



**China Candy Holdings Limited**  
**中國糖果控股有限公司**

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

*Stock Code: 8182*

**Third Quarterly Report 2016**

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

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

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

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

The board of Directors (the "Board") announces the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2016, together with the unaudited comparative figures for the corresponding periods in 2015 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2016**

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Revenue	2	19,229	20,819	49,019	52,942
Cost of sales		(14,792)	(15,219)	(38,211)	(38,682)
Gross profit		4,437	5,600	10,808	14,260
Other income		71	2,558	615	3,319
Distribution and selling expenses		(537)	(377)	(1,685)	(1,259)
Administrative expenses		(1,590)	(678)	(5,332)	(4,056)
Listing expenses		-	(516)	-	(3,118)
Finance costs		(743)	(1,070)	(2,509)	(3,318)
Profit before tax		1,638	5,517	1,897	5,828
Income tax expense	3	(689)	(1,103)	(1,246)	(1,959)
Profit for the period		949	4,414	651	3,869
<b>Other comprehensive expense, net of income tax</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Exchange differences on translating foreign operations		(11)	(64)	(100)	(63)
Other comprehensive expense for the period, net of income tax		(11)	(64)	(100)	(63)
<b>Total comprehensive income for the period</b>		<b>938</b>	<b>4,350</b>	<b>551</b>	<b>3,806</b>
<b>Earnings per share</b>		<b>RMB cents</b>	<b>RMB cents</b>	<b>RMB cents</b>	<b>RMB cents</b>
- Basic and diluted	5	0.07	0.41	0.05	0.36

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016**

	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Statutory reserve RMB'000	Foreign currency translation reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2015	-	-	31,444	2,142	24	13,381	46,991
Profit for the period	-	-	-	-	-	3,869	3,869
Other comprehensive expense for the period	-	-	-	-	(63)	-	(63)
Total comprehensive income for the period	-	-	-	-	(63)	3,869	3,806
Statutory reserve appropriation	-	-	-	739	-	(739)	-
Balance at 30 September 2015 (Unaudited)	-	-	31,444	2,881	(39)	16,511	50,797
<b>Balance at 1 January 2016</b>	<b>11,007</b>	<b>29,282</b>	<b>35,329</b>	<b>3,215</b>	<b>237</b>	<b>7,422</b>	<b>86,492</b>
Profit for the period	-	-	-	-	-	651	651
Other comprehensive expense for the period	-	-	-	-	(100)	-	(100)
Total comprehensive income for the period	-	-	-	-	(100)	651	551
<b>Balance at 30 September 2016 (Unaudited)</b>	<b>11,007</b>	<b>29,282</b>	<b>35,329</b>	<b>3,215</b>	<b>137</b>	<b>8,073</b>	<b>87,043</b>

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016**

### **1. GENERAL INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The Company was incorporated in the Cayman Islands on 14 March 2014 as an exempted company with limited liability. Its parent and ultimate holding company is Jia Qing Developments Limited, a company incorporated in the British Virgin Islands. The shares of the Company were listed on the GEM of The Stock Exchange since 11 November 2015. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The address of its principal place of business is at Room 1603, 16/F, China Building, 29 Queen's Road Central, Hong Kong.

The Company's principal activity during the nine months ended 30 September 2016 was investment holding. The Group's principal activities during the nine months ended 30 September 2016 was the manufacture and sales of candies products.

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2016 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the nine months ended 30 September 2016 are consistent with those adopted in the annual financial statements for the year ended 31 December 2015, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the "New and Revised HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA that are adopted for the first time for the current periods financial statements.

The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the nine months ended 30 September 2016 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the nine months ended 30 September 2016.

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

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2016 have been prepared on the historical cost basis. The unaudited condensed consolidated financial statements for the nine months ended 30 September 2016 are presented in Renminbi ("RMB"), which is also the functional currency of the Group.

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

### **2. REVENUE**

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

### 3. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
<b>Current tax</b>				
– People's Republic of China ("PRC") Enterprise Income Tax	580	692	1,034	1,294
<b>Deferred tax</b>				
– Current period	109	411	212	665
	<hr/>			
Total income tax recognized in profit or loss	689	1,103	1,246	1,959

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

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

### 4. DIVIDENDS

No dividend has been paid or declared by the Company for the nine months ended 30 September 2016 (nine months ended 30 September 2015: nil).

### 5. EARNINGS PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
<b>Earnings:</b>				
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	949	4,414	651	3,869
	<hr/>			
<b>Number of shares:</b>				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (in thousand)	1,340,000	1,072,800	1,340,000	1,072,800

The diluted earnings per share is equal to the basic earnings per share as there is no dilutive potential ordinary share in issue during the periods.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the nine months ended 30 September 2016 and up to the date of this report, the Group had been principally engaged in the manufacturing of various types of candies in China which include jelly drops candies, aerated candies, hard candies and chocolate-made products.

### Business Review

During the nine months ended 30 September 2016, the Group maintained its focus in manufacturing various candies products. Of the various candies products which the Group produces, jelly drop candies continued to be the largest volume, while hard candies, which is the second largest type of candies the Group produces, recorded a drop in production volume. A series of soft piping technique candies (軟裱花工藝糖), fudge cakes (蛋糕軟糖) and squeeze candies (擠壓糖) was launched by the Group for the nine months ended 30 September 2016.

The revenue of the Group for the nine months ended 30 September 2016 was impacted by the decrease in the sales to certain major customers of the Group, which can be attributed to the economic slowdown in the PRC for the period and intensive competition from other candies manufacturers, especially in the Philippines which has lowered the sales volume in the region and led to a reduction of sales price in order to combat the drop in sales volume. The aforementioned negative impact on the Group's revenue was nevertheless partially offset by the increase in revenue in the United States (being the only region to record increase in revenue), as sales to new customers in this region increased following the Group's effort to promote products and capture market share in this region. Overseas customers continue to be the major source of the Group's revenue for the nine months ended 30 September 2016. As such, the Group continues to expand the overseas market given its strategic importance through attending exhibitions in Germany, Thailand and South Africa to promote its products and develop new customers for the nine months ended 30 September 2016.

The Group is able to achieve ongoing product improvement and enhance its product offerings with (i) its strength in maintaining a diversified and innovative products portfolio which the Directors consider crucial in enticing existing and new customers; and (ii) its commitment to stringent quality standards and quality control and excellent workplace condition.

### Financial Review

#### Revenue

Revenue of the Group decreased by 7.4% from approximately RMB52,942,000 for the nine months ended 30 September 2015 to approximately RMB49,019,000 for the nine months ended 30 September 2016. In addition, the Group's revenue also experienced a decrease of approximately 7.6% from approximately RMB20,819,000 for the three months ended 30 September 2015 to approximately RMB19,229,000 for the three months ended 30 September 2016. The decrease in revenue was mainly caused by the decrease in the sales to certain major customers of the Group. Looking at the revenue by regions, South East Asia recorded the biggest drop in revenue among all regions, as the intense competition from other candies manufacturers in this area, in particular in the Philippines, undermined the Group's sales. The PRC also experienced a decrease in revenue for the period due to the economic slowdown in the PRC in 2016. The overall decrease in revenue was partially offset by the increase in revenue in the United States, as the Group was able to increase sales to new customers through actively seeking out business opportunities in the region by lowering the gross margin for its products to build up its market share. Among the candies products produced by the Group, hard candies recorded the biggest decrease in revenue in absolute value terms.

#### Gross Profit

Gross profit of the Group decreased by 24.2% from approximately RMB14,260,000 for the nine months ended 30 September 2015 to approximately RMB10,808,000 for the nine months ended 30 September 2016. In addition, the Group's gross profit recorded a decrease by 20.8% from approximately RMB5,600,000 for the three months ended 30 September 2015 to approximately RMB4,437,000 for the three months ended 30 September 2016. The gross profit decreased as the Group's revenue dropped, as explained above.

On the other hand, gross profit margin decreased from 26.9% for the nine months ended 30 September 2015 to 22.0% for the nine months ended 30 September 2016, and gross profit margin decreased from 26.9% for the three months ended 30 September 2015 to 23.1% for the three months ended 30 September 2016. The decrease in gross profit margin was mainly attributed to the decrease in price of the products of the Group which were mainly sold to Philippines due to the intense competition from other candies manufacturers in that region as evidenced by the drop in sales volume in South East Asia, as well as the reduction of sales gross profit margin for orders from companies in the European and American markets so as to promote products and source new customers.

## **Distribution and Selling Expenses**

Distribution and selling expenses increased by 33.8% from approximately RMB1,259,000 for the nine months ended 30 September 2015 to approximately RMB1,685,000 for the nine months ended 30 September 2016. In addition, the Group's distribution and selling expenses increased by 42.4% from approximately RMB377,000 for the three months ended 30 September 2015 to approximately RMB537,000 for the three months ended 30 September 2016. The increase in the distribution and selling expenses for the nine months ended 30 September 2016 was mainly attributed to the increase in the exhibition fee, travelling expenses and transportation expenses, as the Group attempted to further expand into overseas markets through a number of marketing initiatives.

## **Administrative Expenses**

Administrative expenses of the Group increased by 31.5% from approximately RMB4,056,000 for the nine months ended 30 September 2015 to approximately RMB5,332,000 for the nine months ended 30 September 2016. On the other hand, the Group's administrative expenses increased by 134.5% from approximately RMB678,000 for the three months ended 30 September 2015 to approximately RMB1,590,000 for the three months ended 30 September 2016. The increase in administrative expenses recorded in the first nine months of 2016 was mainly the result of the increase in Directors' emoluments and the increase in legal and professional fee. This was nonetheless partially offset by the decrease in social insurance costs and sundry expenses for the nine months ended 30 September 2016.

## **Listing Expenses**

During the nine months ended 30 September 2015 and the three months ended 30 September 2016, the Group recognized non-recurring listing expenses under accrual basis of approximately RMB3,118,000 and RMB516,000, respectively, as expenses in connection with the Company's listing of shares on GEM. For the nine months ended 30 September 2016, no such expenses were incurred.

## **Finance Costs**

Finance costs of the Group decreased by 24.4% from approximately RMB3,318,000 for the nine months ended 30 September 2015 to approximately RMB2,509,000 for the nine months ended 30 September 2016. Further, finance costs of the Group decreased by 30.6% from approximately RMB1,070,000 for the three months ended 30 September 2015 to approximately RMB743,000 for the three months ended 30 September 2016. The decrease in finance costs is primarily due to the decrease in the effective interest rate of the Group's interest-bearing borrowings.

## **Profit for the Period**

The Group recorded a profit for nine months ended 30 September 2016 of approximately RMB651,000 as compared with a profit of approximately RMB3,869,000 for the corresponding period in 2015. In addition, the Group recorded a profit of approximately RMB949,000 for the three months ended 30 September 2016, as compared with approximately RMB4,414,000 for the three months ended 30 September 2015. The shrinking profit was caused by the decrease in revenue and gross profit margin, as well as the increase in distribution and selling expenses and administrative expenses as discussed above. The absence of the listing expenses for the nine months ended 30 September 2016 compared with the listing expenses amounting to approximately RMB3,118,000 for the corresponding period in 2015 has, however, partially offset by the decrease in profit.

## **OUTLOOK**

On 11 November 2015, the shares of the Company were listed on GEM (the "Listing"). Given the strengthened corporate image of the Group as a result of the Listing and the net proceeds received by the Group, the Directors are confident that through taking a step forward in the confectioneries industry and further expanding the Group's business operations, shareholders' value could be enhanced.

The Directors are aware that there was a decrease in the purchasing power of the foreign consumers in the first nine months of 2016, as influenced by the global economic downturn. This has led to decrease in the demand of candies as well as the export of candies manufactures in the PRC in the first nine months of 2016. Looking forward, the intensive competition from other candies manufacturers faced by the Company and economic slowdown in the PRC could affect the Group's turnover. Nonetheless, the Group will strive to bolster its position in the confectioneries industry by strengthening its team, refining its management, expanding its product offerings and its production capacity, as well as attending overseas exhibitions to promote its products and develop new markets and customers. The Group will continue to pursue business opportunities in the confectioneries industry, in order to create greater value for the shareholders.



## DISCLOSURE OF ADDITIONAL INFORMATION

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

As at 30 September 2016, the interests and short positions of the Directors and chief executive of the Company in the shares (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

#### Long position in the Shares:

Name of Director	Capacity/Nature	No. of Shares held/ interested in	Approximate percentage of interest
Mr. Xu Jinpei ("Mr. Xu") <sup>(Note 1)</sup>	Interest in controlled corporation	450,000,000	33.58%
Ms. Hong Yinzhi ("Ms. Hong") <sup>(Notes 2 and 3)</sup>	Interest held jointly with other person	450,000,000	33.58%

#### Long position in the shares of associated corporations:

Name of Director	Name of associated corporation	Capacity/Nature	No. of shares held/interested in	Percentage of interest
Mr. Xu <sup>(Note 1)</sup>	Jia Qing Developments Limited ("Jia Qing")	Beneficial owner	1	100%
Ms. Hong <sup>(Notes 2 and 3)</sup>	Jia Qing	Interest held jointly with other person	1	100%

#### Notes:

1. Mr. Xu beneficially owns the entire issued share capital of Jia Qing. Therefore, Mr. Xu is deemed or taken to be interested in all the Shares held by Jia Qing for the purposes of the SFO. Mr. Xu is an executive Director and the sole director of Jia Qing.
2. Pursuant to a confirmation signed by Mr. Xu and Ms. Hong, Mr. Xu and Ms. Hong confirmed and declared that they jointly and beneficially owned the equity interests in, amongst others, Jia Qing since its establishment or incorporation. Ms. Hong is the chief executive officer of the Company and an executive Director.
3. Mr. Xu and Ms. Hong has been divorced since August 2016. Pursuant to the civil mediation issued by the competent court in the PRC, the properties of Mr. Xu and Ms. Hong will not be divided at this stage.

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

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

As at 30 September 2016, the interest and short positions of substantial shareholders and other persons (not being a Director or chief executive of the Company) in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

### **Long positions in the Shares:**

<b>Name</b>	<b>Capacity/Nature</b>	<b>No. of Shares held/ interested in</b>	<b>Approximate percentage of interest</b>
Jia Qing	Beneficial owner	450,000,000	33.58%
Noble Core Limited ("Noble Core")	Beneficial owner	268,200,000	20.01%
Mr. Kwok Shun Tim ("Mr. Kwok") <sup>(Note 1)</sup>	Interest of controlled corporation	268,200,000	20.01%
Ms. Yip Nga Wan <sup>(Note 2)</sup>	Interest of spouse	268,200,000	20.01%

#### *Notes:*

1. Mr. Kwok beneficially owns the entire issued share capital of Noble Core. Therefore, Mr. Kwok is deemed or taken to be interested in all the Shares held by Noble Core for the purpose of the SFO. Mr. Kwok is the sole director of Noble Core.
2. Ms. Yip Nga Wan is the spouse of Mr. Kwok. Accordingly, Ms. Yip Nga Wan is deemed or taken to be interested in all the Shares in which Mr. Kwok is interested for the purpose of the SFO.

Save as disclosed above, as at 30 September 2016, the Company had not been notified of any interests or short positions of substantial shareholders or other persons in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2016 and up to the date of this report.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by Directors in respect of the shares of the Company (the "Code of Conduct"). Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the Code of Conduct for the nine months ended 30 September 2016 and up to the date of this report.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with all the applicable code provisions in the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules for the nine months ended 30 September 2016.

## **SHARE OPTION SCHEME**

The Company adopted a share option scheme (the "Share Option Scheme") on 26 October 2015.

Since the adoption of the Share Option Scheme and up to the date of this report, no share options have been granted pursuant to the Share Option Scheme. There is no option outstanding, granted, cancelled and lapsed during the nine months ended 30 September 2016.

## **INTEREST OF THE COMPLIANCE ADVISER**

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

## **AUDIT COMMITTEE**

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

The Audit Committee has reviewed with management of the Company the accounting principles and practices adopted by the Group, this report and the results announcement of the Group for the nine months ended 30 September 2016. The condensed consolidated financial results for the nine months ended 30 September 2016 are unaudited, but have been reviewed by the Audit Committee.

## **PRE-EMPTIVE RIGHTS**

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

## **DIVIDEND**

The Board did not recommend the payment of dividend to shareholders of the Company for the nine months ended 30 September 2016.

## **DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS**

Each of the Directors or the controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) has confirmed that none of them had any business or interest in any company that competes or may compete with the business of the Group or any other conflict of interests with the interests of the Group during the nine months ended 30 September 2016 and up to the date of this report.

## **MATERIAL ACQUISITION AND DISPOSAL**

The Group did not have any material acquisition or disposal of subsidiaries or associates during the nine months ended 30 September 2016.

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

Fujian, China, 2 November 2016

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