Executive Officer. Their emoluments disclosed above include those for services rendered by him as the Chief Executive Officer.

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

12. EMPLOYEE'S EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2014: two) were directors of the Company whose emoluments are set out in note 11. The emoluments of the remaining individuals are as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Salaries and other benefits	300	447
Contributions to retirement benefits schemes	<u>15</u>	<u>13</u>
	<u><u>315</u></u>	<u><u>460</u></u>

Their emoluments were within the following bands:

	2015 <i>Number of employees</i>	2014 <i>Number of employees</i>
Less than HK\$1,000,000	<u><u>2</u></u>	<u><u>3</u></u>

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office in any of the year.

13. LOSS BEFORE TAXATION

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Continuing operation		
Loss before taxation has been arrived at after charging:		
Amortisation of intangible assets	154	69
Auditor's remuneration	500	280
Cost of inventories recognised as an expense	50,917	58,405
Depreciation of property, plant and equipment	170	181
Rental payments in respect of premises under operating leases	200	532
Staff costs including directors' emoluments		
— Salaries and other benefits	2,031	1,831
— Contributions to retirement benefits schemes	65	34
— Equity-settled share-based payments	1,805	—
Total staff costs	<u>3,901</u>	<u>1,865</u>

14. TAXATION CREDIT

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Continuing operation		
Overprovision in prior year in Hong Kong	<u>138</u>	<u>—</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 the year ended 30 September 2015 (year ended 30 September 2014: no assessable profits).

Taxation arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions. No provision for tax in other jurisdictions has been made as the Group's income neither arises in, nor is derived in these jurisdictions.

The taxation credit for the year can be reconciled to the loss before taxation from continuing operations per the consolidated statement of profit or loss as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss before taxation from continuing operation	<u>(5,280)</u>	<u>(3,424)</u>
Taxation credit at the Hong Kong Profits Tax rate of 16.5%	(871)	(565)
Tax effect of expenses not deductible for tax purposes	298	—
Tax effect of income not taxable for tax purposes	(2)	(19)
Tax effect of the tax losses not recognised	575	584
Overprovision in prior years	<u>(138)</u>	<u>—</u>
Taxation for the year	<u>(138)</u>	<u>—</u>

15. DISCONTINUED OPERATION

On 11 March 2014, the Company entered into a sale and purchase agreement with an independent third party to dispose of the Group's entire interest in the issued share capital of Yoko Garment Limited which held 100% equity interest in 高高製衣(惠州)有限公司 (collectively known as "Yoko Group") which carried out all of the Group's garment manufacturing operations and local PRC sales and represented a separate major line of the Group's business. The consideration for the disposal of Yoko Group was HK\$4,030,000. The disposal was completed on 15 April 2014, on which date control of Yoko Group was passed to the acquirer.

The operations of the garment manufacturing were classified as discontinued operation and the profit arising therefrom are analysed as follows:

	2014 <i>HK\$'000</i>
Loss on discontinued operation for the year	(12,869)
Gain on disposal of discontinued operation (<i>note 30</i>)	<u>13,383</u>
	<u><u>514</u></u>

The results of the discontinued operation which have been included in the consolidated statement of profit or loss up to the date of disposal (i.e. 15 April 2014) are as follows:

	<i>HK\$'000</i>
Revenue	10,593
Cost of sales	<u>(13,248)</u>
Gross loss	(2,655)
Other income	65
Administrative expenses	(3,496)
Finance costs	<u>(25)</u>
Loss before taxation	(6,111)
Taxation	<u>(6,758)</u>
Loss on discontinued operation	<u><u>(12,869)</u></u>

Loss for the year from discontinued operation included the followings:

	2014 <i>HK\$'000</i>
Cost of inventories recognised as an expense (<i>Note</i>)	13,248
Depreciation of property, plant and equipment	1
Staff costs	
— Salaries and other benefits	3,465
— Contributions to retirement benefits schemes	<u>581</u>
Total staff costs	<u><u>4,046</u></u>

Note: Cost of inventories includes HK\$808,000 relating to write down of inventories.

During the prior year, Yoko Group incurred approximately HK\$656,000 of the Group's net operating cash flow and incurred approximately HK\$25,000 in respect of financing activities.

The carrying amounts of the assets and liabilities of the discontinued operation at the date of disposal are disclosed in note 30.

16. DIVIDENDS

No dividend was paid or proposed during the year ended 30 September 2015, nor has any dividend been proposed since the end of the reporting period (2014: nil).

17. LOSS PER SHARE

From continuing and discontinued operations

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

Loss	2015 HK\$'000	2014 HK\$'000
Loss for the purposes of basic and diluted loss per share		
Loss for the year attributable to owners of the Company	<u>(5,280)</u>	<u>(2,910)</u>
Number of shares	2015	2014
Number of ordinary shares in issue for the purpose of basic and diluted loss per share	<u>692,000,000</u>	<u>692,000,000</u>

The computation of diluted loss per share for the year ended 30 September 2015 and 2014 does not assume the exercise of the Company's share options as they would reduce loss per share.

From continuing operation

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

Loss figures are calculated as follows:

	2015 HK\$'000	2014 HK\$'000
Loss for the year attributable to owners of the Company	(5,280)	(2,910)
Less: Profit for the year from discontinued operation attributable to owners of the Company	<u>—</u>	<u>514</u>
Loss for the purpose of basic and diluted loss per share from continuing operation	<u>(5,280)</u>	<u>(3,424)</u>

The denominator used is the same as above for basic and diluted loss per share.

From discontinued operation

For the year ended 30 September 2014, basic earnings per share for the discontinued operation was HK cents 0.07, based on the earnings for the year from discontinued operation attributable to the owner of the Company of HK\$514,000 and the denominator used is the same as above for basic loss per share.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
COST					
At 1 October 2013	1,000	11,727	9,452	1,891	24,070
Additions	—	21	33	—	54
Disposal of subsidiaries	—	(11,718)	(9,436)	(1,191)	(22,345)
At 30 September 2014	1,000	30	49	700	1,779
Disposals	—	(30)	—	—	(30)
At 30 September 2015	1,000	—	49	700	1,749
DEPRECIATION					
At 1 October 2013	75	10,389	9,435	1,583	21,482
Provided for the year	20	11	10	140	181
Eliminated on disposal	—	(10,393)	(9,433)	(1,191)	(21,017)
At 30 September 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
CARRYING VALUES					
At 30 September 2015	885	—	27	28	940
At 30 September 2014	905	23	37	168	1,133

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 (2014: HK\$905,000) 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 of the Company, 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\$885,000 (2014: HK\$905,000) are included in property, plant and equipment.

19. INTANGIBLE ASSET*HK\$'000***COST**

At 1 October 2013, 30 September 2014 and 30 September 2015	343
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ACCUMULATED AMORTISATION

At 1 October 2013	120
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Charge for the year	69
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At 30 September 2014	189
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Charge for the year	154
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At 30 September 2015	343
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CARRYING VALUES

At 30 September 2015	—
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At 30 September 2014	154
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Intangible asset represents the trademark of “JAZZBOAT” held by the Group and is amortised on a straight-line basis over 5 years.

20. INVENTORIES

2015	2014
<i>HK\$'000</i>	<i>HK\$'000</i>

Inventories:

Goods in transit	—	626
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21. TRADE AND OTHER RECEIVABLES

2015	2014
<i>HK\$'000</i>	<i>HK\$'000</i>

Trade receivables	5,933	6,451
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Allowance for doubtful debts	—	(1,269)
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	5,933	5,182
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Bills receivables	1,580	654
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Total trade and bills receivables	7,513	5,836
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Deposits made to suppliers	6,994	10,895
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Other receivables	71	285
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	14,578	17,016
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The following is an aged analysis of trade receivables net of allowance for bad and doubtful debts presented based on the invoice date at the end of each reporting period and aged analysis of bills receivable presented based on the date of issuance of the bills at the end of each reporting period.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables		
0–30 days	4,565	5,182
31–60 days	<u>1,368</u>	<u>—</u>
	5,933	5,182
Bills receivables		
Less than 30 days	<u>1,580</u>	<u>654</u>
	<u><u>7,513</u></u>	<u><u>5,836</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 of the Company 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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Balance at beginning of the year	1,269	1,269
Amounts written off as uncollectible	<u>(1,269)</u>	<u>—</u>
Balance at end of the year	<u><u>—</u></u>	<u><u>1,269</u></u>

At 30 September 2014, allowance for bad and doubtful debts included individually impaired trade receivables with an aggregate balance of HK\$1,269,000 which had been in severe financial difficulties. The directors of the Company make impairment losses with reference to the present value of the estimated future cash flows that are expected to be recovered from these customers and consider adequate impairment losses has been made at the end of the reporting period. The Group does not hold any collateral over these balances.

Transfer of financial assets

The following were the Group's bills receivables as at 30 September 2015 and 2014 that were transferred to banks by discounting bills receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as secured bank borrowings (see note 25). These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Carrying amount of transferred assets	1,580	654
Carrying amount of associated liabilities	<u>(1,178)</u>	<u>(456)</u>

22. AMOUNT DUE FROM ULTIMATE HOLDING COMPANY

The amount was unsecured, interest-free and repayment on demand.

23. INVESTMENTS HELD-FOR-TRADING

The amount represents equity securities listed in Hong Kong.

At 30 September 2015, 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 during current year.

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.

24. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH**Pledged bank deposit**

At 30 September 2014, the pledged bank deposits represent the Group's deposits pledged to the banks to secure banking facilities granted to a subsidiary of the Group and bear fixed interest with rates ranging from 0.38% to 0.87% per annum.

Bank balances and cash

Bank balances held by the Group comprised of bank deposits which carry interest at an range of 0.01% to 0.1% (2014: 0.01% to 0.1%) per annum.

25. BANK BORROWINGS

The following table provides an analysis of the bank borrowings:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Secured bank overdraft	—	902
Secured import loan	1,820	3,040
Collateralised bank borrowings on bills discounted with recourse	<u>1,178</u>	<u>456</u>
	<u>2,998</u>	<u>4,398</u>
Carrying amount of the bank borrowing that contains a repayable on demand clause		
— repayable within one year	<u>2,998</u>	<u>4,398</u>

The secured bank borrowings are secured by the assets pledged as disclosed in note 29.

As at 30 September 2015, the Group has floating-rate bank borrowings which carry interest at the Best Lending Rate as set by the bank (2014: 1.5% per annum over the standard bills rate as quoted by the bank). The secured bank overdraft as at 30 September 2014 bear interests at 2.5% per annum over Hong Kong Prime Rate.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

	2015	2014
Effective interest rate (per annum):		
Floating-rate bank borrowings	<u>5.25%</u>	<u>7.75%–8.50%</u>

26. DEFERRED TAXATION

The following are the major deferred tax liability recognised and movements thereon during the prior year:

	<i>HK\$'000</i>
At 1 October 2013	120
Disposal of subsidiaries (<i>note 30</i>)	<u>(120)</u>
At 30 September 2014 and 30 September 2015	<u>—</u>

At the end of the reporting period, the Group had unused tax losses of HK\$13,164,000 (2014: HK\$9,679,000) 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 2015 and 30 September 2014, included in unrecognised tax losses are losses of HK\$2,194,000 and HK\$2,022,000 which will expire in 2020 and 2019 respectively, the remaining balances of unrecognised tax losses may be carried forward indefinitely.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiary from 1 January 2008 onwards. As at 30 September 2015 and 30 September 2014, as the PRC subsidiary incurred tax losses, no deferred taxation has been provided accordingly.

27. SHARE CAPITAL

	Number of shares '000	HK\$ '000
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 1 October 2013, 30 September 2014 and 30 September 2015	<u>10,000,000</u>	<u>100,000</u>
<i>Issued and fully paid:</i>		
At 1 October 2013, 30 September 2014 and 30 September 2015	<u>692,000</u>	<u>6,920</u>

28. SHARE OPTIONS 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 of the Company, 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 Company's 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 of the Company, 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 Company's shares.

On 13 July 2015, the Company granted 14,800,000 share options to its 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.

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

	2015		2014	
	Weighted average exercise price HK\$ per share	Number of options	Weighted average exercise price HK\$ per share	Number of options
Outstanding at the beginning of the year	0.089	27,600,000	0.089	27,600,000
Granted during the year	<u>0.222</u>	<u>15,300,000</u>	<u>—</u>	<u>—</u>
Outstanding at the end of the year	<u>0.136</u>	<u>42,900,000</u>	<u>0.089</u>	<u>27,600,000</u>
Exercisable at the end of the year	<u>0.136</u>	<u>42,900,000</u>	<u>0.089</u>	<u>27,600,000</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.

29. PLEDGE OF ASSETS

At the end of the reporting period, the Group has pledged following assets to secure the bank borrowings granted to the Group. The carrying amounts of the assets pledged are as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Leasehold land and buildings	885	905
Investments held-for-trading	1,427	—
Pledged bank deposits	<u>—</u>	<u>7,000</u>
	<u><u>2,312</u></u>	<u><u>7,905</u></u>

30. DISPOSAL OF SUBSIDIARIES

The Group discontinued its garment manufacturing operation in the prior year as disclosed in note 15. The net liabilities of the Yoko Group at the date of the disposal (i.e. 15 April 2014) were as follows:

	<i>HK\$'000</i>
Net liabilities disposed of	
Property, plant and equipment	1,328
Deposit and prepayment	50
Cash and cash equivalents	447
Other receivables	1,766
Other payables	(4,123)
Tax payable	(9,453)
Deferred tax liabilities	<u>(120)</u>
	(10,105)
Disposal costs	752
Gain on disposal of subsidiaries (<i>note 15</i>)	<u>13,383</u>
Total consideration	<u><u>4,030</u></u>
Satisfied by:	
Cash	<u><u>4,030</u></u>
Total consideration	4,030
Less: Cash and cash equivalent balances disposed of	(447)
Disposal costs	<u>(752)</u>
Net cash inflow arising on the disposal	<u><u>2,831</u></u>

31. 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within one year	174	365
In the second to fifth year inclusive	<u>174</u>	<u>—</u>
	<u><u>348</u></u>	<u><u>365</u></u>

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

32. 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 13.

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

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Salaries and other short-term employee benefits	974	963
Equity-settled share-based payments	<u>1,805</u>	<u>—</u>
	<u><u>2,779</u></u>	<u><u>963</u></u>

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

34. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Company at 30 September 2015 and 30 September 2014.

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 to be operated for 10 years up to 5 September 2022.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015 HK\$'000	2014 HK\$'000
Non-current assets		
Investment in subsidiaries	4,332	120
Amount due from subsidiaries	20,057	—
	<u>24,389</u>	<u>120</u>
Current assets		
Other receivables	66	66
Amounts due from subsidiaries	—	25,648
Cash and bank balances	3,846	762
	<u>3,912</u>	<u>26,476</u>
Current liabilities		
Other payables and accrued charges	561	151
Amounts due to subsidiaries	6,715	4,040
	<u>7,276</u>	<u>4,191</u>
Net current (liabilities) assets	<u>(3,364)</u>	<u>22,285</u>
Net assets	<u>21,025</u>	<u>22,405</u>
Equity		
Share capital	6,920	6,920
Reserves (Note)	14,105	15,485
Total equity attributable to owners of the Company	<u>21,025</u>	<u>22,405</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 2013	16,489	1,319	18,497	(1,107)	35,198
Loss and total comprehensive expense for the year	—	—	—	(19,713)	(19,713)
At 30 September 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	<u>16,489</u>	<u>3,124</u>	<u>18,497</u>	<u>(24,005)</u>	<u>14,105</u>

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 merger reserve upon consolidation.

3. INDEBTEDNESS

At the close of business on 31 March 2016, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Circular, the banking facilities granted to the Group were secured by the Group's office, with a carrying value of approximately HK\$918,000 as at 31 March 2016.

As at 31 March 2016, apart from intra-group liabilities, the Group did not have any other debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans (secured, unsecured, guaranteed or not), any other 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 there were no material adverse changes in the Group's indebtedness position and contingent liabilities since 31 March 2016.

4. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors confirmed that save as (i) the repayment of bank borrowings of the Group of approximately HK\$3.0 million during the three months ended 31 December 2015; and (ii) the fact that the Group has made an application to the lending bank to cancel all the existing bank facilities of the Group in March 2016, there is no material change in the financial or trading position or outlook of the Group subsequent to 30 September 2015, 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. 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, the Group, their respective associates and parties acting in concert with any of them) 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, the Directors, the Group, their respective associates and parties acting in concert with them) 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:

Shares	HK\$
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Authorised:

10,000,000,000	Authorised share capital of HK\$100,000,000 divided into 10,000,000,000 Shares	100,000,000
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Issued and fully paid:

692,000,000	Issued and paid up share capital of HK\$6,920,000 divided into 692,000,000 Shares	6,920,000
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Since 30 September 2015 (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

- (a) 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	Number of Shares held	% of interest
The Offeror (<i>Note</i>)	474,000,000	68.5

Note: The Offeror is beneficially and wholly owned by Mr. Liu, who is the sole director of the Offeror.

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.

- (b) 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 Directors were as follows:

Name	Number of Shares held	% of interest
Mr. Ko (<i>Note</i>)	45,000,000	6.5

Note: The 45,000,000 Shares are held by Magic Ahead, which is beneficially owned as to 96.3% by Mr. Ko and 3.7% by Mr. Ko's brother, Mr. Ko Yuk Tong, of which 20,760,000 Shares would not be tendered for acceptance under the Offer pursuant to the undertaking given by Magic Ahead and Mr. Ko in the Sale and Purchase Agreement.

Save as disclosed above, as at the Latest Practicable Date, 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.

4. DISCLOSURE OF OTHER INTERESTS AND DEALINGS IN SECURITIES

The Company

Other Interests

As at the Latest Practicable Date,

- (1) save as disclosed in sub-paragraph (b) of paragraph 3 above, 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) save that Mr. Ko would compensate all the Optionholders (other than Mr. Ko himself) for their consent to cancel their own Options on a see-through basis so that they will be entitled to receive a price for their cancelled Options being the amount by which the consideration for each of the Sale Shares exceeds the exercise price of their Options, 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 Independent Financial Adviser); 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.

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 Offeror, save for (a) the sale of the Sale Shares by Magic Ahead (a company owned as to 96.3% by Mr. Ko) under the Sale and Purchase Agreement; and (b) the cancellation of the 42,900,000 Options on 16 March 2016 with details set out below:

Name of Optionholders	Date of grant	Exercise period	Exercise price (HK\$)	Number of Options
Mr. Ko (Executive Director)	19/01/2012	20/01/2012– 19/01/2017	0.087	6,900,000
	08/02/2013	09/02/2013– 08/02/2020	0.091	6,900,000
	13/07/2015	13/07/2015– 12/07/2020	0.222	6,900,000
Madam Lam Mei Nar Miller (Executive Director)	13/07/2015	13/07/2015– 12/07/2020	0.222	6,900,000
Mr. Li Kar Fai Peter (Independent Non-executive Director)	13/07/2015	13/07/2015– 12/07/2020	0.222	1,000,000
Mr. Ko Yuk Tong (brother of Mr. Ko)	19/01/2012	20/01/2012– 19/01/2017	0.087	6,900,000
	08/02/2013	09/02/2013– 08/02/2020	0.091	6,900,000
Mr. Pu Li Wei (employee)	13/07/2015	13/07/2015– 12/07/2020	0.222	500,000
				<hr/>
				<u>42,900,000</u>

- (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 Independent Financial Adviser) 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) save as disclosed in sub-paragraph (2) of this paragraph 4, 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 has 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.

The Offeror

As at the Latest Practicable Date:

- (i) save for 474,000,000 Shares (representing 68.5% of the entire issued share capital of the Company) owned by the Offeror, the Offeror as well as Mr. Liu (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 and the Offer Shares to be acquired through the Offer shall be pledged to Sun Finance Company Limited pursuant to the loan facility granted by Sun Finance Company Limited to the Offeror, 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) save for the undertakings provided by Magic Ahead and Mr. Ko (details of which are set out in the paragraph headed “Undertakings and non-acceptance Shares” in the “Letter from Sun International”), the Offeror, its ultimate beneficial owner and parties acting in concert with any of them had not received any irrevocable commitment to accept or reject the Offer;
- (iv) the number of shares held by the persons, who prior to the posting of this Composite Document, had irrevocably committed themselves not to accept the Offer, being Magic Ahead and Mr. Ko, are set out in the “Undertakings and non-acceptance Shares” in the “Letter from Sun International”;

- (v) 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;
- (vi) 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;
- (vii) save for the undertakings provided by Magic Ahead and Mr. Ko (details of which are set out in the paragraph headed “Undertakings and non-acceptance Shares” in the “Letter from Sun International”), 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
- (viii) 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 has 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, 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.

As at the Latest Practicable Date,

- (i) save for the arrangement set out under the section headed “Change of board composition of the Company” in the “Letter from Sun International” of this Composite Document, where all members 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; and

- (ii) save for the Sales and Purchase Agreement entered into between the Offeror, Magic Ahead and Mr. Ko, in which Mr. Ko (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 CONTRACTS

Save for the sale and purchase agreement entered into between Prosperity Global Investments Limited (a wholly-owned subsidiary of the Group) as vendor and Success Footstep Limited as purchaser on 11 March 2014 in relation to the disposal of the entire issued share capital of Yoko Garment Limited at a consideration of HK\$4.03 million, which constituted a very substantial disposal of the Company, 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:

	Closing prices of Shares (HK\$)
30 June 2015	0.355
31 July 2015	0.255
31 August 2015	0.210
30 September 2015	0.225
30 October 2015	0.245
30 November 2015	0.232
31 December 2015	0.630
29 January 2016	0.430
26 February 2016	0.495
14 March 2016 (Last Trading Day)	0.600
31 March 2016	0.600
26 April 2016 (Latest Practicable Date)	0.600

During the Relevant Period, the lowest closing price of the Shares as quoted on GEM was HK\$0.182 per Share on 8 July 2015 and the highest closing price of the Shares as quoted on GEM was HK\$0.67 per Share on 6 January 2016.

9. EXPERTS AND CONSENTS

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

Name	Qualification
Sun International	a corporation licensed to carry on type 1 (dealing in securities), type 2 (dealing in futures) and type 4 (advising on securities) regulated activities under the SFO which is making the Offer on behalf of the Offeror
Messis 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

Titan Financial 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 independent financial adviser to the Independent Board Committee in respect of the Offer

As at the Latest Practicable Date, neither Sun International, Messis Capital, nor Titan Financial 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 Sun International, Messis Capital and Titan Financial 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 9:00 a.m. to 5:00 p.m. on any Business Day; and (ii) on the websites of the SFC (www.sfc.hk) and the Company (www.brillianceww.com) from the date of this Composite Document up to and including the Closing Date:

- (i) the memorandum and articles of association of the Offeror valid as at the Latest Practicable Date;
- (ii) the memorandum and articles of association of the Company valid as at the Latest Practicable Date;
- (iii) the annual reports of the Company for each of the two years ended 30 September 2014 and 2015;
- (iv) the letter from Sun International, the text of which is set out on pages 6 to 14 of this Composite Document;
- (v) the letter from the Board, the text of which is set out on pages 15 to 20 of this Composite Document;
- (vi) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 21 to 22 of this Composite Document;
- (vii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 23 to 38 of this Composite Document;

- (viii) the written consents referred to in the paragraph headed “Experts and consents” in this Appendix;
- (ix) the material contract referred to in the paragraph headed “Material Contracts” in this Appendix; and
- (x) the loan agreement dated 11 March 2016 in relation to a loan facility granted by Sun Finance Company 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 OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands and the correspondence address of the Offeror was at Unit 6201, 62/F., ICC Building, 1 Austin Road West, Kowloon, Hong Kong;
- (ii) the registered address of Sun International was at 3703-3708, 37/F., ACE Tower, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong;
- (iii) the registered office of Messis Capital was situated at Room 1606, 16/F., Tower 2, Admiralty Centre, 18 Harcourt Road, Hong Kong;
- (iv) the registered office of Titan Financial was situated at Suites 3201-02, 32/F., COSCO Tower, Grand Millennium Plaza, 183 Queen’s Road Centre, Central, Hong Kong; and
- (v) 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.