



**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*

First Quarterly Report

**2017**

## **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 ended 31 March 2017, together with the unaudited comparative figures for the corresponding period in 2016 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE MONTHS ENDED 31 MARCH 2017**

	Notes	Three months ended 31 March	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Revenue	2	11,471	11,096
Cost of sales		(9,562)	(8,670)
Gross profit		1,909	2,426
Other income and loss		(3,143)	381
Distribution and selling expenses		(340)	(458)
Administrative expenses		(2,586)	(1,978)
Finance costs		(964)	(916)
Loss before tax		(5,124)	(545)
Income tax expense	3	(242)	(265)
<b>Loss for the period</b>		<b>(5,366)</b>	<b>(810)</b>
<b>Other comprehensive income/(expense), net of income tax</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations		109	(18)
Other comprehensive income/(expense) for the period, net of income tax		109	(18)
<b>Total comprehensive expense for the period attributable to owners of the Company</b>		<b>(5,257)</b>	<b>(828)</b>
		<b>RMB cents</b>	<b>RMB cents</b>
<b>Loss per share</b>			
– Basic and diluted	5	(0.39)	(0.06)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED 31 MARCH 2017**

	Attributable to owners of the Company						
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Statutory reserve RMB'000	Foreign currency translation reserve RMB'000	Retained earnings/ (accumulated losses) RMB'000	Total RMB'000
Balance at 1 January 2016	11,007	29,282	35,329	3,215	237	7,422	86,492
Loss for the period	-	-	-	-	-	(810)	(810)
Other comprehensive expense for the period	-	-	-	-	(18)	-	(18)
Total comprehensive expense for the period	-	-	-	-	(18)	(810)	(828)
Balance at 31 March 2016 (Unaudited)	11,007	29,282	35,329	3,215	219	6,612	85,664
<b>Balance at 1 January 2017</b>	<b>11,007</b>	<b>29,282</b>	<b>35,329</b>	<b>3,471</b>	<b>657</b>	<b>3,875</b>	<b>83,621</b>
Loss for the period	-	-	-	-	-	(5,366)	(5,366)
Other comprehensive income for the period	-	-	-	-	109	-	109
Total comprehensive expenses for the period	-	-	-	-	109	(5,366)	(5,257)
Shares issued under placing	2,375	32,781	-	-	-	-	35,156
Shares issuance costs	-	(703)	-	-	-	-	(703)
Balance at 31 March 2017 (Unaudited)	13,382	61,360	35,329	3,471	766	(1,491)	112,817

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2017**

### **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 under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the GEM of The Stock Exchange with effect from 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 in Hong Kong is Room 1603, 16/F, China Building, 29 Queen's Road Central, Central, Hong Kong.

The Company's principal activity during the three months ended 31 March 2017 was investment holding. The Group's principal activities during the three months ended 31 March 2017 was the manufacture and sales of candies products.

The unaudited condensed consolidated financial statements for the three months ended 31 March 2017 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 three months ended 31 March 2017 are consistent with those adopted in the annual financial statements for the year ended 31 December 2016, 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 three months ended 31 March 2017 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the three months ended 31 March 2017.

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 three months ended 31 March 2017 have been prepared on the historical cost basis. The unaudited condensed consolidated financial statements for the three months ended 31 March 2017 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 31 March	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Current tax</b>		
– People's Republic of China ("PRC") Enterprise Income Tax	179	275
<b>Deferred tax</b>		
– Current period	63	(10)
	<hr/>	<hr/>
Total income tax recognized in profit or loss	<b>242</b>	265

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

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

### 4. DIVIDENDS

No dividend has been paid or declared by the Company for the three months ended 31 March 2017 (three months ended 31 March 2016: nil).

### 5. LOSS PER SHARE

	Three months ended 31 March	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Loss:</b>		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	5,366	810
	<hr/>	<hr/>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share (in thousand)	1,384,667	1,340,000

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

## MANAGEMENT DISCUSSION AND ANALYSIS

During the three months ended 31 March 2017 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 three months ended 31 March 2017, the Group maintained its focus in manufacturing various candies products. Jelly drop candies continued to be the type of candy with the largest production volume amongst the different types of candies products produced by the Group.

The revenue of the Group for the three months ended 31 March 2017 was affected by the decrease in the sales to certain customers in the PRC of the Group resulting from economic slowdown in the PRC in the first quarter of 2017 and intensive competition from other candies manufacturers in 2017, especially in the South-East Asia market, and offset by the increase in sales to the customers in the United States as the Group was able to increase sales in this region with a series of marketing initiatives. Nevertheless, overseas customers continue to be the major source of the Group's revenue for the three months ended 31 March 2017. The Group will continue to attend exhibition in overseas to promote its products and develop new customers.

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

To enhance the value for the Shareholders, the Company decided to expand its business into investment business, mainly in listed shares. To facilitate the above investment business, a company (the "Lender") wholly owned by Ms. Hong Yinzhi, an executive Director, entered into a loan agreement with a subsidiary of the Company (the "Borrower"), pursuant to which the Lender agreed to lend HK\$75,000,000 to the Borrower at an interest rate of 5% per annum for a term of 2 years with Lender's overriding right of withdrawal and immediate repayment on demand (the "Loan Agreement"). The above financial assistance constituted a connected transaction which is fully exempt under the GEM Listing Rules.

On 22 February 2017 (after trading hours), the Company entered into a placing agreement with Head & Shoulders Securities Limited (the "Placing Agent"). Pursuant to the placing agreement, the Company conditionally agreed to allot and issue, and the Placing Agent has conditionally agreed to place, on a best effort basis, up to 268,000,000 new Shares to not less than six individual, institutional or other professional investors (the "Placees") at the placing price of HK\$0.148 per placing Share (the "Placing"). The Placees and their respective ultimate beneficial owner(s) (where appropriate) are independent third parties as defined in the GEM Listing Rules. The placing Shares were issued under the general mandate granted to the Directors on 4 May 2016. The Placing was completed on 17 March 2017. Further details of the Placing were disclosed in the announcements dated 22 February 2017 and 17 March 2017 issued by the Company.

On 30 March 2017, Jia Qing Developments Limited and Noble Core Limited, being the substantial shareholders of the Company (the "Substantial Shareholders") and Ever Maple Flavors and Fragrances Holdings Limited (the "Potential Buyer") entered into a letter of intent (the "Letter of Intent"), which sets out certain preliminary terms in relation to the possible acquisition of the Shares (the "Sale Shares") which are currently held by the Substantial Shareholders (the "Possible Acquisition") and the possible voluntary conditional cash offer to be made by the Potential Buyer to acquire not less than 50% of the voting rights in the Company (the "Possible Voluntary Offer"). The Substantial Shareholders and the Potential Buyer will enter into further negotiation based on the principal terms and conditions of the Letter of Intent with a view to enter into the definitive agreements on or prior to the expiry of the due diligence period (i.e. from the date of signing of the Letter of Intent until 30 April 2017, or such further period as may be conditionally agreed among the Substantial Shareholders and the Potential Buyer). The Possible Acquisition will be subject to the satisfaction of a number of conditions, including a condition that valid acceptance of the Possible Voluntary Offer (together with the Sale Shares) will result in the Potential Buyer holding not less than 50% of the voting rights of the Company on a fully-diluted basis (after taking into account the new Shares which will be issued upon exercise of the outstanding share options, if any).

As stated in the announcement of the Company dated 31 March 2017, in compliance with Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"), the Board will keep the market informed in compliance with the GEM Listing Rules and the Takeovers Code and in particular by way of announcement on a monthly basis until the Company publishes an announcement of (i) a firm intention to make an offer under Rule 3.5 of the Takeovers Code; (ii) a decision not to proceed with the Possible Voluntary Offer in compliance with the Takeovers Code; or (iii) the fact that the transactions contemplated under the Letter of Intent are terminated.

For the details of the above Possible Acquisition and Possible Voluntary Offer, please refer to the announcements of the Company dated 31 March 2017 and 28 April 2017.

## **Financial Review**

### **Revenue**

Revenue of the Group increased by approximately 3.3% from approximately RMB11,096,000 for the three months ended 31 March 2016 to approximately RMB11,471,000 for the three months ended 31 March 2017. The increase in revenue for the three months ended 31 March 2017 was mainly attributed to the increase in sales to the customers in the United States, and partially offset by the decrease in the sales to certain customers of the Group resulting from economic slowdown in the PRC in 2016 and intensive competition from other candies manufacturers in 2016.

### **Gross Profit**

Gross profit of the Group decreased by approximately 21.3% from approximately RMB2,426,000 for the three months ended 31 March 2016 to approximately RMB1,909,000 for the three months ended 31 March 2017. The gross profit decreased as a result of the decrease in gross profit margin.

Gross profit margin decreased from approximately 21.9% for the three months ended 31 March 2016 to approximately 16.6% for the three months ended 31 March 2017. The decrease in gross profit margin was mainly due to the increase in cost of sales per unit and decrease in selling price of the Company's products.

### **Other Income and Loss**

Other loss of approximately RMB3,143,000 incurred for the three months ended 31 March 2017 when compared with the other income of approximately RMB381,000 in the corresponding period in 2016. Such loss was mainly due to net fair value loss on financial assets at fair value through profit or loss which was partly offset by the increase in government grant and subsidy.

### **Distribution and Selling Expenses**

Distribution and selling expenses decreased by approximately 25.8% from approximately RMB458,000 for the three months ended 31 March 2016 to approximately RMB340,000 for the three months ended 31 March 2017. The decrease in the distribution and selling expenses for the three months ended 31 March 2017 was mainly due to the decrease in transportation costs.



## **Administrative Expenses**

Administrative expenses of the Group increased by approximately 30.7% from approximately RMB1,978,000 for the three months ended 31 March 2016 to approximately RMB2,586,000 for the three months ended 31 March 2017. The increase in administrative expenses for the three months ended 31 March 2017 was mainly due to the increase in directors' emoluments, salaries and allowances, product's development costs and transaction cost for the three months ended 31 March 2017.

## **Finance Costs**

Finance costs of the Group increased by approximately 5.2% from approximately RMB916,000 for the three months ended 31 March 2016 to approximately RMB964,000 for the three months ended 31 March 2017. The increase in finance costs for the three months ended 31 March 2017 is primarily due to the interest incurred for the Loan Agreement for the three months ended 31 March 2017 (nil for three months ended 31 March 2016) and offset by the decrease in interest paid for bank borrowings.

## **Loss for the Period**

The Group recorded loss for the three months ended 31 March 2017 of approximately RMB5,366,000 as compared with a loss of approximately RMB810,000 for the corresponding period in 2016. The increase for the three months ended 31 March 2017 was mainly due to the decrease in gross profit and increase in other loss.

## **Dividend**

The Board does not recommend the payment of dividend for the three months ended 31 March 2017.

## **OUTLOOK**

Growth opportunities are expected in 2017 as the prospect of the entire confectionery industry will be positive. A study conducted by a market research firm indicated that the global confectionery market will grow at a compound annual growth rate (CAGR) of 3.80% in the forecasted period of 2016-2020. The confectionery market in the US is projected to grow at a CAGR of 1.57% by revenue during the forecasted period of 2016-2020. Also, the confectionery market in China will be expected to have continuing growth. The increase of raw material costs faced by the Group, however, could dampen the positive outlook, as the supply deficit of sugar (one of the Group's key raw materials) relative to demand experienced in 2016 is expected to continue in 2017.

The Directors are aware that there will be the ongoing intensive competition from other candies manufacturers and economic slowdown in the PRC which may adversely impact the Group's turnover in the forthcoming year. Despite the challenges ahead, the Group will endeavour to bolster its position in the confectionery 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 confectionery industry, so as to generate greater value for the Shareholders.

To enhance the value for the Shareholders, the Company decided to expand its business into investment business, mainly in listed shares. To facilitate the above investment business, a company (the "Lender") wholly owned by Ms. Hong Yinzhi, an executive Director, entered into a loan agreement with a subsidiary of the Company (the "Borrower"), pursuant to which the Lender agreed to lend HK\$75,000,000 to the Borrower at an interest rate of 5% per annum for a term of 2 years with Lender's overriding right of withdrawal and immediate repayment on demand.

## 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 31 March 2017, 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 Rules 5.46 to 5.67 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	150,000,000	9.33%
Ms. Hong Yinzhi ("Ms. Hong") <sup>(Note 2)</sup>	Interest held jointly with other person	150,000,000	9.33%

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

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>(Note 2)</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 entire issued share capital of, amongst others, Jia Qing since its incorporation. Ms. Hong is the chief executive officer of the Company and an executive Director.

Save as disclosed above, none of the Directors and chief executive of the Company has any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 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 31 March 2017, 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	150,000,000	9.33%
Noble Core Limited ("Noble Core")	Beneficial owner	268,200,000	16.68%
Mr. Kwok Shun Tim ("Mr. Kwok") <sup>(Note 1)</sup>	Interest of controlled corporation	268,200,000	16.68%
Ms. Yip Nga Wan <sup>(Note 2)</sup>	Interest of spouse	268,200,000	16.68%

#### *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 31 March 2017, 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 three months ended 31 March 2017 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 three months ended 31 March 2017 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 three months ended 31 March 2017.

## **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 first quarterly results announcement of the Group for the three months ended 31 March 2017. The condensed consolidated financial results for the three months ended 31 March 2017 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.

## **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 three months ended 31 March 2017 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 three months ended 31 March 2017.

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

Fujian, China, 9 May 2017

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